

VILLAGE OF BRIDGEVIEW STADIUM

BRIDGEVIEW, ILLINOIS

ANNUAL FINANCIAL REPORT

December 31, 2010

VILLAGE OF BRIDGEVIEW STADIUM

December 31, 2010

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INDEPENDENT AUDITORS' REPORT

To the Honorable President
and Members of the Board of Trustees
Village of Bridgeview, Illinois

We have audited the accompanying special purpose financial statements of the Bridgeview Operating Stadium Fund ("Stadium") of the Village of Bridgeview, Illinois ("Village"), as of and for the year ended December 31, 2010, as listed in the table of contents. These special purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these special purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United State of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the special purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the special purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall special purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the Stadium are intended to present the financial position, the changes in net assets, and cash flows of only that portion of the activities of the Village of Bridgeview, Illinois that is attributable to the transactions of the Stadium. They do not purport to, and do not, present fairly the financial position of the Village of Bridgeview, Illinois as of December 31, 2010, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

These special purpose financial statements have been prepared in conformity with the accounting principles, more fully described in Note 1, required by the Management Agreement between the Village and Anschutz Chicago Soccer Stadium, LLC, dated September 1, 2005. These special purpose statements are not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the special purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bridgeview Operating Stadium Fund as of December 31, 2010, and the changes in net assets and its cash flows for the year then ended in conformity with the accounting principles described in Note 1.

This report is intended solely for the information and use of the Board of Trustees of the Village of Bridgeview, Illinois, the management of the Village of Bridgeview, Illinois, the Board of Directors of Anschutz Chicago Soccer Stadium LLC and the management of Anschutz Chicago Soccer Stadium LLC and is not intended and should not be used by anyone other than these specified parties.

Crowe Horwath LLP
Crowe Horwath LLP

Oak Brook, Illinois
September 2, 2011

STATEMENT OF NET ASSETS

Special Purpose Basis

December 31, 2010

Assets	
Current	
Cash & cash equivalents	\$ 504,108
Accounts receivable	1,301,410
Prepaid expenditures	4,688
Other receivables	<u>50,980</u>
Total assets	<u>1,861,186</u>
 Liabilities	
Current	
Accounts payable	77,752
Other payables	1,084,425
Due to other funds of the Village	11,820,895
Unearned revenue	<u>417,061</u>
Total liabilities	<u>13,400,133</u>
 Net assets	
Unrestricted	<u>(11,538,947)</u>
Total net assets	<u>\$ (11,538,947)</u>

VILLAGE OF BRIDGEVIEW STADIUM

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - Special Purpose Basis
Year Ended December 31, 2010

Revenues	
Stadium event revenue	2,798,840
Stadium sponsorships	1,033,896
Stadium rental revenue	1,097,305
Interest revenue	4,099
Other revenue	19,484
Chicago Fire - COI	454,920
Transfers	757,564
Total revenues	<u>6,166,108</u>
Expenses	
Administration	1,968,859
Debt service	8,153,999
Total expenses	<u>10,122,858</u>
Net income (loss)	<u>(3,956,750)</u>
Net assets at beginning of year	<u>(7,582,197)</u>
Net assets at end of year	<u>\$ (11,538,947)</u>

VILLAGE OF BRIDGEVIEW STADIUM

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND - Special Purpose Basis
 Year Ended December 31, 2010

Cash flows from operating activities:	
Receipts from customers	\$ 4,567,210
Payments to suppliers	(1,698,188)
Payments to employees	(252,764)
Net cash provided (used) by operating activities	<u>2,616,258</u>
Cash flows from non-capital and related financing activities	
Interfund borrowing (lending)	4,204,569
Operating transfer in (out)	<u>757,564</u>
Net cash provided (used) by non-capital and related financing activities	<u>4,962,133</u>
Cash flows from capital and related financing activities	
Interest payments on debt	<u>(8,153,999)</u>
Net cash provided (used) by capital and related financing activities	<u>(8,153,999)</u>
Cash flows from investing activities	
Interest earned	<u>4,099</u>
Net cash provided (used) by investing activities	<u>4,099</u>
Net increase (decrease) in cash and cash equivalents	(571,509)
Balances - beginning of the year	<u>1,075,617</u>
Balances - end of year	<u>\$ 504,108</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Net income (loss)	\$ (3,956,750)
Plus: Debt Service	8,153,999
Plus: capital expenditures	
Less: transfers	(757,564)
Less: Chicago Fire - COI	(454,920)
Less: interest revenue	(4,099)
Change in assets and liabilities:	
Decrease (Increase) Receivables, net	353,904
Decrease (Increase) Prepaids	1,084
(Decrease) Increase Deferred Revenue	(47,153)
(Decrease) Increase Accounts Payable	16,823
(Decrease) Increase Other Payables	(689,066)
Net cash provided (used) by operating activities	<u>\$ 2,616,258</u>

