

**TOGETHER WE COPE**  
**FINANCIAL STATEMENTS**  
**For the Fiscal Years Ended**  
**June 30, 2009 and 2008**

Prepared By:

**Hearne & Associates, P.C.**  
Certified Public Accountants &  
Business Consultants

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## Annual Financial Report

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**Independent Auditor's Report**

To the Board of Directors of  
Together We Cope  
Tinley Park, IL

We have audited the accompanying statement of financial position of Together We Cope (a non-profit organization) as of June 30, 2009 and 2008, and the related statements of activities, cash flows and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 combined financial statement presentation. We believe that our audit provides 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 as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Hearne & Associates, P.C.*

January 25, 2010  
Mokena, IL

Hearne & Associates, P.C.  
Certified Public Accountants

**TOGETHER WE COPE**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b><u>Assets</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 197,788	\$ 237,614
Gift Certificates	3,393	9,069
Investments	665	844
Public Support Receivable	37,346	68,890
Inventory	57,763	48,031
Prepaid Expenses	2,871	2,903
Total Current Assets	<u>299,826</u>	<u>367,351</u>
Property and Equipment:		
Land and Building	620,195	591,653
Furniture & Equipment	167,837	141,603
Less Accumulated Depreciation	<u>(227,880)</u>	<u>(190,970)</u>
Net Property and Equipment	<u>560,152</u>	<u>542,286</u>
<b>Total Assets</b>	<b><u>\$ 859,978</u></b>	<b><u>\$ 909,637</u></b>
<b><u>Liabilities and Net Assets</u></b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 56,714	\$ 74,584
Payroll Liabilities	10,272	15,136
Current portion of long-term debt	46,853	44,248
Total Current Liabilities	<u>113,839</u>	<u>133,968</u>
Other Liabilities		
Long-term Debt	<u>105,819</u>	<u>151,724</u>
Total Liabilities	<u>219,658</u>	<u>285,692</u>
Net Assets		
Unrestricted	640,320	604,267
Temporarily Restricted	<u>-</u>	<u>19,678</u>
Total Net Assets	<u>640,320</u>	<u>623,945</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 859,978</u></b>	<b><u>\$ 909,637</u></b>

See independent auditor's report and notes to financial statements.

**TOGETHER WE COPE**  
**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30, 2009 and 2008**

	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public Support and Revenue</b>						
Public Support						
Contributions						
Suburban United Ways Allocations	\$ 46,799	\$ -	\$ 46,799	\$ 48,444	\$ -	\$ 48,444
Individuals	59,210	-	59,210	41,865	-	41,865
In-Kind	1,255,183	-	1,255,183	746,844	-	746,844
Corporations and Foundations	86,770	-	86,770	80,853	-	80,853
Businesses and Organizations	92,952	-	92,952	68,083	10,000	78,083
Fundraising	111,901	-	111,901	113,436	-	113,436
Net assets released from restrictions	-	-	-	-	-	-
Satisfaction of program restriction	19,678	(19,678)	-	9,269	(9,269)	-
Expiration of time restriction	-	-	-	-	-	-
Total Public Support	1,672,493	(19,678)	1,740,875	1,108,794	731	1,109,525
Revenue						
Simply Sensible Shoppe	217,233	-	217,233	195,252	-	195,252
Interest	1,101	-	1,101	2,217	-	2,217
Government Grants	264,517	-	264,517	244,450	-	244,450
Satisfaction of program restriction	-	-	-	36,570	(36,570)	-
Other	7,113	-	7,113	14,605	-	14,605
Total Revenue	489,964	-	489,964	493,094	(36,570)	456,524
<b>Total Public Support and Revenue</b>	<b>2,162,457</b>	<b>(19,678)</b>	<b>2,142,779</b>	<b>1,601,888</b>	<b>(35,839)</b>	<b>1,566,049</b>
<b>Expenses</b>						
Program Services	1,947,319	-	1,947,319	1,298,090	-	1,298,090
Management and General	84,869	-	84,869	81,477	-	81,477
Fundraising	94,216	-	94,216	73,870	-	73,870
Total Expenses	2,126,404	-	2,126,404	1,453,437	-	1,453,437
Change in Net Assets	36,053	(19,678)	16,375	148,451	(35,839)	112,612
Prior period adjustment	-	-	-	-	(17,799)	(17,799)
Net Assets						
Beginning of Year	604,267	19,678	623,945	455,816	73,316	529,132
End of Year	\$ 640,320	\$ -	\$ 640,320	\$ 604,267	\$ 19,678	\$ 623,945

See independent auditor's report and notes to financial statements.

