

SOUTHWEST ORGANIZING PROJECT  
FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015  
(With summarized comparative information for the  
fiscal year ended June 30, 2014)

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## Independent Auditor's Report

The Steering Committee  
Southwest Organizing Project  
2558 W. 63rd Street  
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, 2015, 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, 2015, 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, 2014 financial statements and, in my report dated October 20, 2014, I expressed an unqualified opinion on those financial statements.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 13, 2015, on my consideration of SWOP's internal control over financial reporting and on my 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 my 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 SWOP's internal control over financial reporting and compliance.

James M. Babic, PC  
November 13, 2015

**SOUTHWEST ORGANIZING PROJECT  
STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2015**

(With summarized comparative totals as of June 30, 2014)

	June 30, 2015			Totals as of June 30, 2014
	Unrestricted	Temporarily Restricted	Total	
<b><u>ASSETS</u></b>				
Current assets:				
Cash (Note 5)	\$ 831,352	\$ 245,949	\$ 1,077,301	\$ 838,539
Grants and contracts receivable	359,569	10,000	369,569	582,692
Pledges receivable within one year	180,000	-	180,000	40,000
Membership dues receivable	1,875	-	1,875	3,950
Other receivables	2,362	-	2,362	8,096
Prepaid expenses and other	3,387	-	3,387	3,110
Total current assets	1,378,545	255,949	1,634,494	1,476,387
Building and office equipment, net of accumulated depreciation (Note 6)	353,500	-	353,500	9,086
Other assets:				
Investment in limited liability company (Note 7)	3,083	-	3,083	-
Earnest money deposit	-	-	-	200,000
Total other assets	3,083	-	3,083	200,000
Total assets	\$ 1,735,128	\$ 255,949	\$ 1,991,077	\$ 1,685,473
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Current liabilities:				
Accounts payable	\$ 173,230	\$ -	\$ 173,230	\$ 11,206
Accrued real estate taxes	4,450	-	4,450	-
Tenant security deposits	1,500	-	1,500	-
Total liabilities	179,180	-	179,180	11,206
Net assets	1,555,948	255,949	1,811,897	1,674,267
Total liabilities and net assets	\$ 1,735,128	\$ 255,949	\$ 1,991,077	\$ 1,685,473

The accompanying notes are an integral part of these financial statements

**SOUTHWEST ORGANIZING PROJECT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**  
(With summarized comparative totals for the fiscal year ended June 30, 2014)

	Fiscal Year Ended June 30, 2015			Totals for Fiscal Year Ended June 30, 2014
	Unrestricted	Temporarily Restricted	Total	
Public support and revenue:				
Public support:				
Grants and contributions (Note 8)	\$ 1,223,749	\$ 255,949	\$ 1,479,698	\$ 1,238,385
Net assets released from restrictions upon satisfaction of program requirements	925,864	(925,864)	-	-
Revenues:				
Contract fees and awards (Note 8)	1,978,627	-	1,978,627	775,901
Membership dues	23,050	-	23,050	25,050
Rental income	8,808	-	8,808	-
Expense reimbursements and other miscellaneous income	9,933	-	9,933	15,279
Interest	1,251	-	1,251	1,776
Total revenues	2,021,669	-	2,021,669	818,006
Total public support and revenues	4,171,282	(669,915)	3,501,367	2,056,391
Expenses:				
Program services:				
General community organizing	355,696	-	355,696	314,421
Education-related organizing	1,992,042	-	1,992,042	936,596
LISC New Communities	97,475	-	97,475	65,878
Citizenship and immigration	72,066	-	72,066	53,348
Health care organizing	249,330	-	249,330	154,354
Housing issues	171,157	-	171,157	156,180
Violence prevention	272,215	-	272,215	283,160
Total program services	3,209,981	-	3,209,981	1,963,937
Supporting services:				
Management and general	132,797	-	132,797	122,239
Resource development	20,959	-	20,959	20,007
Total supporting services	153,756	-	153,756	142,246
Total expenses	3,363,737	-	3,363,737	2,106,183
Net increase (decrease) in net assets	807,545	(669,915)	137,630	(49,792)
Net assets:				
Beginning of the year	748,403	925,864	1,674,267	1,724,059
End of the year	<u>\$ 1,555,948</u>	<u>\$ 255,949</u>	<u>\$ 1,811,897</u>	<u>\$ 1,674,267</u>

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, 2015**  
(With summarized comparative totals for the fiscal year ended June 30, 2014)

