

February 28, 2013

Board of Directors
Lincoln Park Chamber of Commerce, Inc.
Special Service Area #23
Special Service Area #35
Chicago, Illinois

We have audited the combining and combined financial statements of Lincoln Park Chamber of Commerce, Inc. (LPCC), Special Service Area #23 (A Taxing District Authorized by the City of Chicago) (SSA #23) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) (SSA #35) for the year ended December 31, 2012 and have issued our report thereon dated February 28, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated January 18, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by LPCC, SSA #23 and SSA #35 are described in Note 1 to the combining and combined financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2012. We noted no transactions entered into by LPCC, SSA #23 and SSA #35 during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the combining and combined financial statements in the proper period.

Accounting estimates are an integral part of the combining and combined financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the combining and combined financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the combining and combined financial statements was:

Management's estimate of the collectible portion of accounts receivable is based on a review of actual collections from previous years. We evaluated the key factors and assumptions used to develop the collectible portion of accounts receivable in determining that it is reasonable in relation to the combining and combined financial statements taken as a whole.

Lincoln Park Chamber of Commerce, Inc.
Special Service Area #23
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The combining and combined financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial and communicate them to the appropriate level of management. The attached schedule summarizes material misstatements detected as a result of audit procedures that were corrected by management. The attached schedule also summarizes uncorrected misstatements of the combining and combined financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the combining and combined financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the combining and combined financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 28, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to LPCC's, SSA #23's and SSA #35's combining and combined financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Lincoln Park Chamber of Commerce, Inc.
Special Service Area #23
Special Service Area #35
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as LPCC's, SSA #23's and SSA #35's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the combining and combined financial statements, except for those sections marked as unaudited, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the combining and combined financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the combining and combined financial statements or to the combining and combined financial statements themselves.

This information is intended solely for the information and use of the Board of Directors and management of Lincoln Park Chamber of Commerce, Inc., Special Service Area #23 (A Taxing District Authorized by the City of Chicago) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Ostrow Klein Peck & Allen, LLP

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

LETTER TO THE BOARD OF DIRECTORS

YEAR ENDED DECEMBER 31, 2012

Board of Directors
Lincoln Park Chamber of Commerce, Inc.
Special Service Area #23
Special Service Area #35
Chicago, Illinois

In planning and performing our audit of the combining and combined financial statements of Lincoln Park Chamber of Commerce, Inc. (LPCC), Special Service Area #23 (A Taxing District Authorized by the City of Chicago) (SSA #23) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) (SSA #35) as of and for the year ended December 31, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered LPCC's, SSA #23's and SSA #35's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combining and combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of LPCC's, SSA #23's and SSA #35's internal control. Accordingly, we do not express an opinion on the effectiveness of LPCC's, SSA #23's and SSA #35's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

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 LPCC's, SSA #23's and SSA #35's combining and combined 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.

We will review the status of these comments during our next audit engagement. We will be pleased to discuss our comments with you in further detail, to perform any additional studies of these matters or to assist you in implementing the recommendations.

We wish to acknowledge the assistance and cooperation of management during the conduct of our audit.

This communication is intended solely for the information and use of management, the Board of Directors and others within Lincoln Park Chamber of Commerce, Inc., Special Service Area #23 (A Taxing District Authorized by the City of Chicago) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) and is not intended to be and should not be used by anyone other than these specified parties.

Christine Patricia Bell & Company, P.C.

February 28, 2013

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

COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2012

Material weaknesses

Need for significant audit adjustments:

Significant audit adjustments were required to adjust accounts receivable, prepaid expenses, deferred revenues and accounts payable to correct balances for the year ended December 31, 2012.

Segregation of duties in accounting process:

An issue inherent in smaller organizations is the lack of adequate separation of duties within the accounting process. Specifically, LPCC's cash disbursement process has inadequate separation of duties because the President prepares and signs almost all of the checks (dual signature is required for checks > \$5,000) and records the cash disbursements in QuickBooks. It is LPCC policy that the Board Chairman prepares the monthly bank reconciliations. However, the risk that a fictitious vendor is created and paid, due to poor segregation of duties, may not be identified during the Board Chairman's preparation of the monthly bank reconciliations.

