

CARA
(CARA CHICAGO AND
SUBSIDIARIES DBA CARA)

Consolidated Financial Statements
and Supplementary Information

June 30, 2019 and
For the Year Then Ended

CARA

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Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors
Cara
Chicago, IL

We have audited the accompanying consolidated financial statements of Cara Chicago (a nonprofit organization) and Subsidiaries dba Cara (the Organization) which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cara as of June 30, 2019, and the changes in their net assets and their 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 1 to the financial statements, Cara Chicago and Subsidiaries dba Cara adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* as of and for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued a report dated December 16, 2019 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Desmond & Ahern, Ltd

December 16, 2019
Chicago, IL



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**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***

To the Board of Directors of
Cara
Chicago, IL

We have audited in accordance with auditing standards 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 consolidated financial statements of Cara Chicago (a nonprofit organization) and Subsidiaries dba Cara (the Organization) which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 16, 2019.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

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

Desmond & Ahern, Ltd

December 16, 2019
Chicago, IL

CARA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2019

Assets

Current Assets

Cash and cash equivalents	\$ 3,314,048
Accounts receivable	958,522
Government	261,196
Fee for service	456,287
Total accounts receivable	<u>1,676,005</u>
Inventory	8,439
Prepaid expenses	123,080
Total current assets	<u>5,121,572</u>

Property and Equipment

Building and improvements	7,255,835
Leasehold improvements	77,804
Furniture and equipment	1,618,466
Vehicles	797,422
Website	88,035
Total property and equipment	<u>9,837,562</u>
Less accumulated depreciation	<u>(3,720,177)</u>
Net property and equipment	<u>6,117,385</u>

Other Assets

Restricted cash - endowment	25,000
Due to/from related party	(2,063)
Accounts receivable, net of current portion	75,000
Other long-term assets	2,062
Total other assets	<u>99,999</u>

Total Assets	<u><u>\$ 11,338,956</u></u>
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See independent auditor's report and notes to consolidated financial statements.

CARA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
June 30, 2019

Liabilities and Net Assets

Current Liabilities

Current portion of long-term debt	\$ 237,015
Accounts payable	188,035
Accrued payroll and related costs	166,390
Refundable advances	136,363
Accrued interest payable	5,529
Total current liabilities	<u>733,332</u>

Long-Term Liabilities

Long-term debt, less current maturities	<u>2,523,150</u>
Total long-term liabilities	<u>2,523,150</u>

Total liabilities

3,256,482

Net Assets

Without donor restrictions

General	317,645
Net investment in property and equipment	3,357,220
Operating reserve	2,342,000
Total without donor restrictions	<u>6,016,865</u>

With donor restrictions - purpose	1,940,609
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With donor restrictions - perpetual	125,000
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Total net assets	<u>8,082,474</u>
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Total Liabilities and Net Assets

\$ 11,338,956

See independent auditor's report and notes to consolidated financial statements.

CARA
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Total
<u>Public Support and Revenue</u>				
Special Events				
Contributions	\$ 498,590	\$ -	\$ -	\$ 498,590
Ticket revenue	289,315	-	-	289,315
Auction revenue	96,201	-	-	96,201
In-kind contributions - food and drink	4,000	-	-	4,000
Less costs of direct benefits to donors	(280,628)	-	-	(280,628)
Net revenues from special events	607,478	-	-	607,478
Government grants	1,098,742	-	-	1,098,742
Private contributions	806,597	2,427,740	125,000	3,359,337
Fee for service revenue	4,468,573	-	-	4,468,573
In-kind donations	62,201	-	-	62,201
Interest and dividends	11,227	-	-	11,227
Gain on sale of equipment	1,100	-	-	1,100
Miscellaneous	21,778	-	-	21,778
Net assets released from restrictions - satisfaction of program restrictions	2,120,003	(2,120,003)	-	-
Total Public Support and Revenue	9,197,699	307,737	125,000	9,630,436
<u>Expenses</u>				
Program services	7,724,055	-	-	7,724,055
Management and general	1,290,817	-	-	1,290,817
Fundraising	991,058	-	-	991,058
Total Expenses	10,005,930	-	-	10,005,930
Change in Net Assets	(808,231)	307,737	125,000	(375,494)
Net assets, beginning of year	6,825,096	1,632,872	-	8,457,968
Net assets, end of year	\$ 6,016,865	\$ 1,940,609	\$ 125,000	\$ 8,082,474

See independent auditor's report and notes to consolidated financial statements.

CARA
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 2,833,978	\$ 814,447	\$ 592,609	\$ 4,241,034
Payroll taxes and employee benefits	691,616	175,137	122,246	988,999
Intern wages and benefits	2,350,605	-	-	2,350,605
Staff training and development	126,244	20,294	20,968	167,506
Pre-admissions screening	38,783	224	-	39,007
Student assistance	253,159	2,705	10	255,874
Professional and contractual fees	34,585	29,114	3,731	67,430
Uniforms	28,337	-	-	28,337
Occupancy	287,951	42,169	29,773	359,893
Telephone	58,987	9,578	7,936	76,501
Insurance	79,930	5,991	4,322	90,243
Building repairs and maintenance	51,101	6,884	5,089	63,074
Equipment and software purchases	196	71	48	315
Rental and maintenance of equipment	66,804	40,427	17,535	124,766
Supplies	219,932	3,767	3,078	226,777
Marketing and promotion	17,022	5,050	17,675	39,747
Printing and publications	4,677	1,358	18,294	24,329
Postage and shipping	2,269	2,183	12,125	16,577
Dues and memberships	16,159	5,119	6,268	27,546
Fees	58,884	8,057	31,291	98,232
Vehicle costs	11,645	15	10	11,670
Travel and meetings	56,470	6,651	15,932	79,053
Fundraising	2,109	534	15,378	18,021
Sales tax	549	-	-	549
Bad debt expense	-	22,635	-	22,635
Miscellaneous	5,717	660	4,400	10,777
Total expenses before interest, and depreciation	<u>7,297,709</u>	<u>1,203,070</u>	<u>928,718</u>	<u>9,429,497</u>
Interest	75,401	23,886	17,055	116,342
Depreciation	350,945	63,861	45,285	460,091
Total Expenses	<u><u>\$ 7,724,055</u></u>	<u><u>\$ 1,290,817</u></u>	<u><u>\$ 991,058</u></u>	<u><u>\$ 10,005,930</u></u>

See independent auditor's report and notes to consolidated financial statements.