	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	2015	2014
Salaries	\$ 170,451	253,261	\$ 68,336	\$ 30,464	\$ 181,863	\$ 96,091	\$ 152,519	\$ 952,985	\$ 5,353	\$ 16,060	\$ 21,413	\$ 974,398	\$ 810,920
Staff retirement plan benefits (Note 9)	7,141	10,610	2,863	1,276	7,619	4,025	6,389	39,923	224	673	897	40,820	35,476
Staff health insurance benefits	26,328	39,120	10,555	4,706	28,091	14,843	23,559	147,202	827	2,481	3,308	150,510	128,538
Payroll taxes	18,520	27,518	7,425	3,310	19,760	10,441	16,572	103,546	582	1,745	2,327	105,873	85,748
Contracted services and stipends	13,380	435,721	6,840	29,246	7,942	33,214	68,607	594,950	48,992	-	48,992	643,942	697,094
Payments to subgrantees	-	1,092,950	-	-	-	-	-	1,092,950	-	-	-	1,092,950	20,000
Program-specific expenses	3,228	43,797	-	500	-	-	599	48,124	127	-	127	48,251	59,301
Professional fees	10,000	34,824	-	-	900	900	-	46,624	11,183	-	11,183	57,807	28,523
Occupancy (Note 10)	100	150	-	-	-	33	-	283	25,294	-	25,294	25,577	19,188
Equipment rent, repairs and maintenance	19,243	-	-	85	-	256	-	19,584	2,914	-	2,914	22,498	8,843
Depreciation (Note 6)	-	-	-	-	-	-	-	-	8,330	-	8,330	8,330	1,276
Office supplies and expenses	9,155	21,407	35	783	411	3,195	1,419	36,405	7,823	-	7,823	44,228	66,036
Dues and subscriptions	28,070	547	-	-	-	1,005	-	29,622	3,119	-	3,119	32,741	39,426
General liability and officers insurance	-	-	-	-	-	3,076	-	3,076	8,441	-	8,441	11,517	11,175
Postage and courier	49	-	-	-	-	103	-	152	505	-	505	657	672
Printing and duplicating	496	6,754	-	407	-	323	509	8,489	2,051	-	2,051	10,540	5,838
Telecommunications	6,665	1,597	600	-	1,691	2,118	-	12,671	4,446	-	4,446	17,117	13,961
Leadership and staff training	11,045	350	-	-	-	300	-	11,695	-	-	-	11,695	6,922
Travel and meals	28,210	23,436	821	1,289	1,053	1,234	2,042	58,085	171	-	171	58,256	60,663
Write-off of uncollectible receivables	2,407	-	-	-	-	-	-	2,407	813	-	813	3,220	2,800
Bank charges	-	-	-	-	-	-	-	-	1,131	-	1,131	1,131	1,029
Miscellaneous	1,208	-	-	-	-	-	-	1,208	471	-	471	1,679	2,754
<b>Total functional expenses</b>	<b>\$ 355,696</b>	<b>1,992,042</b>	<b>\$ 97,475</b>	<b>\$ 72,066</b>	<b>\$ 249,330</b>	<b>\$ 171,157</b>	<b>\$ 272,215</b>	<b>\$ 3,209,981</b>	<b>\$ 132,797</b>	<b>\$ 20,959</b>	<b>\$ 153,756</b>	<b>\$ 3,363,737</b>	<b>\$ 2,106,183</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, 2015 AND JUNE 30, 2014

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Net increase (decrease) in net assets	\$ 137,630	\$ (49,792)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	8,330	1,276
(Increase) decrease in:		
Grants and contracts receivable	213,123	77,121
Pledges receivable	(140,000)	40,000
Membership dues receivable	2,075	(750)
Other receivables	5,734	1,665
Prepaid expenses and other	(277)	796
Increase (decrease) in:		
Accounts payable	162,024	10,610
Accrued real estate taxes	4,450	-
Tenant security deposits	1,500	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>394,589</u>	<u>80,926</u>
CASH FLOW USED IN INVESTING ACTIVITIES		
Purchase of building	(152,744)	(200,000)
Investment in limited liability company	(3,083)	-
Purchases of office equipment	-	(9,174)
Total cash flow used in investing activities	<u>(155,827)</u>	<u>(209,174)</u>
NET INCREASE (DECREASE) IN CASH	238,762	(128,248)
CASH, BEGINNING OF THE YEAR	<u>838,539</u>	<u>966,787</u>
CASH, END OF THE YEAR	<u>\$ 1,077,301</u>	<u>\$ 838,539</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, 2015

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 November 13, 2015, the date financial statements were available to be issued.



