

**TOGETHER WE COPE
ANNUAL FINANCIAL REPORT
For the Fiscal Years Ended
June 30, 2021 and 2020**

Prepared By:

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

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Annual Financial Report

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David J. Hearne, Jr., CPA (1928-2014) Founder
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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, 2021 and 2020, 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, 2021 and 2020, 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.

January 26, 2022
Mokena, IL


Hearne & Associates, P.C.
Certified Public Accountants

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STATEMENTS OF FINANCIAL POSITION
As of June 30, 2021 and 2020

	2021	2020
<u>Assets</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 313,838	\$ 165,628
Restricted Cash	-	125,000
Gift Certificates	2,333	383
Public Support Receivable	291,172	190,256
Inventory	49,207	61,524
Total Current Assets	656,550	542,791
Property and Equipment:		
Land and Building	1,024,725	1,024,725
Furniture & Equipment	352,468	352,468
Less: Accumulated Depreciation	(733,545)	(693,998)
Net Property and Equipment	643,648	683,195
Total Assets	\$ 1,300,198	\$ 1,225,986
 <u>Liabilities and Net Assets</u>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 2,402	\$ 12,359
Payroll Liabilities	35,258	33,724
Current Portion of Long-term Debt	6,708	6,708
Total Current Liabilities	44,368	52,791
Other Liabilities		
Long-term Debt	2,236	8,944
Total Liabilities	46,604	61,735
Net Assets		
Without Donor Restriction	1,248,275	1,037,138
With Donor Restriction	5,319	127,113
Total Net Assets	1,253,594	1,164,251
Total Liabilities and Net Assets	\$ 1,300,198	\$ 1,225,986

See Independent Auditors' Report and Notes to Financial Statements.

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STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
<u>Public Support, Revenue and Gains</u>						
Public Support						
Contributions						
Suburban United Ways Allocations	\$ 70,376	\$ -	\$ 70,376	\$ 136,500	\$ -	\$ 136,500
Individuals	158,515	-	158,515	109,207	-	109,207
In-Kind	1,270,516	-	1,270,516	1,826,731	-	1,826,731
Foundations and Organizations	87,478	-	87,478	108,598	-	108,598
Businesses and Corporations	98,287	-	98,287	66,818	-	66,818
Fundraising	13,813	-	13,813	107,214	-	107,214
Total Public Support	<u>1,698,985</u>	<u>-</u>	<u>1,698,985</u>	<u>2,355,068</u>	<u>-</u>	<u>2,355,068</u>
Revenue						
Simply Sensible Shoppe	269,659	-	269,659	257,919	-	257,919
Government Grants						
Paycheck Protection Program Loan Forgiveness	-	-	-	-	125,000	125,000
Other	801,261	5,319	806,580	652,012	2,113	654,125
Satisfaction of Program Restriction	127,113	(127,113)	-	3,126	(3,126)	-
Other	3,606	-	3,606	4,264	-	4,264
Total Revenue	<u>1,201,639</u>	<u>(121,794)</u>	<u>1,079,845</u>	<u>917,321</u>	<u>123,987</u>	<u>1,041,308</u>
Total Public Support, Revenue and Gains	<u>2,900,624</u>	<u>(121,794)</u>	<u>2,778,830</u>	<u>3,272,389</u>	<u>123,987</u>	<u>3,396,376</u>
<u>Expenses</u>						
Program Services	2,344,939	-	2,344,939	2,800,305	-	2,800,305
Management and General	223,983	-	223,983	208,463	-	208,463
Fundraising	120,565	-	120,565	123,006	-	123,006
Total Expenses	<u>2,689,487</u>	<u>-</u>	<u>2,689,487</u>	<u>3,131,774</u>	<u>-</u>	<u>3,131,774</u>
Change in Net Assets	211,137	(121,794)	89,343	140,615	123,987	264,602
<u>Net Assets</u>						
Beginning of Year	1,037,138	127,113	1,164,251	896,523	3,126	899,649
End of Year	<u>\$ 1,248,275</u>	<u>\$ 5,319</u>	<u>\$ 1,253,594</u>	<u>\$ 1,037,138</u>	<u>\$ 127,113</u>	<u>\$ 1,164,251</u>

See Independent Auditors' Report and Notes to Financial Statements.

