

**CAREER TRANSITIONS CENTER OF CHICAGO
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2020 AND 2019**



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Career Transitions Center of Chicago
Chicago, IL

We have audited the accompanying financial statements of Career Transitions Center of Chicago (the Center), a nonprofit organization, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Career Transitions Center of Chicago as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Oak Brook, IL
November 10, 2020**

A handwritten signature in blue ink, followed by the text "LLP". The signature is cursive and appears to read "Gray Hunter Stenn".

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 183,692	\$ 204,632
Pledges receivable	39,700	4,600
Prepaid expense	<u>2,234</u>	<u>-</u>
 Total assets	 <u>\$ 225,626</u>	 <u>\$ 209,232</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Deferred revenue	\$ 12,195	\$ 4,000
Refundable advance	<u>7,123</u>	<u>-</u>
 Total liabilities	 <u>19,318</u>	 <u>4,000</u>
 Net assets:		
Without donor restrictions	206,308	199,114
With donor restrictions	<u>-</u>	<u>6,118</u>
 Total net assets	 <u>206,308</u>	 <u>205,232</u>
 Total liabilities and net assets	 <u>\$ 225,626</u>	 <u>\$ 209,232</u>

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020**

	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Public Support & Revenue:			
Public support	\$ 193,998	\$ 193,998	\$ -
Program revenue	98,349	98,349	-
Paycheck Protection Program Grant (see note 4)	46,339	46,339	
Wine tasting fundraising event (net of expenses of \$0)	294	294	-
Volunteer career coaches	482,500	482,500	-
Investment income	141	141	-
Other income	2,395	2,395	
Transfer to without donor restrictions arising from satisfaction of restrictions	<u>-</u>	<u>6,118</u>	<u>(6,118)</u>
 Total support and revenue	 <u>824,016</u>	 <u>830,134</u>	 <u>(6,118)</u>
 Expenses:			
Program services	721,696	721,696	-
Fundraising	64,863	64,863	-
General and administrative	<u>36,381</u>	<u>36,381</u>	<u>-</u>
 Total expenses	 <u>822,940</u>	 <u>822,940</u>	 <u>-</u>
 Increase (decrease) in net assets	 1,076	 7,194	 (6,118)
 Net assets - Beginning of year	 205,232	 199,114	 6,118
- End of year	<u>\$ 206,308</u>	<u>\$ 206,308</u>	<u>\$ -</u>

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Public Support & Revenue:			
Public support	\$ 192,186	\$ 192,186	\$ -
Program revenue	94,399	94,399	-
Wine tasting fundraising event (net of expenses of \$13,517)	51,123	51,123	-
Volunteer career coaches	529,500	529,500	-
Investment income	29	29	-
Transfer to without donor restrictions arising from satisfaction of restrictions	-	25,188	(25,188)
Total support and revenue	<u>867,237</u>	<u>892,425</u>	<u>(25,188)</u>
Expenses:			
Program services	767,260	767,260	-
Fundraising	62,428	62,428	-
General and administrative	36,031	36,031	-
Total expenses	<u>865,719</u>	<u>865,719</u>	<u>-</u>
Increase (decrease) in net assets	1,518	26,706	(25,188)
Net assets - Beginning of year	203,714	172,408	31,306
- End of year	<u><u>\$ 205,232</u></u>	<u><u>\$ 199,114</u></u>	<u><u>\$ 6,118</u></u>

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	<u>Total</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>
Client success celebrations	\$ 456	\$ 456	\$ -	\$ -
Contracted personnel	4,001	3,001	1,000	-
Insurance	3,444	2,927	172	345
Marketing	4,663	2,331	2,332	-
Meeting expenses	321	64	257	-
Miscellaneous	1,346	-	1,346	-
Office expense	10,422	8,859	521	1,042
Parking	2,700	2,295	135	270
Professional fees	5,292	1,746	1,746	1,800
Program	7,690	7,690	-	-
Rent	13,200	11,220	660	1,320
Salaries and related payroll taxes	276,916	190,116	56,194	30,606
Telephone	5,213	4,431	261	521
Training supplies and materials	4,776	4,060	239	477
Volunteer career coaches	482,500	482,500	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 822,940	\$ 721,696	\$ 64,863	\$ 36,381

