

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, 2015

(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, 2015

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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, 2015, 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 opinion.

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, 2015 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.

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. Our 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
April 19, 2016

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, 2015

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
ASSETS			
<u>Current Assets</u>			
Cash	\$ 385,272	\$ -	\$ 385,272
Accounts Receivable	18,322	-	18,322
Property & Equipment - Net	2,944	-	2,944
TOTAL ASSETS	\$ 406,538	\$ -	\$ 406,538
LIABILITIES			
<u>Current Liabilities</u>			
Accounts Payable	\$ 26,939	\$ -	\$ 26,939
Due to City of Chicago	19,164	-	19,164
TOTAL LIABILITIES	46,103	-	46,103
DEFERRED INFLOWS			
Deferred Membership Revenue	1,000	-	1,000
FUND BALANCES / NET POSITION			
<u>Non-spendable:</u>			
Prepaid Items	-	-	-
<u>Committed:</u>			
Assigned:	-	-	-
<u>Unassigned</u>			
Unassigned	359,435	(359,435)	-
TOTAL FUND BALANCE	359,435	(359,435)	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 406,538		
<u>Net Position</u>			
Restricted		\$ 359,435	\$ 359,435

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

Total fund balance - governmental funds	\$ 359,435
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.	-
Total net position - governmental activities	\$ 359,435

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, 2015

	<u>Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
REVENUES:			
Membership Dues	\$ 166,875	\$ -	\$ 166,875
Property Taxes	2,265,492	(2,395,836)	(130,344)
Sponsorships	130,550	-	130,550
CLA Foundation Management Fee	56,273	-	56,273
Networking Events	4,568	-	4,568
Interest Income	1,449	-	1,449
Other Income	<u>2,500</u>	<u>-</u>	<u>2,500</u>
TOTAL REVENUE	<u>2,627,707</u>	<u>(2,395,836)</u>	<u>231,871</u>
EXPENSES:			
SSA #1			
Services:			
Customer Attraction	418,931	-	418,931
Public Way Aesthetics	1,045,964	-	1,045,964
Economic/Business Development	121,681	-	121,681
Safety Programs	374,331	-	374,331
Total Services Expense	<u>1,960,906</u>	<u>-</u>	<u>1,960,906</u>
Administration:			
Personnel	482,153	-	482,153
Admin - nonpersonnel	<u>102,218</u>	<u>-</u>	<u>102,218</u>
Total Administration Expense	<u>584,371</u>	<u>-</u>	<u>584,371</u>
TOTAL SSA #1 Expenses	<u>2,545,278</u>	<u>-</u>	<u>2,545,278</u>
Chicago Loop Alliance Expenses			
Marketing & Events	2,369	-	2,369
Marketing to Business	17,660	-	17,660
Supporting Services	<u>288,087</u>	<u>-</u>	<u>288,087</u>
TOTAL Chicago Loop Alliance Expenses	<u>308,116</u>	<u>-</u>	<u>308,116</u>
TOTAL EXPENSES	<u>2,853,394</u>		<u>2,853,394</u>
Excess of revenues over expenditures	(225,687)	225,687	
Change in Net Position		(2,621,523)	(2,621,523)
FUND BALANCE/NET POSITION			
Beginning of the Year	<u>585,122</u>	<u>2,395,836</u>	<u>2,980,958</u>
End of the Year	<u>\$ 359,435</u>	<u>\$ -</u>	<u>\$ 359,435</u>

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

Net change in Fund balance - governmental funds	\$ (225,687)
Property tax revenue is recognized in the year it is levied rather than when it is available for governmental funds	<u>(2,395,836)</u>
Change in net position	<u>\$ (2,621,523)</u>

SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
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Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended December 31, 2015 and 2014

