

**THE CARA PROGRAM  
(DBA CARA CHICAGO  
AND SUBSIDIARIES)**

**Consolidated Financial Statements  
and Supplementary Information**

**June 30, 2020 and  
For the Year Then Ended**

**THE CARA PROGRAM  
(DBA CARA CHICAGO  
AND SUBSIDIARIES)**

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# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## **Independent Auditor's Report**

To the Board of Directors  
The Cara Program (dba Cara Chicago  
and Subsidiaries)  
Chicago, IL

We have audited the accompanying consolidated financial statements of The Cara Program (a nonprofit organization) dba Cara Chicago and Subsidiaries (the Organization) which comprise the consolidated statement of financial position as of June 30, 2020, 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 The Cara Program (dba Cara Chicago and Subsidiaries) as of June 30, 2020, 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.

### ***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 30, 2020 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 30, 2020  
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  
The Cara Program (dba Cara Chicago  
and Subsidiaries)  
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 The Cara Program (a nonprofit organization) dba Cara Chicago and Subsidiaries (the Organization) which comprise the consolidated statement of financial position as of June 30, 2020, 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 30, 2020.

***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 30, 2020  
Chicago, IL

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**

**Assets**

Current Assets

Cash and cash equivalents	\$ 5,221,453
Investments - endowment	544,114
Accounts receivable, net	815,020
Government receivable, net	281,293
Inventory	6,314
Prepaid expenses	208,562
Total current assets	<u>7,076,756</u>

Property and Equipment

Building and improvements	7,368,882
Furniture and equipment	733,377
Leasehold improvements	55,885
Vehicles	618,650
Website	143,035
Total property and equipment	<u>8,919,829</u>
Less accumulated depreciation	<u>(2,991,402)</u>
Net property and equipment	<u>5,928,427</u>

Other Assets

Accounts receivable long term, net of current portion	<u>100,000</u>
<b>Total Assets</b>	<u><u>\$ 13,105,183</u></u>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**

**Liabilities and Net Assets**

Current Liabilities

Current portion of long-term debt	\$ 159,232
Accounts payable	107,991
Accrued payroll and related costs	190,546
Refundable advances - other	380,074
Refundable advances - PPP loan	1,405,527
Refundable advances - EIDL loan	10,000
Accrued interest payable	5,334
Total current liabilities	<u>2,258,704</u>

Long-Term Liabilities

Long-term debt, less current maturities	<u>2,365,844</u>
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Total liabilities	<u>4,624,548</u>
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Net Assets

Without donor restrictions

General	922,292
Net investment in property and equipment	3,403,351
Operating reserve	<u>2,608,000</u>
Total without donor restrictions	6,933,643

With donor restrictions - purpose	910,871
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With donor restrictions - perpetual	<u>636,121</u>
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Total net assets	<u>8,480,635</u>
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<b>Total Liabilities and Net Assets</b>	<b><u>\$ 13,105,183</u></b>
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See independent auditor's report and notes to financial statements



**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Total
<b><u>Public Support and Revenue</u></b>				
Special Events				
Contributions	\$ 564,077	\$ -	\$ -	\$ 564,077
Ticket revenue	68,280	-	-	68,280
Auction revenue	13,924	-	-	13,924
Less costs of direct benefits to donors	(91,403)	-	-	(91,403)
Net revenues from special events	554,878	-	-	554,878
Government grants	1,109,644	-	-	1,109,644
Private contributions	3,193,117	1,279,110	511,121	4,983,348
Fee for service revenue	4,666,320	-	-	4,666,320
In-kind donations	66,960	-	-	66,960
Interest income	26,549	-	-	26,549
Investment return, net	7,521	-	-	7,521
Gain on sale of equipment	1,100	-	-	1,100
Miscellaneous	45,119	-	-	45,119
Net assets released from restrictions - satisfaction of program restrictions	2,308,848	(2,308,848)	-	-
Total Public Support and Revenue	11,980,056	(1,029,738)	511,121	11,461,439
<b><u>Expenses</u></b>				
Program services	8,466,177	-	-	8,466,177
Management and general	1,613,339	-	-	1,613,339
Fundraising	983,762	-	-	983,762
Total Expenses	11,063,278	-	-	11,063,278
<b>Change in Net Assets</b>	916,778	(1,029,738)	511,121	398,161
<b>Net assets, beginning of year</b>	6,016,865	1,940,609	125,000	8,082,474
<b>Net assets, end of year</b>	<u>\$ 6,933,643</u>	<u>\$ 910,871</u>	<u>\$ 636,121</u>	<u>\$ 8,480,635</u>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 3,208,750	\$ 962,446	\$ 627,916	\$ 4,799,112
Payroll taxes and employee benefits	752,161	163,204	133,944	1,049,309
Intern wages and benefits	2,785,220	-	-	2,785,220
Staff training and development	58,273	9,401	5,049	72,723
Admissions screening	27,925	2,757	39	30,721
Student assistance	201,706	1,156	-	202,862
Professional and contractual fees	125,272	47,124	4,524	176,920
Direct materials	159,942	-	-	159,942
Occupancy	324,869	44,345	33,158	402,372
Telephone	72,190	11,823	10,486	94,499
Insurance	96,050	8,402	6,310	110,762
Building repairs and maintenance	11,178	2,005	1,467	14,650
Equipment and software purchases	101,677	43,440	16,221	161,338
Supplies	101,221	3,574	2,494	107,289
Marketing and promotion	10,871	1,734	9,623	22,228
Printing and publications	7,137	1,587	6,183	14,907
Postage and shipping	4,238	1,438	18,642	24,318
Dues and memberships	16,434	3,088	4,748	24,270
Fees	72,702	9,159	29,233	111,094
Travel and meetings	65,610	3,998	12,030	81,638
Fundraising	1,063	17	4,283	5,363
Sales tax	-	3,387	-	3,387
Bad debt expense	-	55,051	-	55,051
Miscellaneous	13,338	172	2,209	15,719
Total expenses before interest, and depreciation	8,217,827	1,379,308	928,559	10,525,694
Interest	65,909	20,126	14,706	100,741
Depreciation	182,441	213,905	40,497	436,843
<b>Total Expenses</b>	<b>\$ 8,466,177</b>	<b>\$ 1,613,339</b>	<b>\$ 983,762</b>	<b>\$ 11,063,278</b>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2020**

