

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

**Consolidated Financial Statements  
and Supplementary Information**

**(Including Reports Required by  
the Office of Management and Budget's  
(OMB) Uniform Guidance)**

**For the Year Ended June 30, 2023  
(with summarized comparative information  
for the year ended June 30, 2022)**

**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 of  
The Cara Program (dba Cara Chicago  
and Subsidiaries)  
Chicago, IL

### ***Opinion***

We have audited the accompanying consolidated financial statements of The Cara Program dba Cara Chicago and Subsidiaries (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, 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.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Cara Program dba Cara Chicago and Subsidiaries as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Cara Program dba Cara Chicago and Subsidiaries and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cara Program dba Cara Chicago and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cara Program dba Cara Chicago and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Cara Program dba Cara Chicago and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements.

***Supplementary Information (cont.)***

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.

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 consolidated financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Desmond & Ahern, Ltd*

November 30, 2023  
Chicago, IL

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023 (with summarized comparative information for June 30, 2022)**

<u>Assets</u>	2023	2022
Current Assets		
Cash and cash equivalents	\$ 5,831,903	\$ 5,665,646
Investments - endowment	708,350	647,817
Accounts receivable, net	1,736,594	1,504,811
Government receivable, net	246,447	362,491
Inventory	6,411	4,101
Prepaid expenses	171,807	217,544
Total current assets	<u>8,701,512</u>	<u>8,402,410</u>
Property and Equipment		
Building and improvements	8,501,778	8,447,416
Furniture and equipment	1,125,008	919,241
Leasehold improvements	169,274	169,274
Vehicles	736,773	686,075
Website	85,000	85,000
Total property and equipment	<u>10,617,833</u>	<u>10,307,006</u>
Less accumulated depreciation	<u>(4,155,302)</u>	<u>(3,662,248)</u>
Net property and equipment	<u>6,462,531</u>	<u>6,644,758</u>
Other Assets		
Accounts receivable, net of current portion	85,000	50,000
Operating lease right-of-use asset	77,375	-
Other long-term assets	71,621	68,092
Total other assets	<u>233,996</u>	<u>118,092</u>
<b>Total Assets</b>	<u><u>\$ 15,398,039</u></u>	<u><u>\$ 15,165,260</u></u>

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

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023 (with summarized comparative information for June 30, 2022)**

<b><u>Liabilities and Net Assets</u></b>	<u>2023</u>	<u>2022</u>
Current Liabilities		
Current portion of long-term debt	\$ 333,946	\$ 337,126
Accounts payable	168,568	126,709
Accrued payroll and related costs	666,055	528,030
Refundable advances	1,090,000	904,802
Accrued interest payable	4,735	5,030
Operating lease liability, current portion	67,052	-
Other liabilities	500	-
Total current liabilities	<u>2,330,856</u>	<u>1,901,697</u>
Long-Term Liabilities		
Long-term debt, net of current portion	2,696,821	2,947,240
Operating lease liability, net of current portion	11,417	-
Total long-term liabilities	<u>2,708,238</u>	<u>2,947,240</u>
Total liabilities	<u>5,039,094</u>	<u>4,848,937</u>
Net Assets		
Without donor restrictions		
General	1,899,649	2,392,829
Net investment in property and equipment	3,431,764	3,360,392
Operating reserve	3,049,000	2,818,000
Total without donor restrictions	<u>8,380,413</u>	<u>8,571,221</u>
With donor restrictions - purpose	1,342,411	1,108,981
With donor restrictions - perpetual in nature	636,121	636,121
Total net assets	<u>10,358,945</u>	<u>10,316,323</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 15,398,039</u></b>	<b><u>\$ 15,165,260</u></b>

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

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023 (with summarized comparative information for June 30, 2022)**

