

Special Service Area Number 26
(Edgewater Chamber of Commerce, Contractor)

Financial Statements

Year Ended December 31, 2012 and 2011

Bravos & Associates

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Special Service Area Number 26
Edgewater Chamber of Commerce, Contractor
Chicago, Illinois

We have audited the accompanying statement of financial position of Special Service Area Number 26 (a taxing district authorized by the City of Chicago) as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years 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 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 referred to above present fairly, in all material respects, the financial position of Special Service Area Number 26 as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative schedule of tax levy revenue and interest income on page 8 and the schedule of expenses and budget variances on pages 9 and 10 are 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.

Bravos & Associates CPAs

April 22, 2013
Bloomington, Illinois

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Special Service Area Number 26
(Edgewater Chamber of Commerce, Contractor)
Comparative Statement of Financial Position
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ <u>52,799</u>	\$ <u>91,122</u>
Total Assets	\$ <u><u>52,799</u></u>	\$ <u><u>91,122</u></u>
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ <u>7,054</u>	\$ <u>38,027</u>
Total Liabilities	<u>7,054</u>	<u>38,027</u>
Net assets, unrestricted	<u>45,745</u>	<u>53,095</u>
Total Liabilities and Net Assets	\$ <u><u>52,799</u></u>	\$ <u><u>91,122</u></u>

Special Service Area Number 26
 (Edgewater Chamber of Commerce, Contractor)
 Comparative Statement of Activities
 For the Years Ended December 31, 2012 and 2011

	2012			2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
Changes in Unrestricted Net Assets:						
Revenues:						
Tax Levy Revenue - Current Year	\$ 385,087	\$ 403,544	\$ (18,457)	\$ 381,202	\$ 384,482	\$ (3,280)
Interest Income	104	-	104	176	-	176
Total Revenues	385,193	403,544	(18,351)	381,378	384,482	(3,104)
Expenses:						
Program costs:						
Advertising & Promotion	-	1,750	(1,750)	-	750	(750)
Public Way Maintenance	113,152	116,821	(3,669)	139,515	111,921	27,594
Public Way Aesthetics	146,501	152,186	(5,685)	123,702	154,186	(30,484)
Façade Improvements	-	-	-	-	1,000	(1,000)
Parking/Transit/Accessibility	-	-	-	-	1,000	(1,000)
Safety Programs	-	-	-	324	5,500	(5,176)
District Planning	76,273	90,250	6,895	51,328	60,250	-
Total Program Expense	335,926	361,007	(4,209)	314,868	334,607	(10,816)
Administration						
10.00 Personal	44,626	46,872	(2,246)	39,881	42,610	(2,729)
11.00 Operational & Administrative Support	11,990	13,140	(1,150)	12,150	12,740	(590)
12.00 Loss Collection	-	17,525	(17,525)	-	17,525	(17,525)
Total Administration expenses	56,616	77,537	(20,921)	52,031	72,875	(20,844)
Total Expenses	392,542	438,544	(25,130)	366,899	407,482	(31,661)
Increase (Decrease) in Net Assets	(7,350)	(35,000)	6,779	14,479	(23,000)	28,557
Unrestricted Net Assets:						
Beginning of Year	53,095			38,616		
End of Year	\$ 45,745			\$ 53,095		

Special Service Area Number 26
 (Edgewater Chamber of Commerce, Contractor)
 Comparative Statement of Cash Flows
 For the Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (7,350)	\$ 14,479
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Accounts payable	<u>(30,973)</u>	<u>16,129</u>
Net cash flows from operating activities:	\$ (38,323)	30,608
Cash and Cash Equivalents		
Beginning of the year	<u>91,122</u>	<u>60,514</u>
End of the year	<u>\$ 52,799</u>	<u>\$ 91,122</u>
Supplemental disclosures:		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

Special Service Area Number 26
(Edgewater Chamber of Commerce, Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2012 and 2011

Summary of Accounting Policies

Nature of Organization

Edgewater Chamber of Commerce, Contractor for Special Service Area Number 26 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. The Organization was formed to revitalize the Edgewater business district. The organization is located within the boundaries of the City of Chicago.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 116, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 116, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets temporarily restricted net assets and permanently restricted net assets. The Organization had no temporarily or permanently restricted net assets. As of December 31, 2012 and 2011 the organization has unrestricted net assets in the amount of \$ 45,745 and \$ 53,095 respectfully.