**Cash Provided by Operating Activities**

Change in net assets	\$ 398,161
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation	436,843
Unrealized gain on investments	(2,675)
Gain on sale of equipment	(1,100)
Change in assets - (increase) decrease	
Receivables	554,692
Prepaid expenses	(85,482)
Inventory	2,125
Change in liabilities - increase (decrease)	
Accounts payable	(80,044)
Accrued payroll and related costs	24,156
Accrued interest payable	(195)
Refundable advances - other	243,711
Net cash provided by operating activities	<u>1,490,192</u>

**Cash Flows from Investing Activities**

Purchases of investments	(541,440)
Purchases of property and equipment	<u>(246,785)</u>
Cash used in investing activities	<u>(788,225)</u>

**Cash Flows from Financing Activities**

Proceeds from refundable advance - PPP loan	1,405,527
Proceeds from refundable advance - EIDL loan	10,000
Payments on debt	<u>(235,089)</u>
Cash provided by financing activities	<u>1,180,438</u>

<b>Increase in cash and cash equivalents</b>	1,882,405
<b>Cash and cash equivalents, beginning of year</b>	<u>3,339,048</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 5,221,453</u></u>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

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

The Cara Program (dba Cara Chicago and Subsidiaries) (the Organization) 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 Chicago and Subsidiaries. The Organization's mission 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 CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**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.

*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.

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 \$246,087 and \$119,843 were billed to Cara Connects and Cleanslate, respectively, for the year ended June 30, 2020.

**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 Chicago and Subsidiaries (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 CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**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, 2020 was \$100,741. Taxes paid during the year ended June 30, 2020 were \$3,387.

Investments

The Organization's investments are reported at fair value. Realized and unrealized gains and losses and any investment fees incurred are reflected in the Statement of Activities. Investment transactions are recorded as of the trade date. Interest and dividends are recorded when received.

Accounts and Government Receivable

Accounts and government receivable consist of both unconditional promises to give by donors and amounts due from governmental agencies for services. Unconditional promises to give are recorded in the year the promises are made, either unrestricted, or restricted for the subsequent period. Conditional amounts due are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Accounts and government receivable are carried net an allowance for doubtful accounts. The Organization records an allowance for doubtful accounts based on specifically identified amounts that are not certain to be collected. Management has deemed an allowance for doubtful accounts in the amount of \$41,586 at June 30, 2020.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**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

Depreciation expense for the year ended June 30, 2020 was \$436,843.

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 Organization recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return- are not recognized until the conditions on which they depend have been met. Conditional promises as of June 30, 2020 were \$956,000. The Organization received \$281,000 of these conditional promises which was recorded as a refundable advance at June 30, 2020. The Organization reports 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.

The Organization reports gifts of land, buildings, and equipment as without donor restriction support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During the year ending June 30, 2020 no such gifts of land, buildings, or equipment were received.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

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

Support and Revenue (cont.)

The Organization recognizes contract revenue at an amount that reflects consideration to which the Organization expects to be entitled to in exchange for transferring goods or services to a customer. The Organization provides various job and life skills training programs, which is based on performance reporting. Due to the nature and varying performance obligations of these contracts, the timing and methods of recognizing revenue from these contracts will vary. All contracts recognize revenue in accordance with ASU No. 2014-09 and prior year revenues have been retrospectively adjusted. There was no contract revenue recorded in 2020 for any performance obligations met in the prior year.

For performance reporting contracts, a customer pays the agreed upon amounts after the completion and submission of specified deliverables or services in the contract. For these contracts, the Organization will allocate the transaction price of the contract to the specific performance obligations based on the contract. The Organization recognizes revenue when the performance obligations are met and delivered to the customer. The Organization has \$4,721 in refundable advances recorded at June 30, 2020.

Government Grants

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. These expenditures are subject to audit and acceptance by the granting organization and, as a result of such audit, adjustments could be required. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. The Organization has \$733 in refundable advances recorded at June 30, 2020.

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, 2020.

The Organization 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 CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**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, 2020. In-kind donations received consisting of the following:

Donated equipment	\$ 48,360
Food and beverage	<u>18,600</u>
	<u>\$ 66,960</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 Organization's 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, 2020.

