

CHICAGO LOOP ALLIANCE AND SPECIAL SERVICE AREA #1  
(An Illinois Not-for-Profit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

CHICAGO LOOP ALLIANCE AND SPECIAL SERVICE AREA #1  
(An Illinois Not-for-Profit Corporation)

As of December 31, 2010 AND 2009

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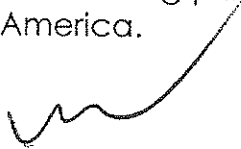
INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of Chicago Loop Alliance and  
Commissioners of Special Service Area #1  
Chicago, Illinois

We have audited the accompanying statements of financial position of Chicago Loop Alliance and Special Service Area #1 (a taxing district authorized by the City of Chicago) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chicago Loop Alliance and Special Service Area #1 as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Larry Little, CPA  
The A.C.T. Group, Ltd.  
Certified Public Accountants  
February 17, 2011

CHICAGO LOOP ALLIANCE / SSA 1  
 (An Illinois Not-for-Profit Corporation)  
 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Assets:		
Current Assets		
Cash and cash equivalents	\$ 1,203,081	\$ 407,308
Accounts receivable - net	232,392	138,918
Total Current Assets	<u>1,435,473</u>	<u>546,226</u>
Property & equipment - net	6,499	3,998
Other Assets	-	15
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 1,441,972</u>	<u>\$ 550,239</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 73,048	\$ 214,817
Due to City of Chicago	179,329	-
Deferred revenue	167,368	154,057
Total Current Liabilities	<u>419,745</u>	<u>368,874</u>
Net Assets		
Unrestricted	<u>1,022,227</u>	<u>181,365</u>
Total Liabilities and Net Assets	<u>\$ 1,441,972</u>	<u>\$ 550,239</u>

The accompanying notes are an integral part of the financial statements.

CHICAGO LOOP ALLIANCE / SSA #1  
 (An Illinois Not-for-Profit Corporation)  
 STATEMENTS OF ACTIVITIES  
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues:		
Membership dues	\$ 185,902	\$ 193,025
Cook county collection - SSA #1	3,101,260	2,116,029
Annual meeting	10,365	24,905
Government grants	58,428	52,995
Sponsorships	137,000	11,500
CLA foundation management fee	77,938	69,812
Academic grants	-	15,000
Networking events	8,980	7,155
Couch place	-	19,389
Other income	9,374	5,721
Interest income	-	831
 Total Revenue	 3,589,247	 2,516,362
Expenses:		
Program Services		
Couch place maintenance	-	15,095
Marketing & events	107,141	26,048
Marketing to business	8,731	21,148
SSA #1 expenses	2,322,749	2,038,857
	2,438,621	2,101,148
 General & Administrative Expenses	 309,764	 318,257
 Total Expenses	 2,748,385	 2,419,405
 Increase in Net Assets	 840,862	 96,957
Beginning of Year		
Unrestricted Net Assets	181,365	84,408
End of Year		
Unrestricted Net Assets	\$ 1,022,227	\$ 181,365

The accompanying notes are an integral part of the financial statements.

CHICAGO LOOP ALLIANCE / SSA #1  
(An Illinois Not-for-Profit Corporation)  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities		
Change in Net Assets	\$840,862	\$96,957
Adjustments to reconcile net surplus to net cash (used) provided by operating activities:		
Accounts receivable	(93,474)	11,787
Depreciation	3,478	2,880
Due to City of Chicago	179,329	0
Accounts payable	(141,769)	78,757
Deferred revenue	13,311	(30,896)
Other assets	15	-
Net cash provided by operating activities	801,752	159,485
INVESTING ACTIVITIES		
Purchase of office equipment	(5,979)	0
Net cash (used) by Investing Activities	(5,979)	0
Net cash increase for period	795,773	159,485
Cash at beginning of year	407,308	247,823
Cash at end of year	\$1,203,081	\$407,308
Interest paid	\$0	\$867

The accompanying notes are an integral part of the financial statements.

CHICAGO LOOP ALLIANCE  
 (An Illinois Not-for-Profit Corporation)  
 FUNCTIONAL EXPENSES  
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Supporting Services Expenses		
Salaries & payroll taxes	\$ 166,439	\$ 169,170
Membership billed, not renewed	26,393	59,170
Employee benefits	40,562	27,567
Office general	27,812	12,271
Rent	11,114	11,114
Miscellaneous	1,398	10,724
Bank & credit card fees	3,922	5,610
Meals and entertainment	9,297	4,194
Insurance	1,230	3,842
Equipment	9,092	2,954
Postage	3,137	2,889
Depreciation	3,478	2,880
Telephone	2,882	2,725
Dues and subscriptions	1,680	1,415
Interest	-	867
Accounting	932	572
Utilities	396	293
	\$ 309,764	\$ 318,257

The accompanying notes are an integral part of the financial statements.

