



FINANCIAL STATEMENTS

December 31, 2019 and 2018

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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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows 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.

Auditor's 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 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.

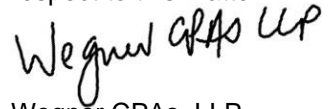
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2019 and 2018, 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.

Adoption of New Accounting Guidance

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 (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, as of January 1, 2019. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
Janesville, Wisconsin
October 15, 2020

EVERYONE COOPERATING TO HELP OTHERS, INC
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 243,503	\$ 16,140
Grants receivable	34,738	32,057
Unconditional promises to give	39,333	52,166
Prepaid expenses	5,784	5,181
Property and equipment, net	1,188,471	1,100,580
Total assets	\$ 1,511,829	\$ 1,206,124
LIABILITIES		
Accounts payable	\$ 17,751	\$ 21,196
Other accrued liabilities	3,771	3,046
Total liabilities	21,522	24,242
NET ASSETS		
Without donor restrictions	1,319,806	1,118,535
With donor restrictions	170,501	63,347
Total net assets	1,490,307	1,181,882
Total liabilities and net assets	\$ 1,511,829	\$ 1,206,124

See accompanying notes.

EVERYONE COOPERATING TO HELP OTHERS, INC
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES		
Contributions		
Church	\$ 106,205	\$ 108,564
Individual	286,969	227,454
Group and business	146,964	37,048
Foundations	112,626	43,465
In-kind	3,668,651	2,456,933
Grant revenue	213,993	215,331
Special events, net of costs of direct benefits to donors	72,994	51,698
Miscellaneous income	2,022	15,572
	<u>4,610,424</u>	<u>3,156,065</u>
Total revenues without donor restrictions		
EXPENSES		
Program services		
Housing services	553,525	485,464
Food services	3,770,171	2,668,481
Other services	81,419	123,657
Supporting activities		
Management and general	37,506	46,912
Fundraising	28,711	43,715
	<u>4,471,332</u>	<u>3,368,229</u>
Total expenses		
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of time restrictions	52,166	-
Satisfaction of purpose restrictions	10,013	106,001
	<u>62,179</u>	<u>106,001</u>
Change in net assets without donor restrictions	201,271	(106,163)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	169,333	166,651
Net assets released from restrictions	(62,179)	(106,001)
	<u>107,154</u>	<u>60,650</u>
Change in net assets with donor restrictions		
Change in net assets	308,425	(45,513)
Net assets at beginning of year	<u>1,181,882</u>	<u>1,227,395</u>
Net assets at end of year	<u>\$ 1,490,307</u>	<u>\$ 1,181,882</u>

See accompanying notes.

EVERYONE COOPERATING TO HELP OTHERS, INC
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Services			Supporting Activities		Costs of Direct Benefit to Donors	Total Expenses
	Housing Services	Food Services	Other Services	Management and General	Fundraising		
Direct assistance	\$ 250,213	\$ 3,541,018	\$ 60,990	\$ -	\$ -	\$ -	\$ 3,852,221
Personnel	240,760	178,597	8,118	8,732	8,118	-	444,325
Professional fees	3,101	664	664	17,430	-	-	21,859
Occupancy	1,763	16,719	268	389	8,864	-	28,003
Repairs and maintenance	6,069	14,830	1,409	674	674	-	23,656
Information technology	2,903	2,323	348	116	116	-	5,806
Postage and printing	1,115	49	49	2,876	7,166	-	11,255
Supplies	792	318	158	158	158	6,825	8,409
Insurance	3,209	3,209	3,209	535	535	-	10,697
Depreciation	36,820	12,273	6,137	3,068	3,068	-	61,366
Interest and fees	-	-	-	3,091	-	-	3,091
Travel, meals and entertainment	5,012	102	-	-	-	6,474	11,588
Staff development	1,699	-	-	425	-	-	2,124
Other	69	69	69	12	12	-	231
Total expenses	553,525	3,770,171	81,419	37,506	28,711	13,299	4,484,631
Less the costs of direct benefit to donors	-	-	-	-	-	(13,299)	(13,299)
Total expenses per the statement of activities	\$ 553,525	\$ 3,770,171	\$ 81,419	\$ 37,506	\$ 28,711	\$ -	\$ 4,471,332

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	Costs of Direct Benefit to Donors	
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	2,108	-	22,259
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	14,707	16,689
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, meals and entertainment	1,294	40	-	-	-	3,187	4,521
Staff development	893	128	64	191	-	-	1,276
Other	4,074	4,074	4,074	679	679	-	13,580
Total expenses	485,464	2,668,481	123,657	46,912	43,715	17,894	3,386,123
Less the costs of direct benefit to donors	-	-	-	-	-	(17,894)	(17,894)
Total expenses per the statement of activities	\$ 485,464	\$ 2,668,481	\$ 123,657	\$ 46,912	\$ 43,715	\$ -	\$ 3,368,229

See accompanying notes.

