



FINANCIAL STATEMENTS

December 31, 2018

CONTENTS

Independent Auditor's Report	1
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To the 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., which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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.

Auditor's 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 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 Everyone Cooperating to Help Others, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Everyone Cooperating to Help Others, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Janesville, Wisconsin
June 21, 2019

EVERYONE COOPERATING TO HELP OTHERS, INC
STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS	
Cash	\$ 16,140
Grants receivable	32,057
Unconditional promises to give	52,166
Prepaid expenses	5,181
Property and equipment, net	<u>1,100,580</u>
Total assets	<u><u>\$ 1,206,124</u></u>
LIABILITIES	
Accounts payable	\$ 21,196
Other accrued liabilities	<u>3,046</u>
Total liabilities	24,242
NET ASSETS	
Without donor restrictions	1,118,535
With donor restrictions	<u>63,347</u>
Total net assets	<u>1,181,882</u>
Total liabilities and net assets	<u><u>\$ 1,206,124</u></u>

See accompanying notes.

EVERYONE COOPERATING TO HELP OTHERS, INC
STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

REVENUES

Church contributions	\$ 108,564
Individual contributions	227,454
Group and business contributions	37,048
In-kind contributions	2,456,933
Grant revenue	215,331
Special events	69,592
Foundation grants	43,465
Reimbursements	1,808
Miscellaneous income	<u>13,764</u>
 Total revenues without donor restrictions	 3,173,959

EXPENSES

Program services	
Housing services	485,464
Food services	2,668,481
Other services	123,657
Supporting activities	
Management and general	46,912
Fundraising	<u>61,609</u>
 Total expenses	 3,386,123

NET ASSETS RELEASED FROM RESTRICTIONS

Satisfaction of purpose restrictions	<u>106,001</u>
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Change in net assets without donor restrictions (106,163)

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Contributions	166,651
Net assets released from restrictions	<u>(106,001)</u>
 Change in net assets with donor restrictions	 <u>60,650</u>

Change in net assets (45,513)

Net assets at beginning of year 1,227,395

Net assets at end of year \$ 1,181,882

See accompanying notes.

EVERYONE COOPERATING TO HELP OTHERS, INC
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2018

	Program Services			Supporting Activities		Total Expenses
	Housing Services	Food Services	Other Services	Management and General	Fundraising	
Direct assistance	\$ 290,458	\$ 2,458,653	\$ 78,081	\$ -	\$ -	\$ 2,827,192
Personnel	133,095	154,189	29,620	18,321	24,580	359,805
Professional fees	3,320	711	711	16,885	-	21,627
Occupancy	1,920	17,563	258	410	357	20,508
Repairs and maintenance	5,291	14,137	1,398	1,120	1,120	23,066
Information technology	2,929	2,344	352	117	117	5,859
Postage and printing	1,409	60	60	3,727	11,505	16,761
Supplies	992	396	198	198	198	1,982
Insurance	6,486	5,085	3,290	520	633	16,014
Depreciation	33,303	11,101	5,551	2,775	2,775	55,505
Interest and fees	-	-	-	1,969	-	1,969
Travel	1,294	40	-	-	-	1,334
Staff development	893	128	64	191	-	1,276
Other	4,074	4,074	4,074	679	20,324	33,225
Total expenses	\$ 485,464	\$ 2,668,481	\$ 123,657	\$ 46,912	\$ 61,609	\$ 3,386,123

See accompanying notes.

EVERYONE COOPERATING TO HELP OTHERS, INC
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (45,513)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	55,505
(Increase) decrease in assets	
Grants receivable	(12,138)
Unconditional promises to give	(30,000)
Prepaid expenses	32
Increase (decrease) in liabilities	
Accounts payable	1,467
Other accrued liabilities	<u>2,601</u>
Net cash flows from operating activities	(28,046)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(49,010)</u>
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Net change in cash

(77,056)

Cash at beginning of year

93,196

Cash at end of year

\$ 16,140

SUPPLEMENTAL DISCLOSURES

Cash paid for interest	\$ 503
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See accompanying notes.

EVERYONE COOPERATING TO HELP OTHERS, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Everyone Cooperating to Help Others, Inc. (ECHO) is a publicly supported nonprofit organization that accepts 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.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grants Receivable

ECHO considers grants receivable to be fully collectible; accordingly, no allowance for doubtful amounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At December 31, 2018, all unconditional promises to give are receivable in less than one year

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. In some instances, a funding source may have a reversionary interest in property and equipment purchased with grant funds.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions depending on the existence of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Government Grants

Some of ECHO's programs are funded by grants from government agencies. Revenue from these grants is based on the actual cost of grant work completed up to the maximum amount specified in the grants. Costs are allocated to these programs in accordance with established procedures and are subject to audit by various government agencies. No determination has been made regarding the effect, if any, such audit could have on the financial statements.

