

**CAREER TRANSITIONS CENTER OF CHICAGO
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**



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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 (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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, 2021 and 2020, 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.

Empasis of Matter

As discussed in Note 2 to the financial statements, as of June 1, 2020, Career Transitions Center of Chicago adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our Opinion is not modified with respect to this matter.

**Oak Brook, IL
November 5, 2021**

Handwritten signature of Gray Hunter Stenn LLP in black ink.

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020**

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 213,670	\$ 183,692
Pledges receivable	-	39,700
Prepaid expense	4,286	2,234
Property and equipment, net	<u>13,794</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 231,750</u>	<u>\$ 225,626</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Deferred revenue	\$ 24,029	\$ 12,195
Refundable advance	<u>-</u>	<u>7,123</u>
Total liabilities	<u>24,029</u>	<u>19,318</u>
Net Assets:		
Without donor restrictions:		
Undesignated	193,827	206,308
Invested in property and equipment	<u>13,794</u>	<u>-</u>
Total without donor restrictions	<u>207,621</u>	<u>206,308</u>
With donor restrictions	<u>100</u>	<u>-</u>
Total net assets	<u>207,721</u>	<u>206,308</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 231,750</u>	<u>\$ 225,626</u>

See accompanying notes.

CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Public Support and Revenue:			
Public support	\$ 185,305	\$ 185,026	\$ 279
Program revenue	85,726	85,726	-
Paycheck Protection Program Grant (see note 5)	58,213	58,213	-
Volunteer career coaches	469,500	469,500	-
Investment income	244	244	-
Transfer to without donor restrictions arising from satisfaction of restrictions	<u>-</u>	<u>179</u>	<u>(179)</u>
Total support and revenue	<u>798,988</u>	<u>798,888</u>	<u>100</u>
Expenses:			
Program services	696,217	696,217	-
Fundraising	64,376	64,376	-
General and administrative	<u>36,982</u>	<u>36,982</u>	<u>-</u>
Total expenses	<u>797,575</u>	<u>797,575</u>	<u>-</u>
Increase (decrease) in net assets	1,413	1,313	100
Net assets: - Beginning of year	<u>206,308</u>	<u>206,308</u>	<u>-</u>
- End of year	<u>\$ 207,721</u>	<u>\$ 207,621</u>	<u>\$ 100</u>

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020**

	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Public Support and Revenue:			
Public support	\$ 193,998	\$ 193,998	\$ -
Program revenue	98,349	98,349	-
Paycheck Protection Program Grant (see note 5)	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	-	6,118	(6,118)
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	36,381	36,381	-
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	<u>205,232</u>	<u>199,114</u>	<u>6,118</u>
- End of year	<u>\$ 206,308</u>	<u>\$ 206,308</u>	<u>\$ -</u>

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	<u>Total</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>
Contracted personnel	\$ 1,441	\$ 1,081	\$ 360	\$ -
Insurance	3,494	2,970	175	349
Marketing	1,930	965	965	-
Miscellaneous	1,717	-	1,717	-
Office expense	9,381	7,974	469	938
Parking	2,925	2,486	146	293
Professional fees	5,048	1,666	1,666	1,716
Program	2,723	2,723	-	-
Rent	14,300	12,155	715	1,430
Salaries and related payroll taxes	275,061	186,150	57,660	31,251
Telephone	5,742	4,881	287	574
Training supplies and materials	4,313	3,666	216	431
Volunteer career coaches	469,500	469,500	-	-
TOTAL FUNCTIONAL EXPENSES	\$ <u>797,575</u>	\$ <u>696,217</u>	\$ <u>64,376</u>	\$ <u>36,982</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 expenses	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
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,413	\$ 1,076
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Change in:		
Pledges receivable	39,700	(35,100)
Prepaid expense	(2,052)	(2,234)
Refundable advance	(7,123)	7,123
Deferred revenue	<u>11,834</u>	<u>8,195</u>
Net cash provided (used) by operating activities	<u>43,772</u>	<u>(20,940)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	<u>(13,794)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(13,794)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	29,978	(20,940)
Cash and cash equivalents: - Beginning of year	<u>183,692</u>	<u>204,632</u>
- End of year	<u>\$ 213,670</u>	<u>\$ 183,692</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. These amounts are reclassified to without donor restrictions

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):

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 year ended June 30, 2020, \$39,700 of pledges were recognized in the financial statements. There were no pledges receivable for year ended June 30, 2021. 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.

Use of estimates -

The preparation of financial statements in conformity with U.S. 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 \$24,029 and \$12,195 as of June 30, 2021 and 2020, respectively, which is related to the ensuing fiscal years' projects or fundraisers.

