

**EVMARK**  
**d/b/a DOWNTOWN EVANSTON**

**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**EVMARK  
d/b/a DOWNTOWN EVANSTON**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of Evmark d/b/a Downtown Evanston

### **Opinion**

We have audited the accompanying financial statements of Evmark d/b/a Downtown Evanston (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statement of activities and cash flows for the year 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 of Evmark d/b/a Downtown Evanston as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance 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 Evmark d/b/a Downtown Evanston and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 Evmark d/b/a Downtown Evanston's ability to continue as a going concern within one year after the date that the 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, including omissions, 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 misstatement 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 Evmark d/b/a Downtown 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 Evmark d/b/a Downtown 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 and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Eilts & Associates, Inc.  
Chicago, Illinois  
July 14, 2022

**EVMARK**  
**d/b/a DOWNTOWN EVANSTON**

**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 229,703	\$ -	\$ 229,703
Accounts receivable	336,061	-	336,061
Other receivable	-	-	-
Prepaid expenses	200	-	200
Total current assets	565,964	-	565,964
<b>OTHER ASSETS</b>			
Security Deposits	1,755	-	1,755
Total other assets	1,755	-	1,755
<b>TOTAL ASSETS</b>	<u>567,719</u>	<u>-</u>	<u>567,719</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	52,542	-	52,542
Accrued payroll	2,514	-	2,514
SBA PPP loan payable	34,030	-	34,030
Line of credit	240,000	-	240,000
Total current liabilities	329,086	-	329,086
<b>TOTAL LIABILITIES</b>	329,086	-	329,086
<b>NET ASSETS</b>			
Without donor restrictions	238,633	-	238,633
Total net assets	238,633	-	238,633
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 567,719</u>	<u>\$ -</u>	<u>\$ 567,719</u>

The accompanying notes are an integral part of the financial statements

**EVMARK**  
**d/b/a DOWNTOWN EVANSTON**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contribution from Northwestern University	\$ 13,000	\$ -	\$ 13,000
Support from City of Evanston:			
Tax Levy, SSA #9	-	595,125	595,125
Supplemental contribution to SSA #9	-	50,000	50,000
Sponsorships and marketing income	40,976	-	40,976
Fundraising income	2,266	-	2,266
Interest	22	-	22
Management fee	15,729	-	15,729
Net assets released from restrictions	645,125	(645,125)	-
	<u>717,118</u>	<u>-</u>	<u>717,118</u>
<b>EXPENSES</b>			
Program Expenses	587,188	-	587,188
Support Services:			
Administration	79,847	-	79,847
Development	10,690	-	10,690
	<u>677,725</u>	<u>-</u>	<u>677,725</u>
<b>OTHER INCOME/(EXPENSE)</b>			
Other Expenses	(16,246)	-	(16,246)
	<u>(16,246)</u>	<u>-</u>	<u>(16,246)</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 23,147</u>	<u>\$ -</u>	<u>\$ 23,147</u>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>215,486</u>	<u>-</u>	<u>215,486</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 238,633</u>	<u>\$ -</u>	<u>\$ 238,633</u>

The accompanying notes are an integral part of the financial statements

**EVMARK**  
**d/b/a DOWNTOWN EVANSTON**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	Support Services			
	Program	Administration	Development	Total
<b>EXPENSES</b>				
Salaries and Wages	\$ 144,333	\$ 36,083	\$ -	\$ 180,416
Payroll Taxes	10,548	2,637	-	13,185
Payroll Processing	1,080	270	-	1,350
Employee Benefits	33,323	8,331	-	41,654
Professional Services	-	9,900	-	9,900
Occupancy	13,464	3,366	-	16,830
Advertising and marketing				
Directory, materials and banners	9,805	-	-	9,805
Digital and radio	41,030	-	-	41,030
Other	1,800	-	-	1,800
Special events	51,074	-	-	51,074
Public way maintenance	191,662	-	-	191,662
Public aesthetics	63,902	-	-	63,902
Tenant retention and attraction	16,759	-	-	16,759
Telephone and internet	-	1,047	-	1,047
Office supplies & postage	-	1,784	-	1,784
Computer & professional services	7,462	1,865	-	9,327
Dues and subscriptions	-	2,779	-	2,779
Professional development	-	2,599	-	2,599
Insurance	946	236	-	1,182
Meeting	-	1,042	-	1,042
Interest	-	7,908	-	7,908
Fundraising	-	-	10,690	10,690
<b>Total expenses</b>	<b>\$ 587,188</b>	<b>\$ 79,847</b>	<b>\$ 10,690</b>	<b>\$ 677,725</b>

