

SOUTHWEST ORGANIZING PROJECT  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014  
(With summarized comparative information for the  
fiscal year ended June 30, 2013)

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## Independent Auditor's Report

The Steering Committee  
Southwest Organizing Project  
2558 W. 63rd Street, 2nd Floor  
Chicago, Illinois 60629

I have audited the accompanying financial statements of the Southwest Organizing Project (SWOP), an Illinois nonprofit organization, which comprise of the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the fiscal 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SWOP as of June 30, 2014, and the changes in its net assets and its cash flows for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Prior Year Summarized Comparative Information

The prior year summarized comparative information has been derived from SWOP's June 30, 2013 financial statements and, in my report dated November 11, 2013, I expressed an unqualified opinion on those financial statements.

**James M. Babic, PC**  
October 20, 2014

**SOUTHWEST ORGANIZING PROJECT  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2014**

(With summarized comparative totals as of June 30, 2013)

	June 30, 2014			Totals as of June 30, 2013
	Unrestricted	Temporarily Restricted	Total	
<b><u>ASSETS</u></b>				
Current assets:				
Cash (Note 5)	\$ 137,554	\$ 700,985	\$ 838,539	\$ 966,787
Grants and contracts receivable	397,813	184,879	582,692	659,813
Pledges receivable within one year	-	40,000	40,000	40,000
Membership dues receivable	3,950	-	3,950	3,200
Other receivables	8,096	-	8,096	9,761
Prepaid expenses and other	3,110	-	3,110	3,906
Total current assets	550,523	925,864	1,476,387	1,683,467
Computer and office equipment, net of accumulated depreciation (Note 6)	9,086	-	9,086	1,188
Other assets:				
Earnest money deposit (Note 9)	200,000	-	200,000	-
Pledges receivable within one to two years	-	-	-	40,000
Total other assets	200,000	-	200,000	40,000
Total assets	\$ 759,609	\$ 925,864	\$ 1,685,473	\$ 1,724,655
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current liabilities:				
Accounts payable	\$ 11,206	\$ -	\$ 11,206	\$ 596
Net assets	748,403	925,864	1,674,267	1,724,059
Total liabilities and net assets	\$ 759,609	\$ 925,864	\$ 1,685,473	\$ 1,724,655

The accompanying notes are an integral part of these financial statements

**SOUTHWEST ORGANIZING PROJECT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With summarized comparative totals for the fiscal year ended June 30, 2013)

	Fiscal Year Ended June 30, 2014			Totals for Fiscal Year Ended June 30, 2013
	Unrestricted	Temporarily Restricted	Total	
Public support and revenue:				
Public support:				
Grants and contributions (Note 7)	\$ 895,742	\$ 342,643	\$ 1,238,385	\$ 1,757,583
Net assets released from restrictions upon satisfaction of program requirements	453,687	(453,687)	-	-
Revenues:				
Contract fees and awards (Note 7)	775,901	-	775,901	1,101,881
Membership dues	25,050	-	25,050	25,050
Expense reimbursements and other miscellaneous income	15,279	-	15,279	15,622
Interest	1,776	-	1,776	807
Total revenues	818,006	-	818,006	1,143,360
Total public support and revenues	2,167,435	(111,044)	2,056,391	2,900,943
Expenses:				
Program services:				
General community organizing	314,421	-	314,421	251,735
Education-related organizing	936,596	-	936,596	845,940
LISC New Communities	65,878	-	65,878	83,325
Citizenship and immigration	53,348	-	53,348	62,560
Health care organizing	154,354	-	154,354	155,577
Housing issues	156,180	-	156,180	95,276
Violence prevention	283,160	-	283,160	549,588
Total program services	1,963,937	-	1,963,937	2,044,001
Supporting services:				
Management and general	122,239	-	122,239	117,428
Resource development	20,007	-	20,007	18,197
Total supporting services	142,246	-	142,246	135,625
Total expenses	2,106,183	-	2,106,183	2,179,626
Net increase (decrease) in net assets	61,252	(111,044)	(49,792)	721,317
Net assets:				
Beginning of the year	687,151	1,036,908	1,724,059	1,002,742
End of the year	\$ 748,403	\$ 925,864	\$ 1,674,267	\$ 1,724,059

