Chicago Cares, Inc.

Financial Report
December 31, 2012

Contents

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Independent Auditor's Report

To the Board of Directors
Chicago Cares, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Chicago Cares, Inc. (the "Organization") which comprise the statement of financial position as of December 31, 2012 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Chicago Cares, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chicago Cares, Inc. as of December 31, 2012 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

The financial statements of Chicago Cares, Inc. as of December 31, 2011 and for the year then ended were audited by Blackman Kallick, LLP, whose report dated March 28, 2012 expressed an unqualified opinion on those statements. Blackman Kallick, LLP subsequently merged into Plante & Moran, PLLC. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2011 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Plante & Moran, PLLC

April 4, 2013

Chicago Cares, Inc.

Statement of Financial Position

		December 31, 2012		December 31, 2011
Assets				
Current Assets				
Cash	$	659,634	$	372,166
Contributions receivables		119,403		178,110
Investments (Note 2)		830,051		1,433,712
Prepaid expenses		41,246		93,725
Total current assets		1,650,334		2,077,713
Security Deposit		17,602		17,602
Property and Equipment - Net (Note 3)		80,930		163,311
Total assets	**$**	**1,748,866**	**$**	**2,258,626**
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	$	26,860	$	13,984
Accrued expenses		31,688		34,781
Total current liabilities		58,548		48,765
Other Long-term Liabilities - Deferred rent		76,208		119,794
Total liabilities		134,756		168,559
Net Assets				
Unrestricted:				
Undesignated - General operating		1,009,833		1,267,652
Board designated - Operating reserve (Note 6)		250,000		250,000
Temporarily restricted (Note 5)		354,277		572,415
Total net assets		1,614,110		2,090,067
Total liabilities and net assets	**$**	**1,748,866**	**$**	**2,258,626**

Chicago Cares, Inc.

Statement of Activities and Changes in Net Assets
Year Ended December 31, 2012
(with comparative totals for the year ended December 31, 2011)

	Unrestricted	Temporarily Restricted	2012	2011
Revenue				
Public support:				
Contributions:				
Corporate	$ 1,988,465	$ 354,277	$ 2,342,742	$ 2,797,159
Individual	331,351	-	331,351	332,917
Foundations	71,474	-	71,474	50,375
In-kind donations (Note 4)	323,267	-	323,267	278,624
Total public support	2,714,557	354,277	3,068,834	3,459,075
Net realized and unrealized losses on investments	(4)	-	(4)	(1,487)
Interest income	388	-	388	345
Net assets released from restrictions	572,415	(572,415)	-	-
Total revenue	3,287,356	(218,138)	3,069,218	3,457,933
Expenses				
Education and support	2,334,220	-	2,334,220	2,026,215
Environment	115,232	-	115,232	122,173
Human services	698,377	-	698,377	960,990
Management and general	83,668	-	83,668	186,668
Fundraising	313,678	-	313,678	293,987
Total expenses	3,545,175	-	3,545,175	3,590,033
Decrease in Net Assets	(257,819)	(218,138)	(475,957)	(132,100)
Net Assets - Beginning of year	1,517,652	572,415	2,090,067	2,222,167
Net Assets - End of year	**$ 1,259,833**	**$ 354,277**	**$ 1,614,110**	**$ 2,090,067**

Chicago Cares, Inc.

Statement of Functional Expenses
(with comparative totals for the year ended December 31, 2011)

