

**FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)**

**SPECIAL SERVICE AREA #45
CHICAGO, ILLINOIS**

FINANCIAL AND COMPLIANCE AUDIT REPORT

YEARS ENDED DECEMBER 31, 2013 and 2012

**FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)**

SPECIAL SERVICE AREA #45

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Ragland & Associates, LLC

Certified Public Accountants and Management Consultants

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Special Service Area #45
Far South CDC - Contractor
Chicago, Illinois

We have audited the accompanying financial statements of Far South Community Development, Corp. (Far South CDC) (a contractor for) Special Service Area # 45 (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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Far South CDC (a contractor for) Special Service Area # 45 as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of revenues and expenditures with budget variances on pages 18 and 19, is presented for purposes of additional analysis that are required by the City of Chicago Special Service Area Commission and are not a required part of the basic 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2014, on our consideration of Far South CDC (a contractor for) Special Service Area # 45's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Far South CDC (a contractor for) Special Service Area # 45's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Far South Community Development, Corp. (Far South CDC) (a contractor for) Special Service Area # 45's 2012 financial statements, and our report dated June 14, 2013, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.



RAGLAND & ASSOCIATES, LLC
Certified Public Accountants

South Holland, Illinois
April 30, 2014

**FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)**

SPECIAL SERVICE AREA #45

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 and 2012

| <u>ASSETS</u> | <u>2013</u> | <u>2012</u> |
|--|--------------------|--------------------|
| Current Assets: | | |
| Cash and Cash Equivalents (Note A-3) | \$ 27,425 | \$ 67,464 |
| SSA Receivable (Note A-9) | 25,487 | 107,572 |
| Total Current Assets | 52,912 | 175,036 |
| Other Assets: | | |
| Due From Far South CDC (Note A-8) | - | 9,537 |
| Total Other Assets | - | 9,537 |
| TOTAL ASSETS | \$ 52,912 | \$ 184,573 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 3,162 | \$ 19,875 |
| Payroll Liabilities | 1,212 | 3,372 |
| Accrued Expenses | 2,400 | 6,000 |
| Total Current Liabilities | 6,774 | 29,247 |
| Other Current Liabilities: | | |
| Line of Credit (Note B-2) | - | 160,000 |
| Total Other Current Liabilities | - | 160,000 |
| TOTAL LIABILITIES | 6,774 | 189,247 |
| NET ASSETS | | |
| Unrestricted (Deficit) (Note A-2) | 46,138 | (4,674) |
| Total Net Assets | 46,138 | (4,674) |
| TOTAL LIABILITIES AND NET ASSETS | \$ 52,912 | \$ 184,573 |

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

**FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)**

SPECIAL SERVICE AREA #45

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2013

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION AS OF DECEMBER 31, 2012)

| CHANGES IN NET ASSETS: | SPECIAL SERVICE AREA #45 | 2013 | 2012 |
|--|---|------------------|-------------------|
| PUBLIC SUPPORT (Note A-6) | | | |
| Special Service Area #45 | \$ 590,787 | \$ 590,787 | \$ 486,540 |
| Total Public Support | <u>590,787</u> | <u>590,787</u> | <u>486,540</u> |
| PROGRAM EXPENSES | | | |
| 1.00 Advertising & Promotion | 59,547 | 59,547 | 6,150 |
| 2.00 Public Way Maintenance | 78,288 | 78,288 | 96,000 |
| 3.00 Public Way Aesthetics | 18,534 | 18,534 | 546 |
| 5.00 Façade Improvements | 20,289 | 20,289 | 15,800 |
| 7.00 Safety Programs | <u>130,088</u> | <u>130,088</u> | <u>265,145</u> |
| Total Program Expenses | 306,746 | 306,746 | 383,641 |
| MANAGEMENT & GENERAL | | | |
| 10.00 Personnel Expenses | 100,982 | 100,982 | 64,447 |
| 11.00 Operational & Administrative Support | <u>36,243</u> | <u>36,243</u> | <u>38,452</u> |
| Total Management & General | <u>137,225</u> | <u>137,225</u> | <u>102,899</u> |
| Total Expenses | <u>443,971</u> | <u>443,971</u> | <u>486,540</u> |
| Change In Net Assets (Note A-5) | <u>146,816</u> | <u>146,816</u> | <u>-</u> |
| Net Assets, Beginning of Year | (4,674) | (4,674) | 2,291 |
| Adjustments to Net Assets (Note A-7) | <u>(96,004)</u> | <u>(96,004)</u> | <u>(6,965)</u> |
| Adjusted Beginning Net Assets | <u>(100,678)</u> | <u>(100,678)</u> | <u>(4,674)</u> |
| Net Assets, End of Year (Note A-2) | <u>\$ 46,138</u> | <u>\$ 46,138</u> | <u>\$ (4,674)</u> |

