

# CARING NETWORK, NFP

Consolidated Financial Statements  
With Independent Auditors' Report

June 30, 2023 and 2022

# CARING NETWORK, NFP

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Caring Network, NFP  
Glen Ellyn, Illinois

### ***Opinion***

We have audited the accompanying consolidated financial statements of Caring Network, NFP, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Caring Network, NFP as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Caring Network, NFP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Prior Period Consolidated Financial Statements***

The consolidated financial statements of Caring Network, NFP as of June 30, 2022, were audited by other auditors whose report dated September 28, 2022, expressed an unmodified opinion on those statements.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Caring Network, NFP's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors  
Caring Network, NFP  
Glen Ellyn, Illinois

***Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 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, 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 Caring Network, NFP's 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 Caring Network, NFP's 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.

*Capin Crouse LLP*

Naperville, Illinois  
December 18, 2023

# CARING NETWORK, NFP

## Consolidated Statements of Financial Position

	June 30,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 3,437,979	\$ 3,036,665
Grants receivable	50,000	-
Prepaid expenses and other assets	50,655	100,107
Property and equipment, net	157,214	262,686
Operating lease right-of-use-assets	507,758	-
Total Assets	<u>\$ 4,203,606</u>	<u>\$ 3,399,458</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 129,237	\$ 70,578
Conditional contribution	-	105,355
Operating lease liability	533,707	-
Capital lease obligation	-	3,256
Total liabilities	<u>662,944</u>	<u>179,189</u>
Net assets:		
Without donor restrictions	2,429,605	2,382,428
With donor restrictions	1,111,057	837,841
Total net assets	<u>3,540,662</u>	<u>3,220,269</u>
Total Liabilities and Net Assets	<u>\$ 4,203,606</u>	<u>\$ 3,399,458</u>

See notes to consolidated financial statements

# CARING NETWORK, NFP

## Consolidated Statements of Activities

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>						
Contributions and grants	\$ 1,745,636	\$ 1,090,546	\$ 2,836,182	\$ 1,833,405	\$ 345,928	\$ 2,179,333
Contributed nonfinancial assets	69,818	-	69,818	2,604	-	2,604
Interest and dividends	69,766	-	69,766	3,230	-	3,230
Special events, net	549,916	-	549,916	36,265	535,424	571,689
Other income	6,214	-	6,214	-	-	-
	2,441,350	1,090,546	3,531,896	1,875,504	881,352	2,756,856
Net assets released from restrictions	817,330	(817,330)	-	190,412	(190,412)	-
<b>Total Support and Revenue</b>	<b>3,258,680</b>	<b>273,216</b>	<b>3,531,896</b>	<b>2,065,916</b>	<b>690,940</b>	<b>2,756,856</b>
<b>EXPENSES:</b>						
Program services	2,237,287	-	2,237,287	1,408,470	-	1,408,470
Management and general	414,415	-	414,415	321,475	-	321,475
Fundraising	559,801	-	559,801	560,981	-	560,981
<b>Total Expenses</b>	<b>3,211,503</b>	<b>-</b>	<b>3,211,503</b>	<b>2,290,926</b>	<b>-</b>	<b>2,290,926</b>
Change in Net Assets	47,177	273,216	320,393	(225,010)	690,940	465,930
Net Assets, Beginning of Year	2,382,428	837,841	3,220,269	2,607,438	146,901	2,754,339
Net Assets, End of Year	<b>\$ 2,429,605</b>	<b>\$ 1,111,057</b>	<b>\$ 3,540,662</b>	<b>\$ 2,382,428</b>	<b>\$ 837,841</b>	<b>\$ 3,220,269</b>

See notes to consolidated financial statements

## CARING NETWORK, NFP

### Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services	Supporting Activities			Total
		Administration	Fundraising	Total	
Salaries	\$ 840,338	\$ 168,192	\$ 366,682	\$ 534,874	\$ 1,375,212
Payroll taxes	58,510	11,711	25,531	37,242	95,752
Benefits	189,456	27,325	79,352	106,677	296,133
Consulting fees	-	8,249	9,018	17,267	17,267
Professional services	107,922	30,556	5,263	35,819	143,741
Occupancy	155,929	52,572	-	52,572	208,501
Advertising	151,970	-	74	74	152,044
Printing and publications	463	1,655	19,578	21,233	21,696
Postage and shipping	128	1,513	5,488	7,001	7,129
Meetings and seminars	1,512	2,208	10,102	12,310	13,822
Travel	7,683	3,285	2,109	5,394	13,077
Telephone	14,203	1,757	530	2,287	16,490
Supplies	37,871	11,780	5,121	16,901	54,772
Insurance	-	16,234	-	16,234	16,234
Equipment rental and repair	6,577	4,486	-	4,486	11,063
Information technology	134,466	53,777	23,622	77,399	211,865
Dues and subscriptions	746	878	2,518	3,396	4,142
Grants to other organizations	352,392	-	-	-	352,392
Other	40,676	16,832	3,991	20,823	61,499
Depreciation	136,445	1,405	822	2,227	138,672
	<u>\$ 2,237,287</u>	<u>\$ 414,415</u>	<u>\$ 559,801</u>	<u>\$ 974,216</u>	<u>\$ 3,211,503</u>

