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Board of Directors



Emil Jones, Jr.
Chairman



Norman R. Bobins



Dennis J. Gannon



Elzie Higginbottom



Richard Price



Jim Reynolds



Dr. Quentin Young

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Staff

Kelly Kraft
CEO/Executive Director

Dana Phillips Goodum, CPA
Chief Financial Officer

Jeannie Romas
General Counsel

Michael Orr
Director of Development and Facilities

Maureen Gorski
Director of Accounting

P.J. Frayer
Office Manager/Administrative Coordinator

Message from the Chairman

As Chairman of the Illinois Sports Facilities Authority, I am humbled to act as a steward, along with my fellow board members, for the citizens of Illinois as owners of U.S. Cellular Field (home of the Chicago White Sox). The Board Members, Norman Bobins, Dennis Gannon, Elzie Higginbottom, Jim Reynolds, Richard Price, Dr. Quentin Young and I, together with our new CEO and experienced staff, are working to ensure that U.S. Cellular Field remains a structurally sound, state-of-the-art, world-class ballpark for everyone to enjoy.

Since opening in 1991, the Authority has been dedicated to the meticulous maintenance and efficient upgrade of the infrastructure, equipment and systems that comprise U.S. Cellular Field. In 2012, major capital repair projects included technological improvements to the scoreboard control and editing rooms as well as more "green" conscious design changes to the HVAC systems.

Over the past two fiscal years, we have saved hundreds of thousands of dollars by reducing our operating budget by more than 15 percent. During fiscal year 2013, we have also achieved savings by working with our contractors and consultants to reduce their billing rates by 10 percent.

One of our top priorities is to remain an important community partner by assisting local not-for-profit organizations enhance their mission and services through fundraising and volunteer appreciation. Our ticket donation program increases public access to U.S. Cellular Field. Every year the Authority donates thousands of tickets to organizations, particularly those that focus on serving youth and families in underserved communities.

The Authority has long held a commitment to diversity. As a result, I am pleased to report that we continue to meet or exceed the 25% MBE goals and are working to achieve the 5% WBE goals. The dollar value of contracts for the work awarded and completed during 2012 with contracts over \$25,000 was \$1,500,000 with participation at 38% MBE and 2% WBE.

In November 2012, the Board hired a new Chief Executive Officer to run daily operations for the Authority. Kelly Kraft served as Assistant Budget Director for the State of Illinois where she aided in the preparation and management of Illinois' nearly \$60 billion budget. Most recently, as the Director of Communications for Governor Pat Quinn, Kelly managed the Governor's press staff and oversaw the execution of the administration's internal and external communications by supervising communications across more than twenty state agencies. Prior to these roles, she had an extensive career as a television journalist. Since joining ISFA, Kelly has worked closely with the board to address our financial challenges and formulate new marketing initiatives for event opportunities while maintaining this world-class ballpark.

We continue to foster many corporate, civic and intergovernmental relationships enabling these entities to utilize U.S. Cellular Field for a variety of programs. The Ford Motor Company Driving Skills for Life program, created in conjunction with the Governors Highway Safety Association, provides teens with the skills and experience they need to become safer drivers. Vehicle crashes are the leading cause of death among teenagers in the U.S., claiming nearly 5,000 teen lives each year. The program consists of presentations, activities and hands-on driving courses. The Authority also made its facilities available to the FBI for rappel and zip line training and the Illinois State Police for new recruits who utilized the concourse and club level for the 1.5 mile timed run and written testing. In addition, the Chicago Police and Fire Departments along with the Chicago Transit Authority frequently utilize our lots for driver training.

As we look forward to a successful season both on and off the field, the Authority Board and staff remain focused on solving the issues we face today while planning and preparing for the challenges that lie ahead.

We wish the Chicago White Sox much success in the upcoming 2013 season.



Emil Jones, Jr.
Board Chairman

I am honored for the opportunity to serve as Chief Executive Officer for the Illinois Sports Facilities Authority. With a comprehensive approach and specific objectives in mind, I have worked closely with the Board and staff on a variety of initiatives with the number one goal of protecting Illinois taxpayers.



Kelly Kraft, CEO/Executive Director
Stadium Manager's
Association Conference
Miami, Florida

During my short time at the Authority, the most important project to date has been securing a financial advisory team to evaluate potential cost savings on our bonds. With interest rates at historic lows, now is the time to fully examine ISFA's debt and take advantage of savings where possible.

Making ISFA a revenue generator is one of my top priorities and I am pleased to say we are scheduled to host our first major event in two years on August 16 as we turn U.S. Cellular Field into a boxing venue. Some of the toughest boxers in the business will make up the card for what is expected to be a historic summer night at the fights.

U.S. Cellular Field has so much to offer that I was pleased to spread the word about the stadium at the 39th Annual Stadium Mangers Association conference in Miami, Florida. I became the first ISFA representative to speak at the conference where I made a presentation about the amenities of U.S. Cellular Field, improvements to the ballpark and special event history. More than 400 industry professionals attended the conference which promotes best practices for sports facilities management, and provides opportunities for networking and building personal relationships with other stadium managers, design professionals and vendors.




We are also continuing to undertake a number of "green" initiatives that will reduce U.S. Cellular Field's carbon footprint and save money. Options to address new water retention requirements both within the stadium and at the parking lots are being studied to determine the most efficient solution. Other projects such as the retrofit/replacement of florescent lighting and electrical panel upgrades will result in lower energy costs.

As I work with the board and staff to improve our fiscal condition, continue our committment to community outreach and charitable donations as well as maintain and promote this world-class ballpark, I encourage you to come out to a ballgame. With the 2013 baseball season upon us, we are looking forward to a successful season and hoping for another World Series Championship for the Chicago White Sox at U.S. Cellular Field.

Kelly Kraft
CEO/Executive Director



Looking Forward to a Successful Season

-  **SAVING TAXPAYERS MONEY:** *We are evaluating potential savings on ISFA bonds through our recently secured financial advisory team. (A.C. Advisory, Inc., Acacia Financial Group & Public Finance Advisors).*
-  **BOXING RETURNS TO THE SOUTH SIDE:** *On August 16, 2013 we will transform U.S. Cellular Field into a boxing ring hosting several fights at "The Cell" in conjunction with Round 3 Productions, Count 8 Productions and Warrior Boxing.*
-  **REPAIRING AND RENOVATING:** *We are making needed repairs at the ballpark, upgrading our HVAC systems, suite windows and our escalators at Gate 3.*



Special Events





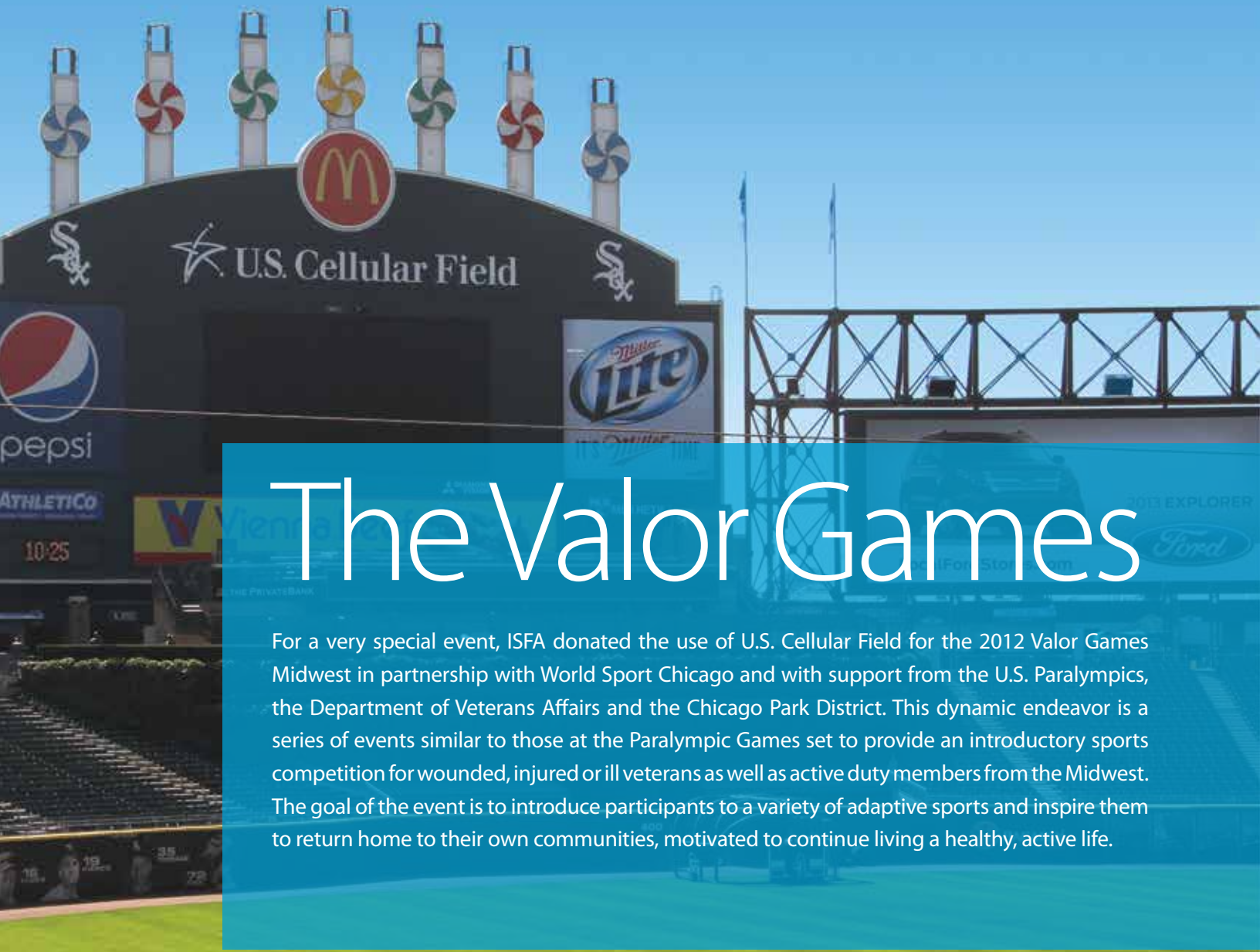
More than just a pristine park for professional baseball, each year the Illinois Sports Facilities Authority hosts an array of special events that utilize everything from the playing surface to the parking lots of U.S. Cellular Field. ISFA sponsors year-round activities in its state-of-the-art conference & learning center that hosts a myriad of meetings and seminars for not-for-profit, civic and educational groups that normally would not have the resources to rent such a high-tech center.

