

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

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

**FINANCIAL AND COMPLIANCE AUDIT REPORT**

**YEARS ENDED DECEMBER 31, 2015 and 2014**

FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION  
(A CONTRACTOR FOR)

SPECIAL SERVICE AREA #45

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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, 2015, 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.

### ***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 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, 2015, 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**

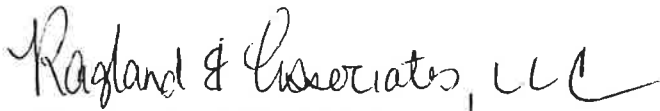
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of revenues and expenditures with budget variances on pages 18 and 22, is presented for purposes of additional analysis that are required by the City of Chicago Special Service 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 29, 2016, 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 2014 financial statements, and our report dated May 1, 2015, 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, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.



**RAGLAND & ASSOCIATES, LLC**  
**Certified Public Accountants**

Mokena, Illinois  
April 29, 2016

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

**SPECIAL SERVICE AREA #45**

**STATEMENTS OF FINANCIAL POSITION**

**AS OF DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)**

<b><u>ASSETS</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Current Assets:		
Cash and Cash Equivalents (Note A-3)	\$ 43,027	\$ 35,272
SSA Receivable (Note A-8)	<u>27,102</u>	<u>31,890</u>
Total Current Assets	70,129	67,162
<b>TOTAL ASSETS</b>	<b><u>\$ 70,129</u></b>	<b><u>\$ 67,162</u></b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities:		
Accounts Payable	\$ 29,579	\$ 19,115
Payroll Liabilities	-	2,226
Accrued Expenses	<u>3,000</u>	<u>3,000</u>
Total Current Liabilities	32,579	24,341
Other Current Liabilities:		
Line of Credit (Note B-1)	<u>-</u>	<u>-</u>
Total Other Current Liabilities	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	32,579	24,341
<b>NET ASSETS</b>		
Unrestricted (Deficit) (Note A-2)	<u>37,550</u>	<u>42,821</u>
Total Net Assets	<u>37,550</u>	<u>42,821</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 70,129</u></b>	<b><u>\$ 67,162</u></b>

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, 2015  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)**

<b>CHANGES IN NET ASSETS:</b>	<b>SPECIAL SERVICE AREA #45</b>	<b>2015</b>	<b>2014</b>
<b>PUBLIC SUPPORT</b> (Note A-6)			
Special Service Area #45	\$ 652,007	\$ 652,007	\$ 633,878
Total Public Support	<u>652,007</u>	<u>652,007</u>	<u>633,878</u>
<b>PROGRAM EXPENSES</b>			
1.00 Customer Attraction (Advertising & Promotions)	43,245	43,245	35,189
2.00 Public Way Maintenance	-	-	111,214
2.00 (3.00) Public Way Aesthetics	162,264	162,264	12,635
5.00 Façade Improvements	-	-	28,313
5.00 (7.00) Safety Programs	272,192	272,192	286,286
Total Program Expenses	<u>477,701</u>	<u>477,701</u>	<u>473,637</u>
<b>MANAGEMENT &amp; GENERAL</b>			
7.00 (10.00) Personnel Expenses	127,451	127,451	128,520
6.00 (11.00) Operational & Administrative Support	27,824	27,824	31,114
Total Management & General	<u>155,275</u>	<u>155,275</u>	<u>159,634</u>
Total Expenses	<u>632,976</u>	<u>632,976</u>	<u>633,271</u>
Change In Net Assets (Note A-5)	<u>19,031</u>	<u>19,031</u>	<u>607</u>
Net Assets, Beginning of Year	42,821	42,821	46,138
Adjustments to Net Assets (Note A-7)	<u>(24,302)</u>	<u>(24,302)</u>	<u>(3,924)</u>
Adjusted Beginning Net Assets	<u>18,519</u>	<u>18,519</u>	<u>42,214</u>
Net Assets, End of Year (Note A-2)	<u>\$ 37,550</u>	<u>\$ 37,550</u>	<u>\$ 42,821</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**

**FOR THE YEAR ENDED DECEMBER 31, 2015  
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase in net assets (Note A-5)	\$ 19,031	\$ 607
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	-	-
(Increase) decrease in current assets:		
Receivables	4,788	(6,403)
Increase (decrease) in current liabilities:		
Accounts payable and accrued expenses	8,238	17,567
Other adjustments (Note A-7)	<u>(24,302)</u>	<u>(3,924)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>7,755</u>	<u>7,847</u>
 <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	 7,755	 7,847
 <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	 <u>35,272</u>	 <u>27,425</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (Note A-3)</b>	<u><u>\$ 43,027</u></u>	<u><u>\$ 35,272</u></u>
 <b>SUPPLEMENTAL INFORMATION:</b>		
Interest Expense	<u><u>\$ 2,159</u></u>	<u><u>\$ 939</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, 2015 and 2014**

**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 \$37,550 and \$42,821 for the years ended December 31, 2015 and 2014, respectively.

