



Quad Communities Development Corporation, NFP

SPECIAL SERVICE AREA 47 – COTTAGE GROVE (SSA 47)

2022 FINANCIAL AUDIT PACKAGE

1. Audit Report Package Transmittal Checklist
2. Financial Statements and Independent Auditor's Report,
December 31, 2022 & 2021
3. Service Provider's Response to 2022 Audit Findings,
Quad Communities Development Corp.
4. Public Accounting Firm License, State of Illinois,
Evolve Financial I
5. 2022 Approved Budget Summary and Signature Pages

December 7, 2023

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City of Chicago Department of Planning and Development

Special Service Area (SSA) Program

Audit Report Package Transmittal Checklist

This checklist must be completed and submitted with audit report package to City's Department of Planning and Development (DPD) via DPD's SharePoint platform. Note: Effective with 2019 audit report package submissions e-mail submissions are not an acceptable form of transmittal and report packages will be deemed "not submitted" unless they are uploaded into CPD's SharePoint platform. For each SSA submission enter the starting page number for each of the PDF audit report package components listed below. Each required component on the checklist must have a numeric page number unless otherwise noted.

SSA Name and number: [Cottage Grove, SSA 47](#)

SSA Provider Name: [QUAD COMMUNITIES DEVELOPMENT CORPORATION, NFP](#)

Submission Date: [December 6, 2023](#)

Starting PDF Page Number	Audit Report Package Components
Comparative Financial Statements	
6	1. Statement of Net Position and Governmental Fund Balance Sheet – Current Year
6	2. Statement of Net Position and Governmental Fund Balance Sheet – Prior Year
7	3. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Current Year
7	4. Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance – Prior Year
8	5. Statement of Revenues and Expenditures – Budget and Actual
4	Auditor's Opinion on Financial Statements
16	Schedule of Findings – Current and Prior Year, if applicable
16	Corrective Action Plan – Current and Prior Year, if applicable (if findings) *
17	Audit Firm CPA License
18	SSA Budget Summary page for the latest modified/amended budget approved by your SSA commission (for current audit period)

Separate PDF file attached – No	
	Note: SSA Service Provider must submit detailed budget corresponding to Summary page, noted above, with audit report package.

*required if findings exist

**City of Chicago Special Service Area No.47
Financial Statements and
Independent Auditor's Report**

December 31, 2022 and 2021

City of Chicago Special Service Area No. 47
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December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
City of Chicago Special Service Area No.47
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of City of Chicago Special Service Area No.47 (SSA #47) (a local tax district), which comprise the statements of net position and governmental funds balance sheets as of December 31, 2022 and 2021, and the related statements of activities and governmental funds revenues, expenditures and changes in fund balance, and statements of revenues and expenditures – budget and actual for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of City of Chicago Special Service Area No.47, as of December 31, 2022 and 2021, and the changes in its fund balance/net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SSA #47, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 as applied to governmental units and prescribed by the Governmental Accounting Standards Board, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SSA #47's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SSA #47's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SSA #47's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Evolve Financial I

Taxpayer Identification Number
46-3683619

November 30, 2023

Lead Auditor: Michael R. Sieczkowski II, CPA
IL License No.: 065.035219

City of Chicago Special Service Area No. 47
Statements of Net Position and Governmental Funds Balance Sheet
December 31, 2022 and 2021

	2022			2021		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
<u>ASSETS</u>						
Cash and cash equivalents	\$ 137,880	\$ -	\$ 137,880	184,565	\$ -	\$ 184,565
Property Tax Levy Receivable, Net of Allowance for Uncollectible Taxes of \$11,000 at December 31, 2022 and 2021	433,791	-	433,791	355,113	-	355,113
Total Assets	<u>\$ 571,671</u>	<u>\$ -</u>	<u>\$ 571,671</u>	<u>\$ 539,678</u>	<u>\$ -</u>	<u>\$ 539,678</u>
<u>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE/NET POSITION</u>						
Liabilities:						
Accounts Payable	\$ 29,188	\$ -	\$ 29,188	18,575	\$ -	\$ 18,575
Deferred Property Tax Revenue Inflow	357,559	(357,559)	-	345,092	(345,092)	-
Total Liabilities	386,747	(357,559)	29,188	363,667	(345,092)	18,575
Fund Balance, Unassigned	184,924	(184,924)	-	176,011	(176,011)	-
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 571,671</u>			<u>\$ 539,678</u>		
Net Position, Restricted		<u>\$ (542,483)</u>	<u>\$ 542,483</u>		<u>\$ (521,103)</u>	<u>\$ 521,103</u>