VILLAGE OF BRIDGEVIEW STADIUM
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity and Its Services: The accompanying financial statements include the accounts of the Bridgeview Operating Stadium Fund ("Stadium Fund") for which the Village of Bridgeview, Illinois ("Village") elected board has oversight responsibility. These statements are not intended to present fairly the financial position and results of operations of the Village or the Bridgeview Stadium (commonly referred to as Toyota Park) as a whole.

The primary user of Bridgeview Stadium is the Chicago Fire that is owned by Major League Soccer L.L.C. ("MLS"). Andell Sports and Entertainment Group, LLC (the "Operator") operates the Chicago Fire on behalf of MLS. Chicago Stadium Management, LLC (the "Manager"), a related entity of the Operator, is responsible for the management of Bridgeview Stadium on behalf of the Village. The obligations of the Operator and the Manager are guaranteed by their ultimate primary owner, Andell Holdings LLC.

The Stadium Fund is a proprietary fund established to account for certain operating activities of the Bridgeview Stadium in accordance with a Management Agreement between the Village the Manager dated September 1, 2005. Certain financial activities of Bridgeview Stadium are not reflected in the Stadium Fund based on the Management Agreement including the cost of the underlying land for the Stadium, long term debt and certain Village administrative costs that are accounted for in a separate Village fund. Bridgeview Stadium commenced operations on June 11, 2006.

Establishment of Accounting Principles: The Management Agreement requires that the accounting for the Stadium fund be in accordance with generally accepted accounting principles except for certain matters. These items should be accounted for in accordance with the Management Agreement which differ from accounting principles generally accepted in the United States of America. This has been identified as the "Special Purpose Basis" in the statements. The following are the differences in accounting principles:

Capital expenditures are expensed rather than capitalized and depreciated over the useful life of the asset. Further, capital expenditures are treated as an operating expense if the amount is included in the approved Bridgeview Stadium operating budget.

Start up expenses before commencement of the operations of Bridgeview Stadium are treated as operating expenses in the initial period of operations rather than be capitalized and amortized.

Long term debt associated with the Stadium Fund is not recorded as a liability. Further, expenses are based on the required payment as stipulated in the Management Agreement for principal and interest rather than reflecting interest expense and reduction of a liability.

Therefore, the accompanying financial statements, which are prepared in accordance with the aforementioned Management Agreement, are not intended to, and do not, present the financial position or the results of operations in conformity with accounting principles generally accepted in the United States of America.

Before November 1 preceding each fiscal year, the Manager submits and the Village subsequently adopts a budget for the annual expenses for the Stadium Fund for each fiscal year (the "Budget"). The Budget details the anticipated revenues from various sources and the planned expenses to operate the Stadium. Since there were no revenues available to fund additional capital expenditures proposed by the Manager, the Budget reflected that the Village borrow funds to pay for such expenditures and treat them as operating expenses. While the Management Agreement provides 8% interest to the Village for any funds advanced, the Budget instead provided for the Stadium to repay the actual interest rate on such loans.

VILLAGE OF BRIDGEVIEW STADIUM
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Management Agreement details how the revenues are to be applied in the Stadium Fund. The following is a summary of the application of cash flows.

- All gross operating revenues, applicable tax revenues and interest earnings are to be deposited into a revenue account of the Stadium Fund.
- All operating expenses based on the approved budget including capital expenditures and debt service are to be paid from the deposit to the revenue account.
- Any funds remaining in the revenue account should be transferred to the Working Cash Trust Fund through 2011. Thereafter, the balance in the Working Cash Trust Fund and all other remaining revenues annually should be transferred in the following order based on available funds:
 - Reserve Accounts as detailed in the Annual Budget;
 - Supplemental Agreement Balance Account to bring the balance to \$1 million;
 - Village for any unreimbursed advances to the Stadium Fund including interest at eight percent (8%) per annum;
 - Manager for any advances made to reduce previous deficits plus eight percent (8%) interest;
 - Operator for any unreimbursed Deferred Contractual Revenues plus eight percent (8%) interest;
 - Village for supplemental debt service related to construction of the Bridgeview Stadium;
 - Manager for incentive payments generally equal to 50% of the remaining cash flow;
 - Village for the remaining amount.

