



AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021

Caring Network, NFP
Audit Report
For the Year Ended June 30, 2021

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619 Enterprise Drive | Oak Brook, Illinois 60523 | www.seldenfox.com
p 630.954.1400 | f 630.954.1327 | email@seldenfox.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Caring Network, NFP
of DuPage County, Inc.
Glen Ellyn, Illinois

We have audited the accompanying financial statements of **Caring Network, NFP** which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Caring Network, NFP as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Caring Network, NFP's financial statements as of and for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Selden Fox, Ltd.

September 24, 2021

Caring Network, NFP
Statement of Financial Position
June 30, 2021
(With Comparative Totals for 2020)

Assets	<u>2021</u>	<u>2020</u>
Cash	\$ 2,441,896	\$ 1,919,652
Unconditional promises to give	4,000	9,000
Prepaid expenses and other	95,630	63,695
Property and equipment, at cost, less accumulated depreciation and amortization of \$500,671 (\$452,471 at June 30, 2020)	<u>332,109</u>	<u>342,733</u>
Total assets	<u>\$ 2,873,635</u>	<u>\$ 2,335,080</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 114,374	\$ 84,405
Paycheck Protection Program loan	-	212,865
Capital lease obligation	<u>4,922</u>	<u>6,460</u>
Total liabilities	<u>\$ 119,296</u>	<u>\$ 303,730</u>
Net assets:		
Net assets without donor restrictions:		
Operating Fund	2,275,329	1,312,751
Capital Fund	<u>332,109</u>	<u>342,733</u>
Total net assets without donor restrictions	<u>2,607,438</u>	<u>1,655,484</u>
Net assets with donor restrictions	<u>146,901</u>	<u>375,866</u>
Total net assets	<u>2,754,339</u>	<u>2,031,350</u>
Total liabilities and net assets	<u>\$ 2,873,635</u>	<u>\$ 2,335,080</u>

See accompanying notes.

Caring Network, NFP
Statement of Activities
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021			2020
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
Revenues:				
Contributions:				
General contributions	\$ 881,472	\$ 30,841	\$ 912,313	\$ 632,482
Church offerings	228,544	-	228,544	179,721
Foundation grants	125,000	35,300	160,300	67,000
Newsletter and appeals	425,984	19,158	445,142	269,931
In-kind contributions	-	-	-	63,200
Gain on extinguishment of Paycheck Protection Program loan	212,865	-	212,865	-
Interest and dividends	4,560	-	4,560	7,971
Other	-	-	-	673
	<u>1,878,425</u>	<u>85,299</u>	<u>1,963,724</u>	<u>1,220,978</u>
Fund-raisers:				
Contribution revenue from special events	690,537	100	690,637	743,759
Related expenses from special events	(85,033)	-	(85,033)	(121,133)
Net special event income	<u>605,504</u>	<u>100</u>	<u>605,604</u>	<u>622,626</u>
Net assets released from restrictions	314,364	(314,364)	-	-
Total revenues	<u>2,798,293</u>	<u>(228,965)</u>	<u>2,569,328</u>	<u>1,843,604</u>
Expenses:				
Program services	1,151,393	-	1,151,393	987,599
Management and general	256,414	-	256,414	280,753
Fundraising	438,532	-	438,532	392,765
Total expenses	<u>1,846,339</u>	<u>-</u>	<u>1,846,339</u>	<u>1,661,117</u>
Change in net assets	951,954	(228,965)	722,989	182,487
Net assets, beginning of the year	1,655,484	375,866	2,031,350	1,848,863
Net assets, end of the year	<u>\$ 2,607,438</u>	<u>\$ 146,901</u>	<u>\$ 2,754,339</u>	<u>\$ 2,031,350</u>

See accompanying notes.

