

**CHATHAM COTTAGE GROVE**  
**SPECIAL SERVICE AREA NUMBER 51**  
*FINANCIAL STATEMENTS*  
*AND*  
*ADDITIONAL INFORMATION*  
*For the Year Ended*  
*December 31, 2013*

**CHATHAM COTTAGE GROVE  
SPECIAL SERVICE AREA NUMBER 51**

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**CARY J. HALL**  
**& ASSOCIATES, LLC**  
Certified Public Accountants and Consultants

Board of Directors  
Chatham Cottage Grove Special Service Area Number 51  
Chicago, Illinois

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of **CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51** as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Cary J. Hall & Associates, LLC*

April 29, 2014  
Chicago, Illinois

**CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51**

Statement of Financial Position

December 31, 2013

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**ASSETS**

Cash and cash equivalents (Note 2)	\$ 434,654
Real estate taxes receivable, less allowance for uncollectible taxes of \$198,667	1,224,103
	<hr/>
Total Assets	<u>\$ 1,658,757</u>

**LIABILITIES**

Accounts payable and accrued expenses	\$ 60,095
Line of credit (Note 4)	101,632
Deferred real estate tax income	840,166
	<hr/>
Total Liabilities	<u>1,001,893</u>

**NET ASSETS**

Unrestricted funds	<u>656,864</u>
	<hr/>
Total Liabilities and Net Assets	<u>\$ 1,658,757</u>

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

# CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51

## Statement of Activities

For the Year Ended December 31, 2013

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### REVENUES, LOSSES, AND OTHER SUPPORT

Real estate taxes - current period	\$ 1,095,062
Real estate taxes - prior period	17,257
Interest and other income	7
Loss collection on real estate revenue	<u>(63,667)</u>
Total Revenues, Losses and Other Support	<u>1,048,659</u>

### EXPENSES

#### Program Services:

Advertising and Promotion	91,900
Public Way Maintenance	116,100
Public Way Aesthetics	42,199
Tenant Retention / Attraction	-
Façade Improvements	-
Parking/ Transit / Accessibility	-
Other Technical Assistance	-
Safety Programs	162,039
District Planning	3,500
Operational Program Support	343,365

#### Supporting Services:

Management and General	<u>154,684</u>
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Total Expenses	<u>913,787</u>
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**CHANGE IN NET ASSETS** 134,872

### NET ASSETS -

Beginning of Year	<u>521,992</u>
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End of year	<u>\$ 656,864</u>
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The accompanying notes are an integral part of the financial statements.

**CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51**

Statement of Cash Flows

For the Year Ended December 31, 2013

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$ 134,872
Adjustments to reconcile change in net assets to net cash used in operating activities - (Increase) decrease in:	
Real estate taxes receivable	(74,235)
Increase (decrease) in:	
Accounts payable	29,066
Deferred tax revenue	(189,334)
	<hr/>
Net Cash Used in Operating Activities	(99,631)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Net borrowings on line of credit	<hr/> 101,632
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**NET INCREASE IN CASH AND CASH EQUIVALENTS** 2,001

**CASH AND CASH EQUIVALENTS**

Beginning of year	<hr/> 432,653
End of year	<hr/> <hr/> \$ 434,654

**SUPPLEMENTAL DISCLOSURE**

Cash paid for:	
Interest	<hr/> <hr/> \$ 7,160

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

# CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51

Notes to Financial Statements

December 31, 2013

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## **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization - In an agreement made effective for calendar year January 1, 2011 the City Council of the City of Chicago passed on ordinance authorizing the establishment of Special Service Area ("SSA") Number 51. The City authorizes a Special Service Area Commission (the Commissioners) to preside over SSA approved annual activities. The annual activities are funded with a tax levy upon taxable properties within a designated area of the Chatham community.

The tax levy is in addition to all other property taxes. Tax levied are billed, collected, and remitted by the City to the Special Service Area. Any unused tax levy for approved activities can be used by the Special Service Area in the succeeding year with City Approval. The tax levy order is for 10 years beginning with tax year 2010. These funds are temporarily restricted for approved annual activities.

