

Cheryl Rohlfs & Associates, Ltd.

Certified Public Accountants

CENTRAL STREET EVANSTON

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

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Independent Auditor's Report

October 8, 2024

The Board of Directors of
Central Street Evanston

Opinion

We have audited the accompanying financial statements of Central Street Evanston (an Illinois nonprofit organization), which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position as of December 31, 2023 and 2022 and the changes in its net assets and its cash flows of Central Street Evanston for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Street Evanston and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Street Evanston's ability to continue as a going concern within one year after the date that financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Central Street Evanston's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Street Evanston's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope of timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cheryl Rohlfs & Associates, Ltd.

CHERYL ROHLFS & ASSOCIATES, LTD.

Northbrook, Illinois

**CENTRAL STREET EVANSTON
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 76,005 | \$ 83,418 |
| Accounts Receivable | 106,238 | 100,664 |
| Prepaid Expenses | <u>268</u> | <u>267</u> |
| Total Current Assets | <u>\$ 182,511</u> | <u>\$ 184,349</u> |
| Property & Equipment | | |
| Office Equipment | \$ 1,176 | \$ 1,176 |
| Less Accumulated Depreciation | <u>(353)</u> | <u>(118)</u> |
| Total Property and Equipment | <u>823</u> | <u>1,058</u> |
| Total Assets | <u><u>\$ 183,334</u></u> | <u><u>\$ 185,407</u></u> |
| LIABILITIES | | |
| Liabilities: | | |
| Accounts Payable | \$ 31,282 | \$ 941 |
| Accrued Expenses | <u>-</u> | <u>26,150</u> |
| Total Liabilities | <u>31,282</u> | <u>27,091</u> |
| Net Assets: | | |
| Net Assets Without Donor Restrictions | <u>152,052</u> | <u>158,316</u> |
| Total Liabilities and Net Assets | <u><u>\$ 183,334</u></u> | <u><u>\$ 185,407</u></u> |

See accompanying notes and independent auditor's report.

**CENTRAL STREET EVANSTON
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|---|--------------------------|---------------------------|
| CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS: | | |
| Revenues and Gains: | | |
| City of Evanston Special Service Area Funds | \$ 204,856 | \$ 208,256 |
| Marketing Services | 10,000 | - |
| Miscellaneous Income | <u>8</u> | <u>-</u> |
| Total Revenues, Gains and Other Support Without Donor Restrictions | <u>214,864</u> | <u>208,256</u> |
| Expenses: | | |
| Program | 194,326 | 239,244 |
| Supporting Services: | | |
| Management and General | <u>26,802</u> | <u>26,040</u> |
| Total Expenses | <u>221,128</u> | <u>265,284</u> |
| INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>\$ (6,264)</u> | <u>\$ (57,028)</u> |
| Net Assets, at Beginning of Year | \$ 158,316 | \$ 215,344 |
| Increase (Decrease) in Net Assets | <u>(6,264)</u> | <u>(57,028)</u> |
| Net Assets, at End of Year | <u>\$ 152,052</u> | <u>\$ 158,316</u> |

CENTRAL STREET EVANSTON
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

| | Program Services | Management & General | 2023 Total |
|--|--------------------------|-------------------------|--------------------------|
| Salaries and Payroll Taxes | \$ 69,600 | \$ 17,400 | \$ 87,000 |
| Advertising and Marketing | 31,022 | - | 31,022 |
| Public Way Aesthetics | 58,610 | - | 58,610 |
| Public Way Landscaping and Maintenance | 20,131 | - | 20,131 |
| Professional Fees | - | 7,695 | 7,695 |
| Donations | 500 | - | 500 |
| Dues and Subscriptions | 1,544 | - | 1,544 |
| Meeting Expenses | 1,010 | - | 1,010 |
| Office Supplies and Expenses | - | 273 | 273 |
| Storage and Rentals | 1,558 | - | 1,558 |
| Insurance | 1,252 | - | 1,252 |
| Special Events | 9,099 | - | 9,099 |
| Bank and Credit Card Fees | - | 1,188 | 1,188 |
| Miscellaneous Expense | - | 11 | 11 |
| Total Expenses Before Depreciation | <u>194,326</u> | <u>26,567</u> | <u>220,893</u> |
| Depreciation | - | 235 | 235 |
| TOTAL EXPENSES | <u>\$ 194,326</u> | <u>\$ 26,802</u> | <u>\$ 221,128</u> |

See accompanying notes and independent auditor's report.

**CENTRAL STREET EVANSTON
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (CONTINUED)**

| | Program Services | Management & General | 2022 Total |
|--|--------------------------|-------------------------|--------------------------|
| Salaries and Payroll Taxes | \$ 69,300 | \$ 17,325 | \$ 86,625 |
| Advertising and Marketing | 37,967 | - | 37,967 |
| Public Way Aesthetics | 84,001 | - | 84,001 |
| Public Way Landscaping and Maintenance | 36,100 | - | 36,100 |
| Professional Fees | - | 7,311 | 7,311 |
| Donations | 550 | - | 550 |
| Dues and Subscriptions | 1,484 | - | 1,484 |
| Meeting Expenses | 476 | - | 476 |
| Office Supplies and Expenses | - | 269 | 269 |
| Storage and Rentals | 1,343 | - | 1,343 |
| Insurance | 1,046 | - | 1,046 |
| Special Events | 6,977 | - | 6,977 |
| Bank and Credit Card Fees | - | 888 | 888 |
| Miscellaneous Expense | - | 129 | 129 |
| Total Expenses Before Depreciation | <u>239,244</u> | <u>25,922</u> | <u>265,166</u> |
| Depreciation | - | 118 | 118 |
| TOTAL EXPENSES | <u>\$ 239,244</u> | <u>\$ 26,040</u> | <u>\$ 265,284</u> |

See accompanying notes and independent auditor's report.