**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 30, 2020, 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 CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

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

Accounting Standards Update

During the fiscal 2020 year the Organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, which requires that an entity evaluate whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. Management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognitions, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization's financial statements reflect the application of ASC 606 guidance beginning in 2020. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

**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.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

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

As of June 30, 2020, 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	\$ 5,221,453
Accounts receivable	815,095
Government receivable	281,293
Unused line of credit	<u>1,000,000</u>
Total financial assets to be used within one year	7,317,841
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	(910,871)
Restricted by donor with perpetual restrictions	<u>(636,121)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 5,770,849</u></u>

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 – Investments**

Investment income consists of the following components for the year ended June 30, 2020:

Interest and dividends	\$ 4,827
Unrealized gain	2,675
Realized gain	<u>19</u>
	<u><u>\$ 7,521</u></u>

Investment securities are exposed to various risks including interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 4 – Fair Value Measurements**

Generally accepted accounting principles (GAAP) define fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities required to be recorded at fair value, the Organization considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset or liability, such as inherent risk, transfer restrictions, and risk of nonperformance.

GAAP also establishes a fair value hierarchy that requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy consists of three levels:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or dissimilar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets, or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2020:

Mutual funds: Valued at quoted market prices. These investments held by the Organization are funds that are registered with the Securities and Exchange Commission. These investments held by the Organization are deemed to be actively traded and therefore classified within Level 1 of the valuation hierarchy.

The following summarizes that classification of investments at June 30, 2020, by classification and method of valuation in accordance with the above definitions:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds				
Equity funds	\$ 326,468	\$ -	\$ -	\$ 326,468
Bond funds	217,646	-	-	217,646
	<u>\$ 544,114</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 544,114</u>

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 5 – Accounts Receivable**

At June 30, 2020, accounts receivable made up of contributions and pledges are reflected in the consolidated statement of financial position as follows:

	<u>Endowment</u>	<u>General Operating</u>	<u>Total</u>
Due within one year	\$ 49,528	\$ 765,567	\$ 815,095
Due in 1-5 years	50,000	50,000	100,000
	<u>\$ 99,528</u>	<u>\$ 815,567</u>	<u>\$ 915,095</u>

**Note 6 – 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, 2021. As of June 30, 2020, nothing was borrowed against this line. The line of credit is secured by the general assets of the Organizations.

**Note 7 – Leases**

The Organization leases various buildings under non-cancellable operating lease arrangements. An additional new lease agreement begins September 1, 2018. These leases expire at various dates through August 2024. Rental expense for these leases included in the consolidated statement of activities for the year ended June 30, 2020 was \$144,392.

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

<u>Year</u>	<u>Total</u>
2021	\$ 173,170
2022	207,525
2023	94,670
2024	73,730
2025	12,348
	<u>\$ 561,443</u>

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 8 – Long Term Debt**

Long-term debt consists of the following at June 30, 2020:

**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 \$5,439,002 as of June 30, 2020.

\$ 2,433,420

**Cleanslate**

Ford Credit term loans secured by vehicles with a net book value of \$156,158. Interest ranging from 0% to 6.5%. Monthly payments totaling \$13,523, including interest. Due at various dates through February 9, 2023.

91,656  
2,525,076

Less current portion

(159,232)

Net long-term debt

\$ 2,365,844

The total interest incurred and expensed for the year ending June 30, 2020 was \$100,741.

Future anticipated principal loan payments are as follows:

<u>Year</u>	<u>Total</u>
2021	\$ 159,232
2022	121,882
2023	105,440
2024	106,415
2025	110,751
Thereafter	<u>1,921,356</u>
	<u>\$ 2,525,076</u>

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 9 – Net Assets Without Donor Restrictions**

Net assets consist of the following as of June 30, 2020:

Without Donor Restrictions	
General	\$ 922,292
Investment in property and equipment, net of debt	3,403,351
Operating reserve	<u>2,608,000</u>
	<u><u>\$ 6,933,643</u></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 \$879,000 per month.

**Note 10 – Net Assets With Donor Restrictions (Purpose and Time)**

Net assets available for the following purposes:

With Donor Restrictions	
Contributions - Future Periods	\$ 415,684
Cleanslate Ward by Ward	187,666
Strategic Expansion	144,816
COVID Related Emergency Fund	80,180
Inclusive Employment Program	64,068
Social Enterprise Internship	8,600
Endowment - Purpose	7,521
Advancement Scholarship	<u>2,336</u>
	<u><u>\$ 910,871</u></u>

**Note 11 – Net Assets With Donor Restrictions (Perpetual Endowment)**

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.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 11 – Net Assets With Donor Restrictions (Perpetual Endowment) (cont.)**

The remaining 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.

Changes in endowment net assets composition by type for the fiscal year ending June 30, 2020 are as follows:

	<u>Purpose Restrictions</u>	<u>Perpetual in Nature</u>	<u>Total Endowment</u>
Endowment net assets, beginning of year	\$ -	\$ 125,000	\$ 125,000
Contributions	-	511,121	511,121
Investment return			
Interest and dividends	4,827	-	4,827
Net appreciation (unrealized/realized gain)	2,694	-	2,694
Endowment net assets, end of year	<u>\$ 7,521</u>	<u>\$ 636,121</u>	<u>\$ 643,642</u>



**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 12 – Retirement Plans**

The Organization has a 401(k) defined contribution plan for the benefit of substantially all 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 \$88,474 and Cleanslate contributed \$11,067 to the 401(k) plan during the year ending June 30, 2020.

