

**EVERYONE COOPERATING TO
HELP OTHERS, INC.**

Janesville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2014 and 2013

EVERYONE COOPERATING TO HELP OTHERS, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Everyone Cooperating to Help Others, Inc.
Janesville, Wisconsin

We have audited the accompanying financial statements of Everyone Cooperating to Help Others, Inc. (ECHO), which comprise the statements of financial position as of December 31, 2014 and 2013, 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 and fair presentation 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' judgment, including the assessment of the 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.

Board of Directors
Everyone Cooperating to Help Others, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ECHO as of December 31, 2014 and 2013, 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.

Baker Tilly Virchow Krause, LLP

Janesville, Wisconsin
August 5, 2015

EVERYONE COOPERATING TO HELP OTHERS, INC.

STATEMENTS OF FINANCIAL POSITION As of December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 49,818	\$ 124,395
Grants receivable	6,211	9,921
Pledge receivable	700,000	-
Prepaid expenses	4,295	4,291
Total Current Assets	<u>760,324</u>	<u>138,607</u>
PROPERTY AND EQUIPMENT	<u>531,213</u>	<u>542,019</u>
TOTAL ASSETS	<u>\$ 1,291,537</u>	<u>\$ 680,626</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 7,750	\$ 14,169
Accrued payroll	12,149	10,684
Payor account liabilities	1,633	3,153
Total Current Liabilities	<u>21,532</u>	<u>28,006</u>
NET ASSETS		
Unrestricted	570,005	652,620
Temporarily restricted	700,000	-
Total Net Assets	<u>1,270,005</u>	<u>652,620</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,291,537</u>	<u>\$ 680,626</u>

See accompanying notes to financial statements.

EVERYONE COOPERATING TO HELP OTHERS, INC.

STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Church contributions	\$ 121,686	\$ -	\$ 121,686	\$ 127,393	\$ -	\$ 127,393
Individual contributions	220,973	-	220,973	265,061	-	265,061
Group and business contributions	50,676	-	50,676	53,045	-	53,045
Grant revenue	78,195	56,267	134,462	57,831	128,882	186,713
In-kind contributions	1,396,692	-	1,396,692	1,621,552	-	1,621,552
Special events	70,401	-	70,401	51,884	-	51,884
Foundation grants	137,401	700,000	837,401	108,807	-	108,807
Interest income	68	-	68	36	-	36
Reimbursements	-	2,065	2,065	-	3,382	3,382
Miscellaneous income	-	-	-	120	-	120
Net assets released from restrictions	<u>58,332</u>	<u>(58,332)</u>	<u>-</u>	<u>182,264</u>	<u>(182,264)</u>	<u>-</u>
Total Support and Revenue	<u>2,134,424</u>	<u>700,000</u>	<u>2,834,424</u>	<u>2,467,993</u>	<u>(50,000)</u>	<u>2,417,993</u>
EXPENSES						
Program	2,106,921	-	2,106,921	2,350,019	-	2,350,019
Management and general	43,164	-	43,164	40,389	-	40,389
Fund-raising	<u>66,954</u>	<u>-</u>	<u>66,954</u>	<u>62,173</u>	<u>-</u>	<u>62,173</u>
Total Expenses	<u>2,217,039</u>	<u>-</u>	<u>2,217,039</u>	<u>2,452,581</u>	<u>-</u>	<u>2,452,581</u>
CHANGE IN NET ASSETS	(82,615)	700,000	617,385	15,412	(50,000)	(34,588)
NET ASSETS - Beginning of Year	<u>652,620</u>	<u>-</u>	<u>652,620</u>	<u>637,208</u>	<u>50,000</u>	<u>687,208</u>
NET ASSETS - END OF YEAR	<u>\$ 570,005</u>	<u>\$ 700,000</u>	<u>\$ 1,270,005</u>	<u>\$ 652,620</u>	<u>\$ -</u>	<u>\$ 652,620</u>

See accompanying notes to financial statements.

EVERYONE COOPERATING TO HELP OTHERS, INC.

STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 617,385	\$ (34,588)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	24,620	22,085
Pledge receivable restricted for building expansion	(700,000)	-
Changes in assets and liabilities		
Grants receivable	3,710	61,772
Prepaid expenses	(4)	(465)
Accounts payable	(6,419)	9,810
Accrued payroll	1,465	4,897
Payor account liabilities	(1,520)	(1,247)
Net Cash Flows from Operating Activities	<u>(60,763)</u>	<u>62,264</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	<u>(13,814)</u>	<u>(5,278)</u>
Net Change in Cash and Cash Equivalents	(74,577)	56,986
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>124,395</u>	<u>67,409</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 49,818</u>	<u>\$ 124,395</u>
Supplemental cash flow disclosures		
Cash paid for interest	\$ 448	\$ 919

See accompanying notes to financial statements.

EVERYONE COOPERATING TO HELP OTHERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES For the Years Ended December 31, 2014 and 2013

	2014				2013			
	Program	Management and General	Fund-raising	Total	Program	Management and General	Fund-raising	Total
Food	\$ 1,395,297	\$ -	\$ -	\$ 1,395,297	\$ 1,590,279	\$ -	\$ -	\$ 1,590,279
Lodging	52,661	-	-	52,661	44,620	-	-	44,620
Rent and security deposits	232,762	-	-	232,762	289,377	-	-	289,377
Transportation	20,934	-	-	20,934	17,271	-	-	17,271
Counseling and special needs	85,189	-	-	85,189	108,543	-	-	108,543
Total Direct Assistance	1,786,843	-	-	1,786,843	2,050,090	-	-	2,050,090
Office utilities	13,795	287	287	14,369	13,081	272	272	13,625
Telephone, Internet, and database	3,388	71	71	3,530	3,081	64	64	3,209
Office supplies	1,848	231	231	2,310	2,957	370	370	3,697
Postage	733	4,397	2,199	7,329	787	4,723	2,362	7,872
Printing	284	1,135	12,766	14,185	266	1,065	11,986	13,317
Fund-raising	-	-	16,853	16,853	-	-	15,119	15,119
Equipment - repairs and maintenance	6,612	826	826	8,264	6,136	767	767	7,670
Building - repairs and maintenance	7,626	159	159	7,944	9,386	196	196	9,778
Vehicle - repairs and maintenance	6,625	-	-	6,625	5,531	-	-	5,531
Insurance	6,059	337	337	6,733	5,640	313	313	6,266
Trash removal	1,439	29	-	1,468	1,480	30	-	1,510
Salaries and wages	218,867	26,512	28,787	274,166	203,076	24,599	26,710	254,385
Payroll taxes	16,536	2,138	2,188	20,862	15,128	1,956	2,002	19,086
Professional fees	12,459	5,750	958	19,167	10,459	4,827	805	16,091
Staff development, conferences, and dues	541	-	-	541	1,196	-	-	1,196
Depreciation	22,158	1,231	1,231	24,620	19,877	1,104	1,104	22,085
Interest	404	22	22	448	827	46	46	919
Other expenses	704	39	39	782	1,021	57	57	1,135
Total Expenses	<u>\$ 2,106,921</u>	<u>\$ 43,164</u>	<u>\$ 66,954</u>	<u>\$ 2,217,039</u>	<u>\$ 2,350,019</u>	<u>\$ 40,389</u>	<u>\$ 62,173</u>	<u>\$ 2,452,581</u>

See accompanying notes to financial statements.

EVERYONE COOPERATING TO HELP OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2014 and 2013

NOTE 1 - Summary of Significant Accounting Policies

Nature of Activities

Everyone Cooperating to Help Others, Inc. (ECHO) is a publicly supported nonprofit organization which was organized to accept cash donations for rent and utility assistance, food, lodging, and other needs as well as contributions of personal supplies for distribution to eligible needy individuals in the Janesville, Wisconsin area.

Method of Accounting

ECHO maintains its accounting records on the accrual basis of accounting. Revenues are recognized when earned or due and expenses are recorded as they are incurred.