The accompanying notes are an integral part of these financial statements

**SOUTHWEST ORGANIZING PROJECT**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(With summarized comparative totals for the fiscal year ended June 30, 2013)

	PROGRAM SERVICES								SUPPORTING SERVICES			TOTALS	
	General Community Organizing	Education - Related Organizing	LISC New Communities	Citizenship and Immigration	Health Care Organizing	Housing Issues	Violence Prevention	Total	Management and General	Resource Develop- ment	Total	2014	2013
Salaries	\$ 151,825	253,340	\$ 48,762	\$ 9,349	\$ 84,556	\$ 86,109	\$ 156,584	\$ 790,525	\$ 5,099	\$ 15,296	\$ 20,395	\$ 810,920	\$ 838,899
Staff retirement plan benefits (Note 8)	6,642	11,084	2,133	409	3,699	3,767	6,850	34,584	223	669	892	35,476	38,149
Staff health insurance benefits	24,066	40,157	7,729	1,482	13,403	13,649	24,820	125,306	807	2,425	3,232	128,538	129,050
Payroll taxes	16,054	26,789	5,156	989	8,941	9,105	16,557	83,591	540	1,617	2,157	85,748	91,764
Contracted services and stipends	14,016	507,604	-	36,908	5,460	36,659	50,802	651,449	45,645	-	45,645	697,094	718,522
Payments to subgrantees	-	-	-	-	20,000	-	-	20,000	-	-	-	20,000	-
Program-specific expenses	2,690	42,272	-	-	206	-	14,133	59,301	-	-	-	59,301	87,473
Professional fees	10,000	-	-	-	-	438	180	10,618	17,905	-	17,905	28,523	17,992
Occupancy (Note 9)	3,374	900	-	-	-	412	-	4,686	14,502	-	14,502	19,188	14,495
Equipment rent, repairs and maintenance	5,698	540	-	170	-	560	-	6,968	1,875	-	1,875	8,843	12,046
Depreciation (Note 6)	-	-	-	-	-	-	-	-	1,276	-	1,276	1,276	1,636
Office supplies and expenses	11,961	27,600	67	944	4,035	633	10,186	55,426	10,610	-	10,610	66,036	54,857
Dues and subscriptions	20,447	1,505	-	-	13,374	772	-	36,098	3,328	-	3,328	39,426	38,816
General liability and officers insurance	-	-	-	-	-	-	-	-	11,175	-	11,175	11,175	10,490
Postage and courier	-	55	-	-	-	-	-	55	617	-	617	672	958
Printing and duplicating	2,732	2,263	-	46	-	134	78	5,253	585	-	585	5,838	6,463
Telecommunications	5,622	973	550	-	442	550	-	8,137	5,824	-	5,824	13,961	10,367
Leadership and staff training	6,236	116	-	-	-	570	-	6,922	-	-	-	6,922	12,328
Travel and meals	29,858	21,398	1,481	699	238	2,822	2,968	59,464	1,199	-	1,199	60,663	66,356
Write-off of uncollectible receivables	2,800	-	-	-	-	-	-	2,800	-	-	-	2,800	27,684
Bank charges	-	-	-	-	-	-	-	-	1,029	-	1,029	1,029	792
Miscellaneous	400	-	-	2,352	-	-	2	2,754	-	-	-	2,754	489
<b>Total functional expenses</b>	<b>\$ 314,421</b>	<b>936,596</b>	<b>\$ 65,878</b>	<b>\$ 53,348</b>	<b>\$ 154,354</b>	<b>\$ 156,180</b>	<b>\$ 283,160</b>	<b>\$ 1,963,937</b>	<b>\$ 122,239</b>	<b>\$ 20,007</b>	<b>\$ 142,246</b>	<b>\$ 2,106,183</b>	<b>\$ 2,179,626</b>

The accompanying notes are an integral part of these financial statements

SOUTHWEST ORGANIZING PROJECT  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2014 AND JUNE 30, 2013