The accompanying notes are an integral part of the financial statements

**EVMARK  
d/b/a DOWNTOWN EVANSTON**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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Cash Flows from Operating Activities:	
Increase in Net Assets	\$ 23,147
Adjustments to reconcile change in net assests to net cash provided (used) by operating activities:	
(Increase)/Decrease in operating assets:	
Accounts receivable	(323,311)
Other receivable	16,246
Prepaid expenses	4,472
Increase/(Decrease) in operating liabilities:	
Accounts payable	33,242
Accrued expenses	(249)
	<hr/>
Net Cash (Used In) Operating Activities	(246,453)
	<hr/>
Cash Flows from Financing Activities:	
SBA PPP loan proceeds	34,030
	<hr/>
Net Cash Provided by Financing Activities	34,030
	<hr/>
Net (decrease) in cash and cash equivalents	(212,423)
	<hr/>
Cash and cash equivalents - beginning of the year	\$ 442,126
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Cash and cash equivalents - end of the year	\$ 229,703
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The accompanying notes are an integral part of the financial statements



**EVMARK**  
**d/b/a – Downtown Evanston**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE 1 – DESCRIPTION OF THE ORGANIZATION**

Nature of Organization - EVMARK d/b/a Downtown Evanston (the "Organization") is an Illinois not-for profit organization incorporated on May 4 1987. The organization was established for the purpose of marketing, promoting, maintaining and improving the downtown Evanston, Illinois area.

The program activities of the Organization include the following:

Marketing – Marketing programs are divided into the following categories: shopping, dining, commercial real estate, events, directory and collateral materials, and other. The main purpose of marketing programs is to achieve a balance among image enhancement activities, special events, retail and building promotions, and public relations. Maintenance – The main purpose of the maintenance program is to provide ongoing maintenance of downtown Evanston, Illinois. Holiday Decorations – The main purpose of the holiday decorations is to provide holiday decoration, including a holiday tree in downtown Evanston, Illinois.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – The Organization follows generally accepted accounting principles specific to not-for-profit accounting. The Organization is required to report information regarding its financial position and activities according to two classes of net assets:

**Net Assets Without Donor Restrictions** – Net assets available for use in general operations and not subject to donor restrictions.

**Net Assets With Donor Restrictions** – Net assets 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. Donor imposed restrictions are released when a restriction expires, that is when the stipulated purpose for which the resources was restricted has been fulfilled or both.

**EVMARK**  
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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Cash and Cash Equivalents – The Organization considers cash in checking and bank money market accounts purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates – The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts of revenue and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. The Organization's management believes that the estimates and assumptions are reasonable; however, actual results could differ from those estimates.

Fair Value Disclosures – The fair value of financial instruments including cash, receivables, other receivables, prepaid expenses, accounts payable and accrued liabilities approximate the carrying values, principally because of the short maturity of those items.

Accounts Receivable – The Organization considers accounts receivable to be fully collectible. Contributions are recognized in the year received. No allowance for doubtful accounts is recorded as the Organization considers all sponsorships, contributions and property tax receivable are collectible. If amounts become uncollectible, they will be charged to operations when that determination is made.

Contributions and Support – Contributions and support are received and recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Property and Equipment – Purchased property and equipment is recorded at historical cost. Donated property and equipment are recorded at its fair value as of the date of the donation. The Organization capitalizes property and equipment additions over \$500 having a useful life of more than one year. Depreciation is computed using the straight-line method for all property and equipment. At December 31, 2021, there are no property and equipment held.

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Property and Equipment – (Continued)

The estimated useful lives used in computing depreciation are as follows:

Leasehold improvements	39 Years
Equipment	7 Years
Computer software and hardware	3-5 Years

Maintenance and repairs which neither materially add to the value of the property and equipment nor appreciably prolong their lives are charged as expenses.

Prepaid Expenses – Rents paid prior to related month are reported as prepaid expenses.

Support from the City of Evanston – The Organization's program activities are mostly funded by the City of Evanston through Special Service District No. 9 annual tax levy. Program service fee revenues are recognized when billed and are reported as increases in temporarily restricted net assets.