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

**FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)**

SPECIAL SERVICE AREA #45

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2013 and 2012

| | <u>2013</u> | <u>2012</u> |
|---|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (decrease) in net assets (Note A-5) | \$ 146,816 | \$ - |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | - | - |
| (Increase) decrease in current assets: | | |
| Receivables | 82,085 | (107,572) |
| Other assets | 9,537 | 6,271 |
| Increase (decrease) in current liabilities: | | |
| Accounts payable and accrued expenses | (22,473) | 9,762 |
| Refundable Advances | - | (179,469) |
| Other adjustments (Note A-7) | <u>(96,004)</u> | <u>(6,965)</u> |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 119,961 | (277,973) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Payments) borrowings made from line of credit (Note B-2) | <u>(160,000)</u> | <u>160,000</u> |
| NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES | (160,000) | 160,000 |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (40,039) | (117,973) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>67,464</u> | <u>185,437</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR (Note A-3) | <u><u>27,425</u></u> | <u><u>\$ 67,464</u></u> |
| SUPPLEMENTAL INFORMATION: | | |
| Interest Expense | <u><u>\$ 11,631</u></u> | <u><u>\$ 2,781</u></u> |

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

**FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)**

SPECIAL SERVICE AREA #45

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2013 and 2012

ORGANIZATION

Far South CDC (FSCDC), (a contractor for) Special Service Area #45 is a not-for-profit Illinois corporation exempt from income tax under Section 501(c) (3) of the U. S. Internal Revenue Code. The Organization which is located within the boundaries of the City of Chicago serves as coordinator and executor of comprehensive plans designed to improve the community business district outlined for the SSA through programs which improve the economic development, aesthetics, marketing and special events for the business district.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING

The financial statements of Far South CDC (FSCDC), (a contractor for) Special Service Area #45 have been prepared on the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses when incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

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 disclosure 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.

2. FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards, *Financial Statements of Not-for-Profit Organizations*. Under the terms of that Statement, Special Service Area #45 is required to report information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization's expenses are reported as general operating expenses disclosed in the Statements of Activities and Changes in Net Assets. The Organization had unrestricted net assets in the amount of \$46,138 and (\$4,674) for the years ended December 31, 2013 and 2012, respectively.

Date of Management's Review

Management has evaluated subsequent events through April 30, 2014, the date which the financial statements were available to be issued.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or functional expense categories. Such information does not include sufficient data to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

3. CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, the Organization considers all cash in bank checking accounts highly liquid with maturities of three months or less to be cash equivalents. The Organization has no investments as of December 31, 2013 and 2012.

4. DONATED GOODS AND SERVICES

In accordance with the requirements of Statement of Financial Accounting Standards (SFAS) Accounting for Contributions Received and Contributions Made, donated goods or facilities are reflected as contributions in the financial statements at fair value.

5. INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. During fiscal year 2012, there was no unrelated business income. Accordingly, no provision for income taxes has been made. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization that is not a private foundation under Section 509(a) (2).

Uncertainty Income Tax Position

While there is no unrelated business income for the current year and related income taxes, the term "tax position" as used in the FASB interpretation refers to a position in a previously filed tax return or a position expected to be taken in a future tax return that is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. The term "tax position" also encompasses, but is not limited to:

- A decision not to file a tax return
- An allocation or a shift of income between jurisdictions
- The characterization of income or a decision to exclude reporting taxable income in a tax return
- A decision to classify a transaction, entity, or other position in a tax return as tax-exempt

While this disclosure may not have immediate applicability to the Organization's assets, it is required for full disclosure for any tax uncertainty that may arise from possible income tax transactions.

