



# Quad Communities Development Corporation

September 21, 2018

To Whom It May Concern:

Quad Communities Development Corporation (QCDC) is here in providing a copy of the final 2017 audited financial statement for **Special Service Area No. 56 (SSA56)**.

This report represents an "independent auditors' report" for the periods ending December 31, 2017 and 2016, and includes the following language on page 1:

*"We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.*

**Unmodified Opinion**

*In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and major fund of the Quad Communities Development Corporation - Special Service Area No. 47 as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."*

At the conclusion of the third party audit review, it was determined that as of December 31, 2017 a "due to SSA 56" in the amount of \$14,803.34 from QCDC would be open. This transaction was the result of internal process matters and an adjustment posted from the 2016 fiscal year. As of this date, the amount remaining "due to SSA 56" is \$5,758.74. This balance will be paid in full prior to the end of the current fiscal year.

Internal processing and operations have been reviewed and changes have been made to assure that this does not occur in the future.

If there are any questions, please contact our offices for assistance.

Sincerely,

Quad Communities Development Corporation, as service provider for SSA 56

Rhonda R. McFarland,  
Executive Director

**Board of Directors:**

*Chairman*  
Shirley Newsome

*Vice-Chairman*  
Craig Jeffrey

*Treasurer*  
Fred Bonner

*Assistant Secretary*  
Marla Blair-Hohenkirk

**Members:**

Gerald Beechum  
Jacqueline Callery  
Kimberly du Buclet  
Kenneth Grant  
Lamont Robinson  
Anthony Rogers

**Board Advisors:**

Toni Preckwinkle  
Thurman Smith  
Ina Wilson  
Sandra Young  
Rebecca Holbrook

**Executive Director**

Rhonda McFarland



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*Brilliant Ideas*  
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## **QUAD COMMUNITIES DEVELOPMENT CORPORATION**

### **SPECIAL SERVICE AREA NO. 56**

Financial Statements

Years ended December 31, 2017 and 2016

(With Independent Auditors' Report Thereon)

**QUAD COMMUNITIES DEVELOPMENT CORPORATION –  
SPECIAL SERVICE AREA NO. 56**

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## Independent Auditors' Report

The Board of Directors of  
Quad Communities Development Corporation – Special Service Area No. 56:

We have audited the accompanying financial statements of Quad Communities Development Corporation – Special Service Area No. 56 (SSA #56) (a taxing district authorized by the City of Chicago), which comprise the statements of net position and governmental funds balance sheets as of December 31, 2017 and 2016; the related statements of activities and governmental funds, revenues, expenditures 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 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 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 SSA #56'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 its 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 unmodified opinions.

### Unmodified Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and major fund of the Quad Communities Development Corporation - Special Service Area No. 56 as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements of SSA #56 are intended to present the financial position and the changes in financial position of only that portion of the governmental activities and major fund of the Quad Communities Development Corporation that is attributable to the transactions of SSA #56. They do not purport to, and do not present fairly the financial position of the Quad Communities Development Corporation as of December 31, 2017, the changes in its activities, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management discussion and analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the schedules of activities and government funds, revenues, expenditures and changes in fund balance - budget and actual on pages 9 to 10 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient to evidence to express an opinion or provide any assurance.

## **Other Information**

The summary schedule of findings has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



