

**NORTHCENTER
SPECIAL SERVICE AREA #38**

**FINANCIAL STATEMENTS
December 31, 2013 and 2012**

**NORTHCENTER
SPECIAL SERVICE AREA #38**

**FINANCIAL STATEMENTS
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Independent Auditors' Report

To the Commissioners of
Northcenter Special Service Area #38

We have audited the accompanying financial statements of Northcenter - Special Service Area #38, which comprise the statement of financial position as of December 31, 2013, and the related statement of activities, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northcenter - Special Service Area #38 as of December 31, 2013, and its statement of activities, cash flows and summary schedule of audit findings for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The 2013 and 2012 budget amounts, which were arrived at by Northcenter - Special Service Area #38 and are shown in the Statements of Activities Budget and Actual, are presented for comparison purposes only. We have not performed any auditing procedures on the 2013 and 2012 budget amounts, and therefore, express no opinion on them.

Eilts & Associates, Inc.

EILTS & ASSOCIATES, INC.
Chicago, Illinois
April 21, 2014

**NORTHCENTER
SPECIAL SERVICE AREA #38**

**STATEMENTS OF FINANCIAL POSITION
December 31, 2013 and 2012**

	ASSETS	
	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and cash equivalents	<u>\$ 166,442</u>	<u>\$ 113,236</u>
Total current assets	<u>166,442</u>	<u>113,236</u>
 TOTAL ASSETS	 <u><u>\$ 166,442</u></u>	 <u><u>\$ 113,236</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	<u>\$ 68,027</u>	<u>\$ 2,992</u>
Total current liabilities	<u>68,027</u>	<u>2,992</u>
TOTAL LIABILITIES	68,027	2,992
 NET ASSETS		
Unrestricted net assets	<u>98,415</u>	<u>110,244</u>
Total net assets	<u>98,415</u>	<u>110,244</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 166,442</u></u>	 <u><u>\$ 113,236</u></u>

The accompanying notes are an integral part of the financial statements

**NORTHCENTER
SPECIAL SERVICES AREA #38**

**STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2013 and 2012**

	2013	2012
REVENUE		
Property tax revenues - current year	\$ 164,291	\$ 177,325
Property tax refunds - prior years	795	(1,486)
SSA interest income	4	7
Interest income	306	351
Less: Loss Collection	(7,980)	(13,426)
Total revenue	157,416	162,771
 EXPENSES		
Services:		
Public Way Maintenance	58,397	70,535
Public Way Aesthetics	50,643	36,048
Tenant Retention/Attraction	7,000	-
Total services	116,040	106,583
Administration:		
Personnel	39,870	38,370
Non Personnel		
SSA Annual Report	500	500
SSA Audit	4,500	4,950
Meeting	500	500
Bookkeeping/Payroll	875	872
Office Rent	4,200	4,200
Office Utilities/Telephone	1,000	1,000
Office Supplies	450	450
Office Equipment Lease/Maintenance	1,000	1,000
Postage	250	80
Printing	50	50
Other: Bank Service Charges	10	-
Total admin - non personnel	13,335	13,602
Total administration	53,205	51,972
Total expenses	169,245	158,555
 INCREASE (DECREASE) IN NET ASSETS	\$ (11,829)	\$ 4,216
 BEGINNING OF YEAR - NET ASSETS	110,244	106,028
 END OF YEAR - NET ASSETS	\$ 98,415	\$ 110,244

The accompanying notes are an integral part of the financial statements

**NORTHCENTER
SPECIAL SERVICES AREA #38**

**STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Net income (loss)	\$ (11,829)	\$ 4,216
Adjustments to reconcile net income to net cash provided by operations:		
Increase/(decrease) in:		
Accounts payable	39,537	2,992
Due to Chamber of Commerce	<u>25,498</u>	<u>(12,518)</u>
Net cash provided by (used by) operating activities	<u>53,206</u>	<u>(5,310)</u>
Net increase (decrease) in cash	\$ 53,206	\$ (5,310)
Cash at the beginning of year	<u>113,236</u>	<u>118,546</u>
Cash at the end of year	<u>\$ 166,442</u>	<u>\$ 113,236</u>

