



Care for Real

Single Audit
March 31, 2022

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
of Care for Real
Chicago, Illinois

INDEPENDENT AUDITORS' REPORT

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Care for Real as of March, 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Care for Real and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Care for Real's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Care for Real'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Care for Real'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.

Report on Summarized Comparative Information

We have previously audited the March 31, 2021 financial statements, and our report dated September 20, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary 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* 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 schedule of expenditures of federal awards 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 28, 2022, 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 that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Care for Real's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Care for Real's internal control over financial reporting and compliance.

Sassetti LLC

Oak Brook, Illinois
September 28, 2022

CARE FOR REAL
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022 WITH COMPARATIVE TOTALS FOR MARCH 31, 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 2,096,404	\$ 1,716,125
Grant receivable	-	35,000
Inventory	93,182	85,293
Prepaid expenses	4,203	-
Deposits	20,087	13,779
Property and equipment, net	54,750	80,123
TOTAL ASSETS	\$ 2,268,626	\$ 1,930,320
LIABILITIES		
Accounts payable	\$ 38,349	\$ 8,147
Accrued payroll liabilities	20,017	9,660
TOTAL LIABILITIES	58,366	17,807
NET ASSETS		
Without Donor Restrictions		
Undesignated	1,007,596	1,645,830
Board designated	1,000,000	-
Total Without Donor Restrictions	2,007,596	1,645,830
With Donor Restrictions	202,664	266,683
TOTAL NET ASSETS	2,210,260	1,912,513
Total Liabilities and Net Assets	\$ 2,268,626	\$ 1,930,320

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

CARE FOR REAL

STATEMENT OF ACTIVITIES

MARCH 31, 2022 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2022	2021
PUBLIC SUPPORT AND REVENUE				
Contributions	\$ 1,145,197	\$ 102,870	\$ 1,248,067	\$ 1,661,158
Paycheck Protection Program forgiveness	-	-	-	62,155
In-kind donations - food and clothing	5,307,175	-	5,307,175	5,547,033
Interest income	1,282	-	1,282	8,604
Net assets released from restrictions	166,889	(166,889)	-	-
Total public support and revenue	6,620,543	(64,019)	6,556,524	7,278,950
EXPENSES				
Program services	5,960,844	-	5,960,844	6,156,819
Supporting services:				
General and administrative	163,243	-	163,243	161,531
Fundraising	134,690	-	134,690	123,009
Total expenses	6,258,777	-	6,258,777	6,441,359
CHANGE IN NET ASSETS				
	361,766	(64,019)	297,747	837,591
NET ASSETS				
Beginning of year	1,645,830	266,683	1,912,513	1,074,922
End of year	\$ 2,007,596	\$ 202,664	\$ 2,210,260	\$ 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, 2022 WITH COMPARATIVE TOTALS FOR THE YEAR ENDED MARCH 31, 2021

	PROGRAM SERVICES				SUPPORTING SERVICES				
	Food	Closet	Pet	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	2022	2021
Salaries	\$ 420,611	\$ 14,621	\$ 1,535	\$ 436,767	\$ 32,396	\$ 98,591	\$ 130,987	\$ 567,754	\$ 379,044
Fringe benefits and related taxes	32,372	979	113	33,464	47,186	6,870	54,056	87,520	48,202
Total salaries and related expenses	452,983	15,600	1,648	470,231	79,582	105,461	185,043	655,274	427,246
Food and clothing	4,925,727	362,126	11,433	5,299,286	-	-	-	5,299,286	5,515,538
Supplies	12,592	3,084	1,284	16,960	229	-	229	17,189	38,945
Vehicle	20,350	-	-	20,350	771	-	771	21,121	14,251
Development	229	-	-	229	50	401	451	680	2,685
Office	10,364	1,299	119	11,782	4,876	9,188	14,064	25,846	20,966
Facilities	92,325	21,178	2,049	115,552	5,726	6,040	11,766	127,318	121,567
Professional fees	3,923	-	-	3,923	57,771	8,270	66,041	69,964	92,712
Depreciation	12,951	7,271	682	20,904	2,235	682	2,917	23,821	176,305
Other	1,582	-	45	1,627	12,003	4,648	16,651	18,278	31,144
Total expenses	\$ 5,533,026	\$ 410,558	\$ 17,260	\$ 5,960,844	\$ 163,243	\$ 134,690	\$ 297,933	\$ 6,258,777	\$ 6,441,359

CARE FOR REAL
STATEMENTS OF CASH FLOWS
YEARS ENDED MARCH 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 297,747	\$ 837,591
Adjustments to reconcile net assets to net cash provided by operating activities:		
Loss on disposal of property and equipment	1,552	-
Depreciation	23,821	176,305
(Increase) decrease in operating assets:		
Grant receivable	35,000	35,000
Inventory	(7,889)	(29,657)
Prepaid expenses	(4,203)	7,961
Deposits	(6,308)	(2,027)
Increase (decrease) in operating liabilities:		
Accounts payable	30,202	(1,139)
Accrued payroll liabilities	10,357	4,623
Net Cash Provided by Operating Activities	380,279	1,028,657
 CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of property and equipment	-	(67,198)
Net Cash Used in Financing Activities	-	(67,198)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	380,279	961,459
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,716,125	754,666
End of year	\$ 2,096,404	\$ 1,716,125
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest expense	\$ -	\$ -

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

CARE FOR REAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

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, 2022.

