

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

YEARS ENDED DECEMBER 31, 2015 AND 2014

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

YEARS ENDED DECEMBER 31, 2015 AND 2014

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

YEARS ENDED DECEMBER 31, 2015 AND 2014

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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, 2015 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 financial statements and the combined statement of financial position as of December 31, 2014 and the related combined statements of activities and changes in net assets and cash flows for the year then ended and the related notes to the 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, 2015 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 and the combined 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, 2014 and the combined changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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, except for the exception noted in the SSA #35 summary of findings on page 28, there were no other findings that 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 and management's response on page 28, 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.

Ostrow Reisin Berk & Abrams, Ltd.

Chicago, Illinois
March 31, 2016

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

COMBINING AND COMBINED STATEMENT OF FINANCIAL POSITION

December 31,	2015				2014 Total	
	LPCC	SSA #23	SSA #35	Total		
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 160,641	\$ 170,811	\$ 9,522	\$ 340,974	\$ 412,954	
Investments (Note 3)	96,332			96,332	97,145	
Accounts receivable, net of allowance for doubtful accounts for SSA #23 of \$5,202 and \$7,626 at December 31, 2015 and 2014, respectively and for SSA #35 of \$3,077 and \$1,881 at December 31, 2015 and 2014, respectively	8,926		959	9,885	37,154	
Prepaid expenses			11,751	11,751		
Total current assets	265,899	170,811	22,232	458,942	547,253	
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	(51,608)			(51,608)	(51,224)	
Property and equipment, net	673			673	1,057	
Security deposit	2,400			2,400	2,400	
Total assets	\$ 268,972	\$ 170,811	\$ 22,232	\$ 462,015	\$ 550,710	

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,	2015				2014 Total
	LPCC	SSA #23	SSA #35	Total	
LIABILITIES AND NET ASSETS					
Current liabilities:					
Accounts payable	\$ 7,800	\$ 11,199		\$ 18,999	\$ 11,372
Deferred revenue	<u>52,910</u>			<u>52,910</u>	<u>51,421</u>
Total current liabilities	60,710	11,199		71,909	62,793
Net assets:					
Unrestricted	208,262	159,612	\$ 22,232	390,106	487,917
Total liabilities and net assets	\$ 268,972	\$ 170,811	\$ 22,232	\$ 462,015	\$ 550,710

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,	2015					2014 Total
	LPCC	SSA #23	SSA #35	Elimination	Total	
Revenues:						
Membership dues and sponsorships	\$ 169,316				\$ 169,316	\$ 148,944
Banner income	34,005				34,005	27,235
Events income	38,579				38,579	23,060
Government grant	64,676				64,676	64,676
Administrative income	183,723			\$ (183,723)		
Advertising income	15,630				15,630	17,647
Other income	5,306				5,306	4,096
Interest and dividends	5,113				5,113	3,123
Net realized and unrealized loss on investments	(4,445)				(4,445)	(3,596)
Cook county collection SSA #23		\$ 386,259			386,259	417,927
Cook county collection SSA #35			\$ 166,682		166,682	161,320
Total revenues	511,903	386,259	166,682	(183,723)	881,121	864,432
Expenses:						
Functional expenses:						
Government and community relations	118,741				118,741	107,995
Marketing	96,036				96,036	52,520
Member services	278,628				278,628	246,970
SSA #23 expenses		409,090		(136,862)	272,228	311,106
SSA #35 expenses			202,266	(46,861)	155,405	109,109
Total functional expenses	493,405	409,090	202,266	(183,723)	921,038	827,700
General and administrative expenses	57,894				57,894	54,687
Total expenses	551,299	409,090	202,266	(183,723)	978,932	882,387
Decrease in net assets	(39,396)	(22,831)	(35,584)		(97,811)	(17,955)
Net assets, beginning of year	247,658	182,443	57,816		487,917	505,872
Net assets, end of year	\$ 208,262	\$ 159,612	\$ 22,232	\$ -	\$ 390,106	\$ 487,917

