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COMMUNITY ORGANIZING AND FAMILY ISSUES INC.

INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.

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**INDEPENDENT AUDITOR'S REPORT**

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Community Organizing and Family Issues Inc.  
Chicago, Illinois 60607

We have audited the accompanying financial statements of the Community Organizing and Family Issues Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2013, and the related statements of activities 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 Community Organizing and Family Issues Inc. as of September 30, 2013, 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.

*Velma Butler / Company Ltd.*

Velma Butler & Company, Ltd.  
Chicago, Illinois

January 23, 2014

## **FINANCIAL STATEMENTS**

COMMUNITY ORGANIZING & FAMILY ISSUES INC.  
STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	2013 Total	2012 Total
<b>ASSETS</b>		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 192,944	\$ 177,381
Accounts Receivable	402,645	382,074
Security Deposits	8,857	11,881
Total Current Assets	<u>604,446</u>	<u>571,336</u>
NONCURRENT ASSETS		
Furniture and Equipment	35,202	34,075
Accumulated Depreciation	<u>(18,179)</u>	<u>(13,730)</u>
Total Noncurrent Assets	<u>17,023</u>	<u>20,345</u>
TOTAL ASSETS	<u>\$ 621,469</u>	<u>\$ 591,681</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts Payable	\$ <u>12,710</u>	\$ <u>12,095</u>
Total Current Liabilities	12,710	12,095
NET ASSETS		
Unrestricted Net Assets	182,419	148,116
Temporarily Restricted Net Assets	<u>426,340</u>	<u>431,470</u>
Total Net Assets	<u>608,759</u>	<u>579,586</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 621,469</u>	<u>\$ 591,681</u>

See accompanying notes to the financial statements.

COMMUNITY ORGANIZING & FAMILY ISSUES INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

	Unrestricted	Temporarily Restricted	2013 Total	2012 Total
<b>OPERATING REVENUES</b>				
Operating Revenues and Support				
Foundation Grants	\$ 52,970	\$ 288,500	\$ 341,470	\$ 519,660
Government Grants	321,397	14,190	335,587	259,256
Contract Revenue	152,904	13,650	166,554	140,583
In-Kind Contribution	1,750		1,750	-
Other Revenue	37,169		37,169	56,993
Released from Restrictions	321,470	(321,470)	-	-
	<u>887,660</u>	<u>(5,130)</u>	<u>882,530</u>	<u>976,492</u>
<b>TOTAL OPERATING REVENUES</b>	887,660	(5,130)	882,530	976,492
<b>OPERATING EXPENSES</b>				
Program Services	727,012		727,012	632,305
Management and General	77,714		77,714	67,327
Fundraising	49,599		49,599	45,570
Total Operating Expenses	<u>854,325</u>	<u>-</u>	<u>854,325</u>	<u>745,202</u>
<b>NON-OPERATING REVENUE</b>				
Interest Income	968		968	764
Total Non-Operating Revenue	<u>968</u>	<u>-</u>	<u>968</u>	<u>764</u>
<b>CHANGE IN NET ASSETS</b>	34,303	(5,130)	29,173	232,054
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>148,116</u>	<u>431,470</u>	<u>579,586</u>	<u>347,532</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 182,419</u>	<u>\$ 426,340</u>	<u>\$ 608,759</u>	<u>\$ 579,586</u>

See accompanying notes to the financial statements.

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

CASH FLOW FROM OPERATING ACTIVITIES	2013	2012
Change in Net Assets	\$ 29,173	\$ 232,054
Adjustments to reconcile change in net assets to net cash from operating activities:		
Add back Depreciation	5,451	4,356
Add back Loss on Disposal of Assets	545	2,184
(Increase)/Decrease in Accounts Receivable	(20,571)	(142,420)
(Increase)/Decrease in Security Deposits	3,024	3,662
Increase/(Decrease) in Accounts Payable	<u>615</u>	<u>6,799</u>
Net Cash Provided by Operating Activities	18,237	106,635
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net (Purchase)/Sale of Equipment	<u>(2,674)</u>	<u>(6,957)</u>
Net Cash (Used for) Investing Activities	<u>(2,674)</u>	<u>(6,957)</u>
Net Increase in Cash	15,563	99,678
CASH AT BEGINNING OF YEAR	<u>177,381</u>	<u>77,703</u>
CASH AT END OF YEAR	<u>\$ 192,944</u>	<u>\$ 177,381</u>

<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash Paid for Interest	\$ <u>      -</u>	\$ <u>      -</u>

See accompanying notes to the financial statements.

