

ICARE, INC.
Table of Contents

	<u>Page No.</u>
Independent Auditor's Report	1
<i>Financial Statements</i>	
Statement of Financial Position	4
Statement of Activities and Changes in Net Assets	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8
<i>Supplementary Information</i>	
Schedules of Revenues, Support, Expenses and Changes in Net Assets	15
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Awards	24
<i>Compliance Information</i>	
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 <i>Government Auditing Standards</i>	25
Independent Auditor's Report on Compliance for The Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	27
Schedule of Findings and Questioned Costs	30
Summary Schedule of Prior Year Audit Findings and Questioned Costs	31

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. 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.

Supplementary Information (Continued)

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 DATE, 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.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
October 12, 2023

ICARE, INC.
Statement of Financial Position
April 30, 2023

Assets

Current Assets:

Cash	\$ 40,816
Grants receivable	283,059
Accounts receivable - other	26,892
Prepaid expenses	30,722
Total Current Assets	<u>381,489</u>

Property and Equipment:

Property and equipment, at cost	903,875
Less accumulated depreciation	649,857
Net Property and Equipment	<u>254,018</u>

Operating lease right of use asset	<u>246,417</u>
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Total Assets	<u>\$ 881,924</u>
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Liabilities and Net Assets

Liabilities:

Accounts payable	\$ 134,659
Accrued expenses	20,084
Deferred revenue	102,469
Operating lease liability	246,417
Total Liabilities	<u>503,629</u>

Net Assets:

Assets without donor restrictions	<u>378,295</u>
Total Net Assets	<u>378,295</u>

Total Liabilities and Net Assets	<u>\$ 881,924</u>
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The accompanying notes to these financial statements are an integral part of these statements.

ICARE, INC.
Statement of Activities and Changes in Net Assets
Year Ended April 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Support:			
Grants and contracts	\$ 4,274,894	\$ -	\$ 4,274,894
Contributions	40,207	-	40,207
In-kind contributions	574,765	-	574,765
Total Support	<u>4,889,866</u>	<u>-</u>	<u>4,889,866</u>
Revenue:			
Interest	40	-	40
Other income	(1,778)	-	(1,778)
Total Revenue	<u>(1,738)</u>	<u>-</u>	<u>(1,738)</u>
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue, and Net Assets Released from Restrictions	<u>4,888,128</u>	<u>-</u>	<u>4,888,128</u>
Expenses:			
Program Services:			
Community Services Block Grant	279,653	-	279,653
Head Start	2,761,048	-	2,761,048
Early Head Start	676,157	-	676,157
Head Start American Rescue Plan	138,750	-	138,750
Child and Adult Care Food Program	258,669	-	258,669
NC OEO CARES	2,089	-	2,089
United Way	11,901	-	11,901
Duke Energy	2,130	-	2,130
Weatherization Assistance	546,256	-	546,256
Other grants	35,985	-	35,985
Total Program Services	<u>4,712,638</u>	<u>-</u>	<u>4,712,638</u>
Supporting Services:			
Management and general	44,819	-	44,819
Total Supporting Services	<u>44,819</u>	<u>-</u>	<u>44,819</u>
Total Expenses	<u>4,757,457</u>	<u>-</u>	<u>4,757,457</u>
Changes in Net Assets	130,671	-	130,671
Net assets, beginning	<u>247,624</u>	<u>-</u>	<u>247,624</u>
Net assets, ending	<u>\$ 378,295</u>	<u>\$ -</u>	<u>\$ 378,295</u>

