TOGETHER WE COPE
FINANCIAL STATEMENTS
For the Fiscal Years Ended
June 30, 2013 and 2012

Prepared By:

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

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Annual Financial Report

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Together We Cope (a nonprofit organization), which comprise the statement of financial position as of June 30, 2013 and 2012, and the related statements of activities, cash flows, and functional expenses for the years 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 misstatement 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.

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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 respects, the financial position of Together We Cope as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hearne & Associates, P.C.

November 7, 2013
Mokena, IL

Hearne & Associates, P.C.
Certified Public Accountants

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STATEMENTS OF FINANCIAL POSITION
As of June 30, 2013 and 2012

	2013	2012
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 374,779	$ 289,654
Gift Certificates	3,002	3,340
Investments - at market value	1,631	1,076
Public Support Receivable	89,149	64,468
Inventory	29,459	23,944
Other receivables	5,134	221
Total Current Assets	503,154	382,703
Property and Equipment:		
Land and Building	1,002,854	651,976
Furniture & Equipment	179,766	173,012
Less Accumulated Depreciation	(376,757)	(344,309)
Net Property and Equipment	805,863	480,679
Total Assets	$ 1,309,017	$ 863,382
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 15,334	$ 12,332
Payroll Liabilities	30,723	26,218
Current portion of long-term debt	-	5,575
Total Current Liabilities	46,057	44,125
Total Liabilities	46,057	44,125
Net Assets		
Unrestricted	1,232,349	818,949
Temporarily Restricted	30,611	308
Total Net Assets	1,262,960	819,257
Total Liabilities and Net Assets	$ 1,309,017	$ 863,382

See independent auditors' report and notes to financial statements.

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STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2013 and 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue						
Public Support						
Contributions						
Suburban United Ways Allocations	$ 20,000	$ -	$ 20,000	$ 50,000	$ -	$ 50,000
Individuals	428,701	-	428,701	86,610	-	86,610
In-Kind	2,234,701	-	2,234,701	2,117,614	-	2,117,614
Foundations and Oganizations	185,062	-	185,062	184,562	-	184,562
Businesses and Corporations	100,612	-	100,612	74,213	-	74,213
Fundraising	180,989	-	180,989	138,760	-	138,760
Total Public Support	3,150,065	-	3,150,065	2,651,759	-	2,651,759
Revenue						
Simply Sensible Shoppe	298,535		298,535	294,667		294,667
Investment income	1,014		1,014	334		334
Government Grants	373,439	30,611	404,050	337,079	308	337,387
Satisfaction of program restriction	308	(308)	-	6,036	(6,036)	-
Other	14,017		14,017	4,140		4,140
Total Revenue	687,313	30,303	717,616	642,256	(5,728)	636,528
Total Public Support and Revenue	3,837,378	30,303	3,867,681	3,294,015	(5,728)	3,288,287
Expenses						
Program Services	3,184,784	-	3,184,784	2,993,579	-	2,993,579
Management and General	110,812	-	110,812	113,786	-	113,786
Fundraising	128,382	-	128,382	109,272	-	109,272
Total Expenses	3,423,978	-	3,423,978	3,216,637	-	3,216,637
Change in Net Assets	413,400	30,303	443,703	77,378	(5,728)	71,650
Net Assets						
Beginning of Year	818,949	308	819,257	741,571	6,036	747,607
End of Year	$1,232,349	$ 30,611	$1,262,960	$ 818,949	$ 308	$ 819,257

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STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	$ 443,703	$ 71,650
		-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	32,448	38,927
Property donations received	(350,000)	(5,175)
Change in assets - decrease (increase):		
Accounts receivable	(24,681)	(7,363)
Investments and Gift Certificates	(5,130)	(1,025)
Inventory	(5,515)	(5,557)
	-	-
Change in liabilities - increase (decrease):		
Accounts Payable & Payroll Liabilities	7,507	(3,020)
Net cash provided by operating activities	98,332	88,437
Cash flows from investing activities:		
Purchase of Property and Equipment	(7,632)	(10,730)
Cash flows from financing activities:		
Reduction of long-term debt	(5,575)	(49,657)
Net increase (decrease) in cash and cash equivalents	85,125	28,050
Cash and cash equivalents, beginning of year	289,654	261,604
Cash and cash equivalents, end of year	$ 374,779	$ 289,654
Supplemental Disclosure of Cash Flow Information:		
Cash Payments for Interest	$ 338	$ 2,039

