CARINGWORKS, INC.

FINANCIAL STATEMENTS
AND COMPLIANCE REPORTS

As of and for Years Ended December 31, 2021 and 2020

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
CaringWorks, Inc.
Decatur, Georgia

Opinion
We have audited the accompanying financial statements of CaringWorks, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 the Organization as of December 31, 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.

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 the Organization 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.

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 the Organization'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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted 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 the Organization'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 the Organization'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.

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 August 31, 2022, on our consideration of the Organization’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 the Organization’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 the Organization’s internal control over financial reporting and compliance.

Cherry Bekaert LLP

Atlanta, Georgia
August 31, 2022

CARINGWORKS, INC.
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 1,030,925	$ 950,133
Federal and state grants receivable, net	1,129,799	1,200,048
Accounts receivable, net	34,575	17,634
Contributions receivable, net	27,427	16,250
Prepaid expenses and other assets	280,961	71,394
Property and equipment, net	64,894	20,109
Total Assets	$ 2,568,581	$ 2,275,568
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payables and accrued expenses	$ 241,518	$ 176,180
Amounts due to affiliate	24,826	21,315
Deferred revenue	14,400	13,500
Paycheck Protection Program deferred revenue	-	496,850
Total Liabilities	280,744	707,845
Net Assets:		
Without donor restrictions	1,824,537	1,517,723
With donor restrictions	463,300	50,000
Total Net Assets	2,287,837	1,567,723
Total Liabilities and Net Assets	$ 2,568,581	$ 2,275,568

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

CARINGWORKS, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Federal and state grants	$ -	$ 9,053,062	$ 9,053,062
Contributions and private grants	363,266	487,725	850,991
Paycheck Protection Program grant	-	496,850	496,850
Client rental fees	527,910	-	527,910
Contract income	142,768	-	142,768
Management fees	13,440	-	13,440
Miscellaneous income	1,245	-	1,245
Total Support and Revenue	1,048,629	10,037,637	11,086,266
Net assets released from restrictions	9,624,337	(9,624,337)	-
Total Support and Revenue and Net Assets Released from Restrictions	10,672,966	413,300	11,086,266
Expenses:			
Program services	8,795,910	-	8,795,910
Supporting services	1,354,299	-	1,354,299
Fundraising	215,943	-	215,943
Total Expenses	10,366,152	-	10,366,152
Changes in net assets	306,814	413,300	720,114
Net assets, beginning of year	1,517,723	50,000	1,567,723
Net assets, end of year	$ 1,824,537	$ 463,300	$ 2,287,837

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

CARINGWORKS, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Federal and state grants	$ -	$ 8,580,935	$ 8,580,935
Contributions and private grants	271,980	50,000	321,980
Client rental fees	493,681	-	493,681
Contract income	169,260	-	169,260
Special event income	19,429	-	19,429
Management fees	13,440	-	13,440
Miscellaneous income	2,398	-	2,398
Total Support and Revenue	970,188	8,630,935	9,601,123
Net assets released from restrictions	8,580,935	(8,580,935)	-
Total Support and Revenue and Net Assets Released from Restrictions	9,551,123	50,000	9,601,123
Expenses:			
Program services	8,770,761	-	8,770,761
Supporting services	774,585	-	774,585
Fundraising	192,050	-	192,050
Total Expenses	9,737,396	-	9,737,396
Changes in net assets	(186,273)	50,000	(136,273)
Net assets, beginning of year	1,703,996	-	1,703,996
Net assets, end of year	$ 1,517,723	$ 50,000	$ 1,567,723

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

CARINGWORKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 3,055,219	$ 743,079	$ 135,436	$ 3,933,734
Transitional and supportive housing	3,619,035	-	-	3,619,035
Professional and consulting fees	1,278,795	188,219	70,794	1,537,808
Program supplies and other	466,595	207	-	466,802
Client assistance	55,289	-	-	55,289
Office supplies, printing, and other	93,593	138,291	3,793	235,677
Occupancy	34,052	141,408	-	175,460
Insurance and taxes	1,063	128,106	-	129,169
Bad debt	100,000	-	-	100,000
Other	64,433	650	-	65,083
Training and travel	20,980	14,339	177	35,496
Development	-	-	5,743	5,743
Depreciation	6,856	-	-	6,856
Total Expenses	$ 8,795,910	$ 1,354,299	$ 215,943	$ 10,366,152

