

CHICAGO LOOP ALLIANCE AND SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
a taxing district authorized by the City of Chicago)

FINANCIAL STATEMENTS

DECEMBER 31, 2014

(TOGETHER WITH INDEPENDENT AUDITOR'S REPORT)

CHICAGO LOOP ALLIANCE AND SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
a taxing district authorized by the City of Chicago)

As of December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Chicago Loop Alliance (an Illinois not-for-profit corporation) and Special Service Area #1 (a taxing district authorized by the City of Chicago) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Chicago Loop Alliance and Special Service Area #1 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Loop Alliance and Special Service Area #1 as of December 31, 2014 and the changes in financial position and budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

During 2014, Chicago Loop Alliance and Special Service Area #1 changed its basis of accounting to follow the standards established by the Government Accounting Standards Board (GASB) applicable to governmental entities. Previously, these organizations were following a basis of accounting similar to a not-for-profit entity under the standards of the Financial Accounting Standards Board (FASB).

Other Matter

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. My opinion on the basic financial statements is not affected by this missing information.

The A.C.T. Group, Ltd

The A.C.T. Group, Ltd.
Certified Public Accountants
Chicago, Illinois
April 13, 2015

CHICAGO LOOP ALLIANCE AND SPECIAL SERVICE AREA #1
 (an Illinois not-for-profit corporation &
 a taxing district authorized by the City of Chicago)
 Statement of Net Position and Governmental Funds Balance Sheet
 December 31, 2014

| | <u>Governmental Funds</u> | <u>Adjustments</u> | <u>Statement of Activities</u> |
|--|-------------------------------|----------------------------|--|
| ASSETS | | | |
| <u>Current Assets</u> | | | |
| Cash | \$ 611,669 | \$ - | \$ 611,669 |
| Property Tax Receivable, net of allowance for uncollectable taxes of \$99,826 | 2,395,836 | - | 2,395,836 |
| Accounts Receivable | 48,526 | - | 48,526 |
| Property & Equipment - Net | <u>5,086</u> | <u>-</u> | <u>5,086</u> |
| TOTAL ASSETS | \$ <u>3,061,117</u> | \$ <u>-</u> | \$ <u>3,061,117</u> |
| | | | |
| LIABILITIES | | | |
| <u>Current Liabilities</u> | | | |
| Accounts Payable | \$ 75,511 | \$ - | \$ 75,511 |
| Due to City of Chicago | <u>4,648</u> | <u>-</u> | <u>4,648</u> |
| TOTAL LIABILITIES | 80,159 | - | 80,159 |
| | | | |
| DEFERRED INFLOWS | | | |
| Deferred Property Tax Revenue | 2,395,836 | (2,395,836) | - |
| | | | |
| FUND BALANCES / NET POSITION | | | |
| <u>Non-spendable:</u> | | | |
| Prepaid Items | - | - | - |
| <u>Committed:</u> | | | |
| | - | - | - |
| <u>Assigned:</u> | | | |
| | - | - | - |
| <u>Unassigned</u> | | | |
| | <u>585,122</u> | <u>(585,122)</u> | <u>-</u> |
| TOTAL FUND BALANCE | <u>585,122</u> | <u>(585,122)</u> | <u>-</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | \$ <u>3,061,117</u> | | |
| | | | |
| <u>Net Position</u> | | | |
| Restricted | | \$ <u>2,980,958</u> | \$ <u>2,980,958</u> |

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

| | |
|--|----------------------------|
| Total fund balance - governmental funds | 585,122 |
| 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. | <u>2,395,836</u> |
| Total net position - governmental activities | \$ <u>2,980,958</u> |

