

**LINCOLN PARK CHAMBER  
OF COMMERCE, INC.  
SPECIAL SERVICE AREA #23  
SPECIAL SERVICE AREA #35**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**YEARS ENDED DECEMBER 31, 2017 AND 2016**

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## **Independent Auditor's Report**

Board of Directors  
Lincoln Park Chamber of Commerce, Inc.  
Special Service Area #23  
Special Service Area #35  
Chicago, Illinois

### **Report on the Combining and Combined Financial Statements**

We have audited the accompanying combining and combined financial statements of Lincoln Park Chamber of Commerce, Inc. (LPCC), Special Service Area #23 (A Taxing District Authorized by the City of Chicago) (SSA #23) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) (SSA #35), which comprise the combining statement of financial position as of December 31, 2017 and the related combining statements of activities and changes in net assets, cash flows, statement of net position and governmental funds balance sheet (SSA #23 and SSA #35) and statement of activities and governmental funds, revenues, expenditures and changes in fund balance (SSA #23 and SSA #35) for the year then ended and the related notes to the combining and combined financial statements.

### **Management's Responsibility for the Combining and Combined Financial Statements**

Management is responsible for the preparation and fair presentation of the combining and combined 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 combining and combined financial statements that are free from material misstatement.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combining and combined 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 combining and combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combining and combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combining and combined 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 combining and combined 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 combining and combined 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 combining and combined financial statements referred to above present fairly, in all material respects, the combining financial position of Lincoln Park Chamber of Commerce, Inc., Special Service Area #23 (A Taxing District Authorized by the City of Chicago) and Special Service Area #35 (A Taxing District Authorized by the City of Chicago) as of December 31, 2017 and the combining changes in their net assets and their cash flows, net position and governmental funds balance sheet (SSA #23 and SSA #35) and activities and governmental funds, revenues, expenditures and changes in fund balance (SSA #23 and SSA #35) for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Correction of Errors**

As discussed in Note 8 to the financial statements, errors were discovered related to the recognition of property tax levy revenues that have now been corrected as summarized in Note 8.

### **Other Matters**

### **Required Supplementary Information**

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements of SSA #23 and SSA #35. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historic context. Our opinion on the basic financial statements is not affected by the missing information.

In connection with our audits, nothing came to our attention and caused us to believe that SSA #23 and SSA #35 failed to comply with the terms, covenants, provisions or conditions of the Agreement for Special Service Area #23 and the Agreement for Special Service Area #35 between the City of Chicago and Lincoln Park Chamber of Commerce, Inc., insofar as they relate to accounting matters. However, our audits were not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding SSA #23's and SSA #35's noncompliance with the above-referenced terms, covenants, provisions or conditions of the Agreements, insofar as they relate to accounting matters.

### **Restricted Use Relating to the Other Matter**

The communication related to compliance with the aforementioned Agreements described in the Required Supplementary Information paragraph is intended solely for the information and use of the Boards of Directors and management of LPCC, SSA #23, SSA #35 and the City of Chicago and is not intended to be and should not be used by anyone other than these specified parties.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the combining and combined financial statements as a whole. The supplementary information included on pages 19 through 28 is presented for purposes of additional analysis and is not a required part of the combining and combined 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 combining and combined financial statements. The information, except for the budget information included on pages 20 through 23 and 25 through 27, which is unaudited, has been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combining and combined financial statements or to the combining and combined 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 combining and combined financial statements as a whole. The unaudited information referred to above has not been subjected to the auditing procedures applied in the audits of the combining and combined financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Ripple Tax & Financial Services, Inc.*

Chicago, Illinois

March 26, 2018

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**COMBINING AND COMBINED STATEMENT OF FINANCIAL POSITION**

December 31,	2017				2016
	LPCC	SSA #23	SSA #35	Total	(As restated) Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 169,825	\$ 173,954	\$ 156,271	\$ 500,050	\$ 408,581
Investments (Note 3)	103,101			103,101	99,229
Accounts receivable	17,815			17,815	8,177
Property tax receivable, net of allowance for uncollectible taxes for SSA #23 of \$13,500 and \$14,487 (as restated) at December 31, 2017 and 2016, respectively, and for SSA #35 of \$3,300 and \$3,969 at December 31, 2017 and 2016, respectively		439,197	327,394	766,591	735,983
Prepaid expenses					1,250
<b>Total current assets</b>	<b>290,741</b>	<b>613,151</b>	<b>483,665</b>	<b>1,387,557</b>	<b>1,253,220</b>
Property and equipment:					
Office equipment	52,158			52,158	43,510
Furniture	8,771			8,771	8,771
	60,929			60,929	52,281
Less accumulated depreciation	(53,424)			(53,424)	(51,871)
<b>Property and equipment, net</b>	<b>7,505</b>			<b>7,505</b>	<b>410</b>
Security deposit	2,400			2,400	2,400
<b>Total assets</b>	<b>\$ 300,646</b>	<b>\$ 613,151</b>	<b>\$ 483,665</b>	<b>\$ 1,397,462</b>	<b>\$ 1,256,030</b>