The accompanying notes are an integral part of the financial statements

**NORTHCENTER
SPECIAL SERVICES AREA #38**

**STATEMENTS OF ACTIVITIES - BUDGET AND ACTUAL
For the Years Ended December 31, 2013 and 2012**

	2013			2012		
	Budget	Actual	Actual Over/ (Under) Budget	Budget	Actual	Actual Over/ (Under) Budget
REVENUE						
Property tax revenues - CY	\$ 246,111	\$ 164,291	\$ (81,820)	\$ 210,399	\$ 177,325	\$ (33,074)
Property tax refunds - PY	(8,866)	795	9,661	-	(1,486)	(1,486)
SSA interest income	-	4	4	-	7	7
Interest income	-	306	306	-	351	351
Less: Loss Collection	(8,000)	(7,980)	20	(14,250)	(13,426)	824
Total revenue	229,245	157,416	(71,829)	196,149	162,771	(33,378)
EXPENSES						
Services:						
Public Way Maintenance	96,000	58,397	(37,603)	86,500	70,535	(15,965)
Public Way Aesthetics	75,750	50,643	(25,107)	58,574	36,048	(22,526)
Tenant Retention/Attraction	6,500	7,000	500	250	-	(250)
Total services	178,250	116,040	(62,210)	145,324	106,583	(38,741)
Administration:						
Personnel	39,870	39,870	-	39,870	38,370	(1,500)
Non-Personnel						
SSA Annual Report	500	500	-	500	500	-
SSA Audit	2,300	4,500	2,200	2,300	4,950	2,650
Meeting	500	500	-	500	500	-
Bookkeeping/Payroll	875	875	-	875	872	(3)
Office Rent	4,200	4,200	-	4,200	4,200	-
Office Utilities/Telephone	1,000	1,000	-	1,000	1,000	-
Office Supplies	450	450	-	450	450	-
Office Equipment Lease/Maint	1,000	1,000	-	1,000	1,000	-
Postage	250	250	-	80	80	-
Printing	50	50	-	50	50	-
Bank Service Charges	-	10	10	-	-	-
Total admin - non personnel	11,125	13,335	2,210	10,955	13,602	2,647
Total administration	50,995	53,205	2,210	50,825	51,972	1,147
Total expenses	229,245	169,245	(60,000)	196,149	158,555	(37,594)
INCREASE (DECREASE) IN NET ASSETS	\$ -	\$ (11,829)	\$ (11,829)	\$ -	\$ 4,216	\$ 4,216
BEGINNING OF YEAR - NET ASSETS		<u>110,244</u>			<u>106,028</u>	
END OF YEAR - NET ASSETS		<u>\$ 98,415</u>			<u>\$ 110,244</u>	

The accompanying notes are an integral part of the financial statements

**NORTHCENTER
SPECIAL SERVICE AREA #38
(a taxing district authorized by the City of Chicago)**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013 and 2012**

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – Northcenter Special Service Area #38 (the Taxing District) is a taxing district authorized by the City of Chicago located in Chicago, Illinois. The primary source of funds is from real estate taxes on certain properties in the Special Service Area. Special Service Area #38 generates revenue for the sole purpose of improving and enhancing the business district of Northcenter, which are generally properties fronting Irving Park Road from Ravenswood to Western, Lincoln Avenue from Montrose to Addison, and Western from Montrose to Belmont. Activities and services provided by SSA #38 include cleaning and beautification, coordination of advertising and promotional events, attraction and recruitment of new businesses, and technical assistance to existing and potential businesses.

