

**TOGETHER WE COPE
ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended
June 30, 2016 and 2015**

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, 2016 and 2015, 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 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.

Auditors' 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 and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

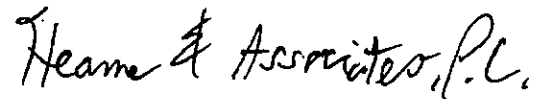
Opinion

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, 2016 and 2015, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2016, on our consideration of Together We Cope's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Together We Cope's internal control over financial reporting and compliance.

November 14, 2016
Mokena, IL



Heame & Associates, P.C.
Certified Public Accountants

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STATEMENTS OF FINANCIAL POSITION
As of June 30,

	2016	2015
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 220,939	\$ 259,765
Gift Certificates	1,271	2,452
Public Support Receivable	108,599	122,528
Inventory	38,215	28,417
Total Current Assets	369,024	413,162
Property and Equipment:		
Land and Building	1,024,725	1,022,593
Furniture & Equipment	348,628	299,978
Less Accumulated Depreciation	(511,136)	(456,478)
Net Property and Equipment	862,217	866,093
Total Assets	\$ 1,231,241	\$ 1,279,255
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 43,003	\$ 44,894
Payroll Liabilities	-	3,947
Current Portion of Long-term Debt	13,584	13,388
Total Current Liabilities	56,587	62,229
Other Liabilities		
Long-term Debt	14,769	28,346
Total Liabilities	71,356	90,575
Net Assets		
Unrestricted	1,156,712	1,182,544
Temporarily Restricted	3,173	6,136
Total Net Assets	1,159,885	1,188,680
Total Liabilities and Net Assets	\$ 1,231,241	\$ 1,279,255

See Independent Auditors' Report and Notes to Financial Statements.

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STATEMENTS OF ACTIVITIES
For the Years Ended June 30,

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue						
Public Support						
Contributions						
Suburban United Ways Allocations	\$ 75,000	\$ -	\$ 75,000	\$ 45,000	\$ -	\$ 45,000
Individuals	72,506	-	72,506	84,897	-	84,897
In-Kind	2,008,729	-	2,008,729	2,231,020	-	2,231,020
Foundations and Organizations	111,755	-	111,755	136,319	-	136,319
Businesses and Corporations	134,687	-	134,687	80,306	-	80,306
Fundraising	157,436	-	157,436	180,487	-	180,487
Total Public Support	2,560,113	-	2,560,113	2,758,029	-	2,758,029
Revenue						
Simply Sensible Shoppe	288,895	-	288,895	306,015	-	306,015
Investment Income	373	-	373	324	-	324
Government Grants	454,826	3,173	457,999	491,294	6,136	497,430
Satisfaction of Program Restriction	6,136	(6,136)	-	19,176	(19,176)	-
Other	22,560	-	22,560	10,728	-	10,728
Total Revenue	772,790	(2,963)	769,827	827,537	(13,040)	814,497
Total Public Support and Revenue	3,332,903	(2,963)	3,329,940	3,585,566	(13,040)	3,572,526
Expenses						
Program Services	3,079,267	-	3,079,267	3,330,241	-	3,330,241
Management and General	171,245	-	171,245	159,068	-	159,068
Fundraising	108,223	-	108,223	132,065	-	132,065
Total Expenses	3,358,735	-	3,358,735	3,621,374	-	3,621,374
Change in Net Assets	(25,832)	(2,963)	(28,795)	(35,808)	(13,040)	(48,848)
Net Assets						
Beginning of Year	1,182,544	6,136	1,188,680	1,218,352	19,176	1,237,528
End of Year	\$ 1,156,712	\$ 3,173	\$ 1,159,885	\$ 1,182,544	\$ 6,136	\$ 1,188,680

See Independent Auditors' Report and Notes to Financial Statements.

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STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	<u>2016</u>	<u>2015</u>
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ (28,795)	\$ (48,848)
Adjustments to reconcile change in Net Assets to Net Cash provided by operating activities:		
Depreciation	54,658	51,086
Property Donations Received	-	(24,090)
Change in Assets - Decrease (Increase):		
Accounts Receivable	13,929	(45,628)
Gift Certificates	1,181	(1,192)
Unrealized Gain (Loss) on Investments	-	-
Inventory	(9,798)	(5,161)
Change in Liabilities - Increase (Decrease):		
Accounts Payable & Payroll Liabilities	(5,838)	22,470
Net Cash (Used in) Operating Activities	<u>25,337</u>	<u>(51,363)</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Property and Equipment	(50,782)	(8,307)
Proceeds from Sale of Marketable Securities	-	901
Net Cash (Used in) Investing Activities	<u>(50,782)</u>	<u>(7,406)</u>
<u>Cash Flows from Financing Activities:</u>		
Proceeds from New Long-term Debt	-	-
Reduction of Long-term Debt	(13,381)	(13,189)
Net Cash Provided by (used in) Financing Activities	<u>(13,381)</u>	<u>(13,189)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(38,826)	(71,958)
Cash and Cash Equivalents, Beginning of Year	<u>259,765</u>	<u>331,723</u>
Cash and Cash Equivalents, End of Year	<u>\$ 220,939</u>	<u>\$ 259,765</u>
Supplemental Disclosure of Cash Flow Information:		
Property and Equipment Received via Donation	<u>\$ -</u>	<u>\$ 24,090</u>
Cash Payments for Interest	<u>\$ 464</u>	<u>\$ 656</u>

See Independent Auditors' Report and Notes to Financial Statements.

