

51st STREET BUSINESS ASSOCIATION

SPECIAL SERVICE AREA # 52

**(a taxing district authorized by the City of
Chicago)**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015 & 2014

Prepared by
A.L. Taylor & Associates, P.C.
Certified Public Accountants
Certified Global Management Accountants
119 E. 95TH Street
Chicago II 60619
Phone: (773) 995-2990
Fax: (773) 995-2995

**51st STREET BUSINESS ASSOCIATION
SPECIAL SERVICE AREA # 52
(a taxing district authorized by the City of Chicago)**

FOR THE YEARS ENDED DECEMBER 31, 2015 & 2014

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A.L. Taylor & Associates, P.C.
Certified Public Accountants
Certified Global Management Accountants

119 East 95th Street
Chicago, IL 60619
Email: aytontaylor@yahoo.com

Telephone: (773) 995-2990
Fax: (773) 995-2995
Website: www.altaylorcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
51st Street Business Association and Commissioners
of Special Service Area #52

We have audited the accompanying financial statements of 51st Street Association (A Contractor for Special Service Area #52, (a taxing district authorized by the City of Chicago) (a nonprofit organization) which comprise the statement of financial position as of December 31, 2015, 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 51st Street Association (A Contractor for) Special Service Area #52, (a taxing district authorized by the City of Chicago) as of December 31, 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Statement of Revenue and Expenditures (Budget & Actual) on pages 13 & 14 are presented for purposes of additional analysis are required by the City of Chicago Special Service Area Commission 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.

W. Taylor & Assoc P.C.

Chicago, Illinois 60619
April 25, 2016.



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Certified Global Management Accountants

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Chicago, IL 60619
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING
STANDARDS**

To the Board of Trustees of
51st Street Business Association

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 51st Street Business Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 25, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 51st Street Business Association's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 51st Street Business Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 51st Street Business Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A. Taylor & Assoc P.C.

Chicago, Illinois
April 25, 2016.

51st Street Business Association
(A Contractor For Special Service Area # 52)
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2015

	Governmental Funds	Adjustments	Statement of Net Position
	\$	\$	\$
<u>ASSETS</u>			
Cash and cash equivalents	10,760	0	10,760
Due from City of Chicago	1,284	0	1,284
Total Assets	12,044	0	12,044

<u>LIABILITIES</u>			
Due to City of Chicago	0	0	0
Accrued expense	0	2,800	2,800
Total Liabilities	0	2,800	2,800

FUND BALANCES/NET POSITION

Total Fund Balance	12,044	(12,044)	
Total Liabilities and Fund Balance	10,912		
Net Position		(9,244)	9,244

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance-governmental funds	12,044
Accrued expenditure not paid until previous year	(2,800)
Total net position-governmental activities	9,244

The accompanying notes are an integral part of these financial statements

(A Contractor For Special Service Area # 52)

Statement of Activities and Governmental Funds, Revenues, Expenditures and Changes in Fund Balance
December 31, 2015

	Governmental Funds	Adjustments	Statement of Activities
	\$	\$	\$
REVENUES			
Property Taxes	35,642	0	35,642
Fund Receivable	1,872	0	1,872
Total Revenue	<u>37,514</u>	<u>0</u>	<u>37,514</u>
EXPENDITURES/ EXPENSES			
Accrued Audit Fee	0	2,800	2,800
Customer Attraction	10,194	0	10,194
SSA Management	17,433	0	17,433
Public Way Aesthetics	17,421	0	17,421
Total Expenditures/Expenses	<u>45,048</u>	<u>2,800</u>	<u>47,848</u>
Excess of Expenditures over Revenue	(7,534)	7,534	
Change in Net Position		(10,334)	(10,334)
Fund Balance/ Net Position			
Beginning of the Year	<u>19,578</u>		<u>19,578</u>
End of Year	<u>12,044</u>	<u>(2,800)</u>	<u>9,244</u>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in Fund balance-governmental	(7,534)
Accrued Audit Fee not recognized in 2014	(2,800)
	<u>(10,334)</u>

The accompanying notes are an integral part of these financial statements

51st Street Business Association51st Street Business Association
(A Contractor For Special Service Area # 52)
Statement of Cash Flows
December 32, 2015

	2015
	\$
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in Net Position	(6,250)
Adjustments to reconcile net surplus to net provided (used) by operating activities:	
Changes in operating assets and liabilities	3,588
Accrued liability	<u>2,800</u>
Net cash provided by Operating Activities	138
Cash and cash equivalents at beginning of year	10,621
Cash at end of year	<u><u>10,759</u></u>
Supplemental Disclosure	
Cash paid for-interest	<u><u>0</u></u>

