

**OLD TOWN TRIANGLE ASSOCIATION**

**Report of Independent Auditors  
and Financial Statements  
July 31, 2019 and 2018**

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## INDEPENDENT AUDITOR'S REPORT

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, 2019 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, 2019 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 2018 financial statements, and our report dated November 14, 2018, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

KOPCZYK, OSHER, & SCOTT

Chicago, Illinois  
December 10, 2019

**OLD TOWN TRIANGLE ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**

**AS OF JULY 31, 2019 and 2018**

	2018	2019
<b>ASSETS</b>		
Cash and Cash Equivalents (NOTE 2)	\$ 775,170	\$ 735,698
Prepaid Expenses	7,767	1,906
Fixed Assets – Net (NOTE 3)	49,773	44,316
<b>TOTAL ASSETS</b>	<b>\$ 832,710</b>	<b>\$ 781,920</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accrued Payroll and Related Liabilities	\$ 186	\$ -
<b>TOTAL LIABILITIES</b>	<b>\$ 186</b>	<b>\$ -</b>
 <b>NET ASSETS</b>		
Without Donor Restrictions (NOTE 2)	\$ 819,867	\$ 781,920
With Donor Restrictions (NOTE 2)	12,657	-
<b>TOTAL NET ASSETS</b>	<b>\$ 832,524</b>	<b>\$ 781,920</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 832,710</b>	<b>\$ 781,920</b>

The accompanying notes are an integral part of these statements.

**OLD TOWN TRIANGLE ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JULY 31, 2019 WITH**  
**COMPARATIVE TOTALS FOR THE YEAR ENDED JULY 31, 2018**

<b>OPERATING ACTIVITIES</b>	<u>Without Donor Restrictions</u>	<u>With Donor Restricted</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>REVENUES AND OTHER SUPPORT</b>				
Events	\$ -	\$ -	\$ -	\$ -
Membership Dues	11,305	-	11,305	13,385
Direct Public Support	135	-	135	20
Art School Program	50,401	-	50,401	68,039
Rent Income	10,178	-	10,178	9,563
Interest Income	11,503	-	11,503	6,807
Renovation	-	-	-	66,525
Other Income	591	-	591	3,991
Net Assets Released from Restrictions	12,657	<12,657>	-	-
Fundraising (Net of 2019 \$123,393 and 2018 \$121,912 of Expenses)	<u>359,151</u>	<u>-</u>	<u>359,151</u>	<u>309,101</u>
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<u>455,921</u>	<u>\$ &lt;12,657&gt;</u>	<u>443,264</u>	<u>477,431</u>
<b>EXPENSES - OPERATING</b>				
Program Services	\$ 367,415	\$ -	\$ 367,415	\$ 319,377
Management and General	44,082	-	44,082	46,197
Development	<u>16,171</u>	<u>-</u>	<u>16,171</u>	<u>15,068</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 427,668</u>	<u>\$ -</u>	<u>\$ 427,668</u>	<u>\$ 380,642</u>
<b>EXPENSES - NON-OPERATING</b>				
Legal Fees - Defend Historic District	\$ 60,196	\$ -	\$ 60,196	\$ 5,118
Landmark Status Update	-	-	-	5,265
Capital Improvement	-	-	-	20,730
Ogden Plaza Renovation	<u>6,004</u>	<u>-</u>	<u>6,004</u>	<u>66,500</u>
<b>TOTAL EXPENSES- NON-OPERATING</b>	<u>\$ 66,200</u>	<u>\$ -</u>	<u>\$ 66,200</u>	<u>\$ 97,613</u>
<b>CHANGE IN NET ASSETS</b>	\$ <37,947>	\$ <12,657>	\$ <50,604>	\$ <824>
Net Assets Beginning of Year	<u>819,867</u>	<u>12,657</u>	<u>832,524</u>	<u>833,348</u>
Net Assets End of Year	<u>\$ 781,920</u>	<u>\$ -</u>	<u>\$ 781,920</u>	<u>\$ 832,524</u>

The accompanying notes are an integral part of these statements.