	Without Donor Restrictions	With Donor Restrictions - Purpose	With Donor Restrictions - Perpetual	2023 Total	2022 Total
<b><u>Public Support and Revenue</u></b>					
Special Events					
Contributions	\$ 928,793	\$ -	\$ -	\$ 928,793	\$ 880,912
Ticket revenue	62,640	-	-	62,640	42,100
Auction revenue	198,606	-	-	198,606	166,510
Advertising income	-	-	-	-	750
Less costs of direct benefits to donors	(353,222)	-	-	(353,222)	(273,121)
Net revenues from special events	836,817	-	-	836,817	817,151
Government grants	1,405,111	-	-	1,405,111	1,672,533
Private contributions	3,429,304	2,214,976	-	5,644,280	4,756,859
Fee for service revenue	4,756,841	-	-	4,756,841	4,354,647
In-kind donations	47,425	-	-	47,425	48,360
Interest income	68,574	-	-	68,574	729
Investment return	-	60,533	-	60,533	(101,121)
Net gain on sale of equipment	-	-	-	-	32,000
Miscellaneous	5,107	-	-	5,107	11,776
Net assets released from restrictions - satisfaction of program restrictions	2,042,079	(2,042,079)	-	-	-
Total Public Support and Revenue	12,591,258	233,430	-	12,824,688	11,592,934
<b><u>Expenses</u></b>					
Program services	9,970,155	-	-	9,970,155	9,166,421
Management and general	1,731,043	-	-	1,731,043	1,576,640
Fundraising	1,080,868	-	-	1,080,868	1,101,819
Total Expenses	12,782,066	-	-	12,782,066	11,844,880
Change in Net Assets	(190,808)	233,430	-	42,622	(251,946)
Net assets, beginning of year	8,571,221	1,108,981	636,121	10,316,323	10,568,269
Net assets, end of year	\$ 8,380,413	\$ 1,342,411	\$ 636,121	\$ 10,358,945	\$ 10,316,323

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



**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2023 (with summarized comparative information for June 30, 2022)**

	Program Services	Management and General	Fundraising	2023 Total	2022 Total
Salaries	\$ 4,349,618	\$ 791,686	\$ 662,419	\$ 5,803,723	\$ 5,538,782
Payroll taxes and employee benefits	855,666	151,602	110,783	1,118,051	1,092,848
Intern wages and benefits	2,953,584	-	-	2,953,584	2,659,727
Staff training and development	31,040	16,947	6,174	54,161	53,567
Admissions screening	13,794	19,795	362	33,951	27,794
Student assistance	223,210	26,150	2,526	251,886	124,217
Professional and contractual fees	52,068	67,468	78,316	197,852	285,964
Direct materials	209,920	-	-	209,920	193,169
Occupancy	299,211	140,645	26,063	465,919	487,710
Telephone	98,215	23,946	11,325	133,486	139,821
Insurance	132,615	9,551	5,260	147,426	137,106
Building repairs and maintenance	34,459	8,367	3,444	46,270	42,495
Equipment and software purchases	189,081	170,800	35,265	395,146	227,059
Supplies	66,173	9,154	4,099	79,426	64,763
Marketing and promotion	6,710	1,146	6,538	14,394	24,915
Printing and publications	3,385	612	5,347	9,344	3,637
Postage and shipping	1,479	542	20,449	22,470	15,061
Dues and memberships	4,544	14,361	517	19,422	8,085
Fees	49,798	53,154	31,073	134,025	135,071
Travel and meetings	60,255	21,087	12,993	94,335	47,122
Fundraising	3,293	765	135	4,193	3,810
Sales tax	-	1,373	-	1,373	470
Bad debt expense	-	28,225	-	28,225	-
Miscellaneous	5,316	11,857	6,578	23,751	12,549
Total expenses before interest, and depreciation	<u>9,643,434</u>	<u>1,569,233</u>	<u>1,029,666</u>	<u>12,242,333</u>	<u>11,325,742</u>
Interest	56,939	21,757	9,286	87,982	65,249
Depreciation	269,782	140,053	41,916	451,751	453,889
<b>Total Expenses</b>	<u><u>\$ 9,970,155</u></u>	<u><u>\$ 1,731,043</u></u>	<u><u>\$ 1,080,868</u></u>	<u><u>\$ 12,782,066</u></u>	<u><u>\$ 11,844,880</u></u>

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

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 2023 (with summarized comparative information for June 30, 2022)**