*See notes to combining and combined financial statements.*

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**COMBINING AND COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

December 31,	2017				2016
	LPCC	SSA #23	SSA #35	Total	(As restated) Total
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 15,000			\$ 15,000	
Deferred revenue	56,888			56,888	\$ 51,537
<b>Total current liabilities</b>	<b>71,888</b>			<b>71,888</b>	51,537
<b>Net assets:</b>					
Unrestricted	228,758	\$ 613,151	\$ 483,665	1,325,574	1,204,493
<b>Total liabilities and net assets</b>	<b>\$ 300,646</b>	<b>\$ 613,151</b>	<b>\$ 483,665</b>	<b>\$ 1,397,462</b>	<b>\$ 1,256,030</b>

*See notes to combining and combined financial statements.*



**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**COMBINING AND COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

Years ended December 31,	2017					2016
	LPCC	SSA #23	SSA #35	Elimination	Total	(As restated) Total
<b>Revenues:</b>						
Membership dues and sponsorships	\$ 178,009				\$ 178,009	\$ 169,800
Banner income	28,650				28,650	31,575
Events income	63,930				63,930	44,367
Government grant	64,676				64,676	64,676
Administrative income	207,206			\$ (207,206)		
Advertising income	17,121				17,121	16,919
Other income	7,667				7,667	2,987
Interest and dividends	4,666				4,666	2,916
Net realized and unrealized loss on investments	939				939	59
Cook county collection SSA #23		\$ 426,027			426,027	420,362
Cook county collection SSA #35			\$ 332,958		332,958	313,413
<b>Total revenues</b>	<b>572,864</b>	<b>426,027</b>	<b>332,958</b>	<b>(207,206)</b>	<b>1,124,643</b>	<b>1,067,074</b>
<b>Expenses:</b>						
<b>Functional expenses:</b>						
Government and community relations	147,381				147,381	118,113
Marketing	74,046				74,046	75,340
Member services	272,497				272,497	277,725
SSA #23 expenses		409,065		(128,189)	280,876	245,285
SSA #35 expenses			245,092	(79,017)	166,075	178,730
<b>Total functional expenses</b>	<b>493,924</b>	<b>409,065</b>	<b>245,092</b>	<b>(207,206)</b>	<b>940,875</b>	<b>895,193</b>
General and administrative expenses	62,687				62,687	59,063
<b>Total expenses</b>	<b>556,611</b>	<b>409,065</b>	<b>245,092</b>	<b>(207,206)</b>	<b>1,003,562</b>	<b>954,256</b>
Increase (decrease) in net assets	16,253	16,962	87,866		121,081	112,818
Net assets, beginning of year - as restated	212,505	596,189	395,799		1,204,493	1,091,675
<b>Net assets, end of year</b>	<b>\$ 228,758</b>	<b>\$ 613,151</b>	<b>\$ 483,665</b>		<b>\$ 1,325,574</b>	<b>\$ 1,204,493</b>

*See notes to combining and combined financial statements.*

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**COMBINING AND COMBINED STATEMENT OF CASH FLOWS**

Years ended December 31,	2017				2016
	LPCC	SSA #23	SSA #35	Total	(As restated) Total
Operating activities:					
Increase (decrease) in net assets	\$ 16,253	\$ 16,962	\$ 87,866	\$ 121,081	\$ 112,818
Adjustments to reconcile above to cash provided by (used in) operating activities:					
Depreciation	1,553			1,553	263
Net realized and unrealized (gain) loss on investments	(939)			(939)	(59)
(Increase) decrease in operating assets:					
Accounts receivable, net	(9,638)	(17,943)	(12,665)	(40,246)	(32,706)
Prepaid expenses	1,250			1,250	10,501
Increase (decrease) in operating liabilities:					
Accounts payable	15,000			15,000	(18,999)
Deferred revenue	5,351			5,351	(1,373)
<b>Cash provided by (used in) operating activities</b>	<b>28,830</b>	<b>(981)</b>	<b>75,201</b>	<b>103,050</b>	<b>70,445</b>
Investing activities:					
Purchases of equipment	(8,648)			(8,648)	
Purchases of investments	(79,912)			(79,912)	(55,352)
Proceeds from sales of investments	76,979			76,979	52,514
<b>Cash used in investing activities</b>	<b>(11,581)</b>			<b>(11,581)</b>	<b>(2,838)</b>
Increase (decrease) in cash and cash equivalents	17,249	(981)	75,201	91,469	67,607
Cash and cash equivalents, beginning of year	152,576	174,935	81,070	408,581	340,974
<b>Cash and cash equivalents, end of year</b>	<b>\$ 169,825</b>	<b>\$ 173,954</b>	<b>\$ 156,271</b>	<b>\$ 500,050</b>	<b>\$ 408,581</b>