CARA
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

Cash Flows from Operating Activities

Cash received:	
Contributions	\$ 4,458,079
Fees for service	4,468,573
Special events	607,478
Other income	21,778
Payments for interest	(116,244)
Payments for wages and other operating activities	(9,468,216)
Net cash used in operating activities	<u>(28,552)</u>

Cash Flows from Investing Activities

Acquisition of property and equipment	(84,274)
Proceeds from sale of property and equipment	1,100
Cash used in investing activities	<u>(83,174)</u>

Cash Flows from Financing Activities

Payments on debt	(228,088)
Payments on capital leases	(4,204)
Cash used in financing activities	<u>(232,292)</u>

Decrease in cash and cash equivalents	(344,018)
Cash and cash equivalents, beginning of year	<u>3,683,066</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,339,048</u></u>

See independent auditor's report and notes to consolidated financial statements.

CARA
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

Reconciliation of Change in Net Assets to Net

Cash Provided by Operating Activities

Change in net assets	\$ (375,494)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	460,091
Amortization	1,303
Gain on sale of equipment	(1,100)
Change in assets - (increase) decrease	
Receivables	(89,103)
Prepaid expenses	16,618
Inventory	(65)
Other assets	12,430
Change in liabilities - increase (decrease)	
Accounts payable	(92,522)
Accrued payroll and related costs	422
Deferred revenue	(7,674)
Accrued interest payable	98
Refundable advances	46,444
Net cash used in operating activities	<u><u>\$ (28,552)</u></u>

Supplemental Information

Cash and cash equivalents	
Cash	\$ 3,314,048
Restricted cash	25,000
	<u><u>\$ 3,339,048</u></u>

See independent auditor's report and notes to consolidated financial statements.

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

The Cara Program dba Cara Chicago was established in 1991 and incorporated as an Illinois not-for-profit corporation on January 5, 1999. Cara Chicago with its subsidiaries are collectively dba Cara. The mission of Cara is to unlock the power and purpose within our communities and ourselves to achieve real and lasting success. This mission is realized through the following core programs:

Traditional Training & Placement Program is Cara's traditional services which includes a comprehensive range of training and support for motivated individuals affected by poverty and homelessness, including life-skills training, specialized job-skills training, and personalized career placement services.

South Side Campus (SSC) is Cara's South Side campus and provides services similar to Cara traditional as well as assistance with income supports and financial literacy. The SSC helps residents establish careers, advance professionally, and accumulate assets through structured training, job placement support, and individual coaching.

Employment Retention ensures that participants of Cara have the tools needed for long-term self-sufficiency. Cara offers personal and professional coaching throughout each participant's first year of employment. These services include: regular one-on-one meetings with employed participants about on-the-job successes and challenges; and development of individual long-term goals, including goals related to housing, education, and debt repayment. As a result, over 70% or more of employed Cara participants receiving this support remain in their first job placement for at least one year. In addition to employment retention support, Cara's Career Advancement Program supports participants who have not only achieved stability in their personal and professional lives, but who also show an exceptional drive to grow in their careers. Once participants have been employed for at least six months and are established personally and professionally, they may opt in to career advancement services.

Cleanslate Chicago, LLC (Cleanslate), a wholly-owned limited liability company started in 2005, provides exterior maintenance services to customers across Chicago. The program was created as a vehicle for individuals with significant obstacles to employment - particularly individuals with criminal backgrounds - to gain on-the-job work experience and intensive support services through transitional jobs. Cleanslate is a complement to Cara and provides additional services and training opportunities for at-risk individuals. For tax purposes, Cleanslate is treated as a disregarded entity and will be included in Cara Chicago's financial statements and tax reporting. Under applicable accounting standards, Cara Chicago is required to prepare consolidated financial statements with Cleanslate.

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

TCP Staffing, LLC (TCP Staffing) dba Cara Connects, a wholly owned limited liability company started in 2011, was created to manage employment of individuals in the transitional jobs aspect of Cara Chicago. Cara Connects employs participants who are working transitional jobs for Cleanslate and Cara Chicago as well as select companies outside of the enterprise. In 2013, Cara Connects expanded to be a contract staffing firm dedicated to sourcing quality candidates to fulfill critical entry-level positions within Chicago’s growing job market by providing temporary and temporary to permanent opportunities.

Through management agreements with Cleanslate and Cara Connects, Cara Chicago provides certain management, administrative and financial services, use of certain personnel employed by Cara Chicago and office space to Cleanslate and Cara Connects. The direct costs of each Organization are kept separate along with an allocation of shared costs based on usage. Management service fees of \$233,467 and \$226,868 were billed to Cara Connects and Cleanslate, respectively, for the year ended June 30, 2019.

Cara Works, LLC a wholly owned limited liability company started in 2018, was organized to further the charitable purpose of Cara Chicago by serving as employer of record for workers employed in transitional jobs through other social enterprises.

Consolidated Financial Statements

The accompanying financial statements reflect the consolidation of the financial statements of The Cara Program dba Cara Chicago, Cleanslate Chicago, LLC, TCP Staffing, LLC dba Cara Connects, and Cara Works, LLC collectively doing business as (dba) Cara (The Organization). All material inter-organization accounts and transactions have been eliminated in consolidation.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant accounts receivable, payable, and other liabilities in accordance with the accounting principles generally accepted in the United States of America (“GAAP”) and applicable to non-profit organizations.

Basis of Presentation

As required by the generally accepted accounting principles for Not-for-Profit accounting, the Organization is required to report information regarding its financial position and activities according to two classes:

Without donor restrictions – Net assets that are not subject to donor-imposed restrictions. Such gifts include gifts without restrictions, including an investment account designated by the Board to function as restricted and restricted gifts whose donor-imposed restrictions were met during the fiscal year.