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

CHICAGO LOOP ALLIANCE AND SPECIAL SERVICE AREA #1
 (an Illinois not-for-profit corporation &
 a taxing district authorized by the City of Chicago)
 Statement of Activities and Governmental, Funds, Revenues,
 Expenditures and Changes in Fund Balances
 For the Year Ended December 31, 2014

| | Governmental Funds | Adjustments | Statement of Net Position |
|--------------------------------------|-----------------------|---------------------|---------------------------------|
| REVENUES: | | | |
| Membership Dues | \$ 174,111 | \$ - | \$ 174,111 |
| Property Taxes | 2,288,941 | (77,801) | 2,211,140 |
| Sponsorships | 127,200 | - | 127,200 |
| CLA Foundation Management Fee | 52,642 | - | 52,642 |
| Networking Events | 6,920 | - | 6,920 |
| Interest Income | <u>2,003</u> | <u>-</u> | <u>2,003</u> |
| TOTAL REVENUE | <u>2,651,817</u> | <u>(77,801)</u> | <u>2,574,016</u> |
| EXPENSES: | | | |
| SSA #1 | | | |
| Services: | | | |
| Advertising & Promotion | 219,983 | - | 219,983 |
| Public Way Maintenance | 624,129 | - | 624,129 |
| Public Way Aesthetics | 515,806 | - | 515,806 |
| Safety Programs | 362,489 | - | 362,489 |
| District Planning | 95,087 | - | 95,087 |
| Other Expense | <u>7,326</u> | <u>-</u> | <u>7,326</u> |
| Total Services Expense | <u>1,824,820</u> | <u>-</u> | <u>1,824,820</u> |
| Administration: | | | |
| Personnel | 481,580 | - | 481,580 |
| Admin - nonpersonnel | <u>92,188</u> | <u>-</u> | <u>92,188</u> |
| Total Administration Expense | <u>573,768</u> | <u>-</u> | <u>573,768</u> |
| TOTAL SSA #1 EXPENSES | <u>2,398,588</u> | <u>-</u> | <u>2,398,588</u> |
| Chicago Loop Alliance Expenses | | | |
| Marketing & Events | 15,221 | - | 15,221 |
| Marketing to Business | 19,497 | - | 19,497 |
| Supporting Services | <u>276,163</u> | <u>-</u> | <u>276,163</u> |
| TOTAL Chicago Loop Alliance Expenses | <u>310,881</u> | <u>-</u> | <u>310,881</u> |
| TOTAL EXPENSES | 2,709,469 | | 2,709,469 |
| Excess of revenues over expenditures | (57,652) | 57,652 | |
| Change in Net Position | | (135,453) | (135,453) |
| FUND BALANCE/NET POSITION | | | |
| Beginning of the Year | <u>642,774</u> | <u>2,473,637</u> | <u>3,116,411</u> |
| End of the Year | <u>\$ 585,122</u> | <u>\$ 2,395,836</u> | <u>\$ 2,980,958</u> |

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

Net change in Fund balance - governmental funds \$ (57,652)

Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds (77,801)

Change in net position \$ (135,453)

SPECIAL SERVICE AREA #1
 (an Illinois not-for-profit corporation &
 a taxing district authorized by the City of Chicago)
 Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended December 31, 2014

