

EVMARK
d/b/a DOWNTOWN EVANSTON

FINANCIAL STATEMENTS
December 31, 2018

EVMARK
d/b/a Downtown Evanston
FINANCIAL STATEMENTS
December 31, 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position - December 31, 2018	3
Statement of Activities and Changes in Net Assets - For the Year Ended December 31, 2018	4
Statement of Functional Expense - December 31, 2018	5
Statement of Cash Flows - For the Year Ended December 31, 2018	6
Notes to Financial Statements - For the Year Ended December 31, 2018	7-12

Independent Auditor's Report

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

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, 2018, and the related statement of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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, 2018, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

E&A Associates, Inc.

EILTS & ASSOCIATES, INC.

Chicago, Illinois

November 12, 2019

EVMARK
d/b/a Downtown Evanston

STATEMENT OF FINANCIAL POSITION
December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 223,620	\$ -	\$ 223,620
Accounts receivable	2,350	-	2,350
Other receivable	16,246	-	16,246
Prepaid expenses	200	-	200
Total current assets	242,416	-	242,416
PROPERTY AND EQUIPMENT			
Holiday decorations	227,260	-	227,260
Computer hardware and software	2,165	-	2,165
Banner & other equipment	11,696	-	11,696
Total	241,121	-	241,121
Accumulated depreciation	(239,250)	-	(239,250)
Net property and equipment	1,871	-	1,871
OTHER ASSETS			
Security Deposits	1,755	-	1,755
Other Assets	1,755	-	1,755
TOTAL ASSETS	<u>\$ 246,042</u>	<u>\$ -</u>	<u>\$ 246,042</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 9,598	\$ -	\$ 9,598
Accrued payroll, payroll taxes and benefits	6,362	-	6,362
Total current liabilities	15,960	-	15,960
TOTAL LIABILITIES	15,960	-	15,960
NET ASSETS	230,082	-	230,082
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 246,042</u>	<u>\$ -</u>	<u>\$ 246,042</u>

See accompanying notes to financial statements and independent auditor's report

EVMARK
d/b/a Downtown Evanston

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contribution from Northwestern University	\$ 20,000	\$ -	\$ 20,000
Support from City of Evanston:			
Tax Levy, SSA #4	-	370,000	370,000
Supplemental contribution to SSA #4	-	83,000	83,000
Landscaping, maintenance reimbursement	-	98,672	98,672
Marketing reimbursement from merchants	44,423	-	44,423
Interest	244	-	244
Assets released from restrictions	551,672	(551,672)	-
	<u>616,339</u>	<u>-</u>	<u>616,339</u>
Total support and revenue and assets released from restrictions			
EXPENSES			
Program Services	521,024	-	521,024
Support Services	66,267	-	66,267
	<u>587,291</u>	<u>-</u>	<u>587,291</u>
CHANGE IN NET ASSETS	<u>\$ 29,048</u>	<u>\$ -</u>	<u>\$ 29,048</u>
NET ASSETS, BEGINNING OF YEAR	<u>201,034</u>	<u>-</u>	<u>201,034</u>
NET ASSETS, END OF YEAR	<u>\$ 230,082</u>	<u>\$ -</u>	<u>\$ 230,082</u>

See accompanying notes to financial statements and independent auditor's report

EVMARK
d/b/a Downtown Evanston

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2018

	Program Expenses	Management & General	Total
Salaries and Wages	\$ 125,496	\$ 31,374	\$ 156,870
Payroll Taxes	8,803	2,201	11,004
Payroll Processing	928	232	1,160
Employee Benefits	30,852	7,713	38,565
Professional Services	-	6,000	6,000
Occupancy	12,928	3,232	16,160
Advertising and marketing			
Directory, materials and banners	60,018	-	60,018
Digital and radio	16,559	-	16,559
Other	2,250	-	2,250
Special events	79,362	-	79,362
Public way maintenance	158,400	-	158,400
Tenant retention and attraction	4,387	-	4,387
Map & guide	6,319	-	6,319
Telephone and internet	-	3,275	3,275
Office supplies & postage	-	771	771
Computer & professional services	10,043	2,511	12,554
License and fees	-	272	272
Dues and subscriptions	-	2,917	2,917
Professional development	-	3,477	3,477
Insurance	3,610	902	4,512
Meeting	-	1,390	1,390
Depreciation	1,069	-	1,069
	<u>\$ 521,024</u>	<u>\$ 66,267</u>	<u>\$ 587,291</u>

