

**COMMUNITY ORGANIZING AND FAMILY ISSUES**

**FINANCIAL STATEMENTS**

**YEAR ENDED SEPTEMBER 30, 2016**

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2016**

**CONTENTS**

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows	7
Notes to Financial Statements	8 - 10
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11 - 12



To the Board of Directors of  
Community Organizing and Family Issues  
Chicago, Illinois

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of Community Organizing and Family Issues (an Illinois nonprofit corporation), which comprise the statements of financial position as of September 30, 2016 and 2015, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 as of September 30, 2016 and 2015, 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2017, on our consideration of Community Organizing and Family Issues' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Community Organizing and Family Issues' internal control over financial reporting and compliance.

MPS/CPA

Orland Park, Illinois  
January 26, 2017

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2016 AND 2015**

<b>ASSETS</b>	<u>2016</u>	<u>2015</u>
Cash	\$ 421,719	\$ 631,309
Receivables:		
Foundation grants	255,503	474,050
Government grants and contracts	142,738	81,901
Other	7,964	20,233
Prepaid expenses	11,156	4,851
Security deposit	9,582	8,857
Furniture and equipment, less accumulated depreciation of \$42,674 and \$35,790	<u>14,323</u>	<u>21,985</u>
Total assets	<u>\$ 862,985</u>	<u>\$ 1,243,186</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 13,057	\$ 7,737
Accrued expenses	<u>24,198</u>	<u>18,057</u>
Total liabilities	<u>37,255</u>	<u>25,794</u>
Net assets:		
Unrestricted	264,188	245,842
Temporarily restricted	<u>561,542</u>	<u>971,550</u>
Total net assets	<u>825,730</u>	<u>1,217,392</u>
Total liabilities and net assets	<u>\$ 862,985</u>	<u>\$ 1,243,186</u>

See notes to financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENTS OF ACTIVITIES  
YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	<u>2016</u>			<u>2015</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:						
Foundation grants	\$ 329,437	\$ 297,667	\$ 627,104	\$ 210,132	\$ 960,300	\$ 1,170,432
Government grants and contracts	509,579	5,625	515,204	645,252	6,250	651,502
Contract income	81,840	7,000	88,840	136,389	5,000	141,389
Contributions	81,933	-	81,933	56,491	-	56,491
Other income	15,595	-	15,595	33,530	-	33,530
Interest income	1,313	-	1,313	1,811	-	1,811
Net assets released from restrictions:						
Satisfaction of purpose restrictions	<u>720,300</u>	<u>(720,300)</u>	<u>-</u>	<u>589,175</u>	<u>(589,175)</u>	<u>-</u>
Total support and revenue	<u>1,739,997</u>	<u>(410,008)</u>	<u>1,329,989</u>	<u>1,672,780</u>	<u>382,375</u>	<u>2,055,155</u>
Expenses:						
Program services	1,494,521	-	1,494,521	1,477,949	-	1,477,949
Supporting services:						
Management and general	166,670	-	166,670	120,259	-	120,259
Fundraising	<u>60,460</u>	<u>-</u>	<u>60,460</u>	<u>63,376</u>	<u>-</u>	<u>63,376</u>
Total expenses	<u>1,721,651</u>	<u>-</u>	<u>1,721,651</u>	<u>1,661,584</u>	<u>-</u>	<u>1,661,584</u>
Change in net assets	18,346	(410,008)	(391,662)	11,196	382,375	393,571
Net assets at beginning of year	<u>245,842</u>	<u>971,550</u>	<u>1,217,392</u>	<u>234,646</u>	<u>589,175</u>	<u>823,821</u>
Net assets at end of year	<u>\$ 264,188</u>	<u>\$ 561,542</u>	<u>\$ 825,730</u>	<u>\$ 245,842</u>	<u>\$ 971,550</u>	<u>\$ 1,217,392</u>

See notes to financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2016**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ 1,037,317	\$ 109,971	\$ 43,782	\$ 1,191,070
Consulting fees	112,118	6,714	6,978	125,810
Depreciation	3,987	4,042	118	8,147
Fundraising	-	-	1,494	1,494
Insurance	4,266	2,243	56	6,565
Meetings	45,491	877	1,683	48,051
Miscellaneous	-	1,907	-	1,907
Occupancy	57,996	7,913	1,521	67,430
Office expenses	22,284	4,421	1,059	27,764
Printing and publications	10,314	653	2,211	13,178
Professional development	2,565	115	-	2,680
Professional fees	43,493	27,194	186	70,873
Supplies	35,054	334	889	36,277
Travel	119,636	286	483	120,405
<b>Total</b>	<b>\$ 1,494,521</b>	<b>\$ 166,670</b>	<b>\$ 60,460</b>	<b>\$ 1,721,651</b>

See notes to financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2015**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ 1,075,019	\$ 62,847	\$ 49,737	\$ 1,187,603
Consulting fees	138,875	4,183	7,493	150,551
Depreciation	4,771	4,837	141	9,749
Fundraising	-	-	1,603	1,603
Insurance	3,508	3,943	-	7,451
Meetings	40,724	1,223	261	42,208
Miscellaneous	-	25	-	25
Occupancy	60,482	3,769	1,685	65,936
Office expenses	21,473	2,473	1,040	24,986
Printing and publications	6,663	-	243	6,906
Professional development	3,733	314	-	4,047
Professional fees	8,998	35,171	353	44,522
Supplies	42,168	430	686	43,284
Travel	71,535	1,044	134	72,713
<b>Total</b>	<b>\$ 1,477,949</b>	<b>\$ 120,259</b>	<b>\$ 63,376</b>	<b>\$ 1,661,584</b>