We also noted poor separation of duties in the payroll process. The President processes bi-monthly payroll and records the transaction in QuickBooks. Payroll reports are available for the Board Treasurer to review, but it is possible to modify the reports to conceal the potential risk that an employee is paid in unauthorized rates.

In our prior years' communication, we recommended that the Board Chairman or other Board member, on a periodic and random basis, inspect supporting documentation to disbursements clearing the bank statement. This step would provide additional separation of responsibilities in the attempt to strengthen internal controls and procedures over cash. We also recommended that the Board Treasurer is given report review access of payroll reports on the ADP website and perform a periodic review noting employees are paid at authorized salary rates. We continue to recommend these procedures.

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

COMMENTS AND RECOMMENDATIONS (CONTINUED)

YEAR ENDED DECEMBER 31, 2012

Significant deficiency

Financial statements prepared in conformity with U.S. GAAP:

LPCC, SSA #23 and SSA #35 engages Ostrow Reisin Berk & Abrams, Ltd. to assist in preparing their combining and combined financial statements and accompanying disclosures. However, as independent auditors, we cannot be considered part of LPCC's, SSA #23's and SSA #35's internal control system. To establish proper internal controls over the preparation of their combining and combined financial statements, including disclosures, LPCC, SSA #23 and SSA #35 should design and implement a review procedure to ensure that the combining and combined financial statements, including disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of U.S. GAAP and knowledge of LPCC's, SSA #23's and SSA #35's activities and operations. Currently, LPCC's, SSA #23's and SSA #35's personnel lack sufficient U.S. reporting knowledge to perform a review of LPCC's, SSA #23's and SSA #35's combining and combined financial statements and related disclosures to provide a high level of assurance that any potential material omissions or other errors would be identified and corrected.

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

YEARS ENDED DECEMBER 31, 2012 AND 2011

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

YEARS ENDED DECEMBER 31, 2012 AND 2011

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Independent Auditor's Report

Board of Directors
Lincoln Park Chamber of Commerce, Inc.
Special Service Area #23
Special Service Area #35
Chicago, Illinois

We have audited the accompanying combining and combined financial statements of Lincoln Park Chamber of Commerce, Inc. (LPCC), Special Service Area #23 (A Taxing District Authorized by the City of Chicago) (SSA #23) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) (SSA #35), which comprise the combining statement of financial position as of December 31, 2012 and the related combining statements of activities and changes in net assets and cash flows for the year then ended and the related notes to the combining financial statements and the combined statement of financial position as of December 31, 2011 and the related combined statements of activities and changes in net assets and cash flows for the year then ended and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the combining and combined financial statements referred to above present fairly, in all material respects, the combining financial position of Lincoln Park Chamber of Commerce, Inc., Special Service Area #23 (A Taxing District Authorized by the City of Chicago) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) as of December 31, 2012 and the combining changes in their net assets and their cash flows for the year then ended and the combined financial position of Lincoln Park Chamber of Commerce, Inc., Special Service Area #23 (A Taxing District Authorized by the City of Chicago) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) as of December 31, 2011 and the combined changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

In connection with our audit, nothing came to our attention that caused us to believe that SSA #23 and SSA #35 failed to comply with the terms, covenants, provisions or conditions of the Agreement for Special Service Area #23 and the Agreement for Special Service Area #35 between the City of Chicago and Lincoln Park Chamber of Commerce, Inc., insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding SSA #23's and SSA 35's noncompliance with the above-referenced terms, covenants, provisions or conditions of the Agreements, insofar as they relate to accounting matters.