Basis of Presentation: The Stadium Fund's basic financial statements consist of a statement of net assets, statement of revenues, expenses and changes in net assets and statement of cash flows.

The financial transactions of the Stadium Fund are recorded in an individual fund. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, net assets, revenues, and expenditures or expenses, as appropriate.

Payables and Receivables to and from Other Village Funds: During the course of operations, transactions occur between the Stadium Fund and individual funds of the Village for costs advanced by the Village on behalf of the Stadium Fund. These receivables and payables are classified as "due from/to other funds of the village" on the Stadium Fund balance sheet and statement of net assets.

Net Assets: Net assets represent the difference between assets and liabilities.

Cash and Cash Equivalents: Cash and cash equivalents represent cash on hand, cash deposited in interest-bearing and non-interest bearing checking accounts, treasury obligations and investments in certificates of deposit with original maturities of three months or less.

Use of Estimates: Management has made a number of estimates and assumptions relating to the reporting of assets and liabilities to prepare these financial statements in conformity with the Management Agreement. Actual results could differ from those estimates.

VILLAGE OF BRIDGEVIEW STADIUM
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 2 - DEPOSITS

The carrying amount of cash was \$504,108 at December 31, 2010, while the bank balances were \$530,374. Collateral for the deposits are either insured by the Federal Deposit Insurance Corporation (FDIC) for \$250,000, or collateralized with securities of the U.S. Government or with letters of credit issued by the Federal Home Loan Bank held in the Stadium Fund's name by financial institutions acting as the Stadium Fund's agent.

NOTE 3 - INTERFUND RECEIVABLES AND PAYABLES

The interfunds are a result of expenditures paid for or on behalf of the Stadium Fund which are to be reimbursed to other funds. The amount due to other funds of the Village is \$11,820,895. It is uncertain when the balance will be repaid.

NOTE 4 - INTERFUND TRANSFERS

In accordance with the Management Agreement, sales and amusement taxes directly generated from the Stadium of the Village are available to defray the operating expenses of the Stadium. The Stadium Fund received \$757,564 from the Village's General Fund associated with these taxes.

NOTE 5 - RISK MANAGEMENT

The Stadium Fund is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; efforts and omissions; natural disasters; and injuries to the Stadium Fund's employees. The Stadium Fund is covered through commercial insurance for its general liability, property and casualty. The policies are subject to various deductibles. For all programs, there has been no significant reduction in insurance coverage from the past three years. Insurance settlements have not exceeded insurance coverage for the past three years.

NOTE 6 - UNEARNED REVENUE

The balance of \$417,061 recorded in unearned revenue is for cash collected for events that will occur during the next fiscal year.

NOTE 7- DEBT SERVICE PAYMENTS

The Village issued general obligation bonds of \$134,600,000 in 2005 of which a portion of the proceeds were used to finance the construction of the Stadium. The Stadium Fund is responsible for the applicable debt service on the bonds based on the amounts in the Management Agreement that were based on estimated construction costs and debt service costs. The actual amount of construction costs for the Stadium exceeded the amounts that the debt service in the Management Agreement were based. This was partially offset by lower borrowing costs. As a result, the debt service obligation of the Stadium Fund is limited to the amounts in the Management Agreement.

For 2010, the Stadium Fund paid \$8,153,999 for debt service on the general obligation bonds. The following is the obligation of the Stadium Fund until maturity:

VILLAGE OF BRIDGEVIEW STADIUM
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 7- DEBT SERVICE PAYMENTS (Continued)

2011	\$ 8,160,000
2012	8,160,000
2013	8,160,000
2014	8,160,000
2015	8,160,000
2016 to 2020	40,800,000
2021 to 2025	40,800,000
2026 to 2030	40,800,000
2031 to 2035	40,800,000

The Stadium Fund is to transfer debt service payments monthly to the related debt service account. The debt service payments are transferred on December 15 of a given year for the payments due the following June 1 and December 1. Based on this deposit, the Village is able to abate the property tax levy that would be used if the Stadium failed to generate adequate funds for the related debt service. The interest earnings on the debt service account is to reduce the debt service payments of the Stadium Fund. This deposit was not made timely for the year ended December 31, 2010.

