

**TOGETHER WE COPE  
ANNUAL FINANCIAL REPORT  
For the Fiscal Years Ended  
June 30, 2015 and 2014**

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, 2015 and 2014, 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, 2015 and 2014, 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.

October 30, 2015  
Mokena, IL



Hearne & Associates, P.C.  
Certified Public Accountants

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

	2015	2014
<b><u>Assets</u></b>		
Current Assets:		
Cash and Cash Equivalents	\$ 259,765	\$ 331,723
Gift Certificates	2,452	1,260
Investments - at Market Value	-	902
Public Support Receivable	122,528	54,119
Inventory	28,417	23,256
Other Receivables	-	22,781
Total Current Assets	413,162	434,041
Property and Equipment:		
Land and Building	1,022,593	1,022,593
Furniture & Equipment	299,978	267,581
Less Accumulated Depreciation	(456,478)	(405,393)
Net Property and Equipment	866,093	884,781
<b>Total Assets</b>	<b>\$ 1,279,255</b>	<b>\$ 1,318,822</b>
 <b><u>Liabilities and Net Assets</u></b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 44,894	\$ 23,772
Payroll Liabilities	3,947	2,599
Current Portion of Long-term Debt	13,388	13,197
Total Current Liabilities	62,229	39,568
Other Liabilities		
Long-term Debt	28,346	41,726
Total Liabilities	90,575	81,294
Net Assets		
Unrestricted	1,182,544	1,218,352
Temporarily Restricted	6,136	19,176
Total Net Assets	1,188,680	1,237,528
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,279,255</b>	<b>\$ 1,318,822</b>

See Independent Auditors' Report and Notes to Financial Statements.

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**STATEMENTS OF ACTIVITIES**  
**For the Years Ended June 30,**

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b><u>Public Support and Revenue</u></b>						
Public Support						
Contributions						
Suburban United Ways Allocations	\$ 45,000	\$ -	\$ 45,000	\$ 45,000	\$ -	\$ 45,000
Individuals	84,897	-	84,897	48,613	-	48,613
In-Kind	2,231,020	-	2,231,020	2,256,668	-	2,256,668
Foundations and Organizations	136,319	-	136,319	186,921	-	186,921
Businesses and Corporations	80,306	-	80,306	96,201	-	96,201
Fundraising	180,487	-	180,487	179,375	-	179,375
Total Public Support	<u>2,758,029</u>	<u>-</u>	<u>2,758,029</u>	<u>2,812,778</u>	<u>-</u>	<u>2,812,778</u>
Revenue						
Simply Sensible Shoppe	306,015	-	306,015	279,986	-	279,986
Investment Income	324	-	324	1,242	-	1,242
Government Grants	491,294	6,136	497,430	482,627	26,037	508,664
Satisfaction of Program Restriction	19,176	(19,176)	-	37,472	(37,472)	-
Other	10,728	-	10,728	12,528	-	12,528
Total Revenue	<u>827,537</u>	<u>(13,040)</u>	<u>814,497</u>	<u>813,855</u>	<u>(11,435)</u>	<u>802,420</u>
Total Public Support and Revenue	<u>3,585,566</u>	<u>(13,040)</u>	<u>3,572,526</u>	<u>3,626,633</u>	<u>(11,435)</u>	<u>3,615,198</u>
<b><u>Expenses</u></b>						
Program Services	3,330,241	-	3,330,241	3,391,672	-	3,391,672
Management and General	159,068	-	159,068	157,028	-	157,028
Fundraising	132,065	-	132,065	91,930	-	91,930
Total Expenses	<u>3,621,374</u>	<u>-</u>	<u>3,621,374</u>	<u>3,640,630</u>	<u>-</u>	<u>3,640,630</u>
Change in Net Assets	(35,808)	(13,040)	(48,848)	(13,997)	(11,435)	(25,432)
<b><u>Net Assets</u></b>						
Beginning of Year	1,218,352	19,176	1,237,528	1,232,349	30,611	1,262,960
End of Year	<u>\$ 1,182,544</u>	<u>\$ 6,136</u>	<u>\$ 1,188,680</u>	<u>\$ 1,218,352</u>	<u>\$ 19,176</u>	<u>\$ 1,237,528</u>

See Independent Auditors' Report and Notes to Financial Statements.

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

	2015	2014
<b><u>Cash Flows from Operating Activities:</u></b>		
Change in net assets	\$ (48,848)	\$ (25,432)
Adjustments to reconcile change in Net Assets to Net		
Cash provided by operating activities:		
Depreciation	51,086	28,636
Property Donations Received	(24,090)	(17,855)
Change in Assets - Decrease (Increase):		
Accounts Receivable	(45,628)	17,383
Gift Certificates	(1,192)	1,742
Unrealized Gain (Loss) on Investments	-	729
Inventory	(5,161)	6,203
Change in Liabilities - Increase (Decrease):		
Accounts Payable & Payroll Liabilities	22,470	(19,686)
Net Cash (Used in) Operating Activities	(51,363)	(8,280)
<b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of Property and Equipment	(8,307)	(89,699)
Proceeds from Sale of Marketable Securities	901	-
Net Cash (Used in) Investing Activities	(7,406)	(89,699)
<b><u>Cash Flows from Financing Activities:</u></b>		
Proceeds from New Long-term Debt	-	57,892
Reduction of Long-term Debt	(13,189)	(2,969)
Net Cash Provided by (used in) Financing Activities	(13,189)	54,923
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(71,958)	(43,056)
<b>Cash and Cash Equivalents, Beginning of Year</b>	331,723	374,779
<b>Cash and Cash Equivalents, End of Year</b>	\$ 259,765	\$ 331,723
<b><u>Supplemental Disclosure of Cash Flow Information:</u></b>		
Property and Equipment Received via Donation	\$ 24,090	\$ 17,855
Cash Payments for Interest	\$ 656	\$ 168

See Independent Auditors' Report and Notes to Financial Statements.