**Date of Management's Review**

Management has evaluated subsequent events through April 29, 2016, 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, 2014, 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, 2015 and 2014.

### **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 calendar year 2015, 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**

Decreases in net assets for the year ended December 31, 2015 resulted from changes in the current assets and liabilities due to net borrowings and payments made for the line of credit in the current year, netting (\$24,302).

Decreases in net assets for the year ended December 31, 2014 resulted from changes in the current assets and liabilities due to net overstatements/understatements in the prior year, netting (\$3,924).

**8. 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, 2015 and 2014, Far South CDC had a receivable due from the City of Chicago SSA, for Property Taxes of \$27,102 and \$31,890, respectively.

**NOTE B - COMMITMENTS AND CONTINGENCIES**

**1. 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 and 49. As of December 31, 2015 and 2014, the total line of credit became mature, but an extension was signed, due to the SSAs having some cash flow issues. There were no balances owed on the line of cred for SSA # 45, for the years ended, December 31, 2015 and 2014, respectively.

**2. LEASE COMMITMENT**

The Organization entered into a lease agreement with Halsted Renaissance Properties, Inc. on June 1, 2011 to lease approximately 2,000 square feet of commercial space located at 9929 South Halsted Street, Chicago, Illinois. Far South CDC leases the office space for \$1,600 per month during the first year with a rental adjustment occurring each year thereafter. For the term June 1, 2012 to May 31, 2013, the lease was increased by \$200 per month for a revised monthly rent of \$1,800. For the term June 1, 2013 to May 31, 2014, the lease was increased by another \$200 per month for a revised monthly rent of \$2,000. The lease term is for a three (3) year period beginning on June 1, 2011 and ending on May 31, 2014. In May 2014, the Organization signed a one year extension, with a monthly rent of \$2,200. In 2015, the management company changed hands, and the Organization was able to sign a reduced month by month lease of \$2,000 a month, with Realty & Mortgage Co. Future minimum lease payments in full at December 31, 2015 are as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2015	<u>\$ 24,600</u>
<b>Total Future Minimum Payments</b>	<b><u>\$ 24,600</u></b>

Lease expenses for the years ended December 31, 2015 and 2014 was \$24,600 and \$27,200, respectively. Allocated 33% to SSA # 45, 33% to SSA # 49 and 34% to Management and General.

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

**SPECIAL SERVICE AREA #45**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2015**

**FIINDING 2014-01**

Far South CDC (a contractor for) Special Service Area # 45 did not follow reconciliation of checking accounts policies and procedures.

**2015 STATUS**

Far South CDC (a contractor for) Special Service Area # 45– Contractor is now in compliance with the reconciliation of checking accounts policies and procedures. **Not repeated, deficiency corrected.**

**FINDING 2014-02 – SIGNIFICIANT DEFICIENCY**

Far South CDC (a contractor for) Special Service Area # 45– did not record several year- end accruals, both on the expense and revenues.

**2015 STATUS**

Far South CDC (a contractor for) Special Service Area # 45– Contractor is now in compliance with the recording the year-end accruals for SSA expenses and revenues. **Not repeated, deficiency corrected.**



INDEPENDENT AUDITOR'S 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

To the Board of Trustees of  
Far South Community Development Corporation  
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 Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, 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 29, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Far South Community Development Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Far South Community Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a control deficiency. See Finding # 2015-01.

**Compliance and Other Matters**

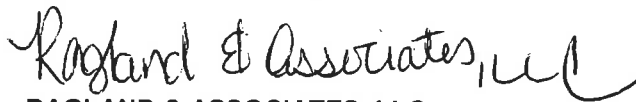
As part of obtaining reasonable assurance about whether Far South Community Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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*.

### **Far South Community Development Corporation's Response to Findings**

Far South Community Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Far South Community Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**RAGLAND & ASSOCIATES, LLC**  
**Certified Public Accountants**

Mokena, Illinois  
**April 29, 2016**

**SUPPLEMENTAL INFORMATION**

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

**SPECIAL SERVICE AREA #45**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2015**

**SECTION 1 - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' 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

**Auditors' 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 2015-1) was noted during the year ended December 31, 2015 audit.

