

**SPECIAL SERVICE AREA #48
ADMINISTERED BY
OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND 2012

**WITH
INDEPENDENT AUDITOR'S REPORT**

SPECIAL SERVICE AREA #48

ADMINISTERED BY

OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION

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Helen J. Ajder C.P.A. PC

Certified Public Accountant

INDEPENDENT ACCOUNTANT'S REPORT

Board of Commissioners
Special Service Area #48
Administered by
Old Town Merchants and Residents Association
1520 North Wells Street
Chicago, IL 60610

I have audited the accompanying component unit financial statements of Special Service Area #48 administered by Old Town Merchants and Residents Association, which comprise the statements of financial position as of December 31, 2013 and 2012 and the related statements of activities and changes in net assets, statements of cash flows and 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 the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility


My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the component unit financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Special Service Area #48 as of December 31, 2013 and 2012 and the related statements of activities and changes in net assets and statements of cash flows the years then ended, in accordance with accounting principles generally accepted in the United States of America.

 CPA PC

Helen J. Ajder CPA, PC

March 10, 2014

SPECIAL SERVICE AREA #48
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OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION

STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2013 AND 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 47,552	\$ 178,646
Tax allocation receivable	15,574	20,701
Prepaid expense	<u>1,663</u>	<u>2,500</u>
TOTAL ASSETS	<u><u>\$ 64,789</u></u>	<u><u>\$ 201,847</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	<u>\$ 10,040</u>	<u>\$ 9,000</u>
Total current liabilities	10,040	9,000
NET ASSETS - UNRESTRICTED	<u>54,749</u>	<u>192,847</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 64,789</u></u>	<u><u>\$ 201,847</u></u>

SPECIAL SERVICE AREA #48
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STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

	2013			2012		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
REVENUES						
Tax allocation - current year	\$ 171,531	375,296	(203,765)	\$ 169,595	169,595	-
Tax allocation - previous years	(5,325)	-	(5,325)	9,391	-	9,391
Interest	6	-	6	8	-	8
Less: loss collection expense	-	(6,760)	6,760	-	(10,192)	10,192
Total revenue	166,212	368,536	(202,324)	178,994	159,403	19,591
EXPENSES						
Advertising and promotion	30,000	27,000	3,000	14,154	23,000	(8,846)
Public way maintenance	48,300	44,600	3,700	44,880	44,400	480
Public way aesthetics	163,700	228,265	(64,565)	39,552	40,000	(448)
Parking/transit/accessibility	2,227	10,000	(7,773)	-	-	-
Façade improvements	-	-	-	-	4,000	(4,000)
Safety programs	30,297	19,000	11,297	8,128	10,000	(1,872)
District planning	-	5,000	(5,000)	56,680	2,000	54,680
Administration	29,786	34,671	(4,885)	26,518	36,003	(9,485)
Total expenses	304,310	368,536	(64,226)	189,912	159,403	30,509
EXCESS OF REVENUE OVER EXPENSE	(138,098)	-		(10,918)	-	
NET ASSETS - BEGINNING OF YEAR	192,847			203,765		
NET ASSETS - END OF YEAR	\$ 54,749			\$ 192,847		

**SPECIAL SERVICE AREA #48
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
AT DECEMBER 31, 2013 AND 2012**

CASH FLOWS FROM OPERATING ACTIVITIES:

	2013	2012
Change in net assets	\$ (138,098)	\$ (10,918)
Adjustments to reconcile net surplus to cash provided by (used in) operating activities		
(Increase) decrease in accounts receivable and prepaid expense	5,964	(16,542)
(Decrease) increase in accounts payable	1,040	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(131,094)	(27,460)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	178,646	206,106
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 47,552	\$ 178,646

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:

Interest paid	\$ -	\$ -
Taxes paid	\$ -	\$ -

**SPECIAL SERVICE AREA #48
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 1 - Purpose of Organization and Nature of SSA #48

Old Town Merchants and Residence Association (the Association) is an Illinois not-for-profit corporation that is exempt from federal taxes under Section 501 C-6 of the Internal Revenue Code. The Association, by contract with the City of Chicago, is the provider of special services to the Old Town area funded by Special Service Area #48 taxes. Special Service Area #48 is roughly bounded by Wells Street from Schiller Avenue to North Avenue and North Avenue from LaSalle Street to Orleans Street. Special Services authorized in Establishment Ordinance include maintenance and beautification activities; security programs; recruitment and promotion of new businesses in the Area and retention and promotion of existing businesses in the Area; coordinated marketing and promotional activities; strategic planning for the general development of the Area; financing of storefront façade and signage improvements; parking and transit programs; and other technical assistance activities to promote commercial and economic development, including, but not limited to, enhanced local land use oversight and control initiatives, community service and predevelopment costs.

NOTE 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Taxing District defines 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 balance in a financial institution located in Chicago, Illinois. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization's cash balance did not exceed the insurance level as of December 31, 2013 and 2012.

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 #48 between the City of Chicago and Old Town Merchants and Residents Association. As of December 31, 2013 and 2012, the Taxing District had net unrestricted net assets of \$54,749 and \$192,847.

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.

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.

NOTE 3 - Tax Allocation Receivable

At December 31, 2013, the tax allocation receivable amount of \$15,574 represents the balance due for 2012 taxes levied and not paid by December 31, 2013.

At December 31, 2012, the tax allocation receivable amount of \$20,701 represents the balance due for 2011 taxes levied and not paid by December 31, 2012.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

NOTE 4 - Accounts Payable

Accounts payable consists of \$9,000 for a sidewalk snowplowing contract and \$1,040 for street cleaning at December 31, 2013.

NOTE 5 - Related Party Transaction

The Taxing District's contractor is the Old Town Merchants and Residents Association. The Association is reimbursed for ongoing administration expenses including staff compensation, office expense, printing, postage, etc. Total fees paid to Old Town Merchants and Residents Association for the year end December 31, 2013 and 2012 was \$28,546 and \$25,278.

NOTE 6 - Budgets

The 2013 and 2012 budget amounts, which were reviewed by the Special Service Area # 48 and the City of Chicago are shown in the statement of activities, as required by the City of Chicago Department of Housing and Economic Development, are presented for comparison purposes. I have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them. The summary schedule of audit findings is a requirement of the City of Chicago Department of Housing and Economic Development and not a required part of the basic financial statements. The city requires I disclose any exceptions to the city contract between the city and the SSA.

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**SUMMARY SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012**

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

The auditor's report expresses an unqualified opinion on the financial statements of Special Service Area #48. 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

Special Service Area #48 Old Town shows a carryover due to the continued anticipation of groundbreaking for a capital infrastructure improvement within the Special Service Area area. The Commission of Special Service Area #48 approved, at the July 18, 2011 meeting, a motion to dedicate \$100,000 for public way aesthetics and public way infrastructure in Burton Place, which lies 100% within the Special Service Area. Since then the Burton Place Committee, which is made up of members of the Special Service Area Commission and the Old Town Merchants and Residents Association Board have been working tirelessly to complete plans for the improvements, As with any capital project, planning takes a long time and design and execution are lengthy processes; especially when situated in the public way. The Commission of Special Service Area #48 is confident that the monies dedicated to the Burton Place project will be spent at the end of the 2014 budget cycle.

The amount of net assets at December 31, 2013 and 2012 is \$54,749 and \$192,847.