**Note 13 – Paycheck Protection Loan**

In April 2020, the Organization received loan proceeds in the amount of approximately \$1,405,000 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization has been using the proceeds for purposes consistent with the PPP and elected to follow ASC 958-605 and record the loan as a refundable advance where once forgiveness conditions are substantially met or explicitly waived, the entity would reduce the refundable advance and record a contribution for the amount forgiven. As of June 30, 2020, the full \$1,405,527 is recorded as a refundable advance until the loan is explicitly waived. The Organization expects the entire loan to be forgiven.

The Organization also received an Economic Injury Disaster Loan from the U.S. Small Business Administration in the amount of \$10,000 for working capital and normal operating expense. This loan is non-forgivable with a fixed interest rate of 2.75% to be paid over 30 years with deferral of principal payments for the first twelve months. The Organization recorded the loan as a refundable advance.

**Note 14 – Contingencies**

The Organization has received significant financial assistance from federal, state, and local agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements or contracts and may be subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2020**

**Note 14 – Contingencies (cont.)**

The Organization's operations could be significantly impacted by the novel coronavirus pandemic after the Organization fiscal year end of June 30, 2020. Management is maintaining operations to the extent possible however some operations will be affected. It is not possible to reasonably estimate the effect of this crisis on the Organization or whether it would be material to the Organization's financial statements at June 30, 2020.

## **SUPPLEMENTARY INFORMATION**

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**June 30, 2020**

	Cara Chicago	Cleanslate Chicago, LLC	Cara Connects	Cara Works	Consolidated
<b><u>Assets</u></b>					
Current Assets					
Cash and cash equivalents	\$ 4,911,091	\$ 259,250	\$ 51,112	\$ -	\$ 5,221,453
Investments - endowment	544,114	-	-	-	544,114
Accounts receivable, net	265,683	434,464	114,873	-	815,020
Government receivable, net	281,293	-	-	-	281,293
Inventory	-	6,314	-	-	6,314
Prepaid expenses	189,944	11,992	6,626	-	208,562
Total current assets	6,192,125	712,020	172,611	-	7,076,756
Property and Equipment					
Building and improvements	7,368,882	-	-	-	7,368,882
Furniture and equipment	607,246	125,031	1,100	-	733,377
Leasehold improvements	4,623	51,262	-	-	55,885
Vehicles	-	618,650	-	-	618,650
Website in progress	143,035	-	-	-	143,035
Total property and equipment	8,123,786	794,943	1,100	-	8,919,829
Less accumulated depreciation	(2,442,537)	(547,765)	(1,100)	-	(2,991,402)
Net property and equipment	5,681,249	247,178	-	-	5,928,427
Other Assets					
Accounts receivable, net of current portion	100,000	-	-	-	100,000
Due from (to) related party	(456,214)	(248,444)	704,658	-	-
Total other assets	(356,214)	(248,444)	704,658	-	100,000
<b>Total Assets</b>	<b>\$ 11,517,160</b>	<b>\$ 710,754</b>	<b>\$ 877,269</b>	<b>\$ -</b>	<b>\$ 13,105,183</b>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**June 30, 2020**

	Cara Chicago	Cleanslate Chicago, LLC	Cara Connects	Cara Works	Consolidated
<b><u>Liabilities and Net Assets</u></b>					
Current Liabilities					
Current portion of long-term debt	\$ 94,401	\$ 64,831	\$ -	\$ -	\$ 159,232
Accounts payable	84,314	16,953	6,724	-	107,991
Accrued payroll and related costs	100,576	43,049	46,921	-	190,546
Refundable advances - other	380,074	-	-	-	380,074
Refundable advance - PPP loan	1,405,527	-	-	-	1,405,527
Refundable advance - EIDL loan	10,000	-	-	-	10,000
Accrued interest payable	5,334	-	-	-	5,334
Total current liabilities	2,080,226	124,833	53,645	-	2,258,704
Long-Term Liabilities					
Long-term debt, less current maturities	2,339,019	26,825	-	-	2,365,844
Total long-term liabilities	2,339,019	26,825	-	-	2,365,844
Total liabilities	4,419,245	151,658	53,645	-	4,624,548
Net Assets					
Without donor restrictions	5,550,923	559,096	823,624	-	6,933,643
With donor restrictions - purpose	910,871	-	-	-	910,871
With donor restrictions - perpetual	636,121	-	-	-	636,121
Total net assets	7,097,915	559,096	823,624	-	8,480,635
<b>Total Liabilities and Net Assets</b>	<b>\$ 11,517,160</b>	<b>\$ 710,754</b>	<b>\$ 877,269</b>	<b>\$ -</b>	<b>\$ 13,105,183</b>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

