



MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

**COMMUNITY ORGANIZING AND FAMILY ISSUES
AUDITED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Community Organizing and Family Issues, which comprise the statements of financial position as of September 30, 2020 and 2019, 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 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 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, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, for the year ended September 30, 2020, Community Organizing and Family Issues adopted Accounting Standards Update No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to this matter.

Mudley & Co., LLP

Orland Park, Illinois
February 24, 2021

**COMMUNITY ORGANIZING AND FAMILY ISSUES
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019**

ASSETS	<u>2020</u>	<u>2019</u>
Cash	\$ 1,086,702	\$ 346,743
Receivables:		
Foundation grants	787,897	532,150
Government grants and contracts	176,390	251,706
Other	2,575	32,595
Prepaid expenses	18,469	9,998
Security deposit	18,929	27,786
Furniture and equipment, less accumulated depreciation of \$30,546 and \$35,924 in 2020 and 2019, respectively	<u>38,061</u>	<u>20,434</u>
Total assets	<u><u>\$ 2,129,023</u></u>	<u><u>\$ 1,221,412</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 10,928	\$ 30,821
Accrued payroll and benefits	28,555	34,522
Deferred rent	22,494	-
Deferred revenue	-	20,000
Paycheck protection program loan	<u>190,264</u>	<u>-</u>
Total liabilities	<u>252,241</u>	<u>85,343</u>
Net assets:		
Without donor restrictions	389,865	340,862
With donor restrictions	<u>1,486,917</u>	<u>795,207</u>
Total net assets	<u>1,876,782</u>	<u>1,136,069</u>
Total liabilities and net assets	<u><u>\$ 2,129,023</u></u>	<u><u>\$ 1,221,412</u></u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>			<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:						
Foundation grants	\$ 506,638	\$ 1,389,117	\$ 1,895,755	\$ 517,154	\$ 767,868	\$ 1,285,022
Government grants	488,114	-	488,114	471,884	-	471,884
Contributions	84,850	300	85,150	34,112	2,339	36,451
Contract income	76,005	-	76,005	153,185	-	153,185
Other income	12,632	-	12,632	28,332	-	28,332
Interest income	673	-	673	275	-	275
Net assets released from restrictions	<u>697,707</u>	<u>(697,707)</u>	<u>-</u>	<u>386,619</u>	<u>(386,619)</u>	<u>-</u>
Total support and revenue	<u>1,866,619</u>	<u>691,710</u>	<u>2,558,329</u>	<u>1,591,561</u>	<u>383,588</u>	<u>1,975,149</u>
Expenses:						
Program services	1,564,930	-	1,564,930	1,281,488	-	1,281,488
Supporting services:						
Management and general	175,810	-	175,810	167,761	-	167,761
Fundraising	<u>76,876</u>	<u>-</u>	<u>76,876</u>	<u>75,297</u>	<u>-</u>	<u>75,297</u>
Total expenses	<u>1,817,616</u>	<u>-</u>	<u>1,817,616</u>	<u>1,524,546</u>	<u>-</u>	<u>1,524,546</u>
Change in net assets	49,003	691,710	740,713	67,015	383,588	450,603
Net assets at beginning of year	<u>340,862</u>	<u>795,207</u>	<u>1,136,069</u>	<u>273,847</u>	<u>411,619</u>	<u>685,466</u>
Net assets at end of year	<u>\$ 389,865</u>	<u>\$ 1,486,917</u>	<u>\$ 1,876,782</u>	<u>\$ 340,862</u>	<u>\$ 795,207</u>	<u>\$ 1,136,069</u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ 928,660	\$ 105,371	\$ 55,597	\$ 1,089,628
Consulting fees	261,963	376	14,342	276,681
Depreciation	8,066	607	-	8,673
Fundraising	-	-	3,102	3,102
Insurance	-	8,621	-	8,621
Meetings	49,319	525	96	49,940
Miscellaneous	-	280	-	280
Occupancy	104,934	25,941	1,953	132,828
Office expenses	13,162	3,390	706	17,258
Printing and publications	2,080	-	-	2,080
Professional development	2,066	-	-	2,066
Professional fees	37,447	29,835	557	67,839
Supplies	27,344	449	286	28,079
Travel	129,889	415	237	130,541
Total	<u>\$ 1,564,930</u>	<u>\$ 175,810</u>	<u>\$ 76,876</u>	<u>\$ 1,817,616</u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019**