The Authority welcomed thousands of participants and spectators to several youth/amateur baseball and softball games, including the Chicago Public Schools Semi Final Championship Games, Catholic vs. Public League All Star Game, Chicago Police vs. Chicago Fire game and the Wheelchair Softball Tournament. These annual, open-to-the-public events are all highlights of the Authority's summer special events calendar. Private bookings by Price Waterhouse Coopers and ride & drive promoters Yokohama, Jackson Dawson and Hagerty take advantage of U.S. Cellular's unique amenities, ideal location and ease of access.

The Les Turner ALS Foundation Run4ALS's signature event, "Strike out ALS" 5K run attracted nearly 500 runners and walkers while raising over \$31,000 to support foundation research in 2012. July 16, 2013, marks the 4th year ISFA will host this event at U.S. Cellular Field and organizers are expecting over 700 runners! This unique race starts at 5:30 p.m. and gives runners the opportunity to finish on the warning track. Runners, together with their family and friends, stay for an after-party while watching the Major League Baseball All-Star



game on the video board. Concession stands are open for the purchase of food and beverages. Run4ALS raised over \$100,000 for research in the first three years with U.S. Cellular Field as its venue. This event's continuous success attracted another 5k run/walk, when on May 4, 2013 approximately 3,000 runners participated with proceeds going to the National Ovarian Cancer Coalition.



The Valor Games

For a very special event, ISFA donated the use of U.S. Cellular Field for the 2012 Valor Games Midwest in partnership with World Sport Chicago and with support from the U.S. Paralympics, the Department of Veterans Affairs and the Chicago Park District. This dynamic endeavor is a series of events similar to those at the Paralympic Games set to provide an introductory sports competition for wounded, injured or ill veterans as well as active duty members from the Midwest. The goal of the event is to introduce participants to a variety of adaptive sports and inspire them to return home to their own communities, motivated to continue living a healthy, active life.



Charitable Donations

We are committed to increasing public access to Chicago White Sox games especially for youth and families in underserved communities. Many children receive their first opportunity to attend a Major League Baseball game courtesy of ISFA's ticket donation program. ISFA donated more than 3000 tickets during the 2012 season.

AKArama Foundation	Comer's Children's Hospital	Guardian Angel Dog Rescue	Mitchell Museum	Respiratory Health Association
ALS Foundation	Community Health Organization	Jane Adams Resource Corp	Morton Arboretum	RML Specialty Hospital
American Cancer Society	Concordia Place	John Buck Company	Mount Olives Baptist Church	Ronald McDonald House
American Diabetes Association	Connection for Abused Women & their Children	Jones Foundation	Mujeres Latinas en Action	Safe Humane
American Heart Association	The Cradle Foundation	Jumpstart	Mulliganeers	Safer Foundation
Ancona School	Creating IT	Kenwood Oakland Community	Muntu Dance Theatre	Salvation Army
Antioch Rotary Club	Cystic Fibrosis Foundaiton	Kids in Danger	NAMI of Greater Chicago	San Miguel School
Apparel Industry Board	Dana & Christopher Reeves Foundation	LaCasa Norte	National Latino Education Institute	Saving Tiny Hearts
Ariel Community Academy	Daniel Murphy Scholarship Foundation	Lawndale Community Church	National Museum of Mexican Art	Seguin Services
Aspire	Developing Community Project	Lasalle II PTO	National Ovarian Cancer Coalition	Schaumburg Firefighters Benevolent Association
Association House	DJS Legacy Foundation	Leukemia Research Foundation	Neighborhood Writing Alliance	Sigma Pi Phi Fraternity
Auditorium Theatre	DuPage Children's Museum	Lifeline	Northeastern Illinois University Foundation	Southland Youth Athletic
Anixter Center	Edge Alliance	Loyola Academy	Notre Dame College Prep	South Star Services
Bear Care	Elmhurst College	Lydia House	Omni Youth Services	Special Olympics
Bear Necessities	Elmhurst Hospital	Make-A-Wish Foundation	Orchard Village	St. James Food Pantry
Best Buddies of Illinois	Envision Unlimited	Marionjoy Foundation	Operation Homefront	St. Jude
Big Shoulder Fund	Equip for Equality	Matt Isenberg Fund	Operation Support Our Troops	St. Monica Home
Blue Sky Bakery	Families Together	MAX Schewitz Foundation	Our Lady of Tepeyac	St. Rita
Boundless Readers	Friends of Payton	MEF	Park Lawn	St. Sabinas
Boys and Girls Club of Carbondale	Foundation for Community Betterment	Mercy Home	PACTT	St. Stanislaus Kostka School
Boys and Girls Club of Chicago	Haven Youth & Family Services	Metropolitan Family Services	Palatine Seniors Council	Tabula Rosa
Boys and Girls Club of Elgin	Heather's House	McAuley Clinic	PAWS Chicago	Teen Living Project
Brain Research Foundation	Helping Hand Center	Midwest Dachshund Recue	PLCCA	The Hope Institute
Cal's All- Star Angels	High Sight	Misericordia	Proviso Leyden Council for Community Action, Inc.	Thodos Dance of Chicago
Canavan Research	Hinsdale Jr. Women's Club		Ready, Set, Ride	Trent Steckel Scholarship Fund
Cancer Kiss My Cooley	Hoffman Estates Loyal Parents (H.E.L.P.)		Refugee One	Thresholds
Canine Therapy Corps	Holy Trinity High School		Rehab Institute of Chicago	Tommy Finnegan Legacy Foundation
Causes for Kids	House of Good Shepherd Women's Board			University of Chicago Lab Schools
CCTB	Human Rights Campaign			Urban Initiatives
Charles Curry Foundation	Human Rhythm Project			U.S. Empowered
Chicago Bar Foundation	Illinois Council Against Handgun Violence			Visitation Scholarship Program
Chicago Children's Museum	Infant Welfare Society			Westside Association for Community Action
Chicagoland Chamber of Commerce	Intercultural Montessori Language School			Women's Club of Evanston
Chicago Lighthouse	Interfaith House			Women's Health Foundation
Children's Heart Foundation	Gilda's Club			Young Nonprofit Professional Network
Children's Memorial Hospital	Girls in the Game			Youth First Counseling/Elite Counseling Services
Children's Neuroblastoma Cancer Foundation	Glenwood School			Youth Guidance
Child's Play Touring Theatre	Goodman Theatre			
Chicago Scholars	Good Sports			
Christopher House	Greater Chicago Food Depository			
Christ the King College Prep				
Chuck Kane Memorial Golf Outing				





Community Outreach

Since the Illinois Sports Facilities Authority's inception in 1987 by the General Assembly of Illinois, outreach remains one of our top priorities. Diverse education, health and public safety programs make use of our facilities on a regular basis; further demonstrating ISFA's commitment for U.S. Cellular to thrive as a community asset.

Urban Prep Academies operates the country's first and the State of Illinois' only charter public school for boys with the motto of "We Believe" and mission to provide a comprehensive, high-quality college preparatory education to young men while steering them away from negative stereotypes and low expectations. ISFA, the Chicago White Sox and Levy Restaurants joined together to host Urban Prep's College Signing Day and recognized their success in improving the academic, social and emotional development of young men. For the third year in a row, 100% of Urban Prep's graduates have been admitted to four-year colleges or universities.

Since 1991, when original construction was completed on what was then known as Comiskey Park, our staff has continued to work closely with the Chicago White Sox to maintain U.S. Cellular Field as a world-class ballpark. This past year, to improve safety, we upgraded the video surveillance system by replacing antiquated cameras with high-definition versions and greatly enhanced coverage by increasing the number of cameras from 34 to 274. We also replaced equipment and accessories with newer technology in the scoreboard control/editing rooms which operate the video, matrix, ribbon and out-of-town boards. As part of our continuous “going green” efforts we have integrated energy efficiencies into our HVAC system replacement project that is currently underway. Prior to the 2013 season, the field lights underwent re-lamping to improve light levels and reduce power consumption.



Renovations & Upgrades



In addition to key system and equipment upgrades, ISFA also initiated a variety of important structural projects in 2012. We resurfaced parking Lot D, replaced concession stand ceilings and lighting and began multi-phase projects for the replacement of suite windows, restroom waste & vent piping and concession/restroom flooring. We also launched concrete, waterproofing and curtain wall repair projects. A proactive and thorough approach to implementing improvements drives our commitment to the maintenance and upgrade of U.S. Cellular Field.

Independent Auditor's Report

Wolf & Company LLP
Certified Public Accountants

Board of Directors
Illinois Sports Facilities Authority

We have audited the accompanying combined financial statements of assets, liabilities, and equity - bond indenture basis of the Illinois Sports Facilities Authority (the "Authority") as of June 30, 2012 and 2011, and the related combined statements of revenues, expenditures and changes in fund balance - bond indenture basis for the years then ended, which collectively comprise the Authority's basic financial statements. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described in Note 1 to the combined bond indenture basis financial statements, the Authority has prepared these combined bond indenture basis financial statements in accordance with the accounting principles required by the Bond Indenture securing the Bonds issued by the Authority, which practices differ from accounting principles generally accepted in the United States of America. The effects on such combined bond indenture basis financial statements of the differences between the bond indenture basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 1.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Illinois Sports Facilities Authority as of June 30, 2012 and 2011, and the respective changes in financial position for the years then ended, on the bond indenture basis of accounting described in Note 1.

