

**LINCOLN PARK CHAMBER
OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35**

YEARS ENDED DECEMBER 31, 2016 AND 2015

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

YEARS ENDED DECEMBER 31, 2016 AND 2015

CONTENTS

	Page
Independent auditor's report	1-3
Combining and combined financial statements:	
Statement of financial position	4-5
Statement of activities and changes in net assets	6
Statement of cash flows	7
Statement of net position and governmental funds balance sheet – Special Service Area #23	8
Statement of activities and governmental funds, revenues, expenditures and changes in fund balance – Special Service Area #23	9
Statement of net position and governmental funds balance sheet – Special Service Area #35	10
Statement of activities and governmental funds, revenues, expenditures and changes in fund balance – Special Service Area #35	11
Notes to financial statements	12-18

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

YEARS ENDED DECEMBER 31, 2016 AND 2015

CONTENTS (CONTINUED)

	Page
Supplementary information:	
Statement of functional expenses – Lincoln Park Chamber of Commerce, Inc.	19
Statement of revenues and expenditures, budget and Actual – Special Service Area #23	20-23
Summary of audit findings – Special Service Area #23	24
Statement of revenues and expenditures, budget and Actual – Special Service Area #35	25-27
Summary of audit findings – Special Service Area #35	28



Independent Auditor's Report

Board of Directors
Lincoln Park Chamber of Commerce, Inc.
Special Service Area #23
Special Service Area #35
Chicago, Illinois

Report on the Combining and Combined Financial Statements

We have audited the accompanying combining and combined financial statements of Lincoln Park Chamber of Commerce, Inc. (LPCC), Special Service Area #23 (A Taxing District Authorized by the City of Chicago) (SSA #23) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) (SSA #35), which comprise the combining statement of financial position as of December 31, 2016 and the related combining statements of activities and changes in net assets, cash flows, statement of net position and governmental funds balance sheet (SSA #23 and SSA #35) and statement of activities and governmental funds, revenues, expenditures and changes in fund balance (SSA #23 and SSA #35) for the year then ended and the related notes to the combining and combined financial statements.

Management's Responsibility for the Combining and Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combining and combined 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 combining and combined 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 combining and combined 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 audit to obtain reasonable assurance about whether the combining and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining and combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining and combined 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 combining and combined 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 combining and combined 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 combining and combined financial statements referred to above present fairly, in all material respects, the combining financial position of Lincoln Park Chamber of Commerce, Inc., Special Service Area #23 (A Taxing District Authorized by the City of Chicago) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) as of December 31, 2016 and the combining changes in their net assets and their cash flows, net position and governmental funds balance sheet (SSA #23 and SSA #35) and activities and governmental funds, revenues, expenditures and changes in fund balance (SSA #23 and SSA #35) for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior period financial statements

The combined financial statements of Lincoln Park Chamber of Commerce, Inc. (LPCC), Special Service Area #23 (A Taxing District Authorized by the City of Chicago) (SSA #23) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) (SSA #35) as of and for the year ended December 31, 2015 were audited by other auditors whose report dated March 31, 2016 expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements of SSA #23 and SSA #35. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context. Our opinion on the basic financial statements is not affected by the missing information.

In connection with our audits, nothing came to our attention and caused us to believe that SSA #23 and SSA #35 failed to comply with the terms, covenants, provisions or conditions of the Agreement for Special Service Area #23 and the Agreement for Special Service Area #35 between the City of Chicago and Lincoln Park Chamber of Commerce, Inc., insofar as they relate to accounting matters. However, our audits were not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding SSA #23's and SSA #35's noncompliance with the above-referenced terms, covenants, provisions or conditions of the Agreements, insofar as they relate to accounting matters.

Restricted Use Relating to the Other Matter

The communication related to compliance with the aforementioned Agreements described in the Required Supplementary Information paragraph is intended solely for the information and use of the Boards of Directors and management of LPCC, SSA #23, SSA #35 and the City of Chicago and is not intended to be and should not be used by anyone other than these specified parties.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combining and combined financial statements as a whole. The supplementary information included on pages 19 through 28 is presented for purposes of additional analysis and is not a required part of the combining and combined 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 combining and combined financial statements. The information, except for the budget information included on pages 20 through 23 and 25 through 27, which is unaudited, has been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining and combined financial statements or to the combining and combined 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 combining and combined financial statements as a whole. The unaudited information referred to above has not been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Ripple Tax & Financial Services, Inc.