SPECIAL SERVICE AREA #1  
(a taxing district authorized by the City of Chicago)  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	BUDGET 2010	ACTUAL 2010	VARIANCE \$	BUDGET 2009	ACTUAL 2009	VARIANCE \$
Revenues:						
Contract-SSA	\$ 2,759,855	\$ 3,210,257	\$ 450,402	\$ 2,759,855	\$ 2,219,175	\$ (540,680)
Less loss collection expense	<u>(275,985)</u>	<u>(108,997)</u>	<u>166,988</u>	<u>(413,978)</u>	<u>(103,146)</u>	<u>310,832</u>
Total Revenue	<u>2,483,870</u>	<u>3,101,260</u>	<u>617,390</u>	<u>2,345,877</u>	<u>2,116,029</u>	<u>(229,848)</u>
Expenses:						
Services:						
Advertising & promotion	568,434	532,158	(36,276)	748,270	359,872	(388,398)
Public way maintenance	640,085	563,091	(76,994)	534,244	800,062	265,818
Public way aesthetics	1,011,015	959,122	(51,893)	641,244	682,643	41,399
Tenant retention/attraction	31,836	29,097	(2,739)	78,561	30,945	(47,616)
Safety programs	-	11,980	11,980	23,561	11,667	(11,894)
District planning	<u>106,500</u>	<u>91,567</u>	<u>(14,933)</u>	<u>197,875</u>	<u>34,813</u>	<u>(163,062)</u>
Total Services Expense	<u>2,357,870</u>	<u>2,187,015</u>	<u>(170,855)</u>	<u>2,223,755</u>	<u>1,920,002</u>	<u>(303,753)</u>
Administration:						
Audit / bookkeeping	11,000	5,797	(5,203)	10,000	4,690	(5,310)
Office equipment	10,500	10,218	(282)	10,000	9,482	(518)
Office rent	45,000	33,341	(11,659)	45,000	33,341	(11,659)
Insurance D&O/gen. liability	12,000	11,998	(2)	12,500	10,328	(2,172)
Office utilities / telephone	7,500	4,842	(2,658)	7,500	4,473	(3,027)
Service provider / admin. support	<u>40,000</u>	<u>69,538</u>	<u>29,538</u>	<u>37,122</u>	<u>56,541</u>	<u>19,419</u>
Total Administration Expense	<u>126,000</u>	<u>135,734</u>	<u>9,734</u>	<u>122,122</u>	<u>118,855</u>	<u>(3,267)</u>
Total Expenses	<u>2,483,870</u>	<u>2,322,749</u>	<u>(161,121)</u>	<u>2,345,877</u>	<u>2,038,857</u>	<u>(307,020)</u>
Net Surplus/(Deficit)	<u>\$ -</u>	<u>\$ 778,511</u>	<u>\$ 778,511</u>	<u>\$ -</u>	<u>\$ 77,172</u>	<u>\$ 77,172</u>

The accompanying notes are an integral part of the financial statements.



CHICAGO LOOP ALLIANCE / SSA 1  
(An Illinois Not-for-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

NOTE A - ORGANIZATION

The Chicago Loop Alliance (CLA) is a not-for-profit organization founded in 1929 to promote economic prosperity within Chicago's central business district. The mission of CLA is to strengthen the State Street district's competitive position as a mixed use retail core; build on its existing hospitality, real estate, residential, cultural and institutional resources; and contribute to Chicago's standing as a world-class city and tourist attraction. More specifically, CLA, through membership advocacy, functions to protect and promote, in social and cooperative ways, the interests of the property owners' merchants, financial institutions, hotels, real estate and residential, cultural and educational entities and others doing business in the State Street business district. CLA serves as a chief coordinator and catalyst, uniting member organizations through leadership in all matters of mutual concern.

Special Service Area #1 (the Taxing District) is a taxing district authorized by the City of Chicago located in Chicago, Illinois. It is managed by CLA. Its scope of services is to coordinate and supervise various activities with regard to the central business district. These services include coordinating marketing and promotional activities, sidewalk maintenance, beautification activities, and other technical assistance activities to promote commercial and economic development in the area. The Taxing District is supported through property taxes levied on neighborhood commercial properties which are collected by the City of Chicago.

NOTE B -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements have been prepared on the accrual basis of accounting. Revenues and expenses are recognized when incurred.

Estimates

The preparation of financial statements in conformity with the accounting principles generally 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 expenses during the reporting period. Actual results could differ from those estimates.