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net increase in net assets	\$ (49,792)	\$ 721,317
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	1,276	1,636
(Increase) decrease in:		
Grants and contracts receivable	77,121	(81,367)
Pledges receivable	40,000	110,000
Membership dues receivable	(750)	575
Other receivables	1,665	(6,442)
Prepaid expenses and other	796	(88)
Increase (decrease) in:		
Accounts payable	<u>10,610</u>	<u>(8,289)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>80,926</b>	<b>737,342</b>
Cash flow used in investing activities		
Earnest money deposit, building purchase	(200,000)	-
Purchases of office equipment	<u>(9,174)</u>	<u>-</u>
Total cash flow used in investing activities	<u>(209,174)</u>	<u>-</u>
<b>CASH, BEGINNING OF THE YEAR</b>	<u>966,787</u>	<u>229,445</u>
<b>CASH, END OF THE YEAR</b>	<u><u>\$ 838,539</u></u>	<u><u>\$ 966,787</u></u>

The accompanying notes are an integral part of these financial statements

SOUTHWEST ORGANIZING PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014

NOTE 1 - HISTORY AND NATURE OF THE ORGANIZATION

The Southwest Organizing Project (SWOP) was incorporated on June 18, 1996 under the State of Illinois General Not-For-Profit Corporation Act of 1987. SWOP was formed by, and is composed of, dues-paying not-for-profit member institutions for the purpose of achieving an economically stable, open, multiracial community within Chicago's southwest neighborhoods through leadership education and development.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

The financial statements are prepared on the accrual basis of accounting.

Financial statement presentation follows the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-605 and No. 958-205.

Under FASB ASC No. 958-605 contributions are recognized in the period received, or in the period in which an unconditional promise to give is made.

Under FASB ASC 958-205, SWOP is required to report information regarding its financial position according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Classification of net assets as unrestricted, temporarily restricted, or permanently restricted is based on the absence or existence of donor imposed restrictions.

Donor-imposed restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, restricted support that is received and fulfilled within the same fiscal year is reported as unrestricted.

Income taxes

SWOP is exempt from federal taxes under Section 501(c)3 of the Internal Revenue Code. Contributions to SWOP qualify as charitable contributions under Section 170(b)(1)(A). SWOP is classified as an organization that is not a private foundation under Section 509(a)(2). SWOP's management has determined that FIN 48, which addresses accounting for uncertainty in income taxes, has no effect on its financial statements due to SWOP's tax-exempt status.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures. Actual results could differ from those estimates.

Expense allocation

The cost 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.

Subsequent Events

SWOP has evaluated subsequent events through October 20, 2014, the date financial statements were available to be issued.



SOUTHWEST ORGANIZING PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014

NOTE 3 - PRIOR YEAR SUMMARIZED INFORMATION

The financial statements include certain prior-year summarized information presented for comparative purposes. Such comparative information is in total but not by net asset class and, therefore, does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with SWOP's financial statements for the fiscal year ended June 30, 2013, from which the summarized information was derived.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2014 are available for the following programs:

<u>Program:</u>	<u>Amount</u>
Elev8 .....	\$ 30,574
Purchase of building .....	150,000
Mortgage Foreclosure Mediation .....	131,000
Reclaiming Southwest Chicago .....	115,735
Hoops in the Hood .....	9,497
DACA Relief Initiative .....	5,000
Public Education Reform .....	48,440
General organizing .....	435,618
Total .....	<u>\$ 925,864</u>

NOTE 5 - CONCENTRATION OF RISK

At various times during the fiscal year SWOP's bank balances exceeded the federally insured limit. As of June 30, 2014, SWOP's uninsured cash balance was \$91,353. SWOP has not experienced a loss, and believes it is not exposed to any significant risk of loss, on such bank balances.