Restricted Use Relating to the Other Matter

The communication related to compliance with the aforementioned Agreement described in the Other Matter paragraph is intended solely for the information and use of the Boards of Directors and management of LPCC, SSA #23, SSA #35 and the City of Chicago and is not intended to be and should not be used by anyone other than these specified parties.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the combining and combined financial statements as a whole. The supplementary information included on pages 12 through 21 is presented for purposes of additional analysis and is not a required part of the combining and combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combining and combined financial statements. The information, except for the budget information included on pages 13 through 16 and 18 through 20, which is unaudited, has been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining and combined financial statements or to the combining and combined financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combining and combined financial statements as a whole. The unaudited information referred to above has not been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Ostrom Reiss, Bell & O'Leary, LLP

Chicago, Illinois
February 28, 2013

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

COMBINING AND COMBINED STATEMENT OF FINANCIAL POSITION

	2012		Total
	LPCC SSA #23	SSA #35	
December 31,			2011 Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 266,557	\$ 188,992	\$ 495,736
Accounts receivable, net of allowance for doubtful accounts for SSA #23 of \$4,229 and \$2,729 at December 31, 2012 and 2011, respectively and for SSA #35 of \$1,914 and \$1,224 at December 31, 2012 and 2011, respectively	14,022	3,843	23,254
Prepaid expenses	4,356		4,356
Total current assets	284,935	192,835	523,346
Property and equipment:			
Office equipment	45,980		45,980
Furniture	8,771		8,771
Less accumulated depreciation	54,751		54,751
	(50,980)		(49,084)
Property and equipment, net	3,771		3,771
Security deposit	2,400		2,400
Total assets	\$ 291,106	\$ 192,835	\$ 529,517
			\$ 542,032

See notes to combining and combined financial statements.

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

COMBINING AND COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)

December 31,	2012		2011	
	LPCC	SSA #23	SSA #35	Total
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 3,132	\$ 1,842	\$ 4,974	\$ 5,906
Deferred revenue	42,652		42,652	48,291
Total current liabilities	45,784	1,842	47,626	54,197
Net assets:				
Unrestricted	245,522	190,993	45,576	481,891
Total liabilities and net assets	\$ 291,106	\$ 192,835	\$ 45,576	\$ 529,517
			\$ 529,517	\$ 542,032

See notes to combining and combined financial statements.

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

COMBINING AND COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended December 31,	2012			2011	
	LPCC	SSA #23	SSA #35		Elimination
Revenues:					
Membership dues and sponsorships	\$ 146,593			\$ 146,593	\$ 135,755
Banner income	33,925			33,925	37,475
Events income	41,700			41,700	23,147
Government grant	64,676			64,676	73,293
Administrative income	162,175		\$ (159,675)	2,500	5,000
Advertising income	13,250			13,250	12,805
Festival income	15,010			15,010	9,682
Other income	7,685			7,685	1,814
Interest income	1,162			1,162	1,640
Cook county collection SSA #23		\$ 446,356		446,356	426,711
Cook county collection SSA #35			\$ 160,439	160,439	182,467
Total revenues	486,176	446,356	160,439	(159,675)	909,789
Expenses:					
Functional expenses:					
Government and community relations	105,614			105,614	97,293
Marketing	55,231			55,231	52,876
Member services	242,979			242,979	222,837
SSA #23 expenses		470,097		(122,504)	348,609
SSA #35 expenses			174,860	(37,171)	140,072
Total functional expenses	401,824	470,097	174,860	(159,675)	861,687
General and administrative expenses	52,134			52,134	48,695
Total expenses	453,958	470,097	174,860	(159,675)	910,382
Increase (decrease) in net assets	32,218	(23,741)	(14,421)	(5,944)	(593)
Net assets, beginning of year	213,104	214,734	59,997	487,835	488,428
Net assets, end of year	\$ 245,322	\$ 190,993	\$ 45,576	\$ -	\$ 487,835

See notes to combining and combined financial statements.

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

COMBINING AND COMBINED STATEMENT OF CASH FLOWS

Years ended December 31,	2012		2011	
	LPCC	SSA #23	SSA #35	Total
Operating activities:				
Increase (decrease) in net assets	\$ 32,218	\$ (23,741)	\$ (14,421)	\$ (5,944)
Adjustments to reconcile above to cash provided by (used in) operating activities:				
Depreciation	1,896			1,896
(Increase) decrease in operating assets:				
Accounts receivable, net	(6,918)	5,698	2,130	910
Prepaid expenses	438			438
Increase (decrease) in operating liabilities:				
Accounts payable	2,997	(2,759)	(1,170)	(932)
Deferred revenue	(5,639)			(5,639)
Cash provided by (used in) operating activities	24,992	(20,802)	(13,461)	(9,271)
Investing activity:				
Purchase of property and equipment	(1,232)			(1,232)
Cash used in investing activity	(1,232)			(1,232)
Increase (decrease) in cash and cash equivalents	23,760	(20,802)	(13,461)	(10,503)
Cash and cash equivalents, beginning of year	242,797	209,794	53,648	506,239
Cash and cash equivalents, end of year	\$ 266,557	\$ 188,992	\$ 40,187	\$ 495,736
				\$ 506,239

