

**SPECIAL SERVICE AREA #48
ADMINISTERED BY
OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2011

**WITH
INDEPENDENT AUDITORS' REPORT**

SPECIAL SERVICE AREA #48

ADMINISTERED BY

OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION

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INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
Special Service Area #48
Administered by
Old Town Merchants and Residents Association
1520 North Wells Street
Chicago, IL 60610

We have audited the accompanying statement of financial position of Special Service Area #48 as of December 31, 2011 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of Special Service Area #48 management. 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 requirements applicable to financial audits established by the City of Chicago Department of Housing and Economic Development. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position Special Service Area #48 as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The 2011 budget amount, which was reviewed by the Special Service Area #48 and the City of Chicago and are shown in the statement of activities, as required by the City of Chicago Department of Housing and Economic Development, are presented for comparison purposes. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them. The summary schedule of audit findings is a requirement of the City of Chicago Department of Housing and Economic Development and not a required part of the basic financial statements. The city requires we disclose any exceptions to the city contract between the city and the SSA.

Pacion Ajder PC

Pacion Ajder, PC
April 2, 2012

**SPECIAL SERVICE AREA #48
ADMINISTERED BY
OLD TOWN MERCHANTS AND RESIDENTS ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2011**

ASSETS

CURRENT ASSETS

Cash	\$ 206,106
Tax allocation receivable	<u>6,659</u>

TOTAL ASSETS	<u><u>\$ 212,765</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	<u>\$ 9,000</u>
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Total current liabilities	9,000
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NET ASSETS - UNRESTRICTED	<u>203,765</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 212,765</u></u>
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SPECIAL SERVICE AREA #48
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STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
REVENUES			
Tax allocation	\$ 159,463	169,860	(10,397)
Interest	25	-	25
Less: loss collection expense	-	(10,245)	10,245
 Total revenue	 159,488	 159,615	 (127)
 EXPENSES			
Advertising and promotion	-	39,200	(39,200)
Public way maintenance	30,720	60,000	(29,280)
Public way aesthetics	22,445	39,226	(16,781)
Façade improvements	-	4,000	(4,000)
Safety programs	103	-	103
District planning	-	2,000	(2,000)
Administration	15,640	15,189	451
Total expenses	68,908	159,615	(90,707)
 EXCESS OF REVENUE OVER EXPENSE	 90,580	 -	
 NET ASSETS - BEGINNING OF YEAR	 <u>113,185</u>		
 NET ASSETS - END OF YEAR	 <u>\$ 203,765</u>		

**SPECIAL SERVICE AREA #48
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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
AT DECEMBER 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 90,580
Adjustments to reconcile net surplus to cash provided by (used in) operating activities	
(Increase) in accounts receivable	28,637
(Decrease) in accounts payable	<u>(47,646)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	71,571
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>134,535</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 206,106</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS:

Interest paid	<u>\$ -</u>
Taxes paid	<u><u>\$ -</u></u>

**SPECIAL SERVICE AREA #48
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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 1 - Purpose of Organization and Nature of SSA #48

Old Town Merchants and Residence Association (the Association) is an Illinois not-for-profit corporation that is exempt from federal taxes under Section 501 C-6 of the Internal Revenue Code. The Association, by contract with the City of Chicago, is the provider of special services to the Old Town area funded by Special Service Area #48 taxes. Special Service Area #48 is roughly bounded by Wells Street from Schiller Avenue to North Avenue and North Avenue from LaSalle Street to Orleans Street. Special Services authorized in Establishment Ordinance include maintenance and beautification activities; security programs; recruitment and promotion of new businesses in the Area and retention and promotion of existing businesses in the Area; coordinated marketing and promotional activities; strategic planning for the general development of the Area; financing of storefront façade and signage improvements; parking and transit programs; and other technical assistance activities to promote commercial and economic development, including, but not limited to, enhanced local land use oversight and control initiatives, community service and predevelopment costs.

NOTE 2 - Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Taxing District defines cash equivalents as short term liquid investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The Taxing District maintains its cash balance in a financial institution located in Chicago, Illinois. The balance is 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, 2011.

Financial Statement Presentation

The Taxing District is required to present information regarding its financial position and activities according to Article 3.07 of the Agreement for Special Service Area #48 between the City of Chicago and Old Town Merchants and Residents Association. As of December 31, 2011, the Taxing District had net unrestricted net assets of \$203,765.

Revenue Recognition

The Taxing District's financial statements are presented on the accrual basis of accounting. Revenues are recognized when the amount can be readily estimated or committed, and the payment is reasonably certain. Expenses are recorded when incurred.

Estimates

The preparation of financial statements in conformity with U.S. 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 reported period. Actual results could differ from those estimates.

NOTE 3 - Tax Allocation Receivable

Tax allocation receivable amount of \$6,659 represents the balance due for 2010 taxes levied and not paid by December 31, 2011.

NOTE 4 - Accounts Payable

Accounts payable consists of \$9,000 for a sidewalk snowplowing contract.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

NOTE 5 - Related Party Transaction

The Taxing District's contractor is the Old Town Merchants and Residents Association. The Association is reimbursed for ongoing administration expenses including staff compensation, office expense, printing, postage, etc. Total fees paid to Old Town Merchants and Residents Association for the year end December 31, 2011 was \$15,189.

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**SUMMARY SCHEDULE OF AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2011**

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 auditors' report expresses an unqualified opinion on the financial statements of Special Service Area #48. 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

Special Service Area #48 Old Town shows a carryover due to the continued anticipation of groundbreaking for a capital infrastructure improvement within the Special Service Area area. The Commission of Special Service Area #48 approved, at the July 18, 2011 meeting, a motion to dedicate \$100,000 for public way aesthetics and public way infrastructure in Burton Place, which lies 100% within the Special Service Area. Since then the Burton Place Committee, which is made up of members of the Special Service Area Commission and the Old Town Merchants and Residents Association Board have been working tirelessly to complete plans for the improvements, As with any capital project, planning takes a long time and design and execution are lengthy processes; especially when situated in the public way. The Commission of Special Service Area #48 is confident that the monies dedicated to the Burton Place project will be spent at the end of the 2013 budget cycle.

The amount of net assets at December 31, 2011 is \$203,765.