

Together, Inc. of Metropolitan Omaha

**Financial Statements
December 31, 2015**

Together with Independent Auditor's Report

Together, Inc. of Metropolitan Omaha

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Independent Auditor's Report

To the Board of Directors of
Together, Inc. of Metropolitan Omaha
Omaha, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of Together, Inc. of Metropolitan Omaha (the Organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows and functional expenses for the 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

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 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 the Organization as of December 31, 2015, 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the 2014 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

SEIM JOHNSON, LLP

Omaha, Nebraska,
May 31, 2016.

Together, Inc. of Metropolitan Omaha

Statement of Financial Position December 31, 2015

ASSETS

Cash	\$	577,211
Grants receivable		45,489
Contributions receivable		125,000
Prepaid expenses		4,736
Investments		202,655
Beneficial interest in assets held by community foundation		12,891
Property and equipment, net		<u>2,197,387</u>
Total assets	\$	<u><u>3,165,369</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$	17,099
Accrued expenses		<u>49,671</u>
Total liabilities		<u>66,770</u>

Commitments

Net assets:

Unrestricted:

Undesignated		2,633,237
Board designated		<u>215,547</u>
		2,848,784
Temporarily restricted		<u>249,815</u>

Total net assets		<u>3,098,599</u>
Total liabilities and net assets	\$	<u><u>3,165,369</u></u>

See notes to financial statements

Together, Inc. of Metropolitan Omaha

Statement of Activities For the Year Ended December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUES:			
Program support:			
Contributions	\$ 1,262,854	198,135	1,460,989
In-kind support	<u>644,872</u>	<u>--</u>	<u>644,872</u>
Total program support	1,907,726	198,135	2,105,861
Other:			
Net investment return	(4,329)	--	(4,329)
Change in value of beneficial interest	(386)	--	(386)
Gain on sale of property and equipment	15,681	--	15,681
Net assets released from restrictions	<u>313,481</u>	<u>(313,481)</u>	<u>--</u>
Total support and revenues	<u>2,232,173</u>	<u>(115,346)</u>	<u>2,116,827</u>
EXPENSES:			
In-kind assistance	644,872	--	644,872
Salaries	617,772	--	617,772
Client assistance	343,855	--	343,855
Payroll taxes and benefits	117,927	--	117,927
Depreciation	73,951	--	73,951
Professional fees	70,241	--	70,241
Utilities	32,057	--	32,057
Insurance	29,697	--	29,697
Meals and transportation	16,976	--	16,976
Technology	14,445	--	14,445
Advertising	10,679	--	10,679
Supplies and minor equipment	9,592	--	9,592
Administrative and general	7,777	--	7,777
Automobile and trailer	6,659	--	6,659
Repairs and maintenance	<u>4,089</u>	<u>--</u>	<u>4,089</u>
Total expenses	<u>2,000,589</u>	<u>--</u>	<u>2,000,589</u>
CHANGE IN NET ASSETS	231,584	(115,346)	116,238
NET ASSETS, beginning of year, as restated (Note 13)	<u>2,617,200</u>	<u>365,161</u>	<u>2,982,361</u>
NET ASSETS, end of year	<u>\$ 2,848,784</u>	<u>249,815</u>	<u>3,098,599</u>

See notes to financial statements

Together, Inc. of Metropolitan Omaha

Statement of Cash Flows For the Year Ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 116,238
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	73,951
Realized and unrealized loss on investments, net	6,887
Gain on sale of property and equipment	(15,681)
Change in value of beneficial interest	386
(Increase) decrease in assets:	
Grants receivable	(1,757)
Contributions receivable	(15,000)
Prepaid expenses	(860)
Increase (decrease) in liabilities:	
Accounts payable	(14,089)
Accrued expenses	15,307
Net cash provided by operating activities	<u>165,382</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of building and equipment	(65,284)
Purchases of investments	(210,774)
Proceeds from sale of investments	<u>22,818</u>
Net cash used in investing activities	<u>(253,240)</u>
NET DECREASE INCREASE IN CASH	(87,858)
CASH, beginning of year	<u>665,069</u>
CASH, end of year	<u>\$ 577,211</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:	
Vehicle trade-in	<u>\$ 15,161</u>

