

**CARINGWORKS, INC.**

**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2025, AND 2024**  
**and**  
**SUPPLEMENTARY INFORMATION**

**With**  
**INDEPENDENT AUDITORS' REPORT**

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**INDEPENDENT AUDITORS' REPORT**

**To the Board of Directors  
CaringWorks, Inc.**

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of CaringWorks, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, 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, 2025 and 2024, 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 ("GAAP").

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") 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 Auditors' 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 opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date of this report.

***Auditors' 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 auditors' 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 GAAS and Government 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 can arise from fraud or error and 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 GAAS and Government 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, which 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.

## **Other Matters**

### ***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 expenditure on 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 May 20, 2026, 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.

*Smith and Howard, PC*

Atlanta, GA  
May 20, 2026

**CARINGWORKS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2025 AND 2024**

**ASSETS**

	<u><b>2025</b></u>	<u><b>2024</b></u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,146,534	\$ 733,240
Funds held for others	150,000	-
Federal and state grants receivable, net	557,208	932,969
Accounts receivable, net	209,361	150,091
Employee Retention Credit receivable	1,345,434	1,538,034
Prepaid expenses and other assets	30,571	40,883
Right-of-use assets	144,964	303,587
Property and equipment, net	<u>121,247</u>	<u>38,906</u>
Total Assets	<u><u>\$ 3,705,319</u></u>	<u><u>\$ 3,737,710</u></u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payables and accrued expenses	\$ 304,805	\$ 810,844
Line of credit	191,313	250,000
Related party loans	151,802	200,000
Funds held for others	150,000	-
Related party payables, net	333,078	-
Loan payable	424,323	500,000
Deferred revenue	-	32,400
Operating lease liabilities	<u>158,870</u>	<u>326,966</u>
Total Liabilities	<u>1,714,191</u>	<u>2,120,210</u>
 <b>Net Assets</b>		
Without donor restrictions	1,788,277	1,475,592
With donor restrictions	<u>202,851</u>	<u>141,908</u>
Total Net Assets	<u>1,991,128</u>	<u>1,617,500</u>
Total Liabilities and Net Assets	<u><u>\$ 3,705,319</u></u>	<u><u>\$ 3,737,710</u></u>

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

**CARINGWORKS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Federal and state grants	\$ -	\$ 9,431,331	\$ 9,431,331
Contributions and private grants	589,826	330,424	920,250
Client rental fees	480,186	-	480,186
Contract income	22,502	-	22,502
Program income	2,507	-	2,507
Management fees	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total Support and Revenue	1,195,021	9,761,755	10,956,776
Net assets released from restrictions	<u>9,700,812</u>	<u>(9,700,812)</u>	<u>-</u>
Total Support and Revenue and Net Assets Released from Restrictions	<u>10,895,833</u>	<u>60,943</u>	<u>10,956,776</u>
Expenses			
Program services	9,435,073	-	9,435,073
Management and general	1,011,795	-	1,011,795
Fundraising	<u>136,280</u>	<u>-</u>	<u>136,280</u>
Total Expenses	<u>10,583,148</u>	<u>-</u>	<u>10,583,148</u>
Change in Net Assets	312,685	60,943	373,628
Net Assets, Beginning of Year	<u>1,475,592</u>	<u>141,908</u>	<u>1,617,500</u>
Net Assets, End of Year	<u>\$ 1,788,277</u>	<u>\$ 202,851</u>	<u>\$ 1,991,128</u>

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

**CARINGWORKS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Federal and state grants	\$ -	\$ 9,286,922	\$ 9,286,922
Contributions and private grants	687,800	140,000	827,800
Client rental fees	459,284	-	459,284
Contract income	37,362	-	37,362
Management fees	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total Support and Revenue	1,284,446	9,426,922	10,711,368
Net assets released from restrictions	<u>9,316,497</u>	<u>(9,316,497)</u>	<u>-</u>
Total Support and Revenue and Net Assets Released from Restrictions	<u>10,600,943</u>	<u>110,425</u>	<u>10,711,368</u>
Expenses			
Program services	9,548,639	-	9,548,639
Management and general	1,191,270	-	1,191,270
Fundraising	<u>129,748</u>	<u>-</u>	<u>129,748</u>
Total Expenses	<u>10,869,657</u>	<u>-</u>	<u>10,869,657</u>
Change in Net Assets	(268,714)	110,425	(158,289)
Net Assets, Beginning of Year	<u>1,744,306</u>	<u>31,483</u>	<u>1,775,789</u>
Net Assets, End of Year	<u>\$ 1,475,592</u>	<u>\$ 141,908</u>	<u>\$ 1,617,500</u>