SOUTHWEST ORGANIZING PROJECT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED  
 JUNE 30, 2015

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, 2014, from which the summarized information was derived.

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2015 are available for the following programs:

<u>Program:</u>	<u>Amount</u>
Elev8 .....	\$ 39,969
Housing Development .....	134,119
Mortgage Foreclosure Mediation .....	40,000
Citizenship .....	19,948
Youth Recreational Activities .....	13,996
Public Education Reform .....	7,917
Total .....	<u>\$ 248,032</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, 2015, SWOP's uninsured cash balance was \$508,190. SWOP has not experienced a loss, and believes it is not exposed to any significant risk of loss, on such bank balances.

NOTE 6 - BUILDING 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, 2015 and June 30, 2014 computer and office equipment and related accumulated depreciation were as follows:

	<u>06/30/2015</u>	<u>06/30/2014</u>
Building .....	\$ 352,744	\$ -
Computer and office equipment, at cost .....	48,894	48,894
Total cost .....	401,638	48,894
Less accumulated depreciation .....	(48,138)	(39,808)
Computer and office equipment, net of accumulated depreciation ...	<u>\$ 353,500</u>	<u>\$ 9,086</u>

SOUTHWEST ORGANIZING PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015

NOTE 7 - INVESTMENT IN LIMITED LIABILITY COMPANY

SWOP Acquisitions, LLC was created by SWOP to facilitate certain housing-related program activities. SWOP is the sole member of SWOP Acquisitions LLC. The value of SWOP Acquisitions, LLC is reported using the equity method whereby the value of the investment is increased by capital contributions, loans, and net operating income; and the investment value is decreased by distributions of capital, loan repayments, and net operating losses.

NOTE 8 - 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, 2015 and June 30, 2014:

<u>Grants and contributions:</u>	<u>06/30/2015</u>	<u>06/30/2014</u>
Albany Park Neighborhood Council .....	\$ 62,000	\$ 93,000
Active Transportation .....	10,000	5,000
Chicago Community Trust .....	65,050	213,334
Chicago Public Library Foundation .....	20,000	-
Grow Your Own Illinois .....	-	28,500
Landau Family Foundation .....	20,000	30,000
Local Initiatives Support Corporation of Chicago .....	763,669	680,122
Marguerite Casey Foundation .....	360,000	-
United Way of Metropolitan Chicago .....	125,000	125,000
Wieboldt Foundation .....	-	25,000
Anonymous donor(s) .....	35,000	20,000
Others under \$10,000 each, both years .....	18,979	18,429
Total grants and contributions .....	<u>\$ 1,479,698</u>	<u>\$ 1,238,385</u>
 <u>Contract fees and awards:</u>	 <u>06/30/2015</u>	 <u>06/30/2014</u>
Chicago Public Schools .....	\$ 237,107	\$ 191,166
Illinois Coalition for Immigrant and Refugee Rights .....	41,256	248,379
Illinois Department of Human Services .....	221,229	113,733
Illinois State Board of Education .....	1,432,125	-
Logan Square Neighborhood Association .....	-	33,625
Northeastern Illinois University .....	16,008	28,203
University of Illinois at Chicago .....	-	153,130
Others under \$10,000 each, both years .....	30,902	7,665
Total contract fees and awards .....	<u>\$ 1,978,627</u>	<u>\$ 775,901</u>

SOUTHWEST ORGANIZING PROJECT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2015

NOTE 9 - 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.

SWOP's employer contributions to this plan for the fiscal years ended June 30, 2015 and June 30, 2014 were \$40,820 and \$35,476; respectively.

NOTE 10 - OPERATING LEASE COMMITMENTS

Prior to relocating to the building it purchased in November, 2014 SWOP leased its primary facility, located at 2609 W 63rd Street, Chicago, Illinois, under a lease agreement that commenced June 1, 2000 and was terminated in October, 2014. Monthly rent under the lease agreement during the fiscal years ended June 30, 2015 and June 30, 2014 was \$686, and \$686, respectively. Lease expense under this agreement for the fiscal years ended June 30, 2015 and June 30, 2014 was \$2,208 and \$8,232, respectively.

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

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

I 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 the Southwest Organizing Project (SWOP), a nonprofit organization, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 13, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered SWOP's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SWOP's internal control. Accordingly, I do not express an opinion on the effectiveness of the SWOP's 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 SWOP's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SWOP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SWOP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James M. Babic, PC  
November 13, 2015