See accompanying notes to financial statements and independent auditor's report

EVMARK
d/b/a Downtown Evanston

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018

Cash Flows from Operating Activities:	
Increase/(Decrease) in Net Assets	\$ 29,048
Adjustments to reconcile change in net assests	
to net cash provided (used) by operating activities:	
Depreciation	1,069
(Increase)/Decrease in operating assets:	
Accounts receivable	12,460
Other receivable	(16,245)
Prepaid expenses	(200)
Security deposit	(1,755)
Increase/(Decrease) in operating liabilities:	
Accounts payable	<u>(2,373)</u>
Net Cash Provided by Operating Activities	<u>22,004</u>
Net increase in cash and cash equivalents	<u>22,004</u>
Cash and cash equivalents at beginning of the year	<u>\$ 201,616</u>
Cash and cash equivalents at end of the year	<u>\$ 223,620</u>

See accompanying notes to financial statements and independent auditor's report

EVMARK
d/b/a – Downtown Evanston

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

NOTE 1 – NATURE OF ACTIVITIES

Purpose – 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.

Program Activities – 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 and Presentation – 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.

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.

EVMARK
d/b/a – Downtown Evanston

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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

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

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.

Contributions Receivable – Contributions receivable are unconditional promises to give cash and are reported at fair value on the date the commitment is made. All contributions receivables are due within one year.

Temporarily Restricted Cash

The Organization has elected to treat cash and cash equivalents as restricted to the extent that they have unexpended funds from net assets with donor restrictions.

Contributions and Support

Contributions and support is 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.

Accounts receivable – Accounts receivable are primarily unsecured amounts due from vendors or merchants on cost reimbursement. Management believes that all outstanding accounts receivable are collectible in full, therefore no allowance for uncollectable accounts provided.

EVMARK
d/b/a – Downtown Evanston

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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

Property and Equipment – Purchased property and equipment is recorded at historical cost. Donated property and equipment is 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. 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 fixed assets nor appreciably prolong their lives are charged as expenses incurred.

Support from the City of Evanston – The Organization's program activities are mostly funded by the City of Evanston through Special Service District No. 4 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.

Financial Statement Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

EVMARK
d/b/a – Downtown Evanston

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

For the year ended December 31, 2018, the Organization had \$230,082 of net assets without donor restrictions and \$0 of net assets with donor restrictions.

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, 2018, the Organization incurred \$78,827, 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 2016, 2017, and 2018 can be subject to examinations by tax authorities, generally for three years after they were filed. At December 31, 2018, there was no interest or penalties relating to income taxes recognized in the statement of activities.

Subsequent Events – Management has evaluated subsequent events through November 12, 2019, the date the financial statements were available to be issued.

EVMARK
d/b/a – Downtown Evanston

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

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

Recently Issued Accounting Pronouncements

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit-Entities*. The purpose of the ASU is to improve presentation and disclosures to help not-for-profits provide more relevant information about their resources (and changes in those resources) to donors, grantors, creditor, and other users. The Organization adopted the provisions of this new standard during the year ended December 31, 2018. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources (Note 5).

NOTE 3 – ACCOUNTS AND OTHER RECEIVABLE

The balances in accounts receivable consist mainly of amounts due from sponsorships. Other receivable as of December 31, 2018 consist of amounts due from IRS in payroll taxes refunds collected in 2019.

The balances are recorded net of an allowance of \$0 as of December 31, 2018. For the year ended December 31, 2018, there was no allowance recorded as the Organization believes all receivable balances are collectible.

NOTE 4 – LEASE COMMITMENTS

The Organization's leased operating premises under terms of a lease beginning October 2017 and ending September 2018, for a monthly rent of \$1,200. This lease was not renewed. The Organization entered into a membership agreement, for office space and services, in September 2018 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. Total Rent expense for the year ended December 31, 2018 was \$16,160.

EVMARK
d/b/a – Downtown Evanston

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2018

NOTE 5 – 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 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	\$ 223,620
Accounts receivable, net collected less than one year	2,350
Other receivable, net collected less than one year	<u>16,246</u>
Total financial assets	\$ 243,971

Financial assets available to meet cash needs for expenditures within one year:

\$ 243,971

NOTE 6 – 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 4 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.