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COMMUNITY ORGANIZING AND FAMILY ISSUES INC.

INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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*VELMA BUTLER & COMPANY, LTD.*  
Certified Public Accountants and Consultants



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 comprises the statement of financial position as of September 30, 2014, and the related statements of activities, cash flows and functional expenses for the year then ended.

**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**

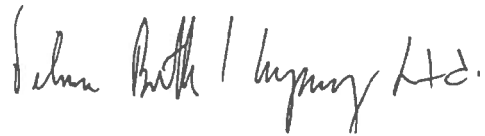
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Organizing and Family Issues, Inc. as of September 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by *Government Auditing Standards***

In accordance with the *Government Auditing Standards*, we have also issued our report dated December 30, 2014, on our consideration of Community Organizing and Family Issues, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

***Summarized Comparative Information***

We have previously audited Community Organizing and Family Issues Inc.'s 2013 financial statements, and we expressed an unmodified opinion on those audited financial statements dated January 23, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Velma Butler & Company, Ltd.  
Chicago, Illinois

December 30, 2014

## **FINANCIAL STATEMENTS**

COMMUNITY ORGANIZING & FAMILY ISSUES INC.  
 STATEMENT OF FINANCIAL POSITION  
 SEPTEMBER 30, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

	2014 Total	2013 Total
<b>ASSETS</b>		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 612,114	\$ 192,944
Accounts Receivable	214,018	402,645
Other Assets	9,082	8,857
Total Current Assets	<u>835,214</u>	<u>604,446</u>
NONCURRENT ASSETS		
Furniture and Equipment	54,075	35,202
Accumulated Depreciation	<u>(26,041)</u>	<u>(18,179)</u>
Total Noncurrent Assets	<u>28,034</u>	<u>17,023</u>
TOTAL ASSETS	<u>\$ 863,248</u>	<u>\$ 621,469</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT LIABILITIES		
Accounts Payable	\$ 19,649	\$ 12,710
Accrued Payable	<u>19,778</u>	<u>          </u>
Total Current Liabilities	<u>39,427</u>	<u>12,710</u>
NET ASSETS		
Unrestricted Net Assets	234,646	182,419
Temporarily Restricted Net Assets	<u>589,175</u>	<u>426,340</u>
Total Net Assets	<u>823,821</u>	<u>608,759</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 863,248</u>	<u>\$ 621,469</u>

See accompanying notes to the financial statements.

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

	Unrestricted	Temporarily Restricted	2014 Total	2013 Total
<b>OPERATING REVENUE</b>				
Foundation Grants	\$ 223,800	\$ 513,750	\$ 737,550	\$ 341,470
Government Grants	468,677		468,677	335,587
Contract Revenue	143,140	10,425	153,565	166,554
In-Kind Contribution	48,201		48,201	1,750
Other Revenue	35,523		35,523	37,169
Released From Restrictions	361,340	(361,340)	-	-
Total Revenues	<u>1,280,681</u>	<u>162,835</u>	<u>1,443,516</u>	<u>882,530</u>
<b>EXPENDITURES</b>				
Program	1,052,238		1,052,238	727,012
Administrative	117,754		117,754	77,714
Fundraising	59,846		59,846	49,599
Total Operating Expenditures	<u>1,229,838</u>	<u>-</u>	<u>1,229,838</u>	<u>854,325</u>
<b>NON OPERATING REVENUE</b>				
Interest Income	<u>1,384</u>		<u>1,384</u>	<u>968</u>
Total Non Operating Income	<u>1,384</u>	<u>-</u>	<u>1,384</u>	<u>968</u>
CHANGE IN NET ASSETS	52,227	162,835	215,062	29,173
NET ASSETS - BEGINNING	<u>182,419</u>	<u>426,340</u>	<u>608,759</u>	<u>579,586</u>
NET ASSETS - ENDING	<u>\$ 234,646</u>	<u>\$ 589,175</u>	<u>\$ 823,821</u>	<u>\$ 608,759</u>

See accompanying notes to the financial statements.