The image shows a handwritten signature in cursive script that reads "Walf & Company LLP". The signature is written in black ink and is positioned above the printed name and date.

Oakbrook Terrace, Illinois
October 29, 2012

Combined Statements of Assets, Liabilities and Equity—Bond Indenture Basis

ASSETS	General Fund	Comiskey Park Capital Improvement Fund	Supplemental Stadium Fund	Chicago White Sox Reserve Fund	Revenue Funds	2001 Debt Service Funds	2003 Debt Service Funds	2008 Debt Service Funds	Soldier Field Capital Improvement Fund	Soldier Field Reserve Fund	Construction Fund	Combined Total June 30,		
												2012	2011	
Current Assets:														
Cash, Cash Equivalents, and Investments	\$ 47,208,778	\$ 16,831,057	\$ 92,665	\$ -	\$ -	\$ -	\$ 364,472	\$ 812,628	\$ 6,652,833	\$ -	\$ -	\$ -	\$ 71,962,433	\$ 75,121,035
Hotel Tax Revenues Receivable	-	-	-	-	11,106,936	-	-	-	-	-	-	-	11,106,936	9,997,501
Interest and Other Receivables	-	-	-	-	-	-	5	-	-	-	-	-	5	45,277
Prepaid Expenditures	282,039	-	-	-	-	-	-	-	-	-	-	-	282,039	302,923
Due from Other Funds:														
General Fund	-	3,910,407	301,306	6,634,555	-	-	-	-	-	7,218,956	-	-	18,065,224	15,597,596
Total Current Assets:	47,490,817	20,741,464	393,971	6,634,555	11,106,936	-	364,477	812,628	6,652,833	7,218,956	-	-	101,416,637	101,064,332
Long-Term Assets:														
Stadium	-	-	-	-	-	-	-	-	-	-	153,260,885	-	153,260,885	153,260,885
Stadium Improvements	-	-	-	-	-	-	-	-	-	-	81,249,759	-	81,249,759	79,204,249
Scoreboard	-	-	-	-	-	-	-	-	-	-	13,397,180	-	13,397,180	8,777,201
Replacement Housing	-	-	-	-	-	-	-	-	-	-	4,763,939	-	4,763,939	4,763,939
Land	-	-	-	-	-	-	-	-	-	-	28,165,461	-	28,165,461	28,165,461
Land Improvements	-	-	-	-	-	-	-	-	-	-	4,372,821	-	4,372,821	4,367,560
Capitalized Interest	-	-	-	-	-	-	-	-	-	-	8,933,867	-	8,933,867	8,933,867
Total Long-Term Assets:	-	-	-	-	-	-	-	-	-	-	294,143,912	-	294,143,912	287,473,162
TOTAL ASSETS:	\$ 47,490,817	\$ 20,741,464	\$ 393,971	\$ 6,634,555	\$ 11,106,936	\$ -	\$ 364,477	\$ 812,628	\$ 6,652,833	\$ 7,218,956	\$ 294,143,912	\$ -	\$ 395,560,549	\$ 388,537,494

See notes to combined bond indenture basis financial statements and independent auditor's report.

June 30, 2012 (With Comparative Totals for 2011)

LIABILITIES & EQUITY	General Fund	Comiskey Park Capital Improvement Fund	Supplemental Stadium Fund	Chicago White Sox Reserve Fund	Revenue Funds	2001 Debt Service Funds	2003 Debt Service Funds	2008 Debt Service Funds	Soldier Field Capital Improvement Fund	Soldier Field Reserve Fund	Construction Fund	Combined Total June 30,		
												2012	2011	
Current Liabilities:														
Accounts Payable	\$ 189,610	\$ 2,209,452	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	85,869	\$ -	\$ -	\$ 2,484,931	\$ 5,120,597	
Interest Payable	-	-	-	-	-	993,737	92,227	18,952	-	-	-	1,104,916	1,074,741	
State Administration Fee Payable	-	-	-	-	444,277	-	-	-	-	-	-	444,277	399,900	
Advance Deposits for Events	-	-	-	-	-	-	-	-	-	-	-	-	105,127	
Due to Other Funds:														
Comiskey Park Capital Improvement Fund	3,910,407	-	-	-	-	-	-	-	-	-	-	3,910,407	1,410,595	
Supplemental Stadium Fund	301,306	-	-	-	-	-	-	-	-	-	-	301,306	301,306	
Chicago White Sox Reserve Fund	6,634,555	-	-	-	-	-	-	-	-	-	-	6,634,555	6,877,000	
Soldier Field Reserve Fund	7,218,956	-	-	-	-	-	-	-	-	-	-	7,218,956	7,008,695	
Total Current Liabilities:	18,254,834	2,209,452	-	-	444,277	993,737	92,227	18,952	85,869	-	-	22,099,348	22,297,961	
Long-Term Liabilities:														
Long-Term Liabilities	-	-	-	-	-	390,766,010	38,425,000	9,065,000	-	-	-	438,256,010	442,373,872	
Total Liabilities:	18,254,834	2,209,452	-	-	444,277	391,759,747	38,517,227	9,083,952	85,869	-	-	460,355,358	464,671,833	
Equity:														
Fund Balance (Deficit)	29,235,983	18,532,012	393,971	6,634,555	10,662,659	(399,991,777)	(42,262,750)	(9,206,324)	6,566,964	7,218,956	137,406,912	(234,808,839)	(242,030,508)	
Principal Amount of Bonds Retired from Revenue	-	-	-	-	-	8,232,030	4,110,000	935,000	-	-	150,000,000	163,277,030	159,159,169	
Principal Amount of Scoreboard Note Retired from Revenue	-	-	-	-	-	-	-	-	-	-	6,737,000	6,737,000	6,737,000	
Total Equity:	29,235,983	18,532,012	393,971	6,634,555	10,662,659	(391,759,747)	(38,152,750)	(8,271,324)	6,566,964	7,218,956	294,143,912	(64,794,809)	(76,134,339)	
TOTAL LIABILITIES & EQUITY:	\$ 47,490,817	\$ 20,741,464	\$ 393,971	\$ 6,634,555	\$ 11,106,936	\$ -	\$ 364,477	\$ 812,628	\$ 6,652,833	\$ 7,218,956	\$ 294,143,912	\$ 395,560,549	\$ 388,537,494	

See notes to combined bond indenture basis financial statements and independent auditor's report.

Combined Statements of Revenues, Expenditures and Changes in Fund Balance — Bond

Revenues:	General Fund	Comiskey Park Capital Improvement Fund	Supplemental Stadium Fund	Chicago White Sox Reserve Fund	Revenue Funds	2001 Debt Service Funds	2003 Debt Service Funds	2008 Debt Service Funds	Soldier Field Capital Improvement Fund	Soldier Field Reserve Fund	Construction Fund	Combined Total June 30,		
												2012	2011	
State Subsidy	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000,000	\$ 5,000,000
City Subsidy	-	-	-	-	5,000,000	-	-	-	-	-	-	-	5,000,000	5,000,000
Investment Income	23,915	8,172	(2,293)	-	-	2	21	20	(811)	-	-	-	29,026	122,356
Hotel Tax Revenue	-	-	-	-	37,077,352	-	-	-	-	-	-	-	37,077,352	33,549,746
Special Events Revenue	249,506	-	-	-	-	-	-	-	-	-	-	-	249,506	93,032
Fees to the Authority from the Chicago White Sox	-	-	-	-	1,642,270	-	-	-	-	-	-	-	1,642,270	1,722,123
Other Income	30,317	24,017	-	-	-	-	-	-	-	-	-	-	54,334	271,848
Total Revenues	303,738	32,189	(2,293)	-	48,719,622	2	21	20	(811)	-	-	-	49,052,488	45,759,105
Expenditures:														
General Expenditures:														
Salaries and Benefits	562,505	-	-	-	-	-	-	-	-	-	-	-	562,505	736,964
Office Expenditures	56,352	-	-	-	-	-	-	-	-	-	-	-	56,352	78,806
Insurance Expenditures	470,885	-	-	-	-	-	-	-	-	-	-	-	470,885	498,181
Professional Services	301,646	342,606	-	-	-	-	(80,472)	-	-	-	-	-	563,780	1,828,871
Trustee Fees	-	-	-	-	18,000	-	-	-	-	-	-	-	18,000	18,000
State Administration Fee	-	-	-	-	1,483,094	-	-	-	-	-	-	-	1,483,094	1,341,990
Amusement Tax Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	178,774
Marketing and Special Events	41,889	-	-	-	-	-	-	-	-	-	-	-	41,889	159,693
Debt Service Expenditures:														
Bond Interest	-	-	-	-	-	23,419,699	2,282,865	479,671	-	-	-	-	26,182,235	25,602,460
Bond Principal Payments	-	-	-	-	-	2,947,861	840,000	330,000	-	-	-	-	4,117,861	3,096,432
Total General Expenditures:	1,433,277	342,606	-	-	1,501,094	26,367,560	3,042,393	809,671	-	-	-	-	33,496,601	33,540,171
Other Expenditures:														
Capital Improvements	-	6,613,115	-	-	-	-	-	-	1,168,024	-	-	-	7,781,139	5,866,259
Park Maintenance	-	2,671,347	-	-	-	-	-	-	-	-	-	-	2,671,347	4,229,682
Chicago White Sox Maintenance Subsidy	118,787	-	-	-	-	-	-	-	-	-	-	-	118,787	50,352
Soldier Field Maintenance Subsidy	4,433,695	-	-	-	-	-	-	-	-	-	-	-	4,433,695	4,304,558
Total Other Expenditures:	4,552,482	9,284,462	-	-	-	-	-	-	1,168,024	-	-	-	15,004,968	14,450,851
TOTAL EXPENDITURES:	5,985,759	9,627,068	-	-	1,501,094	26,367,560	3,042,393	809,671	1,168,024	-	-	-	48,501,569	47,991,022
Excess (Deficiency) of Revenues Over Expenditures:	(5,682,021)	(9,594,879)	(2,293)	-	47,218,528	(26,367,558)	(3,042,372)	(809,651)	(1,168,835)	-	-	-	550,919	(2,231,917)

See notes to combined bond indenture basis financial statements and independent auditor's report.