See notes to combining and combined financial statements.

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

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS

1. Summary of significant accounting policies

Organization:

The Lincoln Park Chamber of Commerce, Inc. (LPCC) was founded in 1947 to conceive, design and implement programs and services that directly impact the success of its members; to act as a members' advocate and lead economic development efforts that sustain businesses in the Lincoln Park area of Chicago, Illinois.

Special Service Area #23 (SSA #23) and Special Service Area #35 (SSA #35) are taxing districts authorized by the City of Chicago to utilize tax revenues to enhance, beautify and maintain certain commercial areas within the specific boundaries serviced by LPCC. Tax revenues received by SSA #23 and SSA #35 must be maintained in separate cash accounts.

SSA #23 encompasses the area on Clark St. from Armitage to Diversey and the south side of Diversey Parkway from Lakeview to Orchard Ave.

SSA #35 encompasses the area on Lincoln Ave. from Diversey Parkway to Webster Avenue.

Tax status:

LPCC is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code, except on net income derived from unrelated business activities. LPCC sells advertising which is subject to tax on unrelated business income.

Basis of accounting:

The combining and combined financial statements have been prepared on the accrual basis of accounting.

Principles of combination:

The combining and combined financial statements include the accounts of the Lincoln Park Chamber of Commerce, Inc., Special Service Area #23 and Special Service Area #35. The administration of SSA #23 and SSA #35 are an integral part of LPCC's operations. All material inter-entity accounts and transactions have been eliminated in the combination.

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

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

Basis of presentation:

The combining and combined financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) for *Financial Statements of Not-for-Profit Organizations*. Under the Codification, LPCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. At December 31, 2012 and 2011, all assets were unrestricted.

Cash equivalents:

Cash equivalents include investments with maturities of three months or less at date of purchase and various money market mutual funds.

Trade accounts receivable:

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the combining and combined financial statements.

Property and equipment and related depreciation:

Property and equipment are stated at cost. LPCC provides for depreciation using the straight-line method over the estimated useful lives of the assets.

Revenue recognition:

LPCC receives membership dues applicable to one-year membership periods. Income from membership dues are deferred until earned.

LPCC also receives advertising revenue in advance. Prepaid advertising revenue is deferred until earned.

Deferred revenue totaled \$42,652 and \$48,291 at December 31, 2012 and 2011, respectively.

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

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

1. Summary of significant accounting policies (continued)

Functional expenses:

Operating expenses directly identified with a functional area are charged to that area and expenses affecting more than one area are allocated among those benefited.

Use of estimates:

The preparation of the combining and combined financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Related party transaction

LPCC is the sole service provider to SSA #23 and SSA #35, Taxing Districts authorized by the City of Chicago. LPCC is paid a management fee and is also reimbursed for ongoing administration expenses such as rent, utilities and postage.

The management fees for SSA #23 totaled \$122,504 and \$110,590 for the years ended December 31, 2012 and 2011, respectively.

The management fees for SSA #35 totaled \$37,171 and \$36,860 for the years ended December 31, 2012 and 2011, respectively.

3. Bank lines of credit

SSA #23 had a \$75,000 line of credit with North Community Bank, which was collateralized by all the assets of the organization. The line matured on February 10, 2011. Interest was payable at the bank's prime rate plus 1% with a minimum rate of 6%. The line of credit was not renewed after its maturity.

SSA #35 had a \$55,000 line of credit with North Community Bank, which was collateralized by all the assets of the organization. The line matured on February 10, 2011. Interest was payable at the bank's prime rate plus 1% with a minimum rate of 6%. The line of credit was not renewed after its maturity.

