

**TOGETHER WE COPE
FINANCIAL STATEMENTS
For the Fiscal Years Ended
June 30, 2012 and 2011**

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 statements of financial position of Together We Cope (a Non-Profit Organization) as of June 30, 2012 and 2011, 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, 2012 and 2011, 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 21, 2012
Mokena, IL

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

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STATEMENTS OF FINANCIAL POSITION
As of June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 289,654	\$ 261,604
Gift Certificates	3,340	2,245
Investments - at Market Value	1,076	1,367
Public Support Receivable	64,468	57,105
Inventory	23,944	18,387
Dividends Receivable	221	-
Total Current Assets	<u>382,703</u>	<u>340,708</u>
Property and Equipment:		
Land and Building	651,976	641,246
Furniture & Equipment	173,012	167,837
Less Accumulated Depreciation	<u>(344,309)</u>	<u>(305,382)</u>
Net Property and Equipment	<u>480,679</u>	<u>503,701</u>
Total Assets	<u>\$ 863,382</u>	<u>\$ 844,409</u>
<u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 12,332	\$ 23,110
Payroll Liabilities	26,218	18,460
Current Portion of Long-Term Debt	<u>5,575</u>	<u>49,750</u>
Total Current Liabilities	<u>44,125</u>	<u>91,320</u>
Other Liabilities		
Long-Term Debt	<u>-</u>	<u>5,482</u>
Total Liabilities	<u>44,125</u>	<u>96,802</u>
Net Assets		
Unrestricted	818,949	741,571
Temporarily Restricted	<u>308</u>	<u>6,036</u>
Total Net Assets	<u>819,257</u>	<u>747,607</u>
Total Liabilities and Net Assets	<u>\$ 863,382</u>	<u>\$ 844,409</u>

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

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STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Public Support and Revenue</u>						
Public Support						
Contributions						
Suburban United Ways Allocations	\$ 50,000		\$ 50,000	\$ 25,000		\$ 25,000
Individuals	86,610		86,610	78,693		78,693
In-Kind	2,117,614		2,117,614	1,687,660		1,687,660
Foundations and Organizations	184,562		184,562	174,988		174,988
Businesses and Corporations	74,213		74,213	60,359		60,359
Fundraising	138,760		138,760	131,349		131,349
Total Public Support	<u>2,651,759</u>	<u>-</u>	<u>2,651,759</u>	<u>2,158,049</u>	<u>-</u>	<u>2,158,049</u>
Revenue						
Simply Sensible Shoppe	294,667		294,667	221,342	-	221,342
Investment income	334		334	1,222	-	1,222
Government Grants	337,079	308	337,387	330,585	6,036	336,621
Satisfaction of Program Restriction	6,036	(6,036)	-	-	-	-
Other	4,140		4,140	5,039	-	5,039
Total Revenue	<u>642,256</u>	<u>(5,728)</u>	<u>636,528</u>	<u>558,188</u>	<u>6,036</u>	<u>564,224</u>
Total Public Support and Revenue	<u>3,294,015</u>	<u>(5,728)</u>	<u>3,288,287</u>	<u>2,716,237</u>	<u>6,036</u>	<u>2,722,273</u>
<u>Expenses</u>						
Program Services	2,993,579	-	2,993,579	2,431,692	-	2,431,692
Management and General	113,786	-	113,786	89,570	-	89,570
Fundraising	109,272	-	109,272	112,476	-	112,476
Total Expenses	<u>3,216,637</u>	<u>-</u>	<u>3,216,637</u>	<u>2,633,738</u>	<u>-</u>	<u>2,633,738</u>
Change in Net Assets	77,378	(5,728)	71,650	82,499	6,036	88,535
Net Assets						
Beginning of Year	<u>741,571</u>	<u>6,036</u>	<u>747,607</u>	<u>659,072</u>	<u>-</u>	<u>659,072</u>
End of Year	<u>\$ 818,949</u>	<u>\$ 308</u>	<u>\$ 819,257</u>	<u>\$ 741,571</u>	<u>\$ 6,036</u>	<u>\$ 747,607</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, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Cash flows from operating activities:</u>		
Change in Net Assets	\$ 71,650	\$ 88,535
		-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	38,927	36,501
Property Donations Received	(5,175)	
Change in Assets - Decrease (Increase):		
Accounts Receivable	(7,363)	46,317
Investments and Gift Certificates	(1,025)	1,621
Inventory	(5,557)	31,841
Change in Liabilities - Increase (Decrease):		
Accounts Payable & Payroll Liabilities	<u>(3,020)</u>	<u>20,733</u>
Net cash provided by operating activities	88,437	225,548
<u>Cash flows from investing activities:</u>		
Purchase of Property and Equipment	(10,730)	(21,051)
<u>Cash flows from financing activities:</u>		
Reduction of Long-Term Debt	<u>(49,657)</u>	<u>(50,079)</u>
Net increase (decrease) in cash and cash equivalents	28,050	154,418
Cash and cash equivalents, beginning of year	<u>261,604</u>	<u>107,186</u>
Cash and cash equivalents, end of year	<u><u>\$ 289,654</u></u>	<u><u>\$ 261,604</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash Payments for Interest	<u><u>\$ 2,039</u></u>	<u><u>\$ 4,696</u></u>