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STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2021 and 2020

	Program Services		Support Services				Total	
	2021	2020	Management & General		Fundraising		2021	2020
			2021	2020	2021	2020		
<u>Functional Expenses</u>								
Salaries	\$ 570,664	\$ 513,819	\$ 104,970	\$ 114,560	\$ 68,203	\$ 86,044	\$ 743,837	\$ 714,423
Employee Benefits	14,100	9,963	2,594	2,221	1,685	1,668	18,379	13,852
Payroll Tax	45,073	41,490	8,291	9,251	5,387	6,948	58,751	57,689
Outside Services	6,126	3,307	49,448	22,112	653	390	56,227	25,809
Client Services	1,603,079	2,122,057	-	-	-	-	1,603,079	2,122,057
Office Expenses	15,539	10,579	2,996	2,944	1,121	1,143	19,656	14,666
Insurance	28,354	26,970	8,207	7,806	3,022	2,875	39,583	37,651
Telephone	10,022	7,504	1,843	1,673	1,198	1,257	13,063	10,434
Occupancy	20,060	23,189	30,086	22,454	14,278	10,342	64,424	55,985
Miscellaneous	1,269	774	6,306	15,046	103	130	7,678	15,950
Fundraising Costs	-	-	-	-	21,492	8,705	21,492	8,705
Depreciation Expense	27,026	30,502	9,098	9,620	3,423	3,504	39,547	43,626
Volunteer Expenses	1,563	2,477	-	-	-	-	1,563	2,477
Vehicle Expenses	2,064	6,984	144	776	-	-	2,208	7,760
Bad Debt Expense	-	690	-	-	-	-	-	690
Total Expenses	<u>\$ 2,344,939</u>	<u>\$ 2,800,305</u>	<u>\$ 223,983</u>	<u>\$ 208,463</u>	<u>\$ 120,565</u>	<u>\$ 123,006</u>	<u>\$ 2,689,487</u>	<u>\$ 3,131,774</u>

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

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STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	2021	2020
<u>Cash Flows from Operating Activities:</u>		
Change in net assets	\$ 89,343	\$ 264,602
Adjustments to reconcile change in Net Assets to Net		
Cash provided by operating activities:		
Depreciation	39,547	43,626
Change in Assets - Decrease (Increase):		
Accounts Receivable	(100,916)	(69,843)
Gift Certificates	(1,950)	220
Inventory	12,317	2,669
Change in Liabilities - Increase (Decrease):		
Accounts Payable & Payroll Liabilities	(8,423)	(3,613)
Net Cash (Used in) Operating Activities	29,918	237,661
<u>Cash Flows from Financing Activities:</u>		
Reduction of Long-term Debt	(6,708)	(7,267)
Net Cash Provided by (used in) Financing Activities	(6,708)	(7,267)
Net Increase (Decrease) in Cash and Cash Equivalents	23,210	230,394
Cash and Cash Equivalents, Beginning of Year	290,628	60,234
Cash and Cash Equivalents, End of Year	\$ 313,838	\$ 290,628
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash Payments for Interest	\$ 576	\$ -

See Independent Auditors' Report and Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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, 2021 and 2020, the Organization had amounts in excess of the Federally Insured limit of \$250,000 in the amounts of \$95,633 and \$74,310, respectively. 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, 2021 and 2020

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

Liquidity and Availability of Resources

As of June 30, 2021 and 2020, Together We Cope ended with a cash and cash equivalent and a public support receivable combined balance of \$605,010 and \$480,884, respectively. This is a \$124,126 increase from the previous year balance.

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.

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.

Revenue Recognition for Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of beneficial interest is received. Conditional promises to give; that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions resulting from split-interest agreements, measured at the time into which the agreements are entered, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract. 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 assets, or if they are designated as support for future periods. When a donor restriction expires; that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified from restrictions. Donor-restricted contributions, whose restrictions are met in the same period as received, are shown as contributions without donor restrictions on the statement of activities.