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

With donor restrictions of net assets – Net assets subject to donor-imposed restrictions which will be met either by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization, including gifts and pledges wherein donors stipulate that the corpus of the gift is to be held in perpetuity and that only the income be made available for programs.

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 and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of bank deposits in federally insured accounts. The accounts may at times exceed the federally insured limit of \$250,000. The Organizations have never experienced any such losses in these accounts.

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments, if any, purchased with an original maturity of three months or less to be cash equivalents. Interest paid during the year ended June 30, 2019 was \$116,342. Taxes paid during the year ended June 30, 2019 were \$549.

Restricted Cash, Cash Equivalents, and Investments

The Organization's restricted cash are comprised of funds to held in a separate account which represent perpetually restricted endowed contributions (see Note 9).

Accounts Receivable

Accounts receivable are recorded at fair value and recognized as revenue in period in which the pledge is made. They represent amounts promised by donors (unconditional promises to give), some of which are due in installments. The Organizations reviews accounts receivable and determines the need for an allowance for doubtful accounts based on management's experience and information. As of June 30, 2019, an allowance for uncollectible accounts was deemed unnecessary.

Fee for Services

The Organization provides various job and life skills training programs. Revenue earned from these programs are recognized when the services has been completed.

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment are stated at cost. Acquisitions of property and equipment in excess of \$500 and those items which substantially increase the useful lives of existing assets, are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are:

Building and improvements	40 years
Leasehold improvements	2 - 5 years
Furniture and equipment	5 years
Vehicles	5 years

Inventory

Inventory consists of salt, uniforms and trash bags recorded at cost.

Net Assets Released from Restrictions

Net assets were released from restriction by incurrence of expenses satisfying the restricted purpose or by occurrence of events specified under the terms of the agreement.

Support and Revenue

The Organizations report gifts of cash and other assets as 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Government Grants

Support funded by government contracts, which qualify as exchange transactions, are recognized when the contracted services have been performed. Revenue is therefore recognized as earned as the eligible expenses are incurred. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required.

Contributed Services and In-Kind Donations

Contributed services are required to be recognized if the services received (a) create or enhance non-financial 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. The Organizations did not receive donated services meeting the above criteria during the year ended June 30, 2019.

The Organizations received a significant amount of donated services from unpaid volunteers who act as mentors and provide other assistance to participants. No amounts for these volunteer services have been recognized in the statement of activities or statement of functional expenses because the criteria for recognition under GAAP has not been satisfied.

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

In-kind donations were recognized at fair value in the consolidated financial statements during the year ending June 30, 2019. In-kind donations received consisting of the following:

Donated equipment	\$ 48,360
Food and beverage	<u>13,841</u>
Total in-kind donation revenue received	<u>\$ 62,201</u>

Functional Allocation of Expenses

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

Directly identifiable expenses are charged to the specific program or supporting service. Expenses related to more than one function are generally allocated to program expenses and supporting services on the basis of periodic time and expense reviews made by management.

Income Tax Status

Cara Chicago was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The tax-exempt purpose of the Organization and the nature in which it operates is described in the first paragraph of Note 1. The Organization continues to operate in compliance with its tax-exempt purpose.

Cleanslate Chicago, LLC, TCP Staffing, LLC dba Cara Connects, and Cara Works, LLC are single-member LLC's. For tax purposes, Cleanslate, Cara Connects, and Cara Works are treated as disregarded entities and are included in Cara's financial statements and tax reporting.

The Organizations' annual information and income tax returns filed with the federal and state governments are subject to examination, generally for three years after they are filed.

The Organization has adopted the requirements for accounting for uncertain tax positions and management has determined that the Organization was not required to record a liability related to uncertain tax positions as of June 30, 2019.

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Organization has evaluated subsequent events through December 16, 2019, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Not-for-Profit Financial Statement Presentation

During fiscal 2019, the Organization adopted Accounting Standards Update (“ASU”) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity’s liquidity, financial performance, and cash flows. The other main provisions of this guidance that impact the Organization are: presentation of two classes of net assets versus the previously required three; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

No reclassification of 2018 net assets were necessary by the adoption of ASU No. 2016-14 by the Organization as of June 30, 2019.

Note 2 – Financial Assets and Liquidity Resources

The Organization regularly monitors the available of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

As of June 30, 2019, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, were as follows:

Financial assets at year-end	
Cash and cash equivalents	\$ 3,314,048
Accounts receivable	958,522
Government receivables	261,196
Fees for services	456,287
Unused line of credit	<u>1,000,000</u>
Total financial assets to be used within one year	5,990,053
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	(1,940,609)
Restricted by donor with perpetual restrictions	<u>(125,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,924,444</u>

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 2 – Financial Assets and Liquidity Resources (cont.)

The Organization provides various program services in which it receives city, state, and federal reimbursement as well as significant contributions both with and without donor restrictions. The organization manages its liquidity and reserves by adhering to the following principles: operating within a stable and balanced budget, maintaining board designated funds to meet near term operating needs, and maintaining sufficient reserves beyond near term to provide reasonable assurance that programming is continued and obligations will be adequately discharged in the future. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted sources.

Note 3 – Accounts Receivable

At June 30, 2019, accounts receivable made up of contributions and pledges are reflected in the consolidated statement of financial position as follows:

	<u>Endowment</u>	<u>Other</u>	<u>Total</u>
Due within one year	\$ 25,000	\$ 933,522	\$ 958,522
Due in 1-5 years	75,000	-	75,000
	<u>\$ 100,000</u>	<u>\$ 933,522</u>	<u>\$ 1,033,522</u>

Note 4 – Lines of Credit

The Organizations maintains a \$1,000,000, variable interest based on one-month LIBOR rate, line of credit with Wintrust Bank expiring on June 26, 2020. As of June 30, 2019, nothing was borrowed against this line. The line of credit is secured by the general assets of the Organizations.

Note 5 – Leases

The Organization leases office space and copiers under non-cancellable operating lease arrangements. An additional new lease agreement begins September 1, 2018. These leases expire at various dates through August 2023. Rental expense for these leases included in the consolidated statement of activities for the year ended June 30, 2019 was \$156,952.