Benford Brown & Associates, LLC  
Chicago, IL  
July 30, 2018



QUAD COMMUNITIES DEVELOPMENT CORPORATION - SPECIAL SERVICE AREA NO. 56

Statement of Net Position and Governmental Funds Balance Sheet

December 31, 2017 and 2016

Assets	2017		2016		Statement of net position
	Governmental funds	Adjustments	Governmental funds	Adjustments	
<b>Current assets:</b>					
Cash	\$ 7,254	\$ -	\$ 7,254	\$ -	\$ 65,578
Property tax receivables (less: allowance for loss collections of \$8,192 for FY2017 and \$0 for FY2016)	98,210	-	98,210	-	105,851
Due from affiliate-QCDC (note 5)	14,803	-	14,803	-	-
Total assets	\$ 120,267	\$ -	\$ 120,267	\$ -	\$ 171,429
<b>Liabilities and Net Assets</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 15,503	\$ -	\$ 15,503	\$ -	\$ 17,288
Accrued expenses	-	-	-	-	4,400
Due to affiliate-QCDC (note 5)	-	-	-	-	6,760
Total liabilities	15,503	-	15,503	-	28,448
Deferred inflows of resources:					
Deferred property tax revenue (note 4)	98,210	(98,210)	-	(97,833)	-
Fund balance/net position:					
Unassigned	6,554	(6,554)	-	(45,148)	-
Total fund balance	6,554	(6,554)	-	(45,148)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 120,267	\$ -	\$ 120,267	\$ -	\$ 171,429
Net position:					
Unrestricted		\$ 104,764		\$ 142,981	\$ 142,981
Amount reported for governmental activities in the statement of net position are different because:					
Total fund balance - governmental funds		\$ 6,554		\$ 45,148	\$ 45,148
Property tax revenue is recognized in the period for which levied rather than when "available".					
A portion of the property tax is deferred as it is not available in the government fund.		98,210		97,833	97,833
Total net position - governmental activities		\$ 104,764		\$ 142,981	\$ 142,981

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

QUAD COMMUNITIES DEVELOPMENT CORPORATION - SPECIAL SERVICE AREA NO. 56

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

For the years ended December 31, 2017 and 2016

	2017		2016		Statement of activities	Governmental funds	Adjustments	Statement of activities	Governmental funds	Adjustments	Statement of activities
	Governmental funds	Adjustments	Governmental funds	Adjustments							
Revenue:											
Property tax revenue (note 3)	\$ 105,851	\$ 377	\$ 106,228	\$ 1,610	\$ 93,849		\$ 1,610	\$ 92,239		\$ 1,610	\$ 93,849
Late collections	1,688	-	1,688	-	-		-	-		-	-
Interest income	5	-	5	-	4		-	4		-	4
Total revenue and other support	107,544	377	107,921	1,610	92,243		1,610	92,243		1,610	93,853
Expenditures:											
Customer Attraction	23,030	-	23,030	-	18,553		-	18,553		-	18,553
Public Way Aesthetics	56,171	-	56,171	-	61,219		-	61,219		-	61,219
Sustainability and Public Places	2,811	-	2,811	-	-		-	-		-	-
Economic/Business Development	21,801	-	21,801	-	13,600		-	13,600		-	13,600
Safety Programs	250	-	250	-	-		-	-		-	-
SSA Management	12,471	-	12,471	-	6,569		-	6,569		-	6,569
Personnel	13,155	-	13,155	-	15,076		-	15,076		-	15,076
Loss Collection	16,449	-	16,449	-	10,104		-	10,104		-	10,104
Total expenditures	146,138	-	146,138	-	125,121		-	125,121		-	125,121
Excess/(deficiency) of revenue over expenditures	(38,594)	38,594	-	32,878	(32,878)		32,878	-		32,878	-
Decrease in net position	-	(38,217)	(38,217)	(31,268)	-		(31,268)	(31,268)		(31,268)	(31,268)
Fund balance/net position as of January 1, 2017	45,148	97,833	142,981	96,223	78,026		96,223	78,026		96,223	174,249
Fund balance/net position as of December 31, 2017	6,554	98,210	104,764	97,833	45,148		97,833	45,148		97,833	142,981
Amounts reported for governmental activities in the statement of activities are different because:											
Decrease in fund balance - governmental funds			\$ (38,594)					\$ (38,594)			\$ (32,878)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds			377								1,610
Net change in net position - governmental activities			(38,217)					(38,217)			(31,268)

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

**QUAD COMMUNITIES DEVELOPMENT CORPORATION –  
SPECIAL SERVICE AREA NO. 56**

Notes to the Financial Statements

Year ended December 31, 2017 and 2016

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**(1) Organization Description**

Quad Communities Development Corporation (QCDC) – Special Service Area No. 56 (SSA #56) was created by ordinance of the Chicago City Council and is funded annually by a special tax assessment. SSA #56 was established to provide various services including but not limited to: public way maintenance and beautification; district marketing and advertising; business retention/attraction, special events and promotional activities; auto and bike transit; security; façade improvements; and other commercial and economic development initiatives for the south lakefront communities of North Kenwood, Oakland, Douglas and Grand Boulevard. SSA #56 is exempt from federal income tax under Section 501(c)(3) of the internal revenue code.

The purpose of QCDC is to provide special services within the City of Chicago (City) SSA #56 in addition to services provided by and to the City. SSA 56's operations are overseen by QCDC.

