

**TOGETHER WE COPE
ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended
June 30, 2019 and 2018**

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, 2019 and 2018, 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. 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, 2019 and 2018, 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.

Change in Presentation of Financial Statements

As discussed in Note 2 to the financial statements, in 2019, the Organization adopted Accounting Standards Update (ASU) No. 2016-14, Not for Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

February 14, 2020
Mokena, IL


Hearne & Associates, P.C.
Certified Public Accountants

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STATEMENTS OF FINANCIAL POSITION
As of June 30, 2019 and 2018

	2019	2018
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 60,234	\$ 91,346
Gift Certificates	603	348
Public Support Receivable	120,413	88,886
Inventory	64,193	62,217
Total Current Assets	245,443	242,797
Property and Equipment:		
Land and Building	1,024,725	1,024,725
Furniture & Equipment	352,468	352,468
Less: Accumulated Depreciation	(650,372)	(597,991)
Net Property and Equipment	726,821	779,202
Total Assets	\$ 972,264	\$ 1,021,999
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 12,525	\$ 17,057
Payroll Liabilities	37,171	25,347
Current Portion of Long-term Debt	7,267	6,708
Total Current Liabilities	56,963	49,112
Other Liabilities		
Long-term Debt	15,652	22,360
Total Liabilities	72,615	71,472
Net Assets		
Without Donor Restriction	896,523	947,844
With Donor Restriction	3,126	2,683
Total Net Assets	899,649	950,527
Total Liabilities and Net Assets	\$ 972,264	\$ 1,021,999

See Independent Auditors' Report and Notes to Financial Statements.

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STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2019 and 2018

	2019		2018	
	Without Donor Restriction	With Donor Restriction	Without Donor Restriction	With Donor Restriction
Public Support, Revenue and Gains				
Public Support				
Contributions				
Suburban United Ways Allocations	\$ 75,000	\$ -	\$ 75,000	\$ -
Individuals	70,617	-	70,617	-
In-Kind	2,056,091	-	2,056,091	-
Foundations and Organizations	78,227	-	78,227	-
Businesses and Corporations	61,645	-	61,645	-
Fundraising	121,539	-	121,539	-
Total Public Support	2,463,119	-	2,463,119	-
Revenue	362,773	-	362,773	-
Simply Sensible Shoppe	-	-	349,748	-
Investment Income	-	-	163	-
Government Grants	577,309	3,126	560,786	2,683
Satisfaction of Program Restriction	2,683	(2,683)	4,138	(4,138)
Other	5,387	-	3,051	-
Total Revenue	948,152	443	917,886	(1,455)
Total Public Support, Revenue and Gains	3,411,271	443	3,323,988	(1,455)
Expenses				
Program Services	3,052,196	-	2,982,323	-
Management and General	245,299	-	220,137	-
Fundraising	165,097	-	138,851	-
Total Expenses	3,462,592	-	3,341,311	-
Change in Net Assets	(51,321)	443	(17,323)	(1,455)
Net Assets				
Beginning of Year	947,844	2,683	965,167	4,138
End of Year	\$ 896,523	\$ 3,126	\$ 947,844	\$ 2,683
				\$ 950,527

See Independent Auditors' Report and Notes to Financial Statements.

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STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2019 and 2018

	Program Services		Support Services				Total	
	2019	2018	Management & General		Fundraising			
			2019	2018	2019	2018		
Functional Expenses								
Salaries	\$ 585,345	\$ 572,110	\$ 140,362	\$ 113,902	\$ 96,232	\$ 68,104	\$ 821,939	\$ 754,116
Employee Benefits	21,947	21,903	5,263	4,361	3,608	2,607	30,818	28,871
Payroll Tax	48,808	50,696	11,704	10,093	8,024	6,035	68,536	66,824
Outside Services	7,556	2,040	31,443	22,420	1,141	1,812	40,140	26,272
Client Services	2,266,024	2,205,873	-	-	-	-	2,266,024	2,205,873
Office Expenses	10,396	12,315	2,797	3,051	1,117	1,298	14,310	16,664
Insurance	19,161	27,437	5,546	7,942	2,042	2,924	26,749	38,303
Telephone	5,758	6,638	1,381	1,322	947	790	8,086	8,750
Occupancy	26,682	31,018	27,298	28,205	12,631	12,919	66,611	72,142
Miscellaneous	844	244	6,351	16,307	139	29	7,334	16,580
Fundraising Costs	-	-	-	-	35,165	38,225	35,165	38,225
Depreciation Expense	37,112	39,113	11,218	11,485	4,051	4,108	52,381	54,706
Interest Expense	-	-	-	65	-	-	-	65
Volunteer Expenses	5,107	4,083	-	-	-	-	5,107	4,083
Vehicle Expenses	17,420	8,853	1,936	984	-	-	19,356	9,837
Bad Debt Expense	36	-	-	-	-	-	36	-
Total Expenses	\$ 3,052,196	\$ 2,982,323	\$ 245,299	\$ 220,137	\$ 165,097	\$ 138,851	\$ 3,462,592	\$ 3,341,311