## SECTION II – FINANCIAL STATEMENT FINDINGS

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

### BASIC FINANCIAL STATEMENT FINDING (REPORTING) GOVERNMENTAL ACTIVITIES FINANCIAL STATEMENT PRESENTATION YEAR ENDED DECEMBER 31, 2015

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#### **FINDING 2015-01 –CONTROL DEFICIENCY**

Far South CDC (a contractor for) Special Service Area # 45 did not follow Governmental Activities Financial Presentation as required by the City of Chicago.

#### **Condition**

During our audit, we noted that the Organization did not prepare their SSA financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units.

#### **Cause**

Far South Community Development, Corp. (Far South CDC) (a contractor for) Special Service Area # 45 did not change their accounting systems in order to conform with the governmental units reporting format of Government-Wide financial statements.

#### **Criteria**

Per the Financial and Accounting Guide for the Special Service Area (SSA) Program, issued by the City of Chicago, in Illinois, the organizations that act as Contractors for the Special Service Areas should be issuing a Statement of Net Position and Governmental Funds Balance Sheet and Statement of Activities and Governmental Funds, Revenue, Expenditures, and Changes in Fund Balance, with reconciliation schedules for the year ended December 31, 2015.

#### **Effect**

Far South CDC (a contractor for) Special Service Area # 45 is not in compliance with City of Chicago financial statement presentation for the year December 31, 2015.

#### **Recommendation**

Revisit the Financial and Accounting Guide for the Special Service Area (SSA) Program, issued by the City of Chicago, in Illinois and format the Quickbooks reports in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units by issuing a Statement of Net Position and Governmental Funds Balance Sheet and Statement of Activities and Governmental Funds, Revenue, Expenditures, and Changes in Fund Balance, with reconciliation schedules for the year ended December 31, 2015.





An Illinois Not-For-Profit Community Development Corporation  
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## Corrective Action

Far South Community Development Corporation  
Financial Statement Finding – Auditee Response  
Year Ended December 31, 2015

The Far South Community Development Corporation concurs with the finding listed in the audit report 2015-01.

### **Finding 2015-01 – Control Deficiency**

*Far South CDC (a contractor for) Special Service Area # 45 did not follow Governmental Activities Financial Presentation as required by the City of Chicago.*

#### *Condition*

*During our audit, we noted that the Organization did not prepare their SSA financial statements in conformity with accounting principles generally accepted (GAAP) in the United States of America as applied to governmental units.*

#### **Response**

*Far South CDC (a contractor for) Special Service Area # 45 will adhere to the Auditors' recommendation to adjust the financial statements to reflect the government format as required by the City of Chicago for the calendar year ended, December 31, 2016/*

Contact Person: Abraham D. Lacy, Executive Director  
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**FAR SOUTH COMMUNITY DEVELOPMENT CORPORATION**  
**(A CONTRACTOR FOR)**  
**SPECIAL SERVICES AREA #45**  
**SCHEDULES OF REVENUE AND EXPENDITURES - BUDGET VS. ACTUAL**  
**FOR THE YEAR ENDED DECEMBER 31, 2015**

