

**103<sup>rd</sup> STREET BEVERLY SPECIAL  
SERVICE AREA NUMBER 44  
(Beverly Area Planning Association, Contractor)**

**Financial Statements**

**Years Ended December 31, 2013 and 2012**

**103<sup>RD</sup> STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44**  
**(Beverly Area Planning Association, Contractor)**

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# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **Independent Auditor's Report**

To the Board of Directors  
103<sup>rd</sup> Street Beverly Special Service Area Number 44  
Beverly Area Planning Association, Contractor  
Chicago, IL

We have audited the accompanying statement of financial statements of 103<sup>rd</sup> Street Beverly Special Service Area Number 44 (a taxing district authorized by the City of Chicago), which comprise the statement of financial position as of December 31, 2013 and 2012 and the related statements of activities and cash flows for the years then ended, and the related notices 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 years ending December 31, 2013 and 2012.

***Unmodified Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 103<sup>rd</sup> Street Beverly Special Service Area Number 44 as of December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***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 states in all material respects in relation to the financial statements as a whole.

*Desmond & Ahern, Ltd*

April 30, 2014  
Chicago, IL

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44  
 (BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)  
 STATEMENT OF FINANCIAL POSITION  
 As of December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Assets</u></b>		
Current Assets		
Cash and cash equivalents	\$ 3,367	\$ 10,808
		-
<b>Total Assets</b>	<b><u>\$ 3,367</u></b>	<b><u>\$ 10,808</u></b>
 <b><u>Liabilities and Nets Assets</u></b>		
Liabilities		
Accounts payable	\$ 265	\$ 3,586
Net assets, unrestricted	<u>3,102</u>	<u>7,222</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 3,367</u></b>	<b><u>\$ 10,808</u></b>

The accompanying notes are an integral part of this statement.

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44  
(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)  
STATEMENT OF ACTIVITIES  
For the Years Ended December 31, 2013 and 2012**

	2013			2012		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<b>Revenues</b>						
Tax levy revenue - current period	\$ 10,946	\$ 12,609	\$ (1,663)	\$ 9,557	\$ 15,450	\$ (5,893)
Tax levy revenue - prior periods	-	3,900	(3,900)	880	-	880
Total revenues	<u>10,946</u>	<u>16,509</u>	<u>(5,563)</u>	<u>10,437</u>	<u>15,450</u>	<u>(5,013)</u>
<b>Expenses</b>						
Program Costs						
1.00 Advertising and promotion	1,395	2,000	(605)	2,064	3,500	(1,436)
2.00 Public way maintenance	5,522	5,450	72	5,194	6,025	(832)
3.00 Public way aesthetics	6,049	4,736	1,313	1,435	2,575	(1,140)
Total program expense	<u>12,966</u>	<u>12,186</u>	<u>780</u>	<u>8,693</u>	<u>12,100</u>	<u>(3,407)</u>
Administration						
9.00 Operational and administrative support	-	-	-	-	150	(150)
10.00 Personnel	1,600	1,600	-	1,600	1,600	-
11.00 Admin Non-Personnel	500	600	(100)	500	600	(100)
12.00 Loss Collection	-	1,600	(1,600)	-	1,000	(1,000)
13.00 Late Collections and Interest	-	523	(523)	-	-	-
Total administration expense	<u>2,100</u>	<u>4,323</u>	<u>(2,223)</u>	<u>2,100</u>	<u>3,350</u>	<u>(1,250)</u>
Total Expenses	<u>15,066</u>	<u>\$ 16,509</u>	<u>\$ (1,443)</u>	<u>10,793</u>	<u>\$ 15,450</u>	<u>\$ (4,657)</u>
Increase (Decrease) in Net Assets	(4,120)			(356)		
Unrestricted Net Assets						
Beginning of year	<u>7,222</u>			<u>7,578</u>		
End of year	<u>\$ 3,102</u>			<u>\$ 7,222</u>		

The accompanying notes are an integral part of this statement.

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44  
 (BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)  
 STATEMENT OF CASH FLOWS  
 For the Years Ended December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Change in unrestricted net assets	\$ (4,120)	\$ (356)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Increase (decrease) in accounts payable	<u>(3,321)</u>	<u>2,377</u>
Net cash flows (used by) from operating activities	<u>(7,441)</u>	<u>2,021</u>
Cash and cash equivalents		
Beginning of year	<u>10,808</u>	<u>8,787</u>
End of year	<u>\$ 3,367</u>	<u>\$ 10,808</u>
<b><u>Supplemental Disclosures</u></b>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44  
(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)  
NOTES TO FINANCIAL STATEMENT  
December 31, 2013 and 2012**

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

Organization

Beverly Area Planning Association (BAPA), Contractor for 103<sup>rd</sup> Street Beverly Special Service Area Number 44 (Organization) is a not-for-profit corporation organized under the laws of the State of Illinois. This not-for-profit organization serves as the central organization for community organizations in the Beverly Hills/Morgan Park communities and thereby provides a forum for the discussion of concerns common to the area. The Association coordinates and implements comprehensive plans designed to improve the community through programs in housing, education, economic development, marketing, and special events. BAPA also publishes a free monthly newspaper. 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 temporarily or permanently restricted net assets as of December 31, 2013 and 2012.

