

ICARE, INC.  
FINANCIAL STATEMENTS AND COMPLIANCE REPORTS  
YEAR ENDED APRIL 30, 2022



**ICARE, INC.**  
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## **Independent Auditor's Report**

To the Board of Directors  
ICARE, Inc.  
Statesville, North Carolina

### ***Opinion***

We have audited the accompanying consolidated financial statements of ICare, Inc. (a North Carolina nonprofit organization) (the "Agency"), which comprise the statement of financial position as of April 30, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ICare, Inc. as of April 30, 2022, and the changes in their net assets and cash flows for the year 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 the 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 Financial Statements section of our report. We are required to be independent of ICare, Inc. and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

### ***Responsibility of Management 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.

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 ICare, Inc.'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 and *Government Auditing Standards* will always detect a material misstatement when it exists.

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

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, including omissions, 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 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 consolidated 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 ICare, Inc.'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 ICare, Inc.'s ability to continue as a going concern for a reasonable period of time.

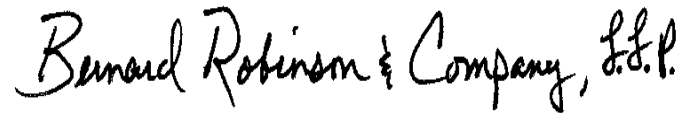
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***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 October 13, 2022, on our consideration of ICare, Inc.'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 ICare, Inc.'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 ICare, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Bernard Robinson & Company, L.L.P." The signature is written in a cursive, flowing style.

Greensboro, North Carolina  
October 13, 2022

**ICARE, INC.**  
**Statement of Financial Position**  
**April 30, 2022**

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**Assets**

Current Assets:

Cash	\$ 21,770
Grants receivable	375,462
Accounts receivable - other	26,898
Prepaid expenses	868
Total Current Assets	<u>424,998</u>

Property and Equipment:

Property and equipment, at cost	812,834
Less accumulated depreciation	<u>611,595</u>
Net Property and Equipment	<u>201,239</u>
Total Assets	<u><u>\$ 626,237</u></u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable	\$ 230,857
Accrued expenses	30,272
Deferred revenue	<u>117,485</u>
Total Liabilities	<u>378,614</u>

Net Assets:

Assets without donor restrictions	247,623
Assets with donor restrictions	<u>-</u>
Total Net Assets	<u>247,623</u>
Total Liabilities and Net Assets	<u><u>\$ 626,237</u></u>

**ICARE, INC.****Statement of Activities and Changes in Net Assets****Year Ended April 30, 2022**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Support:			
Grants and contracts	\$ 3,840,988	\$ -	\$ 3,840,988
Contributions	54,067	-	54,067
In-kind contributions	534,588	-	534,588
Total Support	4,429,643	-	4,429,643
Revenue:			
Parent fees	1,500	-	1,500
Interest	143	-	143
Other income	1,631	-	1,631
Total Revenue	3,274	-	3,274
Net Assets Released from Restrictions	400,147	(400,147)	-
Total Support and Revenue, and Net Assets Released from Restrictions	4,833,064	(400,147)	4,432,917
Expenses:			
Program Services:			
Community Services Block Grant	288,584	-	288,584
Extended Day	1,927	-	1,927
Head Start	2,421,233	-	2,421,233
Early Head Start	878,168	-	878,168
Head Start American Rescue Plan	106,382	-	106,382
Child and Adult Care Food Program	153,074	-	153,074
NC OEO CARES	193,721	-	193,721
United Way	7,175	-	7,175
Duke Energy	14,005	-	14,005
Weatherization Assistance	326,243	-	326,243
Other grants	43,078	-	43,078
Total Program Services	4,433,590	-	4,433,590
Supporting Services:			
Management and general	46,011	-	46,011
Total Supporting Services	46,011	-	46,011
Total Expenses	4,479,601	-	4,479,601
Changes in Net Assets	353,463	(400,147)	(46,684)
Net assets, beginning	(105,840)	400,147	294,307
Net assets, ending	\$ 247,623	\$ -	\$ 247,623

