

**QUAD COMMUNITIES
DEVELOPMENT CORPORATION**

SPECIAL SERVICE AREA #56

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013
(With Independent Auditors' Report on
Compliance with City Requirements)**

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

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FOR THE YEAR ENDING DECEMBER 31, 2013

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Independent Auditors' Report on Compliance with City Requirements for the Special Service Area #56

The Commissioners of Special Service Area #56 of
Quad Communities Development Corporation

We have audited the accompanying financial statements of Special Service Area #56 of Quad Communities Development Corporation ("QCDC"), which comprise the balance sheet as of December 31, 2013 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Special Service Area #56 of QCDC's management is responsible for the presentation 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.

Auditors' 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 from 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 auditors' 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.

The accompany financial statements were presented to present the operation of Special Service Area #56 of QCDC as described in Note 1, and are not intended to present the financial position and change in net assets of Quad Communities Development Corporation.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Special Service Area #56 of Quad Communities Development Corporation 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of revenues and expenditure -budget and actual is presented for the purpose 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 the relation to the financial statements as a whole. The accompanying summary schedules of findings have not been audited by us and, accordingly, we express no opinion on them.

Alexander Mammie & Company, P.C.

Matteson, Illinois
April 22, 2014,

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

BALANCE SHEET

AS OF DECEMBER 31, 2013

ASSETS

Cash	\$	39,473
Tax levy receivable		<u>9,708</u>
Total Assets	\$	<u><u>49,181</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	5,489
Accrued expenses		2,000
Due to affiliate - QCDC		<u>11,707</u>
Total Liabilities		19,196

NET ASSETS

Unrestricted		<u>29,985</u>
Total Liabilities and Net Assets	\$	<u><u>49,181</u></u>

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

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2013

REVENUES:	
Tax levy revenue	\$ 100,440
Total Revenues	<u>100,440</u>
EXPENDITURES:	
Public Way Maintenance	
Sidewalk cleaning	<u>6,851</u>
Total Public Way Maintenance	6,851
Public Way Aesthetics	
Decorative banner and /or holiday decorations	<u>3,612</u>
Total Public Way Aesthetics	3,612
Façade Improvements	
Façade enhancement program-rebates	<u>11,185</u>
Total Façade Improvement	11,185
SSA District Planning	
SSA designation	<u>14,000</u>
Total SSA District Planning	14,000
Personnel	
Personnel cost	<u>15,076</u>
Total Personnel	15,076
Admin. Non-Personnel	
SSA annual report	424
Audit	2,000
Bookkeeping	1,500
Office rent	1,000
Office utilities	500
Office supplies	250
Office printing	50
Postage	250
Meeting Expense	544
Bank fees	<u>396</u>
Total Operation & Administration Support	6,914
Loss collection	<u>12,817</u>
Total Expenditures	<u>70,455</u>
Change in net assets	29,985
NET ASSETS AT BEGINNING OF YEAR	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 29,985</u>

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

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 29,985
Adjustment to reconcile change in net assets to net cash provided by operating activities	
Changes in assets and liabilities:	
Increase in tax levy receivable	(9,708)
Increase in accounts payable	5,489
Increase in accrued expenses	2,000
Increase in due to affiliate - QCDC	<u>11,707</u>
 Net cash used by operating activities	 <u>39,473</u>
 Net increase in cash	 39,473
 CASH AT BEGINNING OF YEAR	 <u>-</u>
 CASH AT END OF YEAR	 <u>\$ 39,473</u>

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

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. Nature of Business:

The Quad Communities Development Corporation (“QCDC”) was created in 2003 to provide community services, in addition to those provided by the City of Chicago to the Quad Communities Development Corporation. On September 12, 2012, the City Council of the City of Chicago adopted an ordinance, which established an area known and designated as City of Chicago Special Service Area Number 56 and authorized the levy of an annual tax not to exceed an annual rate of two point one percent (2.1%) of the equalized assessed value of the taxable property therein to provide certain special services in and for the area in addition to the services provided by and to the City of Chicago generally. The area designated as Special Service Area #56 encompasses the core of the commercial district along 47th Street from St. Lawrence to State Street.

The special services authorized in the ordinance included but not limited to: recruitment of new businesses to the area, rehabilitation activities, maintenance and beautification activities, new construction, security, promotional and advertising activities, strategic planning for the area, and other technical assistance activities to promote commercial and economic development which was commensurate with the services provided by Quad Communities Development Corporation. The Commissioner of the City of Chicago Department of Housing and Economic Development was authorized to enter into an agreement to appoint Quad Communities Development Corporation as the Service Provider for the Special Service Area #56. All activities of the Special Service Area #56 are carried out by the Quad Communities Development Corporation.