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

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

Revenue recognition -

Effective June 1, 2020, the Organization adopted FASB ASC 606, Revenue from Contracts with Customers. The Organization's adoption of this standard did not impact amounts previously recorded, and there was no material impact to the financial statements as of and for the year ended June 30, 2020.

• Contributions -

Contributions are recognized as revenue without donor restrictions or with donor restrictions, based on the existence and nature of any donor restrictions. All public support is considered to be available for unrestricted use unless restricted specifically by the donor or funding agency. As its discretion, the Board of Directors may designate certain funds for specific purposes.

Contributions and grants restricted by the donors, grantors or other outside parties are reported as with donor restrictions revenue, as applicable, when granted or pledged to the Center.

• 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, 2021 and 2020.

• 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. Contributions of donated services are recorded at their fair value in the period received. For the years ended June 30, 2021 and 2020, \$469,500 and \$482,500 of services were recognized in the financial statements, respectively.

• Promises to give -

Contributions are recognized as revenue when the donor makes a promise to give to the Center that is, in substance, unconditional.

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

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

Allocation of 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.

Accounting pronouncements adopted -

In August 2016, the FASB issued (ASU) 2016-14, *Not-for-Profit Entities: Topic 958*. The amendments in this Update affect not-for-profit entity's (NFP's) and the users of their general purpose financial statements. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources. The Center has implemented this ASU effective for the year ended June 30, 2020 and was applied retrospectively.

NOTE 3: Liquidity and availability:

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	2021	2020
Cash and cash equivalents	\$ <u>213,670</u>	\$ <u>183,692</u>
Total	\$ <u><u>213,670</u></u>	\$ <u><u>183,692</u></u>

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

NOTE 4: Property and equipment:

Property, plant and equipment consisted of the following:

	Net Carrying Value		Useful Life
	2021	2020	
Building improvements	\$ 45,219	\$ 45,219	Lease term
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
Website - Not in service	13,794	-	5 years
Accumulated depreciation	(83,329)	(83,329)	
Property and equipment, net	\$ 13,794	\$ -	

There was no depreciation expense for the years ended June 30, 2021 and 2020. Improvements are depreciated over the lease term with extensions. See Note 9 for details on the lease arrangement.

NOTE 5: Paycheck Protection Program Grant:

On February 3, 2021, the Center was granted a loan from US bank, in the amount of \$51,090 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 was forgiven by the Small Business Administration (SBA) on August 12, 2021.

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 was forgiven by the SBA on December 5, 2020.

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 used all loan proceeds for qualifying expenses.

NOTE 6: Related parties:

The Center leases office space from Old St. Patrick's Church pursuant to an operating lease. Lease payments amounted to \$14,300 and \$13,200 for the years ended June 30, 2021 and 2020, respectively. See Note 9 for further details on operating leases.

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

NOTE 7: Retirement plans:

The Center has a pension plan covering substantially all employees. Contributions to the Plan for the years ended June 30, 2021 and 2020, were \$6,396 and \$6,785, respectively.

NOTE 8: Net assets with donor restrictions:

Net assets of \$179 and \$6,118 were released from donor restrictions in the years ended June 30, 2021 and 2020, respectively, for business development. There were net assets with donor restrictions of \$100 at June 30, 2021, and no net assets with donor restrictions at June 30, 2020. The net assets with donor restrictions are to be used for business development.

NOTE 9: Lease commitment:

The Center leases office space from Old St. Patrick's Church pursuant to an operating lease ending May 31, 2024. The lease payments amounted to \$14,300 and \$13,200 for the years ended June 30, 2021 and 2020, respectively.

The Center leases a copier under a noncancelable operating lease that expires September 30, 2023. Copier expense for the years ended June 30, 2021 and 2020 was \$6,419 and \$6,295, respectively.

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

<u>June 30,</u>	<u>Related Party</u>	<u>Outside Party</u>	<u>Total</u>
2022	\$ 12,100	\$ 5,220	\$ 17,320
2023	13,200	1,305	14,505
2024	12,100	-	12,100
2025	-	-	-
2026	-	-	-

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

NOTE 10: COVID-19 Response:

The ongoing COVID-19 pandemic has impacted and could further impact the Center's operations. The extent to which the pandemic impacts operations, results of operations, and financial condition will depend on future developments, which are highly uncertain, including but not limited to the duration, spread, and severity of the pandemic, its effects on the Center's employees, suppliers, and customers, and the remedial actions and stimulus measures adopted by local and federal government. The pandemic remains a rapidly evolving situation, and the impact cannot be reasonably estimated at this time.

NOTE 11: Subsequent events:

On August 12, 2021, the Center's second Payroll Protection Loan was forgiven in full by the SBA.

Subsequent events have been evaluated through November 5, 2021, which is the date the financial statements were available to be issued.