



# Care for Real

Single Audit  
March 31, 2021

**Sassetti**



CERTIFIED PUBLIC ACCOUNTANTS



Board of Directors  
Care for Real  
Chicago, Illinois

## INDEPENDENT AUDITORS' REPORT

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, 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.

### **Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 Care for Real as of March 31, 2021, 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.



## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2021, on our consideration of Care for Real'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 this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Sassetti LLC*

Oak Park, Illinois  
September 20, 2021

CARE FOR REAL  
STATEMENT OF FINANCIAL POSITION  
MARCH 31, 2021

**ASSETS**

CURRENT ASSETS

Cash and cash equivalents	\$ 1,716,125
Grant receivable	35,000
Inventory	85,293
Prepaid expenses	-
Deposits	13,779
Property and equipment, net	<u>80,123</u>

TOTAL ASSETS \$ 1,930,320

**LIABILITIES AND NET ASSETS**

LIABILITIES

Accounts payable	\$ 8,147
Accrued payroll liabilities	<u>9,660</u>

TOTAL LIABILITIES 17,807

NET ASSETS

Without donor restrictions	1,645,830
With donor restrictions	<u>266,683</u>

TOTAL NET ASSETS 1,912,513

Total Liabilities and Net Assets \$ 1,930,320

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

CARE FOR REAL  
STATEMENT OF ACTIVITIES  
YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Contributions	\$ 1,407,940	\$ 253,218	\$ 1,661,158
Paycheck Protection Program forgiveness	62,155	-	62,155
In-kind donations - food and clothing	5,547,033	-	5,547,033
Interest income	8,604	-	8,604
Net assets released from restrictions	220,797	(220,797)	-
Total public support and revenue	7,246,529	32,421	7,278,950
<b>EXPENSES</b>			
Program services	6,156,819	-	6,156,819
Supporting services:			
General and administrative	161,531	-	161,531
Fundraising	123,009	-	123,009
Total expenses	6,441,359	-	6,441,359
<b>CHANGE IN NET ASSETS</b>	805,170	32,421	837,591
<b>NET ASSETS</b>			
Beginning of year (as adjusted)	840,660	234,262	1,074,922
End of year	\$ 1,645,830	\$ 266,683	\$ 1,912,513

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

CARE FOR REAL  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED MARCH 31, 2021

	PROGRAM SERVICES				SUPPORTING SERVICES		
	Food	Closet	Pet	Total Program Services	General and Administrative	Fundraising	Total Supporting Services
Salaries	\$ 266,180	\$ 13,694	\$ 988	\$ 280,862	\$ 24,783	\$ 73,399	\$ 98,182
Fringe benefits and related taxes	32,332	1,584	129	34,045	2,596	11,561	14,157
Total salaries and related expenses	298,512	15,278	1,117	314,907	27,379	84,960	112,339
Food and clothing	5,062,730	382,100	37,708	5,482,538	33,000	-	33,000
Supplies	6,893	26,819	5,063	38,775	-	170	170
Vehicle	-	-	-	-	14,251	-	14,251
Development	307	-	-	307	2,378	-	2,378
Office	2,375	480	45	2,900	6,955	11,111	18,066
Facilities	83,104	20,706	1,985	105,795	12,291	3,481	15,772
Professional fees	44,338	-	-	44,338	44,624	3,750	48,374
Depreciation	125,244	38,194	3,185	166,623	6,497	3,185	9,682
Other	631	5	-	636	14,156	16,352	30,508
Total expenses	\$ 5,624,134	\$ 483,582	\$ 49,103	\$ 6,156,819	\$ 161,531	\$ 123,009	\$ 284,540
							\$ 6,441,359

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

CARE FOR REAL  
STATEMENT OF CASH FLOWS  
YEAR ENDED MARCH 31, 2021

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ 837,591
Adjustments to reconcile net assets to net cash provided by operating activities:	
Depreciation	176,305
(Increase) decrease in operating assets:	
Grant receivable	35,000
Inventory	(29,657)
Prepaid expenses	7,961
Deposits	(2,027)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,139)
Accrued payroll liabilities	4,623
	<u>1,028,657</u>
Net Cash Provided by Operating Activities	<u>1,028,657</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Purchase of property and equipment	<u>(67,198)</u>
Net Cash Used in Financing Activities	<u>(67,198)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	961,459
<b>CASH AND CASH EQUIVALENTS:</b>	
Beginning of year	<u>754,666</u>
End of year	<u>\$ 1,716,125</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash paid for income taxes	<u>\$ -</u>
Cash paid for interest expense	<u>\$ -</u>