See notes to consolidated financial statements

## CARING NETWORK, NFP

### Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services	Supporting Activities			Total
		Administration	Fundraising	Total	
Salaries	\$ 650,593	\$ 117,685	\$ 366,268	\$ 483,953	\$ 1,134,546
Payroll taxes	44,738	8,089	25,181	33,270	78,008
Benefits	124,098	23,679	72,732	96,411	220,509
Consulting fees	-	9,892	-	9,892	9,892
Professional services	4,939	29,112	3,087	32,199	37,138
Occupancy	144,275	16,664	38,242	54,906	199,181
Advertising	118,206	-	-	-	118,206
Printing and publications	112	3,726	15,007	18,733	18,845
Postage and shipping	84	967	4,414	5,381	5,465
Meetings and seminars	933	3,354	2,031	5,385	6,318
Travel	4,974	2,277	2,541	4,818	9,792
Telephone	13,762	1,931	864	2,795	16,557
Supplies	149,674	9,167	6,077	15,244	164,918
Insurance	-	14,449	-	14,449	14,449
Equipment rental and repair	6,701	12,997	-	12,997	19,698
Information technology	3,253	48,728	19,743	68,471	71,724
Dues and subscriptions	1,011	6,025	360	6,385	7,396
Grants to other organizations	12,000	-	-	-	12,000
Other	-	9,922	4,429	14,351	14,351
Depreciation	129,117	2,811	5	2,816	131,933
	<u>\$ 1,408,470</u>	<u>\$ 321,475</u>	<u>\$ 560,981</u>	<u>\$ 882,456</u>	<u>\$ 2,290,926</u>

See notes to consolidated financial statements



# CARING NETWORK, NFP

## Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 320,393	\$ 465,930
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	138,672	131,933
Non-cash effect of change in accounting principle	25,949	-
Contribution of property and equipment	(33,200)	-
Change in:		
Unconditional promises to give	(50,000)	4,000
Prepaid expenses and other	49,452	(4,477)
Accounts payable and accrued expenses	58,659	(43,796)
Conditional contributions	(105,355)	105,355
Net Cash Provided by Operating Activities	404,570	658,945
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	-	(62,510)
Net Cash Used by Investing Activities	-	(62,510)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on capital lease obligations	(3,256)	(1,666)
Net Cash Used by Financing Activities	(3,256)	(1,666)
Net Change in Cash and Cash Equivalents	401,314	594,769
Cash and Cash Equivalents, Beginning of Year	3,036,665	2,441,896
Cash and Cash Equivalents, End of Year	\$ 3,437,979	\$ 3,036,665
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Right-of-use assets obtained under operating lease	\$ 487,021	\$ -

See notes to consolidated financial statements

# CARING NETWORK, NFP

## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

### 1. NATURE OF ORGANIZATION:

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. Caring Network is a charitable organization within Section 501(c)(3) of the U.S. Internal Revenue Code (Code). Caring Network is exempt from federal and state income taxes and contributions are tax deductible within the limitations prescribed by the Code.

Caring Network is the sole member and owns all of the membership interest of Avenue Women's Center, LLC and Avanza, LLC (collectively referred to as the "LLCs"), both of which were formed during the year ended June 30, 2022, to further the charitable and educational purposes of Caring Network.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

Caring Network maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting. The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### BASIS OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the LLCs. Significant intercompany transactions and balances have been eliminated in consolidation.

#### BASIS OF ACCOUNTING

The consolidated financial statements of Caring Network have been prepared on the accrual basis of accounting. The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The significant accounting policies followed are described below.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of checking accounts and money market funds. From time to time, cash deposits may exceed federally insured limits or be held in uninsured accounts. At June 30, 2023 and 2022, Caring Network's cash balances exceeded federally insured limits by \$2,982,683 and \$2,597,736, respectively.

#### GRANTS RECEIVABLE

Grants receivable are due from a foundation. As of June 30, 2023, management considers the amount to be fully collectible.

# CARING NETWORK, NFP

## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### 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 amortized over the shorter of the remaining lease term or the asset's useful life, which ranges from three to six years.

#### NET ASSETS

The consolidated financial statements report amounts separately by class of net assets as follows:

*Net assets without donor restrictions* result from receiving contributions and grants without restrictions, interest and dividend income, income from special events, and income from affiliates. Net assets without donor restrictions are available for use in general operations unless designated by the Board of Directors.

*Net assets with donor restrictions* are those contributed with donor stipulations for specific programs of Caring Network. They are not currently available for use in Caring Network's ministries until commitments regarding their use have been fulfilled.

#### SUPPORT, REVENUE AND EXPENSES

Contributions and grant revenue are recorded when cash is received, unconditional promises are made or when ownership of donated assets is transferred. All contributions are considered available for use without donor restrictions, unless specifically restricted by the donor or subject to legal restrictions. 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.

