

**TOGETHER WE COPE
FINANCIAL STATEMENTS
For the Fiscal Years Ended
June 30, 2011 and 2010**

Prepared By:

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

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Annual Financial Report

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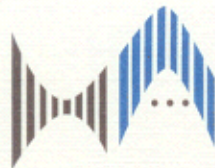
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Independent Auditor's Report

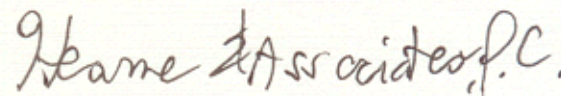
To the Board of Directors of
Together We Cope
Tinley Park, IL

We have audited the accompanying statements of financial position of Together We Cope (a non-profit organization) as of June 30, 2011 and 2010, 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, 2011 and 2010, 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.

September 30, 2011
Mokena, IL



Hearne & Associates, P.C.
Certified Public Accountants

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STATEMENTS OF FINANCIAL POSITION
As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 261,604	\$ 107,186
Gift Certificates	2,245	4,246
Investments	1,367	987
Public Support Receivable	57,105	103,422
Inventory	18,387	50,228
Total Current Assets	<u>340,708</u>	<u>266,069</u>
Property and Equipment:		
Land and Building	641,246	620,195
Furniture & Equipment	167,837	167,837
Less Accumulated Depreciation	<u>(305,382)</u>	<u>(268,881)</u>
Net Property and Equipment	<u>503,701</u>	<u>519,151</u>
Total Assets	<u>\$ 844,409</u>	<u>\$ 785,220</u>
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 23,110	\$ 5,739
Payroll Liabilities	18,460	15,098
Current portion of long-term debt	<u>49,750</u>	<u>49,852</u>
Total Current Liabilities	<u>91,320</u>	<u>70,689</u>
Other Liabilities		
Long-term Debt	<u>5,482</u>	<u>55,459</u>
Total Liabilities	<u>96,802</u>	<u>126,148</u>
Net Assets		
Unrestricted	741,571	659,072
Temporarily Restricted	<u>6,036</u>	<u>-</u>
Total Net Assets	<u>747,607</u>	<u>659,072</u>
Total Liabilities and Net Assets	<u>\$ 844,409</u>	<u>\$ 785,220</u>

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

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STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Public Support and Revenue</u>						
Public Support						
Contributions						
Suburban United Ways Allocations	\$ 25,000		\$ 25,000	\$ 15,082		\$ 15,082
Individuals	78,693		78,693	55,315		55,315
In-Kind	1,687,660		1,687,660	1,585,373		1,585,373
Foundations and Organizations	174,988		174,988	137,783		137,783
Businesses and Corporations	60,359		60,359	79,953		79,953
Fundraising	131,349		131,349	125,631		125,631
Net assets released from restrictions			-			-
Satisfaction of program restriction			-			-
Expiration of time restriction	-	-	-	-	-	-
Total Public Support	<u>2,158,049</u>	<u>-</u>	<u>2,158,049</u>	<u>1,999,137</u>	<u>-</u>	<u>1,999,137</u>
Revenue						
Simply Sensible Shoppe	221,342		221,342	228,792	-	228,792
Investment income	1,222		1,222	1,685	-	1,685
Government Grants	330,585	6,036	336,621	353,814	-	353,814
Satisfaction of program restriction			-		-	-
Other	5,039		5,039	7,047	-	7,047
Total Revenue	<u>558,188</u>	<u>6,036</u>	<u>564,224</u>	<u>591,338</u>	<u>-</u>	<u>591,338</u>
Total Public Support and Revenue	<u>2,716,237</u>	<u>6,036</u>	<u>2,722,273</u>	<u>2,590,475</u>	<u>-</u>	<u>2,590,475</u>
<u>Expenses</u>						
Program Services	2,431,692	-	2,431,692	2,357,912	-	2,357,912
Management and General	89,570	-	89,570	103,152	-	103,152
Fundraising	112,476	-	112,476	110,659	-	110,659
Total Expenses	<u>2,633,738</u>	<u>-</u>	<u>2,633,738</u>	<u>2,571,723</u>	<u>-</u>	<u>2,571,723</u>
Change in Net Assets	82,499	6,036	88,535	18,752	-	18,752
Net Assets						
Beginning of Year	<u>659,072</u>	<u>-</u>	<u>659,072</u>	<u>640,320</u>	<u>-</u>	<u>640,320</u>
End of Year	<u>\$ 741,571</u>	<u>\$ 6,036</u>	<u>\$ 747,607</u>	<u>\$ 659,072</u>	<u>\$ -</u>	<u>\$ 659,072</u>

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

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STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 88,535	\$ 18,752
Prior Period Adjustment		-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	36,501	41,001
Change in assets - decrease (increase):		
Accounts receivable	46,317	(66,076)
Investments and Gift Certificate	1,621	(1,175)
Inventory	31,841	7,535
Prepaid Expenses	-	2,871
Change in liabilities - increase (decrease):		
Accounts Payable	20,733	(46,149)
Net cash provided by operating activities	<u>225,548</u>	<u>(43,241)</u>
<u>Cash flows from investing activities:</u>		
Purchase of Property and Equipment	(21,051)	-
<u>Cash flows from financing activities:</u>		
Reduction of long-term debt	<u>(50,079)</u>	<u>(47,361)</u>
Net increase (decrease) in cash and cash equivalents	154,418	(90,602)
Cash and cash equivalents, beginning of year	<u>107,186</u>	<u>197,788</u>
Cash and cash equivalents, end of year	<u>\$ 261,604</u>	<u>\$ 107,186</u>
Supplemental Disclosure of Cash Flow Information:		
Cash Payments for Interest	<u>\$ 4,696</u>	<u>\$ 10,738</u>