Future minimum lease payments anticipated under these operating leases are as follows:

<u>Year</u>	<u>Total</u>
2020	\$ 158,177
2021	84,690
2022	71,590
2023	73,730
2024	12,348
	<u>\$ 400,535</u>

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 5 – Leases (cont.)

Cleanslate also leases vehicles used in operation of its mission under master capital lease agreements with various outside parties that all have expired by fiscal year end. The gross amount of vehicle costs and related accumulated depreciation recorded under these capital leases and included in property and equipment are as follows:

Cost of vehicles	\$ 110,802
Accumulated depreciation	<u>(110,802)</u>
	<u>\$ -</u>

Note 6 – Long Term Debt

Long-term debt consists of the following at June 30, 2019:

Cara

4% loan payable to First Midwest Bank, due April 10, 2023 with interest and principal of \$15,835 payable monthly. Loan is secured by a primary lien on commercial property located at 237 South Desplaines, Chicago, IL, with a net book value of \$5,513,486 as of June 30, 2019.

\$ 2,522,505

Cleanslate

Ford Credit term loans secured by vehicles with a net book value of \$280,817. Interest ranging from 0% to 6.5%. Monthly payments totaling \$9,473, including interest. Due at various dates through February 9, 2023.

Less current portion

Net long-term debt

237,660
<u>2,760,165</u>
<u>(237,015)</u>
<u>\$ 2,523,150</u>

The total interest incurred and expensed for the year ending June 30, 2019 was \$116,342.

Future anticipated principal loan payments are as follows:

<u>June 30,</u>	<u>Amount</u>
2020	\$ 237,015
2021	160,637
2022	121,115
2023	105,795
2024	106,638
Thereafter	<u>2,028,965</u>
	<u>\$ 2,760,165</u>

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 7 – Net Assets Without Donor Restrictions

Net assets consist of the following as of June 30, 2019:

With Donor Restrictions	
General	\$ 317,645
Investment in property and equipment, net of debt	3,357,220
Operating reserve	2,342,000
	<u>\$ 6,016,865</u>

Operating Reserves - Cara's Board maintains operating reserves for use in emergencies to sustain financial operations in the unanticipated event of significant unbudgeted increases in operating expenses and/or losses in operating revenues. Cara's current goal is three months of the annualized operating expense budget which is projected to be approximately \$781,000 per month.

Note 8 – Net Assets With Donor Restrictions (Purpose and Time)

Net assets available for the following purposes:

With Donor Restrictions:	
Contributions - future periods	\$ 908,522
Strategic Expansion	643,476
Cleanslate Ward by Ward Program	303,923
Southside Campus	45,373
Cleanslate Aurora	37,269
Advancement Scholarship	2,046
	<u>\$ 1,940,609</u>

Note 9 – Net Assets With Donor Restrictions (Perpetual Endowment)

The Organization held \$25,000 in cash equivalents at June 30, 2019 as a perpetual in nature restricted net asset.

The Organization accounts for endowment net assets by preserving the fair value of the original donation as of the gift date to the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result, the Organization classifies as endowment net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment (3) 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 endowment fund and (4) net appreciation/(depreciation) on each fund. The remaining

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 9 – Net Assets With Donor Restrictions (Perpetual Endowment) (cont.)

portion of the donor-restricted endowment fund that is not classified in perpetual in nature restricted net assets is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA).

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 effects 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.

It is the policy of the Organization to manage the endowment fund in a manner that will, at a minimum, preserve and maintain the real purchasing power of the principal while allowing for annual distributions to the operating budget. The Organization’s investment policies specify that funds be maintained in but not limited to equities, fixed income, private equity, public/private real estate, hedge funds, and other alternative investments. The Board of Directors meets regularly to ensure that the objectives of the investment policy are being met, and that the strategies used to meet the objectives are in accordance with the investment policy.

The endowment net asset composition by type at June 30, 2019 is as follows:

	<u>Without Restrictions</u>	<u>Purpose Restrictions</u>	<u>Perpetual in Nature</u>
Donor restricted endowment funds	\$ -	\$ -	\$ 125,000

Changes in endowment net assets for the fiscal year ending June 30, 2019 are as follows:

Endowment net assets, beginning of year	\$ -
Contributions	125,000
Investment return	
Investment income	-
Net gain (loss)	-
Endowment net assets, end of year	<u>\$ 125,000</u>

CARA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019

Note 10 – Retirement Plans

The Organizations have a 401(k) defined contribution plan for the benefit of substantially all of its employees, allowing both employee and employer contributions. All employees are eligible after one year of service and are immediately fully vested in the employer match. The employer match is dollar for dollar on the employee's contribution up to five percent of their salary. Employer contributions are reviewed annually by senior management and approved by the Board of Directors as part of their approval of the annual budget. Cara Chicago contributed \$100,712 and Cleanslate contributed \$10,120 to the 401(k) plan during the year ending June 30, 2019.