EVERYONE COOPERATING TO HELP OTHERS, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Donated Food, Toys, and School Supplies

Donated food is valued using a weighted average wholesale price per pound of \$1.68 and \$1.73 for the years ended December 31, 2018 and 2017, respectively, as determined by the Feeding America national food bank network. Contributions of commodity food are valued using guidelines provided by the United States Department of Agriculture. Donated food items distributed through ECHO'S food pantry are recognized as expenses in the food services program. Donated toys and school supplies are valued at \$1 per item and recorded as contributions and expenses upon donation.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, insurance, and depreciation, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Housing services—Housing services fall into two sub-categories, both of which include case management: lodging in motels and rent assistance. Rent Smart is inherent in both parts of the housing program. Lodging in motels is provided to homeless people for 1-6 weeks. This plan is customized to the person's personal struggles and barriers to self-sufficiency. Rent assistance is usually one-month assistance once a year, unless the person is part of a grant-specific program allowing for multiple months of rent assistance, coupled with other support services and monthly case management. Case management is customized to the individual's needs and may include budgeting, credit, leases, communication, home care, tenant and landlord rights, linking to other community services, etc.

Food services—Provides groceries from the food pantry, consisting of a week's supply of food for a family, once-a-month. ECHO also serves people through its other food services, such as baby food, senior stock boxes, community meal, Farmers Market, Thanksgiving groceries, Christmas dinner, and emergency food at grocery stores. ECHO also helps other pantries, nursing and group homes, senior centers, and other groups when they have an abundance of certain items, for example: bread, produce, snacks, etc.

Other services—Includes transportation, household goods, personal supplies, school supplies, and much more. Just a few of these services include gasoline, bus tokens, school supplies, and Christmas gifts to children through ECHO's Christmas adopt-a-family program.

EVERYONE COOPERATING TO HELP OTHERS, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management and general—Includes accounting and production of financial reports, oversight of the annual budget, supervision of departments and programs, maintenance of personnel records, attending general board and committee meetings, and any other administrative and office services necessary for ECHO.

Fundraising—Provides the structure necessary to encourage and secure private financial support from churches, individuals, foundations, and corporations.

Income Tax Status

ECHO is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, ECHO qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2)

Adoption of New Accounting Pronouncement

ECHO adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended December 31, 2018. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Date of Management's Review

Management has evaluated subsequent events through June 21, 2019, the date which the financial statements were available to be issued.

NOTE 2—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Building	\$ 1,315,340
Furniture and equipment	158,775
Vehicles	43,049
Land improvements	33,184
Accumulated depreciation	<u>(449,768)</u>
Property and equipment, net	<u>\$ 1,100,580</u>

EVERYONE COOPERATING TO HELP OTHERS, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

NOTE 3—LINE OF CREDIT

ECHO has an unsecured \$50,000 line of credit, which was unused at December 31, 2018. Advances on the credit line carry an interest rate of 1% over prime (5.5% at December 31, 2018).

NOTE 4—COMPONENT FUNDS HELD BY COMMUNITY FOUNDATION

ECHO is the beneficiary of two component funds of the Community Foundation of Southern Wisconsin, Inc.: the ECHO Endowment Fund and the Sandgren Education Fund. Component funds of the Foundation are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant the Foundation variance power that allows the Foundation to modify the donors' stipulations under certain circumstances as the Foundation monitors the changing needs of the community. Therefore, the funds are not included in the accompanying financial statements. At December 31, 2018, the balances of the ECHO Endowment Fund and the Sandgren Education Fund were \$35,950 and \$28,417, respectively. ECHO received a distribution of \$1,139 from the Sandgren Education Fund during the year ended December 31, 2018.

NOTE 5—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

Education fund	\$ 1,181
Emergency rent assistance	10,000
Promises to give, without donor restrictions, but which are unavailable for expenditure until due	<u>52,166</u>
Net assets with donor restrictions	<u>\$ 63,347</u>

NOTE 6—LIQUIDITY AND AVAILABILITY

The following table reflects ECHO's financial assets as of December 31, 2018, reduced by amounts not available to meet cash needs for general expenditures within one year of the date of the statement of financial position because of donor-imposed restrictions.

Financial assets at end of year	\$ 100,363
Less those unavailable for general expenditures with one year Restricted by donor with purpose restrictions	<u>(11,681)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 88,682</u>

ECHO strives to maintain liquid financial assets sufficient to cover 90 days of expenses. In the event of an unanticipated liquidity need, ECHO also could draw upon a \$50,000 line of credit (as further discussed in Note 3).