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

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STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	2019	2018
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ (50,878)	\$ (18,778)
Adjustments to reconcile change in Net Assets to Net		
Cash provided by operating activities:		
Depreciation	52,381	54,706
Loss on trade in of equipment	-	67
Change in Assets - Decrease (Increase):		
Accounts Receivable	(31,527)	5,631
Gift Certificates	(255)	285
Inventory	(1,976)	(17,383)
Change in Liabilities - Increase (Decrease):		
Accounts Payable & Payroll Liabilities	7,292	3,246
Net Cash (Used in) Operating Activities	(24,963)	27,774
<u>Cash Flows from Financing Activities:</u>		
Reduction of Long-term Debt	(6,149)	(12,315)
Net Cash Provided by (used in) Financing Activities	(6,149)	(12,315)
Net Increase (Decrease) in Cash and Cash Equivalents	(31,112)	15,459
Cash and Cash Equivalents, Beginning of Year	91,346	75,887
Cash and Cash Equivalents, End of Year	\$ 60,234	\$ 91,346
Supplemental Disclosure of Cash Flow Information:		
Property and Equipment Financed with Capital Lease	\$ -	\$ 33,540
Cash Payments for Interest	\$ 576	\$ 65

See Independent Auditors' Report and Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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 Organization's financial statements have been prepared in accordance with the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Basis of Presentation

Together We Cope presents financial information pursuant to Financial Accounting Standards Board (FASB) Accounting Standards for Not-For-Profit Entities which establishes standards for external financial reporting by not-for-profit organizations and requires the resources be classified into distinct net asset categories according to externally (donor) imposed restrictions.

Net Assets Without Donor Restrictions – Net Assets that are not subject to donor-imposed restrictions are net assets without donor restrictions. The assets include the revenues and expenses of the primary operations of the Organization. Donor restricted contributions and grants whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or grant-imposed stipulation that may or will be met either by actions of the Organization and/or the passage of time are classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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, 2019 and 2018, 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.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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

Liquidity and Availability of Resources

As of June 30, 2019, Together We Cope ended with a cash and cash equivalent and a public support receivable combined balance of \$180,647. This is a \$415 increase from the previous year balance of \$180,232. Liquidity issues have arisen in the subsequent months following the fiscal year-ending June 30, 2019. A loan, totaling \$25,000, from a major donor was needed for operating expenses.

Functional Expenses

The Organization allocated its expenses on a functional basis among its various programs and supporting activities. Expenses that can be identified with a specific program, management and general or fundraising activity are allocated directly to those programs or activities. The expenses that are allocated include salaries and related costs which are allocated on the basis of estimated time and effort. Other expenses are allocated based on space or usage for the various activities of the Organization.

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. The Organization did not have investments as of June 30, 2019 or 2018.

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.

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, 2019 and 2018, there were \$7,875 and \$0 of 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 30,594 hours and 31,214 hours for the years ending June 30, 2019 and 2018, 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, 2019 and 2018, the

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NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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

Organization received approximately \$2,056,091 and \$1,987,005, of in-kind support. For the years ended June 30, 2019 and 2018, the Organization distributed approximately \$2,056,091 and \$1,987,005, 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, 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after the respective return was filed.

2. Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Board (FASB) Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for Profit Entities. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three to two - net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by the Organization, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Foundation adopted the ASU effective with the June 30, 2019 financial statements and the comparative June 30, 2018 financial statements included with this report.

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, 2019 and 2018 in the amounts of \$35,707 and \$34,511, respectively.

4. Long-Term Debt

The Organization was 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 was \$29,700 payable in 60 months. The lease was terminated during the fiscal year-ending June 30, 2018 upon the trade-in of the copier equipment for a new copier and related lease.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

4. Long-Term Debt (continued)

On September 6, 2017 the Organization entered into a capital lease agreement with Chicago Office Technology Group for a new copier. The total amount of the lease is \$33,540 payable in 60 monthly installments of \$559.

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

	2019	2018
Capital Lease	\$ 22,919	\$ 29,068

Maturities for long-term debt payable are as follows:

Fiscal Year Ended	Lease
2020	\$ 7,267
2021	6,708
2022	6,708
2023	2,236
	\$ 22,919

5. Net Asset Restrictions

With Donor Restrictions are for the Emergency Shelter Rapid-Rehousing Grant for funds that were unspent as of year-end. As of June 30, 2019, and 2018, the balance of the With Donor Restrictions were \$3,126 and \$2,683, respectively.

6. 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, 2019 and 2018 was as follows:

	2019	2018
Grants Received	\$ 893,460	\$ 725,923
Expenditures	(810,066)	(658,167)
Pass-Through	(83,394)	(67,756)
Carryover	\$ -	\$ -

7. 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, 2019 and 2018

8. 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, 2019, approximately 14% of the Organization's total support (excluding in-kind donations) was received from the State of Illinois. For the fiscal year ending June 30, 2018, approximately 14%, respectively, of the Organization's total support (excluding in-kind donations) was received from the U.S. Department of Housing and Urban Development (HUD). As of June 30, 2019, \$110,851 of the balance of grants receivable is comprised of amounts due from HUD, the State of Illinois, and Cook County, representing approximately 38%, 26%, and 33%, respectively, of the total balance of \$120,413. As of June 30, 2018, \$85,605 of the balance of grants receivable is comprised of amounts due from HUD, the State of Illinois, and Cook County representing approximately 37%, 31%, and 28%, respectively, of the total balance of \$88,886.

9. Subsequent Events

The date to which the events occurring after June 30, 2019, the date of the most recent balance sheet, have been evaluated for possible adjustments to the financial statements or disclosure is the date of the independent auditor's report, the date on which the financial statements were issued. Any subsequent events requiring disclosure are discussed in the relevant footnote.