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

**CARINGWORKS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2025**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>Management and General</b>	<b>Fundraising</b>	
Salaries and benefits	\$ 3,091,137	\$ 449,844	\$ -	\$ 3,540,981
Transitional and supportive housing	4,399,619	-	-	4,399,619
Professional and consulting fees	770,878	109,430	131,274	1,011,582
Program supplies	641,484	34,565	-	676,049
Office supplies and printing	71,602	96,522	3,614	171,738
Occupancy	61,564	128,085	-	189,649
Insurance and taxes	1,959	158,456	-	160,415
Client assistance	319,147	-	-	319,147
Training and travel	31,662	1,638	-	33,300
Development	3,127	-	1,392	4,519
Depreciation	27,089	-	-	27,089
Other	15,805	33,255	-	49,060
<b>Total Expenses</b>	<b>\$ 9,435,073</b>	<b>\$ 1,011,795</b>	<b>\$ 136,280</b>	<b>\$ 10,583,148</b>

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

**CARINGWORKS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2024**

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total Expenses</b>
		<b>Management and General</b>	<b>Fundraising</b>	
Salaries and benefits	\$ 3,372,493	\$ 575,705	\$ -	\$ 3,948,198
Transitional and supportive housing	4,316,917	-	-	4,316,917
Professional and consulting fees	868,482	128,313	126,241	1,123,036
Program supplies	642,603	-	-	642,603
Office supplies and printing	79,231	99,772	3,144	182,147
Occupancy	97,713	132,994	-	230,707
Insurance and taxes	2,814	219,048	-	221,862
Client assistance	105,541	-	-	105,541
Training and travel	32,573	5,439	-	38,012
Development	501	-	363	864
Depreciation	23,113	-	-	23,113
Other	6,658	29,999	-	36,657
<b>Total Expenses</b>	<b>\$ 9,548,639</b>	<b>\$ 1,191,270</b>	<b>\$ 129,748</b>	<b>\$ 10,869,657</b>

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

**CARINGWORKS, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 373,628	\$ (158,289)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,089	23,113
Lease expense	165,813	165,813
Payments on operating lease liabilities	(175,286)	(160,359)
Changes in operating assets and liabilities:		
Federal and state grants receivable, net	375,761	292,694
Accounts receivable, net	(59,270)	(102,532)
Employee Retention Credit receivable	192,600	-
Related party payable, net	333,078	(209,714)
Prepaid expenses and other assets	10,312	(10,931)
Accounts payable and accrued expenses	(506,039)	311,035
Deferred revenue	(32,400)	10,800
	<u>705,286</u>	<u>161,630</u>
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Purchases of property and equipment	(109,430)	-
	<u>(109,430)</u>	<u>-</u>
Net Cash Required by Investing Activities		
Cash Flows from Financing Activities:		
Borrowings (repayments) on notes payable	(75,677)	500,000
Repayments on line of credit	(58,687)	(250,000)
Repayments on related party loans	(48,198)	-
	<u>(182,562)</u>	<u>250,000</u>
Net Cash Provided by Financing Activities		
Change in Cash and Cash Equivalents	413,294	411,630
Cash and Cash Equivalents at Beginning of Year	<u>733,240</u>	<u>321,610</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,146,534</u>	<u>\$ 733,240</u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash Paid during the Year for:		
Interest	<u>\$ 16,983</u>	<u>\$ 29,462</u>

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

**CARINGWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, AND 2024**

**NOTE 1 – NATURE OF 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. For both the years ended December 31, 2025, and 2024, 86% of the Organization's funding came from federal and state grants. The Organization’s continued operations are 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

The Organization’s net assets and its support and revenues are classified based on existence or absence of donor-imposed restrictions using the following net asset classifications:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the 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. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no restricted donor net assets of a perpetual nature at December 31, 2025 or 2024.

