

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown Chamber of Commerce

Financial Statements
December 31, 2022 and 2021

Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce
Financial Statements

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Joy L. Coombes, CPA MST

Independent Auditor's Report

To the Commissioners of
Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce

Opinion

We have audited the accompanying financial statements of Special Service Area 73 (SSA73) (a taxing district authorized by the City of Chicago) which comprise the SSA73 basic financial statements as listed in the table of contents as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SSA73 as of December 31, 2022 and 2021, 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.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SSA73 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SSA73's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SSA73's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SSA73's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matters

Required Supplementary Information

Management has omitted the 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. 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 historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenues and expenditures - budget and actual on page 11 and 12, are presented for comparison and analysis purposes only. The supplementary information is not a required part of the basic financial statements. We have not performed any auditing procedures on the budget amounts and therefore, express no opinion on them.

Joy L. Coombes, CPA MST



Chicago, Illinois
April 19, 2023

Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce
Statements of Net Position and
Governmental Fund Balance Sheets
December 31, 2022 and 2021

	2022			2021		
	Governmental Fund	Adjustments	Statement of Net Position	Governmental Fund	Adjustments	Statement of Net Position
ASSETS						
Cash and cash equivalents	\$ 15,006	\$ -	\$ 15,006	\$ 35,519	\$ -	\$ 35,519
Property tax receivable, net allowance for uncollectable taxes of \$0 and \$0	82,789	-	82,789	49,168	-	49,168
TIF rebate receivable	13,111	-	13,111	13,111	-	13,111
Prepaid expenses	-	-	-	-	-	-
Total Assets	\$ 110,906	\$ -	\$ 110,906	\$ 97,798	\$ -	\$ 97,798
LIABILITIES						
Accounts payable and accrued expenses	1,150	-	1,150	800	-	800
Due to Chicago Chinatown Chamber	883	-	883	833	-	833
Due to City of Chicago	-	-	-	566	-	566
Total Liabilities	2,033	-	2,033	2,199	-	2,199
DEFERRED INFLOWS						
Deferred property tax revenue	54,500	(54,500)	-	49,168	(49,168)	-
Total Deferred Inflows	54,500	(54,500)	-	49,168	(49,168)	-
FUND BALANCE / NET POSITION						
Unassigned	54,373	(54,373)	-	46,431	(46,431)	-
Total Fund Balance	54,373	(54,373)	-	46,431	(46,431)	-
Total Deferred Inflows and Fund Balance	\$ 110,906			\$ 97,798		
Net Position - Unrestricted		\$ (108,873)	\$ 108,873		\$ (95,599)	\$ 95,599
Amounts reported for government activities in the statement of net position are different because:						
Total fund balance - governmental funds			\$ 54,373			\$ 46,431
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 government funds.			54,500			49,168
Total net position - governmental activities			\$ 108,873			\$ 95,599

See notes to the financial statements and independent auditor's report

Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce
Statements of Activities and Governmental Fund,
Revenues, Expenditures
and Changes in Fund Balances
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Governmental Fund	Adjustments	Statement of Activities	Governmental Fund	Adjustments	Statement of Activities
REVENUES						
Property taxes - net of allowance	\$ 53,005	\$ 5,332	\$ 58,337	\$ 43,643	\$ 4,768	\$ 48,411
TIF rebate revenue	-	-	-	-	-	-
Total Revenues	53,005	5,332	58,337	43,643	4,768	48,411
EXPENDITURES						
Customer attraction	3,228	-	3,228	5,000	-	5,000
Public way aesthetics	29,190	-	29,190	14,050	-	14,050
SSA management	12,645	-	12,645	11,989	-	11,989
Total Expenditures	45,063	-	45,063	31,039	-	31,039
Excess of Revenues over Expenditures	7,942	5,332	13,274	12,604	4,768	17,372
Change in Net Position	7,942	5,332	13,274	12,604	4,768	17,372
Fund Balance/Net Position						
Beginning of the Year	46,431	49,168	95,599	33,827	44,400	78,227
End of the Year	<u>\$ 54,373</u>	<u>\$ 54,500</u>	<u>\$ 108,873</u>	<u>\$ 46,431</u>	<u>\$ 49,168</u>	<u>\$ 95,599</u>