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

CARE FOR REAL  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

1. NATURE OF 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 1970, the Organization serves the Chicago neighborhoods of Edgewater, Andersonville, Uptown, Bowmanville, Ravenswood, Rogers Park, West Rogers Park 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 in-kind donations from retailers and distributors, various organizations, and individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The financial statements of Care for Real have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

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

Cash and Cash Equivalents– The Organization considers all cash accounts and all highly liquid investments with an initial maturity of three months or less to be cash equivalents

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. There was no purchased inventory at March 31, 2021.

Classification of Net Assets - Under generally accepted accounting principles, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction. The net assets of the Organization are reported in the two self-balancing groups as follows:

Net Assets without Donor Restriction: Net assets without donor restriction are for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board may designate a portion of these net assets for specific purposes which make them unavailable for use at management's discretion.

Net Assets with Donor Restriction: Net assets with donor restriction consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. The Organization reports gifts of cash and other assets as revenue with donor restriction 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, the net assets are reclassified as net assets without donor restriction and



CARE FOR REAL  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

reported in the statements of activities as net assets released from restrictions. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law. As of March 31, 2021, there were \$266,683 in restricted net assets.

Revenue Recognition – Donations and contributions, including unconditional promises to give, are recognized as revenues in the period received. Grants and conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are met. Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted revenues. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

Conditional Grants – Certain grants qualify as conditional promises to give and are recognized when the condition of performing a required barrier is met. Revenue is therefore recognized as earned as the conditions of eligible expenses are incurred or when necessary activity is completed. As of March 31, the Organization has received a conditional commitment amounting to \$15,000 which will be recognized when the Organization meets the related barrier.

Grant Receivable – Grant receivable consist of an amount awarded, but not yet paid and is due within the next year.

Allowance for Doubtful Accounts – The Organization recognizes losses on grants and other receivables in an amount equal to the estimated probable losses, net of recoveries. The allowance is based on an analysis of historical bad debt experience, current receivables aging, and expected future write-offs, as well as an assessment of specific identifiable receivables considered at-risk of uncollectible. Management determined that no allowance for doubtful accounts was necessary as of March 31, 2021.

Functional Expense Allocation – The costs of providing program and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of that functional area. Costs that benefit multiple functional areas are allocated across program, general and administrative, and fundraising expenses based on functional salary expenses. Occupancy expenses are allocated based on square footage. Salary expenses are attributed to a functional area based on estimates of time and effort reported by personnel each pay period.

Income Taxes – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for net income derived from unrelated business activities. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under IRC Section 509(a).

The Organization's income tax filings are subject to audit by various taxing authorities. In evaluating the Organization's activities, management believes its position of tax-exempt status is based on

CARE FOR REAL  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

current facts and circumstances and there have been no uncertain positions taken related to recording income taxes. In the opinion of management there are no activities unrelated to the purpose of the Organization and therefore no tax is to be recognized.

Depreciation – The Organization capitalizes property and equipment and software acquisitions in excess of \$5,000. Property and equipment is recorded at cost if purchased and at fair value if contributed and depreciated on a straight-line basis generally over 4-7 years.

Change in Accounting Estimate – The calculation of depreciation and amortization expense is based on the estimated useful lives of the underlying property and equipment. During fiscal year 2021, management revised the life of outstanding leasehold improvements due to the significant increase in need for their services within the community which has necessitated a larger inventory of food and clothing. As a result, the warehouse space in the property that is currently leased month to month is at, or beyond, capacity and the organization is considering next steps regarding space. Management elected to fully depreciate all leasehold improvements during the year ended March 31, 2021 which resulted in an increase to depreciation expense and a reduction in net assets of approximately \$143,000 during fiscal year 2021.

Change in Accounting Principles - During 2021, the Organization adopted the Financial Accounting Standards Board's (FASB) ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. The Organization adopted ASU 2018-08 using a modified prospective method effective April 1, 2020. Under the modified prospective method, this standard only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of April 1, 2020. As a result, there was a cumulative-effect adjustment to opening net assets as of April 1, 2020 of \$70,000 related to a grant contribution that met the requirements to be identified as unconditional and should have been recorded when awarded.