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,	2015				2014
	LPCC	SSA #23	SSA #35	Total	Total
Operating activities:					
Decrease in net assets	\$ (39,396)	\$ (22,831)	\$ (35,584)	\$ (97,811)	\$ (17,955)
Adjustments to reconcile above to cash provided by (used in) operating activities:					
Depreciation	384			384	900
Net realized and unrealized loss on investments	4,445			4,445	3,596
(Increase) decrease in operating assets:					
Accounts receivable, net	10,199	13,658	3,412	27,269	35,281
Prepaid expenses			(11,751)	(11,751)	
Increase (decrease) in operating liabilities:					
Accounts payable	7,800	(173)		7,627	(10,458)
Deferred revenue	1,489			1,489	962
Cash provided by (used in) operating activities	(15,079)	(9,346)	(43,923)	(68,348)	12,326
Investing activities:					
Purchases of investments	(41,657)			(41,657)	(115,161)
Proceeds from sales of investments	38,025			38,025	14,420
Cash used in investing activities	(3,632)			(3,632)	(100,741)
Decrease in cash and cash equivalents	(18,711)	(9,346)	(43,923)	(71,980)	(88,415)
Cash and cash equivalents, beginning of year	179,352	180,157	53,445	412,954	501,369
Cash and cash equivalents, end of year	\$ 160,641	\$ 170,811	\$ 9,522	\$ 340,974	\$ 412,954

See notes to combining and combined financial statements.

SPECIAL SERVICE AREA #23

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2015	Governmental funds	Adjustments	Statement of net position
ASSETS			
Cash and cash equivalents	\$ 170,811		\$ 170,811
LIABILITY			
Accounts payable	\$ 11,199		\$ 11,199
FUND BALANCES/NET POSITION			
Committed:			
Snow removal	10,900	\$ (10,900)	
Unassigned	148,712	(148,712)	
Total fund balance	159,612	(159,612)	
Total liability and fund balance	\$ 170,811		
Net position:			
Unrestricted	\$ 159,612	\$ 159,612	

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, 2015	Governmental funds	Adjustments	Statement of activities
Revenues:			
Property taxes	\$ 397,740	\$ (11,678)	\$ 386,062
Interest	197		197
Total revenues	397,937	(11,678)	386,259
Expenditures/expenses:			
Estimated loss collection	5,202		5,202
SSA management	26,730		26,730
Customer attraction	66,948		66,948
Economic/business development	7,566		7,566
Personnel	110,232		110,232
Public way aesthetics	179,235		179,235
Safety program	367		367
Sustainability and public places	12,810		12,810
Total expenditures/expenses	409,090		409,090
Excess of expenditures over revenues	(11,153)		11,153
Change in net position		(22,831)	(22,831)
Fund balance/net position:			
Beginning of year	170,765	11,678	182,443
End of year	\$ 159,612	\$ -	\$ 159,612
Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balance - governmental funds		\$ (11,153)	
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds		(11,678)	
Change in net position	\$ (22,831)		

See notes to combining and combined financial statements.

SPECIAL SERVICE AREA #35

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2015	Governmental funds	Adjustments	Statement of net position
ASSETS			
Cash and cash equivalents	\$ 9,522		\$ 9,522
Accounts receivable, net of allowance for doubtful accounts of \$1,881	959		959
<u>Accounts receivable, net of allowance</u>	<u>11,751</u>		<u>11,751</u>
Total assets	\$ 22,232		\$ 22,232
DEFERRED INFLOWS			
Deferred property tax revenue	\$ 619	\$ (619)	
FUND BALANCES/NET POSITION			
Unassigned	21,613		(21,613)
Total deferred inflows and fund balance	<u>\$ 22,232</u>		
Net position:			
Unrestricted	<u>\$ 22,232</u>		<u>\$ 22,232</u>
Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balance - governmental funds			\$ 21,613
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 governmental funds.			619
Total net position - governmental activities			\$ 22,232

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, 2015	Governmental funds	Statement of Adjustments	Statement of activities
Revenues:			
Property taxes	\$ 167,916	\$ (1,257)	\$ 166,659
Interest	23	23	23
Total revenues	167,939	(1,257)	166,682
Expenditures/expenses:			
Estimated loss collection	3,077	3,077	3,077
Customer attraction	13,830	13,830	13,830
SSA management	14,250	14,250	14,250
Personnel	32,592	32,592	32,592
Public way aesthetics	107,429	107,429	107,429
Economic/business development	31,088	31,088	31,088
Total expenditures/expenses	202,266	202,266	202,266
Excess of expenditures over revenues	(34,327)	34,327	34,327
Change in net position	(35,584)	(35,584)	(35,584)
Fund balance/net position:			
Beginning of year	55,940	1,876	57,816
End of year	\$ 21,613	\$ 619	\$ 22,232
Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balance - governmental funds			\$ (34,327)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds			(1,257)
Change in net position	\$ (35,584)		

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, 2015 and 2014, 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 \$52,910 and \$51,421 at December 31, 2015 and 2014, 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 3).

