

OLD TOWN TRIANGLE ASSOCIATION

**Report of Independent Auditors
and Financial Statements
July 31, 2020 and 2019**

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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Board of Directors
Old Town Triangle Association

We have audited the accompanying financial statements of Old Town Triangle Association, which comprise the statements of financial position as of July 31, 2020 and the related statements of activities, functional expenses 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 from 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 misstatements 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 aspects, the financial position of Old Town Triangle Association as of July 31, 2020 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.

Report on Summarized Comparative Information

We have previously audited the Old Town Triangle Association's 2019 financial statements, and our report dated December 10, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.


KOPCZYK, OSHER, & SCOTT

Chicago, Illinois
December 8, 2020

OLD TOWN TRIANGLE ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF JULY 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 534,977	\$ 735,698
Prepaid Expenses	3,793	1,906
Fixed Assets, Net	74,634	44,316
TOTAL ASSETS	<u>\$ 613,404</u>	<u>\$ 781,920</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 17,500	\$ -
Art Fair Deposits	28,500	-
TOTAL LIABILITIES	<u>46,000</u>	<u>-</u>
NET ASSETS		
Without Donor Restrictions	552,454	766,420
With Donor Restrictions	14,950	15,500
TOTAL NET ASSETS	<u>567,404</u>	<u>781,920</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 613,404</u>	<u>\$ 781,920</u>

OLD TOWN TRIANGLE ASSOCIATION

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2020 WITH

COMPARATIVE TOTALS FOR THE YEAR ENDED JULY 31, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE AND SUPPORT				
Membership Dues	\$ 9,390	\$ -	\$ 9,390	\$ 11,305
Direct Public Support	1,726	-	1,726	135
Art School Program	35,574	-	35,574	50,401
Rent Income	6,562	-	6,562	10,178
Interest Income	12,326	-	12,326	11,503
Other Income	30	-	30	591
Fundraising (Net of 2020 \$15,483 and 2019 \$123,393 of Expenses)	14,227	-	14,227	359,151
Net Assets Released from Restrictions	550	(550)	-	-
TOTAL REVENUE AND SUPPORT	80,385	(550)	79,835	443,264
EXPENSES - OPERATING				
Program Services	172,037	-	172,037	367,415
Management and General	48,816	-	48,816	44,082
Development	14,226	-	14,226	16,171
TOTAL OPERATING EXPENSES	235,079	-	235,079	427,668
EXPENSES - NON-OPERATING				
Legal Fees - Defend Historic District	59,272	-	59,272	60,196
Landmark Status Update	-	-	-	-
Capital Improvement	-	-	-	-
Ogden Plaza Renovation	-	-	-	6,004
TOTAL EXPENSES -NON-OPERATING	59,272	-	59,272	66,200
CHANGE IN NET ASSETS	(213,966)	(550)	(214,516)	(50,604)
BEGINNING NET ASSETS	766,420	15,500	781,920	832,524
ENDING NET ASSETS	\$ 552,454	\$ 14,950	\$ 567,404	\$ 781,920

OLD TOWN TRIANGLE ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2020 WITH
COMPARATIVE TOTALS FOR THE YEAR ENDED JULY 31, 2019

	Program Services	Management & General	Development	Total
Accounting	\$ -	\$ 6,761	\$ -	\$ 6,761
Art School Expenses	34,315	-	-	34,315
Bank Fees	598	9,188	-	9,786
Community Expenses	350	-	-	350
Depreciation	-	8,582	-	8,582
Fee and Subscriptions	-	846	-	846
Insurance	6,757	6,756	-	13,513
Maintenance of Facilities	9,633	-	-	9,633
Member Events	11,899	-	-	11,899
Miscellaneous	-	2,551	-	2,551
Neighborhood Improvements	29,861	-	-	29,861
Occupancy	20,943	-	-	20,943
Payroll Taxes	3,253	751	1,001	5,005
Printing	351	-	-	351
Salaries	42,982	9,919	13,225	66,126
Supplies	-	1,179	-	1,179
Technology	11,095	-	-	11,095
Telephone	-	2,283	-	2,283
TOTAL EXPENSE	\$ 172,037	\$ 48,816	\$ 14,226	\$ 235,079

OLD TOWN TRIANGLE ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JULY 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (214,516)	\$ (50,604)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	8,582	5,458
Accounts Payable	17,500	(187)
Art Fair Deposits	28,500	5,861
Prepaid Expenses	(1,887)	-
Net Cash Provided (Used) by Operating Activities	(161,821)	(39,472)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Lighting	(38,900)	-
Net Cash Provided (Used) by Investing Activities	(38,900)	-
NET INCREASE (DECREASE) IN CASH	(200,721)	(39,472)
CASH BALANCE – BEGINNING OF YEAR	735,698	775,170
CASH BALANCE – END OF YEAR	\$ 534,977	\$ 735,698