	<u>2023</u>	<u>2022</u>
<b><u>Cash Provided by Operating Activities</u></b>		
Change in net assets	\$ 42,622	\$ (251,946)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	451,751	453,889
Unrealized losses/(gains) on investments	(42,193)	128,880
(Gain) on sale of equipment	-	(32,000)
Noncash lease expense	1,094	-
Change in assets - (increase) decrease		
Receivables	(150,739)	(283,821)
Prepaid expenses	45,737	71,687
Inventory	(2,310)	3,890
Other assets	(3,529)	(68,092)
Change in liabilities - increase (decrease)		
Accounts payable	41,859	40,740
Accrued payroll and related costs	138,025	179,665
Deferred rent	-	(14,330)
Accrued interest payable	(295)	(100)
Refundable advances - other	185,198	108,686
Other liabilities	500	-
Cash provided by operating activities	<u>707,720</u>	<u>337,148</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchases of investments	(18,340)	(77,759)
Purchases of property and equipment	<u>(269,524)</u>	<u>(1,377,743)</u>
Cash used in investing activities	<u>(287,864)</u>	<u>(1,455,502)</u>
<b><u>Cash Flows from Financing Activities</u></b>		
Payments on long term debt	(253,599)	(152,374)
Proceeds from long term debt	<u>-</u>	<u>992,884</u>
Cash (used in) provided by financing activities	<u>(253,599)</u>	<u>840,510</u>
<b>Net (decrease) in cash and cash equivalents</b>	166,257	(277,844)
<b>Cash and cash equivalents, beginning of year</b>	<u>5,665,646</u>	<u>5,943,490</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 5,831,903</u></u>	<u><u>\$ 5,665,646</u></u>

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

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

**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 build an inclusive economy by developing employment pathways to advance transformative individual and community 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 consolidated 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, 2023**

**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 \$121,200 were billed in total to Cara Connects and Cleanslate, for the year ended June 30, 2023.

**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 consolidated 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, 2023**

**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. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor 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 consolidated 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, 2023 was \$87,982. Taxes paid during the year ended June 30, 2023 were \$1,373.

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 \$38,565 at June 30, 2023.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

**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 \$2,500 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, 2023 was \$451,751.

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, 2023 were \$2,179,500. The Organization received \$1,058,000 of these conditional promises which was recorded as a refundable advance at June 30, 2023. 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, 2023 no such gifts of land, buildings, or equipment were received.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

**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.

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 remaining \$32,000 in refundable advance relates to money received for future special events and will be recognized when the event has occurred.

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 consolidated statement of financial position. The Organization did not have any amounts recorded in refundable advances at June 30, 2023.

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, 2023.

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 consolidated statement of activities or consolidated statement of functional expenses because the criteria for recognition under GAAP has not been satisfied.

In-kind donations were recognized at fair value in the consolidated financial statements during the year ending June 30, 2023. In-kind donations received consisting of donated equipment in the amount of \$47,425.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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 Chicago's consolidated 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, 2023.

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 November 30, 2023, 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.

Adoption of New Accounting Standard

Effective July 1, 2022, the Organization adopted the new lease accounting guidance in Accounting Standards Update No. 2016-02, Leases (Topic 842). The Organization has elected the package of practical expedients permitted in ASC Topic 842.



**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

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

Adoption of New Accounting Standard (cont.)

Accordingly, the Organization accounted for its existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of June 30, 2022) would have met the definition of initial direct costs in ASC Topic 842 at lease commencement. As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 (a) a lease liability of \$141,692, which represents the present value of the remaining lease payments of \$146,306, discounted using the risk-free discount rate of 2.84%, and (b) a right-of-use asset of \$141,692.

**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, 2023, 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	\$ 5,831,903
Accounts receivable	1,746,934
Government receivable	246,447
Total financial assets to be used within one year	<u>7,825,284</u>
Less amounts not available to be used within one year:	
Restricted by donor with purpose restrictions	(1,342,411)
Add back time restricted net assets	583,075
Restricted by donor with perpetual restrictions	(636,121)
Allowance for doubtful accounts	<u>(10,340)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,419,487</u>
Additional liquidity resource:	
Unused line of credit	<u>\$ 1,000,000</u>

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

**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 – Investments**

Investment income consists of the following components for the year ended June 30, 2023:

Interest and dividends	\$ 83,281
Unrealized loss	42,193
Realized gain	3,633
	<hr/>
	\$ 129,107
	<hr/>

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 consolidated statement of financial position.