	Cara Chicago			Cleanslate Chicago, LLC	Cara Connects	Cara Works		Consolidated			
	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Eliminations	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Total
<b><u>Public Support and Revenue</u></b>											
Special Events											
Contributions	\$ 564,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 564,077	\$ -	\$ -	\$ 564,077
Ticket revenue	68,280	-	-	-	-	-	-	68,280	-	-	68,280
Auction and raffle revenue	13,924	-	-	-	-	-	-	13,924	-	-	13,924
Less costs of direct benefits to donors	(91,403)	-	-	-	-	-	-	(91,403)	-	-	(91,403)
Net revenues from special events	554,878	-	-	-	-	-	-	554,878	-	-	554,878
Government grants	1,109,644	-	-	-	-	-	-	1,109,644	-	-	1,109,644
Private contributions	3,193,117	1,279,110	511,121	-	-	-	-	3,193,117	1,279,110	511,121	4,983,348
Fee for service revenue	46,668	-	-	2,352,797	2,271,984	-	(5,129)	4,666,320	-	-	4,666,320
Subcontracted work from related party	-	-	-	653,941	1,095,187	-	(1,749,128)	-	-	-	-
In-kind management fee from related party	-	-	-	71,843	220,887	-	(292,730)	-	-	-	-
Management fees	573,404	-	-	-	-	-	(573,404)	-	-	-	-
In-kind donations	18,600	-	-	48,360	-	-	-	66,960	-	-	66,960
Interest income	26,549	-	-	-	-	-	-	26,549	-	-	26,549
Investment return, net	7,521	-	-	-	-	-	-	7,521	-	-	7,521
Gain on sale of equipment	-	-	-	1,100	-	-	-	1,100	-	-	1,100
Miscellaneous	7,221	-	-	31,702	6,196	-	-	45,119	-	-	45,119
Net assets released from restrictions - satisfaction of program restrictions	2,308,848	(2,308,848)	-	-	-	-	-	2,308,848	(2,308,848)	-	-
Total Public Support and Revenue	7,846,450	(1,029,738)	511,121	3,159,743	3,594,254	-	(2,620,391)	11,980,056	(1,029,738)	511,121	11,461,439
<b><u>Expenses</u></b>											
Program services	3,871,117	-	-	2,792,198	3,054,815	-	(1,251,953)	8,466,177	-	-	8,466,177
Management and general	2,372,629	-	-	340,043	263,546	-	(1,362,879)	1,613,339	-	-	1,613,339
Fundraising	989,321	-	-	-	-	-	(5,559)	983,762	-	-	983,762
Total Expenses	7,233,067	-	-	3,132,241	3,318,361	-	(2,620,391)	11,063,278	-	-	11,063,278
<b>Change in Net Assets</b>	613,383	(1,029,738)	511,121	27,502	275,893	-	-	916,778	(1,029,738)	511,121	398,161
<b>Net assets, beginning of year</b>	4,937,540	1,940,609	125,000	531,594	547,731	-	-	6,016,865	1,940,609	125,000	8,082,474
<b>Net assets, end of year</b>	<u>\$ 5,550,923</u>	<u>\$ 910,871</u>	<u>\$ 636,121</u>	<u>\$ 559,096</u>	<u>\$ 823,624</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,933,643</u>	<u>\$ 910,871</u>	<u>\$ 636,121</u>	<u>\$ 8,480,635</u>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	Cara	Cleanslate	Cara Connects	Cara Works	Total Program	Combined Management and General	Fundraising	Total
Salaries	\$ 2,164,764	\$ 1,038,799	\$ 5,187	\$ -	\$ 3,208,750	\$ 962,446	\$ 627,916	\$ 4,799,112
Payroll taxes and employee benefits	503,952	247,743	466	-	752,161	163,204	133,944	1,049,309
Intern wages and benefits	-	-	2,785,220	-	2,785,220	-	-	2,785,220
Staff training and development	53,437	4,035	801	-	58,273	9,401	5,049	72,723
Admissions screening	26,982	943	-	-	27,925	2,757	39	30,721
Student assistance	189,344	12,242	120	-	201,706	1,156	-	202,862
Professional and contractual fees	125,272	-	-	-	125,272	47,124	4,524	176,920
Direct materials	-	159,942	-	-	159,942	-	-	159,942
Occupancy	205,507	119,362	-	-	324,869	44,345	33,158	402,372
Telephone	51,476	20,333	381	-	72,190	11,823	10,486	94,499
Insurance	27,103	60,542	8,405	-	96,050	8,402	6,310	110,762
Building repairs and maintenance	7,042	4,136	-	-	11,178	2,005	1,467	14,650
Equipment and software purchases	77,768	23,909	-	-	101,677	43,440	16,221	161,338
Supplies	38,645	62,531	45	-	101,221	3,574	2,494	107,289
Marketing and promotion	7,617	3,254	-	-	10,871	1,734	9,623	22,228
Printing and publications	6,515	258	364	-	7,137	1,587	6,183	14,907
Postage and shipping	2,961	1,257	20	-	4,238	1,438	18,642	24,318
Dues and memberships	11,167	5,267	-	-	16,434	3,088	4,748	24,270
Fees	7,867	17,839	46,996	-	72,702	9,159	29,233	111,094
Travel and meetings	46,915	15,105	3,590	-	65,610	3,998	12,030	81,638
Fundraising	1,063	-	-	-	1,063	17	4,283	5,363
Sales tax	-	-	-	-	-	3,387	-	3,387
Bad debt expense	-	-	-	-	-	55,051	-	55,051
Miscellaneous	5,440	7,362	536	-	13,338	172	2,209	15,719
Total expenses before interest, and depreciation	3,560,837	1,804,859	2,852,131	-	8,217,827	1,379,308	928,559	10,525,694
Interest	65,909	-	-	-	65,909	20,126	14,706	100,741
Depreciation	182,441	-	-	-	182,441	213,905	40,497	436,843
<b>Total Expenses</b>	<b>\$ 3,809,187</b>	<b>\$ 1,804,859</b>	<b>\$ 2,852,131</b>	<b>\$ -</b>	<b>\$ 8,466,177</b>	<b>\$ 1,613,339</b>	<b>\$ 983,762</b>	<b>\$ 11,063,278</b>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**SEGMENT INFORMATION: THE CARA PROGRAM dba CARA CHICAGO**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**