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STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2013

	2013			
	Program	Support Services		
	Services	Fund Raising	Management & General	Total
Functional Expenses				
Salaries	$ 424,079	$ 62,212	$ 70,823	$ 557,114
Employee benefits	40,306	5,913	6,731	52,950
Payroll Tax	42,485	6,233	7,095	55,813
Outside Services	1,003	11	14,009	15,023
Client Services	2,559,981	-	-	2,559,981
Office expenses	26,401	553	2,187	29,141
Insurance	13,967	314	1,276	15,557
Telephone	4,988	732	833	6,553
Occupancy	19,652	214	1,495	21,361
Miscellaneous	700	-	2,726	3,426
Fund Raising costs	-	51,879	-	51,879
Depreciation Expense	29,840	318	2,289	32,447
Interest Expense	311	3	24	338
Volunteer Expenses	2,858	-	-	2,858
Vehicle Expenses	11,913	-	1,324	13,237
Bad debt expense	6,300	-	-	6,300
Total Expenses	$ 3,184,784	$ 128,382	$ 110,812	$ 3,423,978

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

	2012			
	Program	Support Services		
	Services	Fund Raising	Management & General	Total
Functional Expenses				
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	$ 2,993,579	$ 109,272	$ 113,786	$ 3,216,637

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NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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. 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, 2013 and 2012, the Organization had approximately $63,022 and $0 in excess of the Federally Insured limit. 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, 2013 and 2012

Inventory

Inventory includes donated items available for sale at the Nu2u resale shop. 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, 2013 and 2012, 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 33,444 hours and 32,362 hours for the years ending June 30, 2013 and 2012, 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, 2013 and 2012, the Organization received approximately $ 2,584,701 and $ 2,117,614, of in-kind support. Included in the in-kind support for the year ended June 30, 2013, is the receipt of a 3,150 square foot commercial office condominium with an appraised value of $350,000. For the years ended June 30, 2013 and 2012, the Organization distributed approximately $ 2,234,956 and $ 2,117,614, 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.

Reclassifications

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

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NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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, 2010, 2011 and 2012 are subject to examination by the IRS, generally for three years after the respective return was filed.

Note 2 – Nu2u Retail Shop

The Nu2u Retail Shop 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, 2013 and 2012 in the amounts of $24,140 and $23,580, 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 is 6.25%. The note was paid in full during the year ended June 30, 2013.

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

	2013	2012
Mortgage Note	$ 0	$ 5,575

Note 4 – Federal Financial Assistance

The Organization has been awarded various grants from multiple U.S. federal agencies. These grants are considered to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Activity related to the Organization's federal assistance programs for the years ended June 30, 2013 and 2012 was as follows:

	2013	2012
Grants received	$ 389,720	$ 312,825
Expenditures	(275,214)	(231,611)
Grant Pass-through	(106,881)	(94,148)
Refundable advances	$ 7,625	$ 0

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June 30, 2012 and 2011

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 Organization receives substantial support (excluding in-kind donations) from various governmental agencies and private agencies throughout the year. For the fiscal year ending June 30, 2013, approximately 15% of the Organization's total support (excluding in-kind donations) was received from the U.S. department of Housing and Urban Development (HUD). Additionally, as of June 30, 2013, the entire balance of grants receivable in the amount of $89,149 is comprised of amounts due from Cook County, United Way, and HUD representing approximately 72%, 16% and 12%, respectively, of the balance.

Note 7 – Subsequent Events

The date to which the events occurring after June 30, 2013, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is November 7, 2013, the date on which the financial statements were available to be issued.