**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.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 4 – Fair Value Measurements (cont.)**

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, 2023:

*Money Markets:* 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.

*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, 2023, 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	\$ 425,010	\$ -	\$ -	\$ 425,010
Bond funds	283,340	-	-	283,340
	<u>\$ 708,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 708,350</u>

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 5 – Accounts Receivable**

At June 30, 2023, 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	\$ 25,000	\$ 1,711,594	\$ 1,736,594
Due in 1-5 years	-	85,000	85,000
	<u>\$ 25,000</u>	<u>\$ 1,796,594</u>	<u>\$ 1,821,594</u>

**Note 6 – Operating Leases**

The Organization leases various buildings under non-cancellable operating lease arrangements. These leases which expire at various dates through August 2024, require monthly payments ranging from \$5,400 to \$10,500.

The Organization assesses whether an arrangement qualified as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of twelve months or less are not recorded on the statement of financial position.

The leases provide for minimum annual rental payments. The agreements generally require the Organization to pay certain costs such as common area maintenance charges, insurance, utilities, and repairs.

The following summarizes the line items in the statement of financial position which include amounts for corporate office space operating leases as of June 30, 2023:

Operating Leases	
Operating lease right-of-use asset	<u>\$ 77,375</u>
Current portion of operating lease liabilities	67,052
Operating leases liabilities, less current portion	<u>11,417</u>
Total operating lease liabilities	<u>\$ 78,469</u>

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 6 – Leases (cont.)**

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2023:

Weighted-average remaining lease term	
Operating leases	14 Months
Weighted-average discount rate	
Operating leases	2.84%

The Organization has made the election afforded in the guidance under ASC Topic 842 which allows the use of the risk-free discount rate for these leases, which is based on the borrowing rate for the United States Federal Government for a period comparable to the lease terms.

The maturities of operating lease liabilities are as follows for the years ending June 30:

2023	\$ 68,457
2024	11,417
Total future undiscounted lease payments	<u>79,874</u>
Less amount representing interest	<u>(1,405)</u>
Present value of lease liabilities	<u><u>\$ 78,469</u></u>

Lease expense for these leases included in the consolidated statement of activities for the year ended June 30, 2023 was \$89,088. Cleanslate Chicago, LLC paid Cara Chicago lease expense of \$110,000 for the year ended June 30, 2023 that was eliminated during consolidation.

The following summarizes cash flow information related to the leases for the year ended June 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	<u><u>\$ 66,432</u></u>
Right-of-use asset obtained in exchange for operating lease liabilities	<u><u>\$ 64,317</u></u>

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 7 – Line of Credit**

The Organization has a \$1,000,000 revolving line of credit agreement with a bank that expires June 26, 2024. Interest is payable monthly at various rates calculated using the Ameribor Term-30 rate provided by American Financial Exchange, LLC plus 2.5%. The current effective interest rate at June 30, 2023 was 7.64%. There was no outstanding balance due on the line of credit at June 30, 2023. The line of credit is collateralized by the Organization’s cash and equivalents held at that same bank.

**Note 8 – Long Term Debt**

Long-term debt consists of the following at June 30, 2023:

**Cara**

2.65% loan payable to Bank of America, due July, 2031 with interest and principal of \$16,128 payable monthly. All remaining principal and interest at due date will be paid as a one-time balloon payment at maturity. The loan is secured by a primary lien on commercial property located at 237 South Desplaines, Chicago, IL, with a net book value of \$4,876,409 as of June 30, 2023.

\$ 2,143,946

2.75% loan payable to Wintrust Bank, due January 28, 2032 with interest and principal of \$8,601 payable monthly. The loan is secured by essentially all of Cara Chicago's assets. Cara Chicago will lease this building to Cleanslate Chicago, LLC. All payments between entities will be eliminated during consolidation.

786,962

**Cleanslate**

Ford Credit has multiple term loans secured by vehicles with a net book value of \$137,749. Interest ranging from 0% to 6.5%. Monthly payments totaling \$3,900, including interest. Due at various dates through September 2026.