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

Total fund balance - governmental funds	\$ 184,924	\$ 176,011
Property tax revenue is recognized in the period in which funds are levied rather than when "available". A portion of the property tax is deferred as it is not available in the governmental funds.	357,559	345,092
Total net position - governmental activities	<u>\$ 542,483</u>	<u>\$ 521,103</u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

City of Chicago Special Service Area No. 47
Statements of Activities and Governmental Funds, Revenues, Expenditures and
Changes in Fund Balance
Years Ended December 31, 2022 and 2021

	2022			2021		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
Revenues						
Tax Collections from the City of Chicago (Note 4)	\$ 313,640	\$ 12,467	\$ 326,107	\$ 273,142	\$ 36,433	\$ 309,575
Interest income	6	-	6	3	-	3
Miscellaneous income	-	-	-	75	-	75
Total Revenues	313,646	12,467	326,113	273,220	36,433	309,653
Expenses						
Customer Attraction	78,618	-	78,618	32,504	-	32,504
Public Way Aesthetics	126,550	-	126,550	127,238	-	127,238
Sustainability and public places	-	-	-	2,001	-	2,001
Economic/Business Development	4,980	-	4,980.00	-	-	-
Safety programs	270	-	270	270.00	-	270.00
SSA Management	29,324	-	29,324	29,132	-	29,132
Personnel	64,992	-	64,992	76,808	-	76,808
Uncollectible tax levy expense	-	-	-	11,000	-	11,000
Total expenses	304,734	-	304,734	278,953	-	278,953
Excess of Revenues Over Expenses (Expenses in Excess of Revenues)	8,913	(8,913)	-	(5,733)	5,733	-
Change in Fund Balance/Net Position		21,380	21,380		30,700	30,700
Fund Balance/Net Position, Beginning of Year	176,011	345,092	521,103	181,744	308,659	490,403
Fund Balance/Net Position, End of Year	<u>\$ 184,924</u>	<u>\$ 357,559</u>	<u>\$ 542,483</u>	<u>\$ 176,011</u>	<u>\$ 345,092</u>	<u>\$ 521,103</u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

City of Chicago Special Service Area No. 47
Statements of Revenues and Expenditures - Budget and Actual
Years Ended December 31, 2022 and 2021

	2022			2021		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Revenues						
Property Taxes	\$ 345,092	\$ 313,640	\$ (31,452)	\$ 350,497	\$ 273,142	\$ (77,355)
Interest	-	6	6	-	3	3
Miscellaneous income	-	-	-	-	75	75
Total Revenues	345,092	313,646	(31,446)	350,497	273,220	(77,277)
Customer Attraction						
Website and/or social media	2,000	7,340	(5,340)	2,000	-	2,000
Special events	40,000	28,133	11,867	23,100	19,388	3,712
Social media management	1,500	-	1,500	1,500	-	1,500
Decorative banners	1,000	-	1,000	1,000	-	1,000
Holiday decorations and events	15,000	39,020	(24,020)	15,000	10,645	4,355
Print materials	1,500	-	1,500	1,500	625	875
Display Advertising	10,000	4,125	5,875	10,000	1,846	8,154
Holiday/Seasonal promotions	10,000	-	10,000	10,000	-	10,000
Technical/Marketing assistance	-	-	-	10,000	-	10,000
Total Customer Attraction	81,000	78,618	2,382	74,100	32,504	41,596
Public Way Aesthetics						
Landscaping (plants, watering, etc.)	25,000	15,050	9,950	25,000	22,725	2,275.00
Façade enhancement program	2,000	-	2,000	2,000	-	2,000
Way finding/signage	1,000	-	1,000	1,000	-	1,000
Streetscape Elements (included capital, installation, maintenance, and repair)	3,500	-	3,500	3,500	1,030	2,470
Public Art	1,500	-	1,500	1,500	-	1,500
Sidewalk Maintenance - Materials and Supplies	100,000	111,500	(11,500)	97,266	103,483	(6,217)
City Permit	2,250	-	2,250	2,250	-	2,250
Total Public Way Aesthetics	135,250	126,550	8,700	132,516	127,238	5,278