6. PUBLIC SUPPORT AND REVENUE

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, as applicable, depending on the nature of the restriction. When a restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net asset released from restrictions. Federal grant awards (direct and pass-through) are classified as refundable grant advances payable until expended for the purposes of grants since they are conditional promises to give.

7. ADJUSTMENTS, TRANSFERS, AND OTHER INCREASES (DECREASES) IN NET ASSETS

Other decreases in net assets for the year ended December 31, 2013 resulted from changes in the other assets and liabilities due to overstatements/understatements in the prior year, netting (\$96,004).

Other decreases in net assets for the year ended December 31, 2012 resulted from changes in the other assets and liabilities due to overstatements/understatements in the prior year, netting (\$6,965).

8. RELATED PARTY TRANSACTIONS

Special Service Area # 45 shares office space, equipment and staff through its affiliation with the Far South CDC. Special Service Area # 45 advanced FSCDC funds to satisfy financial obligations and/or further the objectives of its mission. The amount *Due From Far South CDC* as of December 31, 2013 and 2012 is \$0 and \$9,537, respectively. On June 19, 2013, Far South CDC wrote a check for the \$9,537 to pay off these amounts owed from the SSA fund.

9. SSA RECEIVABLE

SSA Program revenue is recognized when expenses are incurred. Far South CDC receives advances from SSA # 45 to spend on various program expenses. For the years ended, December 31, 2013 and 2012, Far South CDC had a receivable due from the City of Chicago SSA of \$25,487 and \$107,572, respectively.

NOTE B - COMMITMENTS AND CONTINGENCIES

1. REFUNDABLE ADVANCE

There was no activity for Refundable Advances for the year ended December 31, 2013.

As of December 31, 2012, Far South CDC (a contractor for) Special Service Area # 45 had expended the balance of the refundable advance.

2. LINE OF CREDIT

Far South CDC (a contractor for) Special Service Area # 45, has a \$175,000 Line of Credit with Harris Bank. It is a revolving line of credit at an interest rate of 6%. It is guaranteed by the City of Chicago and with all of Far South CDC's assets as collateral. It is to be used in conjunction with SSA # 45. The \$160,000 was used on the line of credit for the year ended, December 31, 2012. As of December 31, 2013, the total line of credit became mature and was paid off by SSA #45 for a balance due of \$0.

**FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)**

SPECIAL SERVICE AREA #45

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2013

FIINDING 2012-01

Far South CDC (a contractor for) Special Service Area # 45– Contractor withdrew funds from Special Service Area #45's checking account based upon the budget plan, but prior to expenditures actually being incurred for Special Service Area #45. This resulted in a \$9,537 receivable due to Special Service Area #45 from the contractor at December 31, 2012.

2013 STATUS

Far South CDC (a contractor for) Special Service Area # 45– Contractor is now in compliance with the Method of Payment requirement. In June 2013, Far South CDC wrote a check out of CDC's funds, paying off the entire \$9,537, with no further borrowings of SSA money to pay Far South CDC's expenses. **Not repeated, deficiency corrected.**

FINDING 2012-02 – CONTROL DEFICIENCY

Far South CDC (a contractor for) Special Service Area # 45 – Contractor did not record several year-end accruals for expenses for the month of December 2012, leading to the organization failing to record substantial SSA receivables and revenue for the year ended, December 31, 2013.

2013 STATUS

Far South CDC (a contractor for) Special Service Area # 45– Contractor has recorded all expenses and revenue accruals as of December 31, 2013. **Not repeated, deficiency corrected.**



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Special Service Area #45
Far South CDC - Contractor
Chicago, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Far South Community Development Corp. (a contractor for) Special Service Area # 45, 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, and have issued our report thereon dated April 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Far South Community Development Corp. (a contractor for) Special Service Area # 45's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Far South Community Development Corp. (a contractor for) Special Service Area # 45's internal control. Accordingly, we do not express an opinion on the effectiveness of Far South Community Development Corp. (a contractor for) Special Service Area # 45's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Far South Community Development Corp. (a contractor for) Special Service Area # 45's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Ragland & Associates, LLC". The signature is written in a cursive, flowing style.

