

**LAKEVIEW  
SPECIAL SERVICE AREA #27**

**FINANCIAL STATEMENTS  
December 31, 2012 and 2011**

LAKEVIEW  
SPECIAL SERVICE AREA #27

FINANCIAL STATEMENTS  
December 31, 2012 and 2011

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Independent Auditor's Report

To the Commissioners  
Lakeview Special Service Area #27

We have audited the accompanying financial statements of Lakeview Special Service Area #27, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, cash flows for the years 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. 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 Lakeview Special Service Area #27 as of December 31, 2012 and 2011, and its statements of activities, cash flows and summary schedule of audit findings for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The 2012 and 2011 budget amounts, which were arrived at by Lakeview Special Service Area #27 and are shown in the Statements of Activities Budget and Actual, are presented for comparison purposes only. We have not performed any auditing procedures on the 2012 and 2011 budget amounts, and therefore, express no opinion on them.



EILTS & ASSOCIATES, INC.  
Chicago, Illinois  
April 25, 2013

LAKEVIEW  
SPECIAL SERVICE AREA #27

STATEMENTS OF FINANCIAL POSITION  
December 31, 2012 and 2011

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ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash	\$ 83,670	\$ 25,026
Prepaid expenses	<u>21,925</u>	<u>9,247</u>
Net current assets	<u>105,595</u>	<u>34,273</u>
TOTAL ASSETS	<u>\$ 105,595</u>	<u>\$ 34,273</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	<u>\$ 36,535</u>	<u>\$ 8,191</u>
Total current liabilities	<u>36,535</u>	<u>8,191</u>
TOTAL LIABILITIES	36,535	8,191
NET ASSETS		
Unrestricted net assets	<u>69,060</u>	<u>26,082</u>
Total net assets	<u>69,060</u>	<u>26,082</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 105,595</u>	<u>\$ 34,273</u>

The accompanying notes are an integral part of the financial statements

**LAKEVIEW  
SPECIAL SERVICE AREA #27**

**STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2012 and 2011**

	2012	2011
<b>REVENUES</b>		
Real Estate tax	\$ 765,684	\$ 626,982
Less: loss collections	(27,456)	-
Interest income	9	91
Total revenue	738,237	627,073
 <b>SERVICES</b>		
Advertising and promotion	133,664	98,456
Public way maintenance	89,680	65,231
Public way aesthetics	212,482	161,413
Tenant retention / attract	14,000	-
Façade improvements	38,400	48,234
Parking / transit / access	13,749	-
District planning	14,811	74,488
Total services	516,786	447,822
 <b>ADMINISTRATION</b>		
Personnel	140,784	110,369
Non Personnel:		
Annual report	6,000	-
Audit / bookkeeping	2,500	3,500
Bookkeeping	1,469	1,162
Meeting expense	700	750
Office equipt purch/maint	1,200	2,000
Office rent	9,000	3,600
Office supplies	1,447	2,708
Office utilities / telephone	1,200	600
Postage	6,500	2,000
Office printing	1,000	-
Bank service charges	65	2,214
Subscriptions/dues	500	-
Interest expense	6,108	-
Total non personnel admin	37,689	18,534
Total administration	178,473	128,903
Total expenses	695,259	576,725
 <b>INCREASE IN NET ASSETS</b>	 42,978	 50,348
 <b>NET ASSETS, BEG OF YEAR</b>	 26,082	 (24,266)
 <b>NET ASSETS, END OF YEAR</b>	 \$ 69,060	 \$ 26,082