Caring Network, NFP
Statement of Functional Expenses
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	2021				2020			
	Program Services	Management and General	Fund-raising	Total	Program Services	Management and General	Fund-raising	Total
Expenses:								
Salaries	\$ 623,537	\$ 82,569	\$ 301,634	\$ 1,007,740	\$ 545,565	\$ 101,936	\$ 272,502	\$ 920,003
Payroll taxes	43,611	6,434	21,448	71,493	40,829	7,612	20,760	69,201
Benefits	59,335	16,700	30,988	107,023	57,688	10,755	29,333	97,776
Consulting fees	-	23,196	-	23,196	-	55,518	-	55,518
Professional services	9,072	21,085	138	30,295	4,473	20,050	112	24,635
Occupancy	136,429	25,492	23,006	184,927	136,107	28,996	14,335	179,438
Advertising	103,967	-	-	103,967	85,403	-	-	85,403
Printing and publications	70	3,876	22,690	26,636	6,257	1,549	18,232	26,038
Postage and shipping	333	2,185	3,656	6,174	1,112	616	4,583	6,311
Meetings and seminars	1,380	400	4,885	6,665	1,213	750	1,085	3,048
Travel	1,791	1,608	87	3,486	2,497	3,016	580	6,093
Telephone	12,616	1,683	810	15,109	11,085	1,470	727	13,282
Supplies	20,103	11,831	3,951	35,885	19,071	4,524	7,811	31,406
Insurance	-	12,762	-	12,762	-	11,615	-	11,615
Equipment rental and repair	6,037	3,963	-	10,000	1,606	12,457	-	14,063
Information technology	155	22,337	19,680	42,172	-	-	20,150	20,150
Dues and subscriptions	1,208	2,279	262	3,749	11	5,175	690	5,876
Grants to other organizations	10,000	-	-	10,000	-	-	-	-
Other	-	13,516	5,172	18,688	-	10,036	1,621	11,657
	1,029,644	251,916	438,407	1,719,967	912,917	276,075	392,521	1,581,513
Depreciation and amortization	121,749	4,498	125	126,372	74,682	4,678	244	79,604
Total expenses	\$ 1,151,393	\$ 256,414	\$ 438,532	\$ 1,846,339	\$ 987,599	\$ 280,753	\$ 392,765	\$ 1,661,117

See accompanying notes.

Caring Network, NFP
Statement of Cash Flows
For the Year Ended June 30, 2021
(With Comparative Totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 722,989	\$ 182,487
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	126,372	79,604
Noncash contributions	-	(63,200)
Extinguishment of Paycheck Protection Program loan	(212,865)	-
Changes in operating assets and liabilities:		
Unconditional promises to give	5,000	6,000
Prepaid expenses and other	(31,935)	5,332
Accounts payable and accrued expenses	29,969	916
Net cash from operating activities	639,530	211,139
Cash flows used by investing activities:		
Purchase of furniture, equipment and improvements	(115,748)	(210,082)
Proceeds from maturity of certificates of deposit	-	245,000
Net cash from investing activities	(115,748)	34,918
Cash flows from financing activities:		
Paycheck Protection Program loan proceeds	-	212,865
Principal payments made on capital lease obligations	(1,538)	(1,421)
Net cash from financing activities	(1,538)	211,444
Net change in cash	522,244	457,501
Cash, beginning of the year	<u>1,919,652</u>	<u>1,462,151</u>
Cash, end of the year	<u>\$ 2,441,896</u>	<u>\$ 1,919,652</u>

See accompanying notes.

Caring Network, NFP Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Organization and Purpose – Caring Network, NFP (Caring Network) is a Christian organization, first incorporated in 1981, that serves to improve the range and quality of pregnancy counseling and services for families in DuPage County. Caring Network's mission is to educate and provide supportive help in a compassionate setting through community outreach programs.

Basis of Accounting – These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on Caring Network as a whole to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions as either net assets without donor restrictions or net assets with donor restrictions, based on existence or absence of donor-imposed restrictions.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Investment income, gains and losses on investments and other assets or liabilities, are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. Expiration of restrictions on net assets (i.e., the donor imposed stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions.

Contributions, including unconditional promises to give, are recognized as revenues in the period the donor makes the promise to Caring Network. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Upon receipt of a restricted contribution or pledge, net assets with donor restrictions are increased. Contributions or pledges received with donor-imposed restrictions that are met in the same year as received are reported as revenues with donor restrictions. Contributions of exhaustible long-lived assets, or of cash or other assets used to acquire them, without donor-imposed stipulations concerning the use of such long-lived assets, are reported as revenues without donor restrictions.

Caring Network, NFP
Notes to the Financial Statements (cont'd)

1. Summary of Significant Accounting Policies (cont'd)

Use of Estimates – The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and activities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

Certificates of Deposit – Certificates of deposit, with maturities of more than ninety days are recorded at cost plus accrued interest receivable.

Property and Equipment – Depreciation of furniture and equipment is provided by the straight-line method over the estimated useful life of the assets, which ranges from three to ten years. Leasehold improvements are depreciated over the shorter of the remaining lease term or the asset's useful life, which ranges from three to six years.

Paycheck Protection Program Loan Payable – Caring Network has elected to account for its Paycheck Protection Program loan payable under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 470, Debt. Under this guidance, extinguishment of the loan is recognized as revenue when Caring Network has been legally released as the primary obligor of the loan.