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STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2011

	2011			
	Program	Support Services		Total
	Services	Fund Raising	Management & General	
Functional Expenses				
Salaries	\$ 327,279	\$ 59,747	\$ 53,109	\$ 440,135
Employee benefits	22,338	4,078	3,625	30,041
Payroll Tax	28,761	5,251	4,667	38,679
Outside Services	4,909	53	13,922	18,884
Client Services	1,931,645	-	-	1,931,645
Office expenses	23,058	280	1,594	24,932
Insurance	9,028	419	943	10,390
Telephone	5,294	966	859	7,119
Occupancy	28,373	308	2,159	30,840
Miscellaneous	534	586	4,978	6,098
Fund Raising costs	-	40,416	-	40,416
Depreciation Expense	33,501	325	2,676	36,502
Interest Expense	4,320	47	329	4,696
Volunteer Expenses	6,269	-	-	6,269
Vehicle Expenses	6,383	-	709	7,092
Total Expenses	<u>\$ 2,431,692</u>	<u>\$ 112,476</u>	<u>\$ 89,570</u>	<u>\$ 2,633,738</u>

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STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2010

	2010			
	Program	Support Services		Total
	Services	Fund Raising	Management & General	
<u>Functional Expenses</u>				
Salaries	\$ 307,794	\$ 60,343	\$ 60,736	\$ 428,873
Payroll Tax	26,145	5,125	5,159	36,429
Outside Services	2,586	28	20,971	23,585
Client Services	1,903,726	-	-	1,903,726
Office expenses	22,971	358	1,632	24,961
Insurance	12,016	563	1,337	13,916
Telephone	6,739	185	551	7,475
Occupancy	19,680	214	1,497	21,391
Miscellaneous	2,998	100	7,165	10,263
Fund Raising costs	-	43,352		43,352
Depreciation Expense	37,539	320	3,141	41,000
Interest Expense	6,520	71	496	7,087
Volunteer Expenses	4,998	-	-	4,998
Vehicle Expenses	4,200	-	467	4,667
Total Expenses	<u>\$ 2,357,912</u>	<u>\$ 110,659</u>	<u>\$ 103,152</u>	<u>\$ 2,571,723</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 (FASB) in its FASB Accounting Standards Codification (ASC) 958 (formerly Statement of Financial Accounting Standards (SFAS) No. 117), *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, 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, 2011 and 2010, the Organization's cash accounts were fully insured by the Federal Deposit Insurance Corporation.

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, 2011 and 2010

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, 2011 and 2010, there were no donated services recorded. 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 30,998 hours and 29,452 hours for the years ending June 30, 2011 and 2010, 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, 2011 and 2010, the Organization distributed approximately \$ 1,687,770 and \$ 1,585,373, respectively of donated food, clothing, and household items received from donors. These amounts are determined by attributing a standard 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 and the Illinois Charitable Trust. The Agency's open audit periods are 2007 – 2009. In June 2006, the Financial Accounting Standards Board issued ASC 740-10 (formerly known as FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes), which prescribed a comprehensive model for how an agency should measure, recognize, present and disclose in its financial statements uncertain tax positions that an agency has taken or expect to take on a tax return. The Agency adopted ASC 740-10 as of July 1, 2009. There was no impact to the Agency's financial statements as a result of the implementation of ASC 740-10.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010**

Reclassifications

Certain amounts in prior-year financial statements have been reclassified for comparative purposes to conform with presentation in the current-year financial statements.

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. Sales taxes were paid and netted against revenue for the fiscal years ended June 30, 2011 and 2010 in the amounts of \$21,518 and \$21,235, respectively.

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 by a mortgage on the building purchased in 2000. The rate on the mortgage note as of June 30, 2011 and 2010 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 balance of the Organization’s long-term debt consists of the following:

	<u>2011</u>	<u>2010</u>
Mortgage Note	\$ 52,868	\$ 97,274
Note Payable – 2007 Ford Econoline Van	<u>2,364</u>	<u>8,037</u>
	<u>\$ 55,232</u>	<u>\$ 105,311</u>

Maturities of long-term debt are as follows:

2012	\$ 49,750
2013	<u>5,482</u>
	<u>\$ 55,232</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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>
06/30/12	\$2,016

Note 5 – Federal Financial Assistance

The Organization has been awarded a grant from the U.S. Department of Housing and Urban Development to provide housing and other assistance to clients. The grant is considered an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Grant Activity for the years ended June 30, 2011 and 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Grant Receipts	\$ 138,495	\$ 158,779
Grant Expenditures	(82,554)	(84,056)
Grant Pass-through	<u>(55,941)</u>	<u>(74,723)</u>
Refundable advances	<u>\$ 0</u>	<u>\$ 0</u>

Note 6 – 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 7 - Concentrations

Grant Revenue/Receivables

The Agency receives substantial support (excluding in-kind donations) from various governmental agencies and private agencies throughout the year. However, for the fiscal year ending June 30, 2011, no one grantor contributed more than 10% of the Agencies revenue. However, the grants receivable of \$57,105 as of June 30, 2011 includes amounts due from Cook County and United Way that represent 71 % and 18%, respectively.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

Note 8 – Subsequent Events

The date to which the events occurring after June 20, 2011, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 30, 2011, the date on which the financial statements were issued.