RAGLAND & ASSOCIATES, LLC
Certified Public Accountants

South Holland, Illinois
April 30, 2014

SUPPLEMENTAL INFORMATION

FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)

SPECIAL SERVICE AREA #45

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2013

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified
that are not considered to be
material weakness(es)? _____ yes X none reported

Noncompliance material to financial
statements noted? _____ yes X no

Auditor Statement

We (Ragland & Associates, LLC) have read and understand the necessary audit requirements contained in the Service Provider Agreement. Accordingly, based on our audit, the following exception (Finding 2013-1) was noted during the year ended December 31, 2013 audit.

SECTION II – FINANCIAL STATEMENT FINDINGS

FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION (A CONTRACTOR FOR) SPECIAL SERVICE AREA # 45

BASIC FINANCIAL STATEMENT FINDING CASH DISBURSEMENTS YEAR ENDED DECEMBER 31, 2013

FINDING 2013-01 – CONTROL DEFICIENCY

Far South CDC (a contractor for) Special Service Area # 45 did not follow cash disbursement policies and procedures.

Condition

During our testing, we noted that the Organization did not have receipts and/or invoices stamped "Paid" for twenty-five (25) out of twenty-five (25) or 100% of cash disbursements selected for testing.

Cause

Far South Community Development, Corp. (Far South CDC) (a contractor for) Special Service Area # 45 did not adhere to existing protocol and system of internal accounting controls (as established by GAAP) as it pertains to accounting, reporting and monitoring of the Organization's cash disbursements. Plus, the Organization went from an outside accountant, preparing and tracking the cash disbursements to handling the cash disbursements in-house.

Criteria

Sufficient internal accounting controls should be in place and operating effectively to enable management to account and report accurate financial data, consistent with assertions of management, in a timely manner and in accordance with GAAP.

Effect

Lack of sufficient internal accounting controls over cash disbursements could lead to duplicate payments and unknown or ineligible expenses paid with Special Service Area funding.

Recommendation

Monitor compliance with internal accounting policies and procedures as it pertains to accounting, financial reporting and monitoring of the cash disbursements. Ensure that your procedure for writing checks has a step to mark or stamp the invoices and/or receipts paid.



THE FAR SOUTH CDC

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Corrective Action

Far South Community Development Corporation
Financial Statement Findings – Auditee Response
Year Ended December 31, 2013

The Far South Community Development Corporation concurs with the findings listed in the audit report 2013-01.

Finding 2013-01

During our testing, we noted that the Organization did not have receipts and/or invoices stamped "Paid" for twenty-five (25) out of twenty-five (25) or 100% of cash disbursements selected for testing.

The Far South CDC will adhere to the auditor's suggestion and monitor compliance with internal financial policies and procedures as it pertains to accounting and record keeping. To prevent duplication of cash disbursements, the Far South CDC will stamp PAID for all SSA45 cash disbursements/ transactions moving forward.

FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)
SPECIAL SERVICES AREA #45
SCHEDULES OF REVENUES AND EXPENDITURES - BUDGET VS. ACTUAL
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

