

**Special Service Area #3  
Financial Statements and  
Independent Auditor's Report**

**December 31, 2020 and 2019**

**Special Service Area #3  
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December 31, 2020 and 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
Special Service Area #3  
Chicago, Illinois

### Report on Financial Statements

We have audited the accompanying financial statements of Special Service Area #3 (a nonprofit organization), which comprise the statements of net position and governmental funds balance sheets as of December 31, 2020 and 2019, and the related statements of activities and governmental funds revenues, expenditures and changes in fund balance, and statement of revenues and expenditures – budget and actual 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 as applied to governmental units and prescribed by the Governmental Accounting Standards Board; 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

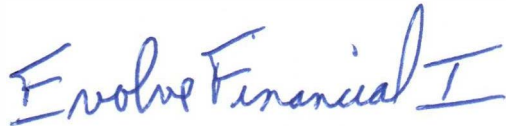
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 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 Special Service Area #3 as of December 31, 2020 and 2019, and the changes in its fund balance/net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in blue ink that reads "Evolve Financial I". The signature is written in a cursive, flowing style.

Evolve Financial I

Taxpayer Identification Number  
46-3683619

October 26, 2021

Lead Auditor: Michael R. Sieczkowski II, CPA  
IL License No.: 065.035219

**Special Service Area #3  
Statements of Net Position and  
Governmental Funds Balance Sheets  
December 31, 2020 and 2019**

	2020			2019		
	Governmental Funds	Adjustments	Statement of Net Position	Governmental Funds	Adjustments	Statement of Net Position
<u>ASSETS</u>						
Cash and cash equivalents	\$ 777,656	\$ -	\$ 777,656	\$ 210,908	\$ -	\$ 210,908
Interest Receivable	1	-	1	14	-	14
Property Tax Levy Receivable, Net of Allowance for Uncollectible Taxes of \$100,000	1,269,519	-	1,269,519	1,280,708	-	1,280,708
Total Assets	\$ 2,047,176	\$ -	\$ 2,047,176	\$ 1,491,630	\$ -	\$ 1,491,630
 <u>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE/NET POSITION</u>						
Liabilities:						
Due to SSA Service Provider	\$ 83,104	-	\$ 83,104	\$ 33,183	-	\$ 33,183
Accounts Payable	-	-	-	7,900	-	7,900
Deferred Property Tax Revenue Inflow	1,255,025	(1,255,025)	-	1,271,896	(1,271,896)	-
Total Liabilities	1,338,129	(1,255,025)	83,104	1,312,979	(1,271,896)	41,083
Fund Balance, Unassigned	709,047	(709,047)	-	178,651	(178,651)	-
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 2,047,176			\$ 1,491,630		
Net Position, Restricted		\$ (1,964,072)	\$ 1,964,072		\$ (1,450,547)	\$ 1,450,547

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - governmental funds	\$ 709,047	\$ 178,651
Property tax revenue is recognized in the period in which funds are levied rather than when "available". A portion of the property tax is deferred as it is not available in the governmental funds.	1,255,025	1,271,896
Total net position - governmental activities	\$ 1,964,072	\$ 1,450,547

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**Special Service Area #3  
Statements of Activities and  
Governmental Funds, Revenues, Expenditures and  
Changes in Fund Balance  
Years Ended December 31, 2020 and 2019**