| | BUDGET 2014 | ACTUAL 2014 | VARIANCE \$ |
|--|----------------------|----------------------|------------------|
| REVENUES: | | | |
| Property Taxes | \$ 2,357,669 | \$ 2,403,931 | \$ 46,262 |
| Late Collections and Interest Income Thereon | 137,993 | 6,126 | (131,867) |
| Loss Collection | <u>(207,878)</u> | <u>(121,116)</u> | <u>86,762</u> |
| TOTAL REVENUE | <u>2,287,784</u> | <u>2,288,941</u> | <u>1,157</u> |
| EXPENSES: | | | |
| Services: | | | |
| Advertising & Promotion | | | |
| Website and/or Social Media | 16,375 | 11,930 | (4,445) |
| Public and/or Media Relations | 45,000 | 46,873 | 1,873 |
| Special Events | 62,000 | 53,407 | (8,593) |
| Display Advertising | 65,000 | 67,450 | 2,450 |
| Printed Materials | <u>40,000</u> | <u>40,323</u> | <u>323</u> |
| Total Advertising & Promotion | 228,375 | 219,983 | (8,392) |
| Public Way Maintenance | | | |
| Sidewalk Cleaning / Snow Removal | 220,000 | 212,079 | (7,921) |
| Sidewalk Power Washing | 175,000 | 171,865 | (3,135) |
| Acid Etching Removal/Prevention | 10,000 | 5,215 | (4,785) |
| Infrastructure Maintenance | 10,000 | 11,700 | 1,700 |
| Caulk Joints | 60,000 | 30,110 | (29,890) |
| Aggregate Replacement | 30,000 | 50,435 | 20,435 |
| Planting & Tree Grate Repairs | 60,000 | 74,725 | 14,725 |
| Sidewalk Sealant | <u>68,000</u> | <u>68,000</u> | <u>-</u> |
| Total Public Way Maintenance | 633,000 | 624,129 | (8,871) |
| Public Way Aesthetics | | | |
| Banners | 85,000 | 70,507 | (14,493) |
| Holiday Decorations | 50,000 | 33,155 | (16,845) |
| Placemaking | 144,192 | 143,538 | (654) |
| Lightscape Programming & Maintenance | 57,000 | 47,043 | (9,957) |
| Landscaping | 210,000 | 186,405 | (23,595) |
| Activation of CTA Kiosks | 25,000 | 9,758 | (15,242) |
| Inland Marine Insurance | 15,000 | 11,431 | (3,569) |
| Planter Signs | <u>15,000</u> | <u>13,969</u> | <u>(1,031)</u> |
| Total Public Way Aesthetics | 601,192 | 515,806 | (85,386) |
| Safety Programs | | | |
| Ambassador - Public Safety Program | 360,000 | 359,685 | (315) |
| Homeless Outreach Program | <u>20,000</u> | <u>2,804</u> | <u>(17,196)</u> |
| Total Public Way Surveillance | 380,000 | 362,489 | (17,511) |

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

SPECIAL SERVICE AREA #1
 (an Illinois not-for-profit corporation &
 a taxing district authorized by the City of Chicago)
 Statement of Revenues and Expenditures - Budget and Actual
 For the Year Ended December 31, 2014

| | BUDGET <u>2014</u> | ACTUAL <u>2014</u> | VARIANCE \$ |
|-----------------------------------|-----------------------|-----------------------|-------------------|
| District Planning | | | |
| SSA Renewal & Analysis | 80,000 | 68,368 | (11,632) |
| Higher Education Economic Study | <u>25,000</u> | <u>26,719</u> | <u>1,719</u> |
| Total District Planning | 105,000 | 95,087 | (9,913) |
| Other Technical Assistance | | | |
| IT Monitoring Services | <u>10,000</u> | <u>7,326</u> | <u>(2,674)</u> |
| Total Other Support | 10,000 | 7,326 | (2,674) |
| Personnel | | | |
| Total Personnel | 484,790 | 481,580 | (3,210) |
| Admin Non-Personnel | | | |
| Annual Report | 5,625 | 6,018 | 393 |
| Audit | 11,250 | 2,877 | (8,373) |
| Bookkeeping | 5,250 | 3,615 | (1,635) |
| Office Rent | 33,750 | 33,340 | (410) |
| Office Utilities | 7,500 | 6,357 | (1,143) |
| Office Equip Lease/Maint | 18,000 | 16,970 | (1,030) |
| D&O / General Liability Insurance | 12,000 | 13,000 | 1,000 |
| Conference / Training | <u>8,250</u> | <u>10,011</u> | <u>1,761</u> |
| Total Admin - nonpersonnel | <u>101,625</u> | <u>92,188</u> | <u>(9,437)</u> |
| TOTAL EXPENSES | 2,543,982 | 2,398,588 | (145,394) |
| Excess of Revenue Over Expenses | <u>\$ (256,198)</u> | <u>\$ (109,647)</u> | <u>\$ 146,551</u> |

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

CHICAGO LOOP ALLIANCE/SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. Summary of Significant Accounting Policies

Reporting Entity: Special Service Area #1 (SSA) provides services on behalf of the City of Chicago (City) within a specified geographic area. These services include promotional and advertising, maintenance of the public way, safety, and other functions. The SSA is exempt from federal income tax under section 501(c)(3) of the Internal Revenue code.