See notes to financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	<b>2016</b>	<b>2015</b>
Cash flows from operating activities:		
Change in net assets	\$ (391,662)	\$ 393,571
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	8,147	9,749
Loss on disposal of equipment	530	-
Effects of changes in operating assets and liabilities:		
Receivables	169,979	(362,166)
Prepaid expenses	(6,305)	(4,626)
Security deposit	(725)	-
Accounts payable	5,320	(11,912)
Accrued expenses	6,141	(1,721)
Net cash provided (used) by operating activities	(208,575)	22,895
Cash flows from investing activities:		
Purchases of furniture and equipment	(1,015)	(3,700)
Net increase (decrease) in cash	(209,590)	19,195
Cash at beginning of year	631,309	612,114
Cash at end of year	\$ 421,719	\$ 631,309

See notes to financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Community Organizing and Family Issues ("COFI") is a nonprofit 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 and family friendly communities.

**Basis of Accounting**

The financial statements of COFI have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Cash**

For purposes of the statement of cash flows, COFI considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

The bank account balances, at times, exceed federally insured limits. COFI has not experienced any losses on such accounts.

**Grants and Contracts Receivable**

Grants and contracts receivable are reported at the outstanding balance reduced by the allowance for doubtful accounts, if any.

The allowance for doubtful accounts is increased by charges to income and decreased by chargeoffs (net of recoveries). Management's periodic evaluation of the adequacy of the allowance is based on COFI's past collection experience, known and inherent risks of the payers compromising the grants and contracts receivable balance, adverse situations that may affect the payer's ability to pay, and current economic conditions. Receivables are charged off when management deems the receivable balance to be uncollectible.

Based on a review of the outstanding grants and contracts receivable, management determined that an allowance for doubtful accounts was not necessary at September 30, 2016 and 2015.

**Property and Equipment**

COFI capitalizes property and equipment over \$500. Lesser amounts are expensed. Property and equipment are stated at cost if purchased or fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed as incurred.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

**Contributions**

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Unconditional promises to give are recognized as contribution support and receivables in the period in which the promise is received. Conditional promises to give are recognized as contribution support and receivables when the conditions are substantially met.

In-kind contributions are reflected as contributions at their fair value on the date of donation and are reported as unrestricted support unless explicit donor stipulations specify how donated assets must be used. COFI recognized contributed supplies of \$13,543 and \$2,965 during the years ended September 30, 2016 and 2015, respectively.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. COFI recognized contributed services of \$450 and \$40,225 during the years ended September 30, 2016 and 2015, respectively.

**Functional Expenses - Allocation of Costs**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes**

COFI is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

COFI's federal Exempt Organization Business Income Tax Return (Form 990) is subject to examination by the Internal Revenue Service, generally for three years after the date it was filed.

**Estimates**

The preparation of financial statements in accordance 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.

**COMMUNITY ORGANIZING AND FAMILY ISSUES  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

**Financial Statement Presentation**

Accounting principles generally accepted in the United States of America require COFI 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.

**Date of Management's Review**

COFI has evaluated subsequent events through January 26, 2017, which is the date the financial statements were available to be issued.

**NOTE 2. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at September 30, 2016 and 2015 of \$561,542 and \$971,550 are restricted as to time.

**NOTE 3. CONDITIONAL PROMISE TO GIVE**

During the year ended September 30, 2016, COFI received a conditional grant of \$40,000, due in \$20,000 annual increments over a two year period beginning in fiscal year 2017. Payment of the annual increments is contingent upon COFI's ability to raise an additional matching \$40,000 from private donors.

**NOTE 4. OPERATING LEASES**

COFI leases office space under three operating leases, which expire in June, 2017, May 2018 and May, 2019. In addition to the minimum rental payments, the lease agreements require COFI to pay its pro-rata share of real estate taxes and operating expenses. Total rent expense for the year ended September 30, 2016 and 2015 was \$67,430 and \$65,936, respectively.

Total future minimum lease payments due under these leases in years ending June 30 are as follows:

2017	\$	67,260
2018		61,945
2019		<u>41,604</u>
Total	\$	<u>170,809</u>

**NOTE 5. EMPLOYEE BENEFIT PLAN**

COFI sponsors an Internal Revenue Code Section 403(b) retirement savings plan covering all employees who meet the eligibility requirements. The plan provides for discretionary employer contributions based on a percentage of each employee's deferred compensation. COFI committed to providing a discretionary matching contribution of \$4,987 and \$4,495 to the plan for the years ended September 30, 2016 and 2015, respectively.



Certified Public Accountants  
& Trusted Advisors

To the Board of Directors of  
Community Organizing and Family Issues  
Chicago, Illinois

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Organizing and Family Issues (an Illinois nonprofit corporation), which comprise the statement of financial position as of September 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 26, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Organizing and Family Issues' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Organizing and Family Issues' internal control. Accordingly, we do not express an opinion on the effectiveness of Community Organizing and Family Issues' internal control.

*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 a 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 internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Organizing and Family Issues' financial statements are free from 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 Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MPS/CPA

Orland Park, Illinois  
January 26, 2017