	2012							
	Program Services				Supporting Services		Total Expenses	
	Education and Support	Environment	Human Services	Total	Management and General	Fundraising	2012	2011
Salaries	$ 901,806	$ 67,600	$ 407,392	$ 1,376,798	$ 37,259	$ 188,488	$ 1,602,545	$ 1,550,332
Payroll taxes and fringe benefits	204,444	15,325	92,358	312,127	8,382	42,397	362,906	354,663
Total salaries and related expenses	1,106,250	82,925	499,750	1,688,925	45,641	230,885	1,965,451	1,904,995
Bad debt expense	2,245	168	1,014	3,427	95	478	4,000	-
Depreciation and amortization	49,083	3,679	22,174	74,936	2,065	10,445	87,446	95,718
Fees	4,605	197	1,185	5,987	1,771	11,372	19,130	18,488
Insurance	12,754	956	5,762	19,472	536	2,714	22,722	18,743
Meals	2,201	72	437	2,710	809	360	3,879	7,380
Occupancy	99,120	7,127	42,953	149,200	3,999	20,232	173,431	177,757
Office equipment	10,900	817	4,924	16,641	458	2,319	19,418	20,743
Office supplies	4,388	185	1,132	5,705	106	4,815	10,626	11,100
Outside services	43,659	3,167	19,082	65,908	4,496	12,539	82,943	164,791
Postage	1,385	108	650	2,143	66	593	2,802	6,201
Printing and publications	3,306	248	1,494	5,048	38	3,229	8,315	20,364
Professional fees	-	-	-	-	21,166	-	21,166	23,700
Program supplies	928,951	11,224	71,465	1,011,640	-	-	1,011,640	1,027,898
Subscriptions and memberships	3,252	237	1,429	4,918	123	692	5,733	1,679
Technology	57,127	3,587	21,712	82,426	1,950	9,866	94,242	66,615
Telephone	4,611	506	3,041	8,158	194	981	9,333	15,445
Travel	383	29	173	585	155	2,158	2,898	8,416
Total functional expenses	**$ 2,334,220**	**$ 115,232**	**$ 698,377**	**$ 3,147,829**	**$ 83,668**	**$ 313,678**	**$ 3,545,175**	**$ 3,590,033**

Chicago Cares, Inc.

Statement of Cash Flows

	Year Ended December 31, 2012	Year Ended December 31, 2011
Cash Flows from Operating Activities		
Decrease in net assets	$ (475,957)	$ (132,100)
Adjustments to reconcile decrease in net assets to net cash from operating activities:		
Depreciation and amortization	87,446	95,718
Bad debt expense	4,000	-
Realized and change in unrealized loss	4	1,487
Donated securities	-	(4,245)
Changes in operating assets and liabilities which provided (used) cash:		
Contributions receivable	54,707	244,888
Accounts receivable - Other	-	54,000
Due from landlord	-	53,764
Prepaid expenses	52,479	(41,297)
Accounts payable and accrued expenses	9,783	(14,126)
Deferred rent	(43,586)	34,550
Net cash (used in) provided by operating activities	(311,124)	292,639
Cash Flows from Investing Activities		
Proceeds from sale of investments	603,657	7,105
Purchases of investments	-	(107,857)
Capital expenditures	(5,065)	(102,520)
Net cash provided by (used in) investing activities	598,592	(203,272)
Net Increase in Cash	287,468	89,367
Cash - Beginning of year	372,166	282,799
Cash - End of year	**$ 659,634**	**$ 372,166**

Note 1 - Nature of Activities and Significant Accounting Policies

Founded in 1991, Chicago Cares, Inc. (Chicago Cares or the Organization) builds volunteer experiences that mobilize and inspire people to make Chicago a stronger community. The Organization was incorporated on May 2, 1991, under the Illinois General Not For Profit Corporation Act of 1986.

The Organization provides an opportunity for individuals, groups, and businesses to improve the Chicago community through creative, structured group volunteer programs designed to address Chicago's most pressing needs. Since its inception, the Organization has created, managed, and led more than 37,000 community service projects, engaged over 427,200 individuals in volunteerism, and dedicated more than 1.4 million hours of service to the City of Chicago.

In 2011, Chicago Cares began a new strategic plan focused on the volunteer experience, to be the catalyst to volunteers becoming more active and engaged citizens. The Organization's unique relationship between community partners and volunteers allows Chicago Cares to build projects that open people's eyes to the needs of Chicago and inspire them to serve those needs. The Organization develops over 200 hands-on group volunteer projects each month serving children, adults, seniors, the environment, veterans, adults with disabilities, the hungry, and the homeless. The Organization's innovative format gives people the opportunity to work on projects on a flexible basis and has attracted thousands of active year-round volunteers. In 2012, the Organization's programs are divided into the following issue areas:

Education and Support

- Adult education and development programs serve a variety of adults in learning English as a second language, practicing interview skills, and maintaining a positive self-image during a time of transition. Volunteer roles vary by program and include tutoring, consulting, coaching, and mentoring.
- Children's education and development programs offer youth and volunteers shared experiences such as reading together, working through homework assignments, or exploring the diverse cultural opportunities in the city. Volunteers may also assist youth in critical thinking or computer skills and often play a key role in sharing information on world cultures and the many opportunities available to students after high school.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