99,859

3,030,767

Less current portion

(333,946)

Net long-term debt

\$ 2,696,821

The total interest incurred and expensed for the year ending June 30, 2023 was \$87,982.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

**Note 8 – Long Term Debt (cont.)**

Future anticipated principal loan payments are as follows:

<u>Year</u>	<u>Total</u>
2024	333,946
2025	323,409
2026	323,708
2027	306,238
2028	296,750
Thereafter	1,446,716
	<u>\$ 3,030,767</u>

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

Net assets consist of the following as of June 30, 2023:

Without Donor Restrictions	
General	\$ 1,899,649
Investment in property and equipment, net of debt	3,431,764
Operating reserve	3,049,000
	<u>\$ 8,380,413</u>

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 \$1,016,000 per month.

**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

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

Net assets with donor restrictions are available for the following purposes at June 30, 2023:

With Donor Restrictions	
Contributions - Future Periods	\$ 583,075
Cleanslate Ward by Ward	13,499
Strategic Expansion	92,774
COVID Related Emergency Fund	6,874
Inclusive Employment Program	455,457
Social Enterprise Internship	1,118
Participant Costs	74,600
Endowment - Purpose	97,229
Digital Literacy	17,785
	<u>\$ 1,342,411</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.

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.



**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**June 30, 2023**

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

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, 2023 are as follows:

	<u>Purpose Restrictions</u>	<u>Perpetual in Nature</u>	<u>Total Endowment</u>
Donor restricted endowment funds	\$ 97,229	\$ 636,121	\$ 733,350
	<u>Purpose Restrictions</u>	<u>Perpetual in Nature</u>	<u>Total Endowment</u>
Endowment net assets, beginning of year	\$ 36,696	\$ 636,121	\$ 672,817
Contributions	-	-	-
Investment return			
Interest and dividends	14,707	-	14,707
Net appreciation (unrealized/realized gain)	45,826	-	45,826
Endowment net assets, end of year	<u>\$ 97,229</u>	<u>\$ 636,121</u>	<u>\$ 733,350</u>

**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 \$99,112 and Cleanslate contributed \$14,004 to the 401(k) plan during the year ending June 30, 2023.

**SUPPLEMENTARY INFORMATION**

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**June 30, 2023**

	Cara Chicago	Cleanslate Chicago, LLC	Cara Connects	Consolidated
<b><u>Assets</u></b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 4,950,307	\$ 262,665	\$ 618,931	\$ 5,831,903
Investments - endowment	708,350	-	-	708,350
Accounts receivable, net	489,447	721,129	526,018	1,736,594
Government receivable, net	246,447	-	-	246,447
Inventory	-	6,411	-	6,411
Prepaid expenses	171,807	-	-	171,807
<b>Total current assets</b>	<b>6,566,358</b>	<b>990,205</b>	<b>1,144,949</b>	<b>8,701,512</b>
<b>Property and Equipment</b>				
Building and improvements	8,501,778	-	-	8,501,778
Furniture and equipment	958,882	165,026	1,100	1,125,008
Leasehold improvements	118,012	51,262	-	169,274
Vehicles	-	736,773	-	736,773
Website in progress	85,000	-	-	85,000
<b>Total property and equipment</b>	<b>9,663,672</b>	<b>953,061</b>	<b>1,100</b>	<b>10,617,833</b>
Less accumulated depreciation	(3,356,361)	(797,841)	(1,100)	(4,155,302)
<b>Net property and equipment</b>	<b>6,307,311</b>	<b>155,220</b>	<b>-</b>	<b>6,462,531</b>
<b>Other Assets</b>				
Accounts receivable, net of current portion	85,000	-	-	85,000
Operating lease right-of-use asset	77,375	-	-	77,375
Other assets	71,621	-	-	71,621
Due from (to) related party	212,198	(295,668)	83,470	-
<b>Total other assets</b>	<b>446,194</b>	<b>(295,668)</b>	<b>83,470</b>	<b>233,996</b>
<b>Total Assets</b>	<b>\$ 13,319,863</b>	<b>\$ 849,757</b>	<b>\$ 1,228,419</b>	<b>\$ 15,398,039</b>