				DECEMBER 31, 2015		
				SPECIAL SERVICE AREA #45 ACTUAL	BUDGET	OVER (UNDER) VARIANCE
<b>REVENUES:</b>						
Property Tax Revenue-SSA 45				\$ 652,007	\$ 759,727	\$ (107,720)
<b>Total Revenue</b>				<b>\$ 652,007</b>	<b>\$ 759,727</b>	<b>\$ (107,720)</b>
<b>EXPENDITURES:</b>						
<b>1.00 Advertising &amp; Promotion</b>						
1.01	Website/Technology		-	5,000	(5,000)	
1.02	Special Events		-	1,500	(1,500)	
1.03	Free Wifi Program		-	1,200	(1,200)	
1.05	Decorative Banners	17,885		10,000	7,885	
1.06	Holiday Decorations		-	7,000	(7,000)	
1.07	Print Materials		25,360	10,000	15,360	
Total 1.00 - Advertising & Promotion				43,245	34,700	8,545
<b>2.00 Public Way Aesthetics</b>						
2.03	Façade Enhancement Program	38,574		70,000	(31,426)	
2.06	Public Art		-	5,000	(5,000)	
2.07	Sidewalk Maintenance	123,690		147,000	(23,310)	
Total 2.00 - Public Way Aesthetics				162,264	222,000	(59,736)
<b>3.00 Sustainability &amp; Public Places</b>						
3.01	Garbage/Recycling Material Program		-	-	-	
Total 3.00 - Sustainability & Public Places				-	-	-
<b>4.00 Economic/Business Development</b>						
4.01	Site Marketing		-	-	-	
Total 4.00 - Economic/Business Development				-	-	-
<b>5.00 Safety Programs</b>						
5.03	Security Patrol Services	272,192		339,066	(66,874)	
Total 5.00 - Safety Programs				272,192	339,066	(66,874)
<b>6.00 SSA Management &amp; Administration Costs</b>						
6.02	Audit Fees	3,750		3,000	750	
6.03	Bookkeeping/Accounting Fees	2,338		1,800	538	
6.04	Office Rent	9,300		15,000	(5,700)	
6.05	Office Utilities & Telecom	3,630		5,000	(1,370)	
6.06	Office Supplies	1,942		2,500	(558)	
6.07	Office Equipment-Lease & Maintenance		-	4,000	(4,000)	
6.09	Postage	250		750	(500)	
6.12	Banking Fees	252		500	(248)	
6.16	Storage Fees		-	779	(779)	
6.17	Liability & Property Insurance	1,326		277	1,049	
	Other Legal & Professional Fees	388		-	388	
	Dues & Subscriptions	2,490		-	2,490	
	Interest Expense	2,159		-	2,159	
Total 6.00 - SSA Management & Administration Costs				27,825	33,606	(5,781)

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 YEAR ENDED DECEMBER 31, 2015

DECEMBER 31, 2015

		SPECIAL SERVICE AREA #45 ACTUAL	BUDGET	OVER (UNDER) VARIANCE
<b>EXPENDITURES:</b>				
<b>7.00 Personnel Expenses</b>				
7.01	Personnel Expenses-Executive Director	25,375	41,980	(16,605)
7.02	Personnel Expenses-SSA Program Mngr	58,675	63,875	(5,200)
7.03	Personnel Expenses-Administrave Sup	23,813	20,000	3,813
7.11	Personnel Expenses-Taxes & Fringe Ben	19,587	-	19,587
<b>Total 7.00 - Personnel Expenses</b>		<u>127,450</u>	<u>125,855</u>	<u>1,595</u>
<b>8.00 Loss Collection</b>				
8.01	Loss Collection	-	4,500	(4,500)
Total 8.00 - Loss Collection		<u>-</u>	<u>4,500</u>	<u>(4,500)</u>
<b>TOTAL EXPENDITURES</b>		<u>632,976</u>	<u>759,727</u>	<u>(126,751)</u>
<b>NET EXCESS OF REVENUES OVER (EXPENSES)</b>		<u>\$ 19,031</u>	<u>\$ -</u>	<u>\$ 19,031</u>
<b>OTHER EXPENDITURES</b>				
	Payment of Line of Credit	\$ (19,031)	\$ -	\$ (19,031)
<b>NET EXCESS OF EXPENDITURES OVER REVENUES</b>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 YEAR ENDED DECEMBER 31, 2014

				DECEMBER 31, 2014		
				SPECIAL SERVICE AREA # 45 ACTUAL	BUDGET	OVER (UNDER) VARIANCE
<b>REVENUES:</b>						
Special Service Revenue # 45				\$ 633,878	\$ 706,256	\$ (72,378)
<b>Total Revenue</b>				<b>633,878</b>	<b>706,256</b>	<b>(72,378)</b>
<b>EXPENDITURES:</b>						
<b>1.00 Advertising &amp; Promotion</b>						
1.03	Print Materials		27,689	30,000	(2,311)	
1.04	Display Advertising		-	30,000	(30,000)	
1.06	Website/Technology		7,500	-	7,500	
1.07	Service Provider Direct		-	-	-	
Total 1.00 - Advertising & Promotion				35,189	60,000	(24,811)
<b>2.00 Public Way Maintenance</b>						
2.05	Sidewalk Cleaning		111,214	128,000	(16,786)	
2.14	Service Provider Direct		-	-	-	
Total 2.00 - Public Way Maintenance				111,214	128,000	(16,786)
<b>3.00 Public Way Aesthetics</b>						
3.01	Decorative Banners		-	-	-	
3.02	Holiday Decorations		12,635	9,500	3,135	
3.03	Wayfinding/Signage		-	-	-	
3.07	Service Provider Direct		-	-	-	
Total 3.00 - Public Way Aesthetics				12,635	9,500	3,135
<b>4.00 Tenant Retention/Attraction</b>						
4.02	Site Marketing		-	-	-	
Total 4.00 - Tenant Retention/Attraction				-	-	-
<b>5.00 Façade Improvements</b>						
5.01	Façade Enhancement Program		28,313	40,000	(11,687)	
Total 5.00 - Façade Improvements				28,313	40,000	(11,687)
<b>7.00 Safety Programs</b>						
7.01	Public Way Surv. Cameras		-	-	-	
7.02	Security Sub-Contractor		286,286	275,000	11,286	
7.09	Service Provider Direct		-	-	-	
Total 7.00 - Safety Programs				286,286	275,000	11,286
<b>8.00 District Planning</b>						
8.03	Strategic Planning		-	9,780	(9,780)	
8.04	Master Planning		-	8,334	(8,334)	
8.05	Economic Impact Study		-	9,780	(9,780)	
Total 8.00 - District Planning				-	27,894	(27,894)