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

ICARE, INC.
Statement of Functional Expenses
Year Ended April 30, 2023

	Program Services												Supporting Services Management and		
	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	General	Totals
Program Expenses:															
Advertising	\$ 606	\$ -	\$ 3,478	\$ 2,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 249	\$ -	\$ 203	\$ 7,253	\$ -	\$ 7,253
Bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-	1,984	1,984
Client assistance	32,162	-	5,615	1,489	-	934	(792)	11,901	-	269,444	35,906	-	356,659	-	356,659
Contractual services	12,065	-	60,820	10,037	-	-	-	-	1,508	18,800	-	31,772	135,002	8,826	143,828
Dues and memberships	1,001	-	18,527	3,945	-	-	-	-	-	31	-	8,644	32,148	175	32,323
Equipment lease and rentals	2,511	-	41,687	4,528	-	-	4	-	-	4,039	-	5,168	57,937	650	58,587
Field trips	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fringe benefits	36,732	-	224,204	66,515	16,726	13,070	557	-	-	31,226	14	60,997	450,041	340	450,381
Insurance	4,451	-	38,136	1,940	-	-	-	-	-	10,345	-	486	55,358	-	55,358
Legal and professional services	-	-	420	-	-	-	-	-	-	-	-	23,000	23,420	-	23,420
Printing, Licenses and permits	509	-	8,210	563	-	-	-	-	-	595	-	227	10,104	-	10,104
Maintenance and repairs	1,391	-	157,301	27,476	-	-	-	-	-	1,689	-	2,601	190,458	1,999	192,457
Materials, tools and supplies	718	-	111,884	26,308	5,499	161,059	-	-	622	39,275	-	2,747	348,112	23,051	371,163
Miscellaneous	697	-	15,242	4,001	-	-	-	-	-	865	-	1,643	22,448	3,858	26,306
Participant fringe benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Participant wages	1,364	-	-	-	-	-	-	-	-	-	-	-	1,364	-	1,364
Rent	7,079	-	43,232	3,900	-	-	-	-	-	6,894	-	9,713	70,818	-	70,818
Salaries and wages	124,549	-	1,129,623	274,293	91,700	66,727	1,819	-	-	117,364	51	291,935	2,098,061	1,678	2,099,739
Telephone and internet	2,479	-	27,129	1,541	-	-	-	-	-	3,235	-	4,172	38,556	-	38,556
Training	1,790	-	31,036	5,377	-	-	-	-	-	3,656	-	6,133	47,992	-	47,992
Travel	5,359	-	29,600	6,652	-	42	-	-	-	4,440	-	18,748	64,841	543	65,384
Utilities	3,059	-	34,326	6,398	-	-	-	-	-	2,979	-	4,073	50,835	-	50,835
Total expenses before depreciation, indirect costs and grantee's share in-kind	238,522	-	1,980,470	447,680	113,925	241,832	1,588	11,901	2,130	515,126	35,971	472,262	4,061,407	43,104	4,104,511
Depreciation	7,101	-	28,645	-	1,947	-	-	-	-	569	-	-	38,262	-	38,262
Indirect cost	34,030	-	291,723	74,221	22,878	16,837	501	-	-	30,561	14	(472,262)	(1,497)	1,622	125
Grantee's share in-kind	-	-	460,210	154,256	-	-	-	-	-	-	-	-	614,466	93	614,559
Total Expenses	\$ 279,653	\$ -	\$ 2,761,048	\$ 676,157	\$ 138,750	\$ 258,669	\$ 2,089	\$ 11,901	\$ 2,130	\$ 546,256	\$ 35,985	\$ -	\$ 4,712,638	\$ 44,819	\$ 4,757,457

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

ICARE, INC.
Statement of Cash Flows
Year Ended April 30, 2023

Cash flows from operating activities:	
Changes in net assets	\$ 130,671
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	38,262
Changes in assets and liabilities:	
(Increase) decrease in:	
Grants receivable	92,403
Other accounts receivable	6
Prepaid expenses	(29,854)
Increase (decrease) in:	
Accounts payable	(96,198)
Accrued expenses	(10,188)
Deferred revenue	(15,016)
Net cash provided by operating activities	<u>110,086</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(91,040)</u>
Net cash used in investing activities	<u>(91,040)</u>
Increase in cash	19,046
Cash - beginning	<u>21,770</u>
Cash - ending	<u>\$ 40,816</u>

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

ICARE, INC.

Notes to Financial 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 and 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)

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842), requiring an entity to recognize assets and liabilities arising from a lease for both financing and operating leases, along with additional qualitative and quantitative disclosures. Under this standard, the lessee is required to record an asset for the right to use the underlying asset for the lease term and a corresponding liability for the contractual lease payments. The Agency adopted this standard effective May 1, 2022, the first day of the Agency's fiscal year using the modified retrospective approach and have not restated prior periods. In addition, the Agency elected the package of practical expedients permitted under the transition guidance, which among other things, allowed the Agency to carry forward the historical lease classification.

Adoption of the new standard did not materially impact the Agency's net income and had no impact on cash flows.

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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

At the inception of a lease, the Agency assesses whether the lease represents an operating or financing lease. Operating leases are included in the balance sheet as a right-of-use ("ROU") asset and a corresponding lease liability. Financing leases are recorded in property and equipment and corresponding lease liability. The Agency has elected not to recognize a right-of-use asset or lease liability for leases with an initial term of 12 months or less that do not include a purchase option that is reasonably expected to be exercised. The expense associated with short-term leases is included in lease expense in the accompanying statement of activities and changes in net assets.

Right-of use assets and lease liabilities are recognized at the commencement date. The lease liabilities are measured at the present value of the lease payments over the lease term. The Agency uses the rate implicit in the lease if it is determinable. If not determinable, the Agency is using the US Treasury rate for all classes of underlying assets. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised.

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.

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 12, 2023, which is the date the financial statements were available to be issued.

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

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>71%</u></u>
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NOTE D - OPERATING LEASES

The Agency leases classrooms and a copier. Leases greater than 12 months result in the recognition of a right of use ("ROU") asset and a liability at the lease commencement date based on the present value of the lease payments over the term of the lease. Because the Agency does not have access to the rate implicit in the lease, the US Treasury five year rate was utilized in associated present value calculations.

