

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

FINANCIAL STATEMENTS

DECEMBER 31, 2011

(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, 2011

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Special Service Area #28 (a taxing district authorized by the City of Chicago) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements as of December 31, 2010, which are included on the statement of activities. Those statements were audited by other auditors whose unqualified report was issued April 21, 2011.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Special Service Area #28 as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity 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
June 6, 2012

SPECIAL SERVICE AREA #28
(An Illinois Not-For-Profit Corporation)
STATEMENT OF FINANCIAL POSITION
December 31, 2011

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 160,058
Due from City of Chicago	1,991
Due from Six Corners Association	14,360
Prepaid Expenses	<u>191</u>

TOTAL ASSETS \$ 176,600

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 17,632
Accrued Payroll	<u>1,900</u>

TOTAL LIABILITIES 19,532

Net Assets

Unrestricted 157,068

TOTAL NET ASSETS 157,068

TOTAL LIABILITIES AND NET ASSETS \$ 176,600

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, 2011 AND 2010

	<u>BUDGET</u> <u>2011</u>	<u>ACTUAL</u> <u>2011</u>	<u>VARIANCE</u> <u>\$</u>	<u>BUDGET</u> <u>2010</u>	<u>ACTUAL</u> <u>2010</u>	<u>VARIANCE</u> <u>\$</u>
REVENUES:						
SSA #28 Tax Revenue current year	\$ 216,504	\$ 216,504	\$ -	\$ 216,352	\$ 219,139	\$ 2,787
SSA #28 Tax Revenue prior year	-	5,344	5,344	-	-	-
Interest Income	-	190	190	1,000	395	(605)
Other Income/Loss	-	1,540	1,540	1,500	1,453	(47)
Loss Collection	(10,800)	(3,560)	7,240	(10,750)	(6,453)	4,297
Total Revenue	<u>\$ 205,704</u>	<u>\$ 220,018</u>	<u>\$ 14,314</u>	<u>\$ 208,102</u>	<u>\$ 214,534</u>	<u>\$ 6,432</u>
EXPENSES:						
Services:						
Advertising & Promotion	48,253	49,230	977	51,035	59,607	8,572
Public Way Maintenance	53,660	41,666	(11,994)	51,652	42,520	(9,132)
Public Way Aesthetics	32,970	43,688	10,718	127,582	41,040	(86,542)
Tenant Retention/Attraction	16,025	11,966	(4,059)	27,797	10,243	(17,554)
Façade Improvements	14,473	8,505	(5,968)	8,686	14,261	5,575
Parking/Transit/Accessibility	2,887	3,452	565	7,186	6,258	(928)
Safety Programs	7,763	5,878	(1,885)	8,713	6,733	(1,980)
District Planning	1,443	6,088	4,645	1,046	2,354	1,308
Total Services Expense	<u>\$ 177,474</u>	<u>\$ 170,473</u>	<u>\$ (7,001)</u>	<u>\$ 283,697</u>	<u>\$ 183,016</u>	<u>\$ (100,681)</u>
Administration:						
Audit / Bookkeeping	3,237	3,192	(45)	3,312	2,940	(372)
Meeting Expense	560	4,331	3,771	1,000	4,351	3,351
Office Equipment	1,100	1,260	160	375	1,401	1,026
Office Rent	4,800	4,800	-	4,800	4,800	-
Office Supplies	1,100	1,512	412	1,125	2,000	875
Office Utilities / Telephone	3,425	3,804	379	3,350	3,272	(78)
Postage	300	75	(225)	250	497	247
Office Printing/Copier	5,400	1,206	(4,194)	4,680	2,570	(2,110)
Service Provider Comp	5,773	4,617	(1,156)	3,349	3,448	99
Subscription/Dues	335	708	373	505	470	(35)
Training	2,200	1,018	(1,182)	2,500	195	(2,305)
Insurance	-	1,351	1,351	-	1,457	1,457
Payroll Processing	-	1,224	1,224	-	1,069	1,069
Payroll Taxes	-	404	404	-	197	197
Total Administration Expense	<u>\$ 28,230</u>	<u>\$ 29,502</u>	<u>\$ 1,272</u>	<u>\$ 25,246</u>	<u>\$ 28,667</u>	<u>\$ 3,421</u>
TOTAL EXPENSES	<u>\$ 205,704</u>	<u>\$ 199,975</u>	<u>\$ (5,729)</u>	<u>\$ 308,943</u>	<u>\$ 211,683</u>	<u>\$ (97,260)</u>
Net Surplus/(Deficit)	<u>\$ -</u>	<u>\$ 20,043</u>	<u>\$ 20,043</u>	<u>\$ (100,841)</u>	<u>\$ 2,851</u>	<u>\$ 103,692</u>
Prior Period Adjustment					<u>\$ (4,071)</u>	
INCREASE (DECREASE) IN NET ASSETS						
Unrestricted		<u>\$ 20,043</u>			<u>\$ (1,220)</u>	
		<u>\$ 20,043</u>			<u>\$ (1,220)</u>	
BEGINNING OF YEAR						
Unrestricted Net Assets		<u>\$ 137,024</u>			<u>\$ 138,244</u>	
		<u>\$ 137,024</u>			<u>\$ 138,244</u>	
END OF YEAR						
Unrestricted Net Assets		<u>\$ 157,068</u>			<u>\$ 137,024</u>	
		<u>\$ 157,068</u>			<u>\$ 137,024</u>	

