

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

Janesville, Wisconsin

FINANCIAL STATEMENTS

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2017 and 2016

# 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, 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 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 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 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, 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.

*Baker Tilly Virchow Krause, LLP*

Milwaukee, Wisconsin  
July 16, 2018

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

STATEMENTS OF FINANCIAL POSITION  
As of December 31, 2017 and 2016

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	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 93,197	\$ 243,567
Grants receivable	19,919	11,941
Other receivables	22,166	13,333
Prepaid expenses	5,213	5,254
Total Current Assets	<u>140,495</u>	<u>274,095</u>
<b>PROPERTY AND EQUIPMENT</b>	<u>1,107,075</u>	<u>1,146,174</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,247,570</u>	<u>\$ 1,420,269</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 19,729	\$ 10,726
Payor account liabilities	445	1,719
Total Current Liabilities	<u>20,174</u>	<u>12,445</u>
<b>NET ASSETS</b>		
Unrestricted	1,224,699	1,405,127
Temporarily restricted	2,697	2,697
Total Net Assets	<u>1,227,396</u>	<u>1,407,824</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,247,570</u>	<u>\$ 1,420,269</u>

See accompanying notes to financial statements.

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

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2017 and 2016

	2017		2016			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Church contributions	\$ 97,737	\$ -	\$ 97,737	\$ 106,022	\$ -	\$ 106,022
Individual contributions	225,868	-	225,868	257,463	-	257,463
Group and business contributions	73,945	-	73,945	144,193	-	144,193
Grant revenue	117,013	52,393	169,406	87,533	121,606	209,139
In-kind contributions	1,515,003	-	1,515,003	1,351,465	-	1,351,465
Special events	60,699	-	60,699	82,558	-	82,558
Foundation grants	74,396	-	74,396	188,870	-	188,870
Interest income	68	-	68	13	-	13
Reimbursements	-	1,881	1,881	-	1,559	1,559
Miscellaneous income	1,175	-	1,175	296	-	296
Net assets released from restrictions	54,274	(54,274)	-	139,595	(139,595)	-
Total Support and Revenue	<u>2,220,178</u>	<u>-</u>	<u>2,220,178</u>	<u>2,358,008</u>	<u>(16,430)</u>	<u>2,341,578</u>
<b>EXPENSES</b>						
Program	2,290,738	-	2,290,738	2,065,864	-	2,065,864
Management and general	48,096	-	48,096	46,249	-	46,249
Fund-raising	61,772	-	61,772	67,304	-	67,304
Total Expenses	<u>2,400,606</u>	<u>-</u>	<u>2,400,606</u>	<u>2,179,417</u>	<u>-</u>	<u>2,179,417</u>
<b>CHANGE IN NET ASSETS</b>						
	(180,428)	-	(180,428)	178,591	(16,430)	162,161
<b>NET ASSETS - Beginning 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>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,224,699</u>	<u>\$ 2,697</u>	<u>\$ 1,227,396</u>	<u>\$ 1,405,127</u>	<u>\$ 2,697</u>	<u>\$ 1,407,824</u>

See accompanying notes to financial statements.

# EVERYONE COOPERATING TO HELP OTHERS, INC.

## STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (180,428)	\$ 162,161
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	50,750	49,745
Changes in assets and liabilities		
Grants receivable	(7,978)	3,383
Other receivables	(8,833)	(7,748)
Accounts payable	9,003	5,680
Accrued payroll	-	(12,760)
Payor account liabilities	(1,274)	(2,580)
Prepaid expenses	41	336
Net Cash Flows from Operating Activities	<u>(138,719)</u>	<u>198,217</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	<u>(11,651)</u>	<u>(22,361)</u>
<b>Net Change in Cash and Cash Equivalents</b>	(150,370)	175,856
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>243,567</u>	<u>67,711</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 93,197</u>	<u>\$ 243,567</u>
<b>Supplemental cash flow disclosures</b>		
Cash paid for interest	<u>\$ 407</u>	<u>\$ 1,278</u>

See accompanying notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended December 31, 2017 and 2016

