

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

Janesville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2016 and 2015

# 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, 2016 and 2015, 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.

*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, 2016 and 2015, 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  
July 31, 2017

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

**STATEMENTS OF FINANCIAL POSITION**  
As of December 31, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 243,567	\$ 67,711
Grants receivable	11,941	15,324
Other receivables	13,333	5,585
Prepaid expenses	5,254	5,590
Total Current Assets	<u>274,095</u>	<u>94,210</u>
<b>PROPERTY AND EQUIPMENT</b>	<u>1,146,174</u>	<u>1,173,558</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,420,269</u>	<u>\$ 1,267,768</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 10,726	\$ 5,046
Accrued payroll	-	12,760
Payor account liabilities	1,719	4,299
Total Current Liabilities	<u>12,445</u>	<u>22,105</u>
<b>NET ASSETS</b>		
Unrestricted	1,405,127	1,226,536
Temporarily restricted	2,697	19,127
Total Net Assets	<u>1,407,824</u>	<u>1,245,663</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,420,269</u>	<u>\$ 1,267,768</u>

See accompanying notes to financial statements.

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

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2016 and 2015

	2016		2015			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Church contributions	\$ 106,022	-	\$ 106,022	\$ 105,135	-	\$ 105,135
Individual contributions	257,463	-	257,463	223,194	3,249	226,443
Group and business contributions	144,193	-	144,193	58,389	-	58,389
Grant revenue	87,533	121,606	209,139	78,700	59,185	137,885
In-kind contributions	1,351,465	-	1,351,465	1,248,077	-	1,248,077
Special events	82,558	-	82,558	72,055	-	72,055
Foundation grants	188,870	-	188,870	74,648	-	74,648
Interest income	13	-	13	225	-	225
Reimbursements	-	1,559	1,559	-	2,392	2,392
Miscellaneous income	296	-	296	-	-	-
Net assets released from restrictions	139,595	(139,595)	-	745,699	(745,699)	-
Total Support and Revenue	<u>2,358,008</u>	<u>(16,430)</u>	<u>2,341,578</u>	<u>2,606,122</u>	<u>(680,873)</u>	<u>1,925,249</u>
<b>EXPENSES</b>						
Program	2,065,864	-	2,065,864	1,843,757	-	1,843,757
Management and general	46,249	-	46,249	42,440	-	42,440
Fund-raising	67,304	-	67,304	63,394	-	63,394
Total Expenses	<u>2,179,417</u>	<u>-</u>	<u>2,179,417</u>	<u>1,949,591</u>	<u>-</u>	<u>1,949,591</u>
<b>CHANGE IN NET ASSETS</b>						
	178,591	(16,430)	162,161	656,531	(680,873)	(24,342)
<b>NET ASSETS - Beginning of Year</b>	<u>1,226,536</u>	<u>19,127</u>	<u>1,245,663</u>	<u>570,005</u>	<u>700,000</u>	<u>1,270,005</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,405,127</u>	<u>\$ 2,697</u>	<u>\$ 1,407,824</u>	<u>\$ 1,226,536</u>	<u>\$ 19,127</u>	<u>\$ 1,245,663</u>

See accompanying notes to financial statements.

# EVERYONE COOPERATING TO HELP OTHERS, INC.

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2016 and 2015

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	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 162,161	\$ (24,342)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	49,745	30,453
Changes in assets and liabilities		
Grants receivable	3,383	(9,113)
Other receivables	(7,748)	(5,585)
Accounts payable	5,680	(2,704)
Accrued payroll	(12,760)	611
Payor account liabilities	(2,580)	2,666
Prepaid expenses	336	(1,295)
Net Cash Flows from Operating Activities	<u>198,217</u>	<u>(9,309)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(22,361)	(672,798)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Pledge payments received for capital expenditures	<u>-</u>	<u>700,000</u>
<b>Net Change in Cash and Cash Equivalents</b>	175,856	17,893
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>67,711</u>	<u>49,818</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 243,567</u>	<u>\$ 67,711</u>
<b>Supplemental cash flow disclosures</b>		
Cash paid for interest	<u>\$ 1,278</u>	<u>\$ 1,520</u>

See accompanying notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended December 31, 2016 and 2015