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STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30,

	Program Services		Support Services				Total	
	2016	2015	Fundraising		Management & General		2016	2015
			2016	2015	2016	2015		
Functional Expenses								
Salaries	\$ 508,129	\$ 519,049	\$ 34,337	\$ 46,241	\$ 74,445	\$ 61,848	\$ 616,911	\$ 627,138
Employee Benefits	41,216	48,022	2,785	4,278	6,039	5,722	50,040	58,022
Payroll Tax	42,195	40,945	2,851	3,648	6,182	4,879	51,228	49,472
Outside Services	4,270	2,899	455	309	21,499	21,971	26,224	25,179
Client Services	2,370,213	2,599,449	-	-	-	-	2,370,213	2,599,449
Office Expenses	19,530	21,118	1,605	1,761	4,302	4,691	25,437	27,570
Insurance	18,222	16,746	1,942	1,785	5,274	4,847	25,438	23,378
Telephone	4,904	5,678	331	506	718	677	5,953	6,861
Occupancy	23,446	28,727	12,141	16,132	26,071	34,456	61,658	79,315
Miscellaneous	-	-	-	-	12,347	5,555	12,347	5,555
Fundraising Costs	-	-	46,624	52,284	-	-	46,624	52,284
Depreciation Expense	36,317	33,174	5,152	5,121	13,189	12,791	54,658	51,086
Interest Expense	-	-	-	-	464	656	464	656
Volunteer Expenses	4,389	5,661	-	-	-	-	4,389	5,661
Vehicle Expenses	6,436	8,773	-	-	715	975	7,151	9,748
Total Expenses	\$ 3,079,267	\$ 3,330,241	\$ 108,223	\$ 132,065	\$ 171,245	\$ 159,068	\$ 3,358,735	\$ 3,621,374

See Independent Auditors' Report and Notes to the Financial Statements.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

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, Thornton, 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, 2016 and 2015, the Organization had no amounts 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, 2016 and 2015

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

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, 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.

During the year ended June 30, 2015, the Organization received an In-Kind donation of software valued at \$24,090.

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, 2016 and 2015, 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 30,765 hours and 29,117 hours for the years ending June 30, 2016 and 2015, 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, 2016 and 2015, the Organization received approximately \$2,008,729 and \$2,231,020, of in-kind support. For the years ended June 30, 2016 and 2015, the Organization distributed approximately \$2,008,729 and \$2,206,930, 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.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

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, 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after the respective return was filed.

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, 2016 and 2015 in the amounts of \$27,398 and \$26,698, respectively.

3. Long Term Debt

The Organization is currently obligated on a promissory note dated March 27, 2014 with MB Financial Bank. The original amount financed was \$30,000 and is secured by substantially all business assets. The rate on the promissory note as of June 30, 2016 is 2.599%.

The Organization is also currently obligated on a capital lease agreement dated December 23, 2013 and beginning on January 1, 2014 with Chicago Office Technology Group. The total amount of the lease is \$29,700 payable in 60 months.

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

	2016	2015
Promissory Note	\$ 13,503	\$ 20,944
Capital Lease	14,850	20,791
Total	\$ 28,353	\$ 41,735

Maturities for long-term debt payable are as follows:

Fiscal Year Ended	Note	Lease	Total
2017	\$ 7,644	\$ 5,940	\$ 13,584
2018	5,859	5,940	11,799
2019	-	2,970	2,970
	\$ 13,503	\$ 14,850	\$ 28,353

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NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

4. Federal Financial Assistance

The Organization has been awarded various grants from multiple U.S. federal agencies and include cash disbursements and non-cash food items. 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, 2016 and 2015 was as follows:

	2016	2015
Grants Received	\$ 804,101	\$ 726,365
Expenditures	(664,704)	(571,082)
Pass-Through	(139,397)	(155,283)
Carryover	\$ -	\$ -

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.

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, 2016 and 2015, approximately 23% and 25%, respectively, 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, 2016, the balance of grants receivable in the amount of \$108,599 is comprised of amounts due from Cook County and HUD, representing approximately 46% and 39%, respectively, of the balance.

7. Subsequent Events

The date to which the events occurring after June 30, 2016, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is November 14, 2016, the date on which the financial statements were available to be issued.