

EVMARK
d/b/a DOWNTOWN EVANSTON

FINANCIAL STATEMENTS
December 31, 2017 and 2016

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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 statements of financial position as of December 31, 2017, and 2016, and the related statements of activities and cash flows for the years 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, 2017 and 2016, and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

EJ & Associates, Inc.

EILTS & ASSOCIATES, INC.
Chicago, Illinois
November 15, 2018

EVMARK
d/b/a Downtown Evanston

STATEMENTS OF FINANCIAL POSITION
December 31, 2017 and 2016

ASSETS		
	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 201,616	\$ 65,162
Accounts receivable	<u>14,810</u>	<u>154,544</u>
Total current assets	<u>216,426</u>	<u>219,706</u>
Property and equipment		
Holiday decorations	227,260	227,260
Website development	-	-
Computer hardware and software	2,165	2,165
Banner & other equipment	<u>11,696</u>	<u>11,696</u>
	241,121	241,121
Accumulated depreciation	<u>(238,181)</u>	<u>(235,506)</u>
Net property and equipment	<u>2,940</u>	<u>5,615</u>
TOTAL ASSETS	<u><u>\$ 219,366</u></u>	<u><u>\$ 225,321</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 11,929	\$ 16,387
Accrued payroll, payroll taxes and benefits	<u>6,403</u>	<u>6,270</u>
Total current liabilities	<u>18,332</u>	<u>22,657</u>
TOTAL LIABILITIES	18,332	22,657
NET ASSETS		
Unrestricted net assets	<u>201,034</u>	<u>202,664</u>
Total net assets	<u>201,034</u>	<u>202,664</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 219,366</u></u>	<u><u>\$ 225,321</u></u>

The accompanying notes are an integral part of the financial statements

EVMARK
d/b/a Downtown Evanston

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contribution from Northwestern University	\$ 20,000	\$ -	\$ 20,000	\$ 20,000	\$ -	\$ 20,000
Support from City of Evanston:						
Tax Levy, SSA #4	-	329,000	329,000	-	323,000	323,000
Supplemental contribution to SSA #4	-	83,000	83,000	-	98,000	98,000
Landscaping, maintenance reimbursement	-	98,676	98,676	-	98,676	98,676
Marketing reimbursement from merchants	55,265	-	55,265	51,865	-	51,865
Gift card activation fees	-	-	-	307	-	307
Interest	165	-	165	161	-	161
	75,430	510,676	586,106	72,333	519,676	592,009
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of purpose restrictions	510,676	(510,676)	-	519,676	(519,676)	-
Total revenue	586,106	-	586,106	592,009	-	592,009
EXPENSES						
Program Services						
Advertising & Marketing						
Events	2,600	-	2,600	17,644	-	17,644
Directory, materials, banners	68,092	-	68,092	43,921	-	43,921
Website	14,009	-	14,009	8,275	-	8,275
Other	3,890	-	3,890	2,159	-	2,159
Special Events	45,440	-	45,440	44,218	-	44,218
Maintenance	186,384	-	186,384	185,970	-	185,970
Gift card	-	-	-	261	-	261
Tenant retention and attraction	3,361	-	3,361	-	-	-
Map & guide	9,637	-	9,637	13,149	-	13,149
Depreciation	2,675	-	2,675	3,645	-	3,645
Support Services						
Payroll, benefits, payroll taxes and fees	206,537	-	206,537	199,755	-	199,755
Administration	45,111	-	45,111	61,088	-	61,088
Total expenses	587,736	-	587,736	580,085	-	580,085
NET INCREASE/(DECREASE) IN NET ASSETS	\$ (1,630)	\$ -	\$ (1,630)	\$ 11,924	\$ -	\$ 11,924
NET ASSETS, BEGINNING OF YEAR	202,664	-	202,664	190,740	-	190,740
NET ASSETS, END OF YEAR	\$ 201,034	\$ -	\$ 201,034	\$ 202,664	\$ -	\$ 202,664