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

City of Chicago Special Service Area No. 47
Statements of Revenues and Expenditures – Budget and Actual (Continued)
Years Ended December 31, 2022 and 2021

	2022			2021		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Sustainability and public places						
Small Business Improvement Grants	7,678	-	7,678	7,500	2,001	5,499
Small Business Energy Efficiency	5,000	-	5,000	5,000	-	5,000
Total Sustaibability and public places	<u>12,678</u>	<u>-</u>	<u>12,678</u>	<u>12,500</u>	<u>2,001</u>	<u>10,499</u>
Economic/Business Development						
Site marketing (materials, services, etc.)	5,000	-	5,000	5,000	-	5,000
Senior Shuttle travel service	3,900	-	3,900	3,900	-	3,900
Wi-Fi District Infrastructure	8,066	-	8,066	8,066	-	8,066
Economic impact study	5,405	4,980	425	5,405	-	5,405
Total Economic/Business Development	<u>22,371</u>	<u>4,980</u>	<u>17,391</u>	<u>22,371</u>	<u>-</u>	<u>22,371</u>
Safety programs						
Safety improvement program - rebates	7,000	-	7,000	4,000	-	4,000
Security patrol services	16,000	270	15,730	6,000	270	5,730
Total Safety programs	<u>23,000</u>	<u>270</u>	<u>22,730</u>	<u>10,000</u>	<u>270</u>	<u>9,730</u>

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

City of Chicago Special Service Area No. 47
Statements of Revenues and Expenditures – Budget and Actual (Continued)
Years Ended December 31, 2022 and 2021

	2022			2021		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
SSA Management						
SSA Annual Report	1,500	-	1,500	1,500	-	1,500
SSA audit	3,000	5,000	(2,000)	3,000	6,000	(3,000)
Bookkeeping	3,240	3,240	-	3,240	3,240	-
Office Rent	5,000	15,400	(10,400)	5,000	11,700	(6,700)
Office Utilities	2,200	2,017	183	2,200	2,383	(183)
Office supplies	1,200	1,100	100	1,200	1,604	(404)
Office Equipment Lease/Maintenance	1,020	935	85	1,020	2,297	(1,277)
Office printing	500	459	41	500	543	(43)
Postage	200	-	200	200	-	200
Commission meetings and training	250	-	250	-	-	-
Subscriptions/Dues	650	596	54	650	704	(54)
Bank Charges	100	119	(19)	100	119	(19)
Property/ Liability Insurance	2,500	-	2,500	2,500	-	2,500
Conferences and training	750	-	750	1,000	-	1,000
IT monitoring and compliance services	6,000	458	5,542	6,000	542	5,458
Total SSA Management	28,110	29,324	(1,214)	28,110	29,132	(1,022)
Personnel						
Executive Director	12,900	14,117	(1,217)	12,900	16,683	(3,783.00)
Program Manager	18,025	43,083	(25,058)	47,000	50,917	(3,917)
Administrative assistant	11,758	7,792	3,966	11,000	9,208	1,792
Total Personnel	42,683	64,992	(22,309)	70,900	76,808	(5,908)
Loss from uncollectible tax levies						
Loss from uncollectible tax levies	-	-	-	-	11,000	(11,000)
Total Expenses	345,092	304,734	40,358	350,497	278,953	71,544
Revenues over Expenses (Expenses over Revenues)	\$ -	\$ 8,913	\$ 8,913	\$ -	\$ (5,733)	\$ (5,733)

See Independent Auditor's Report.
The accompanying notes are an integral part of these financial statements.

City of Chicago Special Service Area No. 47
Notes to Financial Statements
December 31, 2022 and 2021

Note 1. Organization and Nature of Operations

City of Chicago Special Service Area No.47 (SSA #47) was created by the ordinance of the City of Chicago Council and is funded annually by the property taxes levied on the properties within the SSA #47's boundaries. The property taxes are collected by the Cook County treasurer, and then distributed by the City of Chicago to SSA #47.

(SSA #47) was established to provide various services including but not limited to: public way maintenance and beautification; district marketing and advertising; business relation/attraction, special events and promotional activities; auto and bike transit; security; façade improvement; and other commercial and economic development initiatives for the south lakefront communities of North Kenwood, Oakland, Douglas and Grand Boulevard.