Cash and Cash Equivalents

ECHO defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

Grants Receivable

Grants receivable are stated at cost and have been adjusted for all known uncollectible accounts. The organization determines the need for an allowance based on historical collection experience. No allowance for doubtful accounts is considered necessary as of December 31, 2014 and 2013. Grants receivable are written off against the allowance when deemed uncollectible.

Pledge Receivable

Pledges made to ECHO are recorded in the year the pledge is made. Amounts that are expected to be collected after one year are discounted and reflected in the financial statements at their net present value. An allowance for uncollectible pledges is determined based on specific identification. The pledge receivable is presented net of an allowance of \$0 as of December 31, 2014 there was no pledge receivable as of December 31, 2013.

In-kind Contributions and Services

ECHO reports in-kind contributions of food, toys and school supplies at fair value and the related expense as program expense on the statements of activities.

No amounts have been reflected in the statements for in-kind services inasmuch as the type of services received do not meet the criteria for support and expense recognition; however, a substantial number of volunteers and businesses have donated significant amounts of time to ECHO's program services.

EVERYONE COOPERATING TO HELP OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2014 and 2013

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Donated property and equipment are recorded as increases in unrestricted net assets at their estimated fair value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. ECHO reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. ECHO reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of ECHO are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of ECHO pursuant to those stipulations. ECHO was the recipient of a \$700,000 pledge during 2014. The pledge is restricted for use to expand ECHO's building and make other capital expenditures. See Note 5 for additional information.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by ECHO. There are no permanently restricted net assets.

Tax-Exempt Status

ECHO has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes. The organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for the years before 2011 for federal and 2010 for state. ECHO is not currently under examination by any taxing jurisdiction.

EVERYONE COOPERATING TO HELP OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2014 and 2013

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Revenue Recognition

Contributions, including pledges and grants receivable, are recognized in the period received. Conditional promises are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met.

ECHO 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Property and Equipment

The major categories of property and equipment at December 31 are summarized as follows:

	Depreciable Lives	2014	2013
Building	40 yrs.	\$ 726,257	\$ 726,257
Office equipment	7-10 yrs.	125,243	122,248
Vehicles	5 yrs.	29,215	29,215
Building improvements	20 yrs.	8,826	8,826
Computer equipment	5 yrs.	<u>11,039</u>	<u>7,627</u>
Total Property and Equipment		900,580	894,173
Less: Accumulated depreciation		<u>(369,367)</u>	<u>(352,154)</u>
Net Property and Equipment		<u>\$ 531,213</u>	<u>\$ 542,019</u>

EVERYONE COOPERATING TO HELP OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS
As of and for the Years Ended December 31, 2014 and 2013

NOTE 3 - Line of Credit

ECHO has a line of credit financing agreement with the bank. The amount available under the line of credit agreement is \$30,000. There was no outstanding balance at December 31, 2014 and 2013. Interest is payable monthly at the prime rate plus 1.00%, with a minimum interest rate of 5.50%. The line of credit is secured by a general business security agreement and expires July 2016.

NOTE 4 - Component Fund Held at Community Foundation

ECHO is the beneficiary of a component fund at the Community Foundation of Southern Wisconsin, Inc. (CFSW). ECHO is eligible for an annual grant from CFSW based on the balance of the component fund. At December 31, 2014 and 2013, the balance in the fund was \$35,048 and \$34,948, respectively. ECHO received grant revenue of \$1,410 and \$3,720 during the years ended December 31, 2014 and 2013.

NOTE 5 - Subsequent Events

ECHO has evaluated all subsequent events through August 5, 2015, the date that the financial statements were approved and available to be issued, for events requiring disclosure or recording in the financial statements.

Subsequent to year-end, ECHO signed a construction contract in the amount of \$516,000 to expand their building. The contract will be paid with funds from the \$700,000 pledge made in 2014 and recorded as temporarily restricted net assets as of December 31, 2014. In addition to the construction contract, ECHO will expend the remaining funds to furnish the additional square footage and purchase needed equipment.