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**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b><u>Cash flows from operating activities:</u></b>		
Change in net assets	\$ 16,375	\$ 112,612
Prior Period Adjustment		(17,799)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	37,546	36,735
Change in assets - decrease (increase):		
Accounts receivable	31,545	(26,386)
Investments and Gift Certificate	5,855	(9,913)
Inventory	(9,732)	5,147
Prepaid Expenses	30	8,697
Change in liabilities - increase (decrease):		
Accounts Payable	(22,732)	42,274
Net cash provided by operating activities	<u>58,887</u>	<u>151,367</u>
<b><u>Cash flows from investing activities:</u></b>		
Purchase of Property and Equipment	(55,413)	(69,462)
<b><u>Cash flows from financing activities:</u></b>		
Reduction of long-term debt	<u>(43,300)</u>	<u>(19,584)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(39,826)	62,321
<b>Cash and cash equivalents, beginning of year</b>	<u>237,614</u>	<u>175,293</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 197,788</u>	<u>\$ 237,614</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash Payments for Interest	<u>\$ 10,738</u>	<u>\$ 14,003</u>

See independent auditor's report and notes to financial statements.



**TOGETHER WE COPE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2009**

	2009			
	Program	Support Services		Total
	Services	Fund Raising	Management & General	
<b><u>Functional Expenses</u></b>				
Salaries	\$ 282,009	\$ 53,701	\$ 38,623	\$ 374,333
Payroll Tax	17,476	4,518	7,760	29,754
Outside Services	26,279	-	9,410	35,689
Client Services	1,489,225	-	-	1,489,225
Office expenses	19,526	903	2,263	22,692
Insurance	8,956	67	1,240	10,263
Sales Tax	15,530	-	13	15,543
Telephone	4,279	827	2,044	7,150
Occupancy	26,425	301	-	26,726
Miscellaneous	737	-	19,709	20,446
Fund Raising costs	-	33,568	-	33,568
Depreciation Expense	34,997	256	2,293	37,546
Interest Expense	9,224	-	1,514	10,738
Volunteer Expenses	5,700	-	-	5,700
Vehicle Expenses	6,956	75	-	7,031
Total Expenses	<u>\$ 1,947,319</u>	<u>\$ 94,216</u>	<u>\$ 84,869</u>	<u>\$ 2,126,404</u>

See independent auditor's report and notes to financial statements.

**TOGETHER WE COPE**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2008**

	2008			
	Program	Support Services		Total
	Services	Fund Raising	Management & General	
<b><u>Functional Expenses</u></b>				
Salaries	\$ 224,004	\$ 36,618	\$ 38,074	\$ 298,696
Payroll Tax	15,806	3,112	3,751	22,669
Outside Services	401	425	14,262	15,088
Client Services	938,375	-	-	938,375
Office expenses	12,982	6,296	3,479	22,757
Insurance	4,187	-	2,315	6,502
Sales Tax	16,018	-	-	16,018
Telephone	2,041	11	4,869	6,921
Occupancy	19,705	213	121	20,039
Miscellaneous	-	-	11,794	11,794
Fund Raising costs	-	26,746	-	26,746
Depreciation Expense	34,561	269	1,905	36,735
Interest Expense	12,967	129	907	14,003
Volunteer Expenses	7,605	-	-	7,605
Vehicle Expenses	9,438	51	-	9,489
Total Expenses	<u>\$ 1,298,090</u>	<u>\$ 73,870</u>	<u>\$ 81,477</u>	<u>\$ 1,453,437</u>

See independent auditor's report and notes to financial statements.