See notes to financial statements

Together, Inc. of Metropolitan Omaha

**Statement of Functional Expenses
For the Year Ended December 31, 2015**

	Program			Total Program	Management and General	Fundraising	Total
	Choice Pantry	First Stop	Supportive Services for Veteran Families				
In-kind assistance	\$ 601,156	43,716	--	644,872	--	--	644,872
Salaries	92,666	197,687	129,732	420,085	67,955	129,732	617,772
Client assistance	75,648	165,051	103,156	343,855	--	--	343,855
Payroll taxes and benefits	17,689	37,736	24,765	80,190	12,972	24,765	117,927
Depreciation	26,181	20,014	13,691	59,886	13,022	1,043	73,951
Professional fees	10,536	22,477	14,751	47,764	7,726	14,751	70,241
Utilities	9,165	9,204	6,201	24,570	4,938	2,549	32,057
Insurance	6,867	8,919	5,942	21,728	4,049	3,920	29,697
Meals and transportation	2,546	5,432	3,565	11,543	1,868	3,565	16,976
Technology	2,167	4,622	3,033	9,822	1,590	3,033	14,445
Advertising	1,602	3,417	2,243	7,262	1,174	2,243	10,679
Supplies and minor equipment	1,439	3,070	2,014	6,523	1,055	2,014	9,592
Administrative and general	1,212	2,477	1,628	5,317	871	1,589	7,777
Automobile and trailer	1,273	2,064	1,365	4,702	822	1,135	6,659
Repairs and maintenance	1,448	1,107	757	3,312	719	58	4,089
	<u>851,595</u>	<u>526,993</u>	<u>312,843</u>	<u>1,691,431</u>	<u>118,761</u>	<u>190,397</u>	<u>2,000,589</u>

Together, Inc. of Metropolitan Omaha

Notes to Financial Statements December 31, 2015

(1) Organization

Together, Inc. of Metropolitan Omaha (the Organization) is incorporated in the State of Nebraska as a not-for-profit organization. The purpose is to provide emergency resources and navigation to working families in extreme poverty to rebuild housing stability in the greater Omaha, Nebraska area. The Organization achieves its mission through operation of three programs; First Stop, Supportive Services for Veteran Families (SSVF), and Choice Pantry. These programs are targeted to homeless and near homeless individuals and families with a focus on promoting independence.

The Vision, through strategic partnerships and collaboration, is to provide an array of support services through case management to move individuals and families from dependency to sustainability and then on to self-sufficiency in an effort to end homelessness in our community. The Organization values hope, dignity, compassion, excellence, and diversity when serving the nearly 35,000 individuals and families seen each and every year.

(2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization. These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

A. *Basis of Accounting*

The accompanying financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not for Profit Entities*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor imposed restrictions. The Organization maintains the following classes of net assets:

- *Unrestricted* – Unrestricted net assets is comprised of resources over which the governing board has discretionary control to use in carrying on the operations of the Organization.
- *Temporarily Restricted* – The Organization reports contributions of cash and other assets 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 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.
- *Permanently Restricted* – Permanently restricted net assets represent the principal amount of gifts accepted with the donors' stipulations that the principal be maintained in perpetuity, and that only the income from investments thereof be expended either for general purpose or purposes specified by the donors. There were no permanently restricted net assets at December 31, 2015.

B. *Use of Estimates*

The preparation of financial statement in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. *Cash*

For purposes of the statement of cash flows, the Organization does not consider cash held in investment accounts as cash.

Together, Inc. of Metropolitan Omaha

Notes to Financial Statements December 31, 2015

D. Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

The Organization evaluates contributions receivable for collectability at the end of the fiscal year and establishes an allowance for bad debts for all accounts or portions thereof considered uncollectable. No allowance was recorded against contributions receivable at December 31, 2015.