Expenses are recorded when costs are incurred in accordance with the accrual basis of accounting. The costs of providing the various program services and supporting activities of Caring Network have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and the supporting activities benefited.

# CARING NETWORK, NFP

## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CONTRIBUTED NONFINANCIAL ASSETS

Various individuals and organizations donate materials, facilities, and services to Caring Network. Caring Network has over 30 regular volunteers who donate time to help with administrative tasks and events. From time-to-time, individuals and organizations may 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 are reflected in the consolidated 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 consolidated 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.

For the years ended June 30, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	Year Ended June 30,	
	2023	2022
Professional services	\$ 31,410	\$ -
Equipment	33,200	-
Use of facilities	5,208	2,604
	<u>\$ 69,818</u>	<u>\$ 2,604</u>

Caring Network recognized contributions of nonfinancial assets within revenue. These contributions did not have any donor-imposed restrictions. They were utilized as part of the regular operation of ministries. Various third-party sources were referenced to determine the fair market value of the assets.

#### ALLOCATION OF EXPENSES

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statement of activities and are detailed by their natural classification in the consolidated 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.

# CARING NETWORK, NFP

## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### RECENTLY ADOPTED ACCOUNTING STANDARDS

As of July 1, 2022, Caring Network adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards update (ASU) 2016-02, *Leases (Topic 842 of the ASC)*. The amendments in this update require organizations that lease assets to recognize on the statements of financial position the assets and liabilities for the rights and obligations created by the lease. The amendments are effective for fiscal years beginning after December 15, 2021. Caring Network adopted this update for the year ended June 30, 2023. Several of Caring Network's contracts contain the right to control the use of property or assets and are therefore considered leases. Caring Network elected to adopt the transition relief provisions from ASU 2018-11, *Leases (Topic 842): Targeted Improvements* and recorded the impact of adoption as of July 1, 2022, without restating any prior-year amounts. Caring Network also made the accounting policy election to exclude short-term leases with lease terms of 12 months or less.

### 3. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	June 30,	
	2023	2022
Furniture and equipment	\$ 393,684	\$ 360,484
Leasehold improvements	517,893	517,893
	<u>911,577</u>	<u>878,377</u>
Less accumulated depreciation	(754,363)	(615,691)
	<u>\$ 157,214</u>	<u>\$ 262,686</u>

### 4. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following:

	June 30,	
	2023	2022
Time restricted funds	\$ 50,000	\$ -
Client benevolence	-	295
Focus on the family	75,000	-
Life for all capital campaign	622,879	-
Medical	21,000	33,527
Avanza center	186,583	204,019
New affiliates	155,595	600,000
	<u>\$ 1,111,057</u>	<u>\$ 837,841</u>

# CARING NETWORK, NFP

## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

### 5. OPERATING LEASE - RIGHT OF USE ASSETS AND OBLIGATIONS:

Caring Network leases six locations for office space under noncancellable leases expiring at various dates through 2028. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term. The lease requires monthly payments ranging from \$1,333 to \$5,804.

	<u>June 30, 2023</u>
Operating lease right-of-use asset	\$ 507,758
Operating lease liability	\$ 533,707
Operating lease costs	\$ 169,074
Weighted-average discount rate	2.90%
Weighted-average remaining lease term	3.38 years

Future minimum lease payments required under operating leases that have an initial or remaining non-cancellable lease term in excess of one year are as follows:

<u>Year ending June 30,</u>	
2024	\$ 200,735
2025	129,135
2026	100,834
2027	103,643
2028	28,679
	<u>563,026</u>
Less imputed interest	<u>(29,319)</u>
	<u>\$ 533,707</u>

### 6. OPERATING LEASES:

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, Caring Network was applying Topic 840 in relation to operating leases. During the year ended June 30, 2022, Caring Network had operating lease expenses of \$190,838.

### 7. CAPITAL LEASES:

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, Caring Network was applying Topic 840 in relation to capital leases. During the year ended June 30, 2022, Caring Network had capital lease depreciation of \$1,644.

# CARING NETWORK, NFP

## Notes to Consolidated Financial Statements

June 30, 2023 and 2022

8. CONDITIONAL CONTRIBUTION:

In June 2022, Caring Network received a conditional contribution of \$105,355 from a donor intended to match funding for a fund-raising effort. During the year ended June 30, 2023, contribution revenue was fully recognized when the conditions of the matching contribution were substantially met.

9. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects Caring Network's financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	June 30,	
	2023	2022
Financial assets at year end		
Cash and cash equivalents	\$ 3,437,979	\$ 3,036,665
Grants receivable	50,000	-
Less: those unavailable for general expenditures within one year due to:		
Cash from conditional contributions	-	(105,355)
Restrictions by donor with purpose restriction	(1,061,057)	(837,841)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,426,922</u>	<u>\$ 2,093,469</u>

10. 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 \$30,835 and \$27,338 of matching contributions for the years ended June 30, 2023 and 2022, respectively.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 18, 2023, which represents the date the consolidated financial statements were available to be issued.