- Corporate volunteer programs enable companies to make a meaningful contribution to Chicago communities and complement workplace team building, promote leadership development, and raise employee morale. Companies can also sponsor and participate in annual one-day special service events - the Chicago Cares Celebration of Service in honor of Dr. Martin Luther King Jr. in January and the Chicago Cares Serve-a-thon in June. These events bring together thousands of corporate volunteers and community members to complete service projects throughout the city. These celebrations of community service promote the spirit of volunteerism, demonstrate good corporate citizenship, and allow Chicago Cares and its volunteers to make a significant impact in the city in just one day. The special service events also raise funds to support the Organization's year-round programs.

Environment

- Environmental projects allow volunteers to get their hands dirty as they tend to conservatory exhibits and community gardens. Volunteers will paint, plant, weed, or clean, depending on the season. These projects provide the opportunity to work in some of the city's most naturally beautiful locations to help ensure Chicago remains one of the world's top green cities. Chicago Cares partners with the city's parks, schools, and community groups on year-round and seasonal projects.

Human Services

- Health and wellness encompasses all programs serving those living with HIV and AIDS, as well as vision screening for children from under-resourced communities within Chicago.

- Senior services programs provide activities and companionship to seniors living in isolation. Seniors living alone have a higher rate of both mental and physical ailments and are more likely to be the victims of elder abuse. Through structured activities and intergenerational contact, volunteers help keep seniors engaged in life and connected to the world around them.

- Youth in Service (YIS) offers meaningful volunteer opportunities for youth 18 and under in the Chicago area. Projects are hands-on and cover a variety of issue areas including hunger, the environment, and senior services. These projects are great for families, youth groups, and individual youth ages 12 to 18, helping to inspire the next generation to become lifetime volunteers.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

- Hunger programs help partner organizations address the critical hunger crisis facing individuals and families in Chicago. Tasks include sorting and packing food at a local food bank, volunteering at an emergency food pantry, or serving meals at a café program.

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (GAAPUSA).

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient enough detail to constitute a presentation in accordance with GAAPUSA. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was derived.

Cash - The Organization maintains its cash in a checking account at JPMorgan Chase Bank, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and the Organization's management believes that the Organization is not exposed to any significant credit risks on cash.

Contributions Receivable - Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. An allowance for uncollectible contributions receivable is provided based on management's judgment considering factors such as prior collections history, type of contribution, and nature of fundraising activity. All contributions are expected to be collected in one year or less. The Organization established an allowance for uncollectible contributions receivable of $4,000 at December 31, 2012.

Investments - Investments are recorded at fair value based on quoted market prices. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Property and Equipment - Property and equipment are reflected at cost for assets purchased and at fair value on the date of receipt for assets received as donations. The Organization's policy is to capitalize the cost of furniture and equipment with a value of $500 or more and a useful life greater than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are estimated to be three years for computer equipment and five years for furniture and other equipment. Repairs and maintenance costs are charged to expense when incurred.

Leasehold improvements to the office space are recorded at cost and are amortized over the shorter of the lease term or their expected lives.

Classification of Net Assets - Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Public Support and Expenses - Contributions, public support, and revenue, including unconditional promises to give, are measured at their fair values and are reported as increases in unrestricted net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted. Expenses are reported as decreases in unrestricted net assets.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Donated Materials and Services - Donated materials and services are recorded as support in the amount of their estimated value as of the date of receipt. The Organization also receives significant amounts of donated services from board members and other volunteers who assist in performing program and support services and fund-raising activities. Donated services from board members and other volunteers have not been recognized in the statement of activities and changes in net assets because the criteria for recognition of those services has not been met.

Functional Allocation of Expenses - The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimated time dedicated to each activity by the Organization's personnel. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Federal Income Taxes - The Organization is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2009.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Reclassification - Reclassifications have been made to 2011 financial statements to conform to the presentation used in 2012, primarily to reclassify revenue. In-kind donations amounting to $278,624 were reclassified from corporate contributions and the organization reclassified $61,900 from foundations to corporate contributions. The reclassifications had no impact on reported net assets, changes in net assets, or cash flows for the year ended December 31, 2011.

