

TOGETHER WE COPE

JUNE 30, 2006

APPENDIX

Auditor's Opinion

Exhibit A Statement of Financial Position

Exhibit B Statement of Activity

Exhibit C Statement of Cash Flow

Exhibit D Statement of Functional Expenses

Exhibit E Notes to Financial Statements

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Sullivan & Sullivan, Ltd.

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CRESTWOOD, ILLINOIS 60445

August 24, 2006

Board of Directors
Together We Cope
17010 South Oak Park Avenue
Tinley Park, Illinois 60477

Board of Directors:

We have audited the statement of financial position of Together We Cope as of June 30, 2006 and 2005, and the related statement of activities and changes in net assets and of functional expenditures for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express and opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Together We Cope at June 30, 2006 and 2005, and its changes in net assets and cash flows for the year then ended, in conformity with generally accepted accounting principles.

As explained in Note 1 to the financial statements, Together We Cope adopted the provisions of Statement of Financial Accounting Standards No. 116 and 117. The fiscal 2006 and 2005 financial statements reflect the application of the standards.

Respectfully submitted,



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Board Members:

Our review and evaluation of the agency's system of internal control also included a review and specific tests where appropriate for compliance by the agency with certain rules of United Way of Suburban Chicago. The specific compliance matters reviewed and/or tested were as described in Section V of the United Way of Suburban Chicago Audit Guide for Affiliate Agencies.

Based upon the review procedures applied, it is our opinion that the agency complied in all material respects with the rules covering such matters as prescribed by United Way of Suburban Chicago.

Respectfully submitted,



SULLIVAN & SULLIVAN, LTD.

TOGETHER WE COPE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2006

EXHIBIT A

ASSETS

	2006	2005
Cash & Cash Equivalents	\$ 118,949	\$ 75,576
Public Support Receivable	19,185	17,800
Inventory	31,747	20,610
Furniture and Equipment (Note 6)	536,371	538,824
Prepaid Expenses	-	7,960
Total Assets	\$ 706,252	\$ 660,770

LIABILITIES AND NET ASSETS

<u>Liabilities</u>		
Accrued Payroll	\$ 5,113	\$ 1,590
Taxes Payable	3,272	3,527
Mortgage Payable	246,948	279,465
Total Liabilities	255,333	284,582
<u>Net Assets</u>		
Unrestricted	441,916	361,289
Temporarily Restricted	9,003	14,899
Permanently Restricted	0	0
Total Net Assets	450,919	376,188
TOTAL LIABILITIES & NET ASSETS	\$ 706,252	\$ 660,770

The accompanying notes are an integral part of this statement.

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STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006

EXHIBIT B

	Unrestricted	Temporarily Restricted	Permanently Restricted	2006 Combined Total	2005 Combined Total
Revenues, Gains & Other Support					
Public Support:					
Contributions:					
Suburban United Ways					
Allocations	\$ 42,643	\$	\$	\$ 42,643	\$ 43,032
Individuals	43,917			43,917	25,874
In-Kind	394,930			394,930	339,534
Corporations/ Foundations	26,761	92,516		119,277	95,715
Businesses and Organizations	30,102	12,173		42,275	30,244
Fund Raising	97,111			97,111	95,068
Total Public Support	\$ 635,464	\$ 104,689	\$	\$ 740,153	\$ 629,467
Revenue:					
Simply Sensible Shoppe	\$ 176,227	\$	\$	\$ 176,227	\$ 151,214
Interest	2,324			2,324	1,667
Government Grants	63,452			63,452	10,000
Other	15,408			15,408	2,789
Total Revenue	\$ 892,875	\$ 104,689	\$	\$ 997,564	\$ 795,137
Net Assets Released From Restrictions					
Satisfaction of					
Program Restrictions	110,585	(110,585)			
Total Net Assets Released	110,585	(110,585)			
Total Earned Revenue And Contributed Support	\$ 1,003,460	\$ (5,896)		\$ 997,564	\$ 795,137
Expenses					
Program Services	\$ 718,425			\$ 718,425	\$ 606,013
Functional Expenses					
Management & General	164,155			164,155	129,477
Fund Raising	23,438			23,438	29,495
Interest Expense	16,815			16,815	21,403
Total Expenses	\$ 922,833	0		\$ 922,833	\$ 786,388
Change in Net Assets	\$ 80,627	\$ (5,896)		\$ 74,731	\$ 8,749
Net Assets-Beg. of Year	361,289	14,899		376,188	367,439
Net Assets-End of Year	\$ 441,916	\$ 9,003	0	\$ 450,919	\$ 376,188

The accompanying notes are an integral part of this statement.

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STATEMENT OF CASH FLOW
YEAR ENDED JUNE 30, 2006

EXHIBIT C

	2006	2005
Cash Flows from Operating Activities:		
Change in Net Assets: (from Statement of Activities)	\$ 74,731	\$ 8,749
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	27,462	24,178
Change in Assets and Liabilities		
(Increase) decrease in Accounts Receivable	(1,385)	(4,800)
Increase (decrease) in Accounts Payable	3,268	15
(Increase) Decrease in Inventory	(11,137)	(5,892)
(Increase) Decrease in Prepaid Expenses	7,960	(5,423)
Net Cash provided (used) by operating activities	100,899	16,827
Cash Flows From Investing Activities:		
(Increase) Decrease in Capital Assets - Cost	(25,000)	(1,613)
Net Cash Used in Investments	(25,000)	(1,613)
Cash Flows From Financial Activities:		
Mortgage Reduction	(32,526)	(30,605)
Net Cash Used In Financing Activities	(32,526)	(30,605)
Net Increase (Decrease) in Cash	43,373	(15,391)
Cash at beginning of year	75,576	90,967
Cash at end of year	\$ 118,949	\$ 75,576

The accompanying notes are an integral part of this statement.