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

CASH FLOW FROM OPERATING ACTIVITIES	2014	2013
Change in Net Assets	\$ 215,062	\$ 29,173
Adjustments to reconcile change in net assets to net cash from operating activities:		
Add back Depreciation	7,862	5,451
Add back Loss on Disposal of Assets		545
(Increase)/Decrease in Accounts Receivable	188,627	(20,571)
(Increase)/Decrease in Security Deposits	(225)	3,024
Increase/(Decrease) in Accounts Payable	6,939	615
Increase/(Decrease) in Accrued Payable	<u>19,778</u>	
Net Cash Provided by Operating Activities	438,043	18,237

CASH FLOW FROM INVESTING ACTIVITIES		
Net (Purchase)/Sale of Equipment	<u>(18,873)</u>	<u>(2,674)</u>
Net Cash (Used for) Investing Activities	<u>(18,873)</u>	<u>(2,674)</u>
Net Increase in Cash	419,170	15,563
CASH AT BEGINNING OF YEAR	<u>192,944</u>	<u>177,381</u>
CASH AT END OF YEAR	<u>\$ 612,114</u>	<u>\$ 192,944</u>

SUPPLEMENTAL DISCLOSURES		
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, 2014 (WITH COMPARATIVE TOTALS FOR 2013)

				2014	2013
	Program	Admin	Fundraising	Total	Total
<b>EXPENSES</b>					
Personnel Expense	\$ 660,133	\$ 79,637	\$ 42,437	\$ 782,207	\$ 577,564
Consultants and Professional Fees	172,126	21,313	8,790	202,229	96,067
Office Expense	21,322	3,524	3,132	27,978	25,225
Insurance	-	7,133	-	7,133	5,287
Occupancy and Telephone	41,529	5,019	2,657	49,205	45,446
Program Cost	149,054	-	-	149,054	97,510
Fundraising Cost	-	-	2,405	2,405	1,806
Depreciation	6,636	801	425	7,862	4,865
Miscellaneous	1,438	327		1,765	555
<b>Total Expenses</b>	<u>\$ 1,052,238</u>	<u>\$ 117,754</u>	<u>\$ 59,846</u>	<u>\$ 1,229,838</u>	<u>\$ 854,325</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, 2014

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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 in 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, and accordingly, reflect all significant receivables, payables and other liabilities. 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 2014, 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.

**Temporarily Restricted Net Assets**

Temporarily restricted net assets result from contributions and other inflows of assets whose uses are 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.

**Permanently Restricted Net Assets**

Permanently restricted net assets are restricted to investments held in perpetuity.

**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, 2014

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30, 2014, 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.

#### Fair Value Measurement

COFI also follow FASB ASC 820 (Topic 820, "Fair Value Measurement") which defines fair value, establishes a framework for measuring fair value, and expands disclosure about fair value measurements.

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: Significant observable inputs other than Level 1, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Significant unobservable inputs that reflect a report entity's own assumptions about the assumption that market participants would use in pricing an asset or liability.

The carrying amounts of cash and cash equivalents, receivables, other current asset, and other liabilities approximated fair value due to the short maturity of these instruments or assumptions made by management. The requirement had no significant impact on COFI's financial statements.

#### 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.

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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Contributed Services

COFI recognizes FASB ASC 958-605-25-16 which requires recipients 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 were not recognized.

Financial Information for 2013

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, such information should be read in conjunction with the agency's financial statements for the year ended September 30, 2013, 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 include 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 known 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 collection is within one year or less. Future pledges are reported net of discounted 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 greater than \$500. 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 \$612,114, at September 30, 2014. Cash is held in a checking account and a money market account. Amounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Cash balance exceeded the insured FDIC limit by \$362,114. Management has not experienced any losses and does not believe it faces significant risks.

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

The total cash available is broken down as follows:

Unrestricted Cash	\$	72,939
Restricted Cash		<u>539,175</u>
Total Cash	\$	<u><u>612,114</u></u>

**Note 4 – Accounts Receivable**

At September 30, 2014, COFI had the following grants, government receivables, and other receivables:

Grants Receivable	\$	50,000
Federal Government Receivable		127,612
Non-Federal Government Receivable		24,242
Other Receivable		<u>12,164</u>
Total Accounts Receivable	\$	<u><u>214,018</u></u>

**Note 5 – Other Assets**

As of September 30, 2014, security deposits for office space and other prepaid expenses totaled \$9,082.