Note 1 - Nature of Activities and Significant Accounting Policies (Continued)

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including April 4, 2013, which is the date the financial statements were available to be issued.

Note 2 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets and liabilities measured at fair value on a recurring basis at December 31, 2012 and 2011 and the valuation techniques used by the Organization to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Organization currently uses no Level 2 or 3 inputs.

Assets Measured at Fair Value on a Recurring Basis at December 31, 2012

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
Assets - Investments - Money market	$ 830,051	$ -	$ -	$ 830,051

Note 2 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2011

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2011
Assets - Investments:				
Money market	$ 1,429,997	$ -	$ -	$ 1,429,997
Common stock	3,715	-	-	3,715
Total investments	$ 1,433,712	$ -	$ -	$ 1,433,712

The Organization's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting period. There were no such transfers during the years ended December 31, 2012 or 2011.

Note 3 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2012	2011	Depreciable Life - Years
Computer equipment and software	$ 338,763	$ 333,698	3
Furniture and other equipment	69,641	69,641	5
Leasehold improvements	127,264	127,264	3-4
Total cost	535,668	530,603	
Accumulated depreciation	454,738	367,292	
Net property and equipment	$ 80,930	$ 163,311	

Depreciation and amortization expenses amounted to $87,446 for 2012 and $95,718 for 2011.

Note 4 - In-kind Donations

The Organization generally reports revenue from donated materials as unrestricted support unless explicit donor stipulations specify the manner in which donated assets should be used. Expense in an amount equal to revenue is recorded as program supplies. The estimated fair values of the contributions amounted to $310,067 and $261,424 for 2012 and 2011, respectively.

The Organization records donated services requiring specialized skills at the estimated fair values as of the dates of such contributions. Amounts totaling $13,200 and $17,200 for the years ended December 31, 2012 and 2011, respectively, were recorded as unrestricted revenue and professional fees. During 2012 and 2011, the Organization also received additional donated services that are not reflected in the financial statements because the values as of the dates of the contributions were undeterminable or immaterial.

Note 5 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2012 and 2011 are restricted for the following:

	2012	2011
Programs and School Grants	$ 232,500	$ 15,750
Business Shares Program	51,277	27,679
Martin Luther King Jr. Celebration of Service Program	28,000	55,397
Annual Serve-a-thon Program	42,500	77,500
Volunteer Generation Fund	-	216,089
Future Periods	-	180,000
Total temporarily restricted net assets	$ 354,277	$ 572,415

Note 6 Board-designated Net Assets

The board of directors has designated $250,000 to provide for anticipated operating needs, facility growth and enhancement, and building a technology platform.

Note 7 - Retirement Plan

The Organization has a defined contribution plan that is available to all eligible employees based upon age and length of service under provisions of Section 401(k) of the Internal Revenue Code. Effective January 1, 2011, the board amended its 401(k) plan to include a matching contribution of up to 2 percent of each qualifying participant's wages. The Organization made total contributions of $29,131 and $24,305 for 2012 and 2011, respectively, for the active participants who were employed with the Organization.

Note 8 - Operating Leases

Note 8 - Operating Leases (Continued)

In September 2010, the Organization entered into a new sub-lease arrangement consisting of approximately 12,850 square feet with an existing tenant at Two North Riverside Plaza, Chicago, Illinois. The lease provides for base rent in addition to its pro rata share of operating expenses and real estate taxes (as defined in the agreement). The lease commenced on November 1, 2010 and is for a term of 43 months and terminates on May 31, 2014. The Organization received an abatement for the first three months of the lease term in an amount of $16,115 per month and a one-time improvement allowance of $107,100 for improvement work to the leased space (as defined in the agreement).

GAAP requires that rent expense be recognized ratably over the lease term. The deferred rent liability for the tenant improvement allowance and rent abatement amounted to $76,208 and $119,794 as of December 31, 2012 and 2011, respectively.

Rent expense for the years ended December 31, 2012 and 2011 amounted to $173,431 and $177,757, respectively.

The following is a schedule by year of future minimum rental payments under operating leases, as of December 31, 2012.

2013		$ 210,233
2014		88,010
	Total	$ 298,243