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

ICARE, INC.  
Statement of Functional Expenses  
Year Ended April 30, 2022

	Program Services													Supporting Services	Totals
	Community Services Block Grant	Extended Day	Head Start	Early Head Start	Head Start American Rescue Plan	Child and Adult Care Food Program	NC OEO CARES	United Way	Duke Energy	Weatherization Assistance Act	Other Grants	Indirect Cost Pool	Total Program	Management and General	
Program Expenses:															
Advertising	\$ 136	\$ -	\$ 8,243	\$ 4,492	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 284	\$ -	\$ 3,044	\$ 16,199	\$ -	\$ 16,199
Bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-	263	263
Client assistance	48,839	-	16,938	4,888	300	-	164,929	6,864	8,883	139,517	34,513	-	425,671	-	425,671
Contractual services	4,963	-	55,882	10,648	1,700	-	29	300	-	2,594	-	20,483	96,599	-	96,599
Dues and memberships	2,495	-	17,700	3,517	-	-	-	-	-	2,869	-	6,014	32,595	-	32,595
Equipment lease and rentals	2,168	1	37,970	5,247	52	-	793	-	-	1,742	-	4,172	52,145	-	52,145
Field trips	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fringe benefits	36,012	35	240,611	97,559	14,296	13,766	5,355	-	478	27,338	88	71,931	507,469	-	507,469
Insurance	3,472	-	38,993	1,612	-	-	-	-	-	11,413	-	737	56,227	276	56,503
Legal and professional services	-	-	380	-	-	-	-	-	-	-	-	22,300	22,680	-	22,680
Printing, Licenses and permits	-	-	13,273	1,265	-	-	1	-	-	196	-	799	15,534	-	15,534
Maintenance and repairs	1,956	-	107,830	56,989	18	-	33	-	-	2,068	-	2,492	171,386	-	171,386
Materials, tools and supplies	546	-	101,298	47,916	271	94,707	297	11	-	3,831	968	2,950	252,795	665	253,460
Miscellaneous	651	-	19,862	9,308	7,047	-	204	-	-	672	-	925	38,669	550	39,219
Participant fringe benefits	541	-	-	-	-	-	-	-	-	-	-	-	541	-	541
Participant wages	9,842	-	-	-	-	-	-	-	-	-	-	-	9,842	-	9,842
Rent	6,491	-	34,233	3,600	-	-	142	-	-	6,322	-	8,644	59,432	-	59,432
Salaries and wages	119,568	139	932,510	354,749	63,750	34,431	16,142	-	1,740	91,573	321	319,411	1,934,334	-	1,934,334
Telephone and internet	3,184	-	22,950	1,752	-	-	204	-	-	3,031	-	4,923	36,044	-	36,044
Training	1,765	-	28,004	7,540	2,000	-	403	-	-	-	-	10,065	49,777	-	49,777
Travel	2,973	-	18,028	2,433	-	-	579	-	-	1,764	-	4,443	30,220	-	30,220
Utilities	3,053	-	37,934	8,366	-	-	74	-	-	2,973	-	4,066	56,466	-	56,466
Total Program Expenses before depreciation, indirect costs and grantee's share in-kind															
Depreciation	248,655	175	1,732,639	621,881	89,434	142,904	189,185	7,175	11,101	298,187	35,890	487,399	3,864,625	1,754	3,866,379
Indirect cost	7,101	1,715	16,476	-	649	-	-	-	-	3,096	-	-	29,037	-	29,037
Grantee's share in-kind	32,828	37	253,814	98,151	16,299	10,170	4,536	-	2,904	24,960	88	(487,399)	(43,612)	42,997	(615)
Total Expenses	-	-	418,304	158,136	-	-	-	-	-	-	7,100	-	583,540	1,260	584,800
	\$ 288,584	\$ 1,927	\$ 2,421,233	\$ 878,168	\$ 106,382	\$ 153,074	\$ 193,721	\$ 7,175	\$ 14,005	\$ 326,243	\$ 43,078	\$ -	\$ 4,433,590	\$ 46,011	\$ 4,479,601

