

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

Janesville, Wisconsin

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended December 31, 2015 and 2014

# 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, 2015 and 2014, 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, 2015 and 2014, 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.

*Brian Tilly Vuchow Kaul, CPA*

Janesville, Wisconsin  
August 4, 2016

# EVERYONE COOPERATING TO HELP OTHERS, INC.

## STATEMENTS OF FINANCIAL POSITION As of December 31, 2015 and 2014

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	<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		\$ 67,711	\$ 49,818
Grants receivable		15,324	6,211
Pledge receivable		-	700,000
Other receivables		5,585	-
Prepaid expenses		<u>5,590</u>	<u>4,295</u>
Total Current Assets		94,210	760,324
<b>PROPERTY AND EQUIPMENT</b>		<u>1,173,558</u>	<u>531,213</u>
<b>TOTAL ASSETS</b>		<u>\$ 1,267,768</u>	<u>\$ 1,291,537</u>
	<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>			
Accounts payable		\$ 5,046	\$ 7,750
Accrued payroll		12,760	12,149
Payor account liabilities		<u>4,299</u>	<u>1,633</u>
Total Current Liabilities		<u>22,105</u>	<u>21,532</u>
<b>NET ASSETS</b>			
Unrestricted		1,226,536	570,005
Temporarily restricted		<u>19,127</u>	<u>700,000</u>
Total Net Assets		<u>1,245,663</u>	<u>1,270,005</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		<u>\$ 1,267,768</u>	<u>\$ 1,291,537</u>

See accompanying notes to financial statements.

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

STATEMENTS OF ACTIVITIES  
For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUE</b>						
Church contributions	\$ 105,135	\$ -	\$ 105,135	\$ 121,686	\$ -	\$ 121,686
Individual contributions	223,194	3,249	226,443	220,973	-	220,973
Group and business contributions	58,389	-	58,389	50,676	-	50,676
Grant revenue	78,700	59,185	137,885	78,195	56,267	134,462
In-kind contributions	1,248,077	-	1,248,077	1,396,692	-	1,396,692
Special events	72,055	-	72,055	70,401	-	70,401
Foundation grants	74,648	-	74,648	137,401	700,000	837,401
Interest income	225	-	225	68	-	68
Reimbursements	-	2,392	2,392	-	2,065	2,065
Net assets released from restrictions	<u>745,699</u>	<u>(745,699)</u>	<u>-</u>	<u>58,332</u>	<u>(58,332)</u>	<u>-</u>
<b>Total Support and Revenue</b>	<u>2,606,122</u>	<u>(680,873)</u>	<u>1,925,249</u>	<u>2,134,424</u>	<u>700,000</u>	<u>2,834,424</u>
<b>EXPENSES</b>						
Program	1,843,757	-	1,843,757	2,106,921	-	2,106,921
Management and general	42,440	-	42,440	43,164	-	43,164
Fund-raising	<u>63,394</u>	<u>-</u>	<u>63,394</u>	<u>66,954</u>	<u>-</u>	<u>66,954</u>
<b>Total Expenses</b>	<u>1,949,591</u>	<u>-</u>	<u>1,949,591</u>	<u>2,217,039</u>	<u>-</u>	<u>2,217,039</u>
<b>CHANGE IN NET ASSETS</b>	656,531	(680,873)	(24,342)	(82,615)	700,000	617,385
NET ASSETS - Beginning 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>
<b>NET ASSETS - END 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>

See accompanying notes to financial statements.

## EVERYONE COOPERATING TO HELP OTHERS, INC.

### STATEMENTS OF CASH FLOWS For the Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (24,342)	\$ 617,385
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	30,453	24,620
Pledge receivable restricted for building expansion	-	(700,000)
Changes in assets and liabilities		
Grants receivable	(9,113)	3,710
Other receivables	(5,585)	-
Accounts payable	(2,704)	(6,419)
Accrued payroll	611	1,465
Payor account liabilities	2,666	(1,520)
Prepaid expenses	<u>(1,295)</u>	<u>(4)</u>
Net Cash Flows from Operating Activities	(9,309)	(60,763)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(672,798)	(13,814)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Pledge payments received for capital expenditures	<u>700,000</u>	<u>-</u>
 <b>Net Change in Cash and Cash Equivalents</b>	17,893	(74,577)
 CASH AND CASH EQUIVALENTS - Beginning of Year	<u>49,818</u>	<u>124,395</u>
 <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 67,711</u>	<u>\$ 49,818</u>
 <b>Supplemental cash flow disclosures</b>		
Cash paid for interest	<u>\$ 1,520</u>	<u>\$ 448</u>

See accompanying notes to financial statements.

