

Chicago Infrastructure Trust
Financial Statements and
Independent Auditor's Report
December 31, 2013

Chicago Infrastructure Trust

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Independent Auditor's Report

To the Board of Directors
Chicago Infrastructure Trust

We have audited the accompanying financial statements of the Chicago Infrastructure Trust, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the period from April 24, 2012 (commencement of operations) through December 31, 2013, and the related notes to the financial statements.

Management's Responsibility 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.

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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Chicago Infrastructure Trust as of December 31, 2013 and the changes in its net assets and cash flows from April 24, 2012 (commencement of operations) through December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

CohnReznick LLP

Chicago, Illinois
July 17, 2014

Chicago Infrastructure Trust
Statement of Financial Position
December 31, 2013

Assets

Current assets		
Cash	\$	32,335
Grant receivable		77,806
Prepaid expenses		1,525
		111,666
Total current assets		111,666
Total assets	\$	111,666

Liabilities and Net Assets

Current liabilities		
Accounts payable	\$	87,849
Accrued expenses		22,775
Deferred revenue		1,042
		111,666
Total current liabilities		111,666
Net assets		
Unrestricted net assets		77,806
Temporarily restricted net assets		(77,806)
		-
Total net assets		-
Total liabilities and net assets	\$	111,666

Chicago Infrastructure Trust

**Statement of Activities
Period from April 24, 2012 (Commencement of Operations)
through December 31, 2013**

	Unrestricted	Temporarily restricted	Total
Revenue			
Grant revenue	\$ 444,945	\$ 77,806	\$ 522,751
Net assets released from restrictions:			
Satisfaction of grant restrictions	77,806	(77,806)	-
Total support and revenue	522,751	-	522,751
Expenses			
Supporting activities			
Bookkeeping fees	40,205	-	40,205
Committee expenses	17,052	-	17,052
Computer and software	12,136	-	12,136
Employee taxes and benefits	28,686	-	28,686
General and administrative	12,900	-	12,900
Insurance	38,444	-	38,444
IT support	29,500	-	29,500
Office supplies and expenses	14,683	-	14,683
Professional fees / consulting	89,040	-	89,040
Salaries and wages	168,039	-	168,039
Telephone and internet	4,041	-	4,041
Travel and meals	19,275	-	19,275
Website design	48,750	-	48,750
Total expenses	522,751	-	522,751
Change in net assets	-	-	-
Net assets, beginning of period	-	-	-
Net assets, end of period	\$ -	\$ -	\$ -

See Notes to Financial Statements.

Chicago Infrastructure Trust

Statement of Cash Flows Period from April 24, 2012 (Commencement of Operations) through December 31, 2013

Cash flows from operating activities	
Adjustments to reconcile the change in net assets to net cash provided by operating activities	
Increase in operating assets:	
Grant receivable	\$ (77,806)
Prepaid expenses	(1,525)
Increase in operating liabilities:	
Accounts payable	87,849
Accrued expenses	22,775
Deferred revenue	1,042
	<hr/>
Net cash provided by operating activities	32,335
	<hr/>
Net increase in cash	32,335
Cash, beginning of period	<hr/> -
Cash, end of period	<hr/> <hr/> \$ 32,335

See Notes to Financial Statements.

Chicago Infrastructure Trust

Notes to Financial Statements December 31, 2013

Note 1 - Organization

The Chicago Infrastructure Trust (the "Trust") was incorporated as a non-profit organization on April 24, 2012 under executive order of the Mayor and City Council resolution. The Trust operates exclusively for civic and charitable purposes in the Chicago Metropolitan area and is a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code.

The Trust assists the people of the City of Chicago, the City government and its sister agencies in providing alternative financing and project delivery options for transformative infrastructure projects. To accomplish this, the Trust hopes to structure innovative financing strategies and attract capital from diverse groups of investors. The Trust also hopes to achieve and demonstrate real risk transfer to third-party investors, and to stimulate cross-agency financing while creating efficient capital structures.

The sole source of revenue is from the City of Chicago's grant program further discussed in Note 2.

Note 2 - Summary of significant accounting policies

Basis of presentation

The Trust presents its financial statements in accordance with the accounting guidance for nonprofit entities. Under this guidance, the Trust is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Furthermore, information is required to segregate program service expenses from support expenses. Support expenses include accounting fees, committee expenses, computer and software, insurance, IT support, office supplies and expenses, professional and consulting fees, salaries and wages, employee taxes and benefits, telephone and internet, travel and meals, website design and other general and administrative expenses.

Revenue recognition

Grants received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Conditional promises to give are not recognized until they become unconditional: that is, when the conditions on which they depend are substantially met.

For the period from April 24, 2012 (commencement of operations) through December 31, 2013, the Trust was awarded two cost reimbursement grants from the City of Chicago totaling \$653,350. As of December 31, 2013, grant funds of \$450,000 were received, \$77,806 remains receivable, of which \$63,729 was approved by the City of Chicago, and an additional \$14,077 has been incurred and is pending approval although conditions have been met. The remaining balance of the awarded 2013 grants totaling \$125,544 will be carried over into the subsequent year.

Chicago Infrastructure Trust

Notes to Financial Statements December 31, 2013

Prepaid expenses

Advance payments for expenses related to subscriptions and insurance policies are classified as prepaid expenses.

Use of estimates

The preparation of financial statements 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 expenses during the reporting period. Actual results could differ from those estimates.

Net assets

The Trust classifies net assets as unrestricted, temporarily restricted or permanently restricted.

Unrestricted net assets are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets of the Trust result (a) from contributions and other inflows of assets whose use by the Trust is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Trust pursuant to those stipulations, (b) from other asset enhancements and diminishments subject to the same kinds of stipulations and (c) from reclassifications to (or from) other classes of net assets as a consequence of donor-imposed stipulations, their expiration by passage of time, or their fulfillment and removal by actions of the Trust pursuant to those stipulations.

Income taxes

The Trust has applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code and did not have any unrelated business income for the period from April 24, 2012 (commencement of operations) through December 31, 2013. Due to its tax exempt status, the Trust is not subject to income taxes, but is required to file and does file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Trust has no other tax positions which must be considered for disclosure. Income tax returns filed by the company are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since inception remain open.

Advertising

Advertising costs are charged to operations when incurred.

Chicago Infrastructure Trust

**Notes to Financial Statements
December 31, 2013**

Note 3 - Concentration of revenue / related party

A substantial portion of the Trust's revenue was received from the City of Chicago. Substantial revenue is defined as revenue earned from any source that is in excess of 10% of the total revenue of the company. From the period April 24, 2012 (commencement of operations) through December 31, 2013, revenue from the City of Chicago was \$522,751, or 100% of total revenue.

Note 4 - Temporarily restricted net assets

Temporarily restricted net assets as of December 31, 2013 are subject to the following restrictions:

Approval by City of Chicago Budget	<u>\$ 77,806</u>
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Net assets released from restrictions, during the period April 24, 2012 (commencement of operations) through December 31, 2013, consist of the following:

Approval by City of Chicago Budget	<u>\$ (77,806)</u>
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Note 5 - Evaluation of subsequent events

Events that occur after the statement of financial position date, but before the financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management evaluated the activity of Chicago Infrastructure Trust through July 17, 2014 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.