	2017			2016				
	Program	Management and General	Fund-raising	Total	Program	Management and General	Fund-raising	Total
Food	\$ 1,517,259	\$ -	\$ -	\$ 1,517,259	\$ 1,347,291	\$ -	\$ -	\$ 1,347,291
Lodging	44,219	-	-	44,219	18,130	-	-	18,130
Rent and security deposits	251,424	-	-	251,424	257,403	-	-	257,403
Transportation	9,911	-	-	9,911	2,719	-	-	2,719
Counseling and special needs	74,495	-	-	74,495	65,782	-	-	65,782
Total Direct Assistance	1,897,308	-	-	1,897,308	1,691,325	-	-	1,691,325
Office utilities	16,588	346	346	17,280	19,114	398	398	19,910
Telephone, internet, and database	4,857	101	101	5,059	4,315	90	90	4,495
Office supplies	2,424	303	303	3,030	4,088	511	511	5,110
Postage	548	3,287	1,644	5,479	722	4,333	2,166	7,221
Printing	150	599	6,739	7,488	202	809	9,099	10,110
Fund-raising	-	-	11,820	11,820	-	-	17,294	17,294
Equipment - repairs and maintenance	8,662	1,083	1,083	10,828	6,453	807	807	8,067
Building - repairs and maintenance	10,392	217	217	10,826	11,953	249	249	12,451
Vehicle - repairs and maintenance	6,303	-	-	6,303	8,182	-	-	8,182
Insurance	12,006	667	667	13,340	9,368	520	520	10,408
Trash removal	2,256	46	-	2,302	2,213	45	-	2,258
Salaries and wages	248,629	30,117	32,702	311,448	229,566	27,808	30,195	287,569
Payroll taxes	18,818	2,434	2,491	23,743	18,261	2,361	2,417	23,039
Professional fees	13,615	6,284	1,047	20,946	12,377	5,712	952	19,041
Staff development, conferences, and dues	1,172	-	-	1,172	810	-	-	810
Depreciation	45,674	2,538	2,538	50,750	44,771	2,487	2,487	49,745
Interest	367	20	20	407	1,150	64	64	1,278
Other expenses	969	54	54	1,077	994	55	55	1,104
<b>Total Expenses</b>	<b>\$ 2,290,738</b>	<b>\$ 48,096</b>	<b>\$ 61,772</b>	<b>\$ 2,400,606</b>	<b>\$ 2,065,864</b>	<b>\$ 46,249</b>	<b>\$ 67,304</b>	<b>\$ 2,179,417</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, 2017 and 2016

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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. ECHO determines the need for an allowance based on historical collection experience. No allowance for doubtful accounts is considered necessary as of December 31, 2017 and 2016. Grants and other receivables are written off against the allowance when deemed uncollectible.

### *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.

# EVERYONE COOPERATING TO HELP OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended December 31, 2017 and 2016

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

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### *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 2014 for federal and 2013 for state. ECHO is not currently under examination by any taxing jurisdiction.

### *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.

### *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.

### *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.

# EVERYONE COOPERATING TO HELP OTHERS, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2017 and 2016

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

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#### *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.

#### *New Accounting Pronouncements*

The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Update ("ASU") 2016-14, "Not-for-Profit Entities (Subtopic 958): Presentation of Financial Statements of Not-for-Profit Entities" ("ASU 2016-14"). ASU 2016-14 is intended to simplify and improve current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, expense classifications and cash flows. ASU 2016-14 is effective for years beginning after December 15, 2017 (2018). Management is currently evaluating the impact of ASU 2016-14 on ECHO's financial statements.

FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09"). ASU 2014-09 establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The amendments defer the effective date of ASU 2014-09, clarify the implementation guidance on principal versus agent considerations, and clarify the identification of performance obligations and the licensing implementation guidance. Topic 606 (as amended) is effective for fiscal years ending after December 15, 2018, and interim periods within annual periods beginning after December 15, 2018 (2019). The amendments may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of initial application. ECHO is currently assessing the effect that Topic 606 (as amended) will have on the statements of activities, financial position and cash flows.

FASB issued ASU 2018-08, "Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made" ("ASU 2018-08"). The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 should be applied on a modified retrospective basis and is effective concurrently with ASU 2014-09, which for ECHO is the year beginning after December 15, 2018 (2019). Management is currently assessing the impact that ASU 2018-08 will have on ECHO's financial statements.

FASB issued ASU 2016-02, "Leases (Topic 842)" ("ASU 2016-02") that amends the treatment for leases. The new accounting model for leases capitalizes all leases greater than twelve months, both capital and operating, as assets and liabilities on the statement of financial position. ECHO will be required to apply the standard for fiscal years and reporting periods beginning after December 15, 2019 (2020). Early adoption is permitted. Management is currently evaluating the impact of ASU 2016-02 on ECHO's financial statements.

# EVERYONE COOPERATING TO HELP OTHERS, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2017 and 2016

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

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#### *Subsequent Events*

ECHO has evaluated subsequent events through July 16, 2018 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	2017	2016
Building	40 yrs.	\$ 1,321,475	\$ 1,321,475
Office equipment	7-10 yrs.	210,920	200,826
Vehicles	5 yrs.	29,215	29,215
Building improvements	20 yrs.	33,184	33,184
Computer equipment	5 yrs.	<u>12,596</u>	<u>11,039</u>
Total Property and Equipment		1,607,390	1,595,739
Less: Accumulated depreciation		<u>(500,315)</u>	<u>(449,565)</u>
Net Property and Equipment		<u>\$ 1,107,075</u>	<u>\$ 1,146,174</u>

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### NOTE 3 - Line of Credit

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ECHO has a line of credit financing agreement with a bank that renews annually. The amount available under the line of credit agreement was \$50,000 as of December 31, 2017 and 2016. There was no outstanding balance at December 31, 2017 and 2016. 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:

	2017	2016
Education fund	<u>\$ 2,697</u>	<u>\$ 2,697</u>

# EVERYONE COOPERATING TO HELP OTHERS, INC.

## NOTES TO FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2017 and 2016

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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, 2017 and 2016, the balance in the ECHO Endowment Fund was \$38,397 and \$34,875, respectively. ECHO received grant revenue of \$1,376 and \$1,372 during the years ended December 31, 2017 and 2016, respectively. ECHO is eligible for an annual grant based on the balance of the Sandgren Education Fund. At December 31, 2017 and 2016, the balance in the fund was \$31,476 and \$27,539, respectively. No grants were distributed from the educational fund during 2017 or 2016.

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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.