	BUDGET <u>2015</u>	ACTUAL <u>2015</u>	VARIANCE \$	BUDGET <u>2014</u>	ACTUAL <u>2014</u>	VARIANCE \$
REVENUES:						
Property Taxes	\$ 2,495,662	\$ 2,293,241	\$ (202,421)	\$ 2,736,015	\$ 2,403,931	\$ (332,084)
Late Collections and Interest Income Thereon	(120,821)	11,750	132,571	(133,112)	6,126	139,238
Loss Collection	<u>(141,460)</u>	<u>(39,499)</u>	<u>101,961</u>	<u>(288,921)</u>	<u>(121,116)</u>	<u>167,805</u>
TOTAL REVENUE	<u>2,233,381</u>	<u>2,265,492</u>	<u>32,111</u>	<u>2,313,982</u>	<u>2,288,941</u>	<u>(25,041)</u>
EXPENSES:						
Customer Attraction						
Website	9,256	10,576	1,320	-	-	-
Special Events	31,037	13,209	(17,828)	-	-	-
Social Media Outreach	7,000	4,504	(2,496)	-	-	-
Decorative Banners	85,000	80,751	(4,249)	-	-	-
Holiday Decorations	65,000	70,458	5,458	-	-	-
Printed Materials	30,000	39,582	9,582	-	-	-
Display Advertising	53,075	65,992	12,917	-	-	-
PR/Media Relations	45,000	44,901	(99)	-	-	-
Placemaking	80,000	80,026	26	-	-	-
Additional Insurance	15,000	8,932	(6,068)	-	-	-
Total Customer Attraction	<u>420,368</u>	<u>418,931</u>	<u>(1,437)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Public Way Aesthetics						
Acid etching Removal/Prevention	10,000	-	(10,000)	-	-	-
Landscaping	210,000	199,194	(10,806)	210,000	186,405	(23,595)
Way Finding/Signage	22,000	21,645	(355)	-	-	-
Streetscape Elements	60,000	58,780	(1,220)	-	-	-
Sidewalk Maintenance	90,000	322,757	232,757	-	-	-
Liability/Prop Insurance	-	-	-	15,000	11,431	(3,569)
Banners and/or Holiday Decorations	-	-	-	135,000	103,662	(31,338)
Placemaking	-	-	-	144,192	143,538	(654)
Lightscape Programming & Maintenance	-	-	-	57,000	47,043	(9,957)
Activation of CTA Kiosks	15,707	19,213	3,506	25,000	9,758	(15,242)
Planter Signs	-	-	-	15,000	13,969	(1,031)
Sidewalk Cleaning & Snow Removal	220,000	209,240	(10,760)	-	-	-
Sidewalk Power Washing	225,000	215,135	(9,865)	-	-	-
Total Public Way Aesthetics	<u>852,707</u>	<u>1,045,964</u>	<u>193,257</u>	<u>601,192</u>	<u>515,806</u>	<u>(85,386)</u>
Economic/Business Development						
Economic Impact Study	50,000	57,209	7,209	-	-	-
Springboard Pedestrian Counters	65,000	64,472	(528)	-	-	-
Total Econ./Bus. Development	<u>115,000</u>	<u>121,681</u>	<u>6,681</u>	<u>-</u>	<u>-</u>	<u>-</u>
Safety Programs						
Ambassador - Public Safety Program	360,000	359,686	(314)	360,000	359,685	(315)
Homeless Outreach Program	15,000	14,645	(355)	20,000	2,804	(17,196)
Total Safety Programs	<u>375,000</u>	<u>374,331</u>	<u>(669)</u>	<u>380,000</u>	<u>362,489</u>	<u>(17,511)</u>

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

SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
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Statement of Revenues and Expenditures - Budget and Actual
For the Year Ended December 31, 2015 and 2014

	BUDGET <u>2015</u>	ACTUAL <u>2015</u>	VARIANCE <u>\$</u>	BUDGET <u>2014</u>	ACTUAL <u>2014</u>	VARIANCE <u>\$</u>
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	-	-	-	40,000	40,323	323
Total Advertising & Promotion	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,375</u>	<u>219,983</u>	<u>(8,392)</u>
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	-	-	-	68,000	68,000	-
Total Public Way Maintenance	<u>-</u>	<u>-</u>	<u>-</u>	<u>633,000</u>	<u>624,129</u>	<u>(8,871)</u>
District Planning						
SSA Renewal & Analysis	-	-	-	80,000	68,368	(11,632)
Higher Education Economic Study	-	-	-	25,000	26,719	1,719
Total District Planning	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,000</u>	<u>95,087</u>	<u>(9,913)</u>
Other Technical Assistance						
IT Monitoring Services	-	-	-	10,000	7,326	(2,674)
Total Other Support	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>7,326</u>	<u>(2,674)</u>
SSA Mgt./Admin . Non-Personnel						
Annual Report	9,375	4,204	(5,171)	5,625	6,018	393
Audit	7,500	4,400	(3,100)	11,250	2,877	(8,373)
Bookkeeping	5,250	3,696	(1,554)	5,250	3,615	(1,635)
Office Rent	33,750	33,341	(409)	33,750	33,340	(410)
Office Utilities	7,500	6,453	(1,047)	7,500	6,357	(1,143)
Office Equip Lease/Maint	18,000	21,191	3,191	18,000	16,970	(1,030)
D&O / General Liability Insurance	13,500	14,097	597	12,000	13,000	1,000
Conferences & Training	7,500	7,517	17	-	-	-
IT Monitoring Services	9,375	7,319	(2,056)	-	-	-
Total Admin - nonpersonnel	<u>111,750</u>	<u>102,218</u>	<u>(9,532)</u>	<u>101,625</u>	<u>92,188</u>	<u>(9,437)</u>
Personnel	<u>503,942</u>	<u>482,153</u>	<u>(21,789)</u>	<u>484,790</u>	<u>481,580</u>	<u>(3,210)</u>
TOTAL EXPENSES	<u>2,378,767</u>	<u>2,545,278</u>	<u>166,511</u>	<u>2,543,982</u>	<u>2,398,588</u>	<u>(145,394)</u>
Excess of Revenue Over Expenses	<u>\$ (145,386)</u>	<u>\$ (279,786)</u>	<u>\$ (134,400)</u>	<u>\$ (230,000)</u>	<u>\$ (109,647)</u>	<u>\$ 120,353</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, 2015