(A) = Cash flow for SSA # 52 (Statement of Activities)

51st STREET BUSINESS ASSOCIATION
SPECIAL SERVICE AREA # 52
(a taxing district authorized by the City of Chicago)
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2015

SUMMARY OF SIGNIFICANT FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

The 51st Street Business Association (the organization) an Illinois not-for-profit corporation was founded in April, 2009. The organization provides consulting services to businesses, entrepreneurs, community focused groups and residents in Chicago's Grand Boulevard and Bronzeville neighborhoods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

City of Chicago (Special Service Area (SSA) Program)

The organization has been designated as an administrator (contractor) of the Special Service Area # 52 a taxing district authorized by the City of Chicago and located in Chicago, Illinois. The approximate street location of (the Taxing District) consists of the area on both sides of 51st Street from Dr. Martin Luther King Jr. Drive on the east side to the Metra Railroad tracks on the west side. Agreed on services include promotional and advertising, maintenance of the public way, safety and other functions to be provided by the organization are funded with a tax levy upon taxable properties within the above designated area. Tax levies are billed, collected and remitted by the City to the organization. The tax levy order began in the year 2011 and goes through to 2020 Special Service Area 52 The financial statements of the organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the U.S.

(b) Government-Wide and Fund Financial Statements

The financial statements of SSA# 52 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for

establishing governmental accounting and financial reporting principles is GASB (The Governmental Accounting Standards Board).

Government-Wide financial statements (statement of net position and statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting for all of the SSA's activities. The Fund Financial Statements, which focus on the SSA's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis.

The SSA accounts for it's in one fund, it's general fund.

© Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied.

The governmental fund financial statements are prepared on the modified accrual basis of accounting with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual i.e, both measurable and available to financial expenditures of the current period. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 expenditures/expenses during the reporting period. Accordingly, actual results could differ from these estimates.

(d) Assets, Liabilities, and Net Position

Cash, cash equivalents and investments

The SSA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with maturities of three months or less from the date of acquisition.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2015 there is no allowance estimated.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Fund Equity/Net Position

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by enabling legislation or an outside party. Committed fund balance is a limitation imposed by the SSA board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the SSA board. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four categories.

When both restricted and unrestricted fund balances are available for use, it is the SSA's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balance is reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position is reported as invested in capital assets net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt, if applicable, is comprised of the net capital asset balance less any related debt. Restricted net position is when restrictions are placed on net assets from 1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. The remaining net position is classified as unrestricted.

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and certificates of deposit are subject to custodial credit risk in the event of a bank failure, the SSA's deposits may not be returned. The SSA's policy in order to protect their deposits requires depository institutions to maintain collateral pledges on SSA deposits whenever the deposits exceed the insured limits of the

FDIC. All deposits and balances of the SSA are within the insured limits of the FDIC.

Investments are subject to custodial credit risk that, in the event of failure of the counterparty, the SSA will not be able to recover the value of its investments that are in the possession of an outside party. The SSA has no exposure to custodial credit risk because the investment securities are insured, registered and or held by the SSA.

As of December 31, 2015 the SSA had no investments.

NOTE 4 **PROPERTY TAXES**

Property taxes become an enforceable lien on realm property on January 1 of the year it is levied. Taxes are payable in two installments in the subsequent year. The first installment is an estimate based on the prior year billed levy (55%) and is due in March. The second installment is due on August 1, or 30 days from the mailing of the tax bills if issued later than July 1. The second installment is based on the remaining amount of the levy on file with the County. Bills are issued and collected by Cook County who remits the SSA's share to the City who then remits the monies to the SSA.

NOTE 5 **RELATED PARTY TRANSACTIONS**

The SSA is affiliated with Sandra Bivens Director of The 51st Street Business Association who provides certain administrative services for the SSA. For the year ended December 31, 2015 Sandra Bivens has received \$ 3,500 as a consultant.

NOTE 7 **SUBSEQUENT EVENTS**

The organization has evaluated subsequent events through April 25, 2016, the date the financial statements were available for issuance and has determined that there were no subsequent events to be recognized in these financial statements.



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

To the Board of Directors of
51st Street Business Association

We have audited the financial statements of 51st Street Business Association as of and for the years ended December 31, 2015 and 2014, and have issued our report thereon dated April 25, 2016, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Statement of Revenue and Expenditures (Budget and Actual) on pages 14 & 15 are 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.