Chicago, Illinois

March 30, 2017

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

COMBINING AND COMBINED STATEMENT OF FINANCIAL POSITION

December 31,	2016				2015
	LPCC	SSA #23	SSA #35	Total	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 152,576	\$ 174,935	\$ 81,070	\$ 408,581	\$ 340,974
Investments (Note 3)	99,229			99,229	96,332
Accounts receivable, net of allowance for doubtful accounts for SSA #23 of \$1,687 and \$5,202 at December 31, 2016 and 2015, respectively and for SSA #35 of \$819 and \$3,077 at December 31, 2016 and 2015, respectively	8,177	6,345	3,362	17,884	9,885
Prepaid expenses	1,250			1,250	11,751
Total current assets	261,232	181,280	84,432	526,944	458,942
Property and equipment:					
Office equipment	43,510			43,510	43,510
Furniture	8,771			8,771	8,771
	52,281			52,281	52,281
Less accumulated depreciation	(51,871)			(51,871)	(51,608)
Property and equipment, net	410			410	673
Security deposit	2,400			2,400	2,400
Total assets	\$ 264,042	\$ 181,280	\$ 84,432	\$ 529,754	\$ 462,015

See notes to combining and combined financial statements.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

COMBINING AND COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)

December 31,	2016				2015
	LPCC	SSA #23	SSA #35	Total	Total
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable					\$ 18,999
Deferred revenue	\$ 51,537			\$ 51,537	52,910
Total current liabilities	51,537			51,537	71,909
Net assets:					
Unrestricted	212,505	\$ 181,280	\$ 84,432	478,217	390,106
Total liabilities and net assets	\$ 264,042	\$ 181,280	\$ 84,432	\$ 529,754	\$ 462,015

See notes to combining and combined financial statements.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

COMBINING AND COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended December 31,	2016					2015
	LPCC	SSA #23	SSA #35	Elimination	Total	Total
Revenues:						
Membership dues and sponsorships	\$ 169,800				\$ 169,800	\$ 169,316
Banner income	31,575				31,575	34,005
Events income	44,367				44,367	38,579
Government grant	64,676				64,676	64,676
Administrative income	201,185			\$ (201,185)		
Advertising income	16,919				16,919	15,630
Other income	2,987				2,987	5,306
Interest and dividends	2,916				2,916	5,113
Net realized and unrealized loss on investments	59				59	(4,445)
Cook county collection SSA #23		\$ 410,134			410,134	386,259
Cook county collection SSA #35			\$ 298,934		298,934	166,682
Total revenues	534,484	410,134	298,934	(201,185)	1,042,367	881,121
Expenses:						
Functional expenses:						
Government and community relations	118,113				118,113	118,741
Marketing	75,340				75,340	96,036
Member services	277,725				277,725	278,628
SSA #23 expenses		388,466		(143,181)	245,285	272,228
SSA #35 expenses			236,734	(58,004)	178,730	155,405
Total functional expenses	471,178	388,466	236,734	(201,185)	895,193	921,038
General and administrative expenses	59,063				59,063	57,894
Total expenses	530,241	388,466	236,734	(201,185)	954,256	978,932
Increase (decrease) in net assets	4,243	21,668	62,200		88,111	(97,811)
Net assets, beginning of year	208,262	159,612	22,232		390,106	487,917
Net assets, end of year	\$ 212,505	\$ 181,280	\$ 84,432		\$ 478,217	\$ 390,106

See notes to combining and combined financial statements.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