Indenture Basis

For the Year Ended June 30, 2012 (With Comparative Totals for 2011)

Other Financing Sources (Uses):	General Fund	Comiskey Park Capital Improvement Fund	Supplemental Stadium Fund	Chicago White Sox Reserve Fund	Revenue Funds	2001 Debt Service Funds	2003 Debt Service Funds	2008 Debt Service Funds	Soldier Field Capital Improvement Fund	Soldier Field Reserve Fund	Construction Fund	Combined Total June 30,	
												2012	2011
In-kind Donation from the Chicago White Sox	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 237,268	\$ 237,268	\$ -
Stadium Improvements	-	-	-	-	-	-	-	-	-	-	6,797,912	6,797,912	5,038,358
Stadium Disposals	-	-	-	-	-	-	-	-	-	-	(364,430)	(364,430)	(751,307)
Transfers-In:													
General Fund	-	7,942,157	-	-	-	-	-	-	2,575,000	210,261	-	10,727,418	8,330,358
Chicago White Sox Reserve Fund	242,445	-	-	-	-	-	-	-	-	-	-	242,445	20,555
Revenue Funds	15,759,773	123,769	-	-	-	26,334,936	3,124,528	810,464	-	-	-	46,153,470	43,756,028
2001 Debt Service Funds	3	-	-	-	-	-	-	-	-	-	-	3	31
2003 Debt Service Funds	6	-	-	-	-	-	-	-	-	-	-	6	9
2008 Debt Service Funds	20	-	-	-	-	-	-	-	-	-	-	20	27
Transfers-Out:													
General Fund	-	-	-	(242,445)	(15,759,773)	(3)	(6)	(20)	-	-	-	(16,002,247)	(14,982,471)
Comiskey Park Capital Improvement Fund	(7,942,157)	-	-	-	(123,769)	-	-	-	-	-	-	(8,065,926)	(5,443,751)
Supplemental Stadium Fund	-	-	-	-	-	-	-	-	-	-	-	-	(301,306)
2001 Debt Service Funds	-	-	-	-	(26,334,936)	-	-	-	-	-	-	(26,334,936)	(24,802,760)
2003 Debt Service Funds	-	-	-	-	(3,124,528)	-	-	-	-	-	-	(3,124,528)	(3,063,984)
2008 Debt Service Funds	-	-	-	-	(810,464)	-	-	-	-	-	-	(810,464)	(808,600)
Soldier Field Capital Improvement Fund	(2,575,000)	-	-	-	-	-	-	-	-	-	-	(2,575,000)	(2,500,000)
Soldier Field Reserve Fund	(210,261)	-	-	-	-	-	-	-	-	-	-	(210,261)	(204,137)
TOTAL OTHER FINANCING SOURCES (USES):	5,274,829	8,065,926	-	(242,445)	(46,153,470)	26,334,933	3,124,522	810,444	2,575,000	210,261	6,670,750	6,670,750	4,287,050
Net Change in Fund Balance	(407,192)	(1,528,953)	(2,293)	(242,445)	1,065,058	(32,625)	82,150	793	1,406,165	210,261	6,670,750	7,221,669	2,055,133
Fund Balance (Deficit)—June 30, 2011	29,643,175	20,060,965	396,264	6,877,000	9,597,601	(399,959,152)	(42,344,900)	(9,207,117)	5,160,799	7,008,695	130,736,162	(242,030,508)	(244,085,641)
Fund Balance (Deficit)—June 30, 2012	\$ 29,235,983	\$ 18,532,012	\$ 393,971	\$ 6,634,555	\$ 10,662,659	\$ (399,991,777)	\$ (42,262,750)	\$ (9,206,324)	\$ 6,566,964	\$ 7,218,956	\$ 137,406,912	\$ (234,808,839)	\$ (242,030,508)

See notes to combined bond indenture basis financial statements and independent auditor's report.

Notes to Combined Bond Indenture Basis Financial Statements June 30, 2012

1. Summary of Significant Accounting Policies

A. Organization of the Authority

The Illinois Sports Facilities Authority (the "Authority") is a political subdivision, unit of local government, body politic, and municipal corporation of the State of Illinois (the "State"). The Authority was established by legislation originally adopted by the Illinois General Assembly in 1987 for the purpose of providing sports stadiums for professional sports teams. On July 7, 1988, the Governor of Illinois signed into law amendatory legislation, which increased the amount of bonds that the Authority could issue, provided additional security for those bonds, modified provisions of the law governing agreements between the Authority and professional sports teams, and otherwise facilitated financing of the New Comiskey Park (as defined below) by the Authority. Prior to the adoption of the 1988 amendatory legislation, the Authority and the Chicago White Sox, Ltd. (the "Team"), an Illinois limited partnership, entered into an agreement (the "Management Agreement") by which the Authority agreed to acquire and construct a new baseball stadium and related facilities for the Team. The Management Agreement was approved by both the Commissioner of Major League Baseball and the President of the American League of Professional Baseball Clubs.

On March 29, 1989, the Authority issued \$150,000,000 Series 1989 Bonds to finance the construction of the New Comiskey Park, which was placed in service in April 1991. On June 1, 1999, the Authority issued \$103,755,000 Series 1999 Refunding Bonds and used the proceeds for the advance refunding of the Series 1989 Bonds at a call premium of 102% for amounts maturing after June 15, 1999.

On January 5, 2001, the Governor of Illinois signed into law Public Act 91-935. The principal changes contained in the Act included an increase in the Authority's bond authorization by \$399,000,000 and authorization to use those bond proceeds and to provide financial assistance to another governmental body to provide the design, construction, and renovation of a facility owned or to be owned by that body. The law was effective June 1, 2001. The 1987 legislation, together with the 1988 and 2001 amendatory legislation, is referred to as the "Authorizing Legislation."

In 2001, the Authority entered various agreements with the Chicago Park District, the Chicago Bears Football Club, Inc. (the "Bears"), the Chicago Bears Stadium, LLC (the "Developer"), and LaSalle Bank N.A. as bond trustee and disbursement agent that outline the terms and conditions with respect to the redevelopment of a 97-acre parcel of Chicago lakefront park land that includes Soldier Field (the "Project"). Included in these agreements are the Development Assistance Agreement and the Operation Assistance Agreement.

On October 4, 2001, the Authority issued \$398,998,040 Series 2001 Bonds to provide financial assistance to the Project. The Project included the restoration of the existing colonnades and the shell of Soldier Field; and construction of a 61,500 seat state-of-the-art facility for athletic, artistic, and cultural events; construction of a new 2,500 space underground parking structure between Soldier Field and the Field Museum utilized for general use by the public, including Museum patrons, throughout the year; the construction of a two-story above-ground parking structure south of Soldier Field; the reconstruction and landscaping of a surface parking lot near McCormick Place; and the creation of 17 new acres of park facilities. Soldier Field officially reopened for National Football League games on September 29, 2003.

In 2003, the Authority and the Team agreed that the Team could license to United States Cellular Corporation the naming rights for the New Comiskey Park. In turn, the Authority and the Team reached agreement on certain changes and modifications including the extension of the term of the Management Agreement from 2010 until 2029, a plan and project list for construction, and the method for financing the improvements via the issuance of the Series 2003 Bonds in the amount of \$42,535,000 and a corresponding maintenance subsidy reduction to cover the debt service. The New Comiskey Park is now known as U.S. Cellular Field and corresponding various improvements were made to the park in both the 2004 and 2005 off seasons, most notably the upper deck renovations, the addition of the Fundamentals deck and the Scout Seating Area.

On December 29, 2008, the Authority issued \$10,000,000 Series 2008 Bonds to finance the redevelopment of the 35th Street infrastructure. The project consisted of the demolition of portions of the pedestrian ramps and replacement with a new enclosed system of elevators and escalators to provide access for members of the general public.

The Series 2001 Bonds, the Series 2003 Bonds and the Series 2008 Bonds (collectively the "Bonds") outstanding at June 30, 2012 and 2011, are secured by an assignment of and a first lien on amounts which are to be paid to U.S. Bank N.A. (the "Trustee") from the Illinois Sports Facilities Fund, a fund in the Treasury of the State.

The Bonds were also secured by Authority Tax Revenues subject to the interest of the Team under the Management Agreement until the date the Trustee first received payments from the Sports Facilities Fund after completion of the Soldier Field project. A formal certificate of completion on the Project was issued on February 7, 2007.

B. Establishment of Funds

The financial activities of the Authority are recorded in the following funds required either by the Indenture of Trust, the First Supplemental Indenture of Trust, the Second Supplemental Indenture of Trust, and the Third Supplemental Indenture of Trust (collectively the "Bond Indenture") securing the Series 2001 Bonds, the Series 2003 Bonds, and the Series 2008 Bonds or the Management Agreement and the Operation Assistance Agreement, as noted below:

General Fund

The General Fund accounts for the overall operations of the Authority, as well as construction-related expenditures not paid for through the Construction Fund. Overhead items such as professional fees, commercial insurance, salaries, and office expenditures are paid from this fund. Certain excess revenues in the Revenue Funds are transferred into this fund.

Revenue Funds

- *Sports Facilities Fund* – Revenues received from the Illinois Sports Facilities Fund of the State Treasury, such as subsidies received from the City of Chicago (the "City") and the State, are deposited into this fund.
- *Investment Earnings Fund* – Investment earnings in funds other than the Construction Fund, Debt Service Reserve Fund, Bond Interest Fund, Bond Principal Fund, Bond Redemption Fund, Extraordinary Redemption Fund, and Rebate Fund are transferred into this fund. The amounts held in this fund are to be applied to debt service payments in the event needed. If additional funding is not required, the balance is to be transferred into the Sports Facilities Fund. As a result, when sufficient funding has been appropriated to meet debt service obligations for the fiscal year, the Authority is not required to maintain this fund.
- *Other Revenues Fund* – Authority Hotel Tax revenues and advances from the State along with excess monies in any of the Debt Service Funds at fiscal year-end are deposited into this fund. Fees to the Authority from the Chicago White Sox under Article III and Article XXXI of the Management Agreement are also recorded in this fund.