*See notes to combining and combined financial statements.*

## SPECIAL SERVICE AREA #23

### STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2017	Governmental funds	Adjustments	Statement of net position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 173,954		\$ 173,954
Property tax receivable, net of allowance for uncollectible taxes of \$13,500	439,197		439,197
<b>Total assets</b>	<b>\$ 613,151</b>		<b>\$ 613,151</b>
<b>DEFERRED INFLOWS</b>			
Deferred property tax revenue	435,147	\$ (435,147)	
<b>FUND BALANCES/NET POSITION</b>			
Committed:			
Snow removal	11,775	\$ (11,775)	
Unassigned	166,229	(166,229)	
<b>Total fund balance</b>	<b>178,004</b>	<b>(178,004)</b>	
<b>Total deferred inflows and fund balance</b>	<b>\$ 613,151</b>		
Net position:			
Unrestricted		<b>\$ 613,151</b>	<b>\$ 613,151</b>
Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balance - governmental funds			\$ 178,004
Property tax revenue is recognized in the period for which levied rather than when "available".			
A portion of the property tax is deferred as it is not available in the governmental funds.			435,147
<b>Total net position - governmental activities</b>			<b>\$ 613,151</b>

*See notes to combining and combined financial statements.*

## SPECIAL SERVICE AREA #23

### STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended December 31, 2017	Governmental funds	Adjustments	Statement of activities
<b>Revenues:</b>			
Property taxes	\$ 405,623	\$ 20,238	\$ 425,861
Interest	166		166
<b>Total revenues</b>	<b>405,789</b>	<b>20,238</b>	<b>426,027</b>
<b>Expenditures/expenses:</b>			
SSA management	28,200		28,200
Customer attraction	56,921		56,921
Economic/business development	5,000		5,000
Personnel	99,989		99,989
Public way aesthetics	218,955		218,955
<b>Total expenditures/expenses</b>	<b>409,065</b>		<b>409,065</b>
Excess of revenues over expenditures	(3,276)	3,276	
Change in net position		16,962	16,962
<b>Fund balance/net position:</b>			
Beginning of year - as restated	181,280	414,909	596,189
End of year	\$ 178,004	435,147	\$ 613,151
Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balance - governmental funds			\$ (3,276)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds			20,238
Change in net position			\$ 16,962

*See notes to combining and combined financial statements.*

## SPECIAL SERVICE AREA #35

### STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

December 31, 2017	Governmental funds	Adjustments	Statement of net position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 156,271		\$ 156,271
Property tax receivable, net of allowance for uncollectible taxes of \$3,300	327,394		327,394
<b>Total assets</b>	<b>\$ 483,665</b>		<b>\$ 483,665</b>
<b>DEFERRED INFLOWS</b>			
Deferred property tax revenue	326,899	\$ (326,899)	
<b>FUND BALANCES/NET POSITION</b>			
Committed:			
Snow removal	12,625	(12,625)	
Unassigned	144,141	(144,141)	
<b>Total fund balance</b>	<b>156,766</b>	<b>(156,766)</b>	
<b>Total deferred inflows and fund balance</b>	<b>\$ 483,665</b>		
Net position:			
Unrestricted		\$ (483,665)	\$ 483,665
Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balance - governmental funds			\$ 156,766
Property tax revenue is recognized in the period for which levied rather than when "available."			
A portion of the property tax is deferred as it is not available in the governmental funds.			326,899
<b>Total net position - governmental activities</b>			<b>\$ 483,665</b>

*See notes to combining and combined financial statements.*

## SPECIAL SERVICE AREA #35

### STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS, REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended December 31, 2017	Governmental funds	Adjustments	Statement of activities
<b>Revenues:</b>			
Property taxes	\$ 317,426	\$ 15,532	\$ 332,958
<b>Total revenues</b>	<b>317,426</b>	<b>15,532</b>	<b>332,958</b>
<b>Expenditures/expenses:</b>			
Customer attraction	24,685		24,685
SSA management	18,100		18,100
Personnel	60,917		60,917
Public way aesthetics	126,219		126,219
Economic/business development	15,171		15,171
<b>Total expenditures/expenses</b>	<b>245,092</b>		<b>245,092</b>
Excess of revenues over expenditures	72,334	(72,334)	
Change in net position		87,866	87,866
<b>Fund balance/net position:</b>			
Beginning of year - as restated	84,432	311,367	395,799
End of year	\$ 156,766	326,899	\$ 483,665
Amounts reported for governmental activities in the statement of activities are different because:			
Net change in fund balance - governmental funds			\$ 72,334
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds			15,532
Change in net position			\$ 87,866

