

CLA ABC

A Series Limited Liability Company

Assignment for the Benefit of Creditors Services

February 9, 2022

To the Creditors of:

The Chicago Literacy Alliance, an Illinois Nonprofit Organization

Re: NOTICE FOR THE COMMENCEMENT OF
ASSIGNMENT FOR THE BENEFIT OF CREDITORS

Dear Sir/Madam:

Please be advised that on January 24, 2022 (the “Assignment Date”), The Chicago Literacy Alliance (“CLA”) executed an Illinois Assignment for the Benefit of Creditors (the “Assignment”) in favor of CLA ABC, a Delaware Series LLC (the “Assignee”), as approved by the CLA’s Board of Directors. A copy of the Trust Agreement and Assignment for the Benefit of Creditors is enclosed.

Notice of Assignment

This notice is being sent to all known creditors of the CLA including all taxing authorities and all representatives of creditors. Attached to this notice is a Proof of Claim form that must be completed and returned to the Assignee, at its Chicago, Illinois, offices (the address is on the form) no later than May 23, 2022, along with any documents supporting your claim. Creditors who fail to file their Proof of Claim by May 23, 2022, may not be entitled to share in any distribution on account of unsecured claims arising out of this liquidation of the CLA’s assets, to the extent there is any value beyond administrative claims. The filing of a Proof of Claim does not guarantee that there will in fact be a recovery for unsecured creditors.

About The Chicago Literacy Alliance

The Assignee has learned that in 2009, a small group of literacy nonprofits came together to discuss ways to share resources. During that meeting, they discovered they all were offering programs in the same small school (Schiller Elementary) — and no one knew the others were there. Realizing that, working together would help avoid over-resourcing one school and under-serving others, this group began communicating more regularly. They first formed as an informal, voluntary association, and started partnering on Literacy Nights and other projects. In 2012, realizing how valuable these collaborations had become, the Chicago Literacy Alliance incorporated as a nonprofit organization and began reaching out to other groups across the city.

As the CLA network grew, so did its vision. In 2015, inspired by the possibilities of working together on an ever-closer basis, the CLA opened the Literacenter, North America’s first shared workspace dedicated to literacy. With a growing slate of active member organizations and a regular schedule of programs, events, and opportunities, the CLA became a vital part of the city’s literacy

CHICAGO

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landscape, engaging over 140 member organizations, committed to fostering cooperation and collaboration for the cause.

In 2020 and 2021, the CLA responded to calls for equity and to the learning challenges presented by the pandemic, and advanced proactive strategies to direct programming and services to the areas of greatest need, for the greatest impact. The CLA's neighborhood-focused Confab programs, for example, accelerated and aligned collaboration building, and the CLA engaged the philanthropic community in advocating for literacy as central to an equity-focused recovery.

In January 2021, the CLA anticipated that their funding for fiscal year-ends 2022, 2023 and 2024 was going to be significantly reduced, creating a substantial financial challenge. In the face of fixed and growing financial obligations, the CLA made considerable efforts to replace the lost revenue and offset its financial obligations but was ultimately unable to overcome the substantial financial challenges. As a result, the Board of Directors concluded that it was necessary to cease operations and wind down the CLA.

Financial Undertakings

On December 31, 2014, the CLA executed a lease for office space to serve as the headquarters for the Literacenter. The lease commenced on May 1, 2015 and expires April 2027. A letter of credit for \$1,000,000 was provided by a donor to act as the security deposit for the lease; this letter of credit initially expired in January 2016 and has since been reduced to \$500,000 and extended through January 2023. The lease requires monthly rent payments as well as additional rent in the form of a proportionate share of real estate tax increases over the base year amount. The lease provided for an abatement of rent for five months in 2015 and two months in 2016, as well as the payment of certain architectural design fees by the landlord. During 2016, the CLA amended the lease to include additional space, which increased the monthly rent. All of the other lease terms remained the same. Effective August 1, 2019, the CLA again amended the lease to include additional space and incentives in the form of free rent for twelve months beginning February 2019 and payment, by the landlord of certain architectural fees and build-out costs. As a result of the additional space the rent was increased.

Effective August 2019, the lease was amended again, and the landlord bought out the CLA's right to parking spaces provided under the lease. In consideration for this change, the CLA received \$325,325.