Debt Service Funds

- *Bond Interest Fund* – Interest payments on the Bonds are paid from this fund. Revenues for payment of interest are generally transferred from the Revenue Funds.
- *Bond Principal Fund* – Principal payments on the Bonds are paid from this fund. Revenues for principal payments are generally transferred from the Revenue Funds.
- *Bond Redemption Fund* – Payments for redemption of term bonds are made from this fund. Revenues for payments are generally transferred from the Revenue Funds.
- *Capitalized Interest Fund* – A portion of the proceeds of the 2001 Series Bonds was placed into this fund to meet part of the interest obligations on such bonds for the first three fiscal years. The interest earned on these proceeds is placed into the fund and will also be used to offset interest payments on the 2001 Series Bonds.
- *Cost of Issuance Fund* – A portion of the proceeds from the issuance of the 2003 Series Bonds and the 2008 Series Bonds were placed into the funds to meet the costs associated with issuing the 2003 and 2008 Series Bonds. The interest earned on these proceeds accumulates within the fund and continues to be used to pay expenditures related to issuing these bonds. Any funds not depleted shall be used as specified in the Bond Indenture.
- *Debt Service Reserve Fund* – The reserve requirement for debt service is maintained in this fund. Transfers may be made to other funds for interest, principal and redemption payments. Additional revenues, if needed, in this fund are obtained through transfers from the Revenue Funds. The reserve requirement for the 2001 through 2003 Series Bonds is currently being met by a surety bond issued by Ambac Assurance Corporation.
- *Extraordinary Redemption Fund* – Payments for early redemption of bonds are made from this fund. Revenues in this fund are obtained through transfers from the Debt Service Funds.

- *Bond Refunding Fund* – Payments for the refunding of outstanding bonds are made from this fund. Revenues for payments are obtained from proceeds of new bond issuances and through transfers from the General Fund.
- *Project Fund* – Upon the financial closing of the 2001 Series Bonds, the 2001 Series Project Fund received the net proceeds of the bonds after payment of costs of issuance and deposits to the Capitalized Interest Fund and was utilized by the Project as defined above. Additionally, the interest earned on these proceeds was deposited into the fund. As of August 20, 2004, these dollars were fully expended. Upon the financial closing of the 2003 Series Bonds, the 2003 Series Project Fund received the net proceeds of the bonds after payment of costs of issuance. Such proceeds were utilized for renovations at U.S. Cellular Field as agreed to by the Authority and Team. Upon the financial closing of the 2008 Series Bonds, the 2008 Series Fund received the net proceeds of the bonds after payment of costs of issuance and debt service reserve. Such proceeds were utilized for the redevelopment of the 35th Street infrastructure. Additionally, interest earned on these proceeds is deposited into the fund.

For financial statement purposes, the debt service funds for each series of bonds have been consolidated into a single column, specifically, one column for the 2001 Debt Service Funds, one column for the 2003 Debt Service Funds, and one column for the 2008 Debt Service Funds.

Capital Projects Funds

- *Construction Fund* – As created by the Series 1989 Indenture, this fund reflects the majority of the costs associated with the construction of the New Comiskey Park. The majority of the Series 1989 Bond proceeds were deposited into this fund. During fiscal year 1992, the Construction Fund exhausted the balance of the original bond proceeds and all remaining construction expenditures were made from the General Fund.

Other Funds

- *Comiskey Park Capital Improvement Fund (formerly known as the Maintenance and Repairs Fund)* – This fund was created by the Management Agreement and is used to finance the Authority's share of capital improvements to U.S. Cellular Field, as well as ongoing stadium maintenance and repair obligations of the Authority after completion of the New Comiskey Park. Required annual reserves for maintenance and repair costs are transferred into this fund from the General Fund. In addition, the Three-Party Agreement between the Chicago Park District, the Chicago White Sox, and the Authority provides for portions of fees paid to the Authority by the Chicago White Sox to be deposited within this fund.
- *Supplemental Stadium Fund* – This fund was created by the Management Agreement and is used to finance capital improvements to U.S. Cellular Field mutually agreed by the Authority and the Team. The Authority is required to transfer into the Fund by November 21 of each year amounts determined pursuant to a formula set forth in the Management Agreement. The formula requires the transfer of the lesser of (i) net ticket fees paid to the Authority by the Chicago White Sox for the season most recently ended and (ii) the Amount of Authority hotel tax receipts, if any, in excess of specified annual levels set forth in the Management Agreement. The initial deposit was due in fiscal year 2008 and was paid from the Comiskey Capital Improvement Fund.
- *Chicago White Sox Reserve Fund* – This fund was created by the Management Agreement and is used to retain the reserve required by the Management Agreement between the Authority and the Team. Required annual reserves covering the Authority's good faith estimate of obligations to the Team for the following fiscal year are transferred into this fund from the General Fund.
- *Soldier Field Capital Improvement Fund* – This fund was created by the Operation Assistance Agreement and is used to finance the Authority's subsidy to the Chicago Park District for the capital improvement expenditures at Soldier Field. The required annual subsidy for Chicago Park District's capital improvement costs are transferred into this fund from the General Fund, per the agreement. The obligation for payments started in fiscal year 2004; such obligations are remitted by the Chicago Park District to the Authority for reimbursement.
- *Soldier Field Reserve Fund* – This fund was created by the Operation Assistance Agreement and is used to retain the reserve required by the Operation Assistance Agreement between the Authority and the Chicago Park District.
- *Rebate Fund* – This fund is used to reserve funds for any federal income tax arbitrage rebate liability incurred on excess investment interest income. No federal income tax liability was incurred for the years ended June 30, 2012 and 2011.

The funds shown in these financial statements are those for which activity has been recorded for the period in accordance with the Bond Indenture.

C. Establishment of Accounting Principles

As provided by the Authorizing Legislation, the Authority originally issued Series 1989 Bonds to construct the New Comiskey Park. Additionally, the Authority issued Series 2001 Bonds to provide financial assistance to the Chicago Park District for the Chicago Lakefront and Stadium Improvement Project, Series 2003 Bonds to renovate U.S. Cellular Field and Series 2008 Bonds to redevelop the 35th Street infrastructure. To set forth obligations and agreements of the Authority with regard to these Bonds, the Authority adopted the Bond Indenture.

Under the Bond Indenture and the Authorizing Legislation, various accounting principles are to be followed by the Authority, which differ in certain respects, which in some cases may be material, from accounting principles generally accepted in the United States of America ("GAAP"). The more significant of these differences are as follows:

- Instead of using the modified accrual basis of accounting for governmental funds required under GAAP, the Authority's financial statements are prepared using the accrual basis of accounting and for certain revenues and expenditures, and, as described below, the cash basis of accounting.
- Under GAAP, the Authority would have been required for the year ended June 30, 2003 to adopt the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. The principal impact of such standards include:
 - In addition to the currently prepared government fund financial statements, the Authority would be required to prepare separate government-wide financial statements under the accrual basis of accounting including recording depreciation expenditures for capital assets.
 - The Authority would be required to prepare Management's Discussion and Analysis as required supplementary information to the financial statements.

Therefore, the accompanying financial statements, which are prepared in accordance with the aforementioned accounting principles, are not intended to, and do not, present the financial position or results of operations in conformity with GAAP. Following are the significant accounting policies required by the Bond Indenture:

- *Accrual Basis of Accounting* – The accompanying financial statements were prepared using the accrual basis of accounting, except for the Chicago White Sox Maintenance Subsidy, the Chicago Park District Maintenance Subsidy, payment requisitions from the Project Fund and certain Fees to the Authority from the Chicago White Sox, which are accounted for on a cash basis. The preparation of financial statements 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 during the reporting period. Actual results could differ from those estimates.
- *Long-Term Assets and Liabilities* – Every transaction involving an expenditure for a long-term asset is recorded as an expenditure on the combined statement of revenues, expenditures and changes in fund balance. To record the asset on the combined balance sheet, a second entry is made. This second entry records an asset for the amount of the expenditure, with the offsetting entry going to an "other financing sources" account on the combined statement of revenues, expenditures and changes in fund balance. Certain expenditures in the Comiskey Park Capital Improvement Fund, Series 2003 and Series 2008 Project Funds for capital improvements are recorded as long-term assets. Some transactions involving long-term liabilities are recorded as revenue on the combined statement of revenues, expenditures and changes in fund balance. To record the liability on the combined balance sheet, a second entry records the liability for the amount of the revenue, with the offsetting entry going to an "other financing uses" account in the combined statement of revenues, expenditures and changes in fund balance.

The types of costs that have been recorded as long-term assets as described above include construction costs, stadium improvements, land purchases, capitalized interest and 1989 Bond issuance costs. Expenditures surrounding the above-mentioned categories prior to fiscal year 2001 were recorded as long-term assets.

In fiscal year 2001, the Authority undertook a comprehensive process of performing both improvements and renovations to existing components at the park. In situations where these stadium improvements replaced or renovated existing components, the Authority expensed such dollars as park maintenance. However, in situations where the stadium improvement related to a new component and/or to an enhancement to the facility, the Authority recorded the expenditure as a long-term asset. This process was ongoing until fiscal year 2008. Beginning in fiscal year 2009, the historical value of replacements, when indeterminable, was derived using a capital cost reverse escalation calculator model. The model was created using data published by the Engineering News Record ("ENR") Building Cost Index ("BCI") for Chicago, Illinois. The information needed to derive the historical value for disposals includes the initial year the asset was put into service or the year the replacement asset was installed and the current amount expended on the replacement of those assets.