*See notes to combining and combined financial statements.*

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS**

**1. Summary of significant accounting policies**

**Organization:**

The Lincoln Park Chamber of Commerce, Inc. (LPCC) was founded in 1947 to conceive, design and implement programs and services that directly impact the success of its members; to act as a members' advocate and lead economic development efforts that sustain businesses in the Lincoln Park area of Chicago, Illinois.

Special Service Area #23 (SSA #23) and Special Service Area #35 (SSA #35) are taxing districts authorized by the City of Chicago to utilize tax revenues to enhance, beautify and maintain certain commercial areas within the specific boundaries serviced by LPCC. Tax revenues received by SSA #23 and SSA #35 must be maintained in separate cash accounts.

SSA #23 encompasses the area on Clark St. from Armitage to Diversey and the south side of Diversey Parkway from Lakeview to Orchard Ave.

SSA #35 encompasses the area on Lincoln Ave. from Diversey Parkway to Webster Avenue.

**Tax status:**

LPCC is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code, except on net income derived from unrelated business activities. LPCC sells advertising, which is subject to tax on unrelated business income.

SSA #23 and SSA #35 are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

**Basis of accounting:**

The combining and combined financial statements have been prepared on the accrual basis of accounting.

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS**  
**(CONTINUED)**

**1. Summary of significant accounting policies (continued)**

**Principles of combination:**

The combining and combined financial statements include the accounts of the Lincoln Park Chamber of Commerce, Inc., Special Service Area #23 and Special Service Area #35. The administration of SSA #23 and SSA #35 are an integral part of LPCC's operations. All material inter-entity accounts and transactions have been eliminated in the combination.

**Basis of presentation:**

The combining and combined financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) for *Financial Statements of Not-for-Profit Organizations*. Under the Codification, LPCC is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. At December 31, 2017 and 2016, all assets were unrestricted.

**Government-wide and fund financial statements – Special Service Areas:**

The financial statements of SSA #23 and SSA #35 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 focuses on the SSA's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis.

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



**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS**  
**(CONTINUED)**

**1. Summary of significant accounting policies (continued)**

**Measurement focus, basis of accounting and financial statement presentation – SSA's:**

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 the 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 the 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, i.e., 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 equivalents:**

Cash equivalents include investments with maturities of three months or less at date of purchase and various money market mutual funds.

**Trade accounts receivable:**

Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on management's assessment of the credit history with customers and others having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

**Property tax receivable:**

All property tax receivables are shown net of allowances. For SSA #23, the allowance is estimated to be approximately 3% of outstanding property tax receivables for each year ended December 31, 2017 and 2016. For SSA #35, the allowance is estimated to be approximately 1% of outstanding property tax receivables for each year ended December 31, 2017 and 2016.

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS**  
**(CONTINUED)**

**1. Summary of significant accounting policies (continued)**

**Property and equipment and related depreciation:**

Property and equipment are stated at cost. LPCC provides for depreciation using the straight-line method over the estimated useful lives of the assets.

**Fund equity/net position – Special Service Areas:**

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable 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 through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the SSA board. Unassigned fund balance is the net resources in excess of what can be properly classified in one of the above four categories.

When both restricted and unrestricted fund balances are available for use, it is the SSA's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balance is reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position is reported as invested in capital assets net of related debt, restricted or unrestricted. Invested in capital assets, net of related debt, if applicable, is comprised of the net capital asset balance less any related debt. Restricted net position is when restrictions are placed on net assets from 1) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation. The remaining net position is classified as unrestricted.

**Revenue recognition:**

LPCC receives membership dues applicable to one-year membership periods. Income from membership dues are deferred until earned.

LPCC also receives advertising revenue in advance. Prepaid advertising revenue is deferred until earned.

Deferred revenue totaled \$56,888 and \$51,537 at December 31, 2017 and 2016, respectively.

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS**  
**(CONTINUED)**

**1. Summary of significant accounting policies (continued)**

**Functional expenses:**

Operating expenses directly identified with a functional area are charged to that area and expenses affecting more than one area are allocated among those benefited.

**Investments:**

Investments are stated at fair value. Realized and unrealized investment gains and losses and other investment income are reflected in the combining and combined statement of activities and changes in net assets as changes in unrestricted net assets (See Note 4).