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	<u>Total</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>
Client success celebrations	\$ 527	\$ 527	\$ -	\$ -
Contracted personnel	3,369	2,527	842	-
Insurance	3,749	3,187	187	375
Marketing	1,179	589	590	-
Meeting expenses	624	125	499	-
Miscellaneous	1,567	-	1,567	-
Office expenses	12,203	10,373	610	1,220
Parking	2,700	2,295	135	270
Professional fees	5,370	1,772	1,772	1,826
Program	9,840	9,840	-	-
Rent	13,200	11,220	660	1,320
Salaries and related payroll taxes	270,138	185,315	54,979	29,844
Telephone	4,927	4,188	246	493
Training supplies and materials	6,826	5,802	341	683
Volunteer career coaches	529,500	529,500	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 865,719	\$ 767,260	\$ 62,428	\$ 36,031

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,076	\$ 1,518
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in:		
Pledges receivable	(35,100)	(315)
Prepaid expense	(2,234)	-
Refundable advance	7,123	-
Deferred revenue	<u>8,195</u>	<u>1,500</u>
Net cash provided (used) by operating activities	<u>(20,940)</u>	<u>2,703</u>
Net increase (decrease) in cash and cash equivalents	(20,940)	2,703
Cash and cash equivalents - Beginning of year	<u>204,632</u>	<u>201,929</u>
- End of year	<u>\$ 183,692</u>	<u>\$ 204,632</u>

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO
NOTES TO FINANCIAL STATEMENTS**

NOTE 1: Purpose of the organization:

The Career Transitions Center of Chicago (the Center) was incorporated in Illinois on February 10, 1997, and began operations on November 1, 1997. It is managed by a self-perpetuating Board of Directors. The mission of the Center is to empower professionals to find meaningful employment. The Center is a volunteer-driven, non-profit organization providing professional assistance to individuals in employment transition.

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for federal or state income taxes.

NOTE 2: Summary of significant accounting policies:

Basis of presentation -

The financial statements of the Center have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Net asset accounting -

In accordance with the limitations, designations and restrictions placed on the use or resources available to the Center, the following classifications are utilized according to the nature and purpose of the resources.

Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This net asset category also includes restricted contributions whose donor-imposed restrictions were met in the same year contributions were recorded.

With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by 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.

Cash and cash equivalents -

For purposes of the statement of cash flows, the Center considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

**CAREER TRANSITIONS CENTER OF CHICAGO
NOTES TO FINANCIAL STATEMENTS**

NOTE 2: Summary of significant accounting policies (continued):

Contributions -

In accordance with FASB ASC 605-10-15, contributions received are recorded as with donor restrictions or without donor restrictions net assets depending on the existence or nature of any donor restrictions.

Pledges receivable -

Unconditional promises to give are recognized as revenues in the period the pledge is received. A provision should be made for potentially unfulfilled pledges. For the years ended June 30, 2020 and 2019, \$39,700 and \$4,600 of pledges were recognized in the financial statements, respectively. All receivables are expected to be collected within a year, therefore, no discounts are applicable.

Property, plant, and equipment -

Property, plant, and equipment acquired is recorded at cost, or fair market value on the date of donation. Some office equipment has been donated (gifts in kind) but has not been recorded as support, nor does it appear as an asset (see In-kind Contributions, below). Expenditures for maintenance and repairs are charged to operations as incurred. Major expenditures for improvements are capitalized. Depreciation is being computed using the straight-line method over the estimated useful lives of the assets.

In-kind contributions -

It is management's policy to record in-kind contributions of property and equipment only when the fair market value of these contributions exceeds \$10,000. There were no in-kind contributions of property and equipment received that met this criteria during the fiscal years ended June 30, 2020 and 2019.

Donated services -

Volunteers provide substantial services to the Center. Volunteers are typically professional career coaches who provide career counseling services to the Center's members. Other volunteers donate their services to maintain the IT system and website, as well as for marketing and board development. FASB ASC 605-10-15 requires the fair value of these services to be recognized in the financial statements. For the years ended June 30, 2020 and 2019, \$482,500 and \$529,500 of services were recognized in the financial statements, respectively.

**CAREER TRANSITIONS CENTER OF CHICAGO
NOTES TO FINANCIAL STATEMENTS**

NOTE 2: Summary of significant accounting policies (continued):

Use of estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Accordingly, actual results may differ from those estimates.

Uncertain tax positions -

Management has determined that the Center does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Center's tax returns will not be challenged by the taxing authorities and the Center will not be subject to additional tax, penalties, and interest as the result of such challenge. Generally, the Center's tax returns remain open for three years for federal income tax examination.

Deferred revenue -

Revenue is deferred in order to recognize the income in the period in which the services are rendered. The Center has deferred revenue of \$12,195 and \$4,000 as of June 30, 2020 and 2019, respectively, which is related to the ensuing fiscal years' projects or fundraisers.