The accompanying notes are an integral part of the financial statements

**LAKEVIEW  
SPECIAL SERVICE AREA #27**

**STATEMENTS OF ACTIVITIES - BUDGET vs. ACTUAL  
For the Years Ended December 31, 2012 and 2011**

	2012			2011		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
<b>REVENUES</b>						
Real Estate tax	\$ 765,684	\$ 765,684	\$ -	\$ 573,616	\$ 626,982	\$ 53,366
Less: loss collection	(22,500)	(27,456)	(4,956)	(24,150)	-	24,150
Interest income	-	9	9	-	91	91
Total revenue	<u>743,184</u>	<u>738,237</u>	<u>(4,947)</u>	<u>549,466</u>	<u>627,073</u>	<u>77,607</u>
<b>SERVICES</b>						
Advertising and promotion	130,000	133,664	(3,664)	92,500	98,456	(5,956)
Public way maintenance	95,000	89,680	5,320	90,000	65,231	24,769
Public way aesthetics	209,000	212,482	(3,482)	151,000	161,413	(10,413)
Tenant retention / attract	16,000	14,000	2,000	25,000	-	25,000
Façade improvements	75,000	38,400	36,600	30,000	48,234	(18,234)
Parking / transit / access	30,000	13,749	16,251	-	-	-
Safety programs	6,000	-	6,000	-	-	-
District planning	15,000	14,811	189	50,000	74,488	(24,488)
Total services	<u>576,000</u>	<u>516,786</u>	<u>59,214</u>	<u>438,500</u>	<u>447,822</u>	<u>(9,322)</u>
<b>ADMINISTRATION</b>						
Personnel	133,224	140,784	(7,560)	98,816	110,369	(11,553)
Non Personnel:						
Annual report	6,000	6,000	-	-	-	-
Audit	3,500	2,500	1,000	3,500	3,500	-
Bookkeeping	1,500	1,469	31	-	1,162	(1,162)
Meeting expense	560	700	(140)	750	750	-
Office equip/maint	1,200	1,200	-	1,200	2,000	(800)
Office rent	9,000	9,000	-	3,600	3,600	-
Office supplies	1,500	1,447	53	500	2,708	(2,208)
Office utilities	1,200	1,200	-	600	600	-
Postage	6,500	6,500	-	2,000	2,000	-
Office printing	1,000	1,000	-	-	-	-
Bank service charges	1,500	65	1,435	-	2,214	(2,214)
Subscriptions/dues	500	500	-	-	-	-
Interest	-	6,108	(6,108)	-	-	-
Total non personnel	<u>33,960</u>	<u>37,689</u>	<u>(3,729)</u>	<u>12,150</u>	<u>18,534</u>	<u>(6,384)</u>
Total administration	<u>167,184</u>	<u>178,473</u>	<u>(11,289)</u>	<u>110,966</u>	<u>128,903</u>	<u>(17,937)</u>
Total expenses	<u>743,184</u>	<u>695,259</u>	<u>47,925</u>	<u>549,466</u>	<u>576,725</u>	<u>(27,259)</u>
INCREASE IN NET ASSETS	<u>\$ -</u>	<u>\$ 42,978</u>	<u>\$ (42,978)</u>	<u>\$ -</u>	<u>\$ 50,348</u>	<u>\$ (50,348)</u>
NET ASSETS, BEG OF YEAR		<u>26,082</u>			<u>(24,266)</u>	
NET ASSETS, END OF YEAR		<u>\$ 69,060</u>			<u>\$ 26,082</u>	

The accompanying notes are an integral part of the financial statements

**LAKEVIEW  
SPECIAL SERVICE AREA #27**

**STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2012 and 2011**

	2012	2011
Cash Flows from Operating Activities:		
Net income	\$ 42,978	\$ 50,348
Adjustments to reconcile net income to net cash provided by operations:		
(Increase)/Decrease in:		
Prepaid expenses	(12,678)	(1,547)
Increase/(Decrease) in:		
Accounts payable	28,344	(57,939)
Net Cash Provided (Used) by Operating Activities	58,644	(9,138)
Net Increase (Decrease) in Cash	58,644	(9,138)
Cash at the beginning of year	25,026	34,164
Cash at the end of year	\$ 83,670	\$ 25,026
Interest paid	\$ 6,108	\$ -

The accompanying notes are an integral part of the financial statements

**LAKEVIEW  
SPECIAL SERVICE AREA #27**

**NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2012 and 2011**

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization – Lakeview Special Service Area #27 was created by the City of Chicago to provide additional services to the Lakeview community. The primary source of funds is from real estate taxes on certain property in the Special Service Area. Special Service Area #27 generates revenue for the sole purpose of improving and enhancing the business districts of the Lakeview. The boundaries of which are generally properties Belmont – Ravenswood to Racine, Lincoln – Addison to Diversey, Ashland – Addison to Diversey, and Southport – Belmont to Byron.