**Use of estimates:**

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

**2. Property taxes – Special Service Areas**

Property taxes become an enforceable lien on real property on January 1 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 due on August 1 or 30 days after the mailing of the tax bills if issued later than July 1. The second installment is based on the remaining amount of the levy on file with the County. Bills are issued and collected by Cook County who remits the SSA's share to the city who then remits the monies to the SSA.

**3. Line of credit**

LPCC obtained a \$150,000 line of credit with Bridgeview Bank, which matures on April 13, 2017 and was not renewed. Amounts borrowed under this agreement accrues interest at the bank's prime rate, which was 4.25% at December 31, 2016, plus 1.25%. The line of credit is collateralized by substantially all assets of the LPCC. There was no outstanding balance at December 31, 2016.

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS**  
**(CONTINUED)**

**4. Investments**

LPCC's investments are stated at fair value based on quoted prices in active markets (all Level 1 measurements) and consist of the following:

December 31,	2017	2016
Bond mutual funds	\$ 88,152	\$ 77,093
Mortgage mutual funds		22,136
Bank loan fund	<b>14,949</b>	
<b>Total investments</b>	<b>\$ 103,101</b>	<b>\$ 99,229</b>

Dividend income of \$4,512 and \$2,774 for the years ended December 31, 2017 and 2016, respectively, is included in interest and dividend income. Unrealized gains of \$851 and \$4,985 for the years ended December 31, 2017 and 2016, respectively, is included in realized and unrealized loss on investments on the combining and combined statement of activities and changes in net assets.

**5. Related party transaction**

LPCC is the sole service provider to SSA #23 and SSA #35, Taxing Districts authorized by the City of Chicago. LPCC is paid a management fee and is also reimbursed for ongoing administration expenses such as rent, utilities and postage.

The management fees for SSA #23 totaled \$128,189 and \$143,181 for the years ended December 31, 2017 and 2016, respectively.

The management fees for SSA #35 totaled \$79,017 and \$58,004 for the years ended December 31, 2017 and 2016, respectively.

**6. Lease commitments**

LPCC is obligated under an operating lease for its office space located in Chicago, Illinois. The lease was set to expire on March 31, 2018.

Total rent expense for the years ended December 31, 2017 and 2016 was \$42,449 and \$38,543, respectively.

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS**  
**(CONTINUED)**

**6. Lease commitments (continued)**

LPCC also leases equipment under various operating leases which expire between 2016 and 2021 and have monthly lease payments aggregating approximately \$423. Total rent expense included in operations under equipment leases was \$2,642 and \$3,250 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease payments are as follows:

Year ending December 31:	Office lease	Equipment leases	Total
2018	\$ 9,390	\$ 2,642	\$ 12,032
2019		2,642	2,642
2020		2,642	2,642
2021		660	660
<b>Total</b>	<b>\$ 9,390</b>	<b>\$ 8,586</b>	<b>\$ 17,976</b>

**7. Retirement plan**

LPCC maintains a SIMPLE IRA plan covering all eligible employees. The matching contributions made to the plan were \$9,133 and \$7,667 for the years ended December 31, 2017 and 2016, respectively.

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**  
**SPECIAL SERVICE AREA #23**  
**SPECIAL SERVICE AREA #35**

**NOTES TO COMBINING AND COMBINED FINANCIAL STATEMENTS**  
**(CONTINUED)**

**8. Restatement of previously issued financial statements**

Subsequent to the release of the December 31, 2016 combined financial statements, errors were discovered relating to the recognition of property tax levy revenues. Property tax levies for the 2016 tax year, which will be collected in 2017, were recognized on the effective date of the contract (January 1, 2017), rather than the date the contract was approved (November 2016). The adjustment reduced current year activities by \$726,276. Unrestricted net assets have been corrected as follows:

	As previous reported	Adjustment	As restated
Unrestricted net assets	\$ 478,217	\$ 726,276	\$ 1,204,493
Total	\$ 478,217	\$ 726,276	\$ 1,204,493

**9. Subsequent events**

Management of LPCC has reviewed and evaluated subsequent events from December 31, 2017, the combining and combined financial statement date, through March 26, 2018, the date the combining and combined financial statements were available to be issued. No events have occurred in this period that would be required to be recognized and/or disclosed in these combining and combined financial statements as required by generally accepted accounting principles.