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

CARINGWORKS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 3,056,685	$ 341,748	$ 134,977	$ 3,533,410
Transitional and supportive housing	3,103,796	-	-	3,103,796
Professional and consulting fees	1,495,089	193,024	44,310	1,732,423
Program supplies and other	375,137	-	-	375,137
Client assistance	458,148	-	-	458,148
Office supplies, printing, and other	93,115	122,369	5,727	221,211
Occupancy	98,397	67,055	-	165,452
Insurance and taxes	63,092	10,341	2,934	76,367
Other	5,485	21,392	-	26,877
Training and travel	16,683	18,656	42	35,381
Development	-	-	4,060	4,060
Depreciation	5,134	-	-	5,134
Total Expenses	$ 8,770,761	$ 774,585	$ 192,050	$ 9,737,396

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

CARINGWORKS, INC.
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Changes in net assets	$ 720,114	$ (136,273)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	6,856	5,134
Provision for bad debt	100,000	-
Changes in:		
Federal and state grants receivable, net	(29,751)	(115,709)
Accounts receivable, net	(16,941)	4,263
Contributions receivable, net	(11,177)	(14,045)
Prepaid expenses and other assets	(209,567)	(23,824)
Accounts payable and accrued expenses	65,338	(82,058)
Amounts due from/to affiliate	3,511	(62,180)
Paycheck Protection Program deferred revenue	(496,850)	496,850
Deferred revenue	900	(13,409)
Net cash flows from operating activities	132,433	58,749
Cash flows from investing activities:		
Purchases of property and equipment	(51,641)	-
Net cash flows from investing activities	(51,641)	-
Net change in cash and cash equivalents	80,792	58,749
Cash and cash equivalents, beginning of year	950,133	891,384
Cash and cash equivalents, end of year	$ 1,030,925	$ 950,133

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

Note 1—Description of the Organization

CaringWorks, Inc. (the "Organization") was formed as a not-for-profit organization under the laws of the state of Georgia in March 2002. The Organization was formed to provide social and supportive programs incorporated with residential housing to promote and facilitate stabilization, self-sufficiency, and community building among the individuals and families served.

The Organization funds most of its programs and operations through federal and state grant funds, contributions, and project/management income. For the years ended December 31, 2021 and 2020, 94% and 93%, respectively, of the Organization's funding came from federal and state grants and contributions and private grants. The Organization's continued operations is dependent upon its continued receipt of this support.

Note 2—Summary of significant accounting policies

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

Net Assets – These financial statements present net assets, revenue, and expenses based on existence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions – Represent those resources that are not subject to donor-imposed restrictions. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions – Represent those resources that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor restrictions.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

Contributions Revenue and Receivable – Contributions are recognized when cash, other assets or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions and grants that are restricted by the donor or grantor are reported as increases in net assets without restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributions, including unconditional promises to give, that are expected to be collected within one year are recognized as revenue in the period received and reported, at net realizable value. At December 31, 2021, there were no contributions receivable. At December 31, 2020, all contributions receivable were expected to be received within one year. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as the age of the receivable, creditworthiness of parties, historical collection experience, and type of contribution. At December 31, 2021 and 2020, management does not believe an allowance for doubtful contributions receivable is necessary.

Note 2—Summary of significant accounting policies (continued)

Federal and State Grants Receivables – Federal and state grants receivables are reported net of allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivable that would be collected based on periodic review such factors as of age of federal and state grants receivable historical collection experience and subsequent collection activity. At December 31, 2021 and 2020, an allowance for doubtful accounts is not considered necessary since all federal and state grants receivables are considered collectible by management.

Accounts Receivable – Accounts receivables are reported net of an allowance for doubtful accounts. An allowance for uncollectible accounts receivable is provided based upon management's judgment, including such factors as the age of the receivable, creditworthiness of parties, historical collection experience, and type of revenue. At December 31, 2021 and 2020, an allowance for doubtful accounts is not considered necessary since all receivables are considered collectible by management.

Revenue Recognition – The Organization recognizes revenue in accordance with Accounting Standards Codification ("ASC") 606, the core principle of which is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods and services. To achieve this core principle, five basic criteria must be met before revenue can be recognized: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to performance obligations in the contract; and (5) recognize revenue when or as the Organization satisfies a performance obligation.