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. The organization believes it is not exposed to any significant credit risk on cash and cash equivalents. The organization has established a separate checking account at the Bridgeview Bank Group in Chicago, Illinois and all tax revenue funds are automatically deposited into this checking account. The Contractor did not commingle Service Tax funds with funds from any other source.

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. Accounts receivable represent amounts earned, but not received at year end.

Income Taxes

The organization is a part of the Edgewater Chamber of Commerce, 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.

Special Service Area Number 26
(Edgewater Chamber of Commerce, Contractor)
Notes to Financial Statements
For the Year Ended December 31, 2012 and 2011

Summary of Accounting Policies – Continued

Related Party Transactions

Special Service Area Number 26 shares office space, equipment and employees through its affiliation with Edgewater Chamber of Commerce. Special Service Area Number 26 has no employees of its own, but reimburses Edgewater Chamber of Commerce for payroll and related costs of the individuals working on the programs. It also reimburses Edgewater Chamber of Commerce for a portion of its operating expenses, allocation of rent and utilities. The Special Service Area Number 26 had \$ 0 (Zero Dollars) due to Edgewater Chamber of Commerce as of December 31, 2012 and 2011 respectfully.

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 Organization entered into an agreement with the City of Chicago, and the annual agreement is based upon the calendar year whereby the City has established a special service area known and designated as “Special Service Area Number 26” to provide special services in addition to those services generally provided by the City. Edgewater Chamber of Commerce, Contractor has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 0.47% 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 is the lesser of the budget for that year or the amount of service tax funds actually collected for the preceding tax year.

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INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Board of Directors
Special Service Area Number 26
Edgewater Chamber of Commerce, Contractor
Chicago, Illinois

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information which follows is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Bravos & Associates CPAs

April 22, 2013
Bloomington, Illinois

Special Service Area Number 26
 (Edgewater Chamber of Commerce, Contractor)
 Comparative Schedule of Tax Levy Revenue and Interest Income
 December 31, 2012 and 2011

Tax Levy Revenue and Interest Income received from the City of Chicago

	<u>2012</u>	<u>2011</u>
	<u>Income</u> <u>(Returned to City)</u>	<u>Income</u> <u>(Returned to City)</u>
<u>Tax Levy Revenue</u>		
Tax Year 2005	\$ -	\$ 216
Tax Year 2006	(2,777)	399
Tax Year 2007	(876)	2,588
Tax Year 2008	(3,501)	741
Tax Year 2009	(3,081)	6,174
Tax Year 2010	10,380	371,085
Tax Year 2011	<u>384,942</u>	<u>-</u>
Total received during year - Cash Basis	385,087	381,202
 <u>Accrual adjustments - Accounts Receivable</u>		
Beginning of year		
End of year	-	-
	<u>-</u>	<u>-</u>
<u>Total tax levy revenue accrual basis</u>	<u>\$ 385,087</u>	<u>\$ 381,202</u>
 <u>Interest Income</u>		
Interest earned - Bank accounts		
Interest paid by City of Chicago	\$ 96	\$ 109
<u>Total Interest income earned</u>	<u>15</u>	<u>67</u>
	<u>104</u>	<u>176</u>

Special Service Area Number 26
 (Edgewater Chamber of Commerce, Contractor)
Comparative Schedule of Expenses with Budget Variances
 December 31, 2012 and 2011