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

Net change in Fund balance - governmental funds		\$ 7,942		\$ 12,604
Property tax is recognized in the year it is levied rather than when it is available for governmental funds		5,332		4,768
Change in Net Position		<u>\$ 13,274</u>		<u>\$ 17,372</u>

See notes to the financial statements and independent auditor's report

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown Chamber of Commerce
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 1 – Nature of Activities and Reporting Entity

Special Service Area 73 (SSA 73) is a taxing district authorized by City of Chicago located in Chicago, Illinois. Its scope of services is to fund various activities to support the economic well-being and tourism appeal of the district through programs, services and promotional events. The Chinatown SSA makes Chicago's Chinatown a welcoming destination for visitors, residents, and businesses alike. The SSA is funded by property tax levied on properties within the SSA boundaries, which are collected by the Cook County Treasurer, and then distributed by the City of Chicago to the SSA. SSA 73 was established as of January 1, 2018.

Special Service Area 73 is governed by a Commission whose members are appointed by the Mayor of Chicago. The City of Chicago contracted with the Chicago Chinatown Chamber of Commerce (CCCC) to perform administrative duties as the service provider for this SSA during the reporting period. Chicago Chinatown Chamber of Commerce is an Illinois not-for-profit corporation, exempt from federal taxes under Section 501c(6) of the Internal Revenue Code.

Special Service Area 73 is roughly bounded by LaSalle Street from 24th place north to Cullerton Street, and Cullerton Street east to LaSalle Street to west to Stewart Avenue. Special Services authorized an Establishment Ordinance 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; façade improvements; and other commercial and economic development initiatives.

NOTE 2 – Summary of Significant Accounting Policies

a. Government-Wide and Fund Financial Statements

The financial statements of SSA 73 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).

Special Service Area 73
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Notes to Financial Statements
December 31, 2022 and 2021

NOTE 2 – Summary of Significant Accounting Policies – (Continued)

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

b. 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 the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied.

The government 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.

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America 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 expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

c. Assets, Liabilities and Net Position

Cash and Cash Equivalents

The SSA's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown Chamber of Commerce
Notes to Financial Statements
December 31, 2022 and 2021

NOTE 2 – Summary of Significant Accounting Policies – (Continued)

Receivables

All property tax receivables are shown net of allowances. As of December 31, 2022, and 2021, the allowance is estimated to be less than 1% of the outstanding property taxes.

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 through approval of the resolutions. Assigned fund balance is a limitation imposed by a designee of the SSA 73 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.

d. Subsequent Events

Subsequent events have been evaluated through April 25, 2023, which is the date the financial statements were available to be issued.

Special Service Area 73
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Notes to Financial Statements
December 31, 2022 and 2021

NOTE 3 – Cash and cash equivalents

The SSA defines cash and cash equivalents as short-term investments such as cash in banks, money markets, and other financial instruments that can be reduced to cash in thirty days or less. The SSA maintains its cash balance in a financial institution located in Chicago, IL., of which is insured by the Federal Deposit Insurance Corporation up to \$250,000. The SSA's cash balance did not exceed the insurance level as of December 31, 2022, and 2021.

NOTE 4 – Property Taxes

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 from 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 SSA 73.

NOTE 5 – TIF Rebate Receivable

As of December 31, 2022 and 2021, a TIF rebate receivable of \$13,111 and \$13,111, respectively, was identified and reported to the SSA, by the City of Chicago. TIF rebates will be received by the SSA over the next two years.

NOTE 6 – Accounts Payable

Accounts payable balance at December 31, 2022 and 2021 is \$1,150 and \$800, respectively. These balances consist of expenses incurred during the respective year related to vendors for public way aesthetics.

