



# Six Corners Association

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July 23, 2014

Andrew J. Mooney, Commissioner  
City of Chicago, Department of Planning and Development  
121 North LaSalle Street, 10th Floor  
Chicago, IL 60602

Mr. Mooney:

Attached please find the 2013 Six Corners SSA#28 Audit. I apologize for the lateness of the audit but would like to assure you that the tardiness does not reflect a lack of respect for fiscal transparency. Actions, of course, speak louder than words, so here is a list of corrective actions Six Corners will take to ensure we are among the first to file our audit in 2015 and going forward:

- Send monthly financials to our SSA Liaison
- Issue 2015 auditor RFP by Aug. 1, 2014
- Sign auditor engagement letter by Dec. 1, 2014
- Send initial financials to auditor by February Jan. 15, 2015
- Auditor review of Six Corners records to be held by Feb. 15, 2015
- Submit final audit to DPD by March 1, 2015

All the milestone dates will be reported to our SSA liaison. By sticking to this timeline and reporting the milestone, we will make the important May 1 audit deadline as well as rebuild your confidence in our organization's dedication to fiscal management.

Please pass along any other suggestions you have for improvements.

Sincerely,

Ed Bannon  
Executive Director  
Six Corners Association

SPECIAL SERVICE AREA #28  
Managed by Six Corners Association  
(a taxing district authorized by the City of Chicago)

FINANCIAL STATEMENTS

DECEMBER 31, 2013

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

SPECIAL SERVICE AREA #28  
Managed by Six Corners Association  
(a taxing district authorized by the City of Chicago)

As of December 31, 2013

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## INDEPENDENT AUDITOR'S REPORT

To The Commissioners of Special Service Area #28  
Chicago, Illinois

**Report on the Financial Statements**

We have audited the accompanying financial statements of Special Service Area #28 (a taxing district authorized by the City of Chicago), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities for 2012 and 2013, 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #28 as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*The A.C.T. Group Ltd*

The A.C.T. Group, Ltd.  
Certified Public Accountants  
Chicago, Illinois  
July 18, 2014

SPECIAL SERVICE AREA #28  
 Managed by Six Corners Association  
 (a taxing district authorized by the City of Chicago)  
 STATEMENT OF FINANCIAL POSITION  
 December 31, 2013

ASSETS

Current Assets

Cash	\$	45,921
Due from City of Chicago		25,040
Due from Six Corners Association		19,151
Prepaid Expenses		<u>146</u>

TOTAL ASSETS	\$	<u><u>90,258</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	45,046
Accrued Payroll		<u>2,959</u>

TOTAL LIABILITIES		<u>48,005</u>
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Net Assets

Unrestricted		<u>42,253</u>
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TOTAL NET ASSETS		<u>42,253</u>
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TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>90,258</u></u>
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The accompanying notes are an integral part of the financial statements.

SPECIAL SERVICE AREA #28  
 Managed by Six Corners Association  
 (a taxing district authorized by the City of Chicago)  
 STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL  
 FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	BUDGET 2013	ACTUAL 2013	VARIANCE \$	BUDGET 2012	ACTUAL 2012	VARIANCE \$
<b>REVENUES:</b>						
SSA #28 Tax Revenue current year	\$ 342,927	\$ 243,298	\$ (99,629)	\$ 229,177	\$ 229,177	\$ -
SSA #28 Tax Revenue prior year	-	(7,987)	(7,987)	-	(2,213)	(2,213)
Interest Income	-	65	65	-	155	155
Other Revenue/(Loss)	-	-	-	-	129,504	129,504
Loss Collection	(6,360)	(7,052)	(692)	(6,325)	(14,099)	(7,774)
<b>TOTAL REVENUE</b>	<b>336,567</b>	<b>228,324</b>	<b>(108,243)</b>	<b>222,852</b>	<b>342,524</b>	<b>119,672</b>
<b>EXPENSES:</b>						
<b>Services:</b>						
Advertising & Promotion	45,505	58,311	12,806	28,840	25,461	(3,379)
Public Way Maintenance	44,775	33,921	(10,854)	43,350	38,347	(5,003)
Public Way Aesthetics	107,168	92,344	(14,824)	29,500	62,636	33,136
Tenant Retention/Attraction	1,100	7,524	6,424	3,200	2,625	(575)
Façade Improvements	32,840	7,114	(25,726)	18,300	9,756	(8,544)
Safety Programs	6,240	5,906	(334)	6,240	6,326	86
District Planning	2,838	2,840	2	1,500	2,158	658
Other Expense	-	-	-	-	150,389	150,389
<b>Total Services Expense</b>	<b>240,466</b>	<b>207,960</b>	<b>(32,506)</b>	<b>130,930</b>	<b>297,698</b>	<b>166,768</b>
<b>Administration:</b>						
Personnel	64,184	56,643	(7,541)	64,184	56,188	(7,996)
Audit / Bookkeeping	6,307	4,601	(1,706)	5,866	4,598	(1,268)
Meeting Expense	1,175	5,700	4,525	2,750	3,721	971
Office Equipment	1,100	2,899	1,799	1,100	3,012	1,912
Office Rent	9,600	5,050	(4,550)	9,600	4,800	(4,800)
Office Supplies	2,000	2,502	502	2,000	1,213	(787)
Office Utilities / Telephone	4,760	4,734	(26)	4,080	4,764	684
Postage	300	136	(164)	300	150	(150)
Office Printing/Copier	-	476	476	-	229	229
Subscription/Dues	1,155	470	(685)	455	870	415
Training	5,520	6,894	1,374	800	4,592	3,792
Insurance	-	1,267	1,267	-	1,360	1,360
Payroll Processing	-	1,447	1,447	787	1,689	902
<b>Total Admin - nonpersonnel</b>	<b>31,917</b>	<b>36,176</b>	<b>4,259</b>	<b>27,738</b>	<b>30,998</b>	<b>3,260</b>
<b>Total Administration Expense</b>	<b>96,101</b>	<b>92,819</b>	<b>(3,282)</b>	<b>91,922</b>	<b>87,186</b>	<b>(4,736)</b>
<b>TOTAL EXPENSES</b>	<b>336,567</b>	<b>300,779</b>	<b>(35,788)</b>	<b>222,852</b>	<b>384,884</b>	<b>162,032</b>
<b>Net (Deficit)/Surplus</b>	<b>\$ -</b>	<b>(72,455)</b>	<b>\$ (72,455)</b>	<b>\$ -</b>	<b>(42,360)</b>	<b>\$ (42,360)</b>
<b>(DECREASE) INCREASE IN NET ASSETS</b>						
Unrestricted		(72,455)			(42,360)	
		(72,455)			(42,360)	
<b>BEGINNING OF YEAR</b>						
Unrestricted Net Assets		114,708			157,068	
		114,708			157,068	
<b>END OF YEAR</b>						
Unrestricted Net Assets		42,253			114,708	
		\$ 42,253			\$ 114,708	