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)(6) of the Internal Revenue code. As of December 31, 2015 SSA #1 was terminated. It will be replaced by SSA #1-2015.

Founded in 2005, Chicago Loop Alliance (CLA) is a not-for-profit corporation 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
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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.

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
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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 several 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.

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.

Due to the termination of City of Chicago SSA #1 the authorization of the annual levy of the Original Services Tax in and for the Original Area is hereby terminated. The City will not pursue recouping any future property tax credits from CLA nor the new established SSA #1-2015. The amount due to the City of Chicago of \$19,164 represents remaining unspent funds from Original SSA #1.

Due to the termination of SSA #1 no property tax receivable has been recorded in these financial statements.

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, 2015 \$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 \$56,273 in management/administrative fees in 2015, and the Foundation owes CLA \$15,947 as of December 31, 2015.

CHICAGO LOOP ALLIANCE/SPECIAL SERVICE AREA #1
 (an Illinois not-for-profit corporation &
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 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2015

5. Line of Credit

CLA entered into a one year line of credit agreement with a local bank in December, 2014 in the amount of \$400,000 at a variable interest rate of prime plus .5%. CLA did not use this credit line during 2015. This line of credit was renewed in December, 2015 at same amount and rate.

6. Accounts Receivable for CLA

Accounts Receivable as of December 31, 2015 consists of management and administrative fees due from Chicago Loop Alliance Foundation in the amount of \$15,947 in addition to \$2,375 of other receivables.

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

7. 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, 2015 the Organization expensed \$18,089 in matching funds. The deferral and matching amounts are remitted to the custodian with each pay period.

8. 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, 2015:

	2015
Furniture and fixtures	\$7,924
Office equipment	64,888
Leasehold improvements	<u>1,498</u>
	74,310
Less accumulated depreciation	<u>(71,366)</u>
Net fixed assets	<u>\$ 2,944</u>

CHICAGO LOOP ALLIANCE/SPECIAL SERVICE AREA #1
(an Illinois not-for-profit corporation &
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

9. 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 2013 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed.

10. Uncertain Liability with the City of Chicago

SSA #1 was informed in late 2012 that there was a negative fund balance of \$513,979 with the City of Chicago Fund 326. No liability was established at that time.

In 1997, SSA #1 accumulated costs that exceeded its budget allocation resulting in a negative fund balance of \$646,054. Services provided by the City to SSA #1 were provided by CDOT and processed and paid through the SSA #1 Special Maintenance Fund (Fund 326).

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

In 2015, to eliminate this negative fund balance, the City decided to apply SSA #1 TIF rebate collections received by the Department of Finance (DOF) towards the balance and will not make these funds available to the SSA.

In 2016, SSA #1 was terminated. The City will not pursue recouping any funds from CLA as sole service provider to pay down the negative balance due for past CDOT services. This does not affect SSA 1-2015 as no TIF Rebate funds were requested.

11. 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.

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

As of December 31, 2015 the carry-over for SSA #1 was \$0 and the retained earnings for CLA were \$359,435.

13. Prior Year Reclassification

For comparability, the prior year's financial statements reflect reclassifications where appropriate to conform to the financial statement presentation used this year.



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
April 19, 2016

CHICAGO LOOP ALLIANCE
(an Illinois not-for-profit corporation)
Statement of Supporting Services Expenses
For The Year Ended December 31, 2015

Supporting Services Expenses

Salaries & payroll taxes	\$151,374
Employee benefits	45,098
Office and general	22,227
Rent	11,114
Professional services	13,775
Miscellaneous	551
Bank & credit card fees	4,012
Meals and entertainment	14,892
Insurance	4,699
Equipment	7,063
Postage	1,906
Depreciation	2,142
Telephone	7,451
Dues and subscriptions	90
Accounting	1,232
Utilities	461
 Total	 <u><u>\$288,087</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, 2015

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 (CLA).

Per Article 5.03, 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.

CLA 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 to 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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