In December 2015, the CLA entered into a lease for a copier machine for use at the Literacenter. The lease required monthly payments of \$151 and would have continued through December 2020. However, in March 2019, the CLA terminated this lease and entered into a capital lease for copier machines.

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Subsequent to the 2020 fiscal year-end, in exchange for removing an early termination right the CLA had in the lease, the lease was amended to provide partial abatements for the months of July, August and September 2020 totaling \$196,367.

The minimum rental payments remaining under the lease exceed \$10 million and give rise to claims against the CLA assignment estate, subject to the landlord's ability to release the premises.

In 2015, the CLA entered into a Promissory Note and Security Agreement with the IFF, an Illinois not-for-profit corporation for \$350,000. In 2016, the Promissory Note and Security Agreement was increased by \$60,000. As of the Assignment Date, the amount due to IFF is \$142,763.85, secured by asserted liens on:

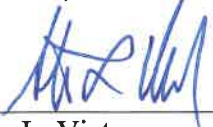
- All of [CLA's] right, title and interest in and to all furniture, fixtures and equipment together with all parts, attachments, accessions, accessories, additions and all replacements thereto or thereof, now or hereafter attached to, placed upon or used in connection therewith, and proceeds and products thereof, together with all additional property which [CLA] agrees shall be subject to [CLA's] grant of a security interest in accordance with the provisions of the Promissory Note by and between [CLA's] and [IFF] dated as of May 27, 2015; and
- The proceeds in CLA's account with Lakeside Bank. The Lakeside Bank account has been closed.

A copy of the Statement of Assets and Liabilities is provided with this Notice. The information on the balance sheet has not been audited by the Assignee.

Please contact Steve Victor at svictor@dsiconsulting.com or (312) 263-4141, or Geoff Berman at gberman@dsiconsulting.com, should you have any questions or comments regarding this matter. Additional information about the assignment will be posted on the Assignee's website at <https://www.dsiassignments.biz/Cases/141> as it becomes available.

Very truly yours,

CLA ABC, a Series LLC

By: 

Steven L. Victor
Executive Manager

Enclosure(s)

CLA ABC

A Series Limited Liability Company

Chicago Literacy Alliance
Assignment for the Benefit of Creditors
Statement of Assets and Liabilities
January 24, 2022

Assets

Bank Balance	\$	352,689	
Accounts Receivable /Refunds	\$	<u>5,000</u>	estimated collectible
	\$	357,689	

Liabilities

Secured Debt

IFF	\$	142,764	Secured Debt
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Unsecured Debt

Accounts Payable	\$	25,000	Estimated
Landlord	\$	<u>9,000,000</u>	Estimated Lease Rejection

Total Debt	\$	9,167,763.85	
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DISCLAIMER: The above information is provided for informational purposes only, is unaudited and taken from the books and records of the Company, unless otherwise noted. Neither the Assignee or DSI ABCs, LLC. represents or warrants that this information is accurate or without error. The value derived from the liquidation of these assets may differ materially from the amounts listed above.

CLA ABC

A Series Limited Liability Company

Assignment for the Benefit of Creditors Services

PROOF OF CLAIM

The undersigned creditor of:

Chicago Literacy Alliance ("Assignor")
A Illinois Nonprofit Organization
641 W. Lake Street, Suite 200
Chicago, Illinois 60661

hereby submits its claim in the general assignment estate created upon the execution and acceptance of the general assignment in favor of CLA ABC, a series limited liability company, solely in its capacity as Assignee for the benefit of creditors of the Assignor, as of January 24, 2022, in the amount as set forth below and substantiated by the attached invoices or statement of account.

Date Submitted: _____ Amount of Claim: \$ _____

Basis for Claim: Goods Sold Taxes Wages Customer Deposit
 Money Loaned Other (describe): _____

Name of Creditor: _____

Address: _____

City/State/ZIP: _____

Telephone: () _____ Fax: () _____

Email: _____

By: _____

Title: _____

Completed Proof of Claim must be received on or before
May 23, 2022 at 5:00 P.M. Central Prevailing Time by:

CLA ABC
10 South LaSalle Street, Suite 3300
Chicago, IL 60603
(312) 263-4141/FAX (312) 263-1180

***NOTE:** Interest is applicable only to the date of the assignment and then only in the event a written agreement exists between you and the Assignor providing for the payment of interest.*