**Note 6 – Fixed Assets**

As of September 30, 2014, COFI's net fixed assets were \$28,034. Depreciation expense for the year was \$7,862. Additions totaled \$18,874. The following chart shows the changes in fixed assets.

<u>Equipment</u>	Net		
	Balance 9/30/2013	Additions and (Dispositions)	Balance 9/30/2014
Office Furniture and Equipment	\$ 35,202	\$ 18,873	\$ 54,075
Less: Accumulated Depreciation	(18,179)	(7,862)	(26,041)
Net Fixed Assets	<u>\$ 17,023</u>	<u>\$ 11,011</u>	<u>\$ 28,034</u>

**Note 7 – Accounts Payable**

As of September 30, 2014, accounts payables totaled \$19,649, and consisted of amount due to vendors, consultants, and suppliers.

**Note 8 – Accrued Payable**

As of September 30, 2014, accrued payable totaled \$19,778, and consisted of payroll related expenses.

**Note 9 – Net Assets Released from Restrictions**

At September 30, 2014, net assets released from restrictions were \$361,340 as follows:

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

	FY2014
Foundations	<u>332,500</u>
Corporations	1,000
Other	<u>27,840</u>
Total Net Assets Released from Restricted	<u>\$ 361,340</u>

**Note 10 – Temporarily Restricted Net Assets**

Temporarily restricted net assets at September 30, 2014 were \$ 589,175 as shown below:

	FY2014
Foundations	<u>578,750</u>
Other	<u>10,425</u>
Total Temporarily Restricted Net Assets	<u>\$ 589,175</u>

**Note 11 – Lease Commitments**

COFI leases its office space under an operating lease due to expire in August 2019. The current year's rents were \$49,205.

Minimum commitments for future rents are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 35,572
2016	35,652
2017	30,109
2018	35,806
2019	<u>38,827</u>
Total	<u>\$ 175,966</u>

Abatements were applied in 2017, which results in a lower rental commitment.

**Note 12- 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 2014, COFI committed to providing matching contributions equal to \$.50 for each dollar of the employee salary. COFI's match totaled \$2,842 and salary expense was \$625,764.

The total plan asset was \$337,220 at September 30, 2014, shown below as follows:

COMMUNITY ORGANIZING AND FAMILY ISSUES, INC.  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014

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	<u>FY2014</u>
Beginning Balance	\$ 279,545
Additions	21,492
Deductions	-
Transfers	13,623
Investment Earnings	22,560
Ending Balance	\$ <u>337,220</u>

**Note 13 - Federal Financial Assistance**

COFI was awarded several government contracts from the State of Illinois. The contracts were considered to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Contract activity for the year ended September 30, 2014, was as follows:

Receivable Balance, Beginning of Year	\$ 900
Grant Receipts	396,668
Grant Expenditures	<u>(269,955)</u>
Receivable Balance, End of Year	\$ <u>127,612</u>

**Note 14 - 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, 2014. Management has performed their analysis and has not evaluated events occurring after December 30, 2014, the date the financial statements were available to be issued.

**REPORT ON INTERNAL CONTROLS AND COMPLIANCE**

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**REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of Community Organizing and Family Issues, Inc. (a nonprofit organization), as of and for the year ended September 30, 2014, and have issued our report thereon dated December 30, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Organizing and Family Issues, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

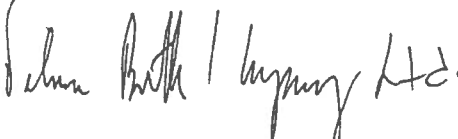
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Community Organizing and Family Issues, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

This report is intended solely for the information and use of the Board of Trustees, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Handwritten signature of Velma Butler in cursive script, followed by the text "Company Ltd." in a similar style.

Velma Butler & Company, Ltd.  
Chicago, Illinois

December 30, 2014