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



**ICARE, INC.**  
**Statement of Cash Flows**  
**Year Ended April 30, 2022**

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Cash flows from operating activities:	
Changes in net assets	\$ (46,684)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	29,037
Changes in assets and liabilities:	
(Increase) decrease in:	
Grants receivable	(140,247)
Other accounts receivable	(8,438)
Prepaid expenses	396
Increase (decrease) in:	
Accounts payable	35,428
Accrued expenses	(36,023)
Deferred revenue	21,807
Net cash used in operating activities	<u>(144,724)</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(75,992)</u>
Net cash used in investing activities	<u>(75,992)</u>
Decrease in cash	(220,716)
Cash - beginning	<u>242,486</u>
Cash - ending	<u><u>\$ 21,770</u></u>

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

**NOTE A - NATURE OF THE ORGANIZATION**

**The Organization**

ICare, Inc. (the "Agency") is a private not-for-profit human services agency chartered in 1965 under the laws of the State of North Carolina. The Agency was organized to administer the following federally funded programs and provide educational, employment and financial assistance to low income residents of Alexander, Catawba, Iredell, and Lincoln counties of North Carolina:

*Head Start and Early Head Start Programs*

These programs of the U.S. Department of Health and Human Services ("DHHS") provide educational, nutrition, and social services to low-income families with children to help ensure that children are ready to start school. Head Start serves families with children that are three and four years of age an Early Head Start serves families with children that are under three years of age.

*Weatherization Assistance Programs*

The objectives of the Weatherization Assistance Program ("WAP") for Low-Income Persons are to conserve energy and reduce the impact of rising energy costs on low-income individuals, particularly the elderly, the disabled, families with children and households with a high energy burden and high energy users, through the installation of energy conserving measures in their dwellings. The objectives of the companion Heating and Air Repair and Replacement Program ("HARRP") are to increase energy efficiency and reduce energy costs by cleaning, tuning, repairing and replacing inefficient heating and air conditioner systems in the dwelling units of low-income families.

*Community Services Block Grant*

The Community Services Block Grant ("CSBG") is a DHHS program that provides low-income families with employment and housing assistance with the purpose of helping them become self-sufficient.

*Child and Adult Care Food Program*

The objective of the Child and Adult Care Food Program is to integrate nutritious food service with organized day care for enrolled children and certain functionally impaired and elderly adults.

The Agency operates an Administrative Pool whereby indirect costs are allocated among the various grants in the proportion that a specific grant's total direct costs bear to total Agency direct costs. This allocation plan is approved by the Agency's cognizant agent, the DHHS. The Agency received approval for an indirect cost rate of 19.86% for the year ended. The direct costs of the Administrative Pool have been included in total expenses in the statement of activities. The indirect costs charged to the programs are also included in the statement of activities and changes in net assets.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants, Contracts, and Other Receivables**

Grants, contracts, and other receivables are recorded at net realizable value. The Agency provides an allowance for uncollectible accounts equal to the estimated losses that are expected to be incurred in their collection. The allowance is based on historical collection experience and a review by management of the current status of the existing receivables. As of year end, all receivables were deemed collectible by management.

**Property and Equipment**

Property and equipment acquired by the Agency are considered to be owned by the Agency. However, State and Federal funding sources may maintain equitable interest in the property purchased with grant monies as well as the right to determine the use of any proceeds from the sale of these assets.

The Agency capitalizes property and equipment over \$5,000 unless a Grantor requires a different amount. Currently, one Grantor requires capitalization of items costing over \$500. Property and equipment are carried at cost and consist of land, buildings, modular classrooms, office furniture and equipment, vehicles and other equipment. Maintenance, repairs and renewals which neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income. Depreciation is computed on the straight line method over the useful lives of the assets, generally as follows:

Buildings	27.5 years
Building improvements	15-27.5 years
Furniture and equipment	3-10 years
Vehicles	5 years

The Agency reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**Accrued Leave**

It is the Agency's policy to permit full-time employees to accumulate 200 hours of earned, but unused vacation leave that can be carried over from one program year to another. An employee will only be paid for 80 hours of earned but unused leave at termination of employment.