SUPPLEMENTARY INFORMATION

CARA
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2019

	Cara Chicago	Cleanslate Chicago, LLC	Cara Connects	Cara Works	Consolidated
<u>Assets</u>					
Current Assets					
Cash and cash equivalents	\$ 1,909,494	\$ 594,701	\$ 768,927	\$ 40,926	\$ 3,314,048
Accounts receivable	958,522	-	-	-	958,522
Government	261,196	-	-	-	261,196
Fee for service	-	366,294	89,993	-	456,287
Total accounts receivable	<u>1,219,718</u>	<u>366,294</u>	<u>89,993</u>	<u>-</u>	<u>1,676,005</u>
Inventory	-	8,439	-	-	8,439
Prepaid expenses	<u>107,534</u>	<u>12,417</u>	<u>2,531</u>	<u>598</u>	<u>123,080</u>
Total current assets	<u>3,236,746</u>	<u>981,851</u>	<u>861,451</u>	<u>41,524</u>	<u>5,121,572</u>
Property and Equipment					
Building and improvements	7,255,835	-	-	-	7,255,835
Leasehold improvements	13,908	63,896	-	-	77,804
Furniture and equipment	1,264,582	352,784	1,100	-	1,618,466
Vehicles	-	797,422	-	-	797,422
Website in progress	<u>88,035</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,035</u>
Total property and equipment	<u>8,622,360</u>	<u>1,214,102</u>	<u>1,100</u>	<u>-</u>	<u>9,837,562</u>
Less accumulated depreciation	<u>(2,893,604)</u>	<u>(825,473)</u>	<u>(1,100)</u>	<u>-</u>	<u>(3,720,177)</u>
Net property and equipment	<u>5,728,756</u>	<u>388,629</u>	<u>-</u>	<u>-</u>	<u>6,117,385</u>
Other Assets					
Restricted cash - endowment	25,000	-	-	-	25,000
Due to/from related party	813,848	(519,400)	(255,269)	(41,242)	(2,063)
Accounts receivable, net of current portior	75,000	-	-	-	75,000
Other long-term assets	<u>2,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,062</u>
Total other assets	<u>915,910</u>	<u>(519,400)</u>	<u>(255,269)</u>	<u>(41,242)</u>	<u>99,999</u>
Total Assets	<u><u>\$ 9,881,412</u></u>	<u><u>\$ 851,080</u></u>	<u><u>\$ 606,182</u></u>	<u><u>\$ 282</u></u>	<u><u>\$ 11,338,956</u></u>

CARA
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
June 30, 2019

	Cara Chicago	Cleanslate Chicago, LLC	Cara Connects	Cara Works	Consolidated
<u>Liabilities and Net Assets</u>					
Current Liabilities					
Current portion of long-term debt	\$ 91,052	\$ 145,963	\$ -	\$ -	\$ 237,015
Accounts payable	151,820	34,739	1,194	282	188,035
Accrued payroll and related costs	62,046	47,087	57,257	-	166,390
Refundable advances	136,363	-	-	-	136,363
Accrued interest payable	5,529	-	-	-	5,529
Total current liabilities	<u>446,810</u>	<u>227,789</u>	<u>58,451</u>	<u>282</u>	<u>733,332</u>
Long-Term Liabilities					
Long-term debt, less current maturities	<u>2,431,453</u>	<u>91,697</u>	<u>-</u>	<u>-</u>	<u>2,523,150</u>
Total long-term liabilities	<u>2,431,453</u>	<u>91,697</u>	<u>-</u>	<u>-</u>	<u>2,523,150</u>
Total liabilities	<u>2,878,263</u>	<u>319,486</u>	<u>58,451</u>	<u>282</u>	<u>3,256,482</u>
Net Assets					
Without donor restrictions	4,937,540	531,594	547,731	-	6,016,865
With donor restrictions - purpose	1,940,609	-	-	-	1,940,609
With donor restrictions - perpetual	125,000	-	-	-	125,000
Total net assets	<u>7,003,149</u>	<u>531,594</u>	<u>547,731</u>	<u>-</u>	<u>8,082,474</u>
Total Liabilities and Net Assets	<u>\$ 9,881,412</u>	<u>\$ 851,080</u>	<u>\$ 606,182</u>	<u>\$ 282</u>	<u>\$ 11,338,956</u>

CARA
CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Cara Chicago			Cleanslate Chicago, LLC	Cara Connects	Cara Works	Eliminations	Consolidated			Total
	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	
Public Support and Revenue											
Special Events											
Contributions	\$ 498,590	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 498,590	\$ -	\$ -	\$ 498,590
Ticket revenue	289,315	-	-	-	-	-	-	289,315	-	-	289,315
Auction and raffle revenue	96,201	-	-	-	-	-	-	96,201	-	-	96,201
In kind contributions - food and drink	4,000	-	-	-	-	-	-	4,000	-	-	4,000
Less costs of direct benefits to donors	(280,628)	-	-	-	-	-	-	(280,628)	-	-	(280,628)
Net revenues from special events	607,478	-	-	-	-	-	-	607,478	-	-	607,478
Government grants	1,098,742	-	-	-	-	-	-	1,098,742	-	-	1,098,742
Private contributions	806,597	2,427,740	125,000	-	-	-	-	806,597	2,427,740	125,000	3,359,337
Fee for service revenue	45,772	-	-	3,270,568	1,179,684	-	(27,451)	4,468,573	-	-	4,468,573
Subcontracted work from related party	-	-	-	138,604	1,513,858	-	(1,652,462)	-	-	-	-
Management fees	1,189,359	-	-	178,868	208,267	-	(1,576,494)	-	-	-	-
In-kind donations	13,841	-	-	48,360	-	-	-	62,201	-	-	62,201
Interest and dividends	11,227	-	-	-	-	-	-	11,227	-	-	11,227
Gain on sale of equipment	-	-	-	1,100	-	-	-	1,100	-	-	1,100
Miscellaneous	18,578	-	-	3,200	-	-	-	21,778	-	-	21,778
Net assets released from restrictions - satisfaction of program restrictions	2,120,003	(2,120,003)	-	-	-	-	-	2,120,003	(2,120,003)	-	-
Total Public Support and Revenue	5,911,597	307,737	125,000	3,640,700	2,901,809	-	(3,256,407)	9,197,699	307,737	125,000	9,630,436
Expenses											
Program services	3,516,836	-	-	3,278,546	2,591,283	-	(1,662,610)	7,724,055	-	-	7,724,055
Management and general	2,368,846	-	-	273,160	233,467	-	(1,584,656)	1,290,817	-	-	1,290,817
Fundraising	1,000,199	-	-	-	-	-	(9,141)	991,058	-	-	991,058
Total Expenses	6,885,881	-	-	3,551,706	2,824,750	-	(3,256,407)	10,005,930	-	-	10,005,930
Change in Net Assets	(974,284)	307,737	125,000	88,994	77,059	-	-	(808,231)	307,737	125,000	(375,494)
Net assets, beginning of year	5,911,824	1,632,872	-	442,600	470,672	-	-	6,825,096	1,632,872	-	8,457,968
Net assets, end of year	\$ 4,937,540	\$ 1,940,609	\$ 125,000	\$ 531,594	\$ 547,731	\$ -	\$ -	\$ 6,016,865	\$ 1,940,609	\$ 125,000	\$ 8,082,474

