

51st STREET BUSINESS ASSOCIATION

SPECIAL SERVICE AREA # 52

**(a taxing district authorized by the City of
Chicago)**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018 and 2017

**Prepared by
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51st STREET BUSINESS ASSOCIATION
SPECIAL SERICE AREA # 52
(a taxing district authorized by the City of CHICAGO)
FOR THE YEARS ENDED DECEMBER 31, 2018 & 2017

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WILLIAM C. GOODALL
CERTIFIED PUBLIC ACCOUNTANT
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Chicago, Illinois 60619

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
51st Street Business Association and Commissioners
Of Special Service Area #52

We have audited the accompanying financial statements of 51st Street Business Association (A Contractor for) Special Service Area #52, (a taxing district authorized by the City of Chicago) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and 2017, and the related statements of activities for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 51st Business Association as of December 31, 2018, and 2017, and the changes in its net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Statement of Revenue and Expenditures (Budget & Actual) on page 12 & 13 are presented for purposes of additional analysis are required by the City of Chicago Special Service Area Commission 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.



William C Goodall CPA
800 East 78th Street
Chicago, Illinois 60619
June 15, 2019



WILLIAM C. GOODALL
CERTIFIED PUBLIC ACCOUNTANT
806 East 78th Street Suite 200
Chicago, Illinois 60619

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING
STANDARDS**

To the Board of Commissioners of
51st Street Business Association
Special Service Area # 52

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of 51st Street Business Association (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and 2017 and the related statements of activities, for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 51st Street Business Association's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 51st Street Business Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 51st Street Business Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



William C Goodall
800 East 78th Street
Chicago, Illinois
June 15, 2019.

51st Street Business Association
 (A Contractor for Special Service Area # 52)
 Statement of Net Position and Governmental Funds Balance Sheet
 December 31, 2018

	Governmental Funds	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	7,214	0	7,214
Receivables			
Property Tax Receivable	37,887	0	37,887
City of Chicago(SSA)	7,343	0	7,343
Total Assets	52,444		52,444
LIABILITIES			
Accrued expense	1,600	0	1,600
Total Liabilities	1,600	0	1,600
Deferred Inflows	40,137	(40,137)	
FUND BALANCES/ NET POSITION			
Total Fund Balance	10,707	(10,707)	
Total Liabilities and Fund Balance	52,444		
Net Position		(50,844)	50,844

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

Total fund balance-governmental funds	10,707
Property tax revenue is recognized in the period levied rather than "available". Apportion of the property tax is deferred as it is not available in the governmental funds.	40,137
	50,844

The accompanying notes are an integral part of these financial statements

51st Street Business Association
(A Contractor for Special Service Area # 52)

Statement of Activities and Governmental Funds, Revenue, Expenditures and Changes in Fund Balance
December 31, 2018

	Governmental Funds	Adjustments	Statement of Net Position
<u>REVENUES</u>			
Property Taxes	43,093	0	43,093
Total Revenue	43,093	0	43,093
 <u>EXPENDITURES/ EXPENSES</u>			
Customer Attraction	11,203	0	11,203
Public Way Aesthetics	16,245	0	16,245
Economic Business Development	5,750	0	5,750
SSA Management	9,820	0	9,820
Total Expenditures/Expenses	43,018	0	43,018
 Excess of Expenditures over Revenue			
Change in Net Position	75	0	75
 Fund Balance/Net Position			
Beginning of the Year	50,769	0	50,769
End of Year	50,844	0	50,844

Amounts reported for governmental activities in the statement of activities are the same.

**51st STREET BUSINESS ASSOCIATION
SPECIAL SERVICE AREA # 52
(a taxing district authorized by the City of Chicago)
NOTES TO THE FINANCIAL STATEMENT
For the Year Ended December 31, 2018**

SUMMARY OF SIGNIFICANT FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

The 51st Street Business Association (the organization) an Illinois not-for-profit corporation was founded in April, 2009. The organization provides consulting services to businesses, entrepreneurs, community focused groups and residents in Chicago's Grand Boulevard and Bronzeville neighborhoods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

City of Chicago (Special Service Area (SSA) Program)

The organization has been designated as an administrator (contractor) of the Special Service Area # 52 a taxing district authorized by the City of Chicago and located in Chicago, Illinois. The approximate street location of (the Taxing District) consists of the area on both sides of 51st Street from Dr. Martin Luther King Jr. Drive on the east side to the Metra Railroad tracks on the west side. Agreed on services include promotional and advertising, maintenance of the public way, safety and other functions to be provided by the organization are funded with a tax levy upon taxable properties within the above designated area. Tax levies are billed, collected and remitted by the City to the organization. The tax levy order began in the year 2011 and goes through to 2020 Special Service Area 52 The financial statements of the organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the U.S.