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

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**  
**June 30, 2023**

	Cara Chicago	Cleanslate Chicago, LLC	Cara Connects	Consolidated
<b><u>Liabilities and Net Assets</u></b>				
Current Liabilities				
Current portion of long-term debt	\$ 296,750	\$ 37,196	\$ -	\$ 333,946
Accounts payable	108,889	6,000	53,679	168,568
Accrued payroll and related costs	435,350	113,997	116,708	666,055
Refundable advances	1,090,000	-	-	1,090,000
Accrued interest payable	4,735	-	-	4,735
Operating lease liability, current portion	67,052	-	-	67,052
Other liabilities	500	-	-	500
Total current liabilities	<u>2,003,276</u>	<u>157,193</u>	<u>170,387</u>	<u>2,330,856</u>
Long-Term Liabilities				
Long-term debt, net of current portion	2,634,158	62,663	-	2,696,821
Operating lease liability, net of current portion	11,417	-	-	11,417
Total long-term liabilities	<u>2,645,575</u>	<u>62,663</u>	<u>-</u>	<u>2,708,238</u>
Total liabilities	<u>4,648,851</u>	<u>219,856</u>	<u>170,387</u>	<u>5,039,094</u>
Net Assets				
Without donor restrictions	6,692,480	629,901	1,058,032	8,380,413
With donor restrictions - purpose	1,342,411	-	-	1,342,411
With donor restrictions - perpetual	636,121	-	-	636,121
Total net assets	<u>8,671,012</u>	<u>629,901</u>	<u>1,058,032</u>	<u>10,358,945</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 13,319,863</u></u>	<u><u>\$ 849,757</u></u>	<u><u>\$ 1,228,419</u></u>	<u><u>\$ 15,398,039</u></u>

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

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

	<u>Cara Chicago</u>			<u>Cleanslate Chicago, LLC</u>	<u>Cara Connects</u>	<u>Eliminations</u>	<u>Consolidated</u>			<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	<u>Without Donor Restrictions</u>	<u>Without Donor Restrictions</u>		<u>Without Donor Restrictions</u>	<u>With Donor Restrictions - Purpose</u>	<u>With Donor Restrictions - Perpetual</u>	
<b>Public Support and Revenue</b>										
Special Events										
Contributions	\$ 928,793	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 928,793	\$ -	\$ -	\$ 928,793
Ticket revenue	62,640	-	-	-	-	-	62,640	-	-	62,640
Auction and raffle revenue	198,606	-	-	-	-	-	198,606	-	-	198,606
Less costs of direct benefits to donors	(353,222)	-	-	-	-	-	(353,222)	-	-	(353,222)
Net revenues from special events	836,817	-	-	-	-	-	836,817	-	-	836,817
Government grants	1,052,735	-	-	-	352,376	-	1,405,111	-	-	1,405,111
Private contributions	3,429,304	2,214,976	-	-	-	-	3,429,304	2,214,976	-	5,644,280
Fee for service revenue	136,045	-	-	3,428,185	1,215,022	(22,411)	4,756,841	-	-	4,756,841
Subcontracted work from related party	-	-	-	481,343	-	(481,343)	-	-	-	-
Management fees	121,200	-	-	-	-	(121,200)	-	-	-	-
Rental income	110,000	-	-	-	-	(110,000)	-	-	-	-
In-kind donations	11,425	-	-	36,000	-	-	47,425	-	-	47,425
Interest income	68,574	-	-	-	-	-	68,574	-	-	68,574
Investment return	-	60,533	-	-	-	-	-	60,533	-	60,533
Gain (loss) on sale of equipment	-	-	-	-	-	-	-	-	-	-
Miscellaneous	5,107	-	-	-	-	-	5,107	-	-	5,107
Net assets released from restrictions - satisfaction of program restrictions	2,042,079	(2,042,079)	-	-	-	-	2,042,079	(2,042,079)	-	-
Total Public Support and Revenue	7,813,286	233,430	-	3,945,528	1,567,398	(734,954)	12,591,258	233,430	-	12,824,688
<b>Expenses</b>										
Program services	4,787,796	-	-	4,070,247	1,345,112	(233,000)	9,970,155	-	-	9,970,155
Management and general	1,856,800	-	-	275,997	25,200	(426,954)	1,731,043	-	-	1,731,043
Fundraising	1,155,868	-	-	-	-	(75,000)	1,080,868	-	-	1,080,868
Total Expenses	7,800,464	-	-	4,346,244	1,370,312	(734,954)	12,782,066	-	-	12,782,066
<b>Change in Net Assets</b>	12,822	233,430	-	(400,716)	197,086	-	(190,808)	233,430	-	42,622
<b>Net assets, beginning of year</b>	6,679,658	1,108,981	636,121	1,030,617	860,946	-	8,571,221	1,108,981	636,121	10,316,323
<b>Net assets, end of year</b>	\$ 6,692,480	\$ 1,342,411	\$ 636,121	\$ 629,901	\$ 1,058,032	\$ -	\$ 8,380,413	\$ 1,342,411	\$ 636,121	\$ 10,358,945