SSA #51 is administered by Chatham Business Association Small Business Development, Inc., and currently provides funds for Maintenance and Beautification, Debris and Snow Removal; Façade Enhancement; Economic Development; Marketing and Safety and will afford the opportunity for various promotional events in Chatham and its surrounding communities.

Financial Statement Presentation -The City of Chicago requires a schedule of activities and a summary schedule of findings. The statement of activities is required to reflect budget, actual and variance amounts . The schedules are presented as additional information in the financial statements.

Basis of Presentation - Financial statement presentation follows the requirements under *FASB ASC 958 (formerly SFAS No. 117, Financial Statements of Not-for-Profit Organizations)*. Under *FASB ASC 958*, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. At December 31, 2013, the Organization had no permanently restricted net assets.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents - For purposes of the Statement of Cash Flow, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

# CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51

## Notes to Financial Statements

December 31, 2013

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Date of Management's Review - Management has evaluated subsequent events through June 29, 2014, the date on which the financial statements were available to be issued.

Income Tax Status - The Organization is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

Donated Services - No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs and various committee assignments.

Tax Levies / Revenue Recognition - Property taxes are levied pursuant to law in September and an enforceable legal claim attaches to the properties. The taxes are payable in two installments in the following year. The first installment is an estimate based on prior year's tax and is due in March. The second installment, adjusted to reflect any increase or decrease from the previous year, is due approximately in August. Cook County bills and collects all property taxes and remits them to the City of Chicago, which remits them to the Organization. On December 31, an estimated receivable and deferred revenue amount is recognized as an estimate of the actual amounts to be received in the subsequent year.

Revenue from property taxes levied is recognized in the statement of activities in the year that it becomes available.

Annually, an estimate for doubtful receivables based on uncollected taxes from prior years is determined. Management determines the allowance based on historical experience. Accounts receivable are written off when deemed uncollectible (generally, after two years).

### **NOTE 2 - RELATED PARTY TRANSACTIONS**

The Organization is an affiliate of the Chatham Business Association Small Business Development, Inc. The Organization contracts with the Chatham Business Association as sole service provider in order to administer and provide direct services on behalf of the Organization.

Total expenses charged to the Organization for service related fees totaled \$534,155 for the year ended December 31, 2013.



# CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51

## Notes to Financial Statements

December 31, 2013

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### **NOTE 3 - CONCENTRATIONS**

The Organization maintains its cash balances at a high quality financial institution. Balances at times may exceed federally insured credit limits.

The Special Service Area receives 100% of its operating support from revenues collected from taxes levied or imposed upon property within the area.

### **NOTE 4 - LINE OF CREDIT**

The Organization has available a line of credit with a local bank. The unpaid principal balance under the loan is secured by future tax revenue and bears interest at 8.25% at year end. Interest payments are due monthly. At December 31, 2013, the balance was \$101,632.

The line of credit balance was paid off in 2014.



**CARY J. HALL**  
**& ASSOCIATES, LLC**  
Certified Public Accountants and Consultants

Board of Directors  
Chatham Cottage Grove Special Service Area Number 51  
Chicago, Illinois

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

We have audited the financial statements of **CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51** as of and for the year ended December 31, 2013, and have issued our report thereon dated April 29, 2014 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of actual revenues and expenses to budget and summary schedule of findings is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Cary J. Hall & Associates, LLC*

