

**95th STREET
SERVICE AREA NUMBER 4
(95th Street Beverly Hills Business
Association, Contractor)**

**FINANCIAL STATEMENT AND
SUPPLEMENTARY INFORMATION**

**For the Year Ended
December 31, 2013**

**95th Street Special Service Area Number 4
(95th Street Beverly Hills Business
Association, Contractor)**

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Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors
95th Street Special Service Area Number 4
95th Street Beverly Hills Business Association, Contractor
Chicago, IL

We have audited the accompanying financial statements of 95th Street Special Service Area Number 4 (a taxing district authorized by the City of Chicago), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, 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 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 unmodified opinion for the year ending December 31, 2013.

Unmodified Opinion

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of 95th Street Special Service Area Number 4 as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of 95th Street Special Service Area Number 4 as of December 31, 2012, were audited by other auditors whose report dated June 24, 2013, expressed an unmodified opinion on those statements. Prior year balances have been modified to conform with 2013 presentation.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and is 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Desmond & Ahern, Ltd

April 30, 2014
Chicago, IL

**95TH STREET SPECIAL SERVICE AREA NUMBER 4
(95TH STREET BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
STATEMENT OF FINANCIAL POSITION
As of December 31, 2013 (with comparative totals for 2012)**

	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	\$ 72,098	\$ 57,050
Tax revenue due from City of Chicago	-	2,694
Accounts receivable	-	40
Total current assets	<u>72,098</u>	<u>59,784</u>
Equipment, net of accumulated depreciation	<u>276</u>	<u>399</u>
Total Assets	<u><u>\$ 72,374</u></u>	<u><u>\$ 60,183</u></u>
 <u>Liabilities and Nets Assets</u>		
Current Liabilities		
Accounts payable	\$ 4,133	\$ 1,864
Due to 95th Street Beverly Hills Business Association	<u>57,904</u>	<u>49,180</u>
Total current liabilities	<u>62,037</u>	<u>51,044</u>
Net assets, unrestricted	<u>10,337</u>	<u>9,139</u>
Total Liabilities and Net Assets	<u><u>\$ 72,374</u></u>	<u><u>\$ 60,183</u></u>

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

95TH STREET SPECIAL SERVICE AREA NUMBER 4
(95TH STREET BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013 (with comparative totals for 2012)

	2013			2012		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
Revenues						
Tax levy revenue - current period	\$ 76,110	\$ 84,191	\$ (8,081)	\$ 76,284	\$ 85,800	(9,516)
Tax levy revenue - prior period	-	3,840	(3,840)	-	-	-
Tax levy revenue - interest	75	-	75	64	-	64
Miscellaneous revenue	-	-	-	530	-	530
Total revenues	<u>76,185</u>	<u>88,031</u>	<u>(11,846)</u>	<u>76,878</u>	<u>85,800</u>	<u>(8,922)</u>
Expenses						
Program Costs						
1.00 Advertising and promotion	5,280	5,700	(420)	4,913	2,710	2,203
2.00 Public way maintenance	29,243	29,990	(747)	26,702	29,400	(2,698)
3.00 Public way aesthetics	21,345	26,000	(4,655)	21,348	25,000	(3,652)
4.00 Tenant retention/attraction	-	1,000	(1,000)	-	-	-
Total program expense	<u>55,868</u>	<u>62,690</u>	<u>(6,822)</u>	<u>52,963</u>	<u>57,110</u>	<u>(4,147)</u>
Administration						
10.00 Personnel	9,164	13,887	(4,723)	15,573	18,150	(2,577)
11.00 Admin non-personnel	9,915	10,454	(539)	13,743	10,540	3,203
12.00 Loss collections	40	1,000	(960)	-	-	-
Total administration expense	<u>19,119</u>	<u>25,341</u>	<u>(6,222)</u>	<u>29,316</u>	<u>28,690</u>	<u>626</u>
Total Expenses	<u>74,987</u>	<u>\$ 88,031</u>	<u>\$ (13,044)</u>	<u>82,279</u>	<u>\$ 85,800</u>	<u>\$ (3,521)</u>
Change in Net Assets	1,198			(5,401)		
Unrestricted Net Assets						
Beginning of year	<u>9,139</u>			<u>14,540</u>		
End of year	<u>\$ 10,337</u>			<u>\$ 9,139</u>		