The Organization accounts for revenue when both parties to the contract have approved the contract, the rights and obligations of the parties are identified, payment terms are identified, and collectability of consideration is probable. Payment terms and services offered vary by client.

The Organization has one primary sources of exchange revenue which is professional services recognized as contract income and management fees in the statements of activities. Professional services relating to therapy, health and wellness services, and for management services is recognized at a point in time. While the Organization believes the performance obligation is completed as the performance obligation is transferred to the customer, generally over time, these professional services are generally for short time periods. Based on this, the Organization determined performance over time approximates point in time recognition. In certain instances, the Organization qualifies for the right-to-invoice practical expedient, which results in revenue recognition at the time the Organization has the right to invoice for the work performed.

Client Rental Fees – Client rental fees are recognized on a straight-line basis under which contractual rent increases are recognized equally over the lease term. Rental income recorded on the straight-line method in excess of the rents billed is recognized as other receivables.

Deferred Revenue – Deferred revenue represents income which have been received, but for which the prescribed services have not yet been performed as estimated by management. This revenue will be recognized as income when the related services are provided.

Property and Equipment – These assets are stated at cost at date of acquisition for assets purchased or fair value at date of donation in the case of gifts, less an allowance for accumulated depreciation. Acquisitions of property and equipment in excess of $5,000 are capitalized. Expenditures for new construction, major renewals, and replacements are capitalized. Expenditures for maintenance, repairs and minor renewals, and replacements of minor non-depreciable equipment are charged to expense as incurred. Depreciation is provided primarily using the straight-line method over the estimated useful lives of the related assets, which is generally three to ten years.

Note 2—Summary of significant accounting policies (continued)

Functional Allocation of Expenses – The costs of providing program and supporting services have been reported on a functional basis in the accompanying statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

Certain costs within the following expense lines were allocated on the following basis:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Occupancy	Square footage
Insurance and taxes	Ratio of functional salaries expense as percentage of total

Income Tax Status – The Organization is exempt from income taxes pursuant to Section 501(a) as organizations defined in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for federal income taxes has been made. The Organization has evaluated the effect of U.S. GAAP guidance on Accounting for Uncertainty in Income Taxes. Management believes the Organization continues to satisfy the requirements of a tax-exempt organization and, therefore, had no uncertain income tax positions at December 31, 2021.

Concentrations of Credit Risk – Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of cash and cash equivalents. The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers $250,000 for substantially all depository accounts. Cash balances may at times exceed federally insured limits. At December 31, 2021, balances in excess of federally insured limits were approximately $657,000.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect various amounts reported in the financial statements and accompanying notes to the financial statements. Accordingly, actual results could differ from those estimates.

Upcoming Accounting Pronouncements – In February 2016, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases, (Topic 842),* increasing the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. This standard is effective for the year ending December 31, 2022. FASB ASU 2016-02 is not expected to have a material impact on the Organization's financial statements.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The guidance in this ASU will require not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized, the following will have to be disclosed: (1) qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, an not-for-profit will disclose a description of the programs or other activities in which those assets were used; (2) the not-for-profit's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; (3) a description of any donor-imposed restrictions associated with the contributed nonfinancial assets; and (4) a description of the valuation techniques and inputs used to arrive at a fair value measure, in accordance with the requirements in Topic 820*, Fair Value Measurement*, at initial recognition. This standard is effective for the year ending December 31, 2022. Management is currently evaluating the impact of this standard on the Organization's financial statements.

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures, which is, without donor or other restrictions limiting their use, within one year at December 31:

	2021	2020
Cash and cash equivalents	$ 1,030,925	$ 950,133
Federal and state grant receivables, net	1,129,799	1,200,048
Accounts receivable, net	34,575	17,634
Contributions receivable, net	27,427	16,250
Financial assets	2,222,726	2,184,065
Less net assets unavailable to meet cash needs for general expenditures within one year:		
Subject to purposes and time restrictions	463,300	50,000
Financial assets available to be used within one year	$ 1,759,426	$ 2,134,065

The Organization is substantially supported by contributions and grants. Because donor restrictions require resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

As part of the Organization's liquidity management, it structures financial assets to be available for general expenditures, liabilities, and other obligations as they come due. In addition, to help manage unanticipated liquidity needs the Organization has a committed line of credit of $300,000 which it can draw upon; see Note 5.