NOTE 6 - COMPUTER AND OFFICE EQUIPMENT, net of accumulated depreciation

Purchased computer and office equipment is recorded at cost. Donated computer and office equipment is recorded at the estimated fair market value on the date of receipt. Depreciation is provided on a double-declining balance basis over an estimated useful life of five years. As of June 30, 2014 and June 30, 2013 computer and office equipment and related accumulated depreciation were as follows:

	<u>06/30/2014</u>	<u>06/30/2013</u>
Computer and office equipment, at cost .....	\$ 48,894	\$ 39,720
Less accumulated depreciation .....	<u>(39,808)</u>	<u>(38,532)</u>
Computer and office equipment, net of accumulated depreciation ...	<u>\$ 9,086</u>	<u>\$ 1,188</u>

SOUTHWEST ORGANIZING PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014

NOTE 7 - GRANTS AND CONTRIBUTIONS, AND CONTRACT FEES AND AWARDS

SWOP recognized grants and contributions, and contracts and awards from the following benefactors for the fiscal years ended June 30, 2014 and June 30, 2013:

<u>Grants and contributions:</u>	<u>06/30/2014</u>	<u>06/30/2013</u>
Albany Park Neighborhood Council .....	\$ 93,000	\$ 68,105
Bend the Arc For Justice .....	-	15,000
Chicago Community Trust .....	213,334	85,500
Francis W. Parker School .....	-	10,000
Grow Your Own Illinois .....	28,500	81,000
John D. And Catherine T. MacArthur Foundation .....	-	750,000
Landau Family Foundation .....	30,000	-
Local Initiatives Support Corporation of Chicago .....	680,122	580,045
United Way of Metropolitan Chicago .....	125,000	-
Wieboldt Foundation .....	25,000	25,000
Woods Fund of Chicago .....	-	120,000
Anonymous donors .....	20,000	-
Others under \$10,000 each, both years .....	23,429	22,933
Total grants and contributions .....	<u>\$ 1,238,385</u>	<u>\$ 1,757,583</u>
 <u>Contract fees and awards:</u>	 <u>06/30/2014</u>	 <u>06/30/2013</u>
Chicago Public Schools .....	\$ 191,166	\$ 88,002
Children's Memorial Hospital .....	-	23,908
Holy Cross Hospital .....	-	41,859
Illinois Coalition for Immigrant and Refugee Rights .....	248,379	221,644
Illinois Department of Human Services .....	113,733	315,753
Instituto del Progreso Latino .....	861	10,328
Logan Square Neighborhood Association .....	33,625	21,465
Northeastern Illinois University .....	28,203	32,530
University of Illinois at Chicago .....	153,130	346,392
Others under \$10,000 each, both years .....	6,804	-
Total contract fees and awards .....	<u>\$ 775,901</u>	<u>\$ 1,101,881</u>

SOUTHWEST ORGANIZING PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014

NOTE 8 - STAFF RETIREMENT PLAN BENEFITS

SWOP participates in the National Organizer's Alliance Retirement Pension Plan (the "Plan"), a multi-employer retirement plan under Internal Revenue Code 413(c). Under the Plan SWOP is obligated to make a minimum contribution equal to 5% of compensation paid to each eligible employee. The Plan considers an employee eligible after one year of employment with a community organizing entity.

Contributions to this plan for the fiscal years ended June 30, 2014 and June 30, 2013 were \$35,476 and \$34,580; respectively.

NOTE 9 - OPERATING LEASE COMMITMENTS

SWOP leases its primary facility, located at 2609 W 63rd Street, Chicago, Illinois, under a lease agreement that commenced June 1, 2000 and terminates on October 31, 2014. Monthly rent under the lease agreement during the fiscal years ended June 30, 2014 and June 30, 2013 was \$686, and \$686, respectively. Lease expense under this agreement for the fiscal years ended June 30, 2014 and June 30, 2013 was \$8,232 and \$8,232, respectively.

Prior to June 30, 2014 SWOP relocated its primary facility from 2609 W. 63rd Street, Chicago, Illinois to 2558 W. 63rd Street, Chicago, Illinois. SWOP intends to purchase the property located at 2558 W. 63rd Street, Chicago, Illinois and has made an earnest money deposit of \$200,000 toward the intended purchase. SWOP expects the intended purchase to be consummated by the end of calendar year 2014. The seller of the 2558 W. 63rd Street property has allowed SWOP to occupy this property rent-free through the date of purchase.

SWOP intends to continue to utilize its former primary facility located at 2609 W. 63rd Street, Chicago, Illinois for various program-related purposes on an as-needed basis. Rent for such use will be on a month-to-month basis under terms comparable to the terms in effect as of October 31, 2014 termination date of the lease term.