

**CARE FOR REAL**  
**FINANCIAL STATEMENTS**  
**AND INDEPENDENT AUDITOR'S REPORT**  
**MARCH 31, 2020**

CARE FOR REAL  
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**MICHAEL GOLOJUCH, JR. & ASSOCIATES, LIMITED**  
**Certified Public Accountants**  
**1310 Pembroke Circle**  
**Roselle, IL 60172**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Care For Real

We have audited the accompanying financial statements of Care For Real (a nonprofit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities, cash flows and functional expenses 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 audits. We conducted our audits 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 principles 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.

**MICHAEL GOLOJUCH, JR. & ASSOCIATES, LIMITED**  
**Certified Public Accountants**  
**1310 Pembroke Circle**  
**Roselle, IL 60172**

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Care For Real as of March 31, 2020, and the changes in net assets and its 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 Care For Real's March 31, 2019 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated July 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Michael Golojuch, Jr. C.P.A.*

Michael Golojuch, Jr. and Associates, Ltd.  
Roselle, Illinois

June 29, 2020

**CARE FOR REAL**

**STATEMENT OF FINANCIAL POSITION  
YEAR ENDED MARCH 31, 2020  
(With Comparative Totals for 2019)**

**ASSETS**

	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 754,666	\$ 701,445
Inventory	55,636	36,014
Prepaid expenses	<u>7,961</u>	<u>-</u>
Total current assets	<u>818,263</u>	<u>737,459</u>
<b>Property and Equipment:</b>		
Leasehold improvements	151,907	39,311
Furniture, fixtures and equipment	66,674	72,915
Vehicles	64,207	68,208
Construction in progress	<u>-</u>	<u>14,625</u>
	282,788	195,058
Less: accumulated depreciation	<u>93,558</u>	<u>137,970</u>
	<u>189,230</u>	<u>57,088</u>
<b>Other Assets:</b>		
Deposits	<u>11,752</u>	<u>9,031</u>
Total assets	<u><u>\$1,019,245</u></u>	<u><u>\$ 803,578</u></u>

**LIABILITIES AND NET ASSETS**

<b>Current Liabilities:</b>		
Accounts payable	\$ 9,286	\$ 10,726
Accrued expenses	<u>5,037</u>	<u>10,275</u>
Total current liabilities	<u>14,323</u>	<u>21,001</u>
<b>Net assets:</b>		
Without donor restrictions		
Undesignated	840,660	668,878
With donor restrictions	<u>164,262</u>	<u>113,699</u>
Total net assets	<u>1,004,922</u>	<u>782,577</u>
Total liabilities and net assets	<u><u>\$1,019,245</u></u>	<u><u>\$ 803,578</u></u>

The accompanying notes are an integral part of the financial statements.

**CARE FOR REAL**

**STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2020  
(With Comparative Totals for 2019)**

	2020			2019
	Without donor restrictions	With donor restrictions	Total	Total
Public support and revenue:				
Contributions	\$ 606,283	\$ 130,000	\$ 736,283	\$ 489,413
In-kind donations - food and clothing	5,971,488	-	5,971,488	6,289,703
Interest income	4,520	-	4,520	327
Net assets released from donor restrictions	79,437	(79,437)	-	-
Total support and revenue	<u>6,661,728</u>	<u>50,563</u>	<u>6,712,291</u>	<u>6,779,443</u>
Expenses:				
Program services	6,278,933	-	6,278,933	6,592,917
Support services	211,013	-	211,013	218,007
Total expenses	<u>6,489,946</u>	<u>-</u>	<u>6,489,946</u>	<u>6,810,924</u>
Changes in net assets	171,782	50,563	222,345	(31,481)
Net assets - beginning of year	668,878	113,699	782,577	825,291
Prior period adjustment	-	-	-	(11,233)
Net assets - end of year	<u>\$ 840,660</u>	<u>\$ 164,262</u>	<u>\$ 1,004,922</u>	<u>\$ 782,577</u>

The accompanying notes are an integral part of the financial statements.

**CARE FOR REAL**

**STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2020  
(With Comparative Totals for 2019)**

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 222,345	\$ (31,481)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	28,627	22,647
Prior period adjustment	-	(11,233)
Changes in operating assets and liabilities:		
Prepaid expense	(7,961)	900
Inventory	(19,622)	(2,680)
Deposits	(2,721)	(4,765)
Accounts payable	(1,440)	4,875
Accrued expenses	(5,238)	3,759
Net cash provided by (used for) operating activities	<u>213,990</u>	<u>(17,978)</u>
Cash Flows From Investing Activities:		
Purchase of property and equipment	<u>(160,769)</u>	<u>(17,400)</u>
Net cash provided by (used for) investing activities	<u>(160,769)</u>	<u>(17,400)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	53,221	(35,378)
Cash and Cash Equivalents - Beginning of Year	<u>701,445</u>	<u>736,823</u>
Cash and Cash Equivalents - End of Year	<u>\$ 754,666</u>	<u>\$ 701,445</u>

The accompanying notes are an integral part of the financial statements.