Note 4—Property and equipment, net

Property and equipment, net is comprised of the following at December 31:

	2021	2020
Computer equipment	$ 57,910	$ 57,910
Vehicles	77,312	25,671
Furniture	11,712	11,712
	146,934	95,293
Less accumulated depreciation	(82,040)	(75,184)
Property and equipment, net	$ 64,894	$ 20,109

Depreciation expense for the years ended December 31, 2021 and 2020 was $6,856 and $5,134, respectively.

Note 5—Line of credit

During 2019, the Organization entered into an agreement with a bank for a secured line of credit in the amount of $300,000. Pursuant to the terms of the agreement, interest shall accrue at the Prime Rate plus 0.840%. During the years ended December 31, 2021 and 2020, no draws were made on the line of credit. The line of credit had an original maturity date of January 28, 2021. On February 1, 2022, the Organization entered into an agreement that extended its line of credit maturity date to April 3, 2023.

Note 6—Coronavirus Aid, Relief and Economic Security Act

In accordance with Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), signed March 27, 2020, the RCIE applied for and received a Paycheck Protection Program (“PPP”) loan on April 30, 2020, totaling $496,850. PPP loans are accounted and reported as conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The application for the PPP loan requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Organization. This certification further requires the Organization to take into account its current business activity and its ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the Organization having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan.

The Organization received forgiveness from the SBA in full for its PPP loan on April 29, 2021. As a result, the Organization recognized grant revenue of $496,850 during the year ended December 31, 2021, in the statement of activities.

Note 7—Net assets with donor restrictions

Net assets with donor restrictions at December 31 consisted of the following:

	2021	2020
Subject to expenditure for specified purpose:		
Capacity building	$ 350,000	$ -
Hope House aftercare program	62,725	-
Cardiovascular disease grant	25,575	-
Move program in Dekalb	25,000	-
Community resilience training	-	50,000
Total subject to expenditure for specified purpose	$ 463,300	$ 50,000

Note 7—Net assets with donor restrictions (continued)

Net assets were released during the year from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows for the years ended December 31:

	2021	2020
Satisfaction of purpose restrictions:		
Federal and state grants	$ 9,053,062	$ 8,580,935
PPP qualified expenses	496,850	-
Cardiovascular disease grant	24,425	-
Community resilience training	50,000	-
Net assets released for satisfaction of purpose restrictions	$ 9,624,337	$ 8,580,935

Note 8—Commitments and contingencies

Operating Leases – The Organization has two leases for office space in Decatur, Georgia and Conyers, Georgia, expiring in August 2026 and November 2021, respectively, as well as one operating equipment lease expiring in 2024. Rent expense was $121,254 and $133,725 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments required under these leases at December 31, 2021 are as follows:

2022	$ 108,132
2023	110,860
2024	97,997
2025	99,468
2026	67,624
	$ 484,081

Note 9—Related party

Progressive Hope House Inc. (“PHHI”) is a substance abuse residential rehab facility in Atlanta, Georgia that provides treatment to men with drug addiction and other substance abuse problems. PHHI is affiliated with the Organization through management and board oversight.

The Organization utilizes the residential and treatment services provided by PHHI to fulfill some of its programmatic requirements. Total amounts paid to PHHI for these services were $302,445 and $265,657 for the years ended December 31, 2021 and 2020, respectively. Total amounts due to PHHI at December 31, 2021 and 2020 were $24,826 and $21,315, respectively.

PHHI reimburses the Organization for certain payroll and benefits costs and certain other costs on behalf of the PHHI. The amounts paid by the Organization on PHHI’s behalf during the years ended December 31, 2021 and 2020 were $73,599 and $65,918, respectively. At December 31, 2021, amounts due from PHHI to the Organization related to these costs were $7,634. There were no reimbursements due from PHHI to the Organization related to these costs at December 31, 2020.

Note 9—Related party (continued)

The Organization also has an agreement with PHHI to perform monthly property management services related to its sole facility. Total management fees received by the Organization from PHHI during the years ended December 31, 2021 and 2020 were $13,440 and $13,440, respectively. There no management fees due from PHHI at December 31, 2021 and 2020.

During the year ended December 31, 2021, the Organization received contributions totaling $363,797 that PHHI was the named beneficiary. These amounts were treated as pass-through funds.

Note 10—Contingencies and uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus ("COVID-19") outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or stay-at-home restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Organization operates.

While it is unknown how long these conditions will last and what the complete financial impact will be, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of the business/operations and are unable at this time to predict the continued impact that COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties.