COMBINING AND COMBINED STATEMENT OF CASH FLOWS

Years ended December 31,	2016				2015
	LPCC	SSA #23	SSA #35	Total	Total
Operating activities:					
Increase (decrease) in net assets	\$ 4,243	\$ 21,668	\$ 62,200	\$ 88,111	\$ (97,811)
Adjustments to reconcile above to cash provided by (used in) operating activities:					
Depreciation	263			263	384
Net realized and unrealized (gain) loss on investments	(59)			(59)	4,445
(Increase) decrease in operating assets:					
Accounts receivable, net	749	(6,345)	(2,403)	(7,999)	27,269
Prepaid expenses	(1,250)		11,751	10,501	(11,751)
Increase (decrease) in operating liabilities:					
Accounts payable	(7,800)	(11,199)		(18,999)	7,627
Deferred revenue	(1,373)			(1,373)	1,489
Cash provided by (used in) operating activities	(5,227)	4,124	71,548	70,445	(68,348)
Investing activities:					
Purchases of investments	(55,352)			(55,352)	(41,657)
Proceeds from sales of investments	52,514			52,514	38,025
Cash used in investing activities	(2,838)			(2,838)	(3,632)
Increase (decrease) in cash and cash equivalents	(8,065)	4,124	71,548	67,607	(71,980)
Cash and cash equivalents, beginning of year	160,641	170,811	9,522	340,974	412,954
Cash and cash equivalents, end of year	\$ 152,576	\$ 174,935	\$ 81,070	\$ 408,581	\$ 340,974

See notes to combining and combined financial statements.

SPECIAL SERVICE AREA #23

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2016	Governmental funds	Adjustments	Statement of net position
ASSETS			
Cash and cash equivalents	\$ 174,935		\$ 174,935
Accounts receivable, net of allowance for doubtful accounts of \$1,687	6,345		6,345
Total assets	\$ 181,280		\$ 181,280
DEFERRED INFLOWS			
<u>Deferred property tax revenue</u>			
FUND BALANCES/NET POSITION			
Committed:			
Snow removal	11,775	\$ (11,775)	
Unassigned	169,505	(169,505)	
Total fund balance	181,280	(181,280)	
Total deferred inflows and fund balance	\$ 181,280		
Net position:			
Unrestricted		\$ 181,280	\$ 181,280

See notes to combining and combined financial statements.

SPECIAL SERVICE AREA #23

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended December 31, 2016	Governmental funds	Adjustments	Statement of activities
Revenues:			
Property taxes	\$ 409,984		\$ 409,984
Interest	150		150
Total revenues	410,134		410,134
Expenditures/expenses:			
Estimated loss collection	1,687		1,687
SSA management	28,520		28,520
Customer attraction	45,629		45,629
Economic/business development	5,895		5,895
Personnel	114,661		114,661
Public way aesthetics	190,104		190,104
Sustainability and public places	1,970		1,970
Total expenditures/expenses	388,466		388,466
Excess of revenues over expenditures	21,668	(21,668)	
Change in net position		21,668	21,668
Fund balance/net position:			
Beginning of year	159,612		159,612
End of year	\$ 181,280		\$ 181,280

See notes to combining and combined financial statements.

SPECIAL SERVICE AREA #35

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2016	Governmental funds	Adjustments	Statement of net position
ASSETS			
Cash and cash equivalents	\$ 81,070		\$ 81,070
Accounts receivable, net of allowance for doubtful accounts of \$819	3,362		3,362
Total assets	\$ 84,432		\$ 84,432
DEFERRED INFLOWS			
<u>Deferred property tax revenue</u>			
FUND BALANCES/NET POSITION			
Committed:			
Snow removal	12,625	(12,625)	
Unassigned	71,807	(71,807)	
Total fund balance	84,432	(84,432)	
Total deferred inflows and fund balance	\$ 84,432		
Net position:			
Unrestricted		\$ (84,432)	\$ 84,432

See notes to combining and combined financial statements.

SPECIAL SERVICE AREA #35

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended December 31, 2016	Governmental funds	Adjustments	Statement of activities
Revenues:			
Property taxes	\$ 299,551	\$ (619)	\$ 298,932
Interest	2		2
Total revenues	299,553	(619)	298,934
Expenditures/expenses:			
Estimated loss collection	819		819
Customer attraction	14,945		14,945
SSA management	16,306		16,306
Personnel	42,924		42,924
Public way aesthetics	116,012		116,012
Economic/business development	45,728		45,728
Total expenditures/expenses	236,734		236,734
Excess of revenues over expenditures	62,819	(62,819)	
Change in net position		62,200	62,200
Fund balance/net position:			
Beginning of year	21,613	619	22,232
End of year	\$ 84,432		\$ 84,432

See notes to combining and combined financial statements.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Organization:

The Lincoln Park Chamber of Commerce, Inc. (LPCC) was founded in 1947 to conceive, design and implement programs and services that directly impact the success of its members; to act as a members' advocate and lead economic development efforts that sustain businesses in the Lincoln Park area of Chicago, Illinois.