The accompanying notes are an integral part of the financial statements

EVMARK
d/b/a Downtown Evanston

STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Increase/(Decrease) in Net Assets	\$ (1,630)	\$ 11,924
Adjustments to reconcile change in net assests to net cash provided (used) by operating activities:		
Depreciation	2,675	3,645
Loss on disposal of fixed assets	-	1,134
(Increase)/Decrease in operating assets:		
Accounts receivable	139,734	(149,357)
Prepaid expenses	-	5,158
Increase/(Decrease) in operating liabilities:		
Accounts payable	(4,457)	8,738
Accrued vacation, payroll taxes and benefits	133	2,398
Net Cash Provided by Operating Activities	<u>136,455</u>	<u>(116,360)</u>
Net increase in cash and cash equivalents	<u>136,455</u>	<u>(116,360)</u>
Cash and cash equivalents at beginning of the year	<u>\$ 65,846</u>	<u>\$ 182,206</u>
Cash and cash equivalents at end of the year	<u>\$ 202,301</u>	<u>\$ 65,846</u>

The accompanying notes are an integral part of the financial statements

EVMARK
d/b/a – Downtown Evanston

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

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 (“US GAAP”)

The organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classes of net assets are based on the existence or absence of externally (donor) imposed restrictions. Accordingly, net assets of the organization and changes therein are classified as follows:

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d/b/a – Downtown Evanston

NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

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

Unrestricted net assets – Unrestricted net assets are not subject to donor imposed restrictions. They include all activities of the organization except for amounts that are temporarily or permanently restricted.

Temporarily restricted net assets – Temporarily restricted net assets are subject to donor imposed restrictions that can be removed through the passage of time (time restrictions) or actions of organization (purpose restrictions). As of December 31, 2017 and 2016, the organization did not have any temporarily restricted net assets.

Permanently restricted net assets – Permanently restricted net assets are subject to the restrictions imposed by donors who require that the principal of these classes of net assets be invested in perpetuity and only the investment income be expended. As of December 31, 2017 and 2016, the organization did not have any permanently restricted net assets.

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.

Cash and Cash Equivalents – The organization considers cash in checking and bank money market accounts to be cash and cash equivalents.

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.

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NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

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.

Contributions – Contributions are reported as increases in unrestricted or temporarily restricted net assets depending on the existence or nature of any donor restrictions. Contributions are recognized when a donor makes a promise to give to the organization that is, in substance, unconditional.

Contributions that are restricted by the donors are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions 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.

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NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2017 and 2016

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

Marketing and Advertising – One of the organizations primary program services is to market downtown Evanston, Illinois area. The organization expenses all such costs as incurred. As of December 31, 2017 and 2016, the organization incurred \$88,591 and \$71,999, in marketing and advertising expenses, respectively.

Income Taxes – The organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code, though it would be subject to tax on income unrelated to its exempt purpose; therefore no provision for income taxes has been made in financial statements. The organization files its annual return with the Internal Revenue Service. Tax years 2016, 2015, and 2014 remain subject to examination by the taxing authority.

US GAAP requires organizations management to evaluate tax positions taken by the organization and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by a taxing authority. Management has assessed that there are currently no uncertain positions

NOTE 3 – OPERATING LEASE

The organization leases its operating premises under a current terms of a lease beginning March 1, 2016 and ending November 30, 2017. The lease is renewable for two additional years.

Future minimum payments of base rent for the following fiscal year ending December 31 is as follows:

12/31/18	\$ 14,400
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Rent expense for the year ended December 31, 2017 and 2016, was \$14,400 and \$14,400, respectively.

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NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets released from restrictions are as follows as of December 31, 2017 and 2016:

Satisfaction of purpose restrictions- marketing, maintenance and holiday decoration of down town Evanston Illinois for the years ending December 31, 2017 and 2016, was \$510,676 and \$519,676, respectively.

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.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 15, 2018, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.