**CENTRAL STREET EVANSTON
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

| | <u>2023</u> | <u>2022</u> |
|---|-------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Increase (Decrease) in Net Assets | \$ (6,264) | \$ (57,028) |
| Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 235 | 118 |
| (Increase) Decrease in Operating Assets: | | |
| Accounts Receivable | (5,574) | (100,664) |
| Prepaid Expenses | (1) | (203) |
| Increase (Decrease) in Operating Liabilities: | | |
| Accounts Payable | 30,341 | (184) |
| Accrued Expenses | <u>(26,150)</u> | <u>26,150</u> |
| NET CASH USED IN OPERATING ACTIVITIES | <u>\$ (7,413)</u> | <u>\$ (131,811)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of Property and Equipment | \$ - | \$ (1,176) |
| NET CASH USED IN INVESTING ACTIVITIES | <u>\$ -</u> | <u>\$ (1,176)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| NET DECREASE IN CASH | \$ (7,413) | \$ (132,987) |
| CASH, at Beginning of Year | <u>83,418</u> | <u>216,405</u> |
| CASH, at End of Year | <u>\$ 76,005</u> | <u>\$ 83,418</u> |

See accompanying notes and independent auditor's report.

**CENTRAL STREET EVANSTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

1. DESCRIPTION OF THE ORGANIZATION

Central Street Evanston (Organization) is a 501c(6) not-for-profit organization in Evanston, Illinois. The Organization manages the Special Service Areas (SSA) #7 and #8 along the Central Street and Green Bay Road corridors in Evanston and is funded primarily by tax levies through the City of Evanston.

Central Street Evanston's mission is to promote the economic development of the business community and to invite customers and patrons to visit the Central Street business district. The Organization provides marketing, events, beautification, and other services to support businesses and to create a vibrant business area for residents and visitors.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Central Street Evanston have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

It is the Organization's policy to capitalize property and equipment more than \$1,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations for property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Office equipment is depreciated using the straight-line method over the useful lives of the assets of five years.

Revenue and Revenue Recognition

The Organization recognizes revenue as it satisfies a performance obligation by transferring control over a product or a service to a customer. Revenue is measured at the transaction price, which is based on the amount of consideration that the Organization expects to receive in exchange for transferring the promised good or service to the customer. Revenues received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Expense Allocations

The costs of providing program and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, costs have been allocated between the program services and the supporting services in a direct functional method, when applicable, and on the basis of proportional use of the service provided.

Donated Services and Space

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers provided program, administrative and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Income Taxes

The Organization is not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income.

The Organization files a U.S. federal information return. The federal and state informational tax returns for the years 2021, 2022 and 2023 can be subject to examinations by tax authorities, generally for three years from the date of filing.

3. CHANGES IN ACCOUNTING PRINCIPLES

In February 2016, the Financial Accounting Standards Board (FASB) issued its much anticipated lease accounting standard in ASU 2016-02, *Leases*, (ASC Topic 842) for both lessees and lessors. Under this standard, a lessee will recognize right-of-use asset and related lease liabilities on the statement of financial position for all arrangements with terms longer than 12 months. The goal of the new standard is to streamline the accounting for leases under U.S. generally accepted accounting principles, reduce off-balance-sheet activities, and enhance transparency into liabilities resulting from leasing arrangements. This standard is effective for nonprofit organizations with annual reporting periods beginning after December 15, 2021.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The Update increases transparency around contributed nonfinancial assets (also known as “gifts-in-kind”) received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Update is effective for nonprofit organizations for annual reporting periods beginning after June 15, 2021.

4. CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

Bank accounts at financial institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2023 and 2022, the Organization's cash balances did not exceed the insured limits.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following are the Organization's financial assets as of the balance sheet date reduced by amounts not available for general use within one year:

| | <u>2023</u> | <u>2022</u> |
|----------------------------------|----------------|----------------|
| Financial Assets at December 31: | | |
| Cash | \$ 76,005 | \$ 83,418 |
| Accounts Receivable | <u>106,238</u> | <u>100,664</u> |
| Total Financial Assets | <u>182,243</u> | <u>184,082</u> |

| | | |
|---|-------------------|-------------------|
| Less: amount not available to be used within one year: | | |
| Net Assets with donor restrictions | _____ | _____ |
| Financial Assets available to meet general expenditures | | |
| over the next twelve months | <u>\$ 182,243</u> | <u>\$ 184,082</u> |

The Organization regularly monitors the availability of resources required to meet its operating needs and commitments. In addition to the financial assets available to meet general expenditures over the next twelve months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover the general expenditures of the programs and related administration costs. The Organization maintains sufficient financial assets to provide reasonable assurance that all commitments will continue to be met, ensuring the sustainability of the Organization.

6. EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 8, 2024 the date on which the financial statements were available to be issued.