Special Service Area #23 (SSA #23) and Special Service Area #35 (SSA #35) are taxing districts authorized by the City of Chicago to utilize tax revenues to enhance, beautify and maintain certain commercial areas within the specific boundaries serviced by LPCC. Tax revenues received by SSA #23 and SSA #35 must be maintained in separate cash accounts.

SSA #23 encompasses the area on Clark St. from Armitage to Diversey and the south side of Diversey Parkway from Lakeview to Orchard Ave.

SSA #35 encompasses the area on Lincoln Ave. from Diversey Parkway to Webster Avenue.

Tax status:

LPCC is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code, except on net income derived from unrelated business activities. LPCC sells advertising which is subject to tax on unrelated business income.

SSA #23 and SSA #35 are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Basis of accounting:

The combining and combined financial statements have been prepared on the accrual basis of accounting.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS
(CONTINUED)

1. Summary of significant accounting policies (continued)

Principles of combination:

The combining and combined financial statements include the accounts of the Lincoln Park Chamber of Commerce, Inc., Special Service Area #23 and Special Service Area #35. The administration of SSA #23 and SSA #35 are an integral part of LPCC's operations. All material inter-entity accounts and transactions have been eliminated in the combination.

Basis of presentation:

The combining and combined financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) for *Financial Statements of Not-for-Profit Organizations*. Under the Codification, LPCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. At December 31, 2016 and 2015, all assets were unrestricted.

Government-wide and fund financial statements – Special Service Areas:

The financial statements of SSA #23 and SSA #35 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 focuses on the SSA's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis.

The SSA accounts for its activities in one fund, its general fund.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS
(CONTINUED)

1. Summary of significant accounting policies (continued)

Measurement focus, basis of accounting and financial statement presentation – SSA's:

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 finance 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.

Cash equivalents:

Cash equivalents include investments with maturities of three months or less at date of purchase and various money market mutual funds.

Trade accounts receivable:

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the combining and combined financial statements.

Property and equipment and related depreciation:

Property and equipment are stated at cost. LPCC provides for depreciation using the straight-line method over the estimated useful lives of the assets.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS
(CONTINUED)

1. Summary of significant accounting policies (continued)

Fund equity/net position – Special Service Areas:

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable 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 balance 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.

Revenue recognition:

LPCC receives membership dues applicable to one-year membership periods. Income from membership dues are deferred until earned.

LPCC also receives advertising revenue in advance. Prepaid advertising revenue is deferred until earned.

Deferred revenue totaled \$51,537 and \$52,910 at December 31, 2016 and 2015, respectively.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS
(CONTINUED)

1. Summary of significant accounting policies (continued)

Functional expenses:

Operating expenses directly identified with a functional area are charged to that area and expenses affecting more than one area are allocated among those benefited.

Investments:

Investments are stated at fair value. Realized and unrealized investment gains and losses and other investment income are reflected in the combining and combined statement of activities and changes in net assets as changes in unrestricted net assets (See Note 4).

Use of estimates:

The preparation of the combining and combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Property taxes – Special Service Areas

Property taxes become an enforceable lien on real 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 after 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.

3. Line of credit

LPCC obtained a \$150,000 line of credit with Bridgeview Bank, which matures on April 13, 2017. Amounts borrowed under this agreement accrues interest at the bank's prime rate, which was 4.25% at December 31, 2016, plus 1.25%. The line of credit is collateralized by substantially all assets of the LPCC. There was no outstanding balance at December 31, 2016.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS
(CONTINUED)

4. Investments

LPCC's investments are stated at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following:

December 31,	2016	2015
Bond mutual funds	\$ 77,093	\$ 73,865
Mortgage mutual funds	22,136	22,467
Total investments	\$ 99,229	\$ 96,332

Dividend income of \$2,774 and \$4,944 for the years ended December 31, 2016 and 2015, respectively, is included in interest and dividend income. An unrealized gain of \$4,985 and an unrealized loss of \$2,854 for the years ended December 31, 2016 and 2015, respectively, is included in realized and unrealized loss on investments on the combining and combined statement of activities and changes in net assets.