**Support and Revenue**

The Agency is generally funded by federal, State, and other nongovernmental grants and contracts. The majority of these grants and contracts operate on a cost reimbursement basis. Generally, grants and contracts receivable and the related revenues are recorded when the applicable expenses to grant awards have been incurred.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Support and Revenue (Continued)**

The Agency reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. If the donor restriction is met in the same period it is received, it is treated as unrestricted.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

**Financial Statement Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Codification Standards. Under these standards, the Agency is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency are classified and reported as follows:

*Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that require the Agency to use or expend the donated assets as specified. The restrictions are satisfied by the passage of time or by actions of the Agency.

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed stipulations.

**Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the reporting of expenses by nature and function. Accordingly, certain costs have been allocated among programs and supporting services benefited based on a specific identification of expenditures and management's estimates of time and resources devoted to those functions.

**Income Taxes**

The Agency is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, no provision for income taxes has been made in the accompanying statements. The Agency files an annual tax return for information purposes.

It is the Agency's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified during the year.

**ICARE, INC.**  
**Notes to Financial Statements**

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**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Uncertainty in Income Taxes**

The Agency shall initially recognize the financial statement effects of a tax position when it is more-likely than not, based on the technical merits, that the position will be sustained upon examination. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The Agency believes that it has appropriate support for any' tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Agency's annual tax returns are subject to examination by taxing authorities for a period of three years from the date they are filed.

**Subsequent Events**

Management has performed an evaluation of subsequent events through October 13, 2022, which is the date the financial statements were available to be issued.

**NOTE C - CONCENTRATION OF CREDIT RISK**

The Agency maintains its cash balances in a reputable financial institution insured by the Federal Deposit Insurance Corporation ("FDIC"), which provides \$250,000 of insurance coverage on each customer's cash balances. Periodically, the Agency may have cash balances in excess of FDIC insured limits.

The following represents the percentage of grants and contract revenue, which accounts for over 10% of the Agency's total revenue and support. The loss of this program could have a significant impact on the Agency's financial position, changes in net assets and cash flows.

Head Start Program	<u><u>75%</u></u>
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**NOTE D - OPERATING LEASES**

The Agency leases an office building month to month, and classrooms under five-year leases expiring in April 2026 and August 2024, with a monthly rental of \$2,300 and \$600 per month, respectively.

The Agency leases photocopiers under a five-year operating lease agreement expiring in March 2024 with monthly rental payments of \$3,750.

Future commitments under the operating lease are as follows:

2023	\$ 116,463
2024	111,130
2025	70,854
2026	74,397
	<u><u>\$ 372,844</u></u>

**ICARE, INC.**  
**Notes to Financial Statements**

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**NOTE E - PROPERTY AND EQUIPMENT**

The following is the property and equipment by function:

	<u>May 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>April 30, 2022</u>
Cost:					
Administration	\$ 20,994	\$ -	\$ -	\$ -	\$ 20,994
Head Start	478,193	55,860	-	-	534,053
American Rescue Plan	-	19,046	-	-	19,046
United Way	4,087	-	-	-	4,087
Extended Day	139,422	-	-	-	139,422
Weatherization					
Assistance Program	56,669	1,087	-	-	57,756
Community Services					
Block Grant	37,476	-	-	-	37,476
	<u>736,841</u>	<u>75,993</u>	<u>-</u>	<u>-</u>	<u>812,834</u>
Accumulated					
Depreciation:					
Administration	20,994	-	-	-	20,994
Head Start	387,353	16,476	-	-	403,829
American Rescue Plan	-	-	-	-	-
United Way	4,087	-	-	-	4,087
Extended Day	111,460	1,715	-	-	113,175
Weatherization					
Assistance Program	54,256	2,954	-	-	57,210
Community Services					
Block Grant	5,199	7,101	-	-	12,300
	<u>583,349</u>	<u>28,246</u>	<u>-</u>	<u>-</u>	<u>611,595</u>
Net Property and					
Equipment	<u>\$ 153,492</u>				<u>\$ 201,239</u>

**NOTE F - DONATED SERVICES AND FACILITIES (IN-KIND CONTRIBUTIONS)**

The Agency recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by donation. Services meeting these requirements for recognition in the financial statements for the year ended, has been recognized in the statement of activities and changes in net assets based on comparable hourly rates for the services provided. The Agency also receives free or reduced rent at certain facilities due to the nature of its activities. Donated facilities are recognized as support and expenses in the statement of activities and changes in net assets.