CARA
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Cara	Cleanslate	Cara Connects	Cara Works	Total Program	Combined Management and General	Fundraising	Total
Salaries	\$ 1,924,527	\$ 909,451	\$ -	\$ -	\$ 2,833,978	\$ 814,447	\$ 592,609	\$ 4,241,034
Payroll taxes and employee benefits	459,080	232,536	-	-	691,616	175,137	122,246	988,999
Intern wages and benefits	-	-	2,350,605	-	2,350,605	-	-	2,350,605
Staff training and development	112,752	9,709	3,783	-	126,244	20,294	20,968	167,506
Pre-admissions screening	38,783	-	-	-	38,783	224	-	39,007
Student assistance	253,159	-	-	-	253,159	2,705	10	255,874
Professional and contractual fees	25,032	-	9,553	-	34,585	29,114	3,731	67,430
Uniforms	-	28,337	-	-	28,337	-	-	28,337
Occupancy	154,646	133,305	-	-	287,951	42,169	29,773	359,893
Telephone	46,760	12,227	-	-	58,987	9,578	7,936	76,501
Insurance	18,854	54,315	6,761	-	79,930	5,991	4,322	90,243
Building repairs and maintenance	19,399	31,702	-	-	51,101	6,884	5,089	63,074
Equipment and software purchases	196	-	-	-	196	71	48	315
Rental and maintenance of equipment	63,314	2,435	1,055	-	66,804	40,427	17,535	124,766
Supplies	14,333	205,442	157	-	219,932	3,767	3,078	226,777
Marketing and promotion	12,563	4,459	-	-	17,022	5,050	17,675	39,747
Printing and publications	3,801	876	-	-	4,677	1,358	18,294	24,329
Postage and shipping	1,607	662	-	-	2,269	2,183	12,125	16,577
Dues and memberships	15,459	-	700	-	16,159	5,119	6,268	27,546
Fees	8,118	17,765	33,001	-	58,884	8,057	31,291	98,232
Vehicle costs	575	11,070	-	-	11,645	15	10	11,670
Travel and meetings	54,896	-	1,574	-	56,470	6,651	15,932	79,053
Special events	2,109	-	-	-	2,109	534	15,378	18,021
Sales tax	-	549	-	-	549	-	-	549
Bad debt expense	-	-	-	-	-	22,635	-	22,635
Miscellaneous	2,356	2,013	1,348	-	5,717	660	4,400	10,777
Total expenses before interest, and depreciation	<u>3,232,319</u>	<u>1,656,853</u>	<u>2,408,537</u>	<u>-</u>	<u>7,297,709</u>	<u>1,203,070</u>	<u>928,718</u>	<u>9,429,497</u>
Interest	65,308	10,093	-	-	75,401	23,886	17,055	116,342
Depreciation	182,881	167,881	183	-	350,945	63,861	45,285	460,091
Total Expenses	<u>\$ 3,480,508</u>	<u>\$ 1,834,827</u>	<u>\$ 2,408,720</u>	<u>\$ -</u>	<u>\$ 7,724,055</u>	<u>\$ 1,290,817</u>	<u>\$ 991,058</u>	<u>\$ 10,005,930</u>

CARA
SEGMENT INFORMATION: THE CARA PROGRAM dba CARA CHICAGO
STATEMENT OF FINANCIAL POSITION
June 30, 2019

Assets

Current Assets

Cash and cash equivalents	\$ 1,909,494
Government contributions receivable	261,196
Accounts receivable	958,522
Prepaid expenses	107,534
Total current assets	3,236,746

Property and Equipment

Building and improvements	7,255,835
Leasehold improvements	13,908
Furniture and equipment	1,264,582
Website in progress	88,035
Total property and equipment	8,622,360
Less accumulated depreciation	(2,893,604)
Net property and equipment	5,728,756

Other Assets

Restricted cash - endowment	25,000
Due from related party:	
Cleanslate	452,848
Cara Connects	261,000
Cara Works	100,000
Accounts receivable, net of current portion	75,000
Other long-term assets	2,062
Total other assets	915,910

Total Assets	\$ 9,881,412
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CARA
SEGMENT INFORMATION: THE CARA PROGRAM dba CARA CHICAGO
STATEMENT OF FINANCIAL POSITION (Cont.)
June 30, 2019

Liabilities and Net Assets

Current Liabilities

Current portion of long-term debt	\$ 91,052
Accounts payable	151,820
Accrued payroll and related costs	62,046
Refundable advances	136,363
Accrued interest payable	5,529
Total current liabilities	<u>446,810</u>

Long-Term Liabilities

Long-term debt, less current maturities	<u>2,431,453</u>
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Total liabilities

2,878,263

Net Assets

Without donor restrictions	4,937,540
With donor restrictions - purpose	1,940,609
With donor restrictions - perpetual	125,000
Total net assets	<u>7,003,149</u>