Note 11—Subsequent events

The Organization's management evaluated subsequent events through August 31, 2022, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure, except for the line of credit extension discussed in Note 5.

COMPLIANCE SECTION

Report of Independent Auditor 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
CaringWorks, Inc.
Decatur, Georgia

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 CaringWorks, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 31, 2022.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Organization'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.

Cherry Bekaert LLP

Atlanta, Georgia
August 31, 2022

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
CaringWorks, Inc.
Decatur, Georgia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited CaringWorks, Inc. (a nonprofit organization) (the "Organization") 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 the Organization's major federal programs for the year ended December 31, 2021. The Organization'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, the Organization 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 December 31, 2021.

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 the Organization 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 the Organization'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 the Organization'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 the Organization'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 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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.

Cherry Bekaert LLP

Atlanta, Georgia
August 31, 2022

Federal Grantor/(Pass-Through Grantor)/Program Title	Assistance Listing Number	Grant/Contact Number	Federal Expenditures
U.S. Department of Veterans Affairs			
Direct Programs			
VA Supportive Services for Veteran Families Program	64.033	VA24716D0085	$ 182,272
VA Homeless Providers Grant and Per Diem Program (GPD)	64.024	FAIN CWKS081-1312-508-PD-21	136,526
Total U.S. Department of Veterans Affairs			318,798
U.S. Department of Housing and Urban Development			
Direct Programs			
Continuum of Care Program	14.267	GA0153L4B001908	113,801
Continuum of Care Program	14.267	GA0153L4B002009	58,395
Continuum of Care Program	14.267	GA0197L4B021908	361,411
Continuum of Care Program	14.267	GA0197L4B022009	31,697
Continuum of Care Program	14.267	GA0349L4B001902	60,524
Continuum of Care Program	14.267	GA0349L4B002003	140,829
Continuum of Care Program	14.267	GA0254L4B001906	681,490
Continuum of Care Program	14.267	GA0254L4B002007	64,059
Continuum of Care Program	14.267	GA0198L4B081908	477,749
Continuum of Care Program	14.267	GA0198L4B082009	34,666
Continuum of Care Program	14.267	GA0390L4B021900	183,924
Continuum of Care Program	14.267	GA0390L4B022001	84,346
Subtotal Continuum of Care Program - Direct			2,292,891
Pass-Through from Georgia Department of Housing and Finance Authority			
Continuum of Care Program	14.267	201919SSPC19C314	98,249
Continuum of Care Program	14.267	201919SSPC19C425	133,802
Continuum of Care Program	14.267	201818SSPC18C312	541,095
Continuum of Care Program	14.267	201919SSPC19C316	248,020
Continuum of Care Program	14.267	201919SSPC19C427	371,104
Continuum of Care Program	14.267	201919SSPC19C310	114,356
Continuum of Care Program	14.267	201919SSPC19C429	42,075
Subtotal Continuum of Care Program - Pass-Through			1,548,701
Total Continuum of Care Program			3,841,592
Pass-Through from City of Atlanta			
Housing Opportunities for Persons with AIDS	14.241	250132581	90,000
Housing Opportunities for Persons with AIDS - COVID	14.241	250132582	64,798
			154,798
Pass-Through from City of Atlanta			
Community Development Block Grants/Entitlement Grants	14.218	220132553	(5,818)
			(5,818)
Total U.S. Department of Housing and Urban Development			3,990,572

CARINGWORKS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

YEAR ENDED DECEMBER 31, 2021

Federal Grantor/(Pass-Through Grantor)/Program Title	Assistance Listing Number	Grant/Contact Number	Federal Expenditures
U.S. Department of Health and Human Services			
Direct Programs			
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	1H79SM080640-01	$ 498,258
Mental Helath Block Grant	93.958	1H79SM085467-01	22,070
			520,328
Pass-Through from Georgia Department of Behavioral Health and Development Disabilities			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44100-906-0000145574	54,167
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44100-906-0000161886	75,833
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44100-263-0262021018	18,888
			148,888
Total U.S. Department of Health and Human Services			669,216
U.S. Department of Treasury			
Pass-Through from Fulton County ARPA			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	44100-263-0262021018	49,981
Total U.S. Department of Treasury			49,981
Total Expenditures of Federal Awards			**$ 5,028,567**

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of CaringWorks, Inc. (the "Organization"). The information in the Schedule is presented in accordance with the requirements 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"). Therefore, certain amounts presented in the Schedule may differ from amounts presented in or used in the presentation of the Organization's financial statements.