CARE FOR REAL

STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED MARCH 31, 2020  
 (With Comparative Totals for 2019)

	PROGRAM SERVICES				SUPPORTING SERVICES				Total Program and Supporting Services 2020	Total 2019
	Food	Closet	Pet	Program Services	General and Administrative	Fund Raising	Supporting Services	Total Supporting Services		
Food and clothing costs	\$ 4,335,594	\$1,565,933	\$ 42,898	\$ 5,944,425	\$ -	\$ -	\$ -	\$ 5,944,425	\$ 6,274,736	
Salaries and benefits	164,280	54,494	2,938	221,712	40,527	70,723	111,250	332,962	358,499	
Program support	5,003	1,087	7,061	13,151	200	10,411	10,611	23,762	19,396	
Vehicles	11,939	134	-	12,073	-	-	-	12,073	12,027	
Development	157	758	-	915	3,382	9,514	12,896	13,811	16,707	
Administrative	3,976	2,192	206	6,374	3,538	6,500	10,038	16,412	14,362	
Facilities expenses	31,466	15,458	2,068	48,992	5,880	2,262	8,142	57,134	52,306	
Professional fees	-	-	-	-	34,695	21,510	56,205	56,205	36,675	
Depreciation	24,619	2,863	286	27,768	573	286	859	28,627	22,647	
Other	3,523	-	-	3,523	597	415	1,012	4,535	3,569	
<b>Total Functional Expenses</b>	<b>\$ 4,580,557</b>	<b>\$1,642,919</b>	<b>\$ 55,457</b>	<b>\$ 6,278,933</b>	<b>\$ 89,392</b>	<b>\$ 121,621</b>	<b>\$ 211,013</b>	<b>\$ 6,489,946</b>	<b>\$ 6,810,924</b>	
	71%	25%	1%	97%	1%	2%	3%	100%		

The accompanying notes are an integral part of the financial statements.



# CARE FOR REAL

## Notes to Financial Statements Years Ended March 31, 2020 and 2019

### NOTE 1 -ORGANIZATION

Care for Real (the Organization) is an Illinois not-for-profit whose mission is to help vulnerable individuals and families overcome difficult times with dignity by providing food, clothing, referral, and other services with compassion. Founded in 1971, the Organization serves the Chicago neighborhoods of Edgewater, Andersonville, Uptown, Bowmanville, and West Ridge. The primary sources of revenue are contributions from individuals, corporations, foundations and religious organizations. The primary sources of food and clothing are primarily in-kind donations from retailers and distributors, various organizations, and individuals.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Financial Statement Presentation

The financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as they apply to not-for-profit organizations. The financial statements are prepared on the accrual basis of accounting.

Accordingly, the entity's classification of net assets and its revenues and expenditures is based on the absence or existence of restrictions.

Net Assets Without Donor Restrictions are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for use in general operations.

Net Assets With Donor Restrictions are subject to donor-imposed restrictions. Some donor-imposed stipulations are temporary in nature, such as those that will be fulfilled by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 financial statements and reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

#### Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, including money market holdings.

## CARE FOR REAL

### Notes to Financial Statements Years Ended March 31, 2020 and 2019

#### Inventory

Inventory primarily consists of donated food and clothing and is stated at donated value. Any purchased inventory is stated at the lower of cost or market value.

#### Property and Equipment

Property and equipment are recorded at cost, if purchased, or if donated, at fair market value at the date of receipt. The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, except for leasehold improvements which are depreciated over the lesser of their economic lives or the anticipated lease term. Any asset under construction is not depreciated until placed into service. The estimated service lives of the assets for depreciation purposes may be different than their actual economic useful lives.

Estimated useful lives by classification:

	<u>Estimated Life</u>	<u>Method</u>
Leasehold improvements	4-15 years	Straight-line
Furniture, fixtures and equipment	5-7 years	Straight-line
Vehicles	5 years	Straight-line

#### Revenue Recognition

Contributions and grants, as well as reasonably collectible unconditional promises to give, are recognized at fair value in the year received. In-kind donations are recorded as support at their estimated fair market value when received.

#### Functional Allocation of Expenses

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited.

The financial statements report certain categories of expenses that are attributable to more than one function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort, as well as occupancy and certain other costs, which are allocated on a square footage basis.

#### Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made in the financial statements. The Organization's Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for three years after the date they were filed.

## CARE FOR REAL

### Notes to Financial Statements Years Ended March 31, 2020 and 2019

#### Pending Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The ASU clarifies the process to determine whether contributions or grants are conditional or unconditional. Revenue and expense recognition are deferred for conditional arrangements and is immediate for unconditional arrangements. This guidance is effective for the Organization's year ending March 31, 2021.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. Under the new guidance, lessees are required to recognize on the statement of financial position the assets and liabilities created by leases with lease terms longer than 12 months. Leases will be classified as either financial or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the Organization's year ending March 31, 2021.

The Organization is currently evaluating the impact of the adoption of these standards on its financial statements.

#### Management's Evaluation of Going Concern

Management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Organization's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about Organization's ability to continue as a going concern from June 29, 2020 to June 29, 2021.

#### NOTE 3 – LIQUIDITY AND AVAILABILITY

The Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities and other obligations become due. As part of its liquidity plan, excess cash is invested cash in short-term investments including money-market accounts.

At March 31, 2020, the following financial assets could readily be made available to meet general expenditures within one year:

	<u>2020</u>
Cash and cash equivalents	\$ 754,666
Less amounts not available for general expenditures within one year:	
Donor purpose restrictions	<u>(164,262)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 590,404</u>

## CARE FOR REAL

### Notes to Financial Statements Years Ended March 31, 2020 and 2019

#### NOTE 4 – COMPARATIVE FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset classes. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2019, from which the summarized information was derived. The Organization's financial statements for the year ended March 31, 2019, dated July 1, 2019, expressed an unmodified opinion on those statements.

#### NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

During the years ended March 31, 2020 and 2019, the Organization received restricted contributions of \$130,000 and \$65,212, respectively. These contributions are restricted for various purposes including purchasing and making improvements to the Organization's space and providing health care benefits.

As of March 31, 2020, and 2019, there were net assets with donor restrictions of \$164,262 and \$113,699, respectively.

#### NOTE 6 – INVENTORY

Inventory consists of the following:	<u>2020</u>	<u>2019</u>
Food	\$ 48,785	\$ 32,782
Clothing	<u>6,851</u>	<u>3,232</u>
Total	<u>\$ 55,636</u>	<u>\$ 36,014</u>

#### NOTE 7 – OPERATING LEASE

The Organization leases office space with a monthly payment of \$3,475 from an unrelated party under a non-cancellable operating lease for five years commencing May 2011 through May 2016. The lease has been extended for an additional five years through May 2021. However, the lessor has continued to charge monthly rent of \$3,000 through March 31, 2020 and 2019. Rent expense was \$37,300 for 2020 and \$36,071 for 2019.

Future minimum lease payments for the ensuing fiscal years are as follows:

March 31, 2021	\$ 41,700
March 31, 2022	<u>6,950</u>
Total	<u>\$ 48,650</u>

## **CARE FOR REAL**

### **Notes to Financial Statements Years Ended March 31, 2020 and 2019**

#### **NOTE 8 – DONATED GOODS AND SERVICES**

During 2020 and 2019, the Organization received \$5,971,488 and \$6,289,703, respectively, of in-kind donations of food, clothing and professional services which were recorded at fair value and recognized as a contribution when received. No amounts have been reflected in the financial statements for donated services except services requiring specific expertise as noted above. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

#### **NOTE 9 – CONCENTRATION OF BUSINESS WITH MAJOR DONORS**

During the years ended March 31, 2020 and 2019, approximately 69% and 59%, respectively, of in-kind food donations came from three major donors.

#### **NOTE 10 – CONCENTRATION OF CREDIT RISK**

The Organization maintains its cash balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. At times, these balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At March 31, 2020 and 2019, the Organization's uninsured cash balances total \$283,888 and \$450,420, respectively.

#### **NOTE 11 – SELF-INSURANCE UNEMPLOYMENT RESERVES**

The Organization is self-insured for a significant portion of their Illinois unemployment tax claims effective January 1, 2016. The Organization does maintain stop-loss coverage with a third-party insurer to limit their individual claims and total exposure. Deposits of \$11,752 and \$9,031 have been retained by a third party in an unemployment savings program as of March 31, 2020 and 2019, respectively. Claims paid to claimants during 2020 and 2019 were \$922 and \$880, respectively. There were no outstanding unemployment claims at March 31, 2020 and 2019.

#### **NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 29, 2020, the date the financial statements were available to be issued.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including duration and spread of the outbreak, impact on the Organization's donors and vendors all of which are uncertain and cannot be predicted. At this time, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.