Revenue Recognition for Government Grants

The Organization receives revenue from cost-reimbursable federal and state grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Organization has incurred expenditure

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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

compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

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, 2021 and 2020, there were \$13,650 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 12,494 hours and 30,594 hours for the years ending June 30, 2021 and 2020, 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, 2021 and 2020, the Organization received approximately \$1,268,191 and \$1,826,356 of in-kind support. For the years ended June 30, 2021 and 2020, the Organization distributed approximately \$1,268,191 and \$1,826,356, 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, 2019, 2020 and 2021 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, 2021 and 2020 in the amounts of \$26,816 and \$25,374, respectively.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

3. Fixed Assets

The Organization incurred depreciation expense in the amount of \$39,547 and \$43,626 for the years ended June 30, 2021 and 2020, respectively. The following table shows the fixed asset activity for the year:

	Beginning			Ending
<i>Nondepreciable Assets</i>	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>
Land	\$ 135,000	\$ -	\$ -	\$ 135,000
<i>Depreciable Assets</i>				
Building and Improvements	889,725	-	-	889,725
Furniture & Equipment	<u>352,468</u>	<u>-</u>	<u>-</u>	<u>352,468</u>
Total	1,377,193	-	-	1,377,193
Less: Accumulated Depreciation	<u>693,998</u>	<u>39,547</u>	<u>-</u>	<u>733,545</u>
Net Book Value	<u>\$ 683,195</u>	<u>\$ (39,547)</u>	<u>\$ -</u>	<u>\$ 643,648</u>

4. Long-Term Debt

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:

	<u>2021</u>	<u>2020</u>
Capital Lease	<u>\$ 8,944</u>	<u>\$ 15,652</u>

Maturities for long-term debt payable are as follows:

<u>Fiscal Year Ended</u>	<u>Lease</u>
2022	\$ 6,708
2023	<u>2,236</u>
	<u>\$ 8,944</u>

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, 2021 and 2020, the balance of the With Donor Restrictions were \$5,319 and \$127,113, respectively. The Organization received a Paycheck Protection Loan in the amount of \$125,000 for the June 30, 2020 fiscal year. The loan was subject to forgiveness and the Organization was granted full forgiveness of the loan.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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, 2021 and 2020 was as follows:

	2021	2020
Grants Received	\$ 2,074,771	\$ 1,771,609
Expenditures	(1,944,355)	(1,693,809)
Pass-Through	(130,416)	(77,800)
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.

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, 2021, approximately 23.77% of the Organization's total support (excluding in-kind donations) was received from the State of Illinois. For the fiscal year ending June 30, 2020, approximately 15%, respectively, of the Organization's total support (excluding in-kind donations) was received from the State of Illinois. As of June 30, 2021, \$215,685 of the balance of grants receivable is comprised of amounts due from the State of Illinois, Cook County, and HUD representing approximately 48.76%, 33.03% and 8.11%, respectively, of the total balance of \$291,172. As of June 30, 2020, \$111,796 of the balance of grants receivable is comprised of amounts due from HUD, the State of Illinois, and Cook County representing approximately 18%, 33%, and 17%, respectively, of the total balance of \$190,256.

9. Subsequent Events

The date to which the events occurring after June 30, 2021, 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.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

10. Uncertainty

The organization's operations may be affected by the ongoing outbreak of coronavirus disease 2019 (COVID-2019) which was declared a pandemic by the World Health Organization in March of 2020. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. The ultimate disruption to the organization is uncertain at this time.

11. Recent Accounting Pronouncements

In February 2016, the FASB issued ASU no. 2016-02, Leases (Topic 842) which will supersede the current lease recording standards. The ASU looks to increase comparability and transparency by conforming US GAP with International leases standards. The new standard will require all leases be included on the balance sheet as a "right of use" asset. These assets will have an offsetting liability for the payments remaining on the lease. The new guidance will be effective for the Organization's year ending June 30, 2023.