(b) Government-Wide and Fund Financial Statements

The financial statements of SSA# 52 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's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis.

The SSA accounts for it's in one fund, it's 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 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 financial 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.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Accordingly, actual results could differ from these estimates.

(d) Assets, Liabilities, and Net Position

Cash, cash equivalents and investments

The SSA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short term investments with maturities of three months or less from the date of acquisition.

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2018 the allowance for uncollectable property tax is \$ 2,250.

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Fund Equity/Net Position

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by enabling legislation or an outside party. Committed fund balance is a limitation imposed by the SSA board through approval of resolutions. Assigned fund balances 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.

NOTE 3 CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and certificates of deposit are subject to custodial credit risk in the event of a bank failure, the SSA's deposits may not be returned. The SSA's policy in order to protect their deposits requires depository institutions to maintain collateral pledges on SSA deposits whenever the deposits exceed the insured limits of the

FDIC. All deposits and balances of the SSA are within the insured limits of the FDIC.

Investments are subject to custodial credit risk that, in the event of failure of the counterparty, the SSA will not be able to recover the value of its investments that are in the possession of an outside party. The SSA has no exposure to custodial credit risk because the investment securities are insured, registered and or held by the SSA.

As of December 31, 2018 the SSA had no investments.

NOTE 4 **PROPERTY TAXES**

Property taxes become an enforceable lien on realm property on January 1 of the year it is levied. Taxes are payable in two installments in the subsequent year. The first installment is an estimate based on the prior year billed levy (55%) and is due in March. The second installment is due on August 1, or 30 days from the mailing of the tax bills if issued later than July 1. The second installment is based on the remaining amount of the levy on file with the County. Bills are issued and collected by Cook County who remits the SSA's share to the City who then remits the monies to the SSA.

NOTE 5 **SUBSEQUENT EVENTS**

The organization has evaluated subsequent events through June 15, 2019, the date the financial statements were available for issuance and has determined that there were no subsequent events to be recognized in these financial statements.

SUPPLEMENTARY INFORMATION AND REPORTS



WILLIAM C. GOODALL
CERTIFIED PUBLIC ACCOUNTANT
806 East 78th Street Suite 200
Chicago, Illinois 60619

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

To the Board of Directors of
51st Street Business Association

We have audited the financial statements of 51st Street Business Association as of and for the years ended December 31, 2018 and 2017, and have issued our report thereon dated June 15, 2019 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The statement of Revenue and Expenditures (Budget and Actual) on pages 12 & 13 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.

A handwritten signature in cursive script that reads "William C. Goodall, CPA".

William C Goodall CPA
800 East 78th Street
Chicago, Illinois
June 15, 2019

51st Street Business Association
(A Contractor for Special Service Area # 52)
Statement of Revenues and Expenditures-Budget and Actual
December 31, 2018 and 2017

	2018			2017		
	Budget	Actual	Variance	Budget	Actual	Variance
	\$	\$	\$	\$	\$	\$
REVENUE						
Property Taxes	43,093	43,093	0	36,955	36,955	0
Total Revenue	43,093	43,093	0	36,955	36,955	0
EXPENDITURES						
Advertising and Promotion						
Print Materials	750	753	(3)	0	0	
Website and Social Media	0	0	0	500	500	0
Special Events	7,500	7,950	(450)	4,560	7,000	(2,440)
Holiday Decorations	1,000	1,000	0	1,500	0	1,500
P/R Media Relations	1,500	1,500	0	956	740	216
Total Public Way Aesthetics	10,750	11,203	(453)	7,516	8,240	(724)
Public Way Aesthetics						
Landscaping (plants, watering, etc)	2,500	2,300	200	1,500	1,500	0
Façade Enhancement Program-Rebates	4,000	4,125	(125)	1,500	1,500	0
Sidewalk Maintenance	7,072	6,971	101	7,864	6,000	1,864
City Permits	600	600	0	0	0	0
Interior Enhancement	1,804	1,821	(17)	1,000	1,405	(405)
Liability Insurance/Workman's Comp	450	428	22	500	454	46
Total Public Way Aesthetics	16,426	16,245	181	12,364	10,859	1,505
Economic/Business Development						
Site Marketing (materials, services, etc)	5,680	5,750	(70)	7,320	11,435	(4,115)
Total Economic/Business Development	5,680	5,750	(70)	7,320	11,435	(4,115)
Total Expenses this page	32,856	33,198	(342)	27,200	30,534	(3,334)

