



Commercial Avenue Commission

SSA #5

Financial Statements

Year ended December 31, 2015

(With Independent Auditors' Report Thereon)

COMMERCIAL AVENUE COMMISSION SSA #5

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Independent Auditors' Report

The Board of Directors
South Chicago Chamber of Commerce and Commercial Avenue Commission SSA #5:

We have audited the accompanying financial statements of the Commercial Avenue Commission SSA #5 (the Commission), which comprise the statement of net position as of December 31, 2015, and the related statement of activities-budget to actual, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 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 net position of Commercial Avenue Commission SSA #5 as of December 31, 2015, 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 2015 budget amounts, which were arrived at by the Commission are shown in the statement of activities – budget to actual, are presented for comparison purposes and purposes of additional analysis and are 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. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2016, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Benford Brown & Associates, LLC
Chicago, IL
May 20, 2016

PART I - FINANCIAL

COMMERCIAL AVENUE COMMISSION

Statement of Net Position

Year ending December 2015

Assets	
	2015
Current assets:	
Cash	\$ 494,040
Contract receivables (note 3)	133,841
Due from Chamber	2,991
Prepaid expenses (note 5)	10,190
Total current assets	641,062
Noncurrent assets:	
Equipment	82,931
Less: accumulated depreciation	(26,416)
Total noncurrent assets	56,516
Total assets	\$ 697,578
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 22,172
Total current liabilities	22,172
Long term liabilities	
Tax increment funds	505,408
Total long term liabilities	505,408
Net assets:	
Unrestricted	169,998
Total net assets	169,998
Total liabilities and net assets	\$ 697,578

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

COMMERCIAL AVENUE COMMISSION

Statement of Activities-Budget to Actual

Year ended December 31, 2015

	2015		
	Actual	Budget	Variance
Revenues:			
Tax levy revenue (note 3)	\$ 381,918	381,918	\$ -
Short-term interest saving	32	-	32
Total revenue	381,950	381,918	32
Expenses:			
1.00 Customer attraction			
Website technology	4,000	10,000	(6,000)
Special events	19,258	15,000	4,258
Free Wi-Fi program	-	-	-
Social media outreach	-	500	(500)
Decorative banners	-	9,000	(9,000)
Holiday decorations	-	5,000	(5,000)
Print materials	-	3,000	(3,000)
Display advertising	-	1,000	(1,000)
Public or media relations	-	1,000	(1,000)
Service provider direct services	-	-	-
Total 1.00 customer attraction	23,258	44,500	(21,242)
2.00 Public way aesthetics			
Landscaping	23,002	27,000	(3,998)
Facade enhancement prog rebates	24,625	12,900	11,725
Way finding signage	-	-	-
StreetScape Elements	-	1,000	(1,000)
Sidewalk cleaning	46,058	42,500	3,558
Storage fees	200	-	200
Snow removal	2,206	-	2,206
Public art	-	5,000	(5,000)
Total 2.00 public way aesthetics	96,091	88,400	7,691
3.00 Sustainability and public places			
Small business energy efficiency retrofits	-	250	(250)
Public transit enhancements	-	250	(250)
Storage fees	100	-	100
Technical assistance to businesses	-	-	-
Technical assistance to residents	-	-	-
Co-office business incubator	-	-	-
Service provider direct services	-	-	-
Total 3.00 sustainability and public places	100	500	(400)

4.00 Economic business development			
Site marketing	-	2,000	(2,000)
Group purchasing program	-	500	(500)
Supplemental transit	6,780	2,800	3,980
Wi-Fi district infrastructure	-	500	(500)
Strategic planning	-	500	(500)
Economic impact study,market study, branding study	-	500	(500)
Technology equipment	-	3,000	(3,000)
Service provider direct services	-	-	-
Total 4.00 economic business development	6,780	9,800	(3,020)
5.00 Safety programs			
Public way surveillance cameras/maintenance	-	28,500	(28,500)
Safety improvement program	-	500	(500)
Security subcontractor	87,760	82,650	5,110
Service provider direct services	-	-	-
Total 5.00 safety programs	87,760	111,650	(23,890)
6.00 Management and general			
Parking lot maintenance	1,300	-	1,300
Audit/bookkeeping	6,000	6,000	-
Bookkeeping	7,731	6,900	831
Office rent	9,360	9,360	-
Office utilities	5,508	6,480	(972)
Office supplies	2,616	720	1,896
Office equipment lease/maint	1,154	90	1,064
Office printing	16,771	1,500	15,271
Postage	251	100	151
Meeting expense	7,051	600	6,451
Subscriptions/dues	677	250	427
Banking fees	1,624	250	1,374
Trainings and conferences	537	-	537
Supplies	113	-	113
Liability/property insurance	6,124	-	6,124
Equipment purchase/maintenance	515	-	515
Contracted personnel services	198	-	198
Total 6.00 SSA management	67,529	32,250	35,279