NOTE 7 – Due to City of Chicago

Amount due to City of Chicago, results from property tax refunds not yet deducted from future property taxes to be received by SSA73, at December 31, 2022 and 2021 is \$0 and \$566, respectively.

Special Service Area 73
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Notes to Financial Statements
December 31, 2022 and 2021

NOTE 8 – Deferred Inflows of Revenue

A deferred inflow of property tax revenue represents an acquisition of fund balance that applies to a future period and therefore will not be recognized as an inflow of revenue until that future time.

NOTE 9 – Related Party Transactions

SSA 73 is affiliated with Chicago Chinatown Chamber of Commerce (CCCC), which provides certain administrative services of the SSA. During the years ending December 31, 2022 and 2021, Chicago Chinatown Chamber of Commerce billed SSA73 \$10,600 and \$10,000, respectively, for shared administrative costs. As of December 31, 2022, and 2021, there was a due to related party CCCC balance of \$883 and \$833, respectively. The balance in due to the related party, resulted from the time lag that 1) goods and services were provided or reimbursable expenditures occur, 2) transactions were recorded in the accounting system and 3) payments were being made.

NOTE 10 – Risks and Uncertainties

The COVID-19, a worldwide pandemic, has continued to present significant effects on global markets, supply chains, businesses, and communities. Specific to the SSA, COVID-19 may continue to impact various parts of its 2023 operations and financial results, including potential cancellations of future events and programing, and potential delays in receiving their respective property tax levies. Management believes the SSA is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 outbreak continues as of the date the SSA's financial statements were issued. Given the uncertainty related to this pandemic, the SSA is not able to estimate the effects of this outbreak on its operations, financial condition and liquidity for the year ended December 31, 2023.

NOTE 11 – Subsequent Events

SSA 73 received its second installment of 2022 tax deposits late, a majority of the second installment was received in December 2022, and January and February 2023. The 2022 tax deposits received in January and February 2023, were included in Property tax receivables and in

Special Service Area 73
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Notes to Financial Statements
December 31, 2022 and 2021

NOTE 11 – Subsequent Events – (continued)

Property tax revenue at December 31, 2022. The amount of 2022 tax late deposits reported included in Property tax receivable at December 31, 2022 was \$28,289. Total Property Tax Receivable \$82,789, includes gross 2022 levy of \$54,500, less allowance for uncollectible of \$0, plus late collections of 2021 levy received in 2023 of \$28,289.

Supplementary Information

Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest - current year	\$ 49,168	\$ 53,005	\$ (3,837)
TIF rebate revenue	9,531	-	9,531
Total revenues	58,699	53,005	5,694
EXPENDITURES			
Customer attraction	5,168	3,228	1,940
Public way aesthetics	41,700	29,190	12,510
Sustainability and public places	600	-	600
Economic/business development	11,031	-	11,031
Public health and safety programs	1,200	-	1,200
SSA management	13,000	12,645	355
Total expenditures	72,699	45,063	27,636
Excess (deficit) of revenues over expenditures	<u>\$ (14,000)</u>	<u>\$ 7,942</u>	<u>\$ (21,942)</u>
CARRYOVER			
	<u>14,000</u>	<u>-</u>	<u>14,000</u>
Net revenues in excess (deficit) of expenses	<u>\$ -</u>	<u>\$ 7,942</u>	<u>\$ (7,942)</u>

See notes to the financial statements and independent auditor's report

Special Service Area 73
Managed by Chicago Chinatown Chamber of Commerce
Schedule of Revenues and
Expenditures - Budget and Actual
December 31, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUE			
Property revenues and interest - current year	\$ 45,791	\$ 43,643	\$ 2,148
TIF rebate revenue	3,581	-	3,581
	<u>49,372</u>	<u>43,643</u>	<u>5,729</u>
EXPENDITURES			
Customer attraction	400	5,000	(4,600)
Public way aesthetics	37,341	14,050	23,291
Sustainability and public places	2,300	-	2,300
Economic/business development	2,081	-	2,081
Safety programs	1,100	-	1,100
SSA management	12,400	11,989	411
	<u>55,622</u>	<u>31,039</u>	<u>24,583</u>
Excess (deficit) of revenues over expenditures	<u>\$ (6,250)</u>	<u>\$ 12,604</u>	<u>\$ (18,854)</u>
CARRYOVER			
	<u>6,250</u>	<u>-</u>	<u>6,250</u>
Net revenues in excess (deficit) of expenses	<u>\$ -</u>	<u>\$ 12,604</u>	<u>\$ (12,604)</u>