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

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STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2012

	2012			
	Program	Support Services		Total
	Services	Fund Raising	Management & General	
<u>Functional Expenses</u>				
Salaries	\$ 407,800	\$ 54,534	\$ 68,075	\$ 530,409
Employee Benefits	36,516	4,883	6,096	\$ 47,495
Payroll Tax	38,982	5,213	6,507	\$ 50,702
Outside Services	3,542	38	15,033	\$ 18,613
Client Services	2,390,980	-	-	\$ 2,390,980
Office Expenses	24,408	312	1,892	\$ 26,612
Insurance	10,764	443	1,155	\$ 12,362
Telephone	6,054	810	1,011	\$ 7,875
Occupancy	22,078	240	1,680	\$ 23,998
Miscellaneous	300	-	8,299	\$ 8,599
Fund Raising Costs	-	42,433	-	\$ 42,433
Depreciation Expense	35,730	348	2,849	\$ 38,927
Interest Expense	1,619	18	123	\$ 1,760
Volunteer Expenses	5,211	-	-	\$ 5,211
Vehicle Expenses	9,595	-	1,066	\$ 10,661
Total Expenses	<u>\$ 2,993,579</u>	<u>\$ 109,272</u>	<u>\$ 113,786</u>	<u>\$ 3,216,637</u>

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

	2011			
	Program	Support Services		
	Services	Fund Raising	Management & General	Total
<u>Functional Expenses</u>				
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>

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

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NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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 and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts. At June 30, 2012 and 2011, the Organization's cash accounts were fully insured by the Federal Deposit Insurance Corporation. The Organization considers all highly liquid investments available for current use with an initial maturity date of three months or less to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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.

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 (ranging from 5 – 39 years) 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, 2012 and 2011, 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 32,362 hours and 30,998 hours for the years ending June 30, 2012 and 2011, 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, 2012 and 2011, the Organization distributed approximately \$ 2,117,614 and \$ 1,687,770, 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 Organization's form 990, Return of Organization Exempt from Income Tax, for the years ending June 30, 2009, 2010 and 2011 are subject to examination by the IRS, generally for three years after the respective return was filed.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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, 2012 and 2011 in the amounts of \$23,580 and \$21,518, 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, 2012 and 2011 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>2012</u>	<u>2011</u>
Mortgage Note	\$ 5,575	\$ 52,868
Note Payable – 2007 Ford Econoline Van	<u> -</u>	<u> 2,364</u>
	<u>\$ 5,575</u>	<u>\$ 55,232</u>

Maturities of long-term debt are as follows:

2013	<u>\$ 5,575</u>
	<u>\$ 5,575</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

Note 4 – 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, 2012 and 2011 was as follows:

	<u>2012</u>	<u>2011</u>
Grant Receipts	\$ 283,180	\$ 138,495
Grant Expenditures	(189,032)	(82,554)
Grant Pass-through	<u>(94,148)</u>	<u>(55,941)</u>
Refundable advances	<u>\$ 0</u>	<u>\$ 0</u>

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 - 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, 2012, no one grantor contributed more than 10% of the Agencies revenue. However, the grants receivable of \$64,468 as of June 30, 2012 includes amounts due from Cook County and United Way that represent 51 % and 29%, respectively.

Note 7 – Subsequent Events

The date to which the events occurring after June 30, 2012, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is September 21, 2012, the date on which the financial statements were available to be issued.