Founded in 2005, Chicago Loop Alliance (CLA) is a not-for-profit Organization whose mission is to create, manage and promote high-performing urban experiences, attracting people and investment to the Loop. This mission is accomplished through four program areas, including beautification and enhanced services, planning and advocacy, placemaking and management, and economic development. CLA focuses its efforts within an area bounded by the Chicago River on the north and west, Congress Parkway on the south, and Michigan Avenue on the east, with a few blocks extending northeast to Columbus Drive in an area north of Millennium Park called Lakeview East. CLA's members consist of more than 250 businesses located within the Loop and downtown Chicago.

Hereafter these two entities will be referred to as the Organization.

Government-Wide and Fund Financial Statements: The financial statements of the Organization have been prepared in conformity with the 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 the establishing governmental accounting and financial reporting principles is GASB (the Governmental Accounting Standards Board).

Government-Wide financial statements (statements 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 Organization's activities. The Fund Financial Statements, which focus on the Organization's governmental funds current financial resources measurement focus, are prepared on the modified accrual basis.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation: The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year 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

CHICAGO LOOP ALLIANCE/SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Measurement Focus, Basis of Accounting and Financial Statement Presentation: Continued

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 statement in conformity with 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 expenditures/expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Assets, Liabilities, and Net Position:

Cash, Cash equivalents and investments: The Organization'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.

Receivables: All property tax receivables are shown net of allowances. As of December 31, 2014, the allowance is estimated to be 4% of the outstanding property taxes.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Fund Equity/Net Position: Government 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 Organization's boards through approval of resolutions. Assigned fund balance is a limitation imposed by a designee of the Organization's boards. Unassigned fund balance is a net resource 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 Organization'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 statement, 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.

CHICAGO LOOP ALLIANCE/SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 recorded as revenue in the year they are due. If the receivable is not collected in the year it is due the membership is considered invalid and revenue is not realized.

2. Cash

The Organization maintains its cash in a bank deposit account, 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.

3. 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 the SSA.

The Due to City of Chicago consists of property tax credits not yet deducted from property tax revenue, which will take place in 2015.

4. Related Party Transactions

The SSA is affiliated with Chicago Loop Alliance (CLA), which provides certain administrative services for the SSA. As of December 31, 2014, \$0 was payable for services provided. All services are paid as they are incurred.

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 \$52,642 in management/administrative fees in 2014, respectively, and the Foundation owes CLA \$39,926 as of December 31, 2014.

CHICAGO LOOP ALLIANCE/SPECIAL SERVICE AREA #1
 (an Illinois not-for-profit corporation &
 a taxing district authorized by the City of Chicago)
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2014

5. Basis of Accounting Change

During 2014, the Organization changed its basis of accounting to follow the standards established by the Government Accounting Standards Board (GASB) applicable to governmental entities. Previously, the Organization was following a basis of accounting similar to a not-for-profit entity under the standards of the Financial Accounting Standards Board (FASB).

6. Line of Credit

CLA entered into a one year line of credit agreement with a local bank in December, 2013 in the amount of \$400,000 at a variable interest rate of prime plus .5%. CLA did not use this credit line during 2014. This line of credit was renewed in December, 2014 at same amount and rate.

7. Accounts Receivable for CLA

Accounts Receivable as of December 31, 2014 consists of management and administrative fees due from Chicago Loop Alliance Foundation in the amount of \$39,926 in addition to \$8,600 of other receivables.

There is no allowance for doubtful accounts since the CLA is confident that all amounts are collectable.

8. Pension Plan

The Organization offers a 401(k) pension plan. The Organization will match an eligible employee's own salary deferral within the limits of the plan and will vest 50% after one year of company participation and 100% after two years of company participation. For the year ended December 31, 2014 the Organization expensed \$15,309 in matching funds. The deferral and matching amounts are remitted to the custodian with each pay period.