- *Interest* - Interest on the Bonds is provided from revenues and paid semiannually on June 15th and December 15th from the Bond Interest Fund. In addition, an accrual is made for the amount of interest owed to bondholders. Interest is accrued and paid for all bonds with the exception of the 2001 Series Conversion and Capital Appreciation Bonds, for which payment is deferred until future years.
- *Investment Income* - Income from investments, and profits and losses realized from such investments, are credited or charged to the investing fund on a monthly basis.
- *Revenues* - The Authority's major revenue sources are described below:
 - State and City Subsidy Payments - Under the Authorizing Legislation, the Authority is to receive, subject to sufficient appropriation by the General Assembly of the State of Illinois, \$10 million per fiscal year through fiscal year 2032. Of this \$10 million, \$5 million is a subsidy to be provided from a portion of the net proceeds of the State Hotel Operators' Occupation Tax (the "State Hotel Tax") and \$5 million is a subsidy to be provided from a portion of the Local Government Distributive Fund in the State Treasury which is allocated to the City of Chicago.
 - Proceeds of the State Hotel Tax - The State imposes a statewide tax on persons engaged in the business of renting, leasing or letting hotel rooms. In each fiscal year, \$5 million is remitted to the Authority from the net proceeds of the State Hotel Tax. Subject to annual appropriation, the payments are made to the Authority from the State Treasury in eight equal monthly installments for the first eight months of the fiscal year. This tax is separate from and in addition to the Authority Hotel Tax described below.
 - The Local Government Distributive Fund - In each fiscal year, subject to annual appropriation, \$5 million is remitted to the Authority from the portion of the Local Government Distributive Fund allocated to the City of Chicago. The payments are made to the Authority from the State Treasury in eight equal monthly installments in the first eight months of the fiscal year.
 - Authority Hotel Tax Collections - Under the Authorizing Legislation, the Authority is empowered to and has imposed a 2% tax on the receipts from the occupation of renting, leasing or letting hotel rooms in the City (the "Authority Hotel Tax"). The Authority Hotel Tax is collected by the Illinois State Department of Revenue, which withholds 4% of the amount collected as an administrative fee for collecting and remitting these tax revenues to the Authority.

There is generally a three-month delay between the time hotels collect and remit the tax to the State, and the State remits the collections to the Authority. This delay results in a year-end hotel tax revenues receivable.

- State Advance - Subject to annual appropriation, every month, for the first eight months of a fiscal year, the State advances to the Authority the difference between the annual amount certified by the Chairman of the Authority pursuant to Section 8.25-4 of the State Finance Act (and appropriated to the Authority from the Illinois Sports Facilities Fund) less the subsidy portion of the appropriation. The amount advanced is drawn from State Hotel Tax revenues.

The original Act set the advance amount at \$8 million. Public Act 91-935 increased the advance amount to \$22,179,000 for fiscal year 2002 and 105.615% of the previous year's amount for fiscal year 2003 and each fiscal year thereafter through 2032.

Every month during the respective fiscal year, the State withholds collections of the Authority Hotel Tax to repay the amount advanced to the Authority until such time as the advance is repaid in full. The withholding amount is equal to the balance of the advance or the total amount of collections for the month, if those collections are less than the balance of the advance. To the extent the Authority Hotel

Tax is not adequate to repay the advance by the end of a fiscal year, the deficiency is automatically withdrawn by the State from the City's share of the Local Government Distributive Fund. As a result, at the end of each fiscal year, the Authority's advance reimbursement obligation is fully satisfied.

During fiscal year 2012, the State's withholding of the Authority Hotel Tax was sufficient to repay the State for the full advance amount prior to the end of the fiscal year. Following full repayment of the advance, the State remitted Authority Hotel Tax collections in excess of the advance to the Authority.

During fiscal year 2011, the Authority Hotel Tax was not adequate to fully repay the advance to the State by the end of the fiscal year. Therefore, as described above, the deficiency of \$185,009 was deducted from the City's share of the Local Government Distributive Fund.

The Authorizing Legislation provides that on June 15th of each year all amounts which the Authority has received from net proceeds of the Authority Hotel Tax and which remain available after payment of debt service on bonds or notes of the Authority, deposits for debt service reserves, obligations under management agreements with users of the Authority's facilities and/or users of other government entity's facilities for which the Authority has entered into financial assistance agreements, deposits to other reserve funds, and payments of its other capital and operating expenditures, are to be repaid to the State Treasury. The Authority repaid \$0 for the fiscal years 2012 and 2011.

- Fees to the Authority from the Chicago White Sox - The Management Agreement, as amended, currently provides three mechanisms by which the Chicago White Sox remit fees to the Authority. The first mechanism is through ticket revenues; the second is through a guaranteed fee; and the third is an escalating fee for the use of the Conference Center.

Under Article III of the Management Agreement, upon completion of the new stadium, the Authority is entitled to certain ticket fees, which represent a percentage of ticket revenues after attendance reaches a certain level, as defined by the Management Agreement. Total net ticket fees for the 2011 Season were \$0. Tickets sold for the 2012 Season are projected not to exceed the minimum ticket threshold. Therefore, no net ticket fees are projected to be received at the conclusion of the 2012 Season.

The Authority presents ticket fees as revenue in the combined financial statements net of other payments due to the Chicago White Sox. Tickets sold are subject to the City of Chicago's Amusement Tax. Under the Management Agreement, the Authority is required to reimburse the Chicago White Sox for a certain portion of taxes on the sale of tickets. As of June 30, 2012 and 2011, \$0 was accrued as net estimated receivables under this agreement.

In addition to ticket fees, the Authority is entitled to a base fee of \$1,200,000 beginning in 2008, which increases annually through 2011 by \$100,000. For Seasons 2012 and thereafter, the fee of \$1,500,000 is escalated by a fraction, the numerator of which is the Consumer Price Index (as defined in the Management Agreement, "CPI") for the month of December preceding such Season and the denominator of which is the CPI for the month of December 2010.

The Authority is also entitled to a rental payment for the Conference Center in the amount of \$100,000 beginning in 2001 and escalating by a fraction, the numerator of which is the Consumer Price Index (as defined in the Management Agreement, "CPI") for the month of May during such Season and the denominator of which is the CPI for the month of May 2001. In no event may the rental payment be reduced below \$100,000.

- *Application of Revenues Under the Indenture* - Monthly revenues are disbursed in the following order from the following accounts in the Revenue Fund:
 1. From the Investment Earnings Account;
 2. From the Sports Facilities Fund Account;
 3. From the Authority Tax Revenues Account;
 4. From the Other Revenues Fund.

These disbursements are used to pay the following expenditures in the following order on a monthly basis:

1. One-eighth of the annual interest requirements on outstanding bonds for the first eight months of the fiscal year into the Bond Fund-Interest Account, after taking into account amounts on deposit in and available for transfer from any capitalized interest account;
2. The same as 1. above for the annual principal requirements on serial bonds into the Bond Fund-Principal Account;

3. The same as 2. above for the annual principal requirements on term bonds into the Bond Fund-Redemption Account;
 4. An amount, if any, needed to increase the reserve in the Debt Service Reserve Fund for: (i) first, to reimburse in full the Debt Service Reserve Fund Facility Providers for any amounts paid under their Debt Service Reserve Fund Facilities pursuant to a Deficiency Drawing, on a pro rata basis, if any; (ii) second, to increase the balance of such Fund to the Debt Service Reserve Requirement which is equal to the lesser of (a) 50% of Maximum Annual Debt Service or (b) 10% of the aggregate principal amount of all series of the outstanding bonds; and (iii) third, to reimburse in full the Debt Service Reserve Fund Facility Providers for any amounts paid under their Debt Service Reserve Fund Facilities pursuant to an Expiration Drawing, on a pro rata basis, if any;
 5. Trustee fees and credit enhancement costs;
 6. On a pro rata basis, any interest due and payable to each Debt Service Reserve Fund Facility Provider pursuant to the relevant agreements;
 7. All remaining amounts under the Indenture are paid to the Authority, except no investment earnings on amounts in the Revenue Fund are paid to the Authority.
- *Disposition of Revenues After Receipt by the Authority* – Amounts that the Authority receives under the Indenture, together with the proceeds of the Authority Hotel Tax, investment earnings, receipts from the Chicago White Sox and other revenues and receipts of the Authority are spent for the corporate purposes of the Authority, including to satisfy its obligations under the Management Agreement and its various contracts with the Chicago Park District. The Authority, the Chicago Park District and the Chicago White Sox have entered into a Three-Party Agreement that describes the following relative priority of expenditures by the Authority after making the transfers, deposits and payments required under the Indenture and described above and before rebating any surplus revenues to the State as required under Section 19 of the Act:
 1. Payment of the Chicago White Sox maintenance subsidy;
 2. Payment of the Authority's ordinary and necessary expenditures;
 3. Payment of U.S. Cellular Field capital repairs to a set amount;
 4. Payment of the annual subsidy amount to the Chicago Park District;
 5. Payment of any U.S. Cellular Field capital repairs not provided for in item 3;
 6. Payment of the required deposits to the Soldier Field Capital Improvement Fund;
 7. Deposits of the required amounts to the Chicago White Sox Reserve Fund;
 8. Deposits of the required amounts to the Soldier Field Reserve Fund;
 9. Reserving of any amounts determined by the Authority as protection against fluctuations in the Authority Hotel Tax that might affect the Authority's ability to repay amounts advanced by the State;
 10. Payment of any amounts under any agreement with the Chicago White Sox or Chicago Park District entered into after the Three-Party Agreement.

In fiscal year 2007, the Authority established a real estate account within the General Fund of the Authority for the purpose of funding projects to acquire land relevant to the Authority. The balance in the real estate account at the conclusion of fiscal years 2012 and 2011 was \$7,155,000.

In fiscal year 2012, \$242,445 was transferred to the General Fund from the Chicago White Sox Reserve Fund; \$210,261 was transferred from the General Fund to the Soldier Field Reserve Fund; and \$5,808,175 was drawn from the hotel tax variation reserve within the year offset by a \$5,859,690 replenishment to bring the reserve balance at the conclusion of the fiscal year to \$19,300,000.