April 29, 2014  
Chicago, Illinois

**ADDITIONAL INFORMATION**

**CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2013 and 2012

	2013			2012		
	2013	2013	2012	2012	2012	2012
	Actual	Budget	Variance	Actual	Budget	Variance
<b>SUPPORT AND REVENUES</b>						
Real estate taxes - current period	\$ 1,095,062	\$ 840,166	\$ 254,896	\$ 726,842	\$ 1,029,500	\$ (302,658)
Real estate taxes - prior period	17,257	-	17,257	256,030	-	256,030
Real estate taxes - carryover	-	278,000	(278,000)	-	455,000	(455,000)
Interest and other income	7	-	7	67	-	67
Total Support and Revenues	1,112,326	1,118,166	(5,840)	982,939	1,484,500	(501,561)
<b>EXPENSES</b>						
<b>Program Services:</b>						
<b>Advertising and Promotion</b>						
Website / Social Media	4,437	5,000	(563)	7,521	5,000	2,521
Public and/or media relations	-	20,000	(20,000)	-	28,000	(28,000)
Special events	17,522	65,000	(47,478)	118,997	85,000	33,997
Display advertising	67,805	20,000	47,805	18,172	25,000	(6,828)
Print materials	2,136	10,000	(7,864)	-	15,000	(15,000)
Total Advertising and Promotion	91,900	120,000	(28,100)	144,690	158,000	(13,310)
<b>Public Way Maintenance</b>						
Sidewalk cleaning	-	-	-	52,824	30,000	22,824
Sidewalk snow plowing	54	-	54	5,000	85,000	(80,000)
Sidewalk power washing	68,959	20,000	48,959	34,479	20,000	14,479
Equipment purchase and maintenance	37,651	10,000	27,651	18,915	10,000	8,915

See independent auditor's report on additional information.

**CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2013 and 2012

	2013		2012		Variance	2012 Budget	Variance
	Actual	Budget	Actual	Budget			
<b>Public Way Maintenance - Continued</b>							
Supplies	7,054	5,000	3,569	5,000	(1,431)		
Storage fees	2,382	4,320	2,531	2,500	31		
Window washing	-	10,000	15,000	10,000	5,000		
Trash removal service and dumpster rental	-	8,000	-	8,000	(8,000)		
Total Public Way Maintenance	116,100	57,320	132,318	170,500	(38,182)		
<b>Public Way Aesthetics</b>							
Streetscape elements purchase	13,700	20,000	-	40,000	(40,000)		
Decorative banners and / or holiday decorations	28,499	20,000	13,328	30,000	(16,672)		
Way finding / Signage	-	-	-	5,000	(5,000)		
Public art	-	-	-	20,000	(20,000)		
Landscaping	-	50,000	14,795	70,000	(55,205)		
Total Public Way Aesthetics	42,199	90,000	28,123	165,000	(136,877)		
<b>Tenant Retention / Attraction</b>							
Data collection	-	3,000	6,853	2,000	4,853		
Site marketing materials	-	15,000	-	11,000	(11,000)		
Total Tenant Retention / Attraction	-	18,000	6,853	13,000	(6,147)		

See independent auditor's report on additional information.

**CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51**

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2013 and 2012

	2013		2012		Variance	2012 Budget	Variance
	Actual	Budget	Actual	Budget			
<b>Façade Improvements</b>							
Façade enhancement program - rebates	-	40,000	10,000	75,000	(40,000)	75,000	(65,000)
Awning rebate program	-	-	-	40,000	-	40,000	(40,000)
Signage removal program - rebates	-	4,450	-	30,000	(4,450)	30,000	(30,000)
Total Façade Improvements	-	44,450	10,000	145,000	(44,450)	145,000	(135,000)
<b>Parking/ Transit / Accessibility</b>							
Bicycle transit enhancements	-	-	-	5,000	-	5,000	(5,000)
Total Parking / Transit / Accessibility	-	-	-	5,000	-	5,000	(5,000)
<b>Safety Programs</b>							
Public way surveillance cameras / maintenance	-	50,000	24,449	46,000	(50,000)	46,000	(21,551)
Security	162,039	150,000	-	200,000	12,039	200,000	(200,000)
Total Safety Programs	162,039	200,000	24,449	246,000	(37,961)	246,000	(221,551)
<b>District Planning</b>							
Commission development	3,500	3,500	-	3,500	-	3,500	(3,500)
Master planning	-	-	-	31,000	-	31,000	(31,000)
Economic impact study, market, branching	-	-	-	6,000	-	6,000	(6,000)
Parking / transit plan	-	-	-	5,000	-	5,000	(5,000)
Other: green/sustainable training/presentations	-	-	-	5,000	-	5,000	(5,000)
Total District Planning	3,500	3,500	-	50,500	-	50,500	(50,500)

See independent auditor's report on additional information.

CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2013 and 2012

	2013		2012		Variance	2012		Variance
	Actual	Budget	Actual	Budget		Actual	Budget	
<b>Other Technical Assistance</b>								
Wi-Fi district infrastructure/maintenance	-	35,000	25,146	40,000	(35,000)	40,000	(14,854)	
Total Other Technical Assistance	-	35,000	25,146	40,000	(35,000)	40,000	(14,854)	
<b>Personal</b>								
Program personal cost allocation	343,365	344,363	313,295	347,101	(998)	347,101	(33,806)	
Total Personal cost allocation	343,365	344,363	313,295	347,101	(998)	347,101	(33,806)	
<b>Supporting Services:</b>								
<b>Admin Non-Personnel</b>								
Administrative non-personal cost allocation	91,828	91,828	-	3,000	-	3,000	(3,000)	
SSA annual report	14,555	5,000	4,582	5,000	9,555	5,000	(418)	
Audit/ Bookkeeping	5,255	7,000	7,559	5,000	(1,745)	5,000	2,559	
Office rent	5,200	5,616	10,296	11,232	(416)	11,232	(936)	
Office utilities	2,500	2,500	4,583	5,000	-	5,000	(417)	
Office supplies	2,675	2,667	3,834	4,000	8	4,000	(166)	
Office Equipment Lease / Maintenance	7,071	6,300	6,417	7,000	771	7,000	(583)	
Office printing	3,492	4,140	3,208	3,500	(648)	3,500	(292)	
Postage	3,555	4,000	5,578	6,000	(445)	6,000	(422)	
Meeting Expense	375	1,000	2,781	2,000	(625)	2,000	781	

See independent auditor's report on additional information.

CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51

Comparison Schedules of Actual Revenues and Expenses to Budget

For the Years Ended December 31, 2013 and 2012

	2013		2012		Variance	2012		Variance
	Actual	Budget	Budget	Actual		Budget		
<b>Admin Non-Personnel - Continued</b>								
Subscriptions/Dues	835	1,000		1,833	2,000		(167)	
Banking fees and interest	8,892	1,800	(165)	6,833	5,000		1,833	
Monitoring and compliance	2,250	2,250	7,092	-	-		-	
Liability insurance	6,201	6,765	(564)	7,333	8,000		(667)	
Workman's comp insurance	-	-	-	12,834	14,000		(1,166)	
Total Operational & Administrative Support	154,684	141,866	12,818	77,671	80,732		(3,061)	
<b>Loss Collection</b>	63,667	63,667	-	63,667	63,667		-	
Total Expenses	977,454	1,118,166	(140,712)	826,212	1,484,500		(658,288)	
Excess of Revenues over Expenses	\$ 134,872	\$ -	\$ 134,872	\$ 156,727	\$ -		\$ 156,727	

See independent auditor's report on additional information.



# CHATHAM COTTAGE GROVE SPECIAL SERVICE AREA NUMBER 51

## Summary Schedule of Findings For the Year Ended December 31, 2013

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We have read the requirements of the Service Provider Agreement between The Chatham Business Association Small Business Development, Inc., Contractor, and the City of Chicago.

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 which we had no knowledge.

The total revenues used during the year ended December 31, 2012, were made available from the budgeted sources in amounts specified in the budget.

### Finding-1

Contractor did not submit an annual audited financial statement to the Department and the SSAC within 120 calendar year.

### Response

We will engage the auditor immediately after year end and provide the auditor the necessary documents to perform the audit for transmission within the 120 calendar days after year end.

See independent auditor's report on additional information.