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

**CARA CHICAGO AND SUBSIDIARIES**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
**For the Year Ended June 30, 2023**

	Cara	Cleanslate	Cara Connects	Total Program	Combined Management and General	Fundraising	Total
Salaries	\$ 2,781,826	\$ 1,352,024	\$ 215,768	\$ 4,349,618	\$ 791,686	\$ 662,419	\$ 5,803,723
Payroll taxes and employee benefits	562,877	269,985	22,804	855,666	151,602	110,783	1,118,051
Intern wages and benefits	-	1,883,688	1,069,896	2,953,584	-	-	2,953,584
Staff training and development	31,002	-	38	31,040	16,947	6,174	54,161
Admissions screening	12,725	1,069	-	13,794	19,795	362	33,951
Student assistance	173,654	49,556	-	223,210	26,150	2,526	251,886
Professional and contractual fees	52,068	-	-	52,068	67,468	78,316	197,852
Direct materials	-	209,920	-	209,920	-	-	209,920
Occupancy	230,709	68,502	-	299,211	140,645	26,063	465,919
Telephone	79,172	18,558	485	98,215	23,946	11,325	133,486
Insurance	32,148	96,964	3,503	132,615	9,551	5,260	147,426
Building repairs and maintenance	20,794	13,665	-	34,459	8,367	3,444	46,270
Equipment and software purchases	145,737	42,616	728	189,081	170,800	35,265	395,146
Supplies	20,142	46,031	-	66,173	9,154	4,099	79,426
Marketing and promotion	4,332	2,378	-	6,710	1,146	6,538	14,394
Printing and publications	2,366	1,019	-	3,385	612	5,347	9,344
Postage and shipping	1,108	371	-	1,479	542	20,449	22,470
Dues and memberships	3,816	728	-	4,544	14,361	517	19,422
Fees	17,908	-	31,890	49,798	53,154	31,073	134,025
Travel and meetings	47,082	13,173	-	60,255	21,087	12,993	94,335
Fundraising	3,293	-	-	3,293	765	135	4,193
Sales tax	-	-	-	-	1,373	-	1,373
Bad debt expense	-	-	-	-	28,225	-	28,225
Miscellaneous	5,316	-	-	5,316	11,857	6,578	23,751
Total expenses before interest, and depreciation	<u>4,228,075</u>	<u>4,070,247</u>	<u>1,345,112</u>	<u>9,643,434</u>	<u>1,569,233</u>	<u>1,029,666</u>	<u>12,242,333</u>
Interest	56,939	-	-	56,939	21,757	9,286	87,982
Depreciation	269,782	-	-	269,782	140,053	41,916	451,751
<b>Total Expenses</b>	<u>\$ 4,554,796</u>	<u>\$ 4,070,247</u>	<u>\$ 1,345,112</u>	<u>\$ 9,970,155</u>	<u>\$ 1,731,043</u>	<u>\$ 1,080,868</u>	<u>\$ 12,782,066</u>