Basis of Accounting – Northcenter Special Service Area #38's financial statements have been prepared on the accrual basis of accounting. Based on information provided by the Department of Planning and Development, the recognition of revenue by the SSA when received would be considered within generally accepted accounting principles.

Cash and Cash Equivalentents – Northcenter Special Service Area #38 defines cash and cash equivalentents as short term liquid investments such as cash in banks that can be reduced to cash in thirty days or less. All earnings on cash in bank are considered unrestricted revenue.

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 #38 between the City of Chicago and Northcenter. As of December 31, 2013 and 2012, the Taxing District had unrestricted assets of \$98,415 and \$110,244, respectively.

**NORTHCENTER
SPECIAL SERVICE AREA #38**

(a taxing district authorized by the City of Chicago)

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013 and 2012**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES -
(Continued)

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes – The Taxing District's sole service provider – Northcenter Chamber of Commerce is a not-for-profit organization that is exempt from federal income taxes according to Internal Revenue Code 501 (c) (6).

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain 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. Accordingly, actual results could differ from those estimates.

Subsequent Events – Subsequent events have been evaluated through April 21, 2014, which is the date the financial statements were available to be issued.

**NORTHCENTER
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**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013 and 2012**

NOTE 2 - REAL ESTATE TAX REVENUE

The Organization's principal source of revenue is from real estate taxes levied on certain property located in the boundaries listed in Note 1. The taxes are assessed and collected by Cook County, and paid to the City of Chicago, which then remits to the Organization. Taxes are levied in one year, but paid in two installments the following year by the property owners. The Organization recognizes this revenue in the year in which the funds become available.

NOTE 3 - RELATED PARTY TRANSACTIONS

Northcenter Chamber of Commerce (NCC) is the sole service provider of services to SSA #38. NCC allocated joint expenses between the two organizations. NCC shares office space with the Taxing District and the Taxing District pays a portion of the office rent, utilities and supplies. NCC also charges the Taxing District for a portion of the salary and payroll taxes of the Executive Director and Associate Director. SSA #38 paid Northcenter Chamber of Commerce \$25,498 and \$ 61,843, for the years ending December 31, 2013 and 2012, respectively. Included in accrued expenses (note 4) is \$25,498 for joint expenses for the 3rd and 4th quarter of 2013, payable to Northcenter Chamber of Commerce. Included in the \$61,843 paid to Northcenter Chamber of Commerce in 2012 was \$12,518 for 2011 joint expenses.

NOTE 4 – ACCRUED EXPENSES

Accrued expenses at December 31, 2013 and 2012, consists of various services completed by approved vendors during the year, such as snow removal, paver maintenance, and sidewalk cleaning, as well as joint expenses payable to Northcenter Chamber of Commerce, in the amount of \$68,027 and \$2,992, respectively.

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**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2013 and 2012**

NOTE 5 – SSA#38 COMMISSION PLANS

The Northcenter SSA#38 Commission was advised by Northcenter Chamber of Commerce, sole service provider of SSA 38, that approval was made for a carryover of \$98,415 from 2013 SSA 38 funds be allocated to a reserve that the SSA #38 has been intentionally allowing to grow. They commission knew the Irving Park Street Streetscape was going to come online and they agreed to provide for the maintenance. These maintenance costs were not known, so the commissioners decided to build up reserves to cover these costs. The intention by building up the reserves was to ensure that the taxpayers could count on the same level of reoccurring services and keep the EAV at an historic low of 0.164%.

**NORTHCENTER
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**SUMMARY SCHEDULE OF FINDINGS
For the Year Ended December 31, 2013**

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, we have read and understand the requirements contained in the Service Provider Agreement. After conducting the audit, we determined that no exceptions were noted.

The auditor's report expresses an unqualified opinion on the financial statements of Northcenter - Special Service Area #38. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements.

FINDINGS – FINANCIAL STATEMENT AUDIT

None found

FINDINGS AND QUESTIONED COSTS

None found