

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

FINANCIAL STATEMENTS

DECEMBER 31, 2012

(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, 2012

TABLE OF CONTENTS

	PAGE
<u>INDEPENDENT AUDITOR'S REPORT</u>	2
<u>FINANCIAL STATEMENTS</u>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
<u>NOTES TO FINANCIAL STATEMENTS</u>	6-8
Summary Schedule of Audit Findings	9



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 statements of financial position as of December 31, 2012, and the related statements of activities, cash flows and functional expenses 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 unqualified audit opinions.

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, 2012, 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
May 1, 2013

SPECIAL SERVICE AREA #28
 (An Illinois Not-For-Profit Corporation)
 STATEMENT OF FINANCIAL POSITION
 December 31, 2012

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 118,180
Due from City of Chicago	3,540
Due from Six Corners Association	14,351
Prepaid Expenses	<u>535</u>

TOTAL ASSETS	\$ <u><u>136,606</u></u>
--------------	--------------------------

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 19,217
Accrued Payroll	<u>2,681</u>

TOTAL LIABILITIES	<u>21,898</u>
-------------------	---------------

Net Assets

Unrestricted	<u>114,708</u>
--------------	----------------

TOTAL NET ASSETS	<u>114,708</u>
------------------	----------------

TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>136,606</u></u>
----------------------------------	--------------------------

See accompanying notes and auditor's report.

SPECIAL SERVICE AREA #28
(a taxing district authorized by the City of Chicago)
STATEMENT OF ACTIVITIES - BUDGET AND ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
	2012	2012	\$	2011	2011	\$
REVENUES:						
SSA #28 Tax Revenue current year	\$ 229,177	\$ 229,177	\$ -	\$ 216,504	\$ 216,504	\$ -
SSA #28 Tax Revenue prior year	-	(2,213)	(2,213)	-	5,344	5,344
Interest Income	-	155	155	-	190	190
Other Revenue/(Loss)	-	129,504	129,504	-	1,540	1,540
Loss Collection	(6,325)	(14,099)	(7,774)	(10,800)	(3,560)	7,240
Total Revenue	\$ 222,852	\$ 342,524	\$ 119,672	\$ 205,704	\$ 220,018	\$ 14,314
EXPENSES:						
Services:						
Advertising & Promotion	28,840	25,461	(3,379)	48,253	49,230	977
Public Way Maintenance	43,350	38,347	(5,003)	53,660	41,666	(11,994)
Public Way Aesthetics	29,500	62,636	33,136	32,970	43,688	10,718
Tenant Retention/Attraction	3,200	2,625	(575)	16,025	11,966	(4,059)
Façade Improvements	18,300	9,756	(8,544)	14,473	8,505	(5,968)
Parking/Transit/Accessibility	-	-	-	2,887	3,452	565
Safety Programs	6,240	6,326	86	7,763	5,878	(1,885)
District Planning	1,500	2,158	658	1,443	6,088	4,645
Other Expense	-	150,389	150,389	-	-	-
Total Services Expense	\$ 130,930	\$ 297,698	\$ 166,768	\$ 177,474	\$ 170,473	\$ (7,001)
Administration:						
Audit / Bookkeeping	5,866	4,598	(1,268)	3,237	3,192	(45)
Meeting Expense	2,750	3,721	971	560	4,331	3,771
Office Equipment	1,100	3,012	1,912	1,100	1,260	160
Office Rent	9,600	4,800	(4,800)	4,800	4,800	-
Office Supplies	2,000	1,213	(787)	1,100	1,512	412
Office Utilities / Telephone	4,080	4,764	684	3,425	3,804	379
Postage	300	150	(150)	300	75	(225)
Office Printing/Copier	-	229	229	5,400	1,206	(4,194)
Service Provider Comp	64,184	56,188	(7,996)	5,773	4,617	(1,156)
Subscription/Dues	455	870	415	335	708	373
Training	800	4,592	3,792	2,200	1,018	(1,182)
Insurance	-	1,360	1,360	-	1,351	1,351
Payroll Processing	787	1,689	902	-	1,224	1,224
Payroll Taxes	-	-	-	-	404	404
Total Administration Expense	\$ 91,922	\$ 87,186	\$ (4,736)	\$ 28,230	\$ 29,502	\$ 1,272
TOTAL EXPENSES	\$ 222,852	\$ 384,884	\$ 162,032	\$ 205,704	\$ 199,975	\$ (5,729)
Net (Deficit)/Surplus	\$ -	\$ (42,360)	\$ (42,360)	\$ -	\$ 20,043	\$ 20,043
(DECREASE) INCREASE IN NET ASSETS						
Unrestricted		\$ (42,360)			\$ 20,043	
		\$ (42,360)			\$ 20,043	
BEGINNING OF YEAR						
Unrestricted Net Assets		\$ 157,068			\$ 137,024	
		\$ 157,068			\$ 137,024	
END OF YEAR						
Unrestricted Net Assets		\$ 114,708			\$ 157,068	
		\$ 114,708			\$ 157,068	

See accompanying notes and auditor's report

SPECIAL SERVICE AREA #28
 (An Illinois Not-For-Profit Corporation)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2012

Cash Flows from Operating Activities

Change in Net Assets	\$	(42,360)
Adjustments to Reconcile Net Surplus to Net Cash Provided (Used) by Operating Activities		
Increase in Due from City of Chicago		(1,549)
Decrease in Due from Six Corners Association		9
Increase in Prepaid Expenses		(343)
Increase in Accrued Payroll Expense		780
Increase in Accounts Payable		<u>1,585</u>
Net Cash (Used) By Operating Activities		(41,878)
Cash At Beginning Of Year		<u>160,058</u>
Cash At End Of Year -- 12/31/12	\$	<u><u>118,180</u></u>

SPECIAL SERVICE AREA #28
(a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

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 activities 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 and Cash Equivalents: The Taxing District defines cash and cash equivalents 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 and cash equivalents.

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, 2012, the Taxing District had net unrestricted net assets of \$114,708.

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
(a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of December 31, 2012, 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 SSA #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.

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 May 1, 2013, which is the date the financial statements were available to be issued.

2. Due from City of Chicago

This amount represents cash received for tax years 2011 and earlier from January 1, 2013 through February 28, 2013. Actual cash received by the SSA in 2012 was \$209,325, which includes \$1,991 of property tax collection accrued at 12/31/11, but actually received in 2012.

SPECIAL SERVICE AREA #28
(a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012

3. Accounts Payable

Accounts payable consists mainly of amounts due to six contractors and businesses for work performed in 2012.

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, 2012, the Taxing District had been paid \$31,779 from the Association and had \$14,351 due from the Association.

5. Commission Plans

The Commission acknowledges the large amount of carry-over included in the 2012 budget. The Commission has taken the following actions to begin to spend down the excess cash on hand, and plans the following:

- a) A public sculpture to be built in the Six Corners neighborhood.
- b) Installation of way finding signs as recommended by the Six Corner's Master Plan.
- c) An expanded holiday decoration program.
- d) Purchase of new banners to complete a set of banners that will rotate over the course of a year.

SPECIAL SERVICE AREA #28
(a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE 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 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 (SSA #28) established a separate bank and account at Bank of America in Chicago, Illinois. All service Tax Funds were automatically deposited into this bank account.

We noted unbudgeted revenue and expense items amounting to \$129,504 and \$150,389, respectively, being deposited and disbursed from the SSA's bank account. This activity was due to the Six Corners BBQ Festival administered by Six Corners Association.

We also 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 are included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.