Total Liabilities and Net Assets

\$ 9,881,412

CARA
SEGMENT INFORMATION: THE CARA PROGRAM dba CARA CHICAGO
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Before Intercompany Eliminations			Consolidating Eliminations to Net Assets Without Donor Restrictions	After Intercompany Eliminations				
	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual		Total Before Eliminations	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Total
Public Support and Revenue									
Special Events									
Contributions	\$ 498,590	\$ -	\$ -	\$ 498,590	\$ -	\$ 498,590	\$ -	\$ -	\$ 498,590
Ticket revenue	289,315	-	-	289,315	-	289,315	-	-	289,315
Auction and raffle revenue	96,201	-	-	96,201	-	96,201	-	-	96,201
Miscellaneous	4,000	-	-	4,000	-	4,000	-	-	4,000
Less costs of direct benefits to donors	(280,628)	-	-	(280,628)	-	(280,628)	-	-	(280,628)
Net revenues from special events	607,478	-	-	607,478	-	607,478	-	-	607,478
Government contributions	1,098,742	-	-	1,098,742	-	1,098,742	-	-	1,098,742
Private contributions	806,597	2,427,740	125,000	3,359,337	-	806,597	2,427,740	125,000	3,359,337
Fee for service	45,772	-	-	45,772	-	45,772	-	-	45,772
Management fees	1,189,359	-	-	1,189,359	(1,189,359)	-	-	-	-
In-kind donations	13,841	-	-	13,841	-	13,841	-	-	13,841
Interest and dividends	11,227	-	-	11,227	-	11,227	-	-	11,227
Miscellaneous	18,578	-	-	18,578	-	18,578	-	-	18,578
Net assets released from restrictions - satisfaction of program restrictions	2,120,003	(2,120,003)	-	-	-	2,120,003	(2,120,003)	-	-
Total Public Support and Revenue	5,911,597	307,737	125,000	6,344,334	(1,189,359)	4,722,238	307,737	125,000	5,154,975
Expenses									
Program services	3,516,836	-	-	3,516,836	(36,328)	3,480,508	-	-	3,480,508
Management and general	2,368,846	-	-	2,368,846	(1,109,410)	1,259,436	-	-	1,259,436
Fundraising	1,000,199	-	-	1,000,199	(9,141)	991,058	-	-	991,058
Total Expenses	6,885,881	-	-	6,885,881	(1,154,879)	5,731,002	-	-	5,731,002
Change in Net Assets	(974,284)	307,737	125,000	(541,547)	(34,480)	(1,008,764)	307,737	125,000	(576,027)
Net assets, beginning of year	5,911,824	1,632,872	-	7,544,696	1,553,669	7,465,493	1,632,872	-	9,098,365
Net assets, end of year	\$ 4,937,540	\$ 1,940,609	\$ 125,000	\$ 7,003,149	\$ 1,519,189	\$ 6,456,729	\$ 1,940,609	\$ 125,000	\$ 8,522,338

CARA
SEGMENT INFORMATION: THE CARA PROGRAM dba CARA CHICAGO
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services	Total Management and General	Fundraising	Total
Salaries	\$ 1,924,527	\$ 814,447	\$ 592,609	\$ 3,331,583
Payroll taxes and employee benefits	459,080	175,137	122,246	756,463
Intern wages and benefits	36,328	38,086	9,141	83,555
Staff training and development	112,752	20,294	20,968	154,014
Sub-contracting related party, Cleanslate and Connect	-	684,189	-	684,189
Contribution to related party, Cleanslate and Connects	-	387,135	-	387,135
Pre-admissions screening	38,783	224	-	39,007
Student assistance	253,159	2,705	10	255,874
Professional and contractual fees	25,032	20,368	3,731	49,131
Occupancy	154,646	42,169	29,773	226,588
Telephone	46,760	9,578	7,936	64,274
Insurance	18,854	5,991	4,322	29,167
Building repairs and maintenance	19,399	6,884	5,089	31,372
Equipment and software purchases	196	71	48	315
Rental and maintenance of equipment	63,314	40,427	17,535	121,276
Supplies	14,333	3,767	3,078	21,178
Marketing and promotion	12,563	5,050	17,675	35,288
Printing and publications	3,801	1,358	18,294	23,453
Postage and shipping	1,607	2,183	12,125	15,915
Dues and memberships	15,459	5,119	6,268	26,846
Fees	8,118	8,057	31,291	47,466
Vehicle costs	575	15	10	600
Travel and meetings	54,896	6,651	15,932	77,479
Special events	2,109	534	15,378	18,021
Miscellaneous	2,356	660	4,400	7,416
Total expenses before interest and depreciation	3,268,647	2,281,099	937,859	6,487,605
Interest	65,308	23,886	17,055	106,249
Depreciation	182,881	63,861	45,285	292,027
Total Expenses	\$ 3,516,836	\$ 2,368,846	\$ 1,000,199	\$ 6,885,881

CARA
SEGMENT INFORMATION: CLEANSLATE CHICAGO, LLC
STATEMENT OF FINANCIAL POSITION
June 30, 2019

Assets

Current Assets

Cash and cash equivalents	\$ 594,701
Contracts receivable	366,294
Inventory	8,439
Prepaid expenses	12,417
Total current assets	981,851

Property and Equipment

Leasehold improvements	63,896
Furniture and equipment	352,784
Vehicles	797,422
Total property and equipment	1,214,102
Less accumulated depreciation	(825,473)
Net property and equipment	388,629

Total Assets	\$ 1,370,480
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Liabilities and Net Assets

Current Liabilities

Current portion of long-term debt	\$ 145,963
Accounts payable	34,739
Accrued payroll and related costs	47,087
Total current liabilities	227,789

Due to related party, Cara	229,430
Due to related party, Cara Connects	289,970
Long-term debt	91,697
Total liabilities	838,886

Net assets - without donor restriction	531,594
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Total Liabilities and Net Assets	\$ 1,370,480
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SEGMENT INFORMATION: CLEANSLATE CHICAGO, LLC
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Before Intercompany Eliminations	Consolidating Eliminations to Net Assets Without Donor Restrictions	After Intercompany Eliminations
<u>Public Support and Revenue</u>			
Fee for service contracts	\$ 3,270,568	\$ (22,831)	\$ 3,247,737
Subcontracted work from related party, Cara	138,604	(138,604)	-
In-kind management fee to related party, Cara	178,868	(178,868)	-
Donated supplies	48,360	-	48,360
Miscellaneous income	3,200	-	3,200
Gain on disposal of vehicles and equipment	1,100	-	1,100
Total Public Support and Revenue	<u>3,640,700</u>	<u>(340,303)</u>	<u>3,300,397</u>
<u>Expenses</u>			
Program services	3,278,546	(1,443,719)	1,834,827
Management and general	273,160	(241,779)	31,381
Total Expenses	<u>3,551,706</u>	<u>(1,685,498)</u>	<u>1,866,208</u>
Change in net assets - without donor restrictions	88,994	1,345,195	1,434,189
Net assets, beginning of year	<u>442,600</u>	<u>3,179,310</u>	<u>3,621,910</u>
Net assets, end of year	<u>\$ 531,594</u>	<u>\$ 4,524,505</u>	<u>\$ 5,056,099</u>