The Head Start Program requires the Agency to match the funds received with other funds in varying percentages. The Agency may use donated services and facilities provided in order to meet the matching requirements. Donated services utilized for grant matching purposes that do not meet the requirements for accounting principles generally accepted in the United States of America ("U.S. GAAP") are tracked separately and are not recognized in the U.S. GAAP financial statements.

**ICARE, INC.**  
**Notes to Financial Statements**

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**NOTE G - INDIRECT COST**

The cognizant agency will be requested to finalize the rate of 21.09% based on the following:

Total base salaries	\$1,614,921
Fringe benefits	435,540
Fringe benefits - nonfederal	-
Total base	<u>\$2,050,461</u>
Total indirect cost	<u>\$ 441,349</u>
Total indirect cost rate	<u>21.52%</u>

**NOTE H - LIQUIDITY AND AVAILABILITY**

The following reflects the Agency's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets, at year end	\$ 424,130
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 424,130</u>

The Agency is substantially supported by grant revenues. As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Agency invests cash in excess of daily requirements in a money market account that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

**NOTE I - RETIREMENT PLAN**

The Agency sponsors a defined contribution plan covering all full-time employees of the Agency who have completed one year of service and have attained the age of 21. Eligible employees may contribute up to the maximum percentage allowable not to exceed the limits of the Internal Revenue Code section 401(k). The Agency's matching contribution for the year was \$38,580.

**NOTE J - CONTINGENCIES**

The Agency is the recipient of federal and state grants for specific purposes that are subject to review and final audit by the grantor agencies. Such review and audit could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under the compliance terms of the grant.

## **SUPPLEMENTARY INFORMATION**



**ICARE, INC.****Schedule of Revenues, Support, Expenses and Change in Net Assets****Supporting Services (Agency and Local Funds)****Year Ended April 30, 2022**

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## Support and revenue:

Contributions	\$ 2,837
Parent fees	1,500
Interest	143
Other income	388

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Total support and revenue	4,868
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## Expenses:

## Direct costs:

Bank charges	263
Insurance	276
Legal and professional services	-
Printing, licenses and permits	-
Maintenance and repairs	-
Materials, tools and supplies	1,925
Miscellaneous	550
Salaries and wages	-
Travel	-
Utilities	-

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Total direct costs	3,014
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Indirect costs	42,997
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Total expenses	46,011
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Change in net assets, program basis of accounting	(41,143)
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## Adjustment to reconcile net assets to GAAP basis of accounting:

Depreciation	-
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Change in net assets, GAAP basis of accounting	\$ (41,143)
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**ICARE, INC.****Schedule of Revenues, Support, Expenses and Change in Net Assets****Community Services Block Grant****Year Ended April 30, 2022**

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## Support and revenue:

Federal Government	\$ 306,913
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## Program expenses:

## Direct costs:

Advertising	136
Client assistance	48,839
Contractual services	4,963
Dues and memberships	2,495
Equipment lease and rentals	2,168
Fringe benefits	36,012
Insurance	3,472
Maintenance and repairs	1,956
Materials, tools and supplies	546
Miscellaneous	651
Participant fringe benefits	541
Participant wages	9,842
Rent	6,491
Salaries and wages	119,568
Telephone and internet	3,184
Training	1,765
Travel	2,973
Utilities	3,053
Total direct costs	<hr/> 248,655

Indirect costs	<hr/> 32,828
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Total expenses	<hr/> 281,483
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Change in net assets, program basis of accounting	25,430
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## Adjustment to reconcile net assets to GAAP basis of accounting:

Depreciation	<hr/> 7,101
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Change in net assets, GAAP basis of accounting	<hr/> <hr/> \$ 18,329
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**ICARE, INC.****Schedule of Revenues, Support, Expenses and Change in Net Assets****Extended Day****Year Ended April 30, 2022**

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## Support and revenue:

Grants	\$ -
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## Expenses:

## Direct costs:

Equipment lease and rentals	1
Fringe benefits	35
Salaries and wages	139
Total direct costs	<hr/> 175

Indirect costs	<hr/> 37
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Total expenses	<hr/> 212
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Change in net assets, program basis of accounting	(212)
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## Adjustment to reconcile net assets to GAAP basis of accounting:

Depreciation	<hr/> 1,715
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Change in net assets, GAAP basis of accounting	<hr/> <hr/> \$ (1,927)
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**ICARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Head Start/Early Head Start**  
**Year Ended April 30, 2022**

	<u>Head Start</u>	<u>Early Head Start</u>	<u>COVID Funds</u>
Support and revenue:			
Federal Government	\$ 2,649,967	\$ 69,695	\$ 106,382
Grantee's contributions - in-kind	388,509	146,079	-
Grantee's contributions - cash	33,150	10,980	-
Miscellaneous income	1,021	-	-
Total support and revenue	<u>3,072,647</u>	<u>226,754</u>	<u>106,382</u>
Expenses:			
Direct costs:			
Advertising	8,243	4,492	-
Client assistance	16,938	4,888	300
Contractual services	86,660	14,908	1,700
Dues and memberships	17,700	3,517	-
Equipment lease and rentals	37,970	5,247	52
Fringe benefits	270,297	108,416	14,296
Insurance	38,993	1,612	-
Legal and professional services	3,078	553	-
Printing, licenses and permits	13,273	1,265	-
Maintenance and repairs	107,830	56,989	18
Materials, tools and supplies	148,874	52,923	271
Miscellaneous	19,969	10,508	7,047
Rent	341,692	139,859	-
Salaries and wages	932,510	354,749	63,750
Telephone and internet	22,950	1,752	-
Training	28,004	7,540	2,000
Travel	18,028	2,433	-
Utilities	37,934	8,366	-
Total direct costs	<u>2,150,943</u>	<u>780,017</u>	<u>89,434</u>
Indirect costs	<u>253,814</u>	<u>98,151</u>	<u>16,299</u>
Total expenses	<u>2,404,757</u>	<u>878,168</u>	<u>105,733</u>
Change in net assets, program basis of accounting	667,890	(651,414)	649
Adjustment to reconcile net assets to GAAP basis of accounting:			
Depreciation	16,476	-	649
Unqualified in-kind contributions under GAAP	13,486	4,317	-
Unqualified in-kind expenses under GAAP	<u>(13,486)</u>	<u>(4,317)</u>	<u>-</u>
Change in net assets, GAAP basis of accounting	<u>\$ 651,414</u>	<u>\$ (651,414)</u>	<u>\$ -</u>

**ICARE, INC.****Schedule of Revenues, Support, Expenses and Change in Net Assets****Child and Adult Care Food Program****Year Ended April 30, 2022**

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## Support and revenue:

Federal Government	\$ 159,586
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## Expenses:

## Direct costs:

Fringe benefits	13,766
Materials, tools and supplies	94,707
Salaries and wages	34,431
Total direct costs	142,904

Indirect costs	10,170
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Total expenses	153,074
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Change in net assets	\$ 6,512
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**ICARE, INC.****Schedule of Revenues, Support, Expenses and Change in Net Assets****United Way****Year Ended April 30, 2022**

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## Support and revenue:

United Way Statesville CARES funds	\$ (43)
United Way of Iredell County	<u>7,734</u>
Total support and revenue	<u>7,691</u>

## Expenses:

Client assistance	6,864
Supplies	11
Contractual labor	300
Participant fringe benefits	-
Participant wages	<u>-</u>
Total expenses	<u>7,175</u>

Change in net assets	<u><u>\$ 516</u></u>
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**ICARE, INC.****Schedule of Revenues, Support, Expenses and Change in Net Assets****North Carolina Community Action Association****Year Ended April 30, 2022**