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

**95TH STREET SPECIAL SERVICE AREA NUMBER 4
(95TH STREET BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013 (with comparative totals for 2012)**

	<u>2013</u>	<u>2012</u>
<u>Cash Flows from Operating Activities</u>		
Change in unrestricted net assets	\$ 1,198	\$ (5,401)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	123	1,631
Loss on sale of equipment	-	5,895
Decrease in accounts receivable	2,734	7,498
Increase in accounts payable	10,993	32,241
Net cash flows provided by operating activities	<u>15,048</u>	<u>41,864</u>
<u>Cash Flows from Investing Activities</u>		
Proceeds from sale of equipment	<u>-</u>	<u>2,775</u>
Net cash flows provided by investing activities	<u>-</u>	<u>2,775</u>
Cash and cash equivalents		
Beginning of year	<u>57,050</u>	<u>12,411</u>
End of year	<u>\$ 72,098</u>	<u>\$ 57,050</u>
<u>Supplemental Disclosures</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

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

**95th STREET SPECIAL SERVICE AREA NUMBER 4
(95th STREET BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization

95th Street Beverly Hills Business Association (the Association), Contractor for 95th Street Special Service Area Number 4 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the 95th Street Beverly Hills business district. The Organization is located within the boundaries of the City of Chicago.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets, as required by Generally Accepted Accounting Principles (GAAP). The Organization has no restricted net assets as of December 31, 2013.

Cash and Cash Equivalents

Cash and cash equivalents is defined 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 Organization maintains its cash in bank accounts, which, at times, may exceed the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. The Organization has established a separate checking account at Suburban Bank & Trust in Elmhurst, Illinois and all tax revenue funds are automatically deposited into this checking account.

Revenue Recognition

The Organization'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

For tax filings, the Organization is monitored for compliance by the 95th Street Beverly Hills Business Association, 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.

Related Party Transactions

95th Street Special Service Area Number 4 shares office space, equipment and employees through its affiliation with 95th Street Beverly Hills Business Association.

**95th STREET SPECIAL SERVICE AREA NUMBER 4
(95th STREET BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

95th Street Special Service Area Number 4 has no employees of its own, but reimburses the Association for payroll and related costs of the individuals who may work on the program. It also reimburses the Association for a portion of its applicable operating expenses when incurred. At December 31, 2013, the Organization owes \$57,904 to the Association.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Special Service Area Agreement

The City of Chicago has established a special service area known and designated as “95th Street Special Service Area Number 4” to provide special services in addition to those services generally provided by the City. The Association has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 1.0% of the equalized assessed value of all property within the area to produce sufficient revenues to provide those special services.

The maximum amount to be paid to the Organization is the lesser of \$88,031 or the amount of service tax funds collected during 2013. For each subsequent period of the agreement, the maximum amount to be paid is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year.

Note 2 – Subsequent Events

For the fiscal year ended December 31, 2013, the Organization has evaluated subsequent events through April 30, 2014, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed at that date.

**95TH STREET SPECIAL SERVICE AREA NUMBER 4
(95TH STREET BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
SCHEDULE OF EXPENDITURES WITH BUDGET VARIANCES
For the Year Ended December 31, 2013 (with comparative totals for 2012)**