SSA #47 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with Quad Cities Community Development Corporation, NFP ("QCDC") to perform administrative duties as the service provider for SSA #47 for 2022 and 2021. QCDC is an Illinois not-for-profit corporation that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Note 2. Significant Accounting Policies

Government-Wide and Fund Financial Statements

The financial statements of the SSA #47 have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

Government-Wide financial statements (statement of net position and statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting for all of the SSA's activities. The Fund Financial Statements, which focus on the SSA #47's governmental funds current financial resources measurement focus, are prepared on a modified accrual basis.

The SSA #47 accounts for its activities in one fund, its general fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of 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 a 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 (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.

City of Chicago Special Service Area No. 47
Notes to Financial Statements - (Continued)
December 31, 2022 and 2021

Note 2. Significant Accounting Policies - (Continued)

Cash and Cash Equivalents

All highly liquid investments with an initial maturity of three months or less, excluding amounts contained in investment portfolios, are considered to be cash equivalents.

Any certificates of deposit purchased with a maturity of three to twelve months are cash equivalents and are recorded at cost. These investments should be reflected at their market values, along with any unrealized gain or loss. However, the effect of using the cost method of valuation is not materially different from the results that would have been obtained under the market valuation method.

SSA #47's Cash and Cash equivalent are considered to be cash on hand, demand deposits, and short-term investment with original maturities of three months or less from the date of acquisition. Presently, SSA #47 does not have any short-term investments.

Concentrations of Credit Risk

Financial instruments, which potentially subject the entity to concentrations of credit risk, consist principally of cash. SSA #47 maintains its cash in one bank deposit account, which, at times, may exceed federally insured limits. SSA #47 has not experienced any losses in such accounts.

Fund Equity/Net Position

Governmental fund equity is classified as fund balance. Fund Balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by enabling legislation or an outside party. Committed fund balance is a limitation imposed by the SSA Board of Commissioners through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the SSA #47's Board of Commissioners. Unassigned fund balance is the net resources more than what can be properly classified in one of the previously mentioned four categories.

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

City of Chicago Special Service Area No. 47
Notes to Financial Statements - (Continued)
December 31, 2022 and 2021

Note 2. Significant Accounting Policies - (Continued)

Income Taxes

SSA #47 is exempt from federal, state, and local income taxation as it is a non-taxpaying local tax district created by the City of Chicago, established solely for the purpose of the development of the community; SSA #47 receives funding directly from local property tax collections.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3. Concentration of Revenues, Accounts Receivable, and Carryforward

All revenues (except interest on short-term investments and interest-bearing cash accounts) are received from the City of Chicago and are to be used for rehabilitating, advertising, promoting, and maintaining the defined area. Future operations could be affected by changes in the economic or other conditions in that geographical area and/or by changes in the availability of City funding.

All property tax receivables are shown net of any allowances. The allowance for uncollectible taxes of \$11,000 is estimated to be approximately 2% and 3% of outstanding property taxes at December 31, 2022 and 2021, respectively.

There was no surplus (revenues over expenses) for the year ended December 31, 2021, to be used as a carryforward by the City for the 2023 budget.

There is a surplus of \$8,913 for the year ended December 31, 2022, to be used as a carryforward by the City for the 2024 budget.

Note 4. Property Taxes

Property taxes become an enforceable lien on real property on January 1st 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 normally due on August 1st, or 30 days from the mailing of the tax bills if issued later than July 1st. The second installment is based on the remaining amount of the levy on file with Cook County. Bills are issued and collected by Cook County, who remits the SSA #47's share to the City of Chicago, who then remits funds to the SSA #47.

Note 5. Related Party Transactions

During the normal course of business there are expenses paid on SSA #47's behalf and allocated overhead costs from QCDC to SSA #47. For the years ended December 31, 2022 and 2021, the total for these types of reimbursable expenses, including payroll, was \$104,798 and \$87,770, respectively. As of December 31, 2022, there was \$7,314 owed to QCDC. There was no amount due to QCDC at December 31, 2021.

City of Chicago Special Service Area No. 47
Notes to Financial Statements - (Continued)
December 31, 2022 and 2021

Note 6. Litigation, Risk, and Contingencies

In the normal course of business, QCDC (including SSA #47) may be named as a defendant in various legal actions. As of November 22, 2022, QCDC is not aware of any pending litigation or other loss contingencies that would require recognition or disclosure of any contingent liabilities in the SSA #47 financial statements at December 31, 2022 and 2021.