	2016			2015				
	Program	Management and General	Fund-raising	Total	Program	Management and General	Fund-raising	Total
Food	\$ 1,347,291	\$ -	\$ -	\$ 1,347,291	\$ 1,244,921	\$ -	\$ -	\$ 1,244,921
Lodging	18,130	-	-	18,130	17,868	-	-	17,868
Rent and security deposits	257,403	-	-	257,403	193,333	-	-	193,333
Transportation	2,719	-	-	2,719	4,435	-	-	4,435
Counseling and special needs	65,782	-	-	65,782	58,556	-	-	58,556
Total Direct Assistance	1,691,325	-	-	1,691,325	1,519,113	-	-	1,519,113
Office utilities	19,114	398	398	19,910	15,785	329	329	16,443
Telephone, internet, and database	4,315	90	90	4,495	4,278	89	89	4,456
Office supplies	4,088	511	511	5,110	4,669	584	584	5,837
Postage	722	4,333	2,166	7,221	668	4,009	2,005	6,682
Printing	202	809	9,099	10,110	214	856	9,628	10,698
Fund-raising	-	-	17,294	17,294	-	-	16,735	16,735
Equipment - repairs and maintenance	6,453	807	807	8,067	5,183	648	648	6,479
Building - repairs and maintenance	11,953	249	249	12,451	7,506	156	156	7,818
Vehicle - repairs and maintenance	8,182	-	-	8,182	5,120	-	-	5,120
Insurance	9,368	520	520	10,408	6,562	365	365	7,292
Trash removal	2,213	45	-	2,258	1,717	35	-	1,752
Salaries and wages	229,566	27,808	30,195	287,569	213,783	25,896	28,119	267,798
Payroll taxes	18,261	2,361	2,417	23,039	16,201	2,095	2,144	20,440
Professional fees	12,377	5,712	952	19,041	12,443	5,743	957	19,143
Staff development, conferences, and dues	810	-	-	810	1,085	-	-	1,085
Depreciation	44,771	2,487	2,487	49,745	27,407	1,523	1,523	30,453
Interest	1,150	64	64	1,278	1,368	76	76	1,520
Other expenses	994	55	55	1,104	655	36	36	727
<b>Total Expenses</b>	<b>\$ 2,065,864</b>	<b>\$ 46,249</b>	<b>\$ 67,304</b>	<b>\$ 2,179,417</b>	<b>\$ 1,843,757</b>	<b>\$ 42,440</b>	<b>\$ 63,394</b>	<b>\$ 1,949,591</b>

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, 2016 and 2015

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## **NOTE 1 - Summary of Significant Accounting Policies**

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### *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 and Other Receivables*

Grants and other receivables 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, 2016 and 2015. Grants and other receivables 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. No allowance for uncollectible pledges is considered necessary as of December 31, 2016 and 2015.

### *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, 2016 and 2015

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

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#### *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 or 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.

**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 2013 for federal and 2012 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, 2016 and 2015

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

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#### *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.

#### *Subsequent Events*

ECHO has evaluated subsequent events through July 31, 2017 which is the date that the financial statements were approved and available to be issued.

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### NOTE 2 - Property and Equipment

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

	Depreciable Lives	2016	2015
Building	40 yrs.	\$ 1,321,475	\$ 1,321,475
Office equipment	7-10 yrs.	200,826	189,215
Vehicles	5 yrs.	29,215	29,215
Building improvements	20 yrs.	33,184	22,433
Computer equipment	5 yrs.	<u>11,039</u>	<u>11,039</u>
Total Property and Equipment		1,595,739	1,573,377
Less: Accumulated depreciation		<u>(449,565)</u>	<u>(399,819)</u>
Net Property and Equipment		<u>\$ 1,146,174</u>	<u>\$ 1,173,558</u>

# EVERYONE COOPERATING TO HELP OTHERS, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2016 and 2015

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### NOTE 3 - Line of Credit

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ECHO has a line of credit financing agreement with the bank. The amount available under the line of credit agreement was \$50,000 as of December 31, 2016 and 2015. There was no outstanding balance at December 31, 2016 and 2015. 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.

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### NOTE 4 - Net Assets

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Temporarily restricted net assets at year end are composed of:

	<u>2016</u>	<u>2015</u>
Pledge restricted for expansion	\$ -	\$ 15,878
Education fund	<u>2,697</u>	<u>3,249</u>
Totals	<u>\$ 2,697</u>	<u>\$ 19,127</u>

ECHO was the recipient of a \$700,000 pledge in 2014, which was restricted for use to expand ECHO's building and make other approved expenditures. The building was expanded in 2015, at which time the net assets related to the amounts expended were released from restriction.

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### NOTE 5 - Component Funds Held at Community Foundation

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ECHO is the beneficiary of a two component funds, the ECHO Endowment Fund and the Sandgren Education Fund, at the Community Foundation of Southern Wisconsin, Inc. (CFSW). ECHO is eligible for an annual grant based on the balance of the ECHO Endowment Fund. At December 31, 2016 and 2015, the balance in the ECHO Endowment Fund was \$34,875 and \$32,785, respectively. ECHO received grant revenue of \$1,372 and \$1,470 during the years ended December 31, 2016 and 2015. ECHO is eligible for an annual grant based on the balance of the Sandgren Education Fund. At December 31, 2016 and 2015, the balance in the fund was \$27,539 and \$25,984, respectively. No grants were distributed from the educational fund during 2016 or 2015.

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### NOTE 6 - Concentrations

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ECHO maintains its cash and cash equivalents in one institution which exceeds the federally insured limit of \$250,000. ECHO has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.