The Agreement with the City of Chicago requires an annual independent audit of Special Service Area #56’s operations. Accordingly, the accompanying financial statements were prepared to present the operations of Quad Communities Development Corporation’s Special Service Area and are not intended to present the financial position and change in net assets of Quad Communities Development Corporation.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

NOTES TO FINANCIAL STATEMENTS
(Continued)

YEAR ENDED DECEMBER 31, 2013

2. Significant Accounting Policies (Continued):

(a) **Basic Financial Statements**

Generally accepted reporting standards for nonprofit organizations state that the basic financial statements include a statement of financial position, a statement of activities, and a statement of cash flows.

In order to accommodate the standard requirements and the requirements of the Department of Housing and Economic Development, the statements included with the Independent Auditor's Report are a statement of financial position re-titled to Balance Sheet, a Statement of Activity and Changes in Net Assets, and a Statement of Cash Flows. A Statement of Revenue and Expenditures- Budget and Actual is also included in the report on supplementary information.

(b) **Accounting Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from these estimates.

(c) **Revenue**

Special Service Area #56 of QCDC provided for the authorization of a levy of an annual tax not to exceed an annual rate of two point one percent (2.1%) of the equalized assessed value of the taxable property therein to cover the cost of special services provided for in the ordinance.

(d) **Income Tax Status**

QCDC is a nonprofit Illinois corporation and exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. Therefore, the operations of Special Service Area #56 are exempt from income taxes.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

NOTES TO FINANCIAL STATEMENTS
(Continued)

YEAR ENDED DECEMBER 31, 2013

3. Tax Levy Receivable:

Tax levy receivable consists of the following at December 31, 2013:

2012 Tax Levy	<u>\$ 9,708</u>
Total Tax Levy Receivable	<u>\$ 9,708</u>

Tax levy receivable are deem collectible within the next calendar year.

4. Related Party Transactions:

The Due to Affiliate- QCDC represents administrative services incurred by QCDC on behalf of the Special Service Area #56. As of December 31, 2013, the amount due to QCDC was \$11,707.

5. Subsequent Events:

Special Service Area #56 of QCDC has evaluated events through April 22, 2014, the date of the issuance of the financial statements were available, and has determined that there were no subsequent events to be recognized in these financial statements.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Favorable (Unfavorable)
REVENUES:			
Tax levy revenue	\$ 100,440	\$ 100,440	\$ -
Total Revenues	100,440	100,440	-
EXPENDITURES:			
Advertising & Promotion			
Website	500	-	500
Special events	1,000	-	1,000
Total Advertising & Promotion	1,500	-	1,500
Public Way Maintenance			
Sidewalk cleaning	20,000	6,851	13,149
Total Public Way Maintenance	20,000	6,851	13,149
Public Way Aesthetics			
Decorative banner and /or holiday decorations	10,000	3,612	6,388
Total Public Way Aesthetics	10,000	3,612	6,388
Façade Improvements			
Façade enhancement program-rebates	15,000	11,185	3,815
Total Façade Improvements	15,000	11,185	3,815
Safety Programs			
Public way surveillance cameras/maintenance	2,500	-	2,500
Security services	5,000	-	5,000
Safety lighting/tree pruning	2,500	-	2,500
The Safety Program	10,000	-	10,000
SSA District Planning			
SSA designation	14,000	14,000	-
Total SSA District Planning	14,000	14,000	-

See independent auditors' report on supplemental information.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(Continued)

YEAR ENDED DECEMBER 31, 2013

	Budget	Actual	Favorable (Unfavorable)
Personnel			
Personnel cost	15,076	15,076	-
Total Personnel	15,076	15,076	-
Admin. Non-Personnel			
SSA annual report	424	424	-
Audit	2,000	2,000	-
Bookkeeping	1,500	1,500	-
Office rent	1,000	1,000	-
Office utilities	500	500	-
Office supplies	250	250	-
Office printing	50	50	-
Postage	250	250	-
Meeting Expense	300	544	(244)
Bank fees	50	396	(346)
Total Operation & Administration Support	6,324	6,914	(590)
Loss collection	8,540	12,817	(4,277)
	8,540	12,817	(4,277)
Total Expenditure	100,440	70,455	29,985
Excess of Revenues over expenses	\$ -	\$ 29,985	\$ 29,985

See independent auditors' report on supplemental information.

QUAD COMMUNITIES DEVELOPMENT CORPORATION
SPECIAL SERVICE AREA #56

SUMMARY SCHEDULE OF FINDINGS
(Unaudited)

YEAR ENDED DECEMBER 31, 2013

We have read the requirements of the Service Provider Agreement between Quad Communities Development Corporation, Contractor, and the City of Chicago.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.

The total revenues used during the year ended December 31, 2013, were made available from the budgeted sources in amounts specified in the budget.

Finding-1

Budget allowances were available for all lines items for which expenditures were made. The actual spending for all items, except for eleven (11) items, was equal to the budgeted allowances. Eight of the eleven items were favorable to the budgeted allowances and three of the eleven items were unfavorable to the budgeted allowances.

Response

We concur with the finding and in the process of monitoring our expenditures that actual spending for all items equal the budget allowance.