7.00 Personnel			
Executive director	38,212	39,000	(788)
SSA office manager	9,594	9,991	(397)
Communications manager	9,921	12,000	(2,079)
Marketing coordinator	4,184	9,954	(5,770)
Employer payroll tax	4,241	-	4,241
Workmans compensation insurance	190	-	190
<u>Total 7.00 personnel</u>	<u>66,342</u>	<u>70,945</u>	<u>(4,603)</u>
8.00 Loss collection			
Loss collection levy	6,943	23,873	(16,930)
<u>Total 8.00 loss collections</u>	<u>6,943</u>	<u>23,873</u>	<u>(16,930)</u>
79000 Miscellaneous expenses			
Miscellaneous expenses	-	-	-
<u>Total 79000 miscellaneous expense</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>Total Expenses \$</u>	<u>354,804</u>	<u>381,918 \$</u>
			<u>(27,114)</u>
Excess of expenses over revenue	<u>27,147</u>	<u>-</u>	<u>27,147</u>
Net assets, January 1, 2015	<u>148,619</u>	<u>-</u>	<u>148,619</u>
Prior period adjustment (note 11)	(5,767)	-	(5,767)
Net assets, January 1, 2015, restated	<u>142,852</u>	<u>-</u>	<u>142,852</u>
Net assets, December 31, 2015	<u>169,998</u>	<u>-</u>	<u>169,998</u>

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

COMMERCIAL AVENUE COMMISSION

Statement of Cash Flows

Year ended December 31, 2015

	2015
Cash flows from operating activities:	
Increase in net assets	\$ 27,147
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	-
Increase in levy receivables	(78,038)
Increase in due from chamber	2,872
Decrease in prepaid expenses	5,280
Decrease in accounts payable	(2,881)
Increase in tax increment fund	505,408
Net cash provided by operating activities	459,786
Net cash provided by investing activities	-
Net cash provided by financing activities	-
Net increase in cash	459,786
Cash as of January 1, 2015	34,254
Cash as of December 31, 2015	\$ 494,040
Supplemental cash flow disclosure:	
Cash paid for interest	\$ -

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Year ended December 31, 2015

(1) Organization Description

Commercial Avenue Commission (the Commission) Special Service Area No.5 (SSA #5) was created September 18, 1984 by ordinance of the Chicago City Council. The Commission began financial operations upon receipt of real estate tax assessment revenues in April 1985. The Commission is funded annually by a special tax assessment.

The purpose of the Commission is to provide special services within the City of Chicago (City) SSA #5 in addition to services provided by and to the City. The Commission's operations are overseen by the South Chicago Chamber of Commerce (the Chamber).

(2) Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Commission maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

These financial statements have been prepared to focus on the Commission as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into three classes of net assets – permanently restricted, temporarily restricted or unrestricted, as recommended by the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) No. 958-205, "Not-for-Profit Entities, Presentation of Financial Statements".

Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets: Net assets not subject to donor-imposed restrictions.

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Commission and/or passage of time. As of December 31, 2015, the Commission maintained no temporarily restricted net assets.

Permanently restricted net assets: Net assets subject to donor-imposed stipulations that they be maintained by the Commission. Generally, the donors to these assets permit the Commission to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2015, the Commission maintained no permanently restricted net assets.

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Year ended December 31, 2015

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Contributions

The Commission accounts for contributions in accordance with FASB ASC 958-605, "Not-for-Profit Entities, Revenue Recognition". Per FASB ASC 958-605, contributions, including unconditional promises-to-give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair market value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average Federal Funds rate.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Commission considers cash on deposit at banks and highly liquid investments with maturities of three months or less at the date of purchase to be cash and cash equivalents.

Income Taxes

The Commission, as a Special Service Area established by the City of Chicago, is excluded from federal income taxes.

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Year ended December 31, 2015

Fixed Assets

Expenditures greater than \$5,000 for property and equipment and items which substantially increase the useful lives of existing assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are:

Leasehold improvements	5 years
Furniture and equipment	3 - 7 years

Fair Value Measurements

The Commission measures fair value in accordance with FASB ASC 820-10, "Fair Value Measurements and Disclosures". Under FASB ASC 820-10, a comprehensive framework for measuring fair value and disclosing those measurements of fair value is established. Specifically, FASB ASC 820-10 sets forth a definition of fair value and establishes a hierarchy prioritizing the inputs to valuation techniques, giving the highest priority to quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable value input.

Net Assets

Unrestricted net assets are \$169,997 as of December 31, 2015.

(3) Real Estate Tax Revenue

The Commission's principle source of revenue is from real estate taxes levied on certain property located in the boundaries from 87th on the north to 93rd on the south along South Commercial Avenue; 91st frontage, from Exchange Avenue on the west to Houston Avenue on the east; and 92nd frontage, from Exchange Avenue on the west to Harbor on the east. The taxes are assessed and collected by Cook County and paid to the City of Chicago, which then remits to the Commission. Taxes are levied in one year, but paid in two installments the following year by the property owners. The Commission recognizes this revenue in the year in which the funds become available.