E. Investments and Related Revenue

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position. Investments received by donation or bequest are recorded at market value on the date of acquisition.

Gains or losses on investments are recognized as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or law.

F. Property and Equipment, Net

Property and equipment are stated at cost. The Organization's capitalization policy is determined by management on an asset-by-asset basis. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from 5 to 40 years.

When furniture and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in support and revenues. Repairs and maintenance are expensed as incurred; expenditures for additions, improvements and replacements are capitalized.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Gifts of cash that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the acquired long-lived assets are placed into service.

G. Beneficial Interest in Assets Held by Community Foundation

During 2007, the Organization transferred its board designed endowment fund (the Fund) to a community foundation. The Organization granted variance power to the community foundation which allows the community foundation ultimate authority and control over all property in the Fund and the income derived therefrom. The Fund is held and invested by the community foundation for the Organization's benefit, and is reported at fair value in the statement of financial position, with distributions and changes in fair value recognized in the statement of activities as unrestricted support.

Together, Inc. of Metropolitan Omaha

Notes to Financial Statements December 31, 2015

H. Fair Value Measurements

The Organization applies the provisions included in FASB ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. At December 31, 2015, there were no nonfinancial items recognized or disclosed at fair value and there were no financial assets or liabilities measured at fair value in the financial statements on a nonrecurring basis.

I. Donor Restricted Gifts

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the assets are received and the conditions have been substantially met. Gifts are reported as either temporarily or permanently 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 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. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

J. In-Kind Contributions

Contributed goods are recorded at fair value at the date of donation. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In-kind contributions totaled \$644,872 for the year ended December 31, 2015, which were used for program activities and are included in the statement of activities.

K. Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants.

L. Functional Expenses

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

M. Advertising Costs

The Organization expenses advertising costs as they are incurred.

N. Income Taxes

The Organization qualifies as a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

Together, Inc. of Metropolitan Omaha

Notes to Financial Statements December 31, 2015

The Organization accounts for uncertainties in accounting for income tax assets and liabilities using guidance included in FASB ASC Topic 740, *Income Taxes*. The Organization recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. At December 31, 2015, the Organization had no uncertain tax positions accrued.

O. *Subsequent Events*

The Organization evaluated the effects of all subsequent events through May 31, 2016 the date these financial statements were available to be issued.

(3) **Fair Value Measurements**

FASB ASC Topic 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. For the year ended December 31, 2015, the application of valuation techniques applied to similar assets and liabilities has been consistent.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds: Valued at fair value as determined by quoted market prices, which represents the net asset value of shares held at year end.

Beneficial interest in assets held by community foundation: Valued at fair value which is estimated as the fair value of the underlying community foundation assets.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Together, Inc. of Metropolitan Omaha

Notes to Financial Statements December 31, 2015

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$ 7,937	--	--	7,937
Mutual funds:				
Small cap	10,419	--	--	10,419
Mid cap	15,566	--	--	15,566
Large cap	65,682	--	--	65,682
International	27,922	--	--	27,922
Taxable bond funds	9,292	--	--	9,292
Corporate and government daily accrual funds	50,689	--	--	50,689
Alternatives	15,148	--	--	15,148
Beneficial interest in assets held by community foundation	--	--	12,891	12,891
	<u>\$ 202,655</u>	<u>--</u>	<u>12,891</u>	<u>215,546</u>

The following table sets for a summary of changes in the fair value of the Organization's level 3 assets for the year ended December 31, 2015:

Balance, beginning of year	\$ 13,277
Unrealized losses relating to instruments still held at reporting date and included in changes in net assets	<u>(386)</u>
Balance, end of year	<u>\$ 12,891</u>

(4) Property and Equipment, Net

Property and equipment at December 31, 2015 consisted of the following:

Land and improvements	\$ 74,900
Building and improvements	2,097,166
Furniture and fixtures	104,159
Vehicles	<u>74,404</u>
	2,350,629
Less accumulated depreciation	<u>(153,242)</u>
	<u>\$ 2,197,387</u>