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, 2011

Cash Flows from Operating Activities

Change in Net Assets	\$	20,043
Adjustments to Reconcile Net Surplus to Net Cash Provided (Used) by Operating Activities		
Decrease in Due from City of Chicago		32,244
Decrease in Due from Six Coners Association		2,742
Increase in Prepaid Expenses		(191)
Increase in Accrued Payroll Expense		1,900
Decrease in Accounts Payable		<u>(4,842)</u>
Net Cash Provided By Operating Activities		51,896
 Cash At Beginning Of Year		 <u>108,162</u>
Cash At End Of Year -- 12/31/11	\$	<u><u>160,058</u></u>

See accompanying notes and auditor's report.

SPECIAL SERVICE AREA #28
(a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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, 2011, the Taxing District had net unrestricted net assets of \$157,068.

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, 2011

unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of December 31, 2011, 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 June 6, 2012, 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 2010 and earlier from January 1, 2012 through February 29, 2012. Actual cash received by the SSA in 2011 was \$550,011, which includes \$34,234 of property tax collection accrued at 12/31/10, but actually received in 2011.

SPECIAL SERVICE AREA #28
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

3. Accounts Payable

Accounts payable consists mainly of amounts due to five contractors and businesses for work performed in 2011.

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, 2011, the Taxing District had been paid \$34,890 from the Association and had \$14,360 due from the Association.

5. Prior Period Adjustment

A prior period adjustment was made to the Statement of Activities – Budget and Actual. The 2010 Audit reported beginning Net Assets of \$138,244 and ending Net Assets of \$137,024, which is a decrease of \$1,220. However, the 2010 Audit reported a \$2,851 surplus for 2010 on the Statement of Activities. As a result, a prior period adjustment to decrease Net Assets in the amount of \$4,071 was required to correct this computational difference.

6. Commission Plans

The Commission acknowledges the large amount of carry-over included in the 2011 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) Additional landscaping improvements in addition to those normally budgeted for to further enhance the beautification of the Six Corners Neighborhood.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

- c) A façade program has been put into place to enhance the aesthetic appeal of various local businesses within the Six Corners neighborhood.
- d) Based on prior years' carry-over, the Six Corners streetscape program was put into place. The bulk of the program was paid for in 2011; however it will be completed, with final payments being made, in 2012.
- e) The above items should reduce the carry-over to a reasonable amount, which will then be maintained for cash flow and contingency purposes.

SPECIAL SERVICE AREA #28
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011

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 income and expenses items amounting to \$134,821 and \$135,442, respectively, being deposited and disbursed from the SSA's bank account. This activity was due to the 6 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.