CARA
 SEGMENT INFORMATION: CLEANSLATE CHICAGO, LLC
 STATEMENT OF FUNCTIONAL EXPENSES
 For the Year Ended June 30, 2019

	Program	Management and General	Total Prior to Intercompany Eliminations	Program Intercompany Eliminations	Management and General Intercompany Eliminations	Total
Salaries	\$ 909,451	\$ -	\$ 909,451	\$ -	\$ -	\$ 909,451
Payroll taxes and employee benefits	232,536	-	232,536	-	-	232,536
Intern wages and benefits	1,443,719	-	1,443,719	(1,443,719)	-	-
Staff training and development	9,709	-	9,709	-	-	9,709
Management fee to related party, Cara	-	48,000	48,000	-	(48,000)	-
In-kind management fee from related party, Cara	-	178,868	178,868	-	(178,868)	-
Professional and contractual fees	-	8,746	8,746	-	-	8,746
Uniforms	28,337	-	28,337	-	-	28,337
Occupancy	133,305	-	133,305	-	-	133,305
Telephone	12,227	-	12,227	-	-	12,227
Insurance	54,315	2,480	56,795	-	(2,480)	54,315
Building repairs and maintenance	31,702	-	31,702	-	-	31,702
Rental and maintenance of equipment	2,435	-	2,435	-	-	2,435
Supplies	205,442	-	205,442	-	-	205,442
Marketing and promotion	4,459	-	4,459	-	-	4,459
Printing and publications	876	-	876	-	-	876
Postage and shipping	662	-	662	-	-	662
Fees	17,765	12,431	30,196	-	(12,431)	17,765
Vehicle costs	11,070	-	11,070	-	-	11,070
Sales tax	549	-	549	-	-	549
Interest expense	10,093	-	10,093	-	-	10,093
Bad debt expense	-	22,635	22,635	-	-	22,635
Miscellaneous	2,013	-	2,013	-	-	2,013
Total expenses before depreciation	3,110,665	273,160	3,383,825	(1,443,719)	(241,779)	1,698,327
Depreciation	167,881	-	167,881	-	-	167,881
Total Expenses	\$ 3,278,546	\$ 273,160	\$ 3,551,706	\$ (1,443,719)	\$ (241,779)	\$ 1,866,208

CARA
SEGMENT INFORMATION: TCP STAFFING, LLC dba CARA CONNECTS
STATEMENT OF FINANCIAL POSITION
June 30, 2019

Assets

Current Assets

Cash and cash equivalents	\$ 768,927
Accounts receivable	89,993
Prepaid expenses	2,531
Due from related party, Cleanslate	5,731
	<hr/>
Total current assets	867,182
	<hr/>

Property and Equipment

Furniture and equipment	1,100
Less accumulated depreciation	(1,100)
	<hr/>
Net property and equipment	-
	<hr/>

Total Assets

\$ 867,182

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 1,194
Accrued payroll and related costs	57,257
Due to related party, Cara	261,000
	<hr/>
Total liabilities	319,451

Net assets without donor restrictions

547,731

Total Liabilities and Net Assets

\$ 867,182

CARA

SEGMENT INFORMATION: TCP STAFFING, LLC dba CARA CONNECTS

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

	Before Intercompany Eliminations	Consolidating Eliminations to Net Assets Without Donor Restrictions	After Intercompany Eliminations
<u>Public Support and Revenue</u>			
Subcontracted work from related party, Cleanslate	\$ 1,513,858	\$ (1,513,858)	\$ -
In-kind management fee to related party, Cara	208,267	(208,267)	-
Temporary staffing service revenue	1,179,684	(4,620)	1,175,064
Total Public Support and Revenue	<u>2,901,809</u>	<u>(1,726,745)</u>	<u>1,175,064</u>
<u>Expenses</u>			
Program services	2,591,283	(182,563)	2,408,720
Management and general	233,467	(233,467)	-
Total Expenses	<u>2,824,750</u>	<u>(416,030)</u>	<u>2,408,720</u>
Change in net assets - without donor restrictions	77,059	(1,310,715)	(1,233,656)
Net assets (deficit), beginning of year	<u>470,672</u>	<u>(4,732,979)</u>	<u>(4,262,307)</u>
Net assets (deficit), end of year	<u>\$ 547,731</u>	<u>\$ (6,043,694)</u>	<u>\$ (5,495,963)</u>

CARA
SEGMENT INFORMATION: TCP STAFFING, LLC dba CARA CONNECTS
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program	Management and General	Total Prior to Intercompany Eliminations	Program Intercompany Eliminations	Management and General Intercompany Eliminations	Total
Intern wages and benefits	\$ 2,533,168	\$ -	\$ 2,533,168	\$ (182,563)	\$ -	\$ 2,350,605
Staff development and training	3,783	-	3,783	-	-	3,783
In-kind management fee from related party, Cara	-	233,467	233,467	-	(233,467)	-
Professional fees	9,553	-	9,553	-	-	9,553
Travel and meetings	1,574	-	1,574	-	-	1,574
Insurance	6,761	-	6,761	-	-	6,761
Printing and publications	1,055	-	1,055	-	-	1,055
Telephone	157	-	157	-	-	157
Dues and memberships	700	-	700	-	-	700
Fees	33,001	-	33,001	-	-	33,001
Depreciation	183	-	183	-	-	183
Miscellaneous	1,348	-	1,348	-	-	1,348
Total Expenses	\$ 2,591,283	\$ 233,467	\$ 2,824,750	\$ (182,563)	\$ (233,467)	\$ 2,408,720

CARA
SEGMENT INFORMATION: CARA WORKS, LLC
STATEMENT OF FINANCIAL POSITION
June 30, 2019

Assets

Current Assets

Cash and cash equivalents	\$ 40,926
Prepaid expenses	598
Due from related party	<u>58,758</u>
Total current assets	<u>100,282</u>

Total Assets

\$ 100,282

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 282
Due to related party, Cara Connects	<u>100,000</u>
Total liabilities	100,282

Net assets without donor restrictions

-

Total Liabilities and Net Assets

\$ 100,282