A.L. Taylor & Assoc P.C.
Chicago, Illinois
April 25, 2016

51st Street Business Association
(A Contractor for Special Service Area # 52)
Statement of Revenues and Expenditures- Budget and Actual
December 31, 2015 and 2014

	<u>2015</u>			<u>2014</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>REVENUE</u>						
Property Taxes	35,642	35,642	0	35,700	35,700	0
Less-Collection Loss	1,872	1,872	0	0	0	0
Total Revenue	<u>37,514</u>	<u>37,514</u>	<u>0</u>	<u>35,700</u>	<u>35,700</u>	<u>0</u>
<u>EXPENDITURES</u>						
<u>Advertising and Promotion</u>						
Website and Social Media	500	500	0	500	500	0
Special Events	7,000	14,895	(7,895)	2,000	2,000	0
Holiday Decorations	1,061	1,080	(19)	0	0	0
P/R/Media Relations	1,633	0	1,633	0	0	0
Total Advertising and Promotion	<u>10,194</u>	<u>16,475</u>	<u>(6,281)</u>	<u>2,500</u>	<u>2,500</u>	<u>0</u>
<u>Public Way Maintenance</u>						
Sidewalk Cleaning	0	0	0	8,160	8,160	0
Equipment Rental & Maintenance	0	0	0	0	0	0
Supplies	0	0	0	500	500	0
Liability/ Property Insurance	0	0	0	789	789	0
Total Public Way Maintenance	<u>0</u>	<u>0</u>	<u>0</u>	<u>9,449</u>	<u>9,449</u>	<u>0</u>
<u>Public Way Aesthetics</u>						
<u>Façade Enhancement</u>	3,036	1,000	2,036	0	0	0
<u>Sidewalk Maintenance</u>	14,397	7,338	7,059	0	0	0
Banners and Holiday Decorations	0	0	0	500	500	0
Total Public Way Aesthetics	<u>17,433</u>	<u>8,338</u>	<u>9,095</u>	<u>500</u>	<u>500</u>	<u>0</u>

51st Street Business Association
(A Contractor for Special Service Area # 52)
Statement of Revenues and Expenditures- Budget and Actual
December 31, 2015 and 2014

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Façade Improvements</u>						
Façade Enhancement Program-Rebates	0	0	0	12,100	12,100	0
Interior Improvements	0	0	0	2,000	2,000	0
Program Costs	0	0	0	3,000	3,000	0
Total Façade Improvements	<u>0</u>	<u>0</u>	<u>0</u>	<u>17,100</u>	<u>17,100</u>	<u>0</u>
<u>Safety Programs</u>						
Public Way Surveillance Cameras	0	0	0	1,325	1,325	0
Mayor's Community Safety Rally	0	0	0	175	175	0
	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
<u>District Planning</u>						
Strategic planning	0	0	0	1,000	0	1,000
Total District Planning	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
<u>Administrative Non-Personal</u>						
SSA Audit	1,300	2,800	(1,500)	1,300	2,800	(1,500)
Bookkeeping	1,200	0	1,200	1,200	1,200	0
Office Rent	7,200	7,200	0	7,200	7,200	0
Office Utilities	0	0	0	400	400	0
Office Equipment Lease/ Maintenance	678	577	101	900	900	0
Banking Fees	120	0	120	150	150	0
Other: Sandra Bivens- Manager	2,023	3,500	(1,477)	2,900	2,900	0
Other: Administrative	4,328	4,874	(546)	3,201	4,501	(1,300)
Liability/Property Insurance	572	0	572	0	0	0
Total Administrative Non-Personal	<u>17,421</u>	<u>18,951</u>	<u>(1,530)</u>	<u>17,251</u>	<u>20,051</u>	<u>(2,800)</u>
Total Expenses	45,048	43,764	1,284	49,300	51,100	(1,800)
Less Carry-Over-Funds from Prior Year	(7,534)	0	(7,534)	(13,600)	0	(13,600)
Excess of Expenses over Revenue	<u>0</u>	<u>(6,250)</u>	<u>(6,250)</u>	<u>0</u>	<u>(15,400)</u>	<u>(15,400)</u>

51st Street Business Association
(A Contractor For Special Service Area # 52)
Schedule of Summary of Findings
For The Year Ended December 31, 2015

We have reviewed the Agreement for Special Service Area # 52 between the City of Chicago and the 51st Street Business Association (Contractor) for the year ended December 31, 2015. After conducting the audit, we noted the following exceptions that require your response and corrective actions.

FINDING # 1

Budget allowances were available for all lines items for which expenditures were made. The actual spending for all items, except for five (5) items, (a) Special Events, (b) P/R Media Relations, © Façade Enhancement, (d) Sidewalk Maintenance and e total budgeted amount for SSA Management with the actual expenditures (These budgeted amounts were transferred within the line items of SSA Management) three (3) of these items showed a favorable balance and two (2) items . were unfavorable.

RESPONSE

We concur with the finding and will begin to monitor our expenditures monthly so that actual spending for all items equal the budget allowance.