COMMUNITY ORGANIZING AND FAMILY ISSUES INC.  
 STATEMENT OF UNRESTRICTED FUNCTIONAL EXPENSES  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013 (WITH COMPARATIVE TOTALS FOR 2012)

				2013	2012
	Program	Admin	Fundraising	Total	Total
<b>EXPENSES</b>					
Personnel Expense	\$ 483,648	\$ 61,556	\$ 32,360	\$ 577,564	\$ 483,458
Consultants and Professional Fees	82,698	2,502	10,867	96,067	64,378
Office Expense	20,937	2,774	1,514	25,225	24,109
Printing and Postage	5,051	-	-	5,051	11,519
Insurance	-	5,287	-	5,287	2,632
Occupancy and Telephone	37,720	4,999	2,727	45,446	51,633
Program Cost	92,459	-	-	92,459	98,441
Fundraising Cost	-	-	1,806	1,806	2,104
Depreciation	4,038	535	292	4,865	4,356
Miscellaneous	461	61	33	555	2,572
<b>Total Expenses</b>	<u>\$ 727,012</u>	<u>\$ 77,714</u>	<u>\$ 49,599</u>	<u>\$ 854,325</u>	<u>\$ 745,202</u>

See accompanying notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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**Note 1 - Nature of the Organization**

Community Organizing and Family Issues, Inc. (COFI) is a not-for-profit corporation organized in the State of Illinois since 1995. COFI is dedicated to strengthening the voice of low-income families both at the community level, and in the public policy arena to create more family supportive/family friendly communities.

**Note 2 - Summary of Significant Accounting Policies**

The significant accounting policies followed by COFI are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. The accounting principles comprising the framework are appropriate for the preparation and presentation of the entity financial statements, based on the needs of its financial statement users.

**Financial Statement Presentation**

COFI follows the recommendations of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Not-for-profit Entities Presentation of Financial Statements. Under FASB ASC 958-205 (Subtopic 205, "presentation of Financial Statements", of Topic 958) COFI is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. During fiscal year 2013, COFI had no permanently restricted net assets. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Unrestricted Net Assets**

Unrestricted net assets are not subject to donor-imposed stipulations. At its discretion, the Board of Trustees may designate funds for specific purposes. Such Board-designated funds are segregated in the unrestricted net assets.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of COFI, pursuant to those stipulations.

**Revenue Recognition**

COFI accounts for contributions in accordance with the recommendations of the FASB ASC 958-605 (Subtopic 605, "Revenue Recognition", of Topic 958). In accordance with FASB ASC 958-605, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence or absence of any donor restrictions. For fiscal year ended September

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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**Note 2 - Significant Accounting Policies (continued)**

30, 2013, COFI received unconditional promises to give which were recognized upon receipt with sufficient evidence in the form of verifiable documentation that a promise was made and received (FASC ASC 958-605-25-2).

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recognized as revenue when the contributions are awarded.

All donor-restricted support and revenue is reported as an increase in temporarily or permanently restricted net assets, depending upon the nature of the restriction. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income tax status

COFI is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The organization has been classified as an entity that is not a private foundation within the meaning of section 509(a) and qualifies as tax deductible contributions as provided in section 170(b)(1)(a)(vi).

Functional Allocation of Expenses

The cost of providing the various program and other activities has been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated between programs and supporting services.

Contributed Services

COFI recognizes FASB ASC 958-605-25-16 which requires recipient of contributed services to recognize the contributions of services if the services received either (a) create or enhance nonfinancial assets or (b) require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet these criteria shall not be recognized.

Subsequent Events

COFI has evaluated subsequent events for potential recognition and/or disclosures through January 23, 2014, the date the financial statements were available to be issued.

Financial Information for 2012

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly,

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013

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**Note 2 - Significant Accounting Policies (continued)**

such information should be read in conjunction with the agency's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

Other Matters

Interest earned from the deposits of contributions are included under interest income and used for the general purposes unless the grantor specifically specified that the interest be used for a specific program purpose.

Cash and Cash Equivalents

Cash and cash equivalents includes not only currency on hand and demand deposits with banks or other financial institutions but also short-term, highly liquid investments that have both of the following characteristics: 1) readily convertible to know amounts of cash and 2) so near their maturity of three months or less that they present insignificant risk of changes in value because of changes in interest rates.

Receivables

Contributions receivable are reported at net realizable value if collectible in one year or less. Future pledges shall be reported net of discount at present value.

COFI expects to collect all contributions receivable in the next period and thus, no amount of allowance for uncollectible promises was recognized.

Fixed Assets

It is COFI's policy to capitalize office furniture and equipment more than \$500. Purchased office furniture and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

**Note 3 - Cash**

Cash and cash equivalents totaled \$192,944 at September 30, 2013 and are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). No part of the cash balance exceeded the insured limit by FDIC.