In addition to this primary payment, the Village is also owed the following payments for the cost overruns:

2011	\$ 590,000
2012	590,000
2013	590,000
2014	590,000
2015	590,000
2016 to 2020	2,950,000
2021 to 2025	2,950,000
2026 to 2030	2,950,000
2031 to 2035	2,950,000

These payments are made only after all shortfalls by the Village, Manager, and Operator have been repaid.

NOTE 8 - VILLAGE CUMULATIVE LOSSES AND DEFERRED CONTRACTUAL REVENUES

If the operating revenues, applicable tax revenues, and interest earnings are not sufficient to fund operating expenses including capital expenditures and debt service, the Village will have to fund the shortfall. For the year ending 2010, the Stadium Fund had an operating loss of \$3,956,750. This resulted in a Village Cumulative Loss of \$11,538,947.

The Village can recover such losses plus interest at eight percent (8%) from future operating income before any payments to the Manager or the Operator. The following summarizes the details of the Village Cumulative Loss:

<u>Year</u>	<u>Annual Loss</u>	<u>Interest</u>	<u>Total</u>
December 31, 2007	\$ 1,418,627	\$ 340,470	\$ 1,759,097
December 31, 2008	1,904,939	304,790	2,209,729
December 31, 2009	4,258,631	340,690	4,599,321
December 31, 2010	<u>3,956,750</u>	<u>-</u>	<u>3,956,750</u>
Total	<u>\$11,538,947</u>	<u>\$ 985,950</u>	<u>\$12,524,897</u>

(Continued)

VILLAGE OF BRIDGEVIEW STADIUM
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 8 - VILLAGE CUMULATIVE LOSSES AND DEFERRED CONTRACTUAL REVENUES (Continued)

The Village entered into agreements with the Operator of the Chicago Fire to allow the Village to retain a portion of the Operator's share of certain revenues (the "Deferred Contractual Revenues") in a Working Cash Trust Account to cover potential shortfalls in operating expenses in the Stadium Fund. After 2011, any such revenue that has not been used to cover shortfalls that exceeds \$1 million would be returned to the Operator.

The \$1 million would be deposited in the Supplemental Agreement Balance Account to cover potential future shortfalls in the Stadium Fund. After 2011, the Operator would be obligated to allow the Village to retain additional Deferred Contractual Revenues to maintain the \$1 million balance in the Supplemental Agreement Account.

In the year ending December 31, 2010, the Village has retained Deferred Contractual Revenues from the Operator in the amount of \$454,920. This results in total Deferred Contractual Revenues of \$2,903,651 since the commencement of operations in 2006. Since this amount is less than the operating loss, the entire amount has been recognized as income. Also, there is no balance in the Working Cash Trust Account.

The Operator is entitled to eight percent (8%) interest annually on the amount of revenues deferred. The following summarizes the details of the Deferred Contractual Revenues:

<u>Year</u>	<u>Annual Loss</u>	<u>Interest</u>	<u>Total</u>
December 31, 2006	\$ 581,525	\$186,088	\$ 767,613
December 31, 2007	671,469	161,154	832,623
December 31, 2008	682,661	109,226	791,887
December 31, 2009	513,076	41,046	554,122
December 31, 2010	<u>454,920</u>	<u>-</u>	<u>454,920</u>
Total	<u>\$2,903,651</u>	<u>\$ 497,514</u>	<u>\$3,401,165</u>

The Operator is repaid only after the Village Cumulative Loss is repaid.

NOTE 9 CONTINGENCIES

The Village has submitted claims to the Manager regarding questioned costs of \$412,509 related to the period June 11, 2006 through December 31, 2006, \$520,500 related to the year ending December 31, 2007 and \$200,000 related to the year ending December 31, 2008 for a total of \$1,133,009. These costs were charged to the Stadium Fund and the withholding of promised sponsorship revenues. If these questioned costs were recovered from the Manager the net asset balance for the year ending December 31, 2010 would increase by \$1,133,009.