

**CAREER TRANSITIONS CENTER OF CHICAGO
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**



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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, 2023 and 2022, 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, 2023 and 2022, 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.

A handwritten signature in black ink, appearing to read "Greg Hunter".

**Oak Brook, IL
December 1, 2023**

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

ASSETS

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 95,656	\$ 191,638
Short-term investment	36,117	-
Pledges receivable	27,000	8,118
Other receivable	81,000	-
Prepaid expense	425	491
Property and equipment, net	<u>11,190</u>	<u>14,919</u>
TOTAL ASSETS	\$ <u>251,388</u>	\$ <u>215,166</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 375	\$ -
Deferred revenue	<u>1,000</u>	<u>10,075</u>
Total liabilities	<u>1,375</u>	<u>10,075</u>
Net Assets:		
Without donor restrictions:		
Undesignated	238,823	190,172
Invested in property and equipment	<u>11,190</u>	<u>14,919</u>
Total without donor restrictions	<u>250,013</u>	<u>205,091</u>
With donor restrictions	<u>-</u>	<u>-</u>
Total net assets	<u>250,013</u>	<u>205,091</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>251,388</u>	\$ <u>215,166</u>

See accompanying notes.

**CAREER TRANSITIONS CENTER OF CHICAGO
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023**

	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Public Support and Revenue:			
Public support	\$ 201,064	\$ 201,064	\$ -
Program revenue	75,143	75,143	-
Wine tasting fundraising event (net of expenses of \$19,650)	56,317	56,317	-
Volunteer career coaches	297,850	297,850	-
Investment income	3,078	3,078	-
Other income (see Note 9)	81,118	81,118	-
	<u>714,570</u>	<u>714,570</u>	<u>-</u>
Total support and revenue			
Expenses:			
Program services	565,847	565,847	-
Fundraising	81,161	81,161	-
General and administrative	22,640	22,640	-
	<u>669,648</u>	<u>669,648</u>	<u>-</u>
Total expenses			
Increase (decrease) in net assets	44,922	44,922	-
Net assets: - Beginning of year	<u>205,091</u>	<u>205,091</u>	<u>-</u>
- End of year	<u>\$ 250,013</u>	<u>\$ 250,013</u>	<u>\$ -</u>

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 FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023**

	Total	Program Services	Fundraising	General and Administrative
Contracted personnel	\$ 91,700	\$ 83,731	\$ 3,985	\$ 3,984
Depreciation	3,730	3,171	187	372
Insurance	3,680	3,128	184	368
IT support/Webinars	975	975	-	-
Marketing	2,937	1,469	1,468	-
Miscellaneous	3,334	-	3,334	-
Office expense	27,208	23,127	1,360	2,721
Parking	1,800	1,530	90	180
Professional fees	8,991	2,967	2,967	3,057
Program	7,485	7,485	-	-
Rent	13,200	11,220	660	1,320
Salaries and related payroll taxes	202,568	125,633	66,716	10,219
Telephone	3,551	3,018	178	355
Training supplies and materials	639	543	32	64
Volunteer career coaches	297,850	297,850	-	-
TOTAL FUNCTIONAL EXPENSES	\$ 669,648	\$ 565,847	\$ 81,161	\$ 22,640

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 expenses	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	346,000	346,000	-	-
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
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 44,922	\$ (2,630)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,730	3,730
Change in:		
Pledges receivable	(18,882)	(8,118)
Other receivable	(81,000)	-
Prepaid expense	65	3,795
Accounts payable	375	-
Deferred revenue	<u>(9,075)</u>	<u>(13,954)</u>
Net cash provided (used) by operating activities	<u>(59,865)</u>	<u>(17,177)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	-	(4,855)
Purchase of short-term investment	(36,000)	-
Receipts of interest reinvested	<u>(117)</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>(36,117)</u>	<u>(4,855)</u>
Net increase (decrease) in cash and cash equivalents	(95,982)	(22,032)
Cash and cash equivalents: - Beginning of year	<u>191,638</u>	<u>213,670</u>
- End of year	<u>\$ 95,656</u>	<u>\$ 191,638</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 - Includes undesignated and board-designated resources, with no legal or donor-imposed restrictions. Items affecting this net asset category include program expenses associated with the Center's activities and all other expenses and restricted contributions whose donor-imposed restrictions were met during the year.

With Donor Restrictions - Includes resources with legal or donor-imposed restrictions, including restrictions as to time of utilization of resources and resources for which use is restricted to specific programs and restrictions of gift instruments requiring that principal be invested in perpetuity and investment income be utilized for support of activities. Items affecting this net asset category are restricted contributions and grants. These amounts are reclassified to unrestricted net assets when the restrictions have expired or have been satisfied by expenditures for the intended purposes.

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

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

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.

Short-term investment -

Short-term investment represents a certificate of deposit, which is recorded at cost. The certificate of deposit has a maturity of nine months. Interest on the short-term investment is recognized when received and accrued interest has not been recorded. Interest is paid monthly on the certificate of deposit.

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. Pledges receivable amounted to \$27,000 and \$8,118 at June 30, 2023, and 2022, respectively. All receivables are expected to be collected within a year, therefore, no discounts are applicable.

Property and equipment -

Property 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.

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

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

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 \$1,000 and \$10,075 as of June 30, 2023 and 2022, respectively, which is related to the ensuing fiscal years' projects or fundraisers.

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, 2023 and 2022.

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

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

Revenue recognition (continued) -

• **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, 2023 and 2022, \$297,850 and \$346,000 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.

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:

Cash and cash equivalents	\$ 95,656
Short-term investment	<u>36,117</u>
Total	<u>\$ 131,773</u>

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

NOTE 4: Property and equipment:

Property and equipment consisted of the following:

	Net Carrying Value		Useful Life
	2023	2022	
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	18,649	5 years
Accumulated depreciation	(90,788)	(87,059)	
Property and equipment, net	\$ 11,190	\$ 14,919	

Depreciation expense totaled \$3,730 for the years ended June 30, 2023 and 2022. Improvements are depreciated over the lease term with extensions. See Note 8 for details on the lease arrangement.

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 and \$12,100 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, were \$4,443 and \$4,763, respectively.

NOTE 7: Net assets with donor restrictions:

Net assets of \$-0- and \$100 were released from donor restrictions in the years ended June 30, 2023 and 2022, respectively, for business development. There were no net assets with donor restrictions at June 30, 2023 and June 30, 2022.

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

NOTE 8: 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 \$13,200 and \$12,100 for the years ended June 30, 2023 and 2022, respectively.

The Center leases a copier under a noncancelable operating lease that expires July 30, 2023. Copier expense for the years ended June 30, 2023 and 2022 was \$6,676 and \$6,484, 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>
2024	Party	Party	Party
2025-2027	\$ 12,100	\$ 558	\$ 12,658
	-	-	-

NOTE 9: Employee Retention Credit (ERC):

The Center is eligible for the Employee Retention Credit ("ERC") under the CARES Act. Amounts receivable for the ERC at June 30, 2023 and 2022 were \$81,000 and \$0-, respectively, which represent refunds due on the Form 941-X Adjusted Employer's Quarterly Federal Tax Return of Claim for Refund for the quarters ended March 31, 2021 through September 30, 2021. The 2023 amount receivable is included in the Center's Balance Sheet in "Other receivable" and the related income is included in the Center's Statement of Activities in "Other income".

NOTE 10: Subsequent events:

Subsequent events have been evaluated through December 1, 2023, which is the date the financial statements were available to be issued.