51st Street Business Association
(A Contractor for Special Service Area # 52)
Statement of Revenue and Expenditures-Budget and Actual
December 31, 2018 and 2017

	2018			2017		
	Budget	Actual	Variance	Budget	Actual	Variance
TOTALS CARRY FORWARD	32,856	33,198	(342)	27,200	30,534	(3,334)
<u>Administrative-Non-Personel</u>						
SSA Audit	1,300	1,600	(300)	1,500	1,550	(50)
Bookkeeping	600	600	0	600	725	(125)
Office Rent	7,200	7,500	(300)	7,200	7,800	(600)
Banking Fees	120	120	0	120	132	(12)
Total Administrative Non-Personel	9,220	9,820	(600)	9,420	10,207	(787)
<u>Personnel</u>						
Executive Director	0	0	0	0	0	0
Total Personnel	0	0	0	0	0	0
Total Expenses	42,076	43,018	(942)	36,620	40,741	(4,171)
Excess of revenues over (under) expenditures	3,750	(75)	3,825	335	(3,786)	(4,171)
Less-Collection Loss	(2,250)	0	(2,250)	0	0	0
Less-Carry-Over-Funds from Prior Year	(1,500)	0	(1,500)	0	0	335
Excess of Expenses over Revenue	0	(75)	75	0	3,786	(3,786)

51st Street Business Association
(A Contractor For Special Service Area # 52)
Status of Schedule of Findings of Prior Year December 31, 2017
For The Year Ended December 31, 2018

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As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines, We have read the requirements contained in the Agreement for Special Service Area # 52 between the City of Chicago and 51st Street Business Association. In reviewing this agreement we noted the following exceptions that require your response and corrective actions.

FINDING # 1

A review of (Statement of Revenues and Expenditures-Budget and Actual) indicated differences in all major budget categories. (3) unfavorable and (1) favorable resulting in excess expenditures over revenues of (\$ 4,171).

MANAGEMENT RESPONSE

We concur with the finding and will begin to monitor our expenditures monthly so that actual spending for all items equal the budget allowance.

STATUS OF FINDING #1

Management monitors actual expenditures to 2018 budget items This procedure resulted in lowering the variance to \$ 942 in 2018. The variance for 2017 was \$ 4,171

FINDING # 2

The SSA Financial and Accounting Guide requires mandatory financial statement preparation. We recommend that the provider incorporate in its budget funds for training of the accountant to institute the proper accounting and financial policies.

MANAGEMENT RESPONSE

We will continue to provide additional training of our accountant.

STATUS OF FINDING # 2

Management continues to provide training to their accountant

FINDING # 3

Per Section 3.07, Records and Audit, the Special Service Area Provider is required to provide annual audited financial statements to the City of Chicago and the Special Service Commission within 120 calendar days after the end of the year.

MANAGEMENT RESPONSE

We will have completed financial statements available within 30 days after calendar year to present to the Auditors given them ample time to complete the audit.

STATUS OF FINDING # 3

Financial Statements were not presented on timely basis resulting in Audit report being late.

51st Street Business Association
(A Contractor for Special Service Area # 52)
Schedule of Findings December 31, 2018

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines, We have read the requirements contained in the Agreement for Special Service Area # 52 between the City of Chicago and 51st Street Business Association. In reviewing this agreement we noted the following exceptions that require your response and corrective actions.

FINDING # 1

Financial Statements were not presented on timely basis resulting in Audit report being late.

MANAGEMENT RESPONSE

We will have completed financial statements available within 30 days after calendar year to present to the Auditors given them ample time to complete the audit.



LICENSE NO.
065.008987

State of Illinois
Department of Financial and Professional Regulation
Division of Professional Regulation

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:
09/30/2021

LICENSED CERTIFIED PUBLIC ACCOUNTANT



WILLIAM C GOODALL
6700 S CRANDON AVE
APT 15C
CHICAGO, IL 60649



Bryan A. Schneider

BRYAN A. SCHNEIDER
SECRETARY

Jessica Baer

JESSICA BAER
DIRECTOR

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Department of Financial and Professional Regulation
Division of Professional Regulation



LICENSED CERTIFIED PUBLIC
ACCOUNTANT



WILLIAM C GOODALL

EXPIRES:

09/30/2021

Bryan A. Schneider

BRYAN A. SCHNEIDER
SECRETARY

Jessica Baer

JESSICA BAER
DIRECTOR

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