	2020			2019		
	Governmental Funds	Adjustments	Statement of Activities	Governmental Funds	Adjustments	Statement of Activities
<b>Revenues</b>						
Tax Collections from the City of Chicago	\$ 1,122,567	\$ (16,871)	\$ 1,105,696	\$ 1,165,994	\$ 71,724	\$ 1,237,718
Interest Revenue	130	-	130	308	-	308
<b>Total Revenues</b>	<b>1,122,697</b>	<b>(16,871)</b>	<b>1,105,826</b>	<b>1,166,302</b>	<b>71,724</b>	<b>1,238,026</b>
<b>Expenses</b>						
Customer Attraction	76,022	-	76,022	262,969	-	262,969
Public Way Aesthetics	149,634	-	149,634	187,606	-	187,606
Economic/Business Development	4,250	-	4,250	11,800	-	11,800
Safety programs	98,638	-	98,638	276,287	-	276,287
Personnel	54,572	-	54,572	137,419	-	137,419
SSA Management	209,185	-	209,185	133,263	-	133,263
<b>Total expenses</b>	<b>592,301</b>	<b>-</b>	<b>592,301</b>	<b>1,009,344</b>	<b>-</b>	<b>1,009,344</b>
<b>Excess of Revenues Over Expenses</b>						
(Excess of Expenses Over Revenues)	530,396	(530,396)		156,958	(156,958)	
<b>Change in Fund Balance/Net Position</b>		513,525	513,525		228,682	228,682
Fund Balance/Net Position, Beginning of Year	178,651	1,271,896	1,450,547	21,693	1,200,172	1,221,865
<b>Fund Balance/Net Position, End of Year</b>	<b>\$ 709,047</b>	<b>\$ 1,255,025</b>	<b>\$ 1,964,072</b>	<b>\$ 178,651</b>	<b>\$ 1,271,896</b>	<b>\$ 1,450,547</b>

Amounts reported for governmental activities in the statement of activities are different because:

Net change in Fund balance - governmental funds	\$ 530,396	\$ 156,958
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	(16,871)	71,724
	<u>\$ 513,525</u>	<u>\$ 228,682</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**Special Service Area #3**  
**Statements of Revenues and Expenditures**  
**Budget and Actual**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues</b>						
Property Taxes	\$ 1,271,896	\$ 1,122,567	\$ (149,329)	\$ 1,317,859	\$ 1,165,994	\$ (151,865)
Interest	-	130	130	-	308	308
<b>Total Revenues</b>	<u>1,271,896</u>	<u>1,122,697</u>	<u>(149,199)</u>	<u>1,317,859</u>	<u>1,166,302</u>	<u>(151,557)</u>
<b>Customer Attraction</b>						
Website and/or social media	1,000	733	267	1,000	-	1,000
Special events	10,500	300	10,200	10,500	11,059	(559)
Free Wi-Fi Program	47,000	-	47,000	48,000	59,727	(11,727)
Social media outreach	3,500	3,435	65	4,000	4,000	-
Decorative banners	3,000	36,838	(33,838)	4,000	10,825	(6,825)
Holiday decorations	8,000	16,285	(8,285)	9,000	-	9,000
Print materials	26,000	750	25,250	90,000	50,694	39,306
Display Advertising	39,000	50	38,950	94,000	79,025	14,975
Holiday/Seasonal promotions	24,500	17,631	6,869	27,000	33,424	(6,424)
Technical/Marketing assistance	12,000	-	12,000	12,000	14,215	(2,215)
<b>Total Advertising and Promotion</b>	<u>174,500</u>	<u>76,022</u>	<u>98,478</u>	<u>299,500</u>	<u>262,969</u>	<u>36,531</u>
<b>Public Way Aesthetics</b>						
Acid etching removal and/or prevention	300	-	300	300	-	300
Landscaping (plants, watering, etc.)	53,085	53,085	-	57,585	58,762	(1,177)
Façade enhancement program	138,806	36,733	102,073	58,000	71,810	(13,810)
Way finding/signage	98,730	5,900	92,830	41,585	19,034	22,551
Public Art	1,000	9,766	(8,766)	1,000	-	1,000
Sidewalk Maintenance - Materials and Supplies	14,414	6,019	8,395	104,414	-	104,414
Maintenance - On-Staff Personnel	38,131	38,131	-	38,131	38,000	131
<b>Total Public Way Aesthetics</b>	<u>344,466</u>	<u>149,634</u>	<u>194,832</u>	<u>301,015</u>	<u>187,606</u>	<u>113,409</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**Special Service Area #3**  
**Statements of Revenues and Expenditures**  
**Budget and Actual - (Continued)**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Economic/Business Development						
Site marketing(materials, services, etc.)	73,000	4,250	68,750	-	-	-
Wi-Fi District infrastructure/maintenance	-	-	-	-	2,800	(2,800)
Pre-Development services	-	-	-	-	9,000	(9,000)
Total Economic/Business Development	73,000	4,250	68,750	-	11,800	(11,800)
Safety programs						
Safety improvement program - rebates	35,000	13,078	21,922	35,000	43,007	(8,007)
Security patrol services	355,000	85,560	269,440	355,000	233,280	121,720
Total Safety programs	390,000	98,638	291,362	390,000	276,287	113,713
SSA Management						
SSA audit	5,600	5,600	-	5,600	7,000	(1,400)
Bookkeeping	13,827	13,575	252	13,827	14,000	(173)
Office Rent	8,000	8,000	-	24,000	5,494	18,506
Office Utilities	18,200	18,098	102	18,200	10,434	7,766
Office supplies	14,700	3,609	11,091	14,700	2,452	12,248
Office Equipment Lease/Maintenance	2,600	2,306	294	2,600	390	2,210
Office printing	23,560	13,600	9,960	23,560	11,051	12,509
Postage	2,726	1,101	1,625	2,726	2,670	56
Commission meetings and training	300	38	262	300	185	115
Subscriptions/Dues	100	100	-	100	-	100
Equipment purchase/maintenance	2,000	456	1,544	2,000	11,115	(9,115)
Supplies	1,200	389	811	1,200	-	1,200
Liability/Property Insurance	8,000	8,000	-	8,000	4,311	3,689
GIS & Real Estate Consultants	134,545	134,313	232	36,000	-	36,000
Other: Internet, cleaning	-	-	-	-	4,470	(4,470)
Other: Mileage, Air Travel, Workshops	-	-	-	-	74	(74)
Other: Admin support	-	-	-	-	59,617	(59,617)
Total SSA Management	235,358	209,185	26,173	152,813	133,263	19,550