In fiscal year 2011, \$20,555 was transferred to the General Fund from the Chicago White Sox Reserve Fund; \$204,137 was transferred from the General Fund to the Soldier Field Reserve Fund; and \$7,860,552 was drawn from the hotel tax variation reserve within the year offset by a \$9,271,147 replenishment to bring the reserve balance at the conclusion of the fiscal year to \$19,248,485.

- *Investments* – The Authority follows the provisions of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, issued by the Governmental Accounting Standards Board. In accordance with the statement, investments, which are held to their original maturity of one year or less, are recorded at amortized cost, which approximates fair value due to the short-term nature of the investments. Investments that mature greater than one year from the date of purchase are recorded at fair value. If an investment security is to be sold prior to maturity and amortized cost exceeds the expected proceeds from such sale, a loss provision for such excess is recorded in the period in which the decision to sell is made.

The investment of funds is also restricted to permitted investments of public agencies as defined by Illinois law. These permitted investments include direct obligations of the U.S. Treasury, Agencies and Instrumentalities; commercial paper of U.S. corporations with assets exceeding \$500,000,000 if such commercial paper is rated within the three highest rating classifications; interest-bearing savings accounts; certificates of deposit; time deposits; money market accounts; and certain repurchase agreements.

- *Operations* – Operating costs and expenditures are expensed as incurred. In addition, accruals have been made for goods and services received but not paid.
- *Fund Transfers* – The Authority records transfers between funds for various purposes, including earnings transfers, funding, and payment of debt service of the Authority.

2. Cash and Investments

A. Cash

During fiscal years 2012 and 2011, the Authority maintained five non-interest bearing checking accounts for which amounts in excess of a preset figure were swept into a Money Market Mutual Fund that invests in securities issued or guaranteed by the U.S. Government (see the Investments section below). The checking accounts are fully insured by the Federal Deposit Insurance Corporation as of June 30, 2012.

B. Cash Equivalents

Cash equivalents are defined and include highly liquid debt instruments purchased with a maturity date of three months or less. Cash equivalents include certain money market mutual funds that allow checks to be written from that fund.

C. Investments

The following investment vehicles were maintained at June 30, 2012 and 2011:

Investments	Fair Value	Investment Maturities	
		Less than 1 Year	1-5 Years
Investments-2012			
U.S. Government Agencies	\$ -	\$ -	\$ -
Investments-2011			
U.S. Government Agencies	\$ 35,792,697	\$ 35,792,697	\$ -

The following schedule as of June 30, 2012 and 2011, summarizes cash, cash equivalents, and investments to their totals in the Combined Statement of Assets, Liabilities, and Equity:

	2012	2011
Cash and Cash Equivalents	\$ 71,962,433	\$ 39,328,338
Investments	\$ -	35,792,697
Totals	\$ 71,962,433	\$ 75,121,035

D. Credit Risk

State law authorizes the Authority to invest in direct obligations of the U.S. Treasury, Agencies and Instrumentalities; short-term commercial paper of U.S. corporations with assets exceeding \$500,000,000 if such commercial paper is rated within the three highest rating classifications; interest-bearing savings accounts; certificates of deposit; time deposits; money market accounts; and certain repurchase agreements.

State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the Authority's policy to limit its investments in these investment types to the top two ratings issued by NRSROs. As of June 30, 2012 and 2011, the Authority's investments in money market funds were rated A1 or better by Standard & Poor's.

E. Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities. Investments are held only in banks insured by the Federal Deposit Insurance Corporation. The Authority limits its investments to the safest types of securities, such as obligations backed by the United States or its agencies, in accordance with the Authority's Investment Policy, to mitigate risk of loss. Investments purchased by third-party custodial banks are in accordance with the Authority's Investment Policy and are approved by the Authority in advance. Funds of the Authority managed by the Trustee bank pursuant to the Indenture of Trust are invested by the Trustee in accordance with the Bond Indenture and the Illinois Public Funds Investment Act. All investments are held in the Authority's name.

F. Interest Rate Risk

The Authority's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority manages interest rate exposure by matching the maturities of investments with its expected cash flow needs. For investments intended to be used for operations and capital maintenance, the Authority purchases investments so that the maturity dates are in line with anticipated cash flow needs. For investments restricted for capital projects, the Authority invests in maturities that meet the projected draw schedule for related projects.

3. Bonds Payable

A. Series 2001

Total Series 2001 Bonds outstanding at June 30, 2012 are as follows:

Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2001	Effective Interest Rate	Amount
Current Interest Bonds, Due June 15, 2030 to 2032	5%	\$ 187,835,000
Conversion Bonds, Due June 15, 2013 to 2030	4.75% to 5.50%	139,390,793
Capital Appreciation Bonds, Due June 15, 2013 to 2026	4.80% to 9.00%	63,540,217
Total		\$ 390,766,010

The Capital Appreciation Bonds are not subject to optional or mandatory redemption prior to maturity. However, both the Current Interest Bonds and the Conversion Bonds are subject to redemption at the option of the Authority prior to maturity and following the conversion date on the Conversion Bonds:

	Maturing After	Redemption Price
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2001 Current Interest Bonds	On or after June 15, 2012 and prior to June 15, 2013	101.0%
	On or after June 15, 2013	100.0%
Conversion Bonds, subject to optional redemption following the conversion date	On or after June 15, 2015 and prior to June 15, 2016	101.0%
	On or after June 15, 2016	None

Series 2001 Bonds maturing in the years subsequent to June 30, 2012 are as follows:

Year Ending June 30	Amount
2013	\$ 3,797,354
2014	4,594,695
2015	5,347,832
2016	6,063,337
2017	6,716,095
2018-2022	25,419,968
2023-2027	57,424,897
2028-2032	281,401,832
Total	\$ 390,766,010

Ambac Assurance Corporation provides the debt service reserve fund surety bond and bond insurance on the Series 2001 Bonds. The proceeds of the Series 2001 Bonds were used to provide financial assistance to the Chicago Park District to finance a portion of the costs of the reconstruction of Soldier Field and improvements to the Chicago lakefront.

B. Series 2003

Total Taxable Series 2003 Bonds outstanding at June 30, 2012 are as follows:

	Interest Rate	Amount
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2003 Series Bonds, Due June 15, 2013 to 2029	4.95% - 6.05%	\$ 38,425,000

The Taxable Series 2003 Bonds are subject to optional and mandatory redemption prior to maturity.

	Maturing After	Redemption Price
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2003	On or after June 15, 2014	100.0%

Bonds maturing in the years subsequent to June 30, 2012 are as follows:

Year Ending June 30	Amount
2013	\$ 945,000
2014	1,055,000
2015	1,170,000
2016	1,300,000
2017	1,435,000
2018-2022	9,625,000
2023-2027	14,960,000
2028-2029	7,935,000
Total	\$ 38,425,000

The Debt Service Reserve Fund for the outstanding Bonds is funded by a surety bond issued by Ambac Assurance Corporation. In connection with the surety bond, the Authority covenanted to Ambac Assurance Corporation to set aside and maintain within the Comiskey Park Capital Repairs Account (or another Authority fund, at the discretion of the Authority), an amount ("Authority Reserved Funds") equal to the Maximum Annual Debt Service (as defined in the Indenture) for all Bonds then outstanding, less the annual City Subsidy Moneys (as defined in the Indenture), less the net proceeds of the tax imposed by the State Hotel Tax Act (as defined in the Indenture) from which deposits to the Illinois Sports Facilities Fund (as defined in the Indenture) may be made.

In compliance with the covenant, at the time of issuance of the Series 2003 Bonds, the Authority set aside within the Authority's Comiskey Park Capital Repairs Account until November 1, 2003 the sum of \$6,259,750 as Authority Reserved Funds. Thereafter, the Authority will determine the required amount of Authority Reserved Funds on or before November 1st of each year. If the Authority is required to increase the amount of the Authority Reserved Funds maintained in any year and the fiscal year in which Maximum Annual Debt Service occurs is five or fewer years from the date of the determination of the amount of Authority Reserved Funds, the Authority will increase the amount of the Authority Reserved Funds to comply within 12 months of the determination. If the Authority is required to increase the amount of the Authority Reserved Funds maintained in any year and the fiscal year in which Maximum Annual Debt Service occurs is more than five years from the date of the determination of the amount of Authority Reserved Funds, the Authority will increase the amount of the Authority Reserved Funds within 24 months of the determination.

At June 30, 2012 and 2011, the Authority Reserved Funds in compliance with the covenant were calculated to be \$0.

C. Series 2008

Total Series 2008 Bonds outstanding at June 30, 2012 are as follows:

	Interest Rate	Amount
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2008 Series Bonds, Due June 15, 2013 to 2029	4.61% - 5.85%	\$ 9,065,000

The Series 2008 Bonds are subject to optional and mandatory redemption prior to maturity.

	Maturing After	Price Price
Illinois Sports Facilities Authority Sports Facilities Bonds, Series 2008	On or after June 15, 2015	100.0%

Total Series 2008 Bonds outstanding at June 30, 2012 are as follows:

Year Ending June 30	Amount
2013	\$ 350,000
2014	370,000
2015	390,000
2016	410,000
2017	430,000
2018-2022	2,465,000
2023-2027	3,150,000
2028-2029	1,500,000
Total	\$ 9,065,000

The Debt Service Reserve Fund amount held for the outstanding Bonds totals \$812,628 and covers the debt service reserve requirement. The proceeds of the 2008 Bonds were used to finance the redevelopment of the 35th Street infrastructure.

4. Trustee

The Authority and American National Bank (as the "Original Trustee") entered into a Bond Indenture for the Series 1989 Bonds as of March 1, 1989. In conjunction with the refunding of the Series 1989 Bonds, the Authority and the Original Trustee entered into a new Bond Indenture, dated June 1, 1999, to apply to the Series 1999 Refunding Bonds.