| | DECEMBER 31, 2013 | | | DECEMBER 31, 2012 | | |
|--|---------------------------------|-------------------|-----------------------|---------------------------------|----------------|-----------------------|
| | SPECIAL SERVICE AREA #45 ACTUAL | BUDGET | OVER (UNDER) VARIANCE | SPECIAL SERVICE AREA #45 ACTUAL | BUDGET | OVER (UNDER) VARIANCE |
| REVENUES: | | | | | | |
| Special Service Revenue # 45 | \$ 590,787 | \$ 695,052 | \$ (104,265) | \$ 486,540 | \$ 656,165 | \$ (169,625) |
| Total Revenue | \$ 590,787 | \$ 695,052 | \$ (104,265) | 486,540 | 656,165 | (169,625) |
| EXPENDITURES: | | | | | | |
| 1.00 Advertising & Promotion | | | | | | |
| 1.03 Print Materials | - | 10,000 | (10,000) | 6,150 | 10,000 | (3,850) |
| 1.03 Special Events | - | - | - | - | 10,000 | (10,000) |
| 1.06 Website/Technology | 59,547 | 60,000 | (453) | - | 6,000 | (6,000) |
| 1.07 Service Provider Direct | - | - | - | - | - | - |
| Total 1.00 - Advertising & Promotion | 59,547 | 70,000 | (10,453) | 6,150 | 26,000 | (19,850) |
| 2.00 Public Way Maintenance | | | | | | |
| 2.05 Sidewalk Cleaning | 78,288 | 108,000 | (29,712) | 96,000 | 96,000 | - |
| 2.14 Service Provider Direct | - | - | - | - | - | - |
| Total 2.00 - Public Way Maintenance | 78,288 | 108,000 | (29,712) | 96,000 | 96,000 | - |
| 3.00 Public Way Aesthetics | | | | | | |
| 3.01 Decorative Banners | - | 15,000 | (15,000) | - | 25,000 | (25,000) |
| 3.02 Holiday Decorations | 18,534 | 9,000 | 9,534 | - | - | - |
| 3.03 Wayfinding/Signage | - | - | - | - | 10,000 | (10,000) |
| 3.04 Public Art | - | - | - | - | 10,000 | (10,000) |
| 3.05 Landscaping | - | - | - | 546 | 20,000 | (19,454) |
| 3.07 Service Provider Direct | - | - | - | - | - | - |
| Total 3.00 - Public Way Aesthetics | 18,534 | 24,000 | (5,466) | 546 | 65,000 | (64,454) |
| 4.00 Tenant Retention/Attraction | | | | | | |
| 4.02 Site Marketing | - | - | - | - | 19,000 | (19,000) |
| Total 4.00 - Tenant Retention/Attraction | - | - | - | - | 19,000 | (19,000) |
| 5.00 Façade Improvements | | | | | | |
| 5.01 Façade Enhancement Program | 20,289 | 30,000 | (9,711) | 15,800 | 30,000 | (14,200) |
| Total 5.00 - Façade Improvements | 20,289 | 30,000 | (9,711) | 15,800 | 30,000 | (14,200) |
| 7.00 Safety Programs | | | | | | |
| 7.01 Public Way Surv. Cameras | - | - | - | - | 48,000 | (48,000) |
| 7.07 Security Sub-Contractor | 130,088 | 265,000 | (134,912) | 265,145 | 240,000 | 25,145 |
| 7.09 Service Provider Direct | - | - | - | - | - | - |
| Total 7.00 - Safety Programs | 130,088 | 265,000 | (134,912) | 265,145 | 288,000 | (22,855) |

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

FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)

SPECIAL SERVICES AREA #45

SCHEDULES OF REVENUE AND EXPENDITURES - BUDGET VS. ACTUAL-Continued
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