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 Beverly Bank and Trust 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.

Income Taxes

For tax filings, the Organization is monitored for compliance by the Beverly Area Planning Association (BAPA), which is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified by the Internal Revenue Service as a private foundation.



**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44  
(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)  
NOTES TO FINANCIAL STATEMENT  
December 31, 2013 and 2012**

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

Related Party Transactions

103<sup>rd</sup> Street Beverly Special Service Area Number 44 shares office space, equipment and employees through its affiliation with Beverly Area Planning Association. 103<sup>rd</sup> Street Beverly Special Service Area Number 44 has no employees of its own, but reimburses BAPA for payroll and related costs of the individuals who may work on the program. It also may reimburse BAPA for a portion of its applicable operating expenses, including allocation of rent and utilities.

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 “103<sup>rd</sup> Street Beverly Special Service Area Number 44” to provide special services in addition to those services generally provided by the City. BAPA has been designated as “Contractor” under terms of the agreement. The City has authorized a levy not to exceed 2.5% 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 \$16,509 and \$15,450 or the amount of service tax funds collected during 2013 and 2012, respectively. 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 Event**

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.

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44**  
**(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)**  
**SCHEDULE OF EXPENDITURES WITH BUDGET VARIANCES**  
**For the Years Ended December 31, 2013 and 2012**

	2013			2012		
	Actual	Budget	Over (Under) Variance	Actual	Budget	Over (Under) Variance
<b>Expenses</b>						
<b>Programs</b>						
1.00 Advertising and Promotion						
1.03 Special events	\$ 1,395	\$ 2,000	\$ (605)	\$ 2,064	\$ 3,500	\$ (1,436)
Total	<u>1,395</u>	<u>2,000</u>	<u>(605)</u>	<u>2,064</u>	<u>3,500</u>	<u>(1,436)</u>
2.00 Public Way Maintenance						
2.01 Sidewalk cleaning	2,640	3,200	(560)	3,200	3,750	(550)
2.02 Sidewalk snow plowing	2,882	2,250	632	450	2,275	(1,825)
2.00 Other	-	-	-	1,544	-	1,544
Total	<u>5,522</u>	<u>5,450</u>	<u>72</u>	<u>5,194</u>	<u>6,025</u>	<u>(832)</u>
3.00 Public Way Aesthetics						
3.02 Holiday decorations	2,300	2,200	100	1,435	2,575	(1,140)
3.03 Wayfinding/signage	-	200	(200)	-	-	-
3.05 Landscaping	236	300	(64)	-	-	-
3.10 Enhanced aesthetics	3,513	2,036	1,477	-	-	-
Total	<u>6,049</u>	<u>4,736</u>	<u>1,313</u>	<u>1,435</u>	<u>2,575</u>	<u>(1,140)</u>
<b>Administration</b>						
9.00 Operational and Administrative Support						
9.02 Meeting expense	-	-	-	-	150	(150)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>(150)</u>
10.00 Personnel						
10.01 Coordinor of Economic Development	1,600	1,600	-	1,600	1,600	-
Total	<u>1,600</u>	<u>1,600</u>	<u>-</u>	<u>1,600</u>	<u>1,600</u>	<u>-</u>
11.00 Admin Non-Personnel						
11.02 Audit/bookkeeping	500	600	(100)	500	600	(100)
Total	<u>500</u>	<u>600</u>	<u>(100)</u>	<u>500</u>	<u>600</u>	<u>(100)</u>
12.00 Loss Collection						
12.01 Loss collection	-	1,600	(1,600)	-	1,000	(1,000)
Total	<u>-</u>	<u>1,600</u>	<u>(1,600)</u>	<u>-</u>	<u>1,000</u>	<u>(1,000)</u>
13.00 Late Collections and Interest						
13.01 Late collections and interest	-	523	(523)	-	-	-
Total	<u>-</u>	<u>523</u>	<u>(523)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>15,066</u>	<u>16,509</u>	<u>(1,443)</u>	<u>10,793</u>	<u>15,450</u>	<u>(4,657)</u>

See Independent Auditor's report

**103RD STREET BEVERLY SPECIAL SERVICE AREA NUMBER 44  
(BEVERLY AREA PLANNING ASSOCIATION, CONTRACTOR)  
SCHEDULE OF FINDINGS  
December 31, 2013 and 2012**

**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.