

EVMARK
d/b/a DOWNTOWN EVANSTON

FINANCIAL STATEMENTS
DECEMBER 31, 2019

**EVMARK
d/b/a DOWNTOWN EVANSTON
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position - December 31, 2019	3
Statement of Activities and Changes in Net Assets - For the Year Ended December 31, 2019	4
Statement of Functional Expense - For the Year Ended December 31, 2019	5
Statement of Cash Flows - For the Year Ended December 31, 2019	6
Notes to Financial Statements - For the Year Ended December 31, 2019	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, 2019, 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, 2019, 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.

Eilts & Associates, Inc.

EILTS & ASSOCIATES, INC.
Chicago, Illinois
November 15, 2020

EVMARK
d/b/a DOWNTOWN EVANSTON

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 148,593	\$ -	\$ 148,593
Accounts receivable	65,808	-	65,808
Other receivable	16,246	-	16,246
Total current assets	230,647	-	230,647
OTHER ASSETS			
Security Deposits	1,755	-	1,755
Other Assets	1,755	-	1,755
TOTAL ASSETS	<u>232,402</u>	<u>-</u>	<u>232,402</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	45,980	-	45,980
Accrued payroll, payroll taxes and benefits	6,704	-	6,704
Total current liabilities	52,684	-	52,684
TOTAL LIABILITIES	52,684	-	52,684
NET ASSETS	<u>179,718</u>	<u>-</u>	<u>179,718</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 232,402</u>	<u>\$ -</u>	<u>\$ 232,402</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, 2019

	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	-	447,058	447,058
Supplemental contribution to SSA #4	-	50,000	50,000
Landscaping, maintenance reimbursement	-	-	-
Marketing reimbursement from merchants	52,243	-	52,243
Interest	437	-	437
Assets released from restrictions	497,058	(497,058)	-
	<u>569,738</u>	<u>-</u>	<u>569,738</u>
Total support and revenue and assets released from restrictions			
EXPENSES			
Program Expenses	551,245	-	551,245
Support Services	67,921	-	67,921
	<u>619,166</u>	<u>-</u>	<u>619,166</u>
Total expenses			
OTHER INCOME/(EXPENSES)			
Net loss from retirement of fixed assets	(936)	-	(936)
	<u>(936)</u>	<u>-</u>	<u>(936)</u>
Total other income/(expenses)			
CHANGE IN NET ASSETS	<u>\$ (50,364)</u>	<u>\$ -</u>	<u>\$ (50,364)</u>
NET ASSETS, BEGINNING OF YEAR	<u>230,082</u>	<u>-</u>	<u>230,082</u>
NET ASSETS, END OF YEAR	<u>\$ 179,718</u>	<u>\$ -</u>	<u>\$ 179,718</u>

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

EVMARK
d/b/a DOWNTOWN EVANSTON

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Expenses	Support Services	Total
EXPENSES			
Salaries and Wages	\$ 128,275	\$ 32,069	\$ 160,344
Payroll Taxes	9,349	2,337	11,686
Payroll Processing	1,043	261	1,304
Employee Benefits	31,236	7,809	39,045
Professional Services	-	9,900	9,900
Occupancy	13,344	3,336	16,680
Advertising and marketing			
Directory, materials and banners	23,560	-	23,560
Digital and radio	40,180	-	40,180
Other	690	-	690
Special events	50,892	-	50,892
Public way maintenance	175,190	-	175,190
Public aesthetics	43,764	-	43,764
Tenant retention and attraction	18,440	-	18,440
Map & guide	6,843	-	6,843
Telephone and internet	-	1,589	1,589
Office supplies & postage	-	559	559
Computer & professional services	6,710	1,677	8,387
License and fees	-	12	12
Dues and subscriptions	-	1,480	1,480
Professional development	-	4,304	4,304
Insurance	794	198	992
Meeting	-	1,390	1,390
Depreciation	935	-	935
Bad debt	-	1,000	1,000
Total expenses	\$ 551,245	\$ 67,921	\$ 619,166

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, 2019**

Cash Flows from Operating Activities:	
Increase/(Decrease) in Net Assets	\$ (50,364)
Adjustments to reconcile change in net assets	
to net cash provided (used) by operating activities:	
Depreciation	935
Loss on disposal of fixed assets	936
(Increase)/Decrease in operating assets:	
Accounts receivable	(63,458)
Prepaid expenses	200
Increase/(Decrease) in operating liabilities:	
Accounts payable	36,382
Accrued expenses	<u>342</u>
Net Cash Used by Operating Activities	<u>(75,027)</u>
 Net decrease in cash and cash equivalents	 <u>(75,027)</u>
 Cash and cash equivalents at beginning of the year	 <u>\$ 223,620</u>
 Cash and cash equivalents at end of the year	 <u>\$ 148,593</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, 2019**

NOTE 1 – DESCRIPTION OF THE 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. During 2019, Special Service Area No 9 was reestablished and its successor was Special Service Area No 4.

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, 2019

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 approximate 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, 2019

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. During 2019, Special Service Area No 9 was reestablished and its successor was Special Service Area No 4. Program service fee revenues are recognized when billed and are reported as increases in Net Assets With Donor Restrictions.

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, 2019

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, 2019, the Organization had \$179,718 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, 2019, the Organization incurred \$64,430, 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, 2019, 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 15, 2020, 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, 2019

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

Adoption of New Accounting Standards

In 2019, the Organization adopted Financial Accounting Standards Board's (FASB) ASC Topic 606, *Revenues from Contracts with Customers*, which requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. There was no material impact on the Organization's financial position and results of operations upon adoption on the new standard.

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU clarifies the accounting guidance for contributions received and made, including guidance to help an entity evaluate whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determine whether a contribution is conditional. As required by ASU 2018-08, the Organization applied the requirements on a modified prospective basis to agreements that either were not completed as of January 1, 2019 or entered into after January 1, 2019. There was not a material impact on the Organization's financial statements upon the adoption of ASU 2018-08.

NOTE 3 – ACCOUNTS AND OTHER RECEIVABLE

The balances in accounts receivable consist mainly of amounts due from sponsorships. Other receivable as of December 31, 2019 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, 2019. For the year ended December 31, 2019, there was no allowance recorded as the Organization believes all receivable balances are collectible.

EVMARK
d/b/a – DOWNTOWN EVANSTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 – LEASE COMMITMENTS

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. The Organization also rents storage space for \$200 per month. Total Rent expense for the year ended December 31, 2019 was \$16,705.

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 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. 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 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	\$ 148,593
Accounts receivable, net	
collected less than one year	<u>65,808</u>
Total financial assets	\$ 214,401

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

\$ 214,401

EVMARK
d/b/a – DOWNTOWN EVANSTON

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 7 – SUBSEQUENT EVENTS

Subsequent to year end, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 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 2020 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, 2020.