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

**REPORTS REQUIRED BY  
THE OFFICE OF MANAGEMENT AND  
BUDGET (OMB) UNIFORM GUIDANCE**

**CARA CHICAGO AND SUBSIDIARIES**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Contract Number	Passed Through To Subrecipient	Disbursements or Expenditures
<b>U.S. Department of Agriculture</b>				
Pass-through Illinois Department of Human Services				
State Administrative Matching Grants for Supplemental Nutrition Assistance Program (July 1, 2022 to June 30, 2023)	10.561	FCSBG00244	-	355,225
<b>Total U.S. Department of Agriculture</b>			-	(1) 355,225
<b>U.S. Department of Health and Human Services</b>				
Pass-through Illinois Department of Human Services				
Temporary Assistance to Needy Families (July 1, 2022 to June 30, 2023)	93.558	FCSBG06194	-	154,143
Pass-through Chicago Department of Family and Social Services				
Community Services Block Grant - Transitional Job Training (January 1, 2022 to December 31, 2022)	93.569	177534	-	83,843
Community Services Block Grant - Transitional Job Training (January 1, 2023 to December 31, 2023)	93.569	177534	-	95,972
Community Services Block Grant - CARES ACT Transitional Job Training (February 1, 2020 to September 30, 2022)	93.569	141468	-	43,630
Total Community Services Block Grant			-	223,445
<b>Total U.S. Department of Health and Human Services</b>			-	377,588
<b>U.S. Department of Housing and Urban Development</b>				
Pass-through Chicago Department of Family and Social Services				
Community Development Block Grants/Entitlement Grants - Employment Preparation & Placement (January 1, 2022 to December 31, 2022)	14.218	177397	-	26,000
Community Development Block Grants/Entitlement Grants - Employment Preparation & Placement (January 1, 2023 to December 31, 2023)	14.218	177397	-	43,750
Community Development Block Grants/Entitlement Grants - CARES ACT (January 1, 2021 to September 30, 2022)	14.218	157749	-	11,172
<b>Total U.S. Department of Housing and Urban Development</b>			-	80,922
<b>Total Expenditures of Federal Awards</b>			-	813,735

(1) Audited as a major program



**CARA CHICAGO AND SUBSIDIARIES**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the Federal grant activity of The Cara Program dba Cara Chicago and Subsidiaries (the “Organization”), under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because this schedule presents only a selected portion of the operations of the Organization it is not intended to and does not present the financial position, changes in net assets or cash flows of The Cara Program dba Cara Chicago and Subsidiaries.

**Note 2 – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *2 CFR Part 230 – Cost Principles for Non-Profit Organizations (OMB Circular A-122)*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3 – Sub-Recipients**

The Organization did not provide any federal awards to sub-recipients during the year ended June 30, 2023.

**Note 4 – Other Matters**

Amount of non-cash assistance	None
Amount of insurance	None
Amount of loans	None
Amount of loan guarantees	None



# 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 dba Cara Chicago and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2023, 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 November 30, 2023.

***Report on 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 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.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether The Cara Program dba Cara Chicago and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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 this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results 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 & Allen, Ltd*

November 30, 2023  
Chicago, IL



# Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**Independent Auditor's Report on Compliance for Each  
Major Federal Program and Report on Internal Control  
Over Compliance Required by the Uniform Guidance**

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

***Report on Compliance for Each Major Federal Program***

***Opinion on Each Major Federal Program***

We have audited The Cara Program dba Cara Chicago and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The Cara Program dba Cara Chicago and Subsidiaries' major federal programs for the year ended June 30, 2023. The Cara Program dba Cara Chicago and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Cara Program dba Cara Chicago and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Cara Program dba Cara Chicago and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of The Cara Program dba Cara Chicago and Subsidiaries' compliance with the compliance requirements referred to above.

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The Cara Program dba Cara Chicago and Subsidiaries' federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The Cara Program dba Cara Chicago and Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The Cara Program dba Cara Chicago and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding The Cara Program dba Cara Chicago and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The Cara Program dba Cara Chicago and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The Cara Program dba Cara Chicago and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on Internal Control over Compliance***

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Desmond & Ahern, Ltd*

November 30, 2023  
Chicago, IL

**CARA CHICAGO AND SUBSIDIARIES  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2023**

**Section I – Summary of Auditor’s Results**

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ yes   X   no
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes   X   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   X   no
- Significant deficiencies identified that are not considered to be weakness(es)? \_\_\_\_\_ yes   X   no

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance under 2 CFR section 200.516 (a)? \_\_\_\_\_ yes   X   no

**Certification of Major Programs**

<u>CFDA Number (s)</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between type A and type B Programs: \$750,000

Auditee qualified as low-risk auditee?   X   yes \_\_\_\_\_ no

**CARA CHICAGO AND SUBSIDIARIES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2023**

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Federal Award Findings and Questioned Costs - Prior Year**

None