**LINCOLN PARK CHAMBER OF COMMERCE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

Years ended December 31,	2017					2016	
	Government and community relations	Marketing	Member services	Total program expenses	General and administrative	Total expenses	Total expenses
Advertising		\$ 8,126		\$ 8,126		\$ 8,126	\$ 10,845
Banner expenses		6,680		6,680		6,680	5,901
Contributions	\$ 4,187			4,187		4,187	2,780
Depreciation	389	154	\$ 856	1,399	\$ 154	1,553	263
Insurance	3,937	1,312	6,562	11,811	1,313	13,124	14,294
Member services			27,688	27,688		27,688	19,971
Miscellaneous			577	577	14,800	15,377	13,386
Occupancy	12,735	4,245	21,224	38,204	4,245	42,449	38,543
Office expenses and postage:							
Credit card fees		1,081	4,323	5,404		5,404	4,470
Other - office expense and postage	8,653	2,884	14,421	25,958	2,884	28,842	28,030
Outside services	1,970	10,814	4,330	17,114	788	17,902	19,075
Payroll and staff expenses	115,510	38,503	192,516	346,529	38,503	385,032	371,798
Sponsorship		247		247		247	885
<b>Total functional expenses</b>	<b>\$ 147,381</b>	<b>\$ 74,046</b>	<b>\$ 272,497</b>	<b>\$ 493,924</b>	<b>\$ 62,687</b>	<b>\$ 556,611</b>	<b>\$ 530,241</b>

**LINCOLN PARK CHAMBER OF COMMERCE, INC.  
SPECIAL SERVICE AREA #23**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**

Years ended December 31,	2017			2016 (As restated)		
	Actual	Budget	Variance	Actual	Budget	Variance
Income:						
Interest	\$ 166		\$ 166	\$ 150		\$ 150
Late collections					\$ 4,000	(4,000)
Tax levy income:						
2009 tax levy				(88)		(88)
2010 tax levy				(4,977)		(4,977)
2011 tax levy	(14,777)		(14,777)	(42)		(42)
2012 tax levy	(4,486)		(4,486)	(4,593)		(4,593)
2013 tax levy	(2,569)		(2,569)	(1,285)		(1,285)
2014 tax levy	(925)		(925)	3,780		3,780
2015 tax levy	655		655	12,500	417,181	(404,681)
2015 tax interest				8		8
2016 tax levy	12,800	\$ 427,709	(414,909)	404,681		404,681
2016 tax interest	16		16			
2017 tax levy	414,909		414,909			
Total tax levy income	405,623	427,709	(22,086)	409,984	417,181	(7,197)
Total income	405,789	427,709	(21,920)	410,134	421,181	(11,047)



**LINCOLN PARK CHAMBER OF COMMERCE, INC.  
SPECIAL SERVICE AREA #23**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)**

Years ended December 31,	2017			2016 (As restated)		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses:						
Estimated loss collection		\$ 4,020	\$ (4,020)	\$ 1,687	\$ 9,000	\$ (7,313)
SSA management expenses:						
Annual report	\$ 2,000	2,000				
Audit	5,000	5,000		5,000	5,000	
Bookkeeping	1,000	1,000		1,050	1,050	
Equipment maintenance	1,000	1,000				
IT monitoring services	800	800				
Liability/property insurance	600	600		525	525	
Meeting expenses	1,000	1,000		1,575	1,575	
Office equipment lease and maintenance	1,400	1,400		3,150	3,150	
Office printing	500	500		1,050	1,050	
Office rent	8,400	8,400		8,400	8,400	
Office supplies	400	400		1,260	1,260	
Office utilities and telephone	3,000	3,000		3,150	3,150	
Postage and delivery	1,500	1,500		1,680	1,680	
Professional development	1,000	1,000		1,050	1,050	
Subscriptions/dues	600	600		630	630	
<b>Total SSA management expenses</b>	<b>28,200</b>	<b>28,200</b>		<b>28,520</b>	<b>28,520</b>	
Customer attraction expenses:						
Display ads (signage)		8,000	(8,000)	480	7,000	(6,520)
Holiday decorations	12,647	22,000	(9,353)	8,140	20,000	(11,860)
Print materials		2,000	(2,000)		2,000	(2,000)
Public relations and media services	3,000	10,000	(7,000)	6,265	18,000	(11,735)
Shopper rebate program					10,000	(10,000)
Social media outreach	1,113	3,000	(1,887)	1,107	2,000	(893)
Special events	39,485	50,000	(10,515)	29,185	40,000	(10,815)
Website	676	6,000	(5,324)	452	3,000	(2,548)
<b>Total customer attraction expenses</b>	<b>56,921</b>	<b>101,000</b>	<b>(44,079)</b>	<b>45,629</b>	<b>102,000</b>	<b>(56,371)</b>

**LINCOLN PARK CHAMBER OF COMMERCE, INC.  
SPECIAL SERVICE AREA #23**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)**