**TOGETHER WE COPE**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30,**

	Program Services		Support Services				Total	
	2015	2014	Fundraising		Management & General		2015	2014
			2015	2014	2015	2014		
<b><u>Functional Expenses</u></b>								
Salaries	\$ 519,049	\$ 480,543	\$ 46,241	\$ 39,199	\$ 61,848	\$ 68,254	\$ 627,138	\$ 587,996
Employee Benefits	48,022	54,467	4,278	4,443	5,722	7,736	58,022	66,646
Payroll Tax	40,945	40,426	3,648	3,298	4,879	5,742	49,472	49,466
Outside Services	2,899	8,906	309	97	21,971	21,064	25,179	30,067
Client Services	2,599,449	2,695,304	-	-	-	-	2,599,449	2,695,304
Office Expenses	21,118	18,397	1,761	220	4,691	1,296	27,570	19,913
Insurance	16,746	16,703	1,785	182	4,847	1,271	23,378	18,156
Telephone	5,678	8,991	506	733	677	1,277	6,861	11,001
Occupancy	28,727	24,968	16,132	271	34,456	38,981	79,315	64,220
Miscellaneous	-	-	-	-	5,555	7,872	5,555	7,872
Fundraising Costs	-	-	52,284	43,207	-	-	52,284	43,207
Depreciation Expense	33,174	26,333	5,121	280	12,791	2,023	51,086	28,636
Interest Expense	-	-	-	-	656	168	656	168
Volunteer Expenses	5,661	4,537	-	-	-	-	5,661	4,537
Vehicle Expenses	8,773	12,097	-	-	975	1,344	9,748	13,441
Total Expenses	<u>\$ 3,330,241</u>	<u>\$ 3,391,672</u>	<u>\$ 132,065</u>	<u>\$ 91,930</u>	<u>\$ 159,068</u>	<u>\$ 157,028</u>	<u>\$ 3,621,374</u>	<u>\$ 3,640,630</u>

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



**TOGETHER WE COPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**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, 2015 and 2014, the Organization had approximately \$-0- and \$21,500 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.

**TOGETHER WE COPE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**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. During the year ended June 30, 2014, the Organization received an In-Kind donation of office furniture valued at \$17,855.

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, 2015 and 2014, 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 29,117 hours and 29,699 hours for the years ending June 30, 2015 and 2014, 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, 2015 and 2014, the Organization received approximately \$2,231,020 and \$2,256,668, of in-kind support. For the years ended June 30, 2015 and 2014, the Organization distributed approximately \$2,206,930 and \$2,238,813, 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, 2015 and 2014**

**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, 2012, 2013 and 2014 are subject to examination by the IRS, generally for three years after the respective return was filed.

**2. Investments**

Together We Cope has adopted the fair value accounting guidance issued by the FASB. Fair value accounting guidance establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable input be used when available. The hierarchy is measured in three levels based on the reliability of inputs:

- Level 1 – Valuations based on quoted prices in active markets for identical assets as of the reporting date.
- Level 2 – Valuations based on pricing units that are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date.
- Level 3 – Valuations are derived from other valuations methodologies, including pricing models, discounted cash flow models, and similar techniques.

Together We Cope's investment balance of \$902 as of June 30, 2014 is comprised of equity securities at the Level 1 input. During the year ended June 30, 2015, the Organization liquidated its entire portfolio of marketable securities.

**3. 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, 2015 and 2014 in the amounts of \$26,698 and \$22,343, respectively.

**4. 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, 2014 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.

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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**4. Long Term Debt (continued)**

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

	<u>2015</u>	<u>2014</u>
Promissory Note	\$ 20,944	\$ 28,193
Capital Lease	<u>20,791</u>	<u>26,730</u>
Total	<u>\$ 41,735</u>	<u>\$ 54,923</u>

Maturities for long-term debt payable are as follows:

<u>Fiscal Year Ended</u>	<u>Note</u>	<u>Lease</u>	<u>Total</u>
2016	\$ 7,448	\$ 5,940	\$ 13,388
2017	7,644	5,940	13,584
2018	5,852	5,940	11,792
2019	-	2,971	2,971
	<u>\$ 20,944</u>	<u>\$ 20,791</u>	<u>\$ 41,735</u>

**5. 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, 2015 and 2014 was as follows:

	<u>2015</u>	<u>2014</u>
Grants Received	\$ 726,365	\$ 737,692
Expenditures	(571,082)	(584,433)
Pass-Through	<u>(155,283)</u>	<u>(153,259)</u>
Carryover	<u>\$ -</u>	<u>\$ -</u>

**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.

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**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**7. 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, 2015 and 2014, approximately 25% and 24%, 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, 2015, the balance of grants receivable in the amount of \$122,528 is comprised of amounts due from Cook County, HUD, and FEMA representing approximately 45%, 29%, and 24%, respectively, of the balance.

**8. Subsequent Events**

The date to which the events occurring after June 30, 2015, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is October 30, 2015, the date on which the financial statements were available to be issued.