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.

Reclassifications:

Certain accounts in the prior year combining and combined financial statements have been reclassified for comparative purposes to conform with the presentation in the current year combining and combined financial statements.

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.

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

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

3. 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:

<u>December 31,</u>	<u>2015</u>	<u>2014</u>
Bond mutual funds	\$ 73,865	\$ 87,419
Real estate mutual funds		9,726
Mortgage mutual funds	<u>22,467</u>	
 Total investments	 \$ 96,332	 \$ 97,145

Dividend income of \$4,944 and \$2,890 for the years ended December 31, 2015 and 2014, respectively, is included in interest and dividend income. An unrealized loss of \$2,854 and \$3,316 for the years ended December 31, 2015 and 2014, respectively, is included in realized and unrealized loss on investments on the combining and combined statement of activities and changes in net assets.

4. 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 \$136,861 and \$134,288 for the years ended December 31, 2015 and 2014, respectively.

The management fees for SSA #35 totaled \$46,862 and \$39,660 for the years ended December 31, 2015 and 2014, respectively.

5. 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, 2015. During 2014, LPCC signed a three-year lease extension. The new lease expires on March 31, 2018.

Total rent expense for the years ended December 31, 2015 and 2014 was \$37,412 and \$37,124, respectively.

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

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

5. Lease commitments (continued)

LPCC also leases equipment under various operating leases which expire between 2013 and 2021 and have monthly lease payments aggregating approximately \$423. Total rent expense included in operations under equipment leases was \$4,935 and \$5,073 for the years ended December 31, 2015 and 2014, respectively.

Future minimum lease payments are as follows:

Year ending December 31:	Office lease	Equipment leases	Total
2016	\$ 36,201	\$ 3,250	\$ 39,451
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	\$ 82,878	\$ 14,478	\$ 97,356

6. Retirement plan

LPCC maintains a SIMPLE IRA plan covering all eligible employees. The matching contributions made to the plan were \$8,959 and \$6,338 for the years ended December 31, 2015 and 2014, respectively.

7. Subsequent events

Management of LPCC has reviewed and evaluated subsequent events from December 31, 2015, the combining and combined financial statement date, through March 31, 2016, 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,	2015					2014	
	Government and community relations	Marketing	Member services	Total program expenses	General and administrative	Total expenses	Total expenses
Advertising						\$ 6,648	
Banner expenses		\$ 8,092		\$ 8,092		\$ 8,092	1,566
Contributions	\$ 2,425			2,425		2,425	2,420
Depreciation	96	38	\$ 212	346	\$ 38	384	900
Insurance	3,847	1,540	8,464	13,851	1,539	15,390	11,367
Member services			13,948	13,948		13,948	9,773
Miscellaneous			5,569	5,569	11,368	16,937	14,424
Occupancy	9,353	3,741	20,576	33,670	3,742	37,412	37,124
Office expenses and postage:							
Credit card fees		804	3,217	4,021		4,021	3,711
Other - office expense and postage	7,073	2,829	15,561	25,463	2,829	28,292	30,003
Outside services	6,086	33,434	13,388	52,908	2,434	55,342	17,999
Payroll and staff expenses	89,861	35,944	197,693	323,498	35,944	359,442	324,902
Printing and design		7,892		7,892		7,892	
Sponsorship		1,722		1,722		1,722	1,335
Total functional expenses	\$ 118,741	\$ 96,036	\$ 278,628	\$ 493,405	\$ 57,894	\$ 551,299	\$ 462,172