| | DECEMBER 31, 2013 | | | DECEMBER 31, 2012 | | |
|---|--|------------------|-----------------------------|--|-------------|-----------------------------|
| | SPECIAL SERVICE AREA #45 ACTUAL | BUDGET | OVER (UNDER) VARIANCE | SPECIAL SERVICE AREA #45 ACTUAL | BUDGET | OVER (UNDER) VARIANCE |
| EXPENDITURES: | | | | | | |
| 8.00 District Planning | | | | | | |
| 8.04 Master Planning | - | 15,000 | (15,000) | - | 10,000 | (10,000) |
| 8.07 Service Provider Direct | - | - | - | - | - | - |
| Total 8.00 - District Planning | - | 15,000 | (15,000) | - | 10,000 | (10,000) |
| 10.00 Personnel Expenses | | | | | | |
| 10.01 Personnel Expenses-Executive Director | 21,034 | 24,000 | (2,966) | 10,576 | 13,500 | (2,924) |
| 10.02 Personnel Expenses-SSA Program Mngr | 58,675 | 58,675 | - | 49,861 | 51,185 | (1,324) |
| 10.03 Personnel Expenses-Administrative Sup | 12,660 | 22,159 | (9,499) | 4,010 | 10,930 | (6,920) |
| 10.09 Personnel Expenses-Taxes & Fringe Ben | 8,613 | - | 8,613 | - | - | - |
| Total 10.00 - Personnel Expenses | 100,982 | 104,834 | (12,465) | 64,447 | 75,615 | (11,168) |
| 11.00 Administration Costs | | | | | | |
| 11.02-10.01 Audit Fees | 4,800 | 5,600 | (800) | 6,000 | 8,000 | (2,000) |
| 11.03-10.02 Bookkeeping/Accounting Fees | 4,105 | 4,000 | 105 | 4,000 | 4,000 | - |
| 11.04-10.05 Occupancy-Rent & Utilities | 14,397 | 19,660 | (5,263) | 12,300 | 11,600 | 700 |
| 11.06-10.06 Office Supplies | 50 | 4,000 | (3,950) | 5,444 | 3,000 | 2,444 |
| 11.07-10.04 Office Equipment Maint./Lease | - | 6,400 | (6,400) | 5,711 | 6,000 | (289) |
| 11.08-10.09 Printing and Duplication | - | 1,600 | (1,600) | - | 3,000 | (3,000) |
| 11.09-10.08 Postage | - | 300 | (300) | 21 | 1,500 | (1,479) |
| 11.10-10.03 Meeting Expenses | - | 600 | (600) | 176 | 2,000 | (1,824) |
| 11.11 Dues & Subscriptions | 141 | 500 | (359) | - | 500 | (500) |
| 11.12 Bank Fees & Service Charges | 106 | 750 | (644) | 1,877 | 750 | 1,127 |
| 11.13 Monitoring/Compliance | - | 1,500 | (1,500) | - | 1,500 | (1,500) |
| 10.07 Telephone | 1,013 | - | 1,013 | 142 | - | 142 |
| 10.10 Service Provider Admin. Support | - | - | - | - | - | - |
| 10.12 Other Equipment/Depreciation | - | - | - | - | - | - |
| 10.13 Miscellaneous | - | - | - | - | - | - |
| Total 11.00 - Administration Costs | 11,631 | - | 11,631 | 2,781 | - | 2,781 |
| 12.00 Loss Collection | 36,243 | 44,910 | (8,667) | 38,452 | 41,850 | (3,398) |
| 12.00 Loss Collection | - | 4,500 | (4,500) | - | 4,700 | (4,700) |
| 12.00 Loss Collection | - | 4,500 | (4,500) | - | 4,700 | (4,700) |
| Total 12.00 - Loss Collection | 443,971 | 666,244 | (230,886) | 486,540 | 666,165 | (150,625) |
| TOTAL EXPENDITURES | \$ 146,816 | \$ 28,808 | \$ 126,621 | \$ - | \$ - | \$ (19,000) |
| NET EXCESS OF REVENUES OVER (EXPENSES) | | | | | | |
| OTHER EXPENDITURES | | | | | | |
| Payment of Line of Credit due to shorting of funding for 2012 | \$ (160,000) | \$ - | \$ (160,000) | \$ - | \$ - | \$ - |
| NET EXCESS OF EXPENDITURES OVER REVENUES | \$ (13,184) | \$ 28,808 | \$ (33,379) | \$ - | \$ - | \$ (19,000) |

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

**FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION
(A CONTRACTOR FOR)**

SPECIAL SERVICE AREA #45

**EXIT CONFERENCE
YEAR ENDED DECEMBER 31, 2013**

An exit conference was held on April 30, 2014 and this report was discussed with Organization personnel. Those in attendance were:

**Special Service Area #45
(Far South CDC – Contractor)**

Names
Abraham Lacy

Title
Executive Director

Ragland & Associates, LLC

Names
Kymberly Buchanan, CPA

Title
General Manager