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

NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS (CONTINUED)

4. Lease commitments

LPCC is obligated under an operating lease for its office space located in Chicago, Illinois. The lease expires on March 31, 2013.

Total rent expense for the years ended December 31, 2012 and 2011 was \$34,928 and \$34,017, respectively.

LPCC also leases equipment under various operating leases which expire between 2012 and 2016 and have monthly lease payments aggregating approximately \$423. Total rent expense included in operations under equipment leases was \$5,119 and \$5,255 for the years ended December 31, 2012 and 2011, respectively.

Future minimum lease payments are as follows:

Year ending December 31:	Office lease	Equipment leases	Total
2013	\$ 8,593	\$ 5,073	\$ 13,666
2014		5,073	5,073
2015		4,935	4,935
2016		1,061	1,061
Total	\$ 8,593	\$ 16,142	\$ 24,735

5. Retirement plan

LPCC maintains a SIMPLE IRA plan covering all eligible employees. The matching contributions made to the plan were \$5,698 and \$5,557 for the years ended December 31, 2012 and 2011, respectively.

6. Subsequent events

Management of LPCC has reviewed and evaluated subsequent events from December 31, 2012, the combining and combined financial statement date, through February 28, 2013, the date the combining and combined financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these combining and combined financial statements as required by generally accepted accounting principles.

LINCOLN PARK CHAMBER OF COMMERCE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Years ended December 31,	2012			2011	
	Government and community relations	Marketing	Member services	Total program expenses	Total program expenses
Advertising					\$ 1,750
Banner expenses		\$ 4,557		\$ 4,557	4,117
Contributions	\$ 1,770			1,770	2,200
Depreciation	474	190	\$ 1,042	1,706	2,170
Insurance	2,305	922	5,072	8,299	9,759
Miscellaneous			770	770	1,031
Newsletter		5,539		5,539	3,909
Occupancy	8,732	3,493	19,210	31,435	30,615
Office expenses and postage:					
Credit card fees		518	2,071	2,589	2,310
Other - office expense and postage	7,354	2,942	16,179	26,475	24,806
Outside services	4,784	1,914	10,525	17,223	16,711
Payroll and staff expenses	78,195	31,278	172,028	281,501	258,274
Printing and design		595		595	419
Program expenses			16,082	16,082	10,753
Sponsorship		767		767	1,182
Tourism		2,516		2,516	3,000
Total functional expenses	\$ 103,614	\$ 55,231	\$ 242,979	\$ 401,824	\$ 373,006

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)
STATEMENT OF ACTIVITIES -- BUDGET AND ACTUAL

Years ended December 31,	2012		2011	
	Actual	Budget	Actual	Budget
Income:				
Estimated carryover	\$ 368	\$ 171,644	\$ 754	\$ 214,225
Interest		\$ (171,644)		\$ (214,225)
		368	754	754
Tax levy income:				
2005 tax levy			(549)	(549)
2006 tax levy	(916)	(916)	(1,563)	(1,563)
2007 tax levy	(562)	(562)	(5,059)	(5,059)
2008 tax levy	(2,352)	(2,352)	(12,824)	(12,824)
2009 tax levy	(9,810)	(9,810)		
2010 tax levy	(4,045)	(4,045)	445,865	445,865
2010 tax interest			87	87
2011 tax levy	463,660	463,660		
2011 tax interest	12	12		
2012 tax interest	1	1		
Total tax levy income	445,988	463,660	425,957	445,865
		(17,672)		(19,908)
Total income	446,356	635,304	426,711	660,090
		(188,948)		(233,379)