5. Related party transaction

LPCC is the sole service provider to SSA #23 and SSA #35, Taxing Districts authorized by the City of Chicago. LPCC is paid a management fee and is also reimbursed for ongoing administration expenses such as rent, utilities and postage.

The management fees for SSA #23 totaled \$143,181 and \$136,861 for the years ended December 31, 2016 and 2015, respectively.

The management fees for SSA #35 totaled \$58,004 and \$46,862 for the years ended December 31, 2016 and 2015, respectively.

6. Lease commitments

LPCC is obligated under an operating lease for its office space located in Chicago, Illinois. The lease was set to expire on March 31, 2018.

Total rent expense for the years ended December 31, 2016 and 2015 was \$38,543 and \$37,412, respectively.

LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23
SPECIAL SERVICE AREA #35

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS
(CONTINUED)

6. Lease commitments (continued)

LPCC also leases equipment under various operating leases which expire between 2015 and 2021 and have monthly lease payments aggregating approximately \$423. Total rent expense included in operations under equipment leases was \$3,250 and \$4,935 for the years ended December 31, 2016 and 2015, respectively.

Future minimum lease payments are as follows:

Year ending December 31:	Office lease	Equipment leases	Total
2017	\$ 37,287	\$ 2,642	\$ 39,929
2018	9,390	2,642	12,032
2019		2,642	2,642
2020		2,642	2,642
2021		660	660
Total	\$ 46,677	\$ 11,228	\$ 57,905

7. Retirement plan

LPCC maintains a SIMPLE IRA plan covering all eligible employees. The matching contributions made to the plan were \$7,667 and \$8,959 for the years ended December 31, 2016 and 2015, respectively.

8. Subsequent events

Management of LPCC has reviewed and evaluated subsequent events from December 31, 2016, the combining and combined financial statement date, through March 30, 2017, the date the combining and combined financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these combining and combined financial statements as required by generally accepted accounting principles.

LINCOLN PARK CHAMBER OF COMMERCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Years ended December 31,	2016					2015	
	Government and community relations	Marketing	Member services	Total program expenses	General and administrative	Total expenses	Total expenses
Advertising		\$ 10,845		\$ 10,845		\$ 10,845	
Banner expenses		5,901		5,901		5,901	\$ 8,092
Contributions	\$ 2,780			2,780		2,780	2,425
Depreciation	66	26	\$ 145	237	\$ 26	263	384
Insurance	3,574	1,429	7,862	12,865	1,429	14,294	15,390
Member services			19,971	19,971		19,971	13,948
Miscellaneous			455	455	12,931	13,386	16,937
Occupancy	9,636	3,854	21,198	34,688	3,855	38,543	37,412
Office expenses and postage:							
Credit card fees		894	3,576	4,470		4,470	4,021
Other - office expense and postage	7,008	2,803	15,416	25,227	2,803	28,030	28,292
Outside services	2,099	11,523	4,614	18,236	839	19,075	55,342
Payroll and staff expenses	92,950	37,180	204,488	334,618	37,180	371,798	359,442
Printing and design							7,892
Sponsorship		885		885		885	1,722
Total functional expenses	\$ 118,113	\$ 75,340	\$ 277,725	\$ 471,178	\$ 59,063	\$ 530,241	\$ 551,299

**LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL

Years ended December 31,	2016			2015		
	Actual	Budget	Variance	Actual	Budget	Variance
Income:						
Interest	\$ 150		\$ 150	\$ 197		\$ 197
Late collections		\$ 4,000	(4,000)			
Tax levy income:						
2008 tax levy				(5,001)		(5,001)
2009 tax levy	(88)		(88)			
2010 tax levy	(4,977)		(4,977)	(1,881)		(1,881)
2011 tax levy	(42)		(42)	(1,551)		(1,551)
2012 tax levy	(4,593)		(4,593)	(2,556)		(2,556)
2013 tax levy	(1,285)		(1,285)	(9,319)		(9,319)
2014 tax levy	3,780		3,780	406,362	406,362	
2014 tax interest				8		8
2015 tax levy	417,181	\$ 417,181				
2015 tax interest	8		8			
Total tax levy income	409,984	417,181	(7,197)	386,062	406,362	(20,300)
Total income	410,134	421,181	(11,047)	386,259	406,362	(20,103)

**LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2016			2015		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses:						
Estimated loss collection	\$ 1,687	\$ 9,000	(7,313)	\$ 5,202	\$ 16,000	(10,798)
SSA management expenses:						
Audit	5,000	5,000		5,000	5,000	
Bank charges				100		100
Bookkeeping	1,050	1,050		630	630	
Liability/property insurance	525	525		420	420	
Meeting expenses	1,575	1,575		1,575	1,575	
Office equipment lease and maintenance	3,150	3,150		3,150	3,150	
Office printing	1,050	1,050		840	840	
Office rent	8,400	8,400		8,400	8,400	
Office supplies	1,260	1,260		1,260	1,260	
Office utilities and telephone	3,150	3,150		3,150	3,150	
Postage and delivery	1,680	1,680		1,575	1,575	
Professional development	1,050	1,050				
Subscriptions/dues	630	630		630	630	
Total SSA management expenses	28,520	28,520		26,730	26,630	100
Customer attraction expenses:						
Display ads (signage)	480	7,000	(6,520)	4,285	5,000	(715)
Holiday decorations	8,140	20,000	(11,860)	7,911	17,000	(9,089)
Print materials		2,000	(2,000)			
Public relations and media services	6,265	18,000	(11,735)	19,648	20,000	(352)
Shopper rebate program		10,000	(10,000)	3,435	10,000	(6,565)
Social media outreach	1,107	2,000	(893)	707	1,000	(293)
Special events	29,185	40,000	(10,815)	30,203	50,000	(19,797)
Website	452	3,000	(2,548)	759	2,000	(1,241)
Total customer attraction expenses	45,629	102,000	(56,371)	66,948	105,000	(38,052)

**LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2016			2015		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Economic/business development expenses:						
Economic impact and marketing studies	\$ 4,732	\$ 5,000	\$ (268)	\$ 5,800	\$ 6,000	\$ (200)
Site marketing	1,163	2,000	(837)	1,766	2,000	(234)
Total economic/business development expenses	5,895	7,000	(1,105)	7,566	8,000	(434)
Personnel expenses:						
Personnel cost	114,661	114,661		110,232	110,232	
Total personnel expenses	114,661	114,661		110,232	110,232	
Public way aesthetics expenses:						
City permits	1,195	1,500	(305)			
Façade enhancement program - rebates	11,690	20,000	(8,310)	17,744	29,000	(11,256)
Landscaping	62,662	68,000	(5,338)	51,054	55,000	(3,946)
Property insurance	587	1,500	(913)	587	1,500	(913)
Public art	41,054	42,000	(946)	43,137	45,000	(1,863)
Sidewalk maintenance	36,866	38,000	(1,134)	66,713	74,000	(7,287)
Sidewalk power washing	13,375	16,000	(2,625)			
Snow removal	22,675	24,000	(1,325)			
Way finding/signage		30,000	(30,000)			
Total public way aesthetics expenses	190,104	241,000	(50,896)	179,235	204,500	(25,265)

**LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2016			2015		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Safety program expenses:						
Safety marketing and educational programs		\$ 1,000	\$ (1,000)	\$ 367	\$ 1,000	\$ (633)
Total safety program expenses		1,000	(1,000)	367	1,000	(633)
Sustainability and public places expenses:						
Bicycle transit enhancements		3,000	(3,000)			
Garbage/recycling program	\$ 1,970	5,000	(3,030)	12,810	20,000	(7,190)
Total sustainability and public places expenses	1,970	8,000	(6,030)	12,810	20,000	(7,190)
Total expenses	388,466	511,181	(122,715)	409,090	491,362	(82,272)
Increase (decrease) in net assets	21,668	(90,000)	111,668	(22,831)	(85,000)	62,169
Estimated carryover		90,000	(90,000)		85,000	(85,000)
Net assets, beginning of year	159,612	45,183	114,429	182,443	45,183	137,260
Net assets, end of year	\$ 181,280	\$ 45,183	\$ 136,097	\$ 159,612	\$ 45,183	\$ 114,429

**LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #23**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

SUMMARY OF AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2016

Summary schedule of findings

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 #23 between the City of Chicago and Lincoln Park Chamber of Commerce, Inc.