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

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended December 31, 2015 and 2014

	2015			2014				
	Program	Management and General	Fund-raising	Total	Program	Management and General	Fund-raising	Total
Food	\$ 1,244,921	\$ -	\$ -	\$ 1,244,921	\$ 1,395,297	\$ -	\$ -	\$ 1,395,297
Lodging	17,868	-	-	17,868	52,661	-	-	52,661
Rent and security deposits	193,333	-	-	193,333	232,762	-	-	232,762
Transportation	4,435	-	-	4,435	20,934	-	-	20,934
Counseling and special needs	58,556	-	-	58,556	85,189	-	-	85,189
Total Direct Assistance	1,519,113	-	-	1,519,113	1,786,843	-	-	1,786,843
Office utilities	15,785	329	329	16,443	13,795	287	287	14,369
Telephone, internet, and database	4,278	89	89	4,456	3,388	71	71	3,530
Office supplies	4,669	584	584	5,837	1,848	231	231	2,310
Postage	668	4,009	2,005	6,682	733	4,397	2,199	7,329
Printing	214	856	9,628	10,698	284	1,135	12,766	14,185
Fund-raising	-	-	16,735	16,735	-	-	16,853	16,853
Equipment - repairs and maintenance	5,183	648	648	6,479	6,612	826	826	8,264
Building - repairs and maintenance	7,506	156	156	7,818	7,626	159	159	7,944
Vehicle - repairs and maintenance	5,120	-	-	5,120	6,625	-	-	6,625
Insurance	6,562	365	365	7,292	6,059	337	337	6,733
Trash removal	1,717	35	-	1,752	1,439	29	-	1,468
Salaries and wages	213,783	25,896	28,119	267,798	218,867	26,512	28,787	274,166
Payroll taxes	16,201	2,095	2,144	20,440	16,536	2,138	2,188	20,862
Professional fees	12,443	5,743	957	19,143	12,459	5,750	958	19,167
Staff development, conferences, and dues	1,085	-	-	1,085	541	-	-	541
Depreciation	27,407	1,523	1,523	30,453	22,158	1,231	1,231	24,620
Interest	1,368	76	76	1,520	404	22	22	448
Other expenses	655	36	36	727	704	39	39	782
<b>Total Expenses</b>	<b>\$ 1,843,757</b>	<b>\$ 42,440</b>	<b>\$ 63,394</b>	<b>\$ 1,949,591</b>	<b>\$ 2,106,921</b>	<b>\$ 43,164</b>	<b>\$ 66,954</b>	<b>\$ 2,217,039</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, 2015 and 2014

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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, 2015 and 2014. 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, 2015 and 2014.

### *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, 2015 and 2014

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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 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 2012 for federal and 2011 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, 2015 and 2014

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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 August 4, 2016 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	2015	2014
Building	40 yrs.	\$ 1,321,475	\$ 726,257
Office equipment	7-10 yrs.	189,215	125,243
Vehicles	5 yrs.	29,215	29,215
Building improvements	20 yrs.	22,433	8,826
Computer equipment	5 yrs.	<u>11,039</u>	<u>11,039</u>
Total Property and Equipment		1,573,377	900,580
Less: Accumulated depreciation		<u>(399,819)</u>	<u>(369,367)</u>
Net Property and Equipment		<u>\$ 1,173,558</u>	<u>\$ 531,213</u>

# EVERYONE COOPERATING TO HELP OTHERS, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended December 31, 2015 and 2014

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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 and \$30,000 as of December 31, 2015 and 2014, respectively. There was no outstanding balance at December 31, 2015 and 2014. 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>2015</u>	<u>2014</u>
Pledge restricted for expansion	\$ 15,878	\$ 700,000
Education fund	<u>3,249</u>	<u>-</u>
Totals	<u>\$ 19,127</u>	<u>\$ 700,000</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 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, 2015 and 2014, the balance in the fund was \$32,785 and \$35,048, respectively. ECHO received grant revenue of \$1,470 and \$1,410 during the years ended December 31, 2015 and 2014.

In 2015, ECHO became the beneficiary of another component fund at CFSW. ECHO is eligible for an annual grant from CFSW based on the balance of the component fund to support client educational opportunities. The balance in the fund was \$25,984 as of December 31, 2015. No grants were distributed from the educational fund during 2015.