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2012		2011	
	Actual	Budget	Actual	Budget
Expenses:				
Estimated loss collection	\$ 1,500	\$ 23,000	\$ (576)	\$ 35,500
				\$ (36,076)
Administrative expenses:				
Audit	3,250	3,250	3,000	3,000
Bank charges			178	
Meeting expenses	500	500	500	500
Office equipment lease and maintenance	3,570	3,570	3,780	3,780
Office printing	2,000	2,000	1,050	1,050
Office rent	8,400	8,400	8,820	8,820
Office supplies	1,050	1,050	1,050	1,050
Office utilities and telephone	4,095	4,095	4,200	4,200
Postage and delivery	2,000	2,000	2,000	2,000
Total administrative expenses	24,865	24,865	24,578	24,400
178				
Advertising and promotion expenses:				
Display ads (signage)	5,149	10,000	5,935	10,000
Management fee			23,535	23,535
Print material (newsletter)	1,633	5,000	6,102	10,000
Public relations and media services	11,900	15,000	21,424	35,000
Special events and sidewalk sales	98,452	170,000	46,418	50,000
Website	1,934	1,000	1,704	5,000
934				
Total advertising and promotion expenses	119,068	201,000	105,118	133,535
(28,417)				
District planning expenses:				
Computer software			1,095	1,500
Management fee			649	649
Market study				5,500
5,500				
Total district planning expenses			1,744	7,649
(5,905)				

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2012			2011		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Facade improvement expenses:						
Facade enhancement program	\$ 21,450	\$ 28,000	\$ (6,550)	\$ 19,088	\$ 30,000	\$ (10,912)
Management fee				11,362	11,362	
Total facade improvement expenses	21,450	28,000	(6,550)	30,450	41,362	(10,912)
Parking and transit expenses:						
Bicycle Advocacy		500	(500)			
Total parking and transit expenses		500	(500)			
Personnel expenses:						
Personnel cost	97,639	97,639				
Total personnel expenses	97,639	97,639				
Public way aesthetics expenses:						
Holiday decorations	11,986	16,500	(4,514)	9,534	15,000	(5,466)
Landscaping	71,449	70,000	1,449	69,531	70,000	(469)
Management fee				18,178	18,178	
Property insurance	475	800	(325)	458	2,000	(1,542)
Public art	21,500	35,000	(13,500)			
Street pole banners				9,779	10,000	(221)
Streetscape elements	6,523	7,500	(977)	8,910	15,000	(6,090)
Total public way aesthetics expenses	111,933	129,800	(17,867)	116,390	130,178	(13,788)

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES -- BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2012			2011		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Public way maintenance expenses:						
Acid etching removal		\$ 500	\$ (500)	\$ 25,162	\$ 25,162	
Management fee		20,000	(6,005)	18,333	20,000	(1,667)
Power washing	\$ 13,995	57,500	(4,450)	53,167	65,000	(11,833)
Sidewalk cleaning	52,050	40,000	(17,007)	32,450	40,000	(7,550)
Snow plowing and maintenance	22,993					
Total public way maintenance expenses	90,038	118,000	(27,962)	129,112	150,162	(21,050)
Tenant retention and attraction expenses:						
Data collection	1,095	1,500	(405)	7,304	7,304	
Management fee		6,000	(5,096)	43,927	125,000	(81,073)
Other	904			1,152	5,000	(3,848)
Property tenant relations	1,605	5,000	(3,395)			
Site marketing materials				52,383	137,304	(84,921)
Total tenant retention and attraction expenses	3,604	12,500	(8,896)	459,199	660,090	(200,891)
Total expenses	470,097	635,504	(165,207)	459,199	660,090	(200,891)
Decrease in net assets	(23,741)		(23,741)	(32,488)		(32,488)
Net assets, beginning of year	214,734		214,734	247,222		247,222
Net assets, end of year	\$ 190,993	\$ -	\$ 190,993	\$ 214,734	\$ -	\$ 214,734

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

SUMMARY OF AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2012

Summary schedule of findings

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Planning and Development, we have read the requirements contained in the Agreement for Special Service Area #23 between the City of Chicago and Lincoln Park Chamber of Commerce, Inc.

Per Article 5.03, the Contractor (SSA #23) established a separate checking account at North Community Bank in Chicago, Illinois. All Service Tax Funds were automatically deposited into this checking account. The Contractor did not commingle Service Tax Funds with funds from any other source.