**(2) Summary of Significant Accounting Policies**

*Government-Wide and Fund Financial Statements*

The financial statements of SSA #56 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 U.S. GAAP. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Government-wide financial statements (statement of net position and statement of activities) are prepared using the economic resources measurement focus and accrued basis of accounting for all of SSA #56's activities. The Fund Financial Statements, which focus on SSA #56's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis. SSA #56 accounts for its activities in one fund, its general fund.

**Measurement Focus, Basic 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 finance expenditures of the current period. Available means



**QUAD COMMUNITIES DEVELOPMENT CORPORATION –  
SPECIAL SERVICE AREA NO. 56**

Notes to the Financial Statements

Year ended December 31, 2017 and 2016

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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 sixty (60) days subsequent to year-end. Expenditures are recorded when the liability is incurred.

The preparation of financial statements in conformity with U.S. GAAP 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. According, actual results could differ from those estimates.

**Cash, Cash Equivalents and Investments**

SSA #56's cash and cash equivalent are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. SSA #56 did not have any short-term investments as of December 31, 2017 and 2016.

Cash and cash equivalents are subject to custodial credit risk in the event of a bank failure, the SSA's deposit may not be returned. SSA #56 maintains its cash in bank deposit, at times, may exceed FDIC insured limits. The amount of cash that exceed FDIC insured limits is \$0 as of December 31, 2017 and 2016.

**Receivables**

All property tax receivables are shown net of allowances. The allowance was estimated to be 7.7% and 0%, respectively, of outstanding property taxes for fiscal years 2017 and 2016.

**Prepaid Items**

Certain payments to vendors reflect cost 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 SSA #56's board through approval of resolutions. Assigned fund balance is a limitation imposed by a

**QUAD COMMUNITIES DEVELOPMENT CORPORATION –  
SPECIAL SERVICE AREA NO. 56**

Notes to the Financial Statements

Year ended December 31, 2017 and 2016

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designee of the SSA #56 board. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four (4) 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.

**(3) Property Taxes**

Property taxes become an enforceable lien on the 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 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 SSA #56's share to the City. The City then remits the monies collected from Cook County to SSA #56.

**(4) Deferred Revenue**

A deferred inflow of resources/property tax revenue represents an acquisition of fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

**(5) Related Party Transactions**

SSA #56 is affiliated with Quad Communities Development Corporation, which provides certain administrative services for SSA #56. As of December 31, 2017, \$14,803 was receivable from QCDC. As of December 31, 2016, \$2,044 was payable to QCDC. The balances resulted from the time lag that 1) goods and services are being provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments are being made.

**QUAD COMMUNITIES DEVELOPMENT CORPORATION –  
SPECIAL SERVICE AREA NO. 56**

Notes to the Financial Statements

Year ended December 31, 2017 and 2016

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**(6) Subsequent Events**

For the fiscal year ending December 31, 2017, SSA #56's management has evaluated subsequent events through July 30, 2018, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed through that date.