Expense Allocation – Expenses are charged to programs and supporting services on the basis of direct allocation of expenses incurred.

Marketing and Advertising – One of the Organization's primary program services is to market downtown Evanston, Illinois area. The Organization's expenses all such costs as incurred. As of December 31, 2021, the Organization incurred \$52,635, in marketing and advertising expenses.

Income Taxes – The Organization has been classified by the Internal Revenue Service as an organization exempt from income taxes (not a private foundation) under Internal Revenue Code Section 501(c)(6) and, accordingly, no provision for such taxes is made in the statements. The Organization continues to operate in compliance with its tax-exempt purpose. Management does not believe its financial statements include uncertain tax positions. The Organization files a U.S. federal informational tax return. The federal tax returns of the Organization for tax years 2018, 2019, and 2020 can be subject to examinations by tax authorities, generally for three years after they were filed. At December 31, 2021, there was no interest or penalties relating to income taxes recognized in the statement of activities.

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**d/b/a – Downtown Evanston**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Subsequent Events – Management has evaluated subsequent events through July 14, 2021, the date the financial statements were available to be issued.

NOTE 3 – ACCOUNTS AND OTHER RECEIVABLE

The balances in accounts receivable consist mainly of amounts due from sponsorships and contributions. Other receivable as of December 31, 2021 was written off as uncollectible after numerous attempts at collection. Other receivable consisted of amounts due from IRS in payroll taxes refunds. For the year ended December 31, 2021, there was no allowance recorded as the Organization believes all receivable balances are collectible.

NOTE 4 – LEASE COMMITMENTS

The Organization entered into a membership agreement, for office space and services, for twelve monthly payments of \$1,190 and a security deposit of \$1,755. This membership agreement was renewed automatically month to month until written notice given by either party. The Organization also rents storage space for \$200 per month. Storage space rental agreement was renewed automatically month to month until written notice given by either party. Total Rent expense for the year ended December 31, 2021 was \$16,830.

NOTE 5 – CONCENTRATIONS OF RISK

In October 2007, the Organization and the City of Evanston entered into a multi-year service agreement to plan, implement and manage Special Service Area No 9 which comprises the central business district of the City of Evanston. A significant portion, approximately 85-90 percent annually, of the Organization's annual funding comes as a result of this agreement with the City of Evanston. During 2019, Special Service Area No 9 was reestablished and its successor was Special Service Area No 4.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date because of contractual or

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 6 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – (Continued)**

donor-imposed restrictions or internal designations.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Cash and cash equivalents	\$ 229,703
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Accounts receivable, net	
collected less than one year	<u>336,061</u>

Total financial assets	\$ 565,764
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Financial assets available to meet cash  
needs for expenditures within one year:

\$ 565,764

**NOTE 7 – LOAN OBLIGATIONS**

The Organization has a \$296,333 line of credit with a bank which expired on March 26, 2022. At December 31, 2021, there was \$240,000, borrowed against this line. Interest is payable at the rate of the bank's index plus 1% and is secured by the Organization's assets. The line of credit agreement was renewed through March 26, 2023.

During the year ended December 31, 2021, the Organization borrowed \$34,030 from Byline Bank under the U.S. Small Business Administration's Paycheck Protection Program ("PPP"). Proceeds from the loan, which is unsecured, are required to be used for specific expenses, principally payroll. All payments under the loan are deferred for six months at which time payments of principal and interest begin. The loan bears at 1% and is due in 2023. However, if the Organization meets certain conditions of the PPP, some or all of the loan and interest is forgiven. The full amount of the loan and accrued interest was forgiven January 5, 2022.

**NOTE 8 – UNCERTAINTIES**

In March 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19

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**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

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**NOTE 8 – UNCERTAINTIES – (Continued)**

pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2022 operations and financial results, including potential cancellations of future events. Management believes the Organization is taking appropriate actions to mitigate the negative impact.

However, the full impact of COVID-19 outbreak continues to evolve as of the date the Organization's financial statements were issued. Given the uncertainty related to the pandemic, the Organization is not able to estimate the effects of the COVID-19 outbreak on its operations, financial condition and liquidity for the year ended December 31, 2022.

**NOTE 9 – SUBSEQUENT EVENT**

As of January 5, 2022, the Organization met all the conditions of the PPP per U.S. Small Business Administration, and the full amount of the loan and accrued interest was forgiven.