

**CAREER TRANSITIONS CENTER OF CHICAGO  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2022 AND 2021**



## CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
<b>STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021</b>	
Financial Position	4
Activities and Changes in Net Assets - 2022	5
- 2021	6
Functional Expenses - 2022	7
- 2021	8
Cash Flows	9
Notes to Financial Statements	10

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Career Transitions Center of Chicago  
Chicago, IL

### **Opinion**

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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, 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.

### **Basis of Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Career Transitions Center of Chicago and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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.

## **Responsibilities of Management for the Financial Statements (continued)**

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 Career Transitions Center of Chicago'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 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Career Transitions Center of Chicago'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Career Transitions Center of Chicago's ability to continue as a going concern for a reasonable period of time.

### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

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.

Oak Brook, IL  
November 7, 2022

*Gray Hunter Stenn LLP*

**CAREER TRANSITIONS CENTER OF CHICAGO  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2022 AND 2021**

**ASSETS**

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 191,638	\$ 213,670
Pledges receivable	8,118	-
Prepaid expense	491	4,286
Property and equipment, net	<u>14,919</u>	<u>13,794</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>215,166</u></b>	<b>\$ <u>231,750</u></b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Deferred revenue	\$ <u>10,075</u>	\$ <u>24,029</u>
<b>Total liabilities</b>	<u>10,075</u>	<u>24,029</u>
<b>Net Assets:</b>		
Without donor restrictions:		
Undesignated	190,172	193,827
Invested in property and equipment	<u>14,919</u>	<u>13,794</u>
Total without donor restrictions	<u>205,091</u>	<u>207,621</u>
With donor restrictions	<u>-</u>	<u>100</u>
<b>Total net assets</b>	<u>205,091</u>	<u>207,721</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>215,166</u></b>	<b>\$ <u>231,750</u></b>

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2022**

	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Public Support and Revenue:			
Public support	\$ 197,807	\$ 197,807	\$ -
Program revenue	57,549	57,549	-
Wine tasting fundraising event (net of expenses of \$18,410)	65,690	65,690	-
Volunteer career coaches	346,000	346,000	-
Investment income	1,948	1,948	-
Transfer to without donor restrictions arising from satisfaction of restrictions	<u>-</u>	<u>100</u>	<u>(100)</u>
Total support and revenue	<u>668,994</u>	<u>669,094</u>	<u>(100)</u>
Expenses:			
Program services	587,864	587,864	-
Fundraising	54,320	54,320	-
General and administrative	<u>29,440</u>	<u>29,440</u>	<u>-</u>
Total expenses	<u>671,624</u>	<u>671,624</u>	<u>-</u>
Increase (decrease) in net assets	(2,630)	(2,530)	(100)
Net assets: - Beginning of year	<u>207,721</u>	<u>207,621</u>	<u>100</u>
- End of year	<u>\$ 205,091</u>	<u>\$ 205,091</u>	<u>\$ -</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 FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	<u>Total</u>	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>
Contracted personnel	\$ 36,039	\$ 33,069	\$ 2,970	\$ -
Depreciation	3,730	3,171	187	372
Insurance	3,641	3,095	182	364
Marketing	1,938	969	969	-
Meeting expenses	151	30	121	-
Miscellaneous	5,510	-	5,510	-
Office expense	9,579	8,142	479	958
Parking	2,475	2,104	124	247
Professional fees	5,157	1,702	1,702	1,753
Program	1,122	1,122	-	-
Rent	12,100	10,285	605	1,210
Salaries and related payroll taxes	231,877	167,715	40,856	23,306
Telephone	3,256	2,768	163	325
Training supplies and materials	9,049	7,692	452	905
Volunteer career coaches	<u>346,000</u>	<u>346,000</u>	<u>-</u>	<u>-</u>
 TOTAL FUNCTIONAL EXPENSES	 \$ <u>671,624</u>	 \$ <u>587,864</u>	 \$ <u>54,320</u>	 \$ <u>29,440</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 expenses	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	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$ <u>797,575</u></b>	<b>\$ <u>696,217</u></b>	<b>\$ <u>64,376</u></b>	<b>\$ <u>36,982</u></b>

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (2,630)	\$ 1,413
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,730	-
Change in:		
Pledges receivable	(8,118)	39,700
Prepaid expense	3,795	(2,052)
Refundable advance	-	(7,123)
Deferred revenue	<u>(13,954)</u>	<u>11,834</u>
Net cash provided (used) by operating activities	<u>(17,177)</u>	<u>43,772</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	<u>(4,855)</u>	<u>(13,794)</u>
Net cash provided (used) by investing activities	<u>(4,855)</u>	<u>(13,794)</u>
Net increase (decrease) in cash and cash equivalents	(22,032)	29,978
Cash and cash equivalents: - Beginning of year	<u>213,670</u>	<u>183,692</u>
- End of year	<u>\$ 191,638</u>	<u>\$ 213,670</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 when the restrictions have expired or have been satisfied by expenditures for the intended purposes.

#### **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, 2022, \$8,118 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 \$10,075 and \$24,029 as of June 30, 2022 and 2021, 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 -**

**• 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, 2022 and 2021.

**• 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, 2022 and 2021, \$346,000 and \$469,500 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.

**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.

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

**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:

	2022	2021
Cash and cash equivalents	\$ <u>191,638</u>	\$ <u>213,670</u>
Total	\$ <u>191,638</u>	\$ <u>213,670</u>

**NOTE 4: Property and equipment:**

Property, plant and equipment consisted of the following:

	Net Carrying Value		
	2022	2021	Useful Life
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	18,649	13,794	5 years
Accumulated depreciation	<u>(87,059)</u>	<u>(83,329)</u>	
Property and equipment, net	\$ <u>14,919</u>	\$ <u>13,794</u>	

Depreciation expense totaled \$3,730 for the year ended June 30, 2022. There was no depreciation expense for the year ended June 30, 2021. 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.

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

**NOTE 5: Paycheck Protection Program Grant (continued):**

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 \$12,100 and \$14,300 for the years ended June 30, 2022 and 2021, respectively. See Note 9 for further details on operating leases.

**NOTE 7: Retirement plans:**

The Center has a pension plan covering substantially all employees. Contributions to the Plan for the years ended June 30, 2022 and 2021, were \$4,763 and \$6,396, respectively.

**NOTE 8: Net assets with donor restrictions:**

Net assets of \$100 and \$179 were released from donor restrictions in the years ended June 30, 2022 and 2021, respectively, for business development. There were no net assets with donor restrictions at June 30, 2022. There were \$100 of net assets with donor restrictions at June 30, 2021. 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 \$12,100 and \$14,300 for the years ended June 30, 2022 and 2021, respectively.

The Center leases a copier under a noncancelable operating lease that expires September 30, 2023. Copier expense for the years ended June 30, 2022 and 2021 was \$6,484 and \$6,419, respectively.

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

<u>June 30,</u>	<u>Related</u>	<u>Outside</u>	<u>Total</u>
<u>2023</u>	<u>Party</u>	<u>Party</u>	
	\$ 13,200	\$ 1,305	\$ 14,505
2024	12,100	-	12,100
2025-2027	-	-	-



**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:**

Subsequent events have been evaluated through November 7, 2022, which is the date the financial statements were available to be issued.