**SUPPLEMENTARY INFORMATION**

QUAD COMMUNITIES DEVELOPMENT CORPORATION - SPECIAL SERVICE AREA NO. 56

Statement of Revenues and Expenditures - Budget and Actual

For the years ended December 31, 2017 and 2016

	2017			2016		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>Revenues:</b>						
Property tax revenue	\$ 105,851	\$ 105,851	\$ -	\$ 92,239	\$ 104,631	\$ (12,392)
Late collections	1,688	6,183	(4,495)	-	5,000	(5,000)
Interest income	5	-	5	4	-	4
<b>Total revenues</b>	<b>107,544</b>	<b>112,034</b>	<b>(4,490)</b>	<b>92,243</b>	<b>109,631</b>	<b>(17,388)</b>
<b>Expenditures:</b>						
<b>Customer attraction -</b>						
Special events	11,090	10,000	(1,090)	5,453	13,500	(8,047)
Social media outreach	550	1,000	450	-	750	(750)
Decorative banners	2,410	1,500	(910)	2,412	-	2,412
Holiday decorations	7,580	8,000	420	10,688	10,000	688
Print materials	1,400	3,012	1,612	-	2,915	(2,915)
<b>Total customer attraction</b>	<b>23,030</b>	<b>23,512</b>	<b>482</b>	<b>18,553</b>	<b>27,165</b>	<b>(8,612)</b>
<b>Public way aesthetics -</b>						
Landscaping (plants, watering, etc.)	13,349	5,500	(7,849)	13,624	9,876	3,748
Façade enhancement program - rebates	-	5,000	5,000	-	7,000	(7,000)
Streetscape elements (included capital installation,	-	500	500	-	1,001	(1,001)
Public art	-	1,000	1,000	-	-	-
Sidewalk maintenance	42,822	37,000	(5,822)	47,595	42,500	5,095
City permits	-	-	-	-	1,500	(1,500)
<b>Total public way aesthetics</b>	<b>56,171</b>	<b>49,000</b>	<b>(7,171)</b>	<b>61,219</b>	<b>61,877</b>	<b>(658)</b>
<b>Sustainability and public places -</b>						
Garbage/Recycling	1,904	500	(1,404)	-	-	-
Small business energy credit	-	750	750	-	-	-
Bicycle transit	907	1,000	93	-	-	-
<b>Total sustainability and public places</b>	<b>2,811</b>	<b>2,250</b>	<b>(561)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Economic/Business development -</b>						
Site marketing (materials, services, etc.)	300	275	(25)	200	200	-
Supplemental transit (shuttle, trolley, etc.)	600	1,000	400	4,400	4,150	250
Economic impact study	500	2,500	2,000	-	-	-
SSA consultant	20,401	-	(20,401)	9,000	16,000	(7,000)
<b>Total economic and business development</b>	<b>21,801</b>	<b>3,775</b>	<b>(18,026)</b>	<b>13,600</b>	<b>20,350</b>	<b>(6,750)</b>
<b>Safety programs -</b>						
Safety improvements program-rebate	250	1,000	750	-	-	-
<b>Total safety programs</b>	<b>250</b>	<b>1,000</b>	<b>750</b>	<b>-</b>	<b>-</b>	<b>-</b>

QUAD COMMUNITIES DEVELOPMENT CORPORATION - SPECIAL SERVICE AREA NO. 56

Statement of Revenues and Expenditures - Budget and Actual

For the years ended December 31, 2017 and 2016

	2017			2016		
	Actual	Budget	Variance	Actual	Budget	Variance
SSA management -						
Annual report	500	500	-	500	500	-
Audit	2,000	2,000	-	2,000	2,000	-
Bookkeeping	1,500	1,500	-	1,500	1,500	-
Office rent	3,500	3,500	-	1,000	1,000	-
Office utilities	1,500	1,500	-	500	500	-
Office supplies	250	250	-	250	250	-
Office equipment lease/maintenance	100	300	200	-	-	-
Office printing	733	50	(683)	50	50	-
Postage and delivery	117	600	483	250	250	-
Meeting expense	750	750	-	300	300	-
Dues and subscriptions	500	500	-	100	100	-
Bank charges	321	321	-	119	50	69
Events supplies	144	150	6	-	-	-
Property/Liability insurance	56	50	(6)	-	-	-
Conferences and training	500	500	-	-	1,000	(1,000)
Total SSA management	12,471	12,471	-	6,569	7,500	(931)
Personnel -						
Executive director	4,690	4,642	(48)	4,360	4,642	(282)
Program manager	8,465	9,201	736	10,716	9,201	1,515
Total personnel	13,155	13,843	688	15,076	13,843	1,233
Loss collection	16,449	-	(16,449)	10,104	5,022	5,082
Total expenditures	146,138	105,851	(40,287)	125,121	135,757	(10,636)
Excess/(deficiency) of revenue over expenditures	\$ (38,594)	\$ 6,183	\$ 35,797	\$ (32,878)	\$ (26,126)	\$ (6,752)
Carryover	38,594	26,200	12,394	32,878	-	32,878
Net revenues in excess of expenditures	\$ -	\$ 32,383	\$ 48,191	\$ -	\$ (26,126)	\$ 26,126



**SCHEDULE OF FINDINGS AND RESPONSES**

**QUAD COMMUNITIES DEVELOPMENT CORPORATION –  
SPECIAL SERVICE AREA NO. 56**

Service Provider Agreement Compliance

Summary Schedule of Findings and Responses

Year ended December 31, 2017

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We have read and understand the necessary audit requirements contained in the Service Provider Agreement. Accordingly, based on our audit we noted no exceptions during the year ending December 31, 2017.

DRAFT