	<u>Duke Energy</u>	<u>Duke Endowment</u>	<u>BCBS Healthy Home Initiative</u>
Support and revenue:			
Grant revenue	\$ -	\$ 8,000	\$ 17,208
Other revenue	-	-	622
Total support and revenue	-	8,000	17,830
Expenses:			
Direct costs:			
Client assistance	-	8,883	20,963
Supplies	-	-	968
Staff fringe benefits	-	478	96
Staff wages	-	1,740	321
Total direct costs	-	11,101	22,348
Indirect costs	2,436	468	88
Total expenses	2,436	11,569	22,436
Change in net assets	<u>\$ (2,436)</u>	<u>\$ (3,569)</u>	<u>\$ (4,606)</u>

**ICARE, INC.****Statement of Revenues, Support, Expenses and Changes in Net Assets****Weatherization Assistance****Year Ended April 30, 2022**

	U.S. Department of Energy	U.S. Department of Health and Human Services	COVID Funds	Total
Support and Revenue:				
Federal Government	\$ 101,342	\$ 212,307	\$ 3,862	\$ 317,511
Total support and revenue	<u>101,342</u>	<u>212,307</u>	<u>3,862</u>	<u>317,511</u>
Expenses:				
Direct Costs:				
Advertising	71	213	-	284
Client assistance	10,817	121,905	6,795	139,517
Contractual services	27	2,567	-	2,594
Dues and memberships	917	1,592	360	2,869
Equipment lease and rentals	-	1,742	-	1,742
Fringe benefits	6,078	21,173	87	27,338
Insurance	4,922	6,491	-	11,413
Printing, Licenses and permits	23	173	-	196
Maintenance and repairs	633	1,435	-	2,068
Materials, tools and supplies	357	1,106	2,368	3,831
Miscellaneous	-	625	47	672
Rent	2,388	3,934	-	6,322
Salaries and wages	20,555	70,488	530	91,573
Telephone and internet	1,190	1,841	-	3,031
Travel	329	1,435	-	1,764
Utilities	1,119	1,854	-	2,973
Total direct costs	<u>49,426</u>	<u>238,574</u>	<u>10,187</u>	<u>298,187</u>
Indirect costs	<u>-</u>	<u>24,960</u>	<u>-</u>	<u>24,960</u>
Total expenses	<u>49,426</u>	<u>263,534</u>	<u>10,187</u>	<u>323,147</u>
Change in net assets, program basis of accounting	51,916	(51,227)	(6,325)	(5,636)
Adjustment of reconcile net assets to GAAP basis of accounting				
Depreciation	<u>-</u>	<u>3,096</u>	<u>-</u>	<u>3,096</u>
Change in net assets, GAAP basis of accounting	<u>\$ 51,916</u>	<u>\$ (54,323)</u>	<u>\$ (6,325)</u>	<u>\$ (8,732)</u>



**ICARE, INC.****Statement of Revenues, Support, Expenses and Changes in Net Assets****NC DHHS COVID Child Care Payments****Year Ended April 30, 2022**

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	<u>NC DHHS COVID Child Care Payments</u>
Support and Revenue:	
Grants	<u>\$ -</u>
Expenses:	
Staff fringe benefits	<u>(8)</u>
Total expenses	<u>(8)</u>
Change in net assets	<u><u>\$ 8</u></u>

**ICARE, INC.****Statement of Revenues, Support, Expenses and Changes in Net Assets****Other Grants****Year Ended April 30, 2022**

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	<u>ESBOP</u>	<u>Iredell Co. Foundation</u>	<u>NC Dept. of SS</u>	<u>Total</u>
Support and Revenue:				
Grants	\$ -	\$ 12,000	\$ 3,000	\$ 15,000
Contributions	-	-	7,100	7,100
Total support and revenue	<u>-</u>	<u>12,000</u>	<u>10,100</u>	<u>22,100</u>
Expenses:				
Client assistance	1,550	12,000	-	13,550
Other expenses	-	-	7,100	7,100
Total expenses	<u>1,550</u>	<u>12,000</u>	<u>7,100</u>	<u>20,650</u>
Change in net assets	<u>\$ (1,550)</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ 1,450</u>