**TOGETHER WE COPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 1 – Nature of Operations and Summary of Significant Accounting Policies**

Organization

Together We Cope (the Organization) was incorporated as a not-for-profit organization in May, 1989, under the laws of the State of Illinois and commenced operations at that time. The Organization is a largely volunteer group working to provide charitable and educational services including food, clothing, emergency shelter, utility payment assistance, and resource referrals to needy families from the townships of Bremen, Orland, Palos, Thorton, and Worth.

Basis of Accounting

The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant accounts receivable, payable, and other liabilities.

Basis of Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets (if applicable).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

Cash and cash equivalents consist of bank deposits in federally insured accounts. At June 30, 2009 and 2008, the Organization's cash accounts exceeded federally insured limits by \$ 0 and approximately \$ 91,000, respectively.

Inventory

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

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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

Property and Equipment

Expenditures for property and equipment and items, which substantially increase the useful lives of existing assets, are capitalized at cost. Donations of property and equipment are recorded as contributions at the estimated fair value. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the years ending June 30, 2009 and 2008, the amount of donated services recorded were \$ 2,000 and \$ 0, respectively. The Organization also received donated services from volunteers that did not fulfill items (a) or (b) above (and have properly not been recorded) in the amount of 26,513 hours and 22,527 hours for the years ending June 30, 2009 and 2008, respectively.

In-Kind Contributions

Together We Cope reports gifts of donated food, clothing, and household items to be distributed directly to its clients as unrestricted public support and, shortly thereafter, as expense when actually distributed to its clients. During the years ended June 30, 2009 and 2008, the Organization distributed approximately \$ 1,447,049 and \$ 746,844, respectively of donated food, clothing, and household items received from donors. These amounts are determined by attributing a flat value to each bag of food or clothing donated.

Income Taxes

Together We Cope is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 2 – Simply Sensible Shoppe**

The Simply Sensible Shoppe is operated by Together We Cope and is open to the Organization's clients and the general public. Clients are allowed \$ 75 of free merchandise per year administered through a voucher system maintained by the Organization. Revenue from the sale of the shop's inventory is used to fund client services and Organization operating expenses.

**Note 3 – Notes Payable**

The Organization is currently obligated on a mortgage agreement dated July 1, 2003 with Great Lakes Bank. The original amount financed was \$ 400,000 and is secured a mortgage on the building purchased in 2000. The rate on the mortgage note as of June 30, 2009 and 2008 is 6.25%.

The Organization is currently obligated for a vehicle loan dated November 14, 2007 with Ford Credit. The original amount financed was \$ 22,692.30 and is secured by a 2007 Ford Econoline Van. The loan is at a contracted interest rate of 0%. The financial statements reflect an imputed interest rate of 6.0%.

The balance of the Organization's long-term debt consists of the following:

	<u>2009</u>	<u>2008</u>
Mortgage Note	\$ 138,961	\$ 178,103
Note Payable – 2007 Ford Econoline Van	<u>13,710</u>	<u>17,869</u>
	<u>\$ 152,671</u>	<u>\$ 195,972</u>

Maturities of long term debt are as follows:

2010	\$ 46,853
2011	49,852
2012	50,170
2013	<u>5,796</u>
	<u>\$ 152,671</u>

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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**

**Note 4 – Operating Leases**

In January 2007, the Organization entered into a non-cancelable operating lease for a copier. The lease term is 60 months with payments in the amount of \$ 672 due quarterly. Future minimum lease payments are as follows:

<u>Year Ended</u>	<u>Amount</u>
06/30/10	\$2,688
06/30/11	\$2,688
06/30/12	\$2,016

**Note 5 – Grant Programs**

The Organization currently participates in various grant programs. These programs are subject to program compliance audits by the grantor agencies. The Organization’s compliance with applicable grant requirements may be established at some future date; however, the Organization believes that any noncompliance will not have a material effect on the financial statements.

**Note 6 – Prior Period Adjustment**

In the Organization’s prior financial statements, it had incorrectly included an account receivable in the amount of \$ 17,799. To correct this transaction, an adjustment has been recorded as a prior period adjustment in the Statement of Activities for the year ending June 30, 2008.