Per Article 5.03, the Contractor (SSA #23) established a separate checking account at Byline 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.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

**LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #35**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL

Years ended December 31,	2016			2015		
	Actual	Budget	Variance	Actual	Budget	Variance
Income:						
Interest	\$ 2		\$ 2	\$ 23		\$ 23
Tax levy income:						
2009 tax levy				(3,624)		(3,624)
2010 tax levy				(1,607)		(1,607)
2011 tax levy				(279)		(279)
2012 tax levy				(1,221)		(1,221)
2013 tax levy				2,346		2,346
2014 tax levy	(959)		(959)	171,041	\$ 171,041	
2015 tax levy	299,888	\$ 299,888				
2015 tax interest	3		3	3		3
Total tax levy income	298,932	299,888	(956)	166,659	171,041	(4,382)
Total income	298,934	299,888	(954)	166,682	171,041	(4,359)
Expenses:						
Estimated loss collection	819	7,805	(6,986)	3,077	4,279	(1,202)
Customer attraction expenses:						
Display ads (signage)		3,000	(3,000)			
Holiday decorations	14,096	18,000	(3,904)	13,231	13,500	(269)
Public relations and media services		10,000	(10,000)			
Social media outreach		2,000	(2,000)			
Special events		5,000	(5,000)			
Website	849	2,000	(1,151)	599	600	(1)
Total customer attraction expenses	14,945	40,000	(25,055)	13,830	14,100	(270)

**LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #35**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2016			2015		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
SSA management expenses:						
Audit	\$ 5,000	\$ 5,000		\$ 5,000	\$ 5,000	
Bank charges	1,226	5,000	(3,774)			
Bookkeeping	450	450		250	270	(20)
Liability/property insurance	225	225		180	180	
Meeting expenses	675	675		675	675	
Office equipment lease and maintenance	1,350	1,350		1,350	1,350	
Office rent	3,600	3,600		3,600	3,600	
Office supplies	540	540		540	540	
Office utilities and telephone	1,350	1,350		1,350	1,350	
Postage	720	720		675	675	
Printing	450	450		360	360	
Professional development	450	450				
Subscriptions/dues	270	270		270	270	
Total SSA management expenses	16,306	20,080	(3,774)	14,250	14,270	(20)
Personnel expenses:						
Personnel cost	42,924	42,924		32,592	32,592	
Total personnel expenses	42,924	42,924		32,592	32,592	
Public way aesthetics expenses:						
Façade enhancement program - rebates	6,281	20,000	(13,719)			
Landscaping	43,607	48,879	(5,272)	57,955	40,800	17,155
Litter abatement	29,618	36,000	(6,382)			
Property insurance	731	1,200	(469)			
Sidewalk power washing	11,400	12,000	(600)			
Snow removal	24,375	27,000	(2,625)			
Sidewalk maintenance				49,474	59,000	(9,526)
Total public way aesthetics expenses	116,012	145,079	(29,067)	107,429	99,800	7,629

**LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #35**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2016			2015		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Economic/business development expenses:						
Master planning	\$ 31,995	\$ 40,000	\$ (8,005)			
Site marketing	3,872	4,000	(128)			
SSA designation	9,861		9,861	\$ 31,088	\$ 32,000	\$ (912)
Total economic/business development expenses	45,728	44,000	1,728	31,088	32,000	(912)
Total expenses	236,734	299,888	(63,154)	202,266	197,041	5,225
Increase (decrease) in net assets	62,200		62,200	(35,584)	(26,000)	(9,584)
Estimated carryover					26,000	(26,000)
Net assets, beginning of year	22,232	16,854	5,378	57,816	16,854	40,962
Net assets, end of year	\$ 84,432	\$ 16,854	\$ 67,578	\$ 22,232	\$ 16,854	\$ 5,378

**LINCOLN PARK CHAMBER OF COMMERCE, INC.
SPECIAL SERVICE AREA #35**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

SUMMARY OF AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2016

Summary schedule of findings

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 #35 between the City of Chicago and Lincoln Park Chamber of Commerce, Inc.

Per Article 5.03, the Contractor (SSA #35) established a separate checking account at Bridgeview 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.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.