**Assets**

Current Assets

Cash and cash equivalents	\$ 4,911,091
Investments - endowment	544,114
Accounts receivable, net	265,683
Government receivable, net	281,293
Prepaid expenses	189,944
Total current assets	<u>6,192,125</u>

Property and Equipment

Building and improvements	7,368,882
Furniture and equipment	607,246
Website in progress	143,035
Leasehold improvements	4,623
Total property and equipment	<u>8,123,786</u>
Less accumulated depreciation	<u>(2,442,537)</u>
Net property and equipment	<u>5,681,249</u>

Other Assets

Accounts receivable, net of current portion	100,000
Due from related party:	
Cleanslate	592,241
Connects	261,000
Works	105,050
Total other assets	<u>1,058,291</u>
<b>Total Assets</b>	<u><u>\$ 12,931,665</u></u>

See independent auditor's report and notes to financial statements



**CARA CHICAGO AND SUBSIDIARIES**

**SEGMENT INFORMATION: THE CARA PROGRAM dba CARA CHICAGO**

**STATEMENT OF FINANCIAL POSITION (Cont.)**

**June 30, 2020**

**Liabilities and Net Assets**

**Current Liabilities**

Current portion of long-term debt	\$ 94,401
Accounts payable	84,314
Accrued payroll and related costs	100,576
Refundable advances - other	380,074
Refundable advance - PPP	1,405,527
Refundable advance - EIDL	10,000
Accrued interest payable	5,334
	<hr/>
Total current liabilities	2,080,226
	<hr/>

**Other Liabilities**

Long-term debt, less current maturities	2,339,019
Due to related party:	
Cleanslate	602,453
Connects	812,052
	<hr/>
Total other liabilities	3,753,524
	<hr/>

Total liabilities	5,833,750
	<hr/>

**Net Assets**

Without donor restrictions	5,550,923
With donor restrictions - purpose	910,871
With donor restrictions - perpetual	636,121
	<hr/>
Total net assets	7,097,915
	<hr/>

<b>Total Liabilities and Net Assets</b>	<b>\$ 12,931,665</b>
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See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**SEGMENT INFORMATION: THE CARA PROGRAM dba CARA CHICAGO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

	<b>Before Intercompany Eliminations</b>				Consolidating Eliminations to Net Assets	<b>After Intercompany Eliminations</b>			
	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Total Before Eliminations	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	Total
<b><u>Public Support and Revenue</u></b>									
Special Events									
Contributions	\$ 564,077	\$ -	\$ -	\$ 564,077	\$ -	\$ 564,077	\$ -	\$ -	\$ 564,077
Ticket revenue	68,280	-	-	68,280	-	68,280	-	-	68,280
Auction and raffle revenue	13,924	-	-	13,924	-	13,924	-	-	13,924
Less costs of direct benefits to donors	(91,403)	-	-	(91,403)	-	(91,403)	-	-	(91,403)
Net revenues from special events	554,878	-	-	554,878	-	554,878	-	-	554,878
Government contributions	1,109,644	-	-	1,109,644	-	1,109,644	-	-	1,109,644
Private contributions	3,193,117	1,279,110	511,121	4,983,348	-	3,193,117	1,279,110	511,121	4,983,348
Fee for service	46,668	-	-	46,668	-	46,668	-	-	46,668
Management fees	573,404	-	-	573,404	(573,404)	-	-	-	-
In-kind donations	18,600	-	-	18,600	-	18,600	-	-	18,600
Interest income	26,549	-	-	26,549	-	26,549	-	-	26,549
Investment return, net	7,521	-	-	7,521	-	7,521	-	-	7,521
Miscellaneous	7,221	-	-	7,221	-	7,221	-	-	7,221
Net assets released from restrictions - satisfaction of program restrictions	2,308,848	(2,308,848)	-	-	-	2,308,848	(2,308,848)	-	-
Total Public Support and Revenue	7,846,450	(1,029,738)	511,121	7,327,833	(573,404)	7,273,046	(1,029,738)	511,121	6,754,429
<b><u>Expenses</u></b>									
Program services	3,871,117	-	-	3,871,117	(61,930)	3,809,187	-	-	3,809,187
Management and general	2,372,629	-	-	2,372,629	(987,719)	1,384,910	-	-	1,384,910
Fundraising	989,321	-	-	989,321	(5,559)	983,762	-	-	983,762
Total Expenses	7,233,067	-	-	7,233,067	(1,055,208)	6,177,859	-	-	6,177,859
<b>Change in Net Assets</b>	613,383	(1,029,738)	511,121	94,766	481,804	1,095,187	(1,029,738)	511,121	576,570
<b>Net assets, beginning of year</b>	4,937,540	1,940,609	125,000	7,003,149	1,519,669	6,456,729	1,940,609	125,000	8,522,338
<b>Net assets, end of year</b>	<u>\$ 5,550,923</u>	<u>\$ 910,871</u>	<u>\$ 636,121</u>	<u>\$ 7,097,915</u>	<u>\$ 2,001,473</u>	<u>\$ 7,551,916</u>	<u>\$ 910,871</u>	<u>\$ 636,121</u>	<u>\$ 9,098,908</u>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**SEGMENT INFORMATION: THE CARA PROGRAM dba CARA CHICAGO**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 2,187,879	\$ 967,584	\$ 629,807	\$ 3,785,270
Payroll taxes and employee benefits	503,952	163,204	133,944	801,100
Staff training and development	92,252	16,230	8,717	117,199
Sub-contracting related party, Cleanslate and Connects	-	683,022	-	683,022
Contribution to related party, Cleanslate and Connects	-	292,730	-	292,730
Admissions screening	26,982	2,757	39	29,778
Student assistance	189,344	1,156	-	190,500
Professional and contractual fees	125,272	26,284	4,524	156,080
Occupancy	205,507	44,345	33,158	283,010
Telephone	51,476	11,823	10,486	73,785
Insurance	27,103	8,402	6,310	41,815
Building repairs and maintenance	7,042	2,005	1,467	10,514
Equipment and software purchases	77,768	43,440	16,221	137,429
Supplies	38,645	3,574	2,494	44,713
Marketing and promotion	7,617	1,734	9,623	18,974
Printing and publications	6,515	1,587	6,183	14,285
Postage and shipping	2,961	1,438	18,642	23,041
Dues and memberships	11,167	3,088	4,748	19,003
Fees	7,867	9,159	29,233	46,259
Travel and meetings	46,915	3,998	12,030	62,943
Fundraising	1,063	17	4,283	5,363
Sales tax	-	21	-	21
Bad debt expense	-	8,976	-	8,976
Miscellaneous	5,440	172	2,209	7,821
Total expenses before interest and depreciation	3,622,767	2,296,746	934,118	6,853,631
Interest	65,909	20,126	14,706	100,741
Depreciation	182,441	55,757	40,497	278,695
<b>Total Expenses</b>	<b>\$ 3,871,117</b>	<b>\$ 2,372,629</b>	<b>\$ 989,321</b>	<b>\$ 7,233,067</b>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**SEGMENT INFORMATION: CLEANSLATE CHICAGO, LLC**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**