Years ended December 31,	2017			2016 (As restated)		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Economic/business development expenses:						
Economic impact and marketing studies				\$ 4,732	\$ 5,000	\$ (268)
Site marketing	\$ 5,000	\$ 5,000		1,163	2,000	(837)
Total economic/business development expenses	5,000	5,000		5,895	7,000	(1,105)
Personnel expenses:						
Personnel cost	99,989	99,989		114,661	114,661	
Total personnel expenses	99,989	99,989		114,661	114,661	
Public way aesthetics expenses:						
City permits	1,575	2,000	(425)	1,195	1,500	(305)
Façade enhancement program - rebates	1,924	15,000	(13,076)	11,690	20,000	(8,310)
Landscaping	53,180	54,500	(1,320)	62,662	68,000	(5,338)
Property insurance	-			587	1,500	(913)
Public art	40,672	45,000	(4,328)	41,054	42,000	(946)
Sidewalk litter removal	33,524	38,000	(4,476)	36,866	38,000	(1,134)
Sidewalk power washing	14,043	15,000	(957)	13,375	16,000	(2,625)
Snow removal	24,455	26,000	(1,545)	22,675	24,000	(1,325)
Streetscape maintenance and repair	34,797	35,000	(203)			
Way finding/signage	14,785	40,000	(25,215)		30,000	(30,000)
Total public way aesthetics expenses	218,955	270,500	(51,545)	190,104	241,000	(50,896)

**LINCOLN PARK CHAMBER OF COMMERCE, INC.  
SPECIAL SERVICE AREA #23**

**(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)**

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)**

Years ended December 31,	2017			2016 (As restated)		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Safety program expenses:						
Safety marketing and educational programs		\$ 1,000	\$ (1,000)		\$ 1,000	\$ (1,000)
Safety improvement programs		4,000	(4,000)			
<b>Total safety program expenses</b>		<b>5,000</b>	<b>(5,000)</b>		1,000	(1,000)
Sustainability and public places expenses:						
Bicycle transit enhancements		3,000	(3,000)		3,000	(3,000)
Garbage/recycling program		1,000	(1,000)	\$ 1,970	5,000	(3,030)
<b>Total sustainability and public places expenses</b>		<b>4,000</b>	<b>(4,000)</b>	1,970	8,000	(6,030)
<b>Total expenses</b>	<b>\$ 409,065</b>	<b>517,709</b>	<b>(108,644)</b>	388,466	511,181	(122,715)
Increase (decrease) in net assets	(3,276)	(90,000)	86,724	21,668	(90,000)	111,668
Estimated carryover		90,000	(90,000)		90,000	(90,000)
Net assets, beginning of year	181,280		181,280	159,612		159,612
Net assets, end of year	<b>\$ 178,004</b>		<b>\$ 178,004</b>	\$ 181,280		\$ 181,280

**LINCOLN PARK CHAMBER OF COMMERCE, INC.  
SPECIAL SERVICE AREA #23**

**(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)**

**SUMMARY OF AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2017**

**Summary schedule of findings**

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 Planning and Development, we have read the requirements contained in the Agreement for Special Service Area #23 between the City of Chicago and Lincoln Park Chamber of Commerce, Inc.

Per Article 5.03, the Contractor (SSA #23) established a separate checking account at Byline Bank in Chicago, Illinois. All Service Tax Funds were automatically deposited into this checking account. The Contractor did not commingle Service Tax Funds with funds from any other source.

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.

**LINCOLN PARK CHAMBER OF COMMERCE, INC.  
SPECIAL SERVICE AREA #35**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL**

Years ended December 31,	2017			2016 (As restated)		
	Actual	Budget	Variance	Actual	Budget	Variance
Income:						
Interest				\$ 2		\$ 2
Late collections		\$ 94	\$ (94)			
Tax levy income:						
2014 tax levy				(959)		(959)
2015 tax levy	\$ 2,890		2,890	3,000	\$ 299,888	(296,888)
2015 tax interest				3		3
2016 tax levy	3,150	314,517	(311,367)	297,507		297,507
2016 tax interest	19		19			
2017 tax levy	311,367		311,367			
Total tax levy income	317,426	314,517	2,909	299,551	299,888	(337)
Total income	317,426	314,611	2,815	299,553	299,888	(335)
Expenses:						
Estimated loss collection		7,423	(7,423)	819	7,805	(6,986)
Customer attraction expenses:						
Decorative banners		10,000	(10,000)			
Display ads (signage)	250	3,000	(2,750)		3,000	(3,000)
Holiday decorations	17,510	18,000	(490)	14,096	18,000	(3,904)
Print materials	875	2,000	(1,125)			
Public relations and media services		10,000	(10,000)		10,000	(10,000)
Social media outreach	1,000	2,000	(1,000)		2,000	(2,000)
Special events	5,000	5,000			5,000	(5,000)
Website	50	2,000	(1,950)	849	2,000	(1,151)
Total customer attraction expenses	24,685	52,000	(27,315)	14,945	40,000	(25,055)