The Organization also adopted ASU 2014-09 – *Revenue for Contract with Customers*, and related amendments, collectively called ASC Topic 606. Topic 606'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. This standard also includes expanded disclosure requirements for exchange related transactions. There were no material changes to the financial as a result of adoption of Topic 606.

New accounting standards updates – In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), which will supersede the current lease recording requirements in Topic 842. The ASU looks to increase transparency and comparability by conforming US GAAP with International Accounting Standards as it relates to leases. The new standard will require, among other things that all leases, including operating leases, be included on the balance sheet as a "right of use" asset with an offsetting liability for the payments

CARE FOR REAL  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

remaining on the lease. The new guidance will be effective for the Organization's year ending March 31, 2023, with early application permitted.

Management is currently evaluating the potential impact of the update on the Organization's financial statements.

Subsequent events – The Organization has evaluated subsequent events through September 20, 2021, the date which the financial statements were available to be issued.

3. DONATED GOODS AND SERVICES

During the year ended March 31, 2021, the Organization received \$5,514,033 of in-kind donations of food, clothing and other goods which were recorded at fair value and recognized as a contribution when received. A total of \$33,000 has been recorded as in-kind services as they met the generally accepted accounting definition for recognition. There are many individuals that 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.

4. INVENTORY

Inventory consists of the following at March 31, 2021:

Food	\$ 49,308
Clothing	12,422
Gift cards	5,495
Personal care	18,068
	<u>\$ 85,293</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2021:

Furniture	\$ 30,658
Leasehold improvements	164,852
Vehicles	118,461
	313,971
Less: Accumulated depreciation	(233,848)
Property and equipment, net	\$ 80,123

6. LEASES

The Organization entered into a five-year noncancelable operating lease commencing May 2016, through May 2021 for its main location and pantry and has an additional month-to-month lease for

CARE FOR REAL  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

an additional pantry location in Rogers Park. Total rent expense under the agreements for 2021 was \$57,335. Subsequent to year end, the lease for the main location is on a month-to-month basis and no new long-term lease has been agreed to with the landlord.

Future minimum payments under the noncancelable lease agreement for the year ending March 31, 2022 was \$5,500.

7. CONCENTRATIONS

During the year ended March 31, 2021, revenues from Greater Chicago Food Depository were approximately 86% of total revenues.

8. CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. At time, these balances may exceed federally insured limits. The Organization has not experienced any losses in such accounts. At March 31, 2021, the Organization's uninsured cash balances totaled \$845,948.

9. NET ASSETS WITH DONOR RESTRICTIONS

During 2021, the Organization received restricted contributions of \$253,218. These contributions are restricted for various purposes including purchasing and making improvements to the Organization's space, providing for future salaries and providing health care benefits.

As of March 31, 2021, there were net assets with donor restrictions of \$266,683.

10. LIQUIDITY AND AVAILABILITY OF RESOURCES

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. The Organization's financial assets available for general expenditure within one year of the statement of financial position date of March 31, 2021 is as follows:

Cash and cash equivalents	\$ 1,716,125
Grant receivable	<u>35,000</u>
Total financial assets available within one year	<u>1,751,125</u>
Less: amounts unavailable for general expenditure within one year, due to purpose restrictions:	<u>(266,683)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,484,442</u>

CARE FOR REAL  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2021

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

#### 11. UNCERTAINTIES AND COVID-19

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response. The Organizations programming was not significantly impacted by the pandemic during 2020. The Organization cannot predict how additional financial, legal and regulatory responses to COVID-19 or other major public health issues will impact the Organization's future operations in 2022. The magnitude, timing, and duration of any such financial impacts cannot be reasonably estimated at this time.

#### 12. PAYCHECK PROTECTION LOAN FORGIVENESS

On April 21, 2020, the Organization entered into a loan agreement with Wintrust Bank for \$62,155, pursuant to the Paycheck Protection Program (the "PPP") of the CARES Act, which was enacted March 27, 2020. The application for these funds required the Organization in good faith to certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization.

Under the terms of the PPP loan, the Organization may be eligible for full or partial loan forgiveness. The unforgiven portion of the PPP loan is payable over two years at an annual interest rate of 1%, with a deferral of payments for the first ten months. The Organization intends to use the proceeds for purposes consistent with the PPP.