On October 9, 2001, LaSalle Bank, N.A. ("Former Trustee") assumed the trustee role for the 1999 Bonds. LaSalle Bank N.A. was appointed as trustee of the Series 2001 and Series 2003 Bonds.

On May 5, 2007, US Bank N.A. ("Trustee") assumed the trustee role for the 1999 Bonds, the Series 2001 and Series 2003 Bonds. US Bank N.A. was appointed as trustee of the Series 2008 Bonds. Under the Bond Indenture, the Trustee has the responsibility to receive and disburse money in accordance with the Bond Indenture and the Authorizing Legislation.

5. Contingencies and Commitments

A. Maintenance Requirements, U.S. Cellular Field

Under the Management Agreement, the Authority reserves \$3 million, increased by 3% annually for each Season after the 2001 Season, for capital improvements including various maintenance and repair items to be disbursed from the Comiskey Capital Improvement Fund. This increase provision was effective in the fiscal year 2003 and equated to minimum transfer amounts of \$4,031,750 and \$3,914,320 in fiscal years 2012 and 2011, respectively.

In fiscal year 2012, the Authority transferred the required amount plus an additional \$3,910,407 from the General Fund and \$123,769 from the Revenue Fund to the Comiskey Park Capital Improvement Fund to finance various projects throughout U.S. Cellular Field and the surrounding property. In accordance with the 17th Amendment to the Management Agreement, the Authority transferred \$0 from the Other Reserve Fund to the Supplemental Stadium Fund.

In fiscal year 2011, the Authority transferred the required amount plus an additional \$1,410,595 from the General Fund and \$118,836 from the Revenue Fund to the Comiskey Park Capital Improvement Fund to finance various projects throughout U.S. Cellular Field and the surrounding property. In accordance with the 17th Amendment to the Management Agreement, the Authority transferred \$0 from the Other Reserve Fund to the Supplemental Stadium Fund.

B. Maintenance Requirements, Soldier Field

Under the Operation Assistance Agreement, the Authority is required to remit to the Chicago Park District an annual maintenance subsidy, which was in the amount of \$4,304,558 in fiscal year 2011 and \$4,433,695 in fiscal year 2012. The Operation Assistance Agreement also requires an annual subsidy for capital improvements at Soldier Field to be transferred into the Soldier Field Capital Improvement Fund, which was in the amount of \$2.5 million in 2011 and \$2.575 million in 2012. The Chicago Park District maintains responsibility for ensuring the facility is structurally sound and safe. In fiscal years 2012 and 2011, respectively, the Authority paid the required subsidies.

C. Maintenance Requirements, Supplemental Stadium Fund

Under the Management Agreement, the Authority will transfer amounts determined pursuant to a formula to the Supplemental Stadium Fund in November of each year. Amounts in the Supplemental Stadium Fund will be used for capital improvements to U.S. Cellular Field as mutually agreed by the Authority and the Team. The Authority transferred the initial required deposit of \$4,112,330 from the Comiskey Park Capital Improvement Fund in fiscal year 2008. In fiscal years 2012 and 2011, no transfer was required.

D. Arbitrage Rebate Requirement

The Bond Indenture requires the Authority to establish and administer a Rebate Fund. The Rebate Fund need not be maintained; however, if the Authority's bond counsel renders an opinion that failure to maintain the Rebate Fund will not cause the Bonds to become arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code or otherwise adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Every five years, subject to certain exceptions, the Authority is required to remit to the United States Government an arbitrage rebate payment for the amount of excess earnings from investment of the gross proceeds of the tax exempt bond (the Series 2001 and Series 2008 bonds) above the yield on those bonds. At June 30, 2012 and 2011, there was no arbitrage rebate liability.

E. Fund Deficits

As of June 30, 2012, the 2001 Bond Fund, the 2003 Bond Fund, and the 2008 Bond Fund had deficit fund balances of \$399,991,777, \$42,262,750, and \$9,206,324, respectively. As of June 30, 2011, the 2001 Bond Fund, the 2003 Bond Fund, and the 2008 Bond Fund had deficit fund balances of \$399,959,152, \$42,344,900, and \$9,207,117, respectively. The deficit fund balances in the Bond Interest Funds included in each are due to the accrual of interest expenditures within each respective fund. The actual outflow of funds for these accruals will occur in fiscal year 2013, at which time the funds are expected to generate sufficient resources from revenues and/or transfers to pay for the related obligations. The deficit fund balances in the respective Project Funds were related to the financial assistance provided to the Chicago Park District for the construction of the Chicago Lakefront and Stadium Improvement Project and the renovation work performed to existing elements of U.S. Cellular Field as defined in Note 1.

6. Retirement Plan

The Authority provides a defined contribution simplified employee pension plan for the benefit of its employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees of the Authority who have attained the age of 21 and have worked at least one year at the Authority are eligible to participate in and are fully vested in the plan. All plan assets and investments are administered by a trustee, which maintains an individual account for each participant. Further, each participant maintains ownership and control over all assets in his or her account. The Authority contributed 13% of its employees' salaries. Employees, at their option, may contribute up to 15% (within a maximum dollar limit) of their salaries to the plan. The plan may be amended or terminated by the Authority at any time and for any reason in the future, but no such action can deprive employees of their vested interests. In fiscal years 2012 and 2011, the retirement contributions were \$66,391 and \$89,495, respectively.

7. In-kind Donations

During fiscal year 2012, \$237,268 in in-kind donations was contributed by the Chicago White Sox and reported in the Construction Fund. Contributions consisted of capital improvements to the Stadium. The aggregate is reflected in the capital assets and other financing sources section of the financial statements of the Authority for the year ended June 30, 2012. There were no in-kind donations in fiscal year 2011.

8. Restatement

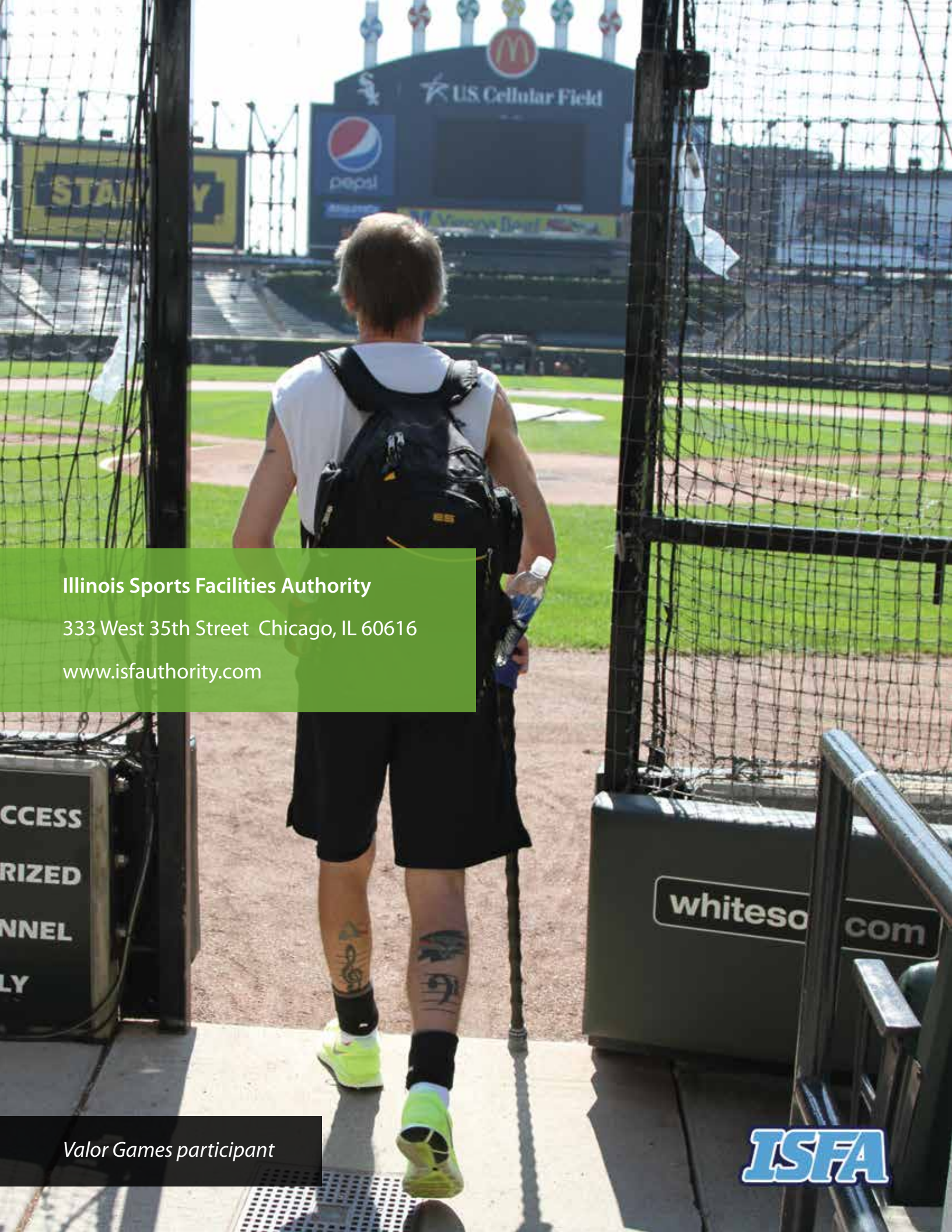
In December 2011, the Authority was advised by the Illinois Department of Revenue that the hotel taxes collected and allocated to the Authority for March 2011 were understated by \$922,810. As a result of the correction, the financial statements for the fiscal year ending June 30, 2011 were restated.

9. Phase V and VI Renovations at U.S. Cellular Field

A settlement was reached in the Fundamentals Deck and the Translucent Wall Panels litigation matters. The Authority was paid a total of \$225,000 by the settling defendant. The settlement was reflected in the financial statements as of June 30, 2012.

10. Subsequent Events

Management has evaluated subsequent events through October 29, 2012, the date the financial statements were available to be issued. No subsequent events were noted that would require recognition or disclosure in the financial statements.



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Valor Games participant

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