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.



**Special Service Area #3**  
**Statements of Revenues and Expenditures**  
**Budget and Actual - (Continued)**  
**Years Ended December 31, 2020 and 2019**

	2020			2019		
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Personnel						
Adrian Soto - Executive Director	14,764	14,764	-	14,764	11,755	3,009
Nick Kollias - Commercial Director	-	-	-	87,526	74,106	13,420
Isaiah James - Outreach Manager	30,787	30,787	-	30,787	34,510	(3,723)
Christine James - Director	9,021	9,021	-	9,021	10,165	(1,144)
Elizabeth Martinez - Office Manager	-	-	-	32,900	-	32,900
Outside services	-	-	-	-	6,883	(6,883)
Total Personnel	<u>54,572</u>	<u>54,572</u>	<u>-</u>	<u>174,998</u>	<u>137,419</u>	<u>37,579</u>
Loss Collection						
Loss Collection (Unpaid Taxes)	<u>54,461</u>	<u>-</u>	<u>54,461</u>	<u>50,384</u>	<u>-</u>	<u>50,384</u>
Total Expenses	<u>1,326,357</u>	<u>592,301</u>	<u>734,056</u>	<u>1,368,710</u>	<u>1,009,344</u>	<u>359,366</u>
Revenues over Expenses (Expenses over Revenues)	<u>\$ (54,461)</u>	<u>\$ 530,396</u>	<u>\$ 584,857</u>	<u>\$ (50,851)</u>	<u>\$ 156,958</u>	<u>\$ 207,809</u>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**Special Service Area #3**  
**Notes to Financial Statements**  
**December 31, 2020 and 2019**

**Note 1. Organization and Nature of Operations**

Greater Southwest Development Corporation (GSDC) is the catalyst for creating and maintaining a vital greater southwest Chicago community by empowering, building, and sustaining development to raise the quality of life for its neighborhood residents, businesses, and industries.