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 YEAR ENDED DECEMBER 31, 2014**

		DECEMBER 31, 2014		
		SPECIAL SERVICE AREA #45 ACTUAL	BUDGET	OVER (UNDER) VARIANCE
<b>EXPENDITURES:</b>				
<b>9.00 Other Technical Assistance</b>				
9.01	Wifi District Infrastructure/Maintenance	-	10,000	-
<b>Total 9.00 - Other Technical Assistance</b>		<u>-</u>	<u>10,000</u>	<u>-</u>
<b>10.00 Personnel Expenses</b>				
10.01	Personnel Expenses-Executive Director	35,000	35,000	-
10.02	Personnel Expenses-SSA Program Mngr	58,675	58,675	-
10.03	Personnel Expenses-Administrave Sup	22,507	20,000	2,507
10.09	Personnel Expenses-Taxes & Fringe Ben	12,338	-	12,338
<b>Total 10.00 - Personnel Expenses</b>		<u>128,520</u>	<u>113,675</u>	<u>14,845</u>
<b>11.00 Administration Costs</b>				
11.02-10.01	Audit Fees	3,000	3,000	-
11.03-10.02	Bookkeeping/Accounting Fees	4,125	4,500	(375)
11.04-10.05	Occupancy-Rent & Utilities	16,864	12,687	4,177
11.06-10.06	Office Supplies	411	-	411
11.07-10.04	Office Equipment Maint./Lease	1,866	7,000	(5,134)
11.08-10.09	Printing and Duplication	-	-	-
11.09-10.08	Postage	585	-	585
11.10-10.03	Meeting Expenses	-	-	-
11.11	Dues & Subscriptions	60	-	60
11.12	Bank Fees & Service Charges	577	500	77
11.13	Monitoring/Compliance	1,858	-	1,858
10.07	Telephone	829	-	829
10.01	Service Provider Admin-Insurance	-	-	-
10.13	Miscellaneous	939	-	939
	Interest Expenses	-	10,000	(10,000)
<b>Total 11.00 - Administration Costs</b>		<u>31,114</u>	<u>37,687</u>	<u>(6,573)</u>
<b>12.00 Loss Collection</b>				
12.00	Loss Collection	-	4,500	(4,500)
<b>Total 12.00 - Loss Collection</b>		<u>-</u>	<u>4,500</u>	<u>(4,500)</u>
<b>TOTAL EXPENDITURES</b>		<u>633,271</u>	<u>706,256</u>	<u>(62,985)</u>
<b>NET EXCESS OF REVENUES OVER (EXPENSES)</b>		<u>\$ 607</u>	<u>\$ -</u>	<u>\$ (9,393)</u>
<b>OTHER EXPENDITURES</b>				
	Payment of Line of Credit due to shorting of funding for 2012	\$ -	\$ -	\$ -
<b>NET EXCESS OF EXPENDITURES OVER REVENUES</b>		<u>\$ 607</u>	<u>\$ -</u>	<u>\$ (9,393)</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 SCHEDULES OF REVENUE AND EXPENDITURES – BUDGET VS. ACTUAL**

**DECEMBER 31, 2015 and 2014**

**1. COMPARATIVE BUDGET VS. ACTUAL SCHEDULES OF REVENUE AND EXPENDITURES**

Due to a recoding and consolidation of certain amounts on the SSA Budgets, the Organization is not submitting a side-by-side comparison of the Budget vs. Actual for the years ended, December 31, 2015 and 2014.

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

**SPECIAL SERVICE AREA #45**

**EXIT CONFERENCE  
YEAR ENDED DECEMBER 31, 2015**

An exit conference was held on May 2, 2016 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