Donated Material, Facilities and Services – Various individuals and organizations donate materials, facilities, and services to Caring Network. Caring Network has over 20 regular volunteers who donate time to help with administrative tasks and events. Individuals and organizations donate supplies such as diapers and clothing that are distributed to families in need. Caring Network has also been granted the use of facilities by other organizations to provide counseling and limited medical services.

Amounts would be reflected in the financial statements for donated volunteers' time, when the criteria under generally accepted accounting principles are satisfied. Several volunteers have donated significant amounts of time toward the administrative and program activities of Caring Network, however, no amount has been reflected in the financial statements as those services do not meet the criteria for recognition.

Contributions of the use of facilities for a specified period of time are recognized at fair value in the period the promise is received. Rent expense related to these contributions is recognized as the facilities are used.

Comparative Prior Year Information – The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2020.

Caring Network, NFP
Notes to the Financial Statements (cont'd)

1. Summary of Significant Accounting Policies (cont'd)

Income Taxes – Caring Network is tax exempt under Section 501(c)(3) of the Internal Revenue Code. As such, it is not subject to federal income taxes, except for taxes on unrelated business income. There was no taxable unrelated business income. Accordingly, no provision for income taxes is included in the financial statements. Caring Network's 2018, 2019, and 2020 annual information and tax returns filed with the Internal Revenue Service and the State of Illinois are open to examination for the statutory period.

Advertising – Caring Network advertises its services on the internet, through direct mail, and through social media. All costs are expensed as incurred. Total advertising expense for the year ended June 30, 2021, was \$103,967 (\$85,403 for the year ended June 30, 2020).

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities and are detailed by their natural classification in the statement of functional expenses. Certain expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll taxes, benefits, occupancy, and depreciation. Payroll taxes and benefits are allocated based on salaries directly charged to functional classes. Occupancy costs are allocated based on an estimate of space occupied by employees conducting tasks within functional categories. Depreciation is allocated on an asset-by-asset basis, whereby assets are categorized based on which functional class uses the related asset.

Subsequent Events – Subsequent events have been evaluated through September 24, 2021, which is the date the financial statements were available to be issued.

New Accounting Pronouncement – In May 2014, the FASB issued Accounting Standards Update (“ASU”) 2014-09, “Revenue from Contracts with Customers.” The ASU's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. To accomplish this objective, the standard requires five basic steps: i) identify the contract with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The ASU also includes expanded disclosure requirements. Adoption of this standard did not have a material impact on Caring Network's financial statements since contribution revenue and investment income is scoped out of the standard.

Caring Network, NFP
Notes to the Financial Statements (cont'd)

2. Liquidity and Availability

Assets available to meet cash needs for general expenditures within one year, without contractual or donor restrictions, consist of the following:

	2021	2020
Cash	\$ 2,441,896	\$ 1,919,652
Unconditional promise to give	4,000	9,000
Less:		
Cash that is the underlying assets of net assets with donor restrictions	(146,901)	(375,866)
	\$ 2,298,995	\$ 1,552,786

Caring Network is generally supported by contributions, some of which are donor-restricted. Caring Network, NFP maintains cash sufficient to operate in the event of an unanticipated reduction in funding and does not have a line of credit or other instrument to provide another form of temporary liquidity.

3. Unconditional Promises to Give

At June 30, 2020, Caring Network had a remaining balance of \$9,000 in unconditional promises to give. During the year ended June 30, 2021, Caring Network received \$5,000 in payments on these unconditional promises to give, leaving a balance remaining on the promises to give of \$4,000 at June 30, 2021. Management expects to receive the remaining balance on the unconditional promises to give within one year, and accordingly, there is no discount recorded for these unconditional promises to give.

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
Furniture and equipment	\$ 377,397	\$ 416,997
Leasehold improvements	455,383	378,207
	832,780	795,204
Less accumulated depreciation and amortization	(500,671)	(452,471)
	\$ 332,109	\$ 342,733

Caring Network, NFP
Notes to the Financial Statements (cont'd)

5. Leases

Operating Leases – Caring Network entered into operating leases for office space in Glen Ellyn, Naperville, Wood Dale, West Chicago, Darien, and Elmhurst, Illinois. Caring Network is also responsible for a share of real estate taxes, utilities, and other operating expenses. During the year, rent expense under operating leases totaled \$177,512 (\$172,445 for the year ended June 30, 2020) and is included in occupancy expense on the statement of functional expenses.