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES – BUDGET AND ACTUAL

Years ended December 31,	2015			2014		
	Actual	Budget	Variance	Actual	Budget	Variance
Income:						
Interest	\$ 197		\$ 197	\$ 192		\$ 192
Late collections				\$ 22,000		(22,000)
Tax levy income:						
2008 tax levy	(5,001)		(5,001)	(236)		(236)
2009 tax levy				(6,960)		(6,960)
2010 tax levy	(1,881)		(1,881)	(3,450)		(3,450)
2011 tax levy	(1,551)		(1,551)	(5,418)		(5,418)
2012 tax levy	(2,556)		(2,556)			
2013 tax levy	(9,319)		(9,319)	433,788	433,788	
2013 tax interest				11		11
2014 tax levy	406,362	\$ 406,362				
2014 tax interest	8		8			
Total tax levy income	386,062	406,362	(20,300)	417,735	433,788	(16,053)
Total income	386,259	406,362	(20,103)	417,927	455,788	(37,861)

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2015			2014		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses:						
Estimated loss collection	\$ 5,202	\$ 16,000	\$ (10,798)	\$ 41,713	\$ 20,000	\$ 21,713
SSA management expenses:						
Audit	5,000	5,000		4,000	4,000	
Bank charges	100		100	249		249
Bookkeeping	630	630		420	420	
Liability/property insurance	420	420				
Meeting expenses	1,575	1,575		1,500	1,500	
Office equipment lease and maintenance	3,150	3,150		3,150	3,150	
Office printing	840	840		735	735	
Office rent	8,400	8,400		8,820	8,820	
Office supplies	1,260	1,260		1,050	1,050	
Office utilities and telephone	3,150	3,150		3,360	3,360	
Postage and delivery	1,575	1,575		1,500	1,500	
Subscriptions/dues	630	630				
Total SSA management expenses	26,730	26,630	100	24,784	24,535	249
Customer attraction expenses:						
Display ads (signage)	4,285	5,000	(715)			
Holiday decorations	7,911	17,000	(9,089)	14,772	16,500	(1,728)
Print materials				138	2,500	(2,362)
Public relations and media services	19,648	20,000	(352)	23,024	30,000	(6,976)
Shopper rebate program	3,435	10,000	(6,565)			
Social media outreach	707	1,000	(293)			
Special events	30,203	50,000	(19,797)	54,854	70,000	(15,146)
Website	759	2,000	(1,241)	780	1,000	(220)
Total customer attraction expenses	66,948	105,000	(38,052)	93,568	120,000	(26,432)

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2015			2014		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Economic/business development expenses:						
Economic impact and marketing studies	\$ 5,800	\$ 6,000	\$ (200)	\$ 1,095	\$ 1,500	\$ (405)
Site marketing	1,766	2,000	(234)			
Total economic/business development expenses	7,566	8,000	(434)	1,095	1,500	(405)
Personnel expenses:						
Personnel cost	110,232	110,232		109,753	109,753	
Total personnel expenses	110,232	110,232		109,753	109,753	
Public way aesthetics expenses:						
Façade enhancement program - rebates	17,744	29,000	(11,256)	5,723	55,000	(49,277)
Landscaping	51,054	55,000	(3,946)	51,474	55,000	(3,526)
Property insurance	587	1,500	(913)	567	1,500	(933)
Public art	43,137	45,000	(1,863)	57,164	60,000	(2,836)
Sidewalk maintenance	66,713	74,000	(7,287)	59,553	75,000	(15,447)
Streetscape elements				500	(500)	
Way finding/signage				30,000	(30,000)	
Total public way aesthetics expenses	179,235	204,500	(25,265)	174,481	277,000	(102,519)

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2015			2014		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Safety program expenses:						
Safety improvement program - rebates				\$ 1,000	\$ (1,000)	
Safety marketing and educational programs	\$ 367	\$ 1,000	\$ (633)			
Total safety program expenses	367	1,000	(633)	1,000	(1,000)	
Sustainability and public places expenses:						
Garbage/recycling program	12,810	20,000	(7,190)			
Total sustainability and public places expenses	12,810	20,000	(7,190)			
Total expenses	409,090	491,362	(82,272)	\$ 445,394	553,788	(108,394)
Decrease in net assets	(22,831)	(85,000)	62,169	(27,467)	(98,000)	70,533
Estimated carryover		85,000	(85,000)		120,000	(120,000)
Net assets, beginning of year	182,443	45,183	137,260	209,910	23,183	186,727
Net assets, end of year	\$ 159,612	\$ 45,183	\$ 114,429	\$ 182,443	\$ 45,183	\$ 137,260