**Assets**

Current Assets

Cash and cash equivalents	\$ 259,250
Accounts receivable, net	434,464
Inventory	6,314
Prepaid expenses	11,992
Total current assets	<u>712,020</u>

Property and Equipment

Vehicles	618,650
Furniture and equipment	125,031
Leasehold improvements	51,262
Total property and equipment	<u>794,943</u>
Less accumulated depreciation	<u>(547,765)</u>
Net property and equipment	<u>247,178</u>

Other Assets

Due from related party:	
Cara	<u>602,453</u>

<b>Total Assets</b>	<b><u><u>\$ 1,561,651</u></u></b>
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**Liabilities and Net Assets**

Current Liabilities

Current portion of long-term debt	\$ 64,831
Accounts payable	16,953
Accrued payroll and related costs	43,049
Total current liabilities	<u>124,833</u>

Other Liabilities

Long-term debt, less current maturities	26,825
Due to related party:	
Cleanslate	592,241
Connects	258,656
Total other liabilities	<u>877,722</u>

Total liabilities	1,002,555
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Net assets - without donor restriction	<u>559,096</u>
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<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 1,561,651</u></u></b>
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See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**SEGMENT INFORMATION: CLEANSLATE CHICAGO, LLC**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2020**

	Before Intercompany Eliminations	Consolidating Eliminations to Net Assets Without Donor Restrictions	After Intercompany Eliminations
<b><u>Public Support and Revenue</u></b>			
Fee for service contracts	\$ 2,352,797	\$ (2,129)	\$ 2,350,668
Subcontracted work from related party, Cara	653,941	(653,941)	-
In-kind management fee from related party, Cara	71,843	(71,843)	-
Donated supplies	48,360	-	48,360
Miscellaneous income	31,702	-	31,702
Gain on disposal of vehicles and equipment	1,100	-	1,100
Total Public Support and Revenue	<u>3,159,743</u>	<u>(727,913)</u>	<u>2,431,830</u>
<b><u>Expenses</u></b>			
Program services	2,792,198	(987,339)	1,804,859
Management and general	<u>340,043</u>	<u>(129,073)</u>	<u>210,970</u>
Total Expenses	<u>3,132,241</u>	<u>(1,116,412)</u>	<u>2,015,829</u>
<b>Change in net assets - without donor restrictions</b>	27,502	388,499	416,001
<b>Net assets, beginning of year</b>	<u>531,594</u>	<u>4,524,505</u>	<u>5,056,099</u>
<b>Net assets, end of year</b>	<u>\$ 559,096</u>	<u>\$ 4,913,004</u>	<u>\$ 5,472,100</u>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**SEGMENT INFORMATION: CLEANSLATE CHICAGO, LLC**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	Program	Management and General	Total Prior to Intercompany Eliminations	Program Intercompany Eliminations	Management and General Intercompany Eliminations	Total
Salaries and wages	\$ 1,038,799	\$ -	\$ 1,038,799	\$ -	\$ -	\$ 1,038,799
Payroll taxes and employee benefits	247,743	-	247,743	-	-	247,743
Intern wages and benefits	987,339	-	987,339	(987,339)	-	-
Staff training and development	4,035	-	4,035	-	-	4,035
Management fee to related party, Cara	-	48,000	48,000	-	(48,000)	-
In-kind management fee to related party, Cara	-	71,843	71,843	-	(71,843)	-
Professional and contractual fees	-	13,101	13,101	-	-	13,101
Student assistance	12,242	-	12,242	-	-	12,242
Occupancy	119,362	-	119,362	-	-	119,362
Telephone	20,333	-	20,333	-	-	20,333
Insurance	60,542	2,376	62,918	-	(2,376)	60,542
Building repairs and maintenance	4,136	-	4,136	-	-	4,136
Equipment and software purchases	23,909	-	23,909	-	-	23,909
Supplies	62,531	-	62,531	-	-	62,531
Direct materials	159,942	-	159,942	-	-	159,942
Travel and meetings	15,105	-	15,105	-	-	15,105
Marketing and promotion	3,254	-	3,254	-	-	3,254
Printing and publications	258	-	258	-	-	258
Postage and shipping	1,257	-	1,257	-	-	1,257
Dues and memberships	5,267	-	5,267	-	-	5,267
Admissions screening	943	-	943	-	-	943
Fees	17,839	6,854	24,693	-	(6,854)	17,839
Sales tax	-	3,366	3,366	-	-	3,366
Bad debt expense	-	36,355	36,355	-	-	36,355
Miscellaneous	7,362	-	7,362	-	-	7,362
Total expenses before depreciation	2,792,198	181,895	2,974,093	(987,339)	(129,073)	1,857,681
Depreciation	-	158,148	158,148	-	-	158,148
<b>Total Expenses</b>	<b>\$ 2,792,198</b>	<b>\$ 340,043</b>	<b>\$ 3,132,241</b>	<b>\$ (987,339)</b>	<b>\$ (129,073)</b>	<b>\$ 2,015,829</b>