See notes to the financial statements and independent auditor's report

Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown Chamber of Commerce
Summary Schedule of Findings
For the Year Ended December 31, 2022

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 and understand the requirements contained in the Agreement for Special Service Area 73 between the City of Chicago and Chicago Chinatown Chamber of Commerce. After conducting the audit, we determined the below findings.

CURRENT YEAR FINDINGS:

State of Illinois Statute limits the carryover of unspent funds into the following year to 25% of the previous year's budget. SSA 73 will be carrying over in excess of 25% of the year 2022 budget into 2023.

CORRECTIVE ACTION PLANS:

The Commission of Special Service Area 73 will pay particularly close attention when creating, approving, and modifying future annual budgets to spend any excess carryover.

PRIOR YEAR FINDING:

State of Illinois Statute limits the carryover of unspent funds into the following year to 25% of the previous year's budget. SSA 73 will be carrying over in excess of 25% of the year 2021 budget into 2022.

The actual expended funds from the budget category Customer Attraction exceeded the 2021 approved budget amount.

CORRECTIVE ACTION PLAN – UPDATED:

The Commission of Special Service Area 73 will pay particularly close attention when creating, approving and modifying future annual budgets as well as monitoring actual annual spending to spend any excess carryover.

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Managed by Chicago Chinatown Chamber of Commerce
State of Illinois CPA License
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Special Service Area 73
(a taxing district authorized by the City of Chicago)
Managed by Chicago Chinatown Chamber of Commerce
Budget
December 31, 2022

Budget

Special Service Area # 73	
SSA Name:	Chinatown

2022 BUDGET SUMMARY

Budget and Services Period: January 1, 2022 through December 31, 2022

CATEGORY <small>(Funded Categories Comprise Scope of Services)</small>	2021 Levy		Carryover Funds	TIF Rebate Fund #0D32	Estimated Late Collections and Interest	Total All Sources
	Collectable Levy	Estimated Loss Collection				
1.00 Customer Attraction	\$2,168	\$0	\$1,000	\$2,000	\$0	\$5,168
2.00 Public Way Aesthetics	\$30,000	\$0	\$6,700	\$5,000	\$0	\$41,700
3.00 Sustainability and Public Places	\$300	\$0	\$300	\$0	\$0	\$600
4.00 Economic/ Business Development	\$3,500	\$0	\$5,000	\$2,531	\$0	\$11,031
5.00 Public Health and Safety Programs	\$200	\$0	\$1,000	\$0	\$0	\$1,200
6.00 SSA Management	\$13,000	\$0	\$0	\$0	\$0	\$13,000
7.00 Personnel	\$0	\$0		\$0	\$0	\$0
Sub-total	\$49,168	\$0				
GRAND TOTALS	Levy Total	\$49,168	\$14,000	\$9,531	\$0	\$72,699

LEVY ANALYSIS	
Estimated 2021 EAV:	\$42,392,445
Authorized Tax Rate Cap:	0.800%
Maximum Potential Levy limited by Rate Cap:	\$339,140
Requested 2021 Levy Amount:	\$49,168
Estimated Tax Rate to Generate 2020 Levy:	0.1160%

LEVY CHANGE FROM PREVIOUS YEAR	
2020 Levy Total (in 2021 budget)	\$44,570
2021 Levy Total (in 2022 budget)	\$49,168
Percentage Change	10.32%
Community meeting required if levy amount increases greater than 5% from previous levy.	

CARRYOVER CALCULATION	
2021 Budget Total	\$60,977
Carryover request for 2022	\$14,000
Percentage	22.959%
Must be less than 25%	