EVERYONE COOPERATING TO HELP OTHERS, INC
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 308,425	\$ (45,513)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Donated property	(135,000)	-
Depreciation	61,366	55,505
(Increase) decrease in assets		
Grants receivable	(2,681)	(12,138)
Unconditional promises to give	12,833	(30,000)
Prepaid expenses	(603)	32
Increase (decrease) in liabilities		
Accounts payable	(3,445)	1,467
Other accrued liabilities	725	2,601
	<u>241,620</u>	<u>(28,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(14,257)</u>	<u>(49,010)</u>
Net change in cash	227,363	(77,056)
Cash at beginning of year	<u>16,140</u>	<u>93,196</u>
Cash at end of year	<u><u>\$ 243,503</u></u>	<u><u>\$ 16,140</u></u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 1,684	\$ 503
Noncash investing activity		
Donated property	135,000	-

See accompanying notes.

EVERYONE COOPERATING TO HELP OTHERS, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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.

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, 2019 and 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 that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in 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 statements of activities as net assets released from restrictions.

Government Grants

ECHO receives grants from government agencies and others that are conditioned upon ECHO incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by ECHO, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

EVERYONE COOPERATING TO HELP OTHERS, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 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 \$1.65 and \$1.68 for the years ended December 31, 2019 and 2018, 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. 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, 2019 and 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.

Adoption of New Accounting Guidance

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606). The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

ECHO adopted the requirements of the new guidance as of January 1, 2019, using the modified retrospective method of transition. In applying the new guidance, ECHO elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019.

The majority of ECHO's revenue from contracts with customers, which includes special events, is recognized at a point in time based on the transfer of control. Revenue recognized over time primarily consists of performance obligations that are satisfied within one year or less. In addition, the majority of ECHO's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on ECHO's financial statements. The majority of ECHO's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on ECHO's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

On June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. ECHO adopted the requirements of the ASU as of January 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of January 1, 2019, or entered into after that date.

EVERYONE COOPERATING TO HELP OTHERS, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

Date of Management's Review

Management has evaluated subsequent events through October 15, 2020, the date which the financial statements were available to be issued.

NOTE 2—PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2019	2018
Building	\$ 1,439,732	\$ 1,315,340
Furniture and equipment	168,640	158,775
Vehicles	43,049	43,049
Land and land improvements	48,184	33,184
Accumulated depreciation	(511,134)	(449,768)
Property and equipment, net	\$ 1,188,471	\$ 1,100,580

NOTE 3—LINE OF CREDIT

ECHO has an unsecured \$60,000 line of credit, which was unused at December 31, 2019. In the prior year, ECHO's line of credit was \$50,000 and remained unused at December 31, 2018. Advances on the credit line carry an interest rate of 1% over prime (4.75% and 5.5% at December 31, 2019 and 2018).

NOTE 4—NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Education fund	\$ 1,168	\$ 1,181
Emergency rent assistance	125,000	10,000
Food pantry	5,000	-
Promises to give, without donor restrictions, but which are unavailable for expenditure until due	39,333	52,166
Net assets with donor restrictions	\$ 170,501	\$ 63,347

EVERYONE COOPERATING TO HELP OTHERS, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 5—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, 2019 and 2018, the balances of the ECHO Endowment Fund were \$39,447 and \$35,950, and the balances of the Sandgren Education Fund were \$32,361 and \$28,417, respectively. ECHO received a distribution of \$2,904 from the ECHO Endowment Fund during the year ended December 31, 2019 and received distributions of \$1,199 and \$1,139 from the Sandgren Education Fund during the years ended December 31, 2019 and 2018, respectively.

NOTE 6—CONDITIONAL PROMISES TO GIVE

ECHO has grants that are conditioned upon ECHO incurring qualifying expenses under the grant programs. At December 31, 2019, these conditional grants totaled \$330,508. These conditional grants will be recognized when the respective conditions are met in future years.

NOTE 7—LIQUIDITY AND AVAILABILITY

The following table reflects ECHO's financial assets as of December 31, 2019 and 2018, reduced by amounts not available to meet cash needs for general expenditures within one year of the dates of the statements of financial position because of donor-imposed restrictions.

	2019	2018
Financial assets at end of year	\$ 317,574	\$ 100,363
Less those unavailable for general expenditures with one year		
Restricted by donor with purpose restrictions	(131,168)	(11,681)
Financial assets available to meet cash needs for general expenditures within one year	\$ 186,406	\$ 88,682

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 \$60,000 line of credit (as further discussed in Note 3).

EVERYONE COOPERATING TO HELP OTHERS, INC
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

NOTE 8—SUBSEQUENT EVENTS

ECHO's operations may be affected by the recent and ongoing COVID-19 outbreak that was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption and effect on ECHO is uncertain; however, it may result in a material adverse impact on ECHO's financial position, activities, and cash flows. Possible effects may include, but are not limited to, disruption to ECHO's donors and revenues, absenteeism in ECHO's workforce, and unavailability of supplies used in ECHO's programs.

Subsequent to year end, ECHO applied for and was approved a \$80,000 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%. ECHO is eligible for loan forgiveness of up to 100% of the loan, including interest, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.