Note 7. Budgetary Information

SSA #47 adheres to the following process in establishing the budgetary data reflected in the financial statements:

- By mid-March the SSA manager submits to SSA #47's Board of Commissioners a proposed operating budget for the following year commencing January 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
- By mid-July the final budget is submitted to the City of Chicago for review and approval.
- During December the budget is legally enacted through passage of an appropriation ordinance.
- The SSA #47 is authorized to make budget revisions however they cannot alter the total expenditures within the assigned expenses categories within the general fund and must be approved by SSA #47 Board of Commissioners.
- Formal Budgetary integration is employed as a management control device during the year.
- A budget for the General Fund is adopted on a basis consistent with U.S GAAP.
- The SSA #47 budgets revenue, expenditures/expenses and transfers based on anticipated funds to be received. Budgets reflects gains or losses, by fund, for each fiscal year.

Note 8. Subsequent Events

QCDC management has evaluated the December 31, 2022 and 2021, financial statements of SSA #47 for subsequent events through November 30, 2023, the date the financial statements were available to be issued. QCDC is not aware of any subsequent events that would require recognition and/or disclosure in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

City of Chicago Special Service Area No. 47
Summary Schedule of Findings
December 31, 2022 and 2021

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Housing and Economic Development, we have read the requirements contained in the Agreement for SSA #47 between the City of Chicago and Quad Cities Community Development Corporation. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters, of which, we had no knowledge.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, the findings to report are as follows:

2022-01 Budget Spending Overages

It was noted that SSA #47 exceeded its budgeted expenditures in eight expenditure line items in 2022's Statement of Revenues and Expenditures – Budget and Actual.

Criteria:

Special Service Areas are required to adhere to the City approved budget. SSA's are authorized to make budget revisions, however, they cannot alter the total expenditures within the assigned expenses categories within the general fund and must be approved by the SSA Board of Commissioners.

2022-02 and 2021-02 – Late filing of Audit Reporting Packages

The 2021 audit reporting package was not provided to the City of Chicago's Department of Planning and Development by the May 1st, 2023, deadline. This finding has also occurred in previous years and is considered a recurring finding.

Criteria:

The deadline to upload the annual SSA audit reporting package to the City of Chicago's Department of Planning and Development's SharePoint portal is May 1st of the following the SSA's year-end.

2021-01 – Improper Recognition of Revenue

SSA #47 did not recognize property tax revenue during 2021 in accordance with generally accepted accounting principles.

Criteria:

It is required that property tax revenue and related receivables be recorded on an accrual basis, however, SSA #47 recorded its property tax revenue on a cash basis which is not considered to be in accordance with generally accepted accounting principles. The effect of this condition was that property taxes revenue, property taxes receivable, deferred revenue, loss collections and fund balance/net position accounts were materially misstated.

This finding has been properly addressed by management and was not considered to be a finding in 2022.

Service Provider Comments and Corrective Action Plan for Current and Prior Year Findings:

As the result of COVID-19 and other external matters out of QCDC's control, there was turnover within the Organization's accounting department during 2020/2021, which caused there to be both a delay in reconciling the SSA's account balances and also a misunderstanding of the accruals to be recorded at year-end.

QCDC management believes that they have resolved both findings by hiring a permanent accounting manager who has demonstrated that he has the ability and skill-set to close the SSA's books based on the modified accrual basis of accounting required and in a timely manner necessary to complete the audit and submit the audit reporting package to the City's DPD by the May 1st deadline going forward.



Quad Communities Development Corporation, NFP

Date: December 7, 2023

To: Mark Roshen, Assistant Commissioner - SSA Program
Small Business Development Bureau, Department of Planning and Development – City of Chicago
121 North LaSalle Street Room 1003
Chicago, IL 60602

From: Rhonda McFarland, Executive Director
Quad Communities Development Corporation, NFP – Service Provider

Ref: **SERVICE PROVIDERS RESPONSE TO 2022 AUDIT FINDINGS
SPECIAL SERVICE AREA 47 – COTTAGE GROVE**

Please accept this communication as our response to Audit Findings for the Fiscal Year 2022.

Finding: 2022-01 Budget Spending Overages

It is acknowledged that this is a multiple year finding for our agency.