Together, Inc. of Metropolitan Omaha

Notes to Financial Statements December 31, 2015

(5) Restricted Net Assets

Temporarily restricted net assets are available for the following purposes or periods:

Time restrictions:

Contributions receivable, which are unavailable for spending until received	\$ 125,000
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Purpose restrictions:

Homeless prevention	83,165
Operations	36,679
Vehicles	<u>4,585</u>
	<u>\$ 249,429</u>

(6) Endowment

The Organization is the beneficiary of an endowment held by a community foundation for support of its programs and operations. As required by GAAP, net assets and the changes therein associated with endowment funds, including funds designated by the Board of Directors of the Organization (Board) to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Management interprets the Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) as requiring the preservation of the whole dollar value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Absent any donor-imposed restrictions, interest, dividends and net appreciation of donor-restricted endowment funds are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by NUPMIFA.

In accordance with NUPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purposes of the Organization and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Organization.
7. The investment policies of the Organization.

The endowment is composed of \$12,891 of board designated net assets.

Together, Inc. of Metropolitan Omaha

Notes to Financial Statements December 31, 2015

The changes in endowment net assets for the year ended December 31, 2015 is as follows:

	<u>Unrestricted</u>
Endowment net assets - beginning of year	\$ 13,227
Net depreciation	<u>(386)</u>
Endowment net assets - end of year	<u>\$ 12,841</u>

Return Objectives and Risk Parameters

The Organization adheres to the community foundation's investment policies for endowment assets that provide current income and long term stability.

Strategies Employed for Achieving Objectives

To satisfy the long-term rate-of-return objective of preserving endowment funds, the Organization relies on a total return strategy in which investment returns are achieved primarily through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Distribution Policy

The Organization preserves the whole dollar value of the original gift as of the gift date of donor-restricted endowments, absent explicit donor stipulations to the contrary. Net appreciation of the donor-restricted endowment funds are deemed appropriated for expenditure when approved for distribution by the Board.

(7) Net Investment Return

Net investment return consists of the following for the year ended December 31, 2015:

Interest and dividends	\$ 2,558
Realized and unrealized loss, net	<u>(6,887)</u>
	<u>\$ (4,329)</u>

(8) Retirement Plan

The Organization participates in a multiemployer 403(b) plan sponsored by an unrelated organization. Employees are eligible for participation upon employment. The Organization may make matching contributions to eligible employees based on a discretionary percentage of the participant's compensation. The Organization did not make any contributions to the plan for the year ended December 31, 2015.

(9) Related Party Transactions

During the year ended December 31, 2015, the Organization received revenue of \$16,700 from related parties.

Together, Inc. of Metropolitan Omaha

Notes to Financial Statements December 31, 2015

(10) Conditional Promises to Give

During the year ended December 31, 2015, the Organization received promises to give which are conditional upon receiving contributions in excess of \$825,000. The conditional promises extend through 2017 and allow for maximum matching contributions of \$533,000.

(11) Risks and Uncertainties

Investment securities, in general, are exposed to various risks, such as interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

(12) Litigation

The Organization is subject to lawsuits and claims for various amounts brought about in the normal course of business. In the opinion of the management, the ultimate disposition of any claims currently pending will not have a material adverse effect on the financial position or results of operations of the Organization.

(13) Restatement

The 2014 financial statements have been restated to correct an error relating to the recognition of contribution revenue and classification of donor restricted funds. The following schedule summarizes restatements made to the previously issued 2014 financial statements. The total effect on December 31, 2014 changes in net assets is \$94,098.

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Previously reported balances - December 31, 2014	\$ 2,626,037	262,226	--	2,888,263
Promises to give (A)	--	110,000	--	110,000
Accrued salaries (B)	(15,902)	--	--	(15,902)
Other (C)	7,065	(7,065)	--	--
Adjusted balances - January 1, 2015	<u>\$ 2,617,200</u>	<u>365,161</u>	<u>--</u>	<u>2,982,361</u>

(A) Record unconditional promises to give.

(B) To record accrued salaries at year end.

(C) Reclassification of contributions in accordance with donor intentions.