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STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2006

EXHIBIT D

	Program Services	Supporting Services		2006 Total	2005 Total
	Client	Fund Raising	Management & General		
Functional Expenses					
Salaries	\$ 151,253		\$ 92,539	\$ 243,792	\$ 198,036
Payroll Taxes	11,557		5,994	\$ 17,551	17,169
Outside Services			5,900	\$ 5,900	2,200
Client Expenses	462,653			\$ 462,653	394,092
Office Expenses	3,500		14,118	\$ 17,618	12,253
Advertising & Insurance	1,329		622	\$ 1,951	9,299
Sales Tax	12,287			\$ 12,287	10,560
Telephone	1,110		5,162	\$ 6,272	5,083
Occupancy	24,564		6,221	\$ 30,785	23,099
Mortgage/Rent Subsidy	32,009			\$ 32,009	25,801
Fund Raising		23,438		\$ 23,438	29,495
Memberships and Misc.			11,238	\$ 11,238	5,680
Depreciation Expense	13,851		13,611	\$ 27,462	24,178
Volunteer Expenses			4,438	\$ 4,438	4,212
Vehicle Expenses	4,312		4,312	\$ 8,624	3,828
Total Functional Expenses	<u>\$ 718,425</u>	<u>\$ 23,438</u>	<u>\$ 164,155</u>	<u>\$ 906,018</u>	<u>\$ 764,985</u>

The accompanying notes are an integral part of this statement.

Sullivan & Sullivan, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS

**TOGETHER WE COPE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006**

1. Summary of Significant Accounting Policies

Business Activity

Together We Cope is a largely volunteer, non-profit group working to provide charitable and educational services including food, clothing, emergency shelter, utility payment assistance, and a wide variety of resource referrals to needy families from the townships of Bremen, Orland, Palos, Thorton, and Worth.

Basis of Accounting

Together We Cope uses the accrual method of accounting for financial statement purposes.

Financial Statement Presentation

In accordance with Statement of Financial Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations," Together We Cope is required to report information regarding its financial position and activities according to three classes of net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net Assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they may be maintained permanently by the organization. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes.

Upon review of the assets and discussion with management, there was \$9,003 of temporarily restricted assets as of June 30, 2006.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

Estimates

The presentation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that could affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Inventory

Inventory includes items available for sale at the Simply Sensible Shoppe and is valued at the lower of fair of market value at the date of donation, in accordance with generally accepted accounting principles.

Contributions

In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restriction. Contributions are recognized when the donor makes a promise to give to Together We Cope that is, in substance, unconditional. Contributions that are restricted by the donor 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 or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

In-Kind Donations

The value of food, clothing, and household items received from donors and distributed directly to clients throughout the year has been reflected in the accompanying financial statements. During the year ended June 30, 2006, the following amount of food, clothing, and household items were distributed by Together We Cope to its clients: Food and Miscellaneous - \$229,030; Clothing - \$165,900. These amounts are determined by attributing a flat value to each bag of food or clothing donated

Contributed Services

A substantial number of uncompensated volunteers have made significant contributions of their time to develop the programs of Together We Cope, principally in management, organization, fundraising, and helping the needy. These services, however, are non-specialized and do not create or enhance a non-financial asset. Therefore, under SFAS No. 116, they are not to be recorded.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

2. Income Taxes

Together We Cope is a non-profit organization and qualified under Section 501 (c)(3) of the Internal Revenue code for tax exempt status. Therefore, no provision for income taxes has been made in the accompanying financial statements.

3. Grant Programs

The Cook County Emergency Shelter Grant is a matching funds reimbursement program. All monies received under this grant are to reimburse Together We Cope for monies previously expended.

4. Property Purchase

On June 15, 2000, the organization purchased a building to house the office and shop. The property cost \$480,000 and was financed with a \$400,000 mortgage. The balance of \$337,964 was refinanced on July 1, 2003 and is payable over 10 years at a rate of 6.25%. The principal maturities are as follows:

6-30-07	34,770
6-30-08	37,006
6-30-09	39,386
6-30-10	41,920
6-30-11	44,616
6-30-12 and after	<u>49,250</u>

\$246,948

5. Simply Sensible Shoppe

The Simply Sensible Shoppe is operated by Together We Cope and is open to Together We Cope clients as well as the general public. Together We Cope clients are allowed to receive \$50 (at thrift shop value) of clothing per individual per year free of charge through the use of a voucher system maintained by Together We Cope. Proceeds from the Simply Sensible Shoppe are used to fund client services and operating expenses of Together We Cope.

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

6. Fixed Assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Value</u>
Land & Building	\$587,051	\$ 88,917	\$498,134
Furniture & Fixtures	19,550	9,775	9,775
Office Equipment	11,099	7,545	3,554
Computer Equipment	12,074	10,065	2,009
Telephone System	5,710	5,710	-0-
Vehicles	<u>28,999</u>	<u>6,100</u>	<u>22,899</u>
	<u>\$664,483</u>	<u>\$128,112</u>	<u>\$536,371</u>