A schedule of future minimum lease payments is as follows for the years ending June 30:

	Darien	Elmhurst*	Glen Ellyn	Naperville	West Chicago	Wood Dale	Total
2022	\$ 28,847	\$ -	\$ 62,940	\$ 35,760	\$ 23,227	\$ 15,246	\$ 166,020
2023	29,713	-	64,647	35,760	7,793	15,276	153,189
2024	30,604	-	72,329	20,860	-	-	123,793
2025	31,522	-	74,377	-	-	-	105,899
2026	-	-	76,426	-	-	-	76,426
2027	-	-	78,474	-	-	-	78,474
2028	-	-	20,131	-	-	-	20,131
	<u>\$ 120,686</u>	<u>\$ -</u>	<u>\$ 449,324</u>	<u>\$ 92,380</u>	<u>\$ 31,020</u>	<u>\$ 30,522</u>	<u>723,932</u>

* - The Elmhurst leases is month-to-month at \$350 per month

Capital Lease – During the year ended June 30, 2019, Caring Network entered into a 60-month capital lease for office equipment payable in monthly installments of \$260, which includes a service contract component of \$93 per month. Imputed interest for the lease obligation is 8.00%. Capitalized assets under the lease were \$8,219. Depreciation expense and accumulated depreciation for the leased asset was \$1,644 and \$4,110 for the year ended June 30, 2021 (\$1,644 and \$2,466 for the year ended June 30, 2020). Interest imputed and expensed under the capital lease obligation was \$461 for the year ended June 30, 2021 (\$579 for the year ended June 30, 2020). Maintenance costs are expensed evenly over the life of the lease and are not included in the capital lease obligation.

Future lease payments under the capital lease are as follows:

Total gross payments	\$ 8,580
Less amount representing interest	(578)
Less amount representing maintenance	<u>(3,080)</u>
Present value of future lease payments	<u>\$ 4,922</u>

Caring Network, NFP
Notes to the Financial Statements (cont'd)

6. Paycheck Protection Loan Payable

On April 21, 2020, Caring Network received a loan of \$212,865, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Under the terms of the PPP, as modified by the Paycheck Protection Program Flexibility Act (PPPFA), certain amounts of the loan were forgivable if they were used for qualifying expenses through December 31, 2020, as described in the CARES Act. Caring Network used the entire loan amount for qualifying expenses and met other conditions to have the loan forgiven. The loan was forgiven in December 2020 and Caring Network recognized a gain on the statement of activities for the forgiven loan amount for the year ended June 30, 2021.

7. Net Assets

Net assets with donor restrictions consist of amounts restricted by donors for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Client benevolence	\$ 3,287	\$ 4,610
Unconditional promises to give	4,000	9,000
Medical	56,728	115,094
West Chicago center	-	2,060
Wood Dale and Elmhurst express centers	-	120,875
Darien express center	62,928	124,227
Will County express center	10,658	-
Technology	9,300	-
	<u>\$ 146,901</u>	<u>\$ 375,866</u>

8. Employee Benefit Plan

Caring Network adopted a Section 403(b) IRC tax-deferred group annuity plan (Plan). All full-time employees are eligible to participate after one year of service.

The Plan is a salary reduction arrangement, which allows employees to elect to have their compensation reduced in accordance with guidelines set by the Internal Revenue Service. The Plan provides for a matching contribution equal to 100% of participant deferrals not to exceed five percent of the participant’s compensation. Under the Plan, Caring Network has expensed \$15,379 of matching contributions for the year ended June 30, 2021 (\$16,073 expensed for the year ended June 30, 2020).

Caring Network, NFP
Notes to the Financial Statements (cont'd)

9. Concentration

Caring Network's contribution revenue included \$254,959 from two donors for the year ended June 30, 2021. In the year ended June 30, 2020, Caring Network received \$202,043 of contribution revenue from four donors. Caring Network's Paycheck Protection Program loan was also forgiven and recorded as a gain during fiscal 2021 and represents a significant concentration of Caring Network's support that was a one-time item.

10. Contingencies and Uncertainties

Caring Network has received financial assistance from the federal government in the form of a Paycheck Protection Program loan. As mentioned in Note 6, the loan was forgiven during fiscal 2021, however, the U.S. Small Business Administration can perform a further examination of Caring Network's forgiveness application. Any disallowed claims resulting from such examination could become a liability of Caring Network.

As a result of the spread of the COVID-19 coronavirus, there are economic uncertainties that exist which could have a negative financial impact on Caring Network, including the potential for reduction in future contribution and fund-raising event revenue. The full potential impact is unknown at this time. Management is monitoring the situation and will adjust expense levels and assess its financial assets as needed to mitigate negative impacts of the pandemic.

11. Future Accounting Standards

Leases – During 2016, the Financial Accounting Standards Board issued new standards relating to lease accounting. The new standard will require Caring Network to recognize on its balance sheet, the asset and liability of their leasing agreements relating to the rights and obligations created by the leases. The standard will be effective for fiscal 2023. Caring Network has not determined the effect of adopting the new standard.