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
		<u>Management and General</u>	<u>Fundraising</u>	
Salaries and benefits	\$ 828,246	\$ 104,381	\$ 46,089	\$ 978,716
Consulting fees	106,252	10,259	21,034	137,545
Depreciation	5,566	419	-	5,985
Fundraising	-	-	4,382	4,382
Insurance	-	7,585	-	7,585
Meetings	33,323	681	-	34,004
Miscellaneous	77	1,191	-	1,268
Occupancy	83,813	4,983	1,325	90,121
Office expenses	20,248	6,127	850	27,225
Printing and publications	13,317	2,323	154	15,794
Professional development	4,718	-	-	4,718
Professional fees	57,064	28,037	108	85,209
Supplies	32,754	1,300	1,010	35,064
Travel	96,110	475	345	96,930
Total	<u>\$ 1,281,488</u>	<u>\$ 167,761</u>	<u>\$ 75,297</u>	<u>\$ 1,524,546</u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 740,713	\$ 450,603
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,673	5,985
Effects of changes in operating assets and liabilities:		
Receivables	(150,411)	(298,008)
Prepaid expenses	(8,471)	510
Security deposit	8,857	(18,929)
Accounts payable	(19,893)	26,871
Accrued payroll and benefits	(5,967)	20,413
Deferred rent	22,494	-
Deferred revenue	<u>(20,000)</u>	<u>20,000</u>
Net cash provided by operating activities	575,995	207,445
Cash flows from investing activities:		
Purchases of furniture and equipment	(26,300)	(4,820)
Cash flows from financing activities:		
Proceeds from paycheck protection program loan	<u>190,264</u>	<u>-</u>
Net change in cash	739,959	202,625
Cash at beginning of year	<u>346,743</u>	<u>144,118</u>
Cash at end of year	<u><u>\$ 1,086,702</u></u>	<u><u>\$ 346,743</u></u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

NOTE 1. NATURE OF OPERATIONS

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 in Illinois, primarily in the Chicagoland area.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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 highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

The bank account balances, at times, may exceed federally insured limits. COFI believes it is not exposed to significant credit risk on these balances.

Accounts Receivable

Accounts 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 receivables balances, 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 outstanding receivables, management determined that an allowance for doubtful accounts was not necessary at September 30, 2020 and 2019.

Unconditional Promises to Give and Foundation Grants

COFI records unconditional promises to give and foundation grants that are expected to be collected within one year at net realizable value. Unconditional promises and foundation grants to give expected to be collected in future years are initially recorded at the present value of estimated future cash flows. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. COFI determines the allowance for uncollectible promises to give and foundation grants based on historical experience, an assessment of economic conditions and a review of subsequent collections. Unconditional promises to give and foundation grants are written off when deemed uncollectible. At September 30, 2020 and 2019, an allowance for uncollectible promises to give and foundation grants was not deemed necessary.

**COMMUNITY ORGANIZING AND FAMILY ISSUES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Furniture and Equipment

Furniture and equipment have been recorded at cost if purchased or at fair value at the time of donation if received as a gift. COFI's capitalizes furniture and equipment over \$500 that have a useful life of more than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. The useful lives of furniture and equipment for purposes of computing depreciation are 3 to 5 years.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Support and Revenue Recognition

Unconditional contributions and grants are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Amounts received that are restricted by donors for future periods or for specific purposes are reported as net assets with donor restrictions. When a restriction expires or qualifying expenses are incurred, 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.

Conditional promises (those with a measurable performance or other barrier and a right of return) are recognized when the underlying conditions are met. Cash received in advance of these conditions being met is recorded as refundable advances. COFI reports conditional promises with donor restrictions as increases in net assets without donor restrictions when both the condition and restrictions are satisfied. As of September 30, 2020 and 2019, there were no grants for which the conditions have not been satisfied.

In-kind contributions are reflected as contributions at their fair value on the date of donation and are reported as net assets without donor restrictions unless explicit donor stipulations specify how donated assets must be used. COFI recognized contributed equipment and supplies of \$0 and \$355 during the years ended September 30, 2020 and 2019, respectively.

**COMMUNITY ORGANIZING AND FAMILY ISSUES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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 \$30,000 and \$20,000 during the years ended September 30, 2020 and 2019, respectively. The amounts are included in contributions on the statements of activities.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require an allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and supplies which are allocated on a square footage basis, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort. The remainder of expenses are directly identified to the functional category to which it applies.

Accounting 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 the reported amounts of assets and liabilities and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

COFI has been determined to be exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for either federal or state income taxes.

COFI has evaluated the tax positions taken for all open tax years. Currently, the 2017, 2018 and 2019 tax years are open and subject to examination by the Internal Revenue Service; however, COFI is not currently under audit nor has COFI been contacted by this jurisdiction.