Special Service Areas (SSA) are local tax districts that fund expanded services and programs through a localized property tax levy within contiguous areas. The enhanced services and programs are in addition to those currently provided through the city. SSA funded projects typically include, but are not limited to: public way maintenance and beautification; district marketing and advertising; business retention/attraction, special events and promotional activities; auto and bike transit; security; facade improvements; and other commercial and economic development initiatives.

Special Service Area #3 (SSA #3) was established by the City of Chicago and is administered by GSDC (the Service Provider). It represents a specified geographic area within the city from which a portion of the property tax collections are allocated thereto. The defined territory in whole or in part is encompassed by the following: on West 63rd Street from South Bell Avenue to South Cicero Avenue; on South Kedzie Avenue from West 62nd Street to West 64th Street; on South Pulaski Road from West 56th Place to West 71st Street; on South Western Avenue from West 61st Street to West 64th Street; and on the east side of South Cicero Avenue from the alley north of West 63rd Street to West 71st Street.

The city has contracted with GSDC to manage SSA #3 activities. GSDC provides and/or coordinates the provision of SSA services, which may include hiring staff and/or subcontractors as needed to fulfill the SSA work plan. GSDC also generates program reports to the City's Departments of Planning and Development, SSA Commission, aldermen, and the community via such means as meeting minutes, reports and/or newsletters. GSDC may also assist with the recruitment of SSA Commissioners.

**Note 2. Significant Accounting Policies**

*Government-Wide and Fund Financial Statements*

The financial statements of the SSA have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units, hereinafter referred to as GAAP (generally accepted accounting principles). The accepted standard-setting body for establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

Government-Wide financial statements (statement of net position and statement of activities) are prepared using the economic resources measurement focus and the accrual basis of accounting for all of the SSA's activities. The Fund Financial Statements, which focus on the SSA's governmental funds current financial resources measurement focus, are prepared on a modified accrual basis.

**Special Service Area #3**  
**Notes to Financial Statements - (Continued)**  
**December 31, 2020 and 2019**

**Note 2. Significant Accounting Policies - (Continued)**

The SSA accounts for its activities in one fund, its general fund.

*Measurement Focus, Basis of Accounting and Financial Statement Presentation*

The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied.

The governmental fund financial statements are prepared on a modified accrual basis of accounting with only current assets and liabilities included on the balance sheet. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (both measurable and available to finance expenditures of the current period). Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property taxes are susceptible to accrual and recognized as a receivable in the year levied. Revenue recognition is deferred unless the taxes are received within 60 days subsequent to year-end. Expenditures are recorded when the liability is incurred.

*Cash and Cash Equivalents*

All highly liquid investments with an initial maturity of three months or less, excluding amounts contained in investment portfolios, are considered to be cash equivalents.

Any certificates of deposit purchased with a maturity of three to twelve months are considered to be cash equivalents and are recorded at cost. These investments should be reflected at their market values, along with any unrealized gain or loss. However, the effect of using the cost method of valuation is not materially different from the results that would have been obtained under the market valuation method.

*Concentrations of Credit Risk*

Financial instruments, which potentially subject the entity to concentrations of credit risk, consist principally of cash. SSA #3 maintains its cash in various bank deposit accounts, which, at times, may exceed federally insured limits. SSA #3 has not experienced any losses in such accounts.

*Fund Equity/Net Position*

Governmental fund equity is classified as fund balance. Fund Balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by enabling legislation or an outside party. Committed fund balance is a limitation imposed by the SSA Board of Commissioners through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the SSA Board of Commissioners. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the previously mentioned four categories.

**Special Service Area #3**  
**Notes to Financial Statements - (Continued)**  
**December 31, 2020 and 2019**

**Note 2. Significant Accounting Policies - (Continued)**

Income Taxes

SSA #3 is exempt from federal, state, and local income taxation as it is a non-taxpaying entity created by the City of Chicago, established solely for the purpose of the development of the community; SSA #3 receives funding directly from local property tax collections.

Use of Estimates

The preparation of financial statements 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.