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**  
**SEGMENT INFORMATION: TCP STAFFING, LLC dba CARA CONNECTS**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2020**

**Assets**

Current Assets

Cash and cash equivalents	\$ 51,112
Accounts receivable, net	114,873
Prepaid expenses	6,626
Total current assets	172,611

Property and Equipment

Furniture and equipment	1,100
Less accumulated depreciation	(1,100)
Net property and equipment	-

Other Assets

Due from related party:	
Cara	812,052
Cleanslate	258,656
Total other assets	1,070,708

**Total Assets** \$ 1,243,319

**Liabilities and Net Assets**

Current Liabilities

Accounts payable	\$ 6,724
Accrued payroll and related costs	46,921
Total liabilities	53,645

Other Assets

Due to related party:	
Connects	261,000
Works	105,050
Total other assets	366,050

Net assets without donor restrictions 823,624

**Total Liabilities and Net Assets** \$ 1,243,319

See independent auditor's report and notes to financial statements

**CARA CHICAGO AND SUBSIDIARIES**

**SEGMENT INFORMATION: TCP STAFFING, LLC dba CARA CONNECTS**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2020**

	Before Intercompany Eliminations	Consolidating Eliminations to Net Assets Without Donor Restrictions	After Intercompany Eliminations
<b><u>Public Support and Revenue</u></b>			
Fee for services	\$ 2,271,984	\$ (3,000)	\$ 2,268,984
Subcontracted work from related party, Cleanslate	1,095,187	(1,095,187)	-
In-kind management fee from related party, Cara	220,887	(220,887)	-
Miscellaneous	6,196	-	6,196
Total Public Support and Revenue	<u>3,594,254</u>	<u>(1,319,074)</u>	<u>2,275,180</u>
<b><u>Expenses</u></b>			
Program services	3,054,815	(202,684)	2,852,131
Management and general	263,546	(246,087)	17,459
Total Expenses	<u>3,318,361</u>	<u>(448,771)</u>	<u>2,869,590</u>
<b>Change in net assets - without donor restrictions</b>	275,893	(870,303)	(594,410)
<b>Net assets (deficit), beginning of year</b>	<u>547,731</u>	<u>(6,043,694)</u>	<u>(5,495,963)</u>
<b>Net assets (deficit), end of year</b>	<u><u>\$ 823,624</u></u>	<u><u>\$ (6,913,997)</u></u>	<u><u>\$ (6,090,373)</u></u>

See independent auditor's report and notes to financial statements



**CARA CHICAGO AND SUBSIDIARIES**  
**SEGMENT INFORMATION: TCP STAFFING, LLC dba CARA CONNECTS**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2020**

	Program	Management and General	Total Prior to Intercompany Eliminations	Program Intercompany Eliminations	Management and General Intercompany Eliminations	Total
Salaries and wages	\$ 5,187	\$ -	\$ 5,187	\$ -	\$ -	\$ 5,187
Payroll taxes and employee benefits	466	-	466	-	-	466
Intern wages and benefits	2,987,904	-	2,987,904	(202,684)	-	2,785,220
Staff development and training	801	-	801	-	-	801
Management fee to related party, Cara	-	25,200	25,200	-	(25,200)	-
In-kind management fee to related party, Cara	-	220,887	220,887	-	(220,887)	-
Professional fees	-	7,739	7,739	-	-	7,739
Student assistance	120	-	120	-	-	120
Travel and meetings	3,590	-	3,590	-	-	3,590
Insurance	8,405	-	8,405	-	-	8,405
Supplies	45	-	45	-	-	45
Printing and publications	364	-	364	-	-	364
Postage and shipping	20	-	20	-	-	20
Telephone	381	-	381	-	-	381
Fees	46,996	-	46,996	-	-	46,996
Miscellaneous	536	-	536	-	-	536
Bad Debt	-	9,720	9,720	-	-	9,720
<b>Total Expenses</b>	<b>\$ 3,054,815</b>	<b>\$ 263,546</b>	<b>\$ 3,318,361</b>	<b>\$ (202,684)</b>	<b>\$ (246,087)</b>	<b>\$ 2,869,590</b>

See independent auditor's report and notes to financial statements