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

SPECIAL SERVICE AREA #28  
Managed by Six Corners Association  
(a taxing district authorized by the City of Chicago)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash Flows from Operating Activities

Change in Net Assets	\$ (72,455)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities	
(Increase) in Due from City of Chicago	(21,500)
(Increase) in Due from Six Corners Association	(4,800)
Decrease in Prepaid Expenses	388
Increase in Accounts Payable	25,830
Increase in Accrued Payroll	<u>278</u>
Net Cash (Used In) Operating Activities	(72,259)
Cash At Beginning Of Year	<u>118,180</u>
Cash At End Of Year	<u><u>\$ 45,921</u></u>

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

SPECIAL SERVICE AREA #28  
Managed by Six Corners Association  
(a taxing district authorized by the City of Chicago)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

1. Nature of Activities and Significant Accounting Policies

Nature of Activities: Special Service Area #28 (the Taxing District) is a taxing district authorized by the City of Chicago located in Chicago, Illinois. It is managed by the Six Corners Association. Its scope of services is to coordinate and supervise various activities with regard to the area. These services include coordinating marketing and promotional activities, sidewalk maintenance, beautification activities, and other technical assistance to promote commercial and economic development in the area. The Taxing District is supported through property taxes levied on neighborhood residential and commercial properties which are collected by the City of Chicago.

Cash: The Taxing District defines cash as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The Taxing District maintains its cash in bank deposit accounts which, at times, may exceed the federally insured limits. The Taxing District has not experienced any losses in such accounts. The Taxing District believes it is not exposed to any significant credit risk on cash.

Financial Statement Presentation: The Taxing District is required to present information regarding its financial position and activities according to Article 3.07 of the Agreement for Special Service Area #28 between the City of Chicago and Six Corners Association. As of December 31, 2013, the Taxing District had net unrestricted net assets of \$42,253.

Contributions: Under the Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," whereby contributions received are recorded as unrestricted, temporarily unrestricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of restriction is accomplished), temporarily restricted net assets are reclassified to



SPECIAL SERVICE AREA #28  
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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Nature of Activities and Significant Accounting Policies - Continued

unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of December 31, 2013, all net assets were unrestricted.

Revenue Recognition: The Taxing District's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred.

Income Taxes: The Six Corners Association is the service provider for Special Service Area #28, which is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.

The Six Corners Association's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2011, 2012 and 2013 are subject to examination by the IRS, generally for three years after they were filed.

Estimates: The preparation of financial statements in conformity with U.S. 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 the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Subsequent Events: Subsequent events have been evaluated through July 18, 2014, which is the date the financial statements were available to be issued.

SPECIAL SERVICE AREA #28  
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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

2. Due from City of Chicago

This amount represents cash received for tax years 2013 and earlier from January 1, 2014 through February 28, 2014 and a TIF rebate in the amount of \$18,636 not yet received. Actual cash received by the Special Service Area #28 in 2013 was \$199,678, which includes \$6,404 of property tax collection accrued at 12/31/12, but actually received in 2013.

3. Accounts Payable

Accounts payable consists of amounts due to numerous contractors and businesses for work performed in 2013.

4. Related Party Transaction

The Taxing District's sole service provider is the Six Corners Association. Most shared expenses are paid separately by each Organization. However, the Taxing District is reimbursed for ongoing expenses including staff fringe benefits and grant funding. As of December 31, 2013, the Taxing District had been paid \$21,918 from the Association and had \$19,151 due from the Association.

5. Commission Plans

The Commission will address the carryover of \$42,253 in the following ways: \$30,000 as a cash-flow reserve and the remaining \$12,253 in landscape improvements such as tree replacement and sprinkler system repair.

SPECIAL SERVICE AREA #28  
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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2013

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 Housing and Economic Development dated January 2005, we have read the requirements contained in the Agreement for Special Service Area #28 between the City of Chicago and Six Corners Association.

Per Article 5.03, the Contractor (Special Service Area #28) established a separate bank account at Bank of America in Chicago, Illinois. All service Tax Funds were automatically deposited into this bank account.

We noted certain expenditures for which actual expenses exceeded budgeted amounts.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no other exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.