

Cheryl Rohlf & Associates, Ltd.

Certified Public Accountants

EVMARK

d/b/a Downtown Evanston

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2022

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Cheryl Rohlf & Associates, Ltd.

Certified Public Accountants

Independent Auditor's Report

November 13, 2023

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 (an Illinois nonprofit organization), which comprise the statement of financial position as of December 31, 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, 2022 and the changes in its net assets and its cash flows of Evmark d/b/a Downtown 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 Evmark d/b/a Downtown 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 Evmark d/b/a Downtown Evanston's ability to continue as a going concern within one year after the date that financial statements are available to be issued.

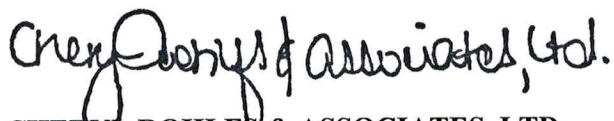
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 of timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CHERYL ROHLF & ASSOCIATES, LTD.

Northbrook, Illinois

**EVMARK d/b/a DOWNTOWN EVANSTON
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

ASSETS

Current Assets:

Cash	\$ 196,416
Accounts Receivable	332,216
Prepaid Expenses	<u>198</u>

Total Current Assets \$ 528,830

Security Deposit 1,755

Total Assets \$ 530,585

LIABILITIES

Liabilities:

Line of Credit	\$ 238,995
Accounts Payable	16,845
Accrued Expenses	<u>41,382</u>
Total Liabilities	<u>297,222</u>

Net Assets:

Net Assets Without Donor Restrictions 233,363

Total Liabilities and Net Assets \$ 530,585

**EVMARK d/b/a DOWNTOWN EVANSTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Government Grant	\$ 34,030	\$ -	\$ 34,030
Contribution from Northwestern University	13,000	-	13,000
Support from City of Evanston:			
Tax Levy, SSA #9	-	593,856	593,856
Supplemental Contribution to SSA #9	-	50,000	50,000
Sponsorships and Marketing Income	23,870	-	23,870
Interest Income	117	-	117
Net Assets Released From Restrictions	643,856	(643,856)	-
Total Support and Revenue	<u>\$ 714,873</u>	<u>\$ -</u>	<u>\$ 714,873</u>
EXPENSES			
Program Services	\$ 584,364	\$ -	\$ 584,364
Supporting Services:			
Management and General	135,777	-	135,777
Total Expenses	<u>\$ 720,141</u>	<u>\$ -</u>	<u>\$ 720,141</u>
CHANGE IN NET ASSETS	\$ (5,268)	\$ -	\$ (5,268)
NET ASSETS AT BEGINNING OF YEAR	<u>\$ 238,631</u>	<u>\$ -</u>	<u>\$ 238,631</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 233,363</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 233,363</u></u>

See accompanying notes and independent auditor's report.

**EVMARK d/b/a DOWNTOWN EVANSTON
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services	Management & General	Total
Salaries	\$ 92,735	\$ 89,120	\$ 181,855
Payroll Taxes	6,581	6,323	12,904
Employee Benefits	13,891	13,346	27,237
	<u>113,207</u>	<u>108,789</u>	<u>221,996</u>
Advertising and Marketing:			
Digital, Radio and Social Media	62,023	-	62,023
Graphic Deign, Posters and Banners	22,680	-	22,680
Holiday and Public Art	100,300	-	100,300
Public Way Landscaping and Maintenance	206,415	-	206,415
Tenant Retention and Attraction	7,750	-	7,750
Special Events	43,222	-	43,222
Professional Fees	9,753	5,500	15,253
Occupancy	19,014	-	19,014
Office Supplies and Expenses	-	351	351
Professional Development	-	1,900	1,900
Dues and Subscriptions	-	4,116	4,116
Insurance	-	1,030	1,030
Telephone	-	955	955
Meeting Expenses	-	1,020	1,020
Interest	-	11,923	11,923
Miscellaneous Expense	-	193	193
	<u>-</u>	<u>193</u>	<u>193</u>
TOTAL EXPENSES	<u><u>\$ 584,364</u></u>	<u><u>\$ 135,777</u></u>	<u><u>\$ 720,141</u></u>

See accompanying notes and independent auditor's report.

**EVMARK d/b/a DOWNTOWN EVANSTON
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES:

Decrease in Net Assets	\$ (5,268)
Adjustment to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Forgiveness of Paycheck Protection Program Loan	(34,030)
(Increase) Decrease in Operating Assets:	
Accounts Receivable	3,844
Prepaid Expenses	2
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(35,697)
Accrued Expenses	<u>38,867</u>

NET CASH USED IN OPERATING ACTIVITIES \$ (32,282)

CASH FLOWS FROM INVESTING ACTIVITIES:

\$ -

CASH FLOWS FROM FINANCING ACTIVITIES:

Payments on Line of Credit Agreement \$ (1,005)

NET CASH USED IN FINANCING ACTIVITIES \$ (1,005)

NET INCREASE IN CASH \$ (33,287)

CASH, at Beginning of Year 229,703

CASH, at End of Year \$ 196,416

**EVMARK d/b/a DOWNTOWN EVANSTON
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

1. DESCRIPTION OF THE ORGANIZATION

Evmark d/b/a Downtown Evanston (Organization) is a 501c(6) not-for-profit organization in Evanston, Illinois. The Organization receives and manages the Special Service Areas (SSA) #9 funds, primarily through tax levies through the City of Evanston.

Evmark d/b/a Downtown Evanston's mission is to promote the economic development, marketing, and maintaining of the business community. Marketing programs include shopping, dining, commercial real estate, events, directory and collateral materials. The main purpose of marketing programs is to achieve a balance among image enhancement activities, special events, retail and building promotions, and public relations. The maintenance program includes providing the ongoing maintenance of downtown Evanston. The holiday decorations program provides holiday decorations in the business district, including a holiday tree in downtown Evanston.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of Evmark d/b/a Downtown 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 of 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.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts, if applicable. The balances in accounts receivable at December 31, 2022 are primarily due from the City of Evanston for the 2nd installment of the Tax Levy funds and the supplemental contribution. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability to meet these obligations. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

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 tax fiscal years 2020, 2021 and 2022 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, 2022, the Organization's cash balances did not exceed the insured limits.

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.

6. LEASE COMMITMENTS

The Organization entered into a membership agreement, for office space and services, for twelve monthly payments of \$1,368 and a security deposit of \$1,755 for the term from May 1, 2022 to April 30, 2023. 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 \$19,014.

7. LINE OF CREDIT AGREEMENT

The Organization has a \$296,333 line of credit with a bank which expired on March 26, 2022. This line of credit was renewed from September 26, 2022 to September 26, 2023. At December 31, 2022, there was \$238,995 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.

8. 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:

Financial Assets at December 31:

Cash	\$ 196,416
Accounts Receivable	<u>332,216</u>
Total Financial Assets	<u>528,632</u>

Less: amount not available to be used within one year:

Net Assets with donor restrictions	<u>-</u>
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Financial Assets available to meet general expenditures
over the next twelve months

\$ 528,632

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.

9. EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 13, 2023, the date on which the financial statements were available to be issued.