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable, prepaid expenses, other current assets, accounts payable, and accrued expenses are carried at amounts which approximate their fair value due to the short-term nature of these instruments.

**CARINGWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, AND 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, federal and state grants receivable, and accounts receivable. All cash and highly liquid investments with maturities of three months or less are considered cash equivalents. At times, cash and cash equivalent balances may exceed federally insured amounts. Management believes that cash and other investments are maintained at financial institutions with high credit ratings that would, accordingly, carry a low risk of potential loss. Management continually monitors receivable balances and believes that its exposure to credit risk is limited. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying financial statements.

Contribution 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, including unconditional promises to give, that are expected to be collected within one year, are recognized as revenue in the period received and reported a net realizable value. At December 31, 2025, and 2024, all contributions receivable reported within accounts 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, 2025, and 2024, management does not believe an allowance for doubtful contributions receivable is necessary.

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 of such factors as of age of federal and state grants receivable historical collection experience and subsequent collection activity. At December 31, 2025, and 2024, an allowance for doubtful accounts is not considered necessary since all federal and state grants receivables are considered collectible by management.

**CARINGWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, AND 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2025, and 2024, an allowance for doubtful accounts is not considered necessary since all receivables are considered collectible by management.

Employee Retention Credit

As part of the Coronavirus Aid, Relief and Economic Stabilization Act (the "CARES" Act), employers have the option to participate in the Employee Retention Credit ("ERC"). The ERC is a benefit provided through payroll tax credits to encourage maintaining employee headcounts throughout the Coronavirus pandemic. The Organization is treating the ERC as a conditional grant and records revenue when the conditions are substantially met. The Organization has met the conditions required by the ERC and recognized revenue and a related receivable of \$1,538,034 during 2023. During 2025, the Organization received \$192,600 for the ERC and has a remaining receivable balance of \$1,345,434 for the year ended December 31, 2025.

Revenue Recognition

The Organization's primary source of exchange revenue is professional services, which is recognized as contract income and management fees in the accompanying statements of activities. Revenues from professional services, including therapy, health and wellness, and management services, are recognized at the point in time when the services are rendered. All amounts are billed at the time of service and recognized based on the expected rate for the particular service provided. Deferred revenue represents amounts 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.

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.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state and other contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions.

**CARINGWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, AND 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets (two to five years). Total depreciation expense was \$27,089 and \$23,113 for the years ended December 31, 2025, and 2024, respectively. Acquisitions of property and equipment in excess of \$5,000 are capitalized. Expenditures for maintenance, repairs and minor renewals, and replacements of minor non-depreciable equipment are charged to expenses as incurred.

Functional Allocation of Expenses

The costs of providing program and other activities are summarized on a functional basis in the accompanying statements of activities. The accompanying statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated between the Organization's program and supporting services. Such allocations are determined by management on an equitable basis. Examples of expenses that are allocated include salaries and benefits, which are allocated on the basis of time and effort as well as occupancy costs, which are allocated on a square footage basis. Other costs, such as insurance and taxes, are allocated based on the ratio of the functional category's salaries expense as a percentage of total salaries expense as a best estimate of actual usage.

Income Taxes

The Organization is exempt from federal income taxes under the provisions of Section 501(a) of the Internal Revenue Code (the "Code"), as an organization described in Section 501(c)(3) of the Code of 1986, as amended. Accordingly, the Organization is exempt from federal income taxes except for any unrelated business income which is subject to unrelated business income tax.

The Organization annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Organization takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Organization is subject to examination by the federal and state taxing authorities. In general, the Organization is no longer subject to tax examinations for the tax years ending before December 31, 2022.

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.

**CARINGWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, AND 2024**

**NOTE 3 – LIQUIDITY, AVAILABILITY AND REALIZATION OF ASSETS**

The Organization is substantially supported by grants and public donations. Additionally, a significant amount of contributions with donor restrictions are received each year for various programs. As a donor's restrictions require funds to be used in a particular manner or in a future period, the Organization maintains those restricted funds so that they are available to meet those responsibilities as they are required to be met. Accordingly, related financial assets are not available to the Organization for its general expenditures. The Organization considers contributions with donor restrictions for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditure may be incurred for program, administrative, or fundraising purposes.