New internal financial practices, training with the CPA on the financial posting requirements, and new staff have been put in place to better manage the administrative and financial requirements for the SSA program. Additionally, the SSA had considerable turnover in the commissioners over the past two years which created additional challenges for the service provider. With the new processes, training, and staff in place, we are making as many corrections as possible to avoid this finding in 2023 and are on track to having no findings of this kind in 2024.

Finding: 2021-01 – Improper Recognition of Revenue

The agency changed its internal financial management and accounting systems in mid-2020. The financial manager was not familiar with the SSA reporting requirements and therefore was posting property tax receivables on a cash basis.

As part of the 2022 audit process, formal training and consultation were had with the CPA auditor to ensure our financial team understood the program requirements and made the necessary adjustments to the “accrual basis” posting of revenue. Corrective action was taken after training and direction for the auditors and the proper methods are being practiced as it relates to posting property tax revenue.

Finding: 2022-02 and 2021-02 – Late filing of Audit Reporting Packages

It is acknowledged that this is a multiple year finding for our agency.

New internal financial practices, consultation on best practices with the CPA, and new staff have been put in place to better manage the administrative and financial requirements for the SSA program. Key activities including internal processes, roles and responsibilities, and timelines have been updated to establish the new best practices required to avoid late filing in the future.

The QCDC team is committed to continuous improvement and compliance with all SSA program requirements.

Quad Communities Development Corporation

4210 S. Berkeley Ave., Chicago, IL 60653

Stay Connected with QCDC

Facebook: @ChicagoQCDC

Instagram: @bvillemnights

Email: contactus@qcdc.org

Phone: 773.268.7232

State of Illinois

Department of Financial and Professional Regulation Division of Professional Regulation

LICENSE NO.
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065.035219

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:
11/30/2024

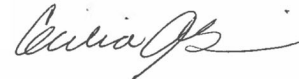
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MARIO TRETO, JR.
SECRETARY



CECILIA ABUNDIS
DIRECTOR

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Exhibit A Budget

Special Service Area # 47

SSA Name:	Cottage Grove
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2022 BUDGET SUMMARY

Budget and Services Period: January 1, 2022 through December 31, 2022

CATEGORY <small>(Funded Categories Comprise Scope of Services)</small>	2021 Levy		Carryover Funds	TIF Rebate Fund #	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$81,000	\$0	\$0	\$0	\$0	\$81,000
2.00 Public Way Aesthetics	\$135,250	\$0	\$0	\$0	\$0	\$135,250
3.00 Sustainability and Public Places	\$12,678	\$0	\$0	\$0	\$0	\$12,678
4.00 Economic/ Business Development	\$22,371	\$0	\$0	\$0	\$0	\$22,371
5.00 Public Health and Safety Programs	\$23,000	\$0	\$0	\$0	\$0	\$23,000
6.00 SSA Management	\$28,110	\$0	\$0	\$0	\$0	\$28,110
7.00 Personnel	\$42,683	\$0		\$0	\$0	\$42,683
Sub-total	\$345,092	\$0				
GRAND TOTALS	Levy Total	\$345,092	\$0	\$0	\$0	\$345,092

LEVY ANALYSIS	
Estimated 2021 EAV:	\$34,616,533
Authorized Tax Rate Cap:	3.000%
Maximum Potential Levy limited by Rate Cap:	\$1,038,496
Requested 2021 Levy Amount:	\$345,092
Estimated Tax Rate to Generate 2020 Levy:	0.9969%

SSA Name:	Cottage Grove - SSA47
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LEVY CHANGE FROM PREVIOUS YEAR	
2020 Levy Total (in 2021 budget)	\$345,092
2021 Levy Total (in 2022 budget)	\$345,092
Percentage Change	0.00%
Community meeting required if levy amount increases greater than 5% from previous levy.	


CARRYOVER CALCULATION	
2021 Budget Total	\$350,497
Carryover request for 2022	\$0
Percentage	0.000%
Must be less than 25%	

SSA Name:	Cottage Grove - SSA47
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2021 BUDGET & SERVICES - SIGNATURE PAGE

Budget and Services Period: January 1, 2022 through December 31, 2022

The 2021 Budget & Services were approved by the SSA Commission.

	YOUANDA TRAVIS	Oct 26, 2021
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SSA Chairperson Signature

Printed Name

Date