**ICARE, INC.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended April 30, 2022**

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Grant or Pass-through Number</u>	<u>Federal Expenditures</u>
U. S. Department of Health and Human Services:			
Office of Human Development Services:			
Head Start	93.600		\$ 1,986,453
Early Head Start	93.600		720,032
Head Start - COVID funds	93.600		105,733
Passed Through from North Carolina Department of Health and Human Services:			
Office of Economic Opportunity:			
Community Services Block Grant	93.569	2001BINCCOSR	281,483
Community Services Block Grant- CARES	93.569		193,721
Passed Through from North Carolina Department of Health and Human Services/NC Department of Environmental Quality:			
Weatherization Assistance for Low Income Persons	93.568	20&21BINCLIEA	173,928
Heating & Air Repair and Replacement Program	93.568		99,793
Total U.S. Department of Health and Human Services			<u>3,561,143</u>
U.S. Department of Energy			
Passed Through from N.C. Department of Environmental Quality:			
Weatherization Assistance Program for Low Income Persons	81.042	DE-EE007939	<u>49,426</u>
U.S. Department of Agriculture			
Passed Through from N.C. Department of Health and Human Services:			
<i>Division of Public Health</i>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.558	N/A	<u>153,074</u>
Total Expenditures of Federal Awards			<u>\$ 3,763,643</u>

**ICARE, INC.**

**Notes to the Schedule of Expenditures of Federal Awards**

**Year Ended April 30, 2022**

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**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of revenues and expenditures of federal awards (the "Schedule") includes the federal award activity of ICare, Inc., under programs of the federal government for the year ended April 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of ICare, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of ICare, Inc.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 or are limited as to reimbursement.

ICare, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**Independent Auditor's 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  
ICARE, Inc.  
Statesville, North Carolina

We have audited, 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, the financial statements of ICare, Inc. (a nonprofit organization) (the “Agency”), which comprise the statement of financial position as of April 30, 2022, 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, and have issued our report thereon dated October 13, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) as a basis for designing the 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 Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency’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 may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
October 13, 2022



**Independent Auditor's Report on Compliance  
For The Major Program and on Internal Control  
Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
ICARE, Inc.  
Statesville, North Carolina

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

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

We have audited ICare, Inc.'s (the "Agency") 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 the Agency's major federal program for the year ended April 30, 2022. ICare, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, ICare, Inc. 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 April 30, 2022.

***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 Agency 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 Agency'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 Agency'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 Agency'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.

### ***Auditor's Responsibilities for the Audit of Compliance (Continued)***

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 Agency'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 Agency'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 Agency'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 Agency'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 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.

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.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
October 13, 2022



**ICARE, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended April 30, 2022**

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Items required to be reported under 2 CFR section 200.515(d):

**Section I - Summary of Auditor's Results**

Financial Statements

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

Federal Awards

- (i) Internal control over major programs:
- (a) Material weakness(es) identified?        yes   X   no
- (b) Significant deficiency(ies) identified?        yes   X   none reported
- (ii) Type of auditor's report issued on compliance for major programs: Unmodified
- (iii) Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?        yes   X   no
- (iv) Identification of major programs:

CFDA Number(s)  
93.600

Name of Federal Program  
Head Start Cluster

- (v) Dollar threshold used to distinguish between type A and type B programs: 750,000
- (vi) Auditee qualified as low-risk auditee?   X   yes        no

**Section II - Findings relating to the financial statements which are required to be reported in accordance with generally accepted government auditing standards:**

**A. Deficiencies in Internal Control**

None reported

**B. Compliance Findings**

None reported

**Section III - Findings and questioned costs relating to the major programs which are required to be reported as defined by the Uniform Guidance [2 CFR 200.516(a)]:**

**Findings and Questioned Costs**

None reported

**ICARE, INC.**

**Summary Schedule of Prior Year Audit Findings and Questioned Costs  
Year Ended April 30, 2022**

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**None**