**Note 3. Concentration of Revenues, Accounts Receivable, and Carryforward**

All revenues (except interest on short-term investments and interest bearing cash accounts) are received from the City of Chicago and are to be used for rehabilitating, advertising, promoting, and maintaining the defined area. Future operations could be affected by changes in the economic or other conditions in that geographical area and/or by changes in the availability of city funding.

All property tax receivables are shown net of allowances. The allowance is estimated to be approximately 7% of outstanding property taxes at December 31, 2020 and 2019.

There was a surplus (revenues over expenses) of \$530,396 for the year ended December 31, 2020, to be used as a carryforward by the City for the 2022 budget.

**Note 4. Property Taxes**

Property taxes become an enforceable lien on real property on January 1<sup>st</sup> of the year it is levied. Taxes are payable in two installments in the subsequent year. The first installment is an estimate based on the prior year billed levy (55%) and is due in March. The second installment is normally due on August 1<sup>st</sup>, or 30 days from the mailing of the tax bills if issued later than July 1<sup>st</sup>. The second installment is based on the remaining amount of the levy on file with Cook County. Bills are issued and collected by Cook County, who remits the SSA's share to the City of Chicago, who then remits funds to the SSA.

**Note 5. Related Party Transactions**

During the normal course of business there are expenses paid on SSA #3's behalf and allocated overhead costs from GSDC to SSA #3. There was \$83,104 and \$33,183 due to GSDC for these types of reimbursable costs at December 31, 2020 and 2019, respectively.

Certain expenses incurred by SSA #3 are paid to GSDC as reimbursement of overhead and SSA expenses paid on the SSA's behalf by GSDC. For the years ended December 31, 2020 and 2019, the total of such expenses, including payroll, was \$253,155 and \$269,946, respectively.

**Special Service Area #3**  
**Notes to Financial Statements - (Continued)**  
**December 31, 2020 and 2019**

**Note 6. Litigation, Risk, and Contingencies**

In the normal course of business, GSDC (including SSA #3) may be named as a defendant in various legal actions. As of October 26, 2021, GSDC is not aware of any pending litigation or other loss contingencies that would require recognition or disclosure of any contingent liabilities in the SSA #3 financial statements at December 31, 2020 and 2019.

**Note 7. Reallocation of Budget Line Items**

The Board of Commissioners formally voted on and approved all reallocation of expenses from those originally submitted in the budget provided to the City of Chicago. Under Section 5.02, Budget for Services of the Service Provider Agreement, the SSA #3 has the right to transfer funds between line items or make budget revisions that do not affect the total budget.

**Note 8. Subsequent Events**

GSDC management has evaluated the December 31, 2020 and 2019, financial statements of SSA #3 for subsequent events affecting SSA #3 through October 26, 2021, the date the financial statements were available to be issued. GSDC is not aware of any additional subsequent events that would require recognition or disclosure in the accompanying financial statements.

**SUPPLEMENTAL INFORMATION**

**Special Service Area #3  
Summary Schedule of Findings  
December 31, 2020 and 2019**

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 the requirements contained in the Agreement for SSA #59 between the City of Chicago and Greater Southwest Development Corporation. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters, of which, we had no knowledge.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, the findings to report are as follows:

**2020-01 – Late filing of 2020 Audit Reporting Package**

The 2020 audit reporting package was not provided to the City of Chicago’s Department of Planning and Development by the May 1<sup>st</sup> deadline.

**Criteria:**

The deadline to upload the annual SSA audit reporting package to the City of Chicago’s Department of Planning and Development’s SharePoint portal is May 1<sup>st</sup> following the SSA’s year-end.

**Service Provider Comments and Corrective Action Plan:**

As the result of COVID-19 and other external matters outside of GSDC’s control, there was turnover within the Organization’s accounting department during 2020/’21, which caused delays in the reconciling of the SSA’s account balances.

GSDC management believes that they have resolved the matter by hiring a permanent accounting manager who has demonstrated that she has the experience and skill-set to close the SSA’s books in a timely manner necessary to complete the annual audit and submit the audit reporting package to the City’s DPD by the May 1st deadline going forward.

**2019 – None Noted**