**OLD TOWN TRIANGLE ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JULY 31, 2019**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JULY 31, 2018**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>EXPENSES</b>					
Accounting Fees	\$ -	\$ 4,600	\$ -	\$ 4,600	\$ 4,600
Art School Expenses	39,638	-	-	39,638	41,453
Bank Fees	-	9,409	-	9,409	4,961
Community Expense	350	-	-	350	755
Contributions	120,881	-	-	120,881	112,214
Depreciation	-	5,458	-	5,458	5,740
Fee and Subscriptions	-	988	-	988	-
Insurance	6,528	6,528	-	13,056	13,295
Maintenance of Facilities	39,983	-	-	39,983	14,375
Member Events	14,513	-	-	14,513	17,976
Miscellaneous	-	1,000	-	1,000	9,018
Neighborhood Improvements	36,280	-	-	36,280	48,367
Occupancy	44,295	-	-	44,295	12,595
Payroll Taxes	3,667	846	1,128	5,641	5,446
Printing	689	-	-	689	799
Salaries	48,891	11,283	15,043	75,217	69,894
Supplies	-	2,066	-	2,066	1,859
Technology	11,700	-	-	11,700	15,225
Telephone	-	1,904	-	1,904	2,070
<b>TOTAL EXPENSES</b>	<u>\$ 367,415</u>	<u>\$ 44,082</u>	<u>\$ 16,171</u>	<u>\$ 427,668</u>	<u>\$ 380,642</u>

The accompanying notes are an integral part of these statements.

**OLD TOWN TRIANGLE ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JULY 31, 2019 and 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	<u>2018</u>	<u>2019</u>
Change in Net Assets	\$ <824>	\$ <50,604>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	5,740	5,458
Accrued Payroll and Related Liabilities	<25,330>	<187>
Prepaid Expenses	<u>&lt;306&gt;</u>	<u>5,861</u>
Net Cash Provided <Used> by Operating Activities	<u>\$ &lt;20,720&gt;</u>	<u>\$ &lt;39,472&gt;</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of Property and Equipment	\$ _____ -	\$ _____ -
Net Cash Provided <Used> by Investing Activities	\$ _____ -	\$ _____ -
Net Increase <Decrease> in Cash	\$ <20,720>	\$ <39,472>
Cash Balance – Beginning of Year	<u>795,890</u>	<u>775,170</u>
Cash Balance – End of Year	<u>\$ 775,170</u>	<u>\$ 735,698</u>

The accompanying notes are an integral part of these statements.

## 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, where by 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	\$ 735,698
	<u>\$ 735,698</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, 2018, from which the summarized information was derived.

**OLD TOWN TRIANGLE ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Income Tax Status

The Old Town Triangle Association is a not-for-profit organization that is operating as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Association 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 net unrelated business income for the years ended July 31, 2019 and 2018. Each of the Association's prior three years remains subject to examination by the Internal Revenue Service. In the next twelve months, the Association does not expect a material net change in unrecognized tax benefits.

**NOTE 3. FIXED ASSETS**

	<u>2018</u>	<u>2019</u>
Land	\$ 21,068	\$ 21,068
Building	119,387	119,387
Building Improvements	55,488	55,488
Equipment / Furniture	<u>12,661</u>	<u>12,661</u>
Total	\$ 208,604	\$ 208,604
Accumulated Depreciation	<u>&lt;158,831&gt;</u>	<u>&lt;164,288&gt;</u>
Net Fixed Assets	<u>\$ 49,773</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.

**NOTE 5. SUBSEQUENT EVENTS**

Old Town Triangle Association has evaluated subsequent events through December 10, 2019, which is the date the financial statements were available to be issued. Old Town Triangle Association is not aware of any material subsequent events.