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

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL

Years ended December 31,	2012			2011		
	Actual	Budget	Variance	Actual	Budget	Variance
Income:						
Estimated carryover	\$ 37	\$ 33,500	\$ (33,500)	\$ 43	\$ 40,575	\$ (40,575)
Interest						43
Tax levy income:						
2005 tax levy	(406)		(406)	(79)		(79)
2006 tax levy				(194)		(194)
2007 tax levy	(287)		(287)	(535)		(535)
2008 tax levy	(549)		(549)	(482)		(482)
2009 tax levy	(846)		(846)	894		894
2010 tax levy	(4,175)		(4,175)	182,785		182,785
2010 tax interest	(413)		(413)	35		35
2011 tax levy	167,071	167,071				
2011 tax interest	7		7			
Total tax levy income	160,402	167,071	(6,669)	182,424	182,785	(361)
Total income	160,439	200,571	(40,132)	182,467	223,360	(40,893)
Expenses:						
Estimated loss collection	690	7,500	(6,810)	1,224	14,700	(13,476)
Advertising and promotion expenses:						
Management fee				81	81	
Website	599	600	(1)	599	500	99
Total advertising and promotion expenses	599	600	(1)	680	581	99

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2012		2011		Variance	Budget	Actual	Variance	Budget	Actual	Variance
	Actual	Budget	Budget	Actual							
Expenses: (continued)											
Administrative expenses:											
Audit and bookkeeping	\$ 3,250	\$ 3,250	\$ 3,000	\$ 3,000	\$	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$	\$ 102
Bank charges			102	250	102	250	250	250	250		
Meeting expenses	350	100		250	250	250	250	250	250		
Office equipment lease and maintenance	1,530	1,530	1,620	1,620		1,620	1,620	1,620	1,620		
Office rent	3,600	3,600	3,780	3,780		3,780	3,780	3,780	3,780		
Office supplies	450	450	450	450		450	450	450	450		
Office utilities and telephone	1,755	1,755	1,800	1,800		1,800	1,800	1,800	1,800		
Postage	600	1,000	(400)	1,000	(400)	1,000	1,000	1,000	1,000		
Printing	500	500	450	450		450	450	450	450		
Total administrative expenses	12,035	12,185	(150)	12,452	(150)	12,452	12,452	12,350	12,350	102	
Personnel expenses:											
Personnel cost	24,986	24,986									
Personnel expenses	24,986	24,986									
Public way aesthetics expenses:											
Holiday decorations	14,824	15,000	(176)	14,853	(176)	14,853	15,000	15,000	15,000		(147)
Landscaping	65,460	65,500	(40)	65,460	(40)	65,460	70,000	70,000	70,000		(4,540)
Management fee				11,996		11,996	11,996	11,996	11,996		
Property insurance	706	800	(94)	684	(94)	684	800	800	800		(116)
Total public way aesthetics expenses	80,990	81,300	(310)	92,993	(310)	92,993	97,796	97,796	97,796	(4,803)	

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL (CONTINUED)

Years ended December 31,	2012		2011	
	Actual	Budget	Actual	Budget
Expenses: (continued)				
Public way maintenance expenses:				
Management fee	\$ 10,900	\$ 15,000	\$ 12,433	\$ 12,433
Power washing	23,860	29,000	13,885	14,000
Sidewalk cleaning	20,800	30,000	21,257	46,500
Snow plowing and maintenance			22,008	25,000
				(2,992)
Total public way maintenance expenses	55,560	74,000	69,583	97,933
				(28,350)
Total expenses	174,860	200,571	176,932	223,360
				(46,428)
Increase (decrease) in net assets	(14,421)		5,535	5,535
Net assets, beginning of year	59,997		54,462	54,462
Net assets, end of year	\$ 45,576	\$ -	\$ 45,576	\$ 59,997
				\$ -
				\$ 59,997

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

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

SUMMARY OF AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2012

Summary schedule of findings

As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Planning and Development, we have read the requirements contained in the Agreement for Special Service Area #35 between the City of Chicago and Lincoln Park Chamber of Commerce, Inc.

Per Article 5.03, the Contractor (SSA #35) established a separate checking account at North Community Bank in Chicago, Illinois. All Service Tax Funds were automatically deposited into this checking account. The Contractor did not commingle Service Tax Funds with funds from any other source.

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