The Organization's financial assets (reduced by amounts not available for general use because of donor-imposed restrictions) available within one year after this date to satisfy liabilities at this date and for future general expenditures within one year as of December 31 are as follows:

	<u>2025</u>	<u>2024</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 1,146,534	\$ 733,240
Federal and state grant receivables, net	557,208	932,969
Employee Retention Credit receivable	1,345,434	1,538,034
Accounts receivable, net	<u>209,361</u>	<u>150,091</u>
Total financial assets	3,258,537	3,354,334
Less amounts not available for general expenditures within one year:		
Subject to purpose and time restrictions	<u>(202,851)</u>	<u>(141,908)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,055,686</u>	<u>\$ 3,212,426</u>

The financial statements have been prepared on a going concern basis, which assumes that the Organization will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The Organization believes it has the assets to operate into the foreseeable future. The Organization has developed a cash flow projection which is dependent on the Organization being able to continue to receive funding for their programs from federal and state agencies as well as raise contributions. The Organization has also prepared a cash flow projection if the ERC funding continues to be delayed and not received within the next year. The Organization's plan also includes reduction in operating expenses.

**CARINGWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, AND 2024**

**NOTE 4 – PROPERTY AND EQUIPMENT, NET**

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

	<u><b>2025</b></u>	<u><b>2024</b></u>
Computer equipment	\$ 57,910	\$ 57,910
Vehicles	215,799	115,561
Furniture	<u>20,903</u>	<u>11,712</u>
	294,612	185,183
Less: accumulated depreciation	<u>(173,365)</u>	<u>(146,277)</u>
	<u><u>\$ 121,247</u></u>	<u><u>\$ 38,906</u></u>

**NOTE 5 – OPERATING LEASE COMMITMENTS**

The Organization leases office space under arrangements that qualify as non-cancelable operating leases through 2027. The Organization has recorded ROU assets and operating lease liabilities which represents the present value of future lease payments. The weighted average remaining lease term is one year, and the weighted average discount rate is 1.47%, based on treasury rates effective January 2022 applied to each lease in accordance with their remaining lease terms.

At December 31, 2025, the Organization’s operating lease liabilities were comprised of the following:

Gross operating lease liabilities	\$ 160,218
Less: imputed interest	<u>(1,348)</u>
Present value of operating lease liabilities	<u><u>\$ 158,870</u></u>

The schedule below summarizes the future minimum annual lease obligations for the years ending December 31:

2026	\$ 136,303
2027	<u>23,915</u>
	160,218
Less: imputed interest	<u>(1,348)</u>
	<u><u>\$ 158,870</u></u>

**NOTE 6 – LINE OF CREDIT**

The Organization has a line of credit with a financial institution which provided for maximum borrowings with a maximum borrowing of \$250,000 matures on April 1, 2029. The interest rate on the line of credit is equal to an annual rate of 6.125%. The financial institution has been granted a second-priority security interest in, and a continuing lien on, all property together with all cash and non-cash proceeds of such property and all rights to payment and other rights arising from the Organization’s interest in such property.

**CARINGWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, AND 2024**

**NOTE 6 – LINE OF CREDIT (Continued)**

The line of credit had an outstanding balance of \$191,313 and \$250,000 at December 31, 2025, and 2024, respectively.

The line of credit held by the Organization is subject to a first-loss guarantee provided by a third party, under which the guarantor absorbs initial losses on the covered portfolio up to \$50,000. The guarantee is intended to mitigate the Organization's exposure to credit losses and is considered in the evaluation of expected credit losses. The underlying loan is presented gross on the statements of financial position. Management continues to assess credit risk on the portfolio and the financial capacity of the guarantor.

**NOTE 7 – NOTE PAYABLE**

During 2024, the Organization entered into a note payable with a foundation which included borrowings of \$500,000. The interest rate on the note payable is equal to an annual rate of 3.00%. The note payable had an outstanding balance of \$424,323 and \$500,000 on December 31, 2025 and 2024, respectively. The loan's final maturity will be when the last remaining ERC claim is either paid or denied by the US Treasury.