(4) Levy Receivable

Levy receivable consist of the following at December 31:

	<u>2015</u>
City of Chicago	<u>\$ 133,841</u>

All of the Commission's receivables are due within the next fiscal year.

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Year ended December 31, 2015

(5) Prepaid Expenses

Prepaid expenses comprise of the following at December 31:

	<u>2015</u>
Prepaid trolley cars	<u>10,190</u>
Total prepaid expenses	<u>\$ 10,190</u>

(6) Loss Collection

The Commission uses the allowance for doubtful account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for doubtful accounts in the financial statements. At December 31, 2015, the Commission had loss collections included in the budget in the amounts of \$0. As of December 31, 2015, the Commission deemed \$6,943 to be uncollectible for the year.

(7) Fair Value of Financial Instruments

In determining fair value, the Commission uses various valuation approaches within the Financial Accounting Standards Board (FASB) Accounting Standards Code (ASC) 820-10 "Fair Value Measurements and Disclosures" fair value measurement network. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. FASB ASC 820-10 defines the levels within the hierarchy base on the reliability of inputs as follows:

Level 1 – Valuations based on adjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.

Level 3 – Valuations derived from valuation techniques in which one or more of significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Year ended December 31, 2015

Fair values of assets and liabilities measured on a recurring basis at December 31, 2015 are as follows:

	<u>Fair value</u>	<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant other unobservable inputs (Level 3)</u>
Certificate of deposit \$	20,250	20,250		
Money market - MB	5,471	5,471		
Money market - Royal	<u>11,355</u>	<u>11,355</u>	-	-
Totals	<u>\$ 37,076</u>	<u>37,076</u>	<u>-</u>	<u>\$ -</u>

Fair value for Level 1 assets is determined by reference to quoted market transactions

(8) Equipment

The Commission purchased equipment for the installation and upgrading of the closed circuit television (CCTV) wireless network as a special service authorized in the establishment ordinance for security purposes.

Equipment consists of the following at December 31:

	<u>2015</u>
CCTV Wireless Network	<u>\$ 82,931</u>

(9) Subsequent Events

For the fiscal years ending December 31, 2015, the Commission's management has evaluated subsequent events through May 20, 2016, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed through that date.

(10) Significant Concentrations

The Commission's total support and revenues for the year ended December 31, 2015 and 2014 amounted to \$381,950. Of these amounts, \$381,918 (99.99%) for 2015 was funding received from the County tax levy. This concentration on funding puts the Commission at risk due to the significant economic challenges being faced by the County and City government. Additionally,

COMMERCIAL AVENUE COMMISSION SSA # 5

Notes to the Financial Statements

Year ended December 31, 2015

the Commission is subject to the management decisions and operating results of these funding agencies.

(11) Prior Period Adjustments

During fiscal year 2015, an adjustment was made to the financial statements to correctly state the balance of the accounts payable for miscellaneous expenses due in the prior year. The prior period adjustment is as follows:

Net assets at January 1, 2015:

Unrestricted	<u>\$ 148,619</u>
Adjustments to unrestricted net assets:	
To properly state accounts payable	<u>(5,767)</u>
Unrestricted net assets at January 1, 2015, as restated:	<u>\$ 142,852</u>

PART II – GOVERNMENT AUDITING STANDARDS



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**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 *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
South Chicago Chamber of Commerce and Commercial Avenue Commission:

We have audited, in accordance with 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 the Commercial Avenue Commission (the Commission), which comprise the statement of net position as of and for the year ended December 31, 2015, and the related statement of activities-budget to actual, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting (internal control) 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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission'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.

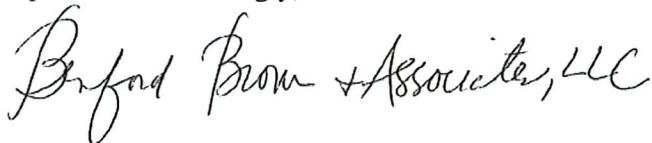
Our consideration of internal control over was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did 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 the Commission's financial statements are free of 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 and 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 CAC'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 CAC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Benford Brown & Associates, LLC".

Benford Brown & Associates, LLC
Chicago, IL
May 20, 2016

COMMERCIAL AVENUE COMMISSION SSA # 5

Service Provider Agreement Compliance

Summary Schedule of Audit Findings

Year ended December 31, 2015

There were no current year findings.

COMMERCIAL AVENUE COMMISSION SSA # 5

Service Provider Agreement Compliance

Summary Schedule of Prior Audit Findings

Year ended December 31, 2015

There were no prior year findings.