

**TOGETHER WE COPE
ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended
June 30, 2017 and 2016**

Prepared By:

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

TOGETHER WE COPE

Annual Financial Report

Table of Contents

Independent Auditors' Report..... 1-2

Financial Statements:

 Statements of Financial Position.....3

 Statements of Activities4

 Statements of Cash Flows.....5

 Statements of Functional Expenses6

Notes to Financial Statements.....7-11



HEARNE & ASSOCIATES, P.C.

Certified Public Accountants & Business Consultants

David J. Hearne, Jr., CPA (1928-2014) Founder
Phillip M. Hearne, CPA
Anthony M. Scott, CPA
John C. Williams, CPA, MST

Matthew R. Truschka, Acct.
Jessica L. Leonard, Acct.

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, 2017 and 2016, 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.

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 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.

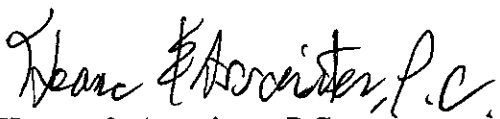
An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, 2017 and 2016, 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.

April 16, 2018
Mokena, IL


Hearne & Associates, P.C.
Certified Public Accountants

TOGETHER WE COPE
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2017 and 2016

	2017	2016
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 75,887	\$ 220,939
Gift Certificates	633	1,271
Public Support Receivable	94,517	108,599
Inventory	44,834	38,215
Total Current Assets	215,871	369,024
Property and Equipment:		
Land and Building	1,024,725	1,024,725
Furniture & Equipment	348,628	348,628
Less Accumulated Depreciation	(566,483)	(511,136)
Net Property and Equipment	806,870	862,217
Total Assets	\$ 1,022,741	\$ 1,231,241
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 16,281	\$ 26,475
Payroll Liabilities	22,877	16,528
Current Portion of Long-term Debt	11,803	13,584
Total Current Liabilities	50,961	56,587
Other Liabilities		
Long-term Debt	2,475	14,769
Total Liabilities	53,436	71,356
Net Assets		
Unrestricted	965,167	1,156,712
Temporarily Restricted	4,138	3,173
Total Net Assets	969,305	1,159,885
Total Liabilities and Net Assets	\$ 1,022,741	\$ 1,231,241

See Independent Auditors' Report and Notes to Financial Statements.

TOGETHER WE COPE
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<u>Public Support and Revenue</u>						
Public Support						
Contributions						
Suburban United Ways Allocations	\$ 75,000	\$ -	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
Individuals	85,393	-	85,393	72,506	-	72,506
In-Kind	1,827,217	-	1,827,217	2,008,729	-	2,008,729
Foundations and Organizations	85,022	-	85,022	111,755	-	111,755
Businesses and Corporations	55,509	-	55,509	134,687	-	134,687
Fundraising	144,343	-	144,343	157,436	-	157,436
Total Public Support	<u>2,272,484</u>	<u>-</u>	<u>2,272,484</u>	<u>2,560,113</u>	<u>-</u>	<u>2,560,113</u>
Revenue						
Simply Sensible Shoppe	302,781	-	302,781	288,895	-	288,895
Investment Income	313	-	313	373	-	373
Government Grants	421,269	4,138	425,407	454,826	3,173	457,999
Satisfaction of Program Restriction	3,173	(3,173)	-	6,136	(6,136)	-
Other	2,198	-	2,198	22,560	-	22,560
Total Revenue	<u>729,734</u>	<u>965</u>	<u>730,699</u>	<u>772,790</u>	<u>(2,963)</u>	<u>769,827</u>
Total Public Support and Revenue	<u>3,002,218</u>	<u>965</u>	<u>3,003,183</u>	<u>3,332,903</u>	<u>(2,963)</u>	<u>3,329,940</u>
<u>Expenses</u>						
Program Services	2,907,913	-	2,907,913	3,079,267	-	3,079,267
Management and General	179,390	-	179,390	171,245	-	171,245
Fundraising	106,460	-	106,460	108,223	-	108,223
Total Expenses	<u>3,193,763</u>	<u>-</u>	<u>3,193,763</u>	<u>3,358,735</u>	<u>-</u>	<u>3,358,735</u>
Change in Net Assets	(191,545)	965	(190,580)	(25,832)	(2,963)	(28,795)
<u>Net Assets</u>						
Beginning of Year	1,156,712	3,173	1,159,885	1,182,544	6,136	1,188,680
End of Year	<u>\$ 965,167</u>	<u>\$ 4,138</u>	<u>\$ 969,305</u>	<u>\$ 1,156,712</u>	<u>\$ 3,173</u>	<u>\$ 1,159,885</u>

See Independent Auditors' Report and Notes to Financial Statements.