Functional expenses -

The Center allocates its expenses on a functional basis as to program, fundraising, or administrative expenses. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to more than one function are allocated based on various relevant factors.

**CAREER TRANSITIONS CENTER OF CHICAGO
NOTES TO FINANCIAL STATEMENTS**

NOTE 3: Property and equipment:

Property, plant and equipment consists of the following:

	Net Carrying Value		Useful Life
	2020	2019	
Computer equipment	\$ 9,759	\$ 9,759	3 - 5 years
Office furnishings	13,875	13,875	5 years
Telephone system	14,476	14,476	10 years
Building improvements	45,219	45,219	Lease term
Accumulated depreciation	<u>(83,329)</u>	<u>(83,329)</u>	
Property and equipment, net	<u>\$ -</u>	<u>\$ -</u>	

Depreciation expense is recorded every year over the useful life of the assets. There was no depreciation expense for the years ended June 30, 2020 and 2019, respectively. Building improvements are depreciated over the lease term with extensions. See Note 7 for details on the lease arrangement.

NOTE 4: Paycheck Protection Program Grant:

On May 1, 2020, the Center, was granted a loan from US Bank, in the amount of \$53,462, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief and Economic Security (CARES) Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated May 1, 2020, issued by the Borrower, matures on May 1, 2022, and bears interest at a rate of 1% per annum. The loan and accrued interest are forgivable after 24 weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

The Center has elected to follow FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition – Conditional Contribution model to account for the PPP funds. The Center intends to use the entire Loan proceeds for qualifying expenses. The Center believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan. As of June 30, 2020 the Center's management has estimated \$46,339 of the funds have been used for qualifying expenses. The amount of the funds the Center's management has estimated as used for qualifying expenses through June 30, 2020 have been listed on the Statement of Activities as Paycheck Protection Program Grant revenue. The remainder of the funds are expected to be used for qualifying expenses within the 24-week period and are listed on the balance sheet as a refundable advance of \$7,123.

**CAREER TRANSITIONS CENTER OF CHICAGO
NOTES TO FINANCIAL STATEMENTS**

NOTE 5: Related parties:

The Center leases office space from Old St. Patrick's Church pursuant to an operating lease. Lease payments amounted to \$13,200 for the years ended June 30, 2020 and 2019, respectively. See Note 8 for further details on operating leases.

NOTE 6: Retirement plans:

The Center has a pension plan covering substantially all employees. Contributions to the Plan for the years ended June 30, 2020 and 2019, were \$6,785 and \$6,317, respectively.

NOTE 7: Net assets with donor restrictions:

Net assets of \$6,118 and \$25,188 were released from donor restrictions in the years ended June 30, 2020 and 2019, respectively, for business development. There were no net assets with donor restrictions at June 30, 2020 and net assets with donor restrictions of \$6,118 at June 30, 2019. The net assets with donor restrictions are to be used for business development.

NOTE 8: Lease commitment:

The Center leases office space from Old St. Patrick's Church pursuant to an operating lease executed on September 7, 2011. The original lease had an option to extend through December 31, 2019. An amendment was agreed to in October 2019, which extended the lease through May 31, 2024. The lease payments amounted to \$13,200 for the years ended June 30, 2020 and 2019.

The Center leases a copier under a noncancelable operating lease that expires September 30, 2023. Copier expense for the years ended June 30, 2020 and 2019 was \$6,295 and \$7,030, respectively.

Anticipated future minimum rental payments under the lease are as follows:

<u>June 30,</u>	<u>Related Party</u>	<u>Outside Party</u>	<u>Total</u>
2021	\$ 13,200	\$ 5,220	\$ 18,420
2022	13,200	5,220	18,420
2023	13,200	1,305	14,505
2024	12,100	-	12,100
2025	-	-	-

**CAREER TRANSITIONS CENTER OF CHICAGO
NOTES TO FINANCIAL STATEMENTS**

NOTE 9: Subsequent events:

Subsequent events have been evaluated through November 10, 2020, which is the date the financial statements were available to be issued.

The Center evaluated its June 30, 2020 statement of financial position for subsequent events through DATE. Towards the end of December 2019, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. Currently, it is not possible to reliably estimate the length or severity of this pandemic and hence its financial impact. If there is a significant slowdown in the economy due to this pandemic, the Center may see adverse impacts to its financial position and results of operations during 2020 that cannot be quantified at this time.