CHICAGO LOOP ALLIANCE / SSA 1  
(An Illinois Not-for-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis as to administrative, programming and fundraising. Expenses that can be identified with a specific program are allocated according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various formulas.

Contributions and Membership Dues

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as expenses or net assets released from restrictions. Membership dues are invoiced in December for the following year. Income is recorded in the year it is received. An allowance for non-renewing membership dues of \$35,643 and 10,000 are recorded in the financial statements in 2010 and 2009, respectively, based on estimated dues that are at risk for collection.

Subsequent Events

Subsequent events have been evaluated through February 17, 2011, which is the date the financial statements were available to be issued.

NOTE C – RELATED PARTY TRANSACTIONS

CLA is the sole provider of services to the SSA 1. CLA allocated joint expenses between the two Organizations.

The Chicago Loop Alliance Foundation is a 501(c)(3) charitable organization managed by CLA. Management/administrative fees are paid to CLA by the Foundation. In addition, the Foundation serves as a fiscal agent to CLA projects that are consistent with the Foundation's mission. CLA billed the Foundation \$77,938 and \$69,812 in management/administrative fees in 2010 and 2009, respectively, and the Foundation owes CLA \$77,953 and \$18,469 as of December 31, 2010 and 2009, respectively.

CHICAGO LOOP ALLIANCE / SSA 1  
 (An Illinois Not-for-Profit Corporation)  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

NOTE D – INCOME TAX STATUS

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

NOTE E – CASH AND CASH EQUIVALENTS

The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization had not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk in cash and cash equivalents.

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment are started at cost. Depreciation is being computed using the straight-line method over the estimated useful lives of the assets.

The following is a summary of fixes assets as of December 31, 2010 and 2009:

Furniture and fixtures	\$ 7,924	\$ 7,924
Office equipment	57,169	51,190
Leasehold improvements	<u>1,498</u>	<u>1,498</u>
	66,591	60,612
Less accumulated depreciation	<u>(60,092)</u>	<u>(56,614)</u>
Net fixed assets	<u>\$ 6,499</u>	<u>\$ 3,998</u>

NOTE G – LINE OF CREDIT

The Organization entered into a one year line of credit agreement with a local bank in October, 2009 in the amount of \$200,000 at a variable interest rate of prime plus .5%. The Organization used a portion of this credit line in October, 2009 and completely repaid the amount in December, 2009. The line of credit was not renewed in 2010.

NOTE H – DUE TO CITY OF CHICAGO

SSA 1 received \$179,329 from the City of Chicago in error. This amount is to be repaid in 2011.

CHICAGO LOOP ALLIANCE / SSA 1  
(An Illinois Not-for-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

NOTE I – ACCOUNTS RECEIVABLE

Accounts Receivable as of December 31, 2010 consists of dues from the members for the maintenance and interest of the State Street business district in the amount of \$119,439, Chicago Loop Alliance Foundation in the amount of \$77,953 and sponsorship receivable in the amount of \$35,000. The allowance for doubtful accounts is \$35,643.

Accounts Receivable as of December 31, 2009 consists of dues from the members for the maintenance and interest of the State Street business district in the amount of \$98,009, State of Illinois grant in the amount of \$22,440, and Chicago Loop Alliance Foundation in the amount of \$18,469. The allowance for doubtful accounts is \$10,000.

The allowance for doubtful accounts was based on estimated dues that are at risk for collection based on previous year's experience.

NOTE J – SSA 1

The Organization manages Special Service Area 1 (SSA 1) for the City of Chicago. All SSA 1 activity is maintained in the same accounting software as the CLA. Separate bank accounts are maintained and there is a separate set of commissioners that oversee its operations.

CHICAGO LOOP ALLIANCE / SSA 1  
(An Illinois Not-for-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2010 AND 2009

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 #1 between the City of Chicago and Chicago Loop Alliance.

Per Article 5.03, the Contractor (SSA #1) established a separate checking account at The Private bank and Trust Company during the year. All Service Tax Funds were automatically deposited into this checking account.

The Contractor does not pay the bills of SSA #1 out of the SSA #1 bank account. All bills are paid through CLA and monies are transferred out of the SSA account to the CLA account for the exact amount of funds spent for the SSA. If a bill is to be allocated between CLA and the SSA, only funds that apply the SSA portion of the bill are transferred to CLA

CLA does not charge the SSA for its services and does not record revenue for these services.

Based on our understanding of the agreement and the facts surrounding the performance under the agreement, we noted no other exceptions. Many contractual items were included in the agreement which dealt with non-accounting and non-financial matters of which we had no knowledge.