**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, 2015

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 ACTIVITIES – BUDGET AND ACTUAL

Years ended December 31,	2015			2014		
	Actual	Budget	Variance	Actual	Budget	Variance
Income:						
Interest	\$ 23	\$ 23	\$ 25	\$ 8,500	\$ 25	
Late collections				\$ (8,500)		
Tax levy income:						
2009 tax levy	(3,624)	(3,624)	(1,089)		(1,089)	
2010 tax levy	(1,607)	(1,607)	(485)		(485)	
2011 tax levy	(279)	(279)	(14)		(14)	
2012 tax levy	(1,221)	(1,221)	2,477		2,477	
2013 tax levy	2,346	2,346	160,401	160,401		
2013 tax interest			5		5	
2014 tax levy	171,041	\$ 171,041				
2014 tax interest	3	3				
Total tax levy income	166,659	171,041	(4,382)	161,295	160,401	894
Total income	166,682	171,041	(4,359)	161,320	168,901	(7,581)
Expenses:						
Estimated loss collection	3,077	4,279	(1,202)	1,881	7,341	(5,460)
Customer attraction expenses:						
Holiday decorations	13,231	13,500	(269)	9,535	15,500	(5,965)
Website	599	600	(1)	699	1,600	(901)
Total customer attraction expenses	13,830	14,100	(270)	10,234	17,100	(6,866)

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2015			2014		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
SSA management expenses:						
Audit	\$ 5,000	\$ 5,000		\$ 4,000	\$ 4,000	
Bank charges				30		\$ 30
Bookkeeping	250	270	\$ (20)	180	180	
Liability/property insurance	180	180		711	800	(89)
Meeting expenses	675	675		400	400	
Office equipment lease and maintenance	1,350	1,350		1,350	1,350	
Office rent	3,600	3,600		3,780	3,780	
Office supplies	540	540		450	450	
Office utilities and telephone	1,350	1,350		1,440	1,440	
Postage	675	675		500	500	
Printing	360	360		315	315	
Subscriptions/dues	270	270				
Total SSA management expenses	14,250	14,270	(20)	13,156	13,215	(59)
Personnel expenses:						
Personnel cost	32,592	32,592		27,245	27,245	
Total personnel expenses	32,592	32,592		27,245	27,245	
Public way aesthetics expenses:						
Landscaping	57,955	40,800	17,155	39,723	47,500	(7,777)
Sidewalk maintenance	49,474	59,000	(9,526)	41,437	51,000	(9,563)
Total public way aesthetics expenses	107,429	99,800	7,629	81,160	98,500	(17,340)

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES – BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2015			2014		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Economic/business development expenses:						
SSA designation	\$ 31,088	\$ 32,000	\$ (912)	\$ 15,093	\$ 17,000	\$ (1,907)
Total economic/business development expenses	31,088	32,000	(912)	15,093	17,000	(1,907)
Total expenses	202,266	197,041	5,225	148,769	180,401	(31,632)
Increase (decrease) in net assets	(35,584)	(26,000)	(9,584)	12,551	(11,500)	24,051
Estimated carryover		26,000	(26,000)		20,000	(20,000)
Net assets, beginning of year	57,816	16,854	40,962	45,265	8,354	36,911
Net assets, end of year	\$ 22,232	\$ 16,854	\$ 5,378	\$ 57,816	\$ 16,854	\$ 40,962

**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, 2015

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 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 one exception. Per Article 5.02, the Contractor (SSA #35) may not spend more than \$197,041 during the year ended December 31, 2015. The SSA Commission may transfer funds between line items or make budget revisions that do not affect the maximum compensation set forth in Article 5.01. During 2015, the Contractor's expenses exceeded the approved budget by an amount totaling \$5,225.

Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

Management Response

According to management, SSA #35 reconstituted during 2015 and requested an amendment to the 2015 total budget due to updates they received from the City of Chicago Department of Planning and Development about the reconstitution process during Fall 2015. The request was not approved by City Council due to the timing of the request. However, per communications with the City of Chicago Department of Planning and Development, the excess should not constitute a violation of the Agreement.