TOGETHER WE COPE
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	2017	2016
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ (190,580)	\$ (28,795)
Adjustments to reconcile change in Net Assets to Net		
Cash provided by operating activities:		
Depreciation	55,347	54,658
Change in Assets - Decrease (Increase):		
Accounts Receivable	14,082	13,929
Gift Certificates	638	1,181
Inventory	(6,619)	(9,798)
Change in Liabilities - Increase (Decrease):		
Accounts Payable & Payroll Liabilities	(3,845)	(5,838)
Net Cash (Used in) Operating Activities	(130,977)	25,337
<u>Cash Flows from Investing Activities:</u>		
Purchase of Property and Equipment	-	(50,782)
Net Cash (Used in) Investing Activities	-	(50,782)
<u>Cash Flows from Financing Activities:</u>		
Reduction of Long-term Debt	(14,075)	(13,381)
Net Cash Provided by (used in) Financing Activities	(14,075)	(13,381)
Net Increase (Decrease) in Cash and Cash Equivalents	(145,052)	(38,826)
Cash and Cash Equivalents, Beginning of Year	220,939	259,765
Cash and Cash Equivalents, End of Year	\$ 75,887	\$ 220,939
Supplemental Disclosure of Cash Flow Information:		
Cash Payments for Interest	\$ 264	\$ 464

See Independent Auditors' Report and Notes to Financial Statements.

TOGETHER WE COPE
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2017 and 2016

	Program Services		Support Services			Total
	2017	2016	Fundraising	Management & General		
				2017	2016	
Functional Expenses						
Salaries	\$ 555,560	\$ 508,129	\$ 37,572	\$ 34,337	\$ 81,418	\$ 674,550
Employee Benefits	33,799	41,216	2,286	2,785	4,953	41,038
Payroll Tax	44,184	42,195	2,988	2,851	6,475	53,647
Outside Services	4,852	4,270	965	455	25,906	31,723
Client Services	2,110,024	2,370,213	-	-	-	2,110,024
Office Expenses	20,099	19,530	1,928	1,605	5,155	27,182
Insurance	24,686	18,222	2,631	1,942	7,145	34,462
Telephone	6,636	4,904	449	331	972	8,057
Occupancy	31,131	23,446	12,161	12,141	26,696	69,988
Miscellaneous	843	-	57	-	6,922	7,822
Fundraising Costs	-	-	41,248	46,624	-	41,248
Depreciation Expense	39,508	36,317	4,175	5,152	11,664	55,347
Interest Expense	-	-	-	-	264	264
Volunteer Expenses	12,206	4,389	-	-	-	12,206
Vehicle Expenses	16,383	6,436	-	-	1,820	18,203
Bad Debt Expense	8,002	-	-	-	-	8,002
Total Expenses	\$ 2,907,913	\$ 3,079,267	\$ 106,460	\$ 108,223	\$ 179,390	\$ 3,193,763
						\$ 3,358,735

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

TOGETHER WE COPE
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017 and 2016, 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.

TOGETHER WE COPE
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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.

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, 2017 and 2016, 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 29,466 hours and 30,765 hours for the years ending June 30, 2017 and 2016, 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, 2017 and 2016, the Organization received approximately \$1,827,217 and \$2,008,729, of in-kind support. For the years ended June 30, 2017 and 2016, the Organization distributed approximately \$1,827,217 and \$2,008,729, 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.

TOGETHER WE COPE
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2014, 2015 and 2016 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.

As of June 30, 2017 & 2016 the Organization did not have any 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, 2017 and 2016 in the amounts of \$30,352 and \$27,398, 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, 2017 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.

TOGETHER WE COPE
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

4. Long Term Debt

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

	<u>2017</u>	<u>2016</u>
Promissory Note	\$ 5,863	\$ 13,503
Capital Lease	<u>8,415</u>	<u>14,850</u>
Total	<u>\$ 14,278</u>	<u>\$ 28,353</u>

Maturities for long-term debt payable are as follows:

<u>Fiscal Year Ended</u>	<u>Note</u>	<u>Lease</u>	<u>Total</u>
2018	\$ 5,863	\$ 5,940	\$ 11,803
2019	-	<u>2,475</u>	<u>2,475</u>
	<u>\$ 5,863</u>	<u>\$ 8,415</u>	<u>\$ 14,278</u>

On September 6, 2017, the Organization traded in its copier and signed a new lease agreement for a new copier. The total amount of this lease is \$33,540 payable in 60 monthly installments of \$559.

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, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Grants Received	\$ 772,182	\$ 804,101
Expenditures	(705,532)	(664,704)
Pass-Through	<u>(66,650)</u>	<u>(139,397)</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.

TOGETHER WE COPE
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017 and 2016, approximately 13% and 23%, 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, 2017, the balance of grants receivable in the amount of \$94,517 is comprised of amounts due from Cook County, HUD, and FEMA representing approximately 57%, 25%, and 17%, respectively, of the balance.

8. Subsequent Events

The date to which the events occurring after June 30, 2017, the date of the most recent balance sheet, have been evaluated for possible adjustment to the financial statements or disclosure is April 16, 2018, the date on which the financial statements were available to be issued.