Activities and services funded include: cleaning and beautification activities, coordination of advertising and promotional events, attraction and recruitment of new quality businesses to the area, and technical assistance to existing and potential businesses.

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Based on the information provided by the Department of Planning and Development, the recognition of revenue by the SSA when received would be considered within generally accepted accounting principles. This allows Special Service Areas to prepare financial statements on the accrual basis of accounting.

Cash and Cash Equivalents - Cash and cash equivalents are held in the name of Special Services Area #27 without physical segregation as to various restricted portions. All earnings on such are allocated to unrestricted revenue. For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**LAKEVIEW  
SPECIAL SERVICE AREA #27**

**NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2012 and 2011**

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**NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES –  
(Continued)**

Income Taxes – The Taxing District's sole service provider – Lakeview Chamber of Commerce is a not-for-profit organization that is exempt from federal income taxes according to Internal Revenue Code 501 (c) (6).

Subsequent Events – Subsequent events have been evaluated through April 25, 2013, which is the date the financial statements were available to be issued.

**NOTE 2 - REAL ESTATE TAX REVENUE**

The Organization's principal source of revenue is from real estate taxes levied on certain property located in the boundaries listed in Note 1. The taxes are assessed and collected by Cook County, and paid to the City of Chicago, which then remits to the Organization. Taxes are levied in one year, but paid in two installments the following year by the property owners. The Organization recognizes this revenue in the year in which the funds become available.

**NOTE 3 – CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS**

The Organization maintains its cash balances in two financial institutions located in Chicago, Illinois. The balances are 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, 2012 at each bank.

**LAKEVIEW  
SPECIAL SERVICE AREA #27**

**NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2012 and 2011**

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**NOTE 4 - RELATED PARTY TRANSACTIONS**

The taxing district's contractor is Lakeview Chamber of Commerce. Lakeview Chamber of Commerce is paid a management fee and is also reimbursed for ongoing administration expenses such as rent, utilities, postage and etc. During 2012, SSA #27 paid Lakeview Chamber of Commerce \$167,184 for service provided support. As of December 31, 2012, the taxing district prepaid Lakeview Chamber of Commerce in the amount of \$18,197.

**NOTE 5 – PREPAID EXPENSES**

Prepaid expenses at December 31, 2012, consists of prepaid portion of liability and workers compensation insurance premiums of \$ 3,728 and prepaid amount of \$18,197 to Lakeview Chamber of Commerce (See Note 4).

**NOTE 6 – INTEREST EXPENSES**

During 2012, SSA#27 incurred and paid interest expenses of \$6,108, to Lakeview Chamber of Commerce. Lakeview Chamber of Commerce acquired a line of credit from a financial institution to fund the SSA#27 during 2012 and therefore incurring this interest expense. Funding to SSA #27's was needed to maintain the agreed upon services for 2012, due to the delay in its receipt of the first installment of property taxes from the County from March 2012 to July 2012.

**LAKEVIEW  
SPECIAL SERVICE AREA #27**

**SUMMARY OF SCHEDULE OF AUDIT FINDINGS  
For the Year Ended December 31, 2012**

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As part of our audit and request by the Special Service Area Annual Audited Financial Statement Guidelines prepared by the City of Chicago Department of Housing and Economic Development, we have read and understand the requirements contained in the Service Provider Agreement. After conducting the audit, we determined that no exceptions were noted

The auditor's report expresses an unqualified opinion on the financial statements of Special Services Area #27. 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**

None found

# State of Illinois

## Department of Financial and Professional Regulation Division of Professional Regulation

LICENSE NO.  
**066.003986**  
**065.029428**

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

EXPIRES:  
**11/30/2015**

**PUBLIC ACCOUNTING FIRM  
BUSINESS CORPORATION**

**EILTS & ASSOCIATES INC  
3711 N RAVENSWOOD 105  
CHICAGO, IL 60613**



*Susan J. Gold*

SUSAN J. GOLD  
ACTING SECRETARY

*Jay Stewart*

JAY STEWART  
DIRECTOR

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**7411418**