	2012			2011		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
Expenses:						
Programs:						
1.00 Advertising & Promotion						
1.01 Website/Technology	\$ -	\$ 250	\$ (250)	\$ -	\$ 250	\$ (250)
1.03 Special Events	-	250	(250)	-	250	(250)
1.05 Print Materials	-	1,250	(1,250)	-	250	(250)
Totals	-	1,750	(1,750)	-	750	(750)
2.00 Public Way Maintenance						
2.01 Sidewalk Cleaning	30,000	30,371	(371)	30,000	30,371	(371)
2.02 Sidewalk Snow Plowing	41,399	44,500	(3,102)	69,558	39,500	30,058
2.03 Sidewalk Power Washing	29,492	28,800	692	26,000	28,800	(2,800)
2.04 Acid Etching & Graffiti Removal/Prevention	-	1,500	(1,500)	-	1,500	(1,500)
2.09 Other: Trash Removal	12,261	11,400	861	13,957	11,400	2,557
2.10 Other: Vermin Abatement	-	250	(250)	-	250	(250)
2.13 Window Washing	-	-	-	-	100	(100)
Totals	113,152	116,821	(3,669)	139,515	111,921	27,594
3.00 Public Way Aesthetics						
3.01 Streetscape Elements	-	13,000	(13,000)	-	250	(250)
3.02 Decorative Banner/Holiday Decorations	23,520	17,000	6,520	14,859	31,500	(16,641)
3.03 Wayfinding/Signage	-	-	-	-	250	(250)
3.05 Landscaping	122,981	122,186	795	108,843	122,186	(13,343)
Totals	146,501	152,186	(5,685)	123,702	154,186	(30,484)
5.00 Façade Improvements						
5.01 Façade Enhancement Program	-	-	-	-	1,000	(1,000)
Totals	-	-	-	-	1,000	(1,000)

Special Service Area Number 26
(Edgewater Chamber of Commerce, Contractor)
Comparative Schedule of Expenses with Budget Variances
December 31, 2012 and 2011

	2,012		2,011		Over (Under) Variance
	Actual	Budget	Actual	Budget	
Expenses:					
Programs:					
6.00 Parking/Transit/Accessibility					
6.05 Public Transit	\$ -	\$ -	\$ -	\$ 1,000	\$ (1,000)
Totals	-	-	-	1,000	(1,000)
7.00 Safety Programs					
7.01 Public Way Surveillance	-	-	324	5,000	(4,676)
7.02 Security Rebate program	-	-	-	500	(500)
Totals	-	-	324	5,500	(5,176)
8.00 District Planning					
8.01 SSA Designation or Reconstitution Costs	51,895	45,000	6,000	20,000	(14,000)
8.02 Commission Development (Policy Governance, etc)	-	-	-	-	-
8.02 District Branding	-	-	27,488	20,000	7,488
8.03 Strategic Planning	6,379	25,000	-	-	-
8.04 District Master Plan, Corridor, Streetscape Plans	-	500	-	500	(500)
8.05 Economic Impact Study, Market, Branding, etc.	18,000	19,750	17,840	19,750	(1,910)
8.07 Direct Economic Stimulus Plan	76,273	90,250	51,328	60,250	(8,922)
Totals	152,547	170,000	93,656	100,000	(8,344)
10.00 Personal					
10.01 Executive Director	5,642	7,451	5,982	6,500	(518)
10.02 Program Manager	38,984	39,421	33,899	36,110	(2,211)
Totals	44,626	46,872	39,881	42,610	(2,729)
11.00 Operational & Administrative Support					
11.01 SSA Annual Report	-	250	-	-	250
11.02 Audit	3,500	3,500	4,050	3,500	550
11.04 Office Rent	6,090	5,700	5,700	5,700	-
11.05 Office Utilities/Telephone	2,100	2,100	2,100	2,100	-
11.06 Office Supplies	300	300	300	300	-
11.07 Office Equipment	-	240	-	240	(240)
11.08 Office Printing	-	250	-	100	(100)
11.09 Postage	-	300	-	300	(300)
11.10 Meeting Expense	-	500	-	500	(500)
Totals	11,990	13,140	12,150	12,740	(590)

Special Service Area Number 26
(Edgewater Chamber of Commerce, Contractor)
Summary Schedule of Findings
Years ended December 31, 2012 and 2011

Finding # 1 -

We have reviewed the Agreement for the Special Service Area, between the City of Chicago and the Contractor for the year ended December 31, 2012 and 2011.

We noted no exceptions.