**NOTE 8 – RELATED PARTY LOANS AND TRANSACTIONS**

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 \$335,998 and \$277,410 for the years ended December 31, 2025, and 2024, respectively. PHHI reimburses the Organization for certain payroll and benefits costs and certain other costs on behalf of PHHI. The amounts paid by the Organization on PHHI's behalf during the years ended December 31, 2025, and 2024 were \$114,790 and \$114,382, respectively. The total amounts resulted in a net payable balance to PHHI of \$333,078 on December 31, 2025.

During 2023, the Organization obtained a promissory note from PHHI, with an outstanding balance on December 31, 2025, and 2024, respectively, of \$100,000, and interest bearing 5.06% per annum on the unpaid principal balance. On November 30, 2025, the note was amended requiring a \$25,000 installment due on February 28, 2026, followed by 11 equal monthly installments of \$6,818 through February 28, 2027.

**CARINGWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, AND 2024**

**NOTE 8 – RELATED PARTY LOANS AND TRANSACTIONS (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, 2025, and 2024, respectively, were \$100,000.

During 2023, the Organization obtained a promissory note from a related party, with an outstanding balance on December 31, 2025, and 2024, of \$51,082 and \$100,000, respectively, and interest bearing 5.06% per annum on the unpaid principal balance. During 2024, accrued interest was payable quarterly on the thirtieth (30<sup>th</sup>) day of the calendar quarter following the calendar quarter in which it accrues, beginning on January 30, 2024. During 2025, the note payable was amended to an interest bearing 0% per annum on the unpaid of \$62,162 to be paid in 12 monthly installments of \$5,180 through November 30, 2026.

**NOTE 9 – FUNDS HELD FOR OTHERS**

The Organization received grant funding from private foundations totaling \$150,000 that are designated for capital improvements to the Hope House facility and are intended for the benefit of PHHI. The Organization is acting solely as an agent in administering these funds and does not retain variance power or discretion over the use of these funds beyond administrative processing.

**NOTE 10 – NET ASSETS WITH DONOR RESTRICTION**

Net assets with donor restrictions are comprised of funds the Organization has received subject to donor-imposed or time restrictions consisting of the following on December 31:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Multi-year pledges	\$ 125,000	\$ -
Deaf Bridges to Recovery	-	15,000
MOVE Dekalb	1,839	126,839
Google AI Accelerator	29,412	-
Support Behavioral Health	25,000	-
Fulton County ReEntry Program	21,600	-
TeleHealth infrastructure	-	69
Total net assets with donor restrictions	<u>\$ 202,851</u>	<u>\$ 141,908</u>

**CARINGWORKS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025, AND 2024**

NOTE 10 – NET ASSETS WITH DONOR RESTRICTION (Continued)

Net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by the donors as follow during the years ended December 31:

	<u><b>2025</b></u>	<u><b>2024</b></u>
Federal and state grants	\$ 9,431,331	\$ 9,286,922
Multi-year pledges	175,000	-
Deaf Bridges to Recovery	15,000	-
MOVE Dekalb	50,000	-
Google AI Accelerator	29,412	-
TeleHealth Infrastructure	69	-
Capacity building	<u>-</u>	<u>29,575</u>
Total net assets released from donor restrictions	<u>\$ 9,700,812</u>	<u>\$ 9,316,497</u>

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 20, 2026, which is the date the financial statements were available to be issued.