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.

CARE FOR REAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

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 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.

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 – The Organization will occasionally receive grants that 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. The Organization had no conditional grants with outstanding commitments at March 31, 2022.

Grant Receivable – Grant receivable consist of an amount awarded, but not yet paid and are generally due within one 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, 2022.

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).

CARE FOR REAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

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 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.

New accounting standards updates – The FASB has issued ASU 2020-07, Not-for-Profit Entities (Topic 958), which clarified the current standard and requires a not-for-profit to present contributed nonfinancial assets (in-kind contributions) as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. The standard also requires additional disclosures. The standard is effective for the Organization's year ending March 31, 2023.

The FASB has issued ASU 2016-02, 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 remaining on the lease. The new guidance will be effective for the Organization's year ending March 31, 2023.

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 28, 2022, the date which the financial statements were available to be issued.

3. DONATED GOODS AND SERVICES

During the year ended March 31, 2022, the Organization received \$5,640,375 of in-kind donations of food, clothing and other goods which were recorded at fair value and recognized as a contribution when received. 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.

CARE FOR REAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

4. INVENTORY

Inventory consists of the following at March 31, 2022:

Food	\$ 59,909
Clothing	22,509
Gift cards	1,654
Personal care	<u>9,110</u>
	<u>\$ 93,182</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2022:

Furniture	\$ 26,935
Leasehold improvements	164,852
Vehicles	<u>118,461</u>
	310,248
Less: Accumulated depreciation	<u>(255,498)</u>
Property and equipment, net	<u>\$ 54,750</u>

6. LEASES

The Organization is on a month to month lease for its main location and two pantry locations in Rogers Park and Edgewater. Total rent expense under the agreements for 2022 was \$75,265.

7. CONCENTRATIONS

During the year ended March 31, 2022, revenues from Greater Chicago Food Depository were approximately 82% 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, 2022, the Organization's uninsured cash balances totaled \$1,538,423.

9. NET ASSETS WITH DONOR RESTRICTIONS

During 2022, the Organization received restricted contributions of \$102,870. 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, 2022, there were net assets with donor restrictions of \$202,664.

CARE FOR REAL
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022

10. BOARD DESIGNATED NET ASSETS

The board has designated \$1,000,000 to be used for space planning and future costs related to the pantry and warehouse location.

11. 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, 2022:

Cash and cash equivalents	<u>\$ 2,096,404</u>
Total financial assets available within one year	<u>2,096,404</u>
Less: amounts unavailable for general expenditure within one year, due to purpose restrictions	(202,664)
Less: amounts designated by the board to be used for space planning	<u>(1,000,000)</u>
Total financial assets available to management for general expenditure within one year	<u><u>\$ 893,740</u></u>

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

CARE FOR REAL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED MARCH 31, 2022

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CDFA Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
Pass-through Greater Chicago Food Depository Emergency Food Assistance Program (Food Commodities)	* 10.569	N/A	\$ 1,089,968
U.S. Department of Housing and Urban Development			
Pass-through Greater Chicago Food Depository Community Development Block Grants/Entitlement	14.218	N/A	104,456
U.S. Department of Homeland Security			
Pass-through Greater Chicago Food Depository Emergency Food and Shelter National Board Program	97.024	N/A	<u>25,976</u>
Total Expenditures of Federal Awards			<u>\$ 1,220,400</u>

* Audited as a major program

CARE FOR REAL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED MARCH 31, 2022

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, 2022. 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, 2022.

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, 2022 of \$1,220,400 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 March 31, 2022, 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, 2022, 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 28, 2022.

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

Oak Brook, Illinois
September 28, 2022

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

To the Board of Directors of
Care for Real

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Care for Real's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Care for Real's major federal programs for the year ended March 31, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Care for Real's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Sassetti LLC

Oak Brook, Illinois
September 28, 2022

CARE FOR REAL
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED MARCH 31, 2022

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	_____ X _____ No	
Significant deficiency (ies) identified?	_____ Yes	_____ X _____ No	
Noncompliance material to financial statements noted?	_____ Yes	_____ X _____ No	

Federal Awards Section

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

CARE FOR REAL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED MARCH 31, 2022

PART II - FINANCIAL STATEMENT AUDIT FINDINGS

NONE

PART III - FEDERAL PROGRAM AUDIT FINDINGS

NONE

PART IV - SUMMARY OF PRIOR AUDIT FINDINGS

NONE