Based on the evaluation of COFI's tax positions, management believes all positions would be upheld under an examination; therefore, no provision for the effects of uncertain

**COMMUNITY ORGANIZING AND FAMILY ISSUES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Change in Accounting Principle - Contributions Received and Contributions Made

In June 2018, the Financial Accounting Standards Board (FASB) 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*. ASU No. 2018-08 improves the current guidance on determining whether transactions are contributions or exchange transactions. ASU No. 2018-08 also requires determining if a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor’s obligation to transfer assets. For the year ended September 30, 2020, COFI adopted ASU No. 2018-08 on a modified prospective basis. There is no effect on net assets in connection with the implementation of ASU No. 2018-08.

New Accounting Standard - Revenue from Contracts

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This standard outlines a single comprehensive model for organizations to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The main principle of ASU No. 2014-09 is to recognize revenues when promised goods or services are transferred to customers in an amount that reflects the consideration that is expected to be received for those goods or services. ASU No. 2014-09 provides organizations with two implementation methods: (i) apply the standard retrospectively to each prior reporting period presented (full retrospective application); or (ii) apply the standard retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening balance of net assets of the annual reporting period that includes the date of initial application (modified retrospective application). This guidance is effective for annual reporting periods beginning after December 15, 2019. COFI is currently evaluating the impact the pending adoption of ASU No. 2014-09 is expected to have on its financial statements.

New Accounting Standard - Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). Under the new guidance, lessees will be required to recognize a lease liability and a right-of-use asset for all leases (with the exception of short-term leases) at the commencement date. ASU No. 2016-02 is effective for annual reporting periods beginning after December 15, 2021 and early adoption is permitted. Under ASU No. 2016-02, lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. Lessees and lessors may not apply a full retrospective transition approach. COFI is currently evaluating the impact the pending adoption of ASU No. 2016-02 is expected to have on its financial statements.

**COMMUNITY ORGANIZING AND FAMILY ISSUES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

Going Concern Evaluation

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about COFI's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about the ability to continue as a going concern for the period from February 24, 2021 to February 24, 2022.

Subsequent Events

Subsequent events have been evaluated by management through February 24, 2021, which is the date the financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY

Financial assets available at September 30, 2020 and 2019 to meet the COFI's cash needs for general expenditure within one year were comprised of the following:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,086,702	\$ 346,743
Receivables	<u>966,862</u>	<u>816,451</u>
Total financial assets	2,053,564	1,163,194
Less amounts not available for general expenditure within one year, due to:		
Net assets with time restrictions to be met in more than one year	<u>388,712</u>	<u>70,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,664,852</u>	<u>\$ 1,093,194</u>

COFI's goal is to maintain available financial assets sufficient to meet its general expenditures, liabilities and other obligations as they become due.

**COMMUNITY ORGANIZING AND FAMILY ISSUES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

NOTE 4. PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, pursuant to the Coronavirus Aid, Relief, and Economic Security Act, COFI received a forgivable \$190,264 Paycheck Protection Program (PPP) loan. The loan will be forgiven as long as the proceeds are used to cover payroll costs and most mortgage interest, rent and utility costs over a specific period after the loan is made. In addition, employee and compensation levels are required to be maintained. The interest rate on the loan is 1% and has a maturity date of April, 2022. COFI intends to comply with all requirements to qualify for loan forgiveness.

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at September 30, 2020 and 2019 of \$1,486,917 and \$795,207, respectively, are to be used in future periods.

NOTE 6. 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 \$4,314 and \$4,973 to the plan for the years ended September 30, 2020 and 2019, respectively.

NOTE 7. OPERATING LEASES

COFI leases office space under an operating lease agreement that expires in August, 2030. The lease provides for monthly base rent payments plus additional monthly rent payments for real estate taxes. Rent is recognized on the straight-line basis over the terms of the lease. Rent expense for the years ended September 30, 2020 and 2019 was \$132,828 and \$90,121, respectively.

Future minimum lease payments required in years ending September 30 are as follows:

2021	\$	97,251
2022		110,165
2023		114,134
2024		117,108
2025		118,838
Thereafter		<u>638,183</u>
Total	\$	<u>1,195,679</u>

**COMMUNITY ORGANIZING AND FAMILY ISSUES
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

NOTE 8. IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. To date, the impact on COFI's operations and results has been positive. As COFI operates in the nonprofit sector it has found increased demand for services and expect this to continue. Management continues to actively monitor the global situation in order to mitigate any potential future impact on the COFI's operations and financial performance.