On October 8, 2020, Care for Real received notice from Wintrust Bank that the entire balance of the Paycheck Protection Program loan was forgiven and the full amount has been included as public support and revenue in the statement of activities.

CARE FOR REAL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED MARCH 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CDFA Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>
<b>U.S. Department of Agriculture</b>			
Pass-through Greater Chicago Food Depository			
Food Distribution Cluster			
COVID-19 Emergency Food Assistance Program (Administrative Costs)	* 10.568	N/A	\$ 4,500
COVID-19 Emergency Food Assistance Program (Food Commodities)	* 10.569	N/A	<u>901,111</u>
Food Distribution Cluster			905,611
COVID-19 Pandemic Assistance Block Grant	10.145	N/A	773
<b>U.S. Department of Housing and Urban Development</b>			
Pass-through Greater Chicago Food Depository			
Community Development Block Grants/Entitlement	14.218	N/A	100,345
<b>U.S. Department of Homeland Security</b>			
Pass-through Greater Chicago Food Depository			
COVID-19 Emergency Food and Shelter National Board Program	97.024	N/A	<u>22,829</u>
Total Expenditures of Federal Awards			<u>\$ 1,029,558</u>

\* Audited as a major program

See Notes to Schedule of Federal Awards

## CARE FOR REAL

### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2021

#### **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Care for Real under programs of the federal government for the year ended March 31, 2021. 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. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Care for Real, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Care for Real. Pass-through entity identifying numbers are presented where available.

The Organization did not use the 10% de minimis indirect cost rate.

#### **Basis of Accounting**

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **Payments to Subrecipients**

Care for Real provided no Federal awards to sub-recipients during the year ended March 31, 2021.

#### **Non - Cash Assistance**

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Care for Real received noncash food commodities assistance during the year ended March 31, 2021 of \$1,024,285 from the Greater Chicago Food Depository, which is included on the schedule of expenditures of federal awards. There were no other amounts of noncash assistance.

#### **Insurance, Loans, and Loan Guarantees**

During the year ended December 31, 2020, Care for Real received no insurance, loans, loan guarantees or other Federal assistance for the purpose of administering Federal programs.

INDEPENDENT AUDITORS' 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  
Care for Real  
Chicago, Illinois

We have audited, in accordance with the 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, the financial statements of Care for Real (a nonprofit organization), which comprise the statement of financial position as of March 31, 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, and have issued our report thereon dated September 20, 2021.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Care for Real's internal control over financial reporting (internal control) as a basis for designing 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 Care for Real's internal control. Accordingly, we do not express an opinion on the effectiveness of Care for Real's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Care for Real's 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 financial statements. 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.

*Sassetti LLC*

September 20, 2021  
Oak Park, Illinois



## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Care for Real  
Chicago, Illinois

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

We have audited Care for Real's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Care for Real's major federal programs for the year ended March 31, 2021. Care for Real's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Care for Real's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Care for Real's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Care for Real's compliance.

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

In our opinion, Care for Real 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 March 31, 2021.

## Report on Internal Control Over Compliance

Management of Care for Real is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Care for Real's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Care for Real's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Sassetti LLC*

September 20, 2021  
Oak Park, Illinois

CARE FOR REAL  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR MARCH 31, 2021

**PART I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statement Section**

Type of auditors' report issued:		Unmodified	
<hr/>			
Internal control over financial reporting:			
Material weakness (es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency (ies) identified?	_____ Yes	_____ <u>X</u> No	
Noncompliance material to financial statements noted?	_____ Yes	_____ <u>X</u> No	

**Federal Awards Section**

Dollar threshold used to determine Type A programs:		\$750,000	
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Auditee qualified as low-risk auditee?	_____ Yes	_____ <u>X</u> No	
Type of auditor's report on compliance for major programs:		Unmodified	
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Internal control over major programs:			
Material weakness (es) identified?	_____ Yes	_____ <u>X</u> No	
Significant deficiency (ies) identified?	_____ Yes	_____ <u>X</u> No	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	_____ Yes	_____ <u>X</u> No	

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
10.568/10.569	Food Distribution Cluster

CARE FOR REAL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR MARCH 31, 2021

**PART II - FINANCIAL STATEMENT AUDIT FINDINGS**

NONE

**PART III - FEDERAL PROGRAM AUDIT FINDINGS**

NONE

**PART IV - SUMMARY OF PRIOR AUDIT FINDINGS**

NONE