## **SUPPLEMENTAL INFORMATION**

**REPORTS AND OTHER SCHEDULES AND INFORMATION  
AS REQUIRED BY THE UNIFORM GUIDANCE**

**YEAR ENDED DECEMBER 31, 2025**

**CARINGWORKS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b><u>U.S. Department of Veterans Affairs</u></b>			
Direct Programs:			
VA Supportive Services for Veteran Families Program (CEB)	64.033	VA24716D0085	\$ 63,261
VA Supportive Services for Veteran Families Program (CEB)	64.033	VA24716D0085	<u>280,830</u>
			344,091
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct Programs:			
Continuum of Care Program	14.267	GA0153L4B002312	155,467
Continuum of Care Program	14.267	GA0153L4B002413	72,451
Continuum of Care Program	14.267	GA0197L4B022312	576,853
Continuum of Care Program	14.267	GA0197L4B022413	55,979
Continuum of Care Program	14.267	GA0349L4B002306	83,642
Continuum of Care Program	14.267	GA0349L4B002407	160,549
Continuum of Care Program	14.267	GA0254L4B002310	923,618
Continuum of Care Program	14.267	GA0254L4B002411	94,716
Continuum of Care Program	14.267	GA0198L4B082312	625,976
Continuum of Care Program	14.267	GA0198L4B082413	51,407
Continuum of Care Program	14.267	GA0390L4B022304	402,798
Continuum of Care Program	14.267	GA0390L4B022405	<u>152,833</u>
			3,356,289
<i>Pass-Through from Georgia Department of Housing and Finance Authority</i>			
Continuum of Care Program	14.267	GA0243L4B002311	117,532
Continuum of Care Program	14.267	GA0160L4B012309	887,896
Continuum of Care Program	14.267	GA0242L4B082311	397,796
Continuum of Care Program	14.267	GA0242L4B082412	<u>445,850</u>
			1,849,074
<i>Pass-Through from City of Atlanta</i>			
Housing Opportunities for Persons with AIDS	14.241	250132637	70,084
Housing Opportunities for Persons with AIDS	14.241	250132637	43,612
Housing Opportunities for Persons with AIDS	14.241	250132705	18,365
Housing Opportunities for Persons with AIDS	14.241	250132705	<u>15,392</u>
			147,453
<i>Pass-Through from City of Atlanta</i>			
Community Development Block Grants/Entitlement Grants	14.218	220132704	<u>77,994</u>
			77,994
<i>Pass-Through from DeKalb County, Georgia</i>			
Total U.S. Department of Housing and Urban Development			
			<u>5,430,810</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<i>Pass-Through from Georgia Department of Community Health</i>			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI085983-01	232,612
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79TI085983-01	<u>63,981</u>
			296,593
<i>Pass-Through from Georgia Department of Behavioral Health and Development Disabilities</i>			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4410-906-CMA00004657	87,500
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4410-906-CMA00006565	122,500
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44100-265-0252025018	9,410
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44100-265-0262025018	9,402
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44100-906-0000168165	217,494
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44100-906-0000168165	277,414
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44100-906-CMA00005404	96,208
Block Grants for Prevention and Treatment of Substance Abuse	93.959	44100-906-CMA00005404	<u>73,234</u>
			893,162
Total U.S. Department of Health and Human Services			
			1,189,755
Total Federal Expenditures			
			<u>\$ 6,964,656</u>

The accompanying notes are an integral part of this schedule.

**CARINGWORKS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2025**

**NOTE 1 — BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards summarizes the expenditures of the Organization under programs of the federal government for the year ended December 31, 2025, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the provision of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 2 — ACCOUNTING PRINCIPLES**

Expenditures for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles obtained in the Uniform Guidance. Under these cost principles, certain types of expenditures are not allowed or are limited as to reimbursement.

**NOTE 3 — INDIRECT COST RATE**

The Organization has elected not to use the minimum indirect cost rate under Uniform Guidance.



**INDEPENDENT AUDITORS' REPORT 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.**

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. ("the Organization"), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2026.

**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.

## **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 the 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.

*Smith and Howard, PC*

Atlanta, GA  
May 20, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

**To the Board of Directors  
CaringWorks, Inc.**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited CaringWorks, Inc. (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, 2025. The Organization's major federal programs are identified in the summary of auditors' 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, 2025.

***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 ("GAAS"); 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 Auditors' 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with the types of 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.

## ***Auditors' 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 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***

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

***Report on Internal Control over Compliance (Continued)***

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 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.

*Smith and Howard, PC*

Atlanta, GA  
May 20, 2026

**CARINGWORKS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2025**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  no

Significant deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

Noncompliance material to consolidated financial statements noted?  yes  no

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?  yes  no

Significant deficiencies identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditors' report issued on compliance of major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?  yes  no

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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14.267	Continuum of Care Program
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Dollar threshold used to distinguish between type A and type B programs: \$ 1,000,000

Auditee qualified as low-risk auditee?  yes  no

**CARINGWORKS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2025**

**Section II – Financial Statement Findings**

None reported.

**Section III – Federal Award Findings and Questioned Costs**

None noted.

**Section IV: Summary Schedule of Prior Audit Findings and Questioned Costs**

None noted.