The total cash available for use is broken down as follows:

Unrestricted Cash	\$ 75,794
Restricted Cash	<u>117,150</u>
Total Cash	<u>\$192,944</u>

**Note 4 - Accounts Receivable**

At September 30, 2013, COFI had the following grants, contracts and other receivables:

**COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

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		FY2013
Grants Receivable	\$	285,000
Contracts Receivable		114,473
Other Receivable		3,172
Total Accounts Receivable	\$	<u>402,645</u>

**Note 5 - Security Deposits**

As of September 30, 2013, security deposits totaled \$8,857, which represented security deposit on its office space rental.

**Note 6 - Fixed Assets**

As of September 30, 2013, COFI carried net fixed assets of \$17,023. Depreciation expense during the year was \$5,451. Additions totaled \$2,673 during the year. COFI retired certain computers due to obsolescence in the amount of \$1,547. COFI had a loss on those disposals of \$545 for the fiscal year. The following shows the changes in fixed assets for the fiscal year.

<u>Equipment</u>	Balance 9/30/2012	Net Additions and (Dispositions)	Balance 9/30/2013
Office Furniture and Equipment	\$ 34,075	\$ 1,127	\$ 35,202
Less: Accumulated Depreciation	(13,730)	(4,449)	(18,179)
Net Fixed Assets	<u>\$ 20,345</u>	<u>\$ (3,322)</u>	<u>\$ 17,023</u>

**Note 7 - Accounts Payable**

As of September 30, 2013, accounts payable totaled \$12,710, and consisted of amount due to vendors, suppliers and accrual of COFI's matching contributions to its employee retirement plan for \$2,107 see Note 11.

**Note 8 - Net Assets Released from Restrictions**

At September 30, 2013, net assets released from restrictions were \$321,470 by incurring expenses to satisfy the restriction imposed by donors were as follows:

**COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	<u>FY2013</u>
W.K. Kellogg Foundation	\$ 100,000
Grand Victoria Foundation	30,000
Polk Bros. Foundation	30,000
Woods Fund of Chicago	30,000
McCormick Foundation	25,000
Just and Fair School Fund	22,500
Ben & Jerry's Foundation	16,000
Chicago Foundation for Women	15,000
Albert Pick Foundation	10,000
Crown Family Philanthropies	10,000
Wieboldt Foundation	10,000
Circle of Service Foundation	9,370
U.S. Bank	2,000
Other Future Income	11,600
Total Released from Restrictions	\$ <u><u>321,470</u></u>

**Note 9 - Temporarily Restricted Net Assets**

The following temporarily restricted net assets were available for future use at September 30, 2013:

	<u>FY2013</u>
Just and Fair School Fund	\$ 110,000
W.K. Kellogg Foundation	100,000
Woods Fund of Chicago	60,000
Grand Victoria Foundation	35,000
McCormick Foundation	30,000
Albert Pick Foundation	20,000
Circle of Service Foundation	15,000
Wieboldt Foundation	10,000
Chicago Foundation for Women	7,500
Polk Bros. Foundation	7,500
Crown Family Philanthropies	2,500
US Bank	1,000
Other Future Income	27,840
Total Temporarily Restricted Net Assets	\$ <u><u>426,340</u></u>

Other future income consisted of conference fees, training fees, and partial contract work performed in fiscal year 2013.

**Note 10 - Lease Commitments**

COFI leased its office space under an operating lease to expire in August 2019. The total current year costs reported for rents paid or due under its operating leases totaled \$45,446 at year-end.

The aggregate minimum annual rentals for its long-term lease of its head office are as follows:

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2013

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<u>Year</u>	<u>Amount</u>
2014	\$ 33,631
2015	35,572
2016	35,652
2017	30,109
2018	35,806
2019	38,827
Total	<u>\$ 209,597</u>

**Note 11 - Deferred Compensation Plan**

COFI participates in a qualified defined contribution retirement plan. The 403(b) retirement plan ("Plan") is provided to all full-time and part-time employees working at least 25 hours per week. The Plan provides for discretionary employer matching contributions which may vary from year to year. For fiscal year 2013, COFI committed to providing matching contributions equal to \$.50 for each dollar of the employee salary. Contributions totaled \$2,267 and salary expense was \$475,253.

The total plan asset was \$278,213 at September 30, 2013, broken down as follows:

	<b><u>FY2013</u></b>
Beginning Balance	\$ 233,483
Additions	17,736
Deductions	-
Transfers	17,893
Investment Earnings	9,101
Ending Balance	<u>\$ 278,213</u>

**Note 12 - Subsequent Events**

Management has evaluated subsequent events and determined the need for any adjustments to and/or disclosure within the audited financial statements for the year ended September 30, 2013. Management has performed their analysis and has not evaluated events occurring after January 23, 2014, the date the financial statements were available to be issued.