	2013			2012		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
Expenses						
Programs						
1.00 Advertising and Promotion						
1.01 Website and/or social media	\$ 2,650	\$ 2,500	\$ 150	\$ 4,913	\$ 2,710	\$ 2,203
1.03 Special events	291	500	(209)	-	-	-
1.04 Display ads	1,109	1,000	109	-	-	-
1.05 Print materials	1,230	1,700	(470)	-	-	-
Total	5,280	5,700	(420)	4,913	2,710	2,203
2.00 Public Way Maintenance						
2.01 Sidewalk cleaning	25,168	24,540	628	26,702	29,400	(2,698)
2.02 Sidewalk snow plowing	3,600	4,500	(900)	-	-	-
2.05 Equipment purchase/maintenance	-	500	(500)	-	-	-
2.08 Liability/property insurance	475	450	25	-	-	-
Total	29,243	29,990	(747)	26,702	29,400	(2,698)
3.00 Public Way Aesthetics						
3.02 Decorative banners and holiday decorations	12,024	19,500	(7,476)	21,348	25,000	(3,652)
3.03 Wayfindings/Signage	3,790	1,250	2,540	-	-	-
3.04 Public Art	-	1,000	(1,000)	-	-	-
3.05 Landscaping	4,530	750	3,780	-	-	-
3.10 Flag purchase, installation, removal	1,001	3,500	(2,499)	-	-	-
Total	21,345	26,000	(4,655)	21,348	25,000	(3,652)
4.00 Tenant Retention/Attraction						
4.02 Site marketing materials	-	1,000	(1,000)	-	-	-
Total	-	1,000	(1,000)	-	-	-
10.00 Personnel						
10.01 Executive director	9,164	13,887	(4,723)	15,573	18,150	(2,577)
Total	9,164	13,887	(4,723)	15,573	18,150	(2,577)

See independent auditor's report.

**95TH STREET SPECIAL SERVICE AREA NUMBER 4
(95TH STREET BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
SCHEDULE OF EXPENDITURES WITH BUDGET VARIANCES (CONT.)
For the Year Ended December 31, 2013 (with comparative totals for 2012)**

	2013			2012		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
Administration						
11.00 Operational and Administrative Support						
11.02 SSA audit	\$ 5,579	\$ 4,000	\$ 1,579	\$ 4,644	\$ 3,500	\$ 1,144
11.03 Bookkeeping	-	750	(750)	-	-	-
11.04 Office rent	-	2,100	(2,100)	-	-	-
11.05 Office utilities/telephone	1,403	1,404	(1)	1,323	1,500	(177)
11.06 Office supplies	2,579	700	1,879	483	800	(317)
11.07 Office equipment lease/maintenance	-	-	-	102	200	(98)
11.08 Office printing	-	200	(200)	-	-	-
11.09 Postage	-	400	(400)	180	700	(520)
11.10 Meeting expense	260	700	(440)	914	700	214
11.11 Subscriptions/dues	94	200	(106)	-	200	(200)
11.12 Other: Transportation Travel	-	-	-	123	-	123
11.12 Other: Technical Assistance	-	-	-	79	-	79
11.12 Other: Loss on Disposal of Fixed Asset	-	-	-	5,895	-	5,895
11.12 Service provider/admin support	-	-	-	-	2,940	(2,940)
Total	9,915	10,454	(539)	13,743	10,540	3,203
12.00 Loss Collection						
12.01 Loss collection	40	1,000	(960)	-	-	-
Total	40	1,000	(960)	-	-	-
Total	\$ 74,987	\$ 88,031	\$ (13,044)	\$ 82,279	\$ 85,800	\$ (3,521)

See independent auditor's report.

**95th STREET SPECIAL SERVICE AREA NUMBER 4
(95th STREET BEVERLY HILLS BUSINESS ASSOCIATION, CONTRACTOR)
NOTES TO FINANCIAL STATEMENTS
December 31, 2013**

Findings

We have read and understand the necessary audit requirements contained in the Service Provider Agreement. Accordingly, based on our audit, the following exception was noted during the year ending December 31, 2013 audit.

Finding 2013-1

Criteria and Condition

Sub-Contractor agreements entered into by the Contractor, lacked the requirements outlined in the City contract. The Sub-Contractor agreements were missing the following required provisions:

- Section 6.07(b) requires that contractors must include a provision in all subcontractor agreements requiring its subcontractors to pay the Base Wage to Covered Employees.
- Section 3.04 (b) requires contractor must incorporate all of Section 3.04 by reference in all agreements entered into which covers all nondiscrimination laws under Federal, State and City statutes.

Auditor's Recommendation

We Recommend that the Contractor complete contracts and develop policies and procedures to adhere to the Service Provider Agreement. Contracts should include all required aspects from the Agreement and be signed by both the Contractor and Subcontractor. Additionally, we recommend documenting oversight and progress of all sub-contractors to ensure all work is being performed as contracted.

Contractor's Response

Management will review subcontractors' agreements and will incorporate required provisions in future proposal requests per requirements in the Service Provider Agreement.