Note 2—Summary of significant accounting policies

Basis of Accounting – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance; wherein certain types of expenditures are not allowable.

Indirect Cost Rate – The Organization has not elected to use the 10% de minis indirect cost rate as allowed under the Uniform Guidance.

Cost Principles – The cost principles applicable to the expenditures on the Schedule include OMB Circular A-122, Cost Principles for Non-Profit Organizations, for grant awards made before December 26, 2014, or Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* for grant awards made after December 26, 2014. These principles identify certain types of expenditures that are not allowable or are limited as to reimbursement.

Awards Passed Through to Subrecipients – There were no awards passed through to subrecipients by the Organization for the year ended December 31, 2021.

Noncash Awards – The Organization did not receive noncash federal awards during the year ended December 31, 2021.

Note 3—Assistance Listing numbers

All programs included in the Schedule are presented by Federal agency and major subdivision within the Federal agency. Pass-through awards have been presented as pass-through entity and Federal identification number or pass-through entity identification number, when available.

Note 4—Contingencies

Federal and state programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Organization's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

CARINGWORKS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2021

Section I: Summary of Auditor's Results

Combined Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	_______	yes	X	no
• Significant deficiency(ies) identified?	_______	yes	X	none reported
Noncompliance material to financial statements noted?	_______	yes	X	no

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	_______	yes	X	no
• Significant deficiency(ies) identified?	_______	yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported under 2 CFR section 200.516(a)?	_______	yes	X	no

Major Programs

The programs tested as major programs of CaringWorks, Inc. included:

AL#	Name of Federal Program
14.267	Continuum of Care Program

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee?	X	yes	_______	no

Section II: Financial Statement Findings

None reported

Section III: Federal Awards Findings and Questioned Costs

None reported.

Section IV: Prior Year Findings

Finding 2020-001 Monthly and Year-End Closing Process

Statement of Condition: The year-end closing process for the year ended December 31, 2020 extended over a prolonged period because important routine monthly/quarterly accounting procedures were not performed during the fiscal year. The results were delays in producing closing entries, trial balances, schedules, reconciliations, account analysis, the schedule of expenditures of federal awards, and other financial reports needed by management and the auditors.

Recommendation: We recommend reconciliations between the general ledger and subsidiary ledgers/accounting records be performed regularly; either monthly or quarterly depending on the nature of the account. Reconciling items identified should also be investigated timely and adjustments recorded to properly state balances in the general ledger. Evidence of performance and review of these monthly reconciliations should also be maintained.

In addition, we believe the year-end closing could proceed more quickly and efficiently if a year-end closing schedule is developed that indicates who will perform each procedure and when completion of each procedure is due and accomplished. The timing of specific procedures could be coordinated with the timing of management's or the auditor's need for the information. This would also allow for monitoring of due dates to ensure all deadlines are met.

Current Status: Finding resolved.

Finding 2020-002 – Documentation of Significant Accounting and Grant Management Policies and Procedures

Statement of Condition: The Organization has certain accounting and grant management policies and procedures that are either outdated or not documented.

Recommendation: We recommend the Organization establish a plan to inventory, review, and update its general and federal grant accounting policies and procedures over a period of time; assigning priority to the most significant processes. The benefits will be:

- Establishment of consistent practices;
- Improve accounting and bookkeeping responsibilities;
- Reduce the likelihood of errors and assist in the preparation of timely and accurate monthly financial statements;
- Aid in review by management for adherence to the Organization's policies;
- Aid in the training of new personnel;
- Provide the Organization with a source of information when there is personnel transition; and
- Aid in the documentation of its compliance with Uniform Guidance requirements.

Current Status: Finding resolved.

Section IV: Prior Year Findings (continued)

Finding 2020-003 – Lack of evidence of rent reasonableness tests

Compliance Requirement: Special Tests and Provisions – Reasonable Rental Rates (AL# 14.267)

Statement of Condition: The Organization did not maintain documentation to evidence the rent reasonableness tests it performed or produce evidence of a waiver of these requirements from the granting agency.

Recommendation: The Organization should review and document its system of internal control which provides for reasonable assurance that required documentation to support compliance requirements under the grant agreement is maintained. Any waiver of those requirements should be received in writing and maintained.

Current Status: Finding resolved.