**LINCOLN PARK CHAMBER OF COMMERCE, INC.  
SPECIAL SERVICE AREA #35**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)**

Years ended December 31,	2017			2016 (As restated)		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
SSA management expenses:						
Annual report	\$ 2,000	\$ 2,000				
Audit	5,000	5,000		\$ 5,000	\$ 5,000	
Bank charges				1,226	5,000	\$ (3,774)
Bookkeeping	500	500		450	450	
Equipment maintenance	500	500				
IT monitoring services	400	400				
Liability/property insurance	300	300		225	225	
Meeting expenses	1,000	1,000		675	675	
Office equipment lease and maintenance	700	700		1,350	1,350	
Office rent	4,200	4,200		3,600	3,600	
Office supplies	200	200		540	540	
Office utilities and telephone	1,500	1,500		1,350	1,350	
Postage	750	750		720	720	
Printing	250	250		450	450	
Professional development	500	500		450	450	
Subscriptions/dues	300	300		270	270	
<b>Total SSA management expenses</b>	<b>18,100</b>	<b>18,100</b>		<b>16,306</b>	<b>20,080</b>	<b>(3,774)</b>
Personnel expenses:						
Personnel cost	60,917	60,917		42,924	42,924	
<b>Total personnel expenses</b>	<b>60,917</b>	<b>60,917</b>		<b>42,924</b>	<b>42,924</b>	
Public way aesthetics expenses:						
Façade enhancement program - rebates	15,000	20,671	(5,671)	6,281	20,000	(13,719)
Landscaping	40,357	46,500	(6,143)	43,607	48,879	(5,272)
Property insurance				731	1,200	(469)
Sidewalk maintenance	31,193	32,000	(807)	29,618	36,000	(6,382)
Sidewalk power washing	11,970	15,000	(3,030)	11,400	12,000	(600)
Snow removal	25,250	26,000	(750)	24,375	27,000	(2,625)
Streetscape elements	2,449	10,000	(7,551)			
Way finding / signage		5,000	(5,000)			
<b>Total public way aesthetics expenses</b>	<b>126,219</b>	<b>155,171</b>	<b>(28,952)</b>	<b>116,012</b>	<b>145,079</b>	<b>(29,067)</b>

**LINCOLN PARK CHAMBER OF COMMERCE, INC.  
SPECIAL SERVICE AREA #35**

(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)

**STATEMENT OF REVENUES AND EXPENDITURES – BUDGET AND ACTUAL (CONTINUED)**

Years ended December 31,	2017			2016 (As restated)		
	Actual	Budget	Variance	Actual	Budget	Variance
Expenses: (continued)						
Economic/business development expenses:						
Economic impact study	\$ 9,171	\$ 10,000	\$ (829)			
Master planning	2,000	2,000		\$ 31,995	\$ 40,000	\$ (8,005)
Site marketing	4,000	4,000		3,872	4,000	(128)
SSA designation				9,861		\$ 9,861
Total economic/business development expenses	15,171	16,000	(829)	45,728	44,000	1,728
Safety program expenses:						
Safety marketing and educational programs		1,000	(1,000)			
Safety improvement programs		4,000	(4,000)			
Total safety program expenses		5,000	(5,000)			
Total expenses	245,092	314,611	(69,519)	236,734	299,888	(63,154)
Increase (decrease) in net assets	72,334		72,334	62,819		62,819
Estimated carryover						
Net assets, beginning of year	84,432		84,432	21,613		21,613
Net assets, end of year	\$ 156,766		\$ 156,766	\$ 84,432		\$ 84,432

**LINCOLN PARK CHAMBER OF COMMERCE, INC.  
SPECIAL SERVICE AREA #35**

**(A TAXING DISTRICT AUTHORIZED BY THE CITY OF CHICAGO)**

**SUMMARY OF AUDIT FINDINGS**

**YEAR ENDED DECEMBER 31, 2017**

**Summary schedule of findings**

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 Planning and Development, we have read the requirements contained in the Agreement for Special Service Area #35 between the City of Chicago and Lincoln Park Chamber of Commerce, Inc.

Per Article 5.03, the Contractor (SSA #35) established a separate checking account at Bridgeview Bank in Chicago, Illinois. All Service Tax Funds were automatically deposited into this checking account. The Contractor did not commingle Service Tax Funds with funds from any other source.

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.