9. Property and Equipment

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

The following is a summary of fixed assets as of December 31, 2014:

| | <u>2014</u> |
|-------------------------------|-----------------|
| Furniture and fixtures | \$ 7,924 |
| Office equipment | 64,888 |
| Leasehold improvements | <u>1,498</u> |
| | 74,310 |
| Less accumulated depreciation | <u>(69,224)</u> |
| Net fixed assets | <u>\$ 5,086</u> |

CHICAGO LOOP ALLIANCE/SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

10. 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.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after they were filed.

11. Uncertain Liability with the City of Chicago

SSA #1 was informed in late 2012 that there was a negative cash balance of \$513,979 with the City of Chicago. This was incurred before SSA #1 was established. The commissioners and the City of Chicago are in the process of determining how, or if, to resolve this negative balance. Therefore, no liability has been established.

In addition, the City of Chicago has reduced the amount paid to SSA #1 by \$68,029 during 2013 leaving a potential balance due of \$445,950.

12. 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.

13. Carry-over and Retained Earning for SSA #1 and CLA

As of December 31, 2014 the carry-over for SSA #1 was \$279,664 and the retained earnings for CLA were \$305,458.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, which follows, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

The A.C.T. Group, Ltd

The A.C.T. Group, Ltd.
Certified Public Accountants
Chicago, Illinois
April 13, 2015

CHICAGO LOOP ALLIANCE
(an Illinois not-for-profit corporation)
Statement of Supporting Services Expenses
For The Year Ended December 31, 2014

Supporting Services Expenses

| | |
|--------------------------|-------------------------|
| Salaries & payroll taxes | \$156,026 |
| Employee benefits | 43,264 |
| Office and general | 16,705 |
| Rent | 11,114 |
| Professional services | 9,763 |
| Miscellaneous | 1,021 |
| Bank & credit card fees | 4,259 |
| Meals and entertainment | 13,422 |
| Insurance | 4,333 |
| Equipment | 5,656 |
| Postage | 1,929 |
| Depreciation | 2,609 |
| Telephone | 4,400 |
| Dues and subscriptions | 134 |
| Accounting | 1,205 |
| Utilities | 323 |
| | |
| Total | <u><u>\$276,163</u></u> |

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

SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
a taxing district authorized by the City of Chicago)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

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 Housing and Economic Development dated June, 2013, 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 PNC Bank, Chicago, IL during the year. All Service Tax Funds were automatically deposited into this checking account.

We noted certain expenditures for which actual expenses exceeded budgeted amounts.

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.

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.

RESPONSE

SSA #1 bank account is currently a depository bank account. All bills are paid through the Chicago Loop Alliance (CLA) bank account and monies are transferred out of the SSA #1 account to the CLA account for the exact amount of funds spent for SSA #1. SSA #1 funds are not commingled with other CLA sources per *Section 5.03, Method of Payment*:

Section 5.03, Method of Payment, also states that pursuant to a schedule to be determined by the Commissioners, after the performance of services pursuant to the terms of the agreement, CLA may submit invoices to the City to request reimbursement for such expenses. CLA must provide, along with the invoices, such additional documentation as the Commissioners request to substantiate the services. Upon the Commissioners' determination that the invoices are accurate, the City will process payment of the invoices.

Abiding to the Special Service Area Financial and Accounting Guidelines, SSA #1 Commissioners do not sign checks or other financial documents, but their approval in writing is needed for financial transactions pertaining to SSA #1 finances. CLA will include a Commissioner or Commissioners elected by the State Street Commission to review a summary of accounts payable batch approval scheduled for payment. The elected Commissioner's signature will serve as authorization of the accounts payable scheduled for payment before disbursements are made. The elected Commissioner will also be invited

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to sit at CLA's Finance Committee meeting to ensure compliance with the Special Service Area (SSA) Audit Guidelines and appropriate management of SSA #1 fund.

The Department of Planning and Development found this Corrective Action Plan satisfactory to ensure compliance with the requirements established in Special Service Area (SSA) Audit Guidelines in a letter addressed to Chicago Loop Alliance (CLA) on July 19, 2012.

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