OLD TOWN TRIANGLE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ORGANIZATION

The Old Town Triangle Association was organized on June 10, 1952 to monitor the general condition of the Old Town Triangle, both socially and physically, and to initiate any action deemed appropriate to further the general welfare of the Old Town Triangle Association. The Old Town Triangle refers to a section of one of Chicago's near north side neighborhoods named for the triangular shape of land the included streets create.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of Accounting Pronouncement

Effective August 1, 2018, The Old Town Triangle Association adopted Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Basis of presentation

The financial statements of The Old Town Triangle Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require The Old Town Triangle Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of The Old Town Triangle Association's management and the board of directors.

OLD TOWN TRIANGLE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Old Town Triangle Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributions

Contributions are classified as without donor restrictions or with donor restrictions based on the donor's intent. When a donor restriction expires (i.e., when a stipulated time restriction ends, or a purpose restriction is met), The Old Town Triangle Association reclassifies the donor restricted net assets to net assets without donor restrictions and reports these assets as released from restriction. If a restriction is fulfilled in the same fiscal year in which the contribution is received, The Old Town Triangle Association classifies the support as without donor restrictions.

Liquidity

The Old Town Triangle Association financial assets available within one year of the Statements of Financial Position date to meet cash needs for general expenditures are as follows:

Cash and Cash Equivalents	<u>\$ 534,977</u>
Total	<u><u>\$ 534,977</u></u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statements of Financial Position date.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on factors such as estimates of time and effort, square footage, and headcount.

OLD TOWN TRIANGLE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Cash and Cash Equivalents

Old Town Triangle Association's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

Fixed Assets

The Association follows the practice of capitalizing, at cost, all expenditures for fixed assets in excess of \$1,000. Depreciation is computed on the straight-line method over the useful lives of the assets generally as follows:

Buildings	30 Years
Building Improvements	10 Years
Furniture and Equipment	5 Years

Donated Services

Volunteers have donated significant amounts of their time to the Association's programs and supporting services, but no amounts have been recorded for the value of their services, in accordance with provisions of Accounting Standards Codification.

Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not functional allocation. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended, July 31, 2019, from which the summarized information was derived.

OLD TOWN TRIANGLE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Old Town Triangle Association has evaluated subsequent events through December 8, 2020 which is the date the financial statements were available to be issued. Old Town Triangle Association is not aware of any material subsequent events.

Income Tax Status

Old Town Triangle Association is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income nor unrecognized tax benefits for the years ended July 31, 2020 and 2019. Each of the Organization's prior three years remains subject to examination by the Internal Revenue Service. The Organization has evaluated its tax positions for all open tax years. Based on the evaluation of the Old Town Triangle Association's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for the year ended July 31, 2020.

NOTE 3. FIXED ASSETS

	<u>2020</u>	<u>2019</u>
Land	\$ 21,068	\$ 21,068
Building	119,387	119,387
Building Improvements	94,388	55,488
Equipment & Furniture	12,661	12,661
Total	<u>\$ 247,504</u>	<u>\$ 208,604</u>
Less: Accumulated Depreciation	(172,870)	(164,288)
Net Fixed Assets	<u>\$ 74,634</u>	<u>\$ 44,316</u>

NOTE 4. CONCENTRATIONS

The Association's primary source of fundraising is The Old Town Art Fair that is held annually in June in the Old Town Triangle Neighborhood of Chicago, Illinois. The event was cancelled for 2020 due to Covid-19 pandemic.

OLD TOWN TRIANGLE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

On July 31, 2020 and 2019, net assets with donor restrictions were held in the amounts of \$14,950 and \$15,500. These donor restricted funds represent donations funding received prior to use period designated in the donation's agreements on July 31, 2020.

	<u>2020</u>	<u>2019</u>
Suzann Flavin Scholarship Fund	\$ 11,600	\$ 12,150
Eugenie Park	<u>3,350</u>	<u>3,350</u>
Total	<u>\$ 14,950</u>	<u>\$ 15,500</u>

NOTE 6. PRIOR PERIOD ADJUSTMENT

Net assets have been restated to properly reflect assets with donor restrictions.

NOTE 7. SUBSEQUENT EVENTS

The COVID-19 pandemic has caused business disruption and cancellation of events and projects in 2020. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the disruptions and the impact on Old Town Triangle Association's members, employees, and other stakeholders. The extent to which COVID-19 may impact Old Town Triangle Association's financial condition or results cannot be reasonable estimated at the time.