Operating lease cost	<u><u>\$ 68,200</u></u>
Other Information:	
Operating cash flows from operating leases	<u><u>\$ 66,200</u></u>
ROU assets obtained in exchange for new operating lease liabilities	<u><u>\$ 306,502</u></u>
Weighted-average remaining lease term in years for operating leases	7.64
Weighted-average discount rate for operating leases	2.94%

The maturities of lease liabilities as of April 30, 2023 were as follows:

2024	\$ 72,450
2025	26,400
2026	24,000
2027	24,000
2028	24,000
Thereafter	<u>104,000</u>
Total undiscounted cash flows	274,850
Less present value discount	<u>(28,433)</u>
Present value of lease liabilities	<u><u>\$ 246,417</u></u>

ICARE, INC.**Notes to Financial Statements****NOTE E - PROPERTY AND EQUIPMENT**

The following is the property and equipment by function:

	<u>May 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>April 30, 2023</u>
Cost:					
Administration	\$ 20,994	\$ -	\$ -	\$ -	\$ 20,994
Head Start	534,053	91,041	-	-	625,094
American Rescue Plan	19,046	-	-	-	19,046
United Way	4,087	-	-	-	4,087
Extended Day	139,422	-	-	-	139,422
Weatherization					
Assistance Program	57,756	-	-	-	57,756
Community Services					
Block Grant	37,476	-	-	-	37,476
	<u>812,834</u>	<u>91,041</u>	<u>-</u>	<u>-</u>	<u>903,875</u>
Accumulated					
Depreciation:					
Administration	20,994	-	-	-	20,994
Head Start	403,829	28,645	-	-	432,474
American Rescue Plan	-	1,947	-	-	1,947
United Way	4,087	-	-	-	4,087
Extended Day	113,175	-	-	-	113,175
Weatherization					
Assistance Program	57,210	569	-	-	57,779
Community Services					
Block Grant	12,300	7,101	-	-	19,401
	<u>611,595</u>	<u>38,262</u>	<u>-</u>	<u>-</u>	<u>649,857</u>
Net Property and					
Equipment	<u>\$ 201,239</u>				<u>\$ 254,018</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

NOTE G - INDIRECT COST

The cognizant agency will be requested to finalize the rate of 21.10% based on the following:

Total base salaries	\$ 1,806,126
Fringe benefits	391,062
Fringe benefits - nonfederal	-
Total base	<u>\$ 2,197,188</u>
Total indirect cost	<u>\$ 470,766</u>
Total indirect cost rate	<u>21.43%</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	\$ 350,767
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>\$ 350,767</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 \$38,036.

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, 2023

Support and revenue:	
Contributions	\$ 507
Interest	40
Other income	<u>62,193</u>
Total support and revenue	<u>62,740</u>
Expenses:	
Direct costs:	
Bank charges	1,984
Fringe benefits	340
Maintenance and repairs	1,999
Materials, tools and supplies	23,144
Miscellaneous	3,858
Salaries and wages	1,678
Travel	<u>543</u>
Total direct costs	43,197
Indirect costs	<u>1,622</u>
Total expenses	<u>44,819</u>
Change in net assets, program basis of accounting	17,921
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	<u>-</u>
Change in net assets, GAAP basis of accounting	<u><u>\$ 17,921</u></u>

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Community Services Block Grant
Year Ended April 30, 2023

Support and revenue:	
Federal Government	\$ 287,736
Program expenses:	
Direct costs:	
Advertising	606
Client assistance	32,162
Contractual services	12,065
Dues and memberships	1,001
Equipment lease and rentals	2,511
Fringe benefits	36,732
Insurance	4,451
Printing, Licenses and permits	509
Maintenance and repairs	1,391
Materials, tools and supplies	718
Miscellaneous	697
Participant wages	1,364
Rent	7,079
Salaries and wages	124,549
Telephone and internet	2,479
Training	1,790
Travel	5,359
Utilities	3,059
Total direct costs	<u>238,522</u>
Indirect costs	<u>34,030</u>
Total expenses	<u>272,552</u>
Change in net assets, program basis of accounting	15,184
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	<u>7,101</u>
Change in net assets, GAAP basis of accounting	<u><u>\$ 8,083</u></u>

ICARE, INC.**Schedule of Revenues, Support, Expenses and Change in Net Assets****Head Start/Early Head Start****Year Ended April 30, 2023**

	<u>Head Start</u>	<u>Early Head Start</u>	<u>COVID Funds</u>
Support and revenue:			
Federal Government	\$ 2,910,272	\$ -	\$ 170,327
Grantee's contributions - in-kind	434,049	140,716	-
Grantee's contributions - cash	29,432	10,268	-
Miscellaneous income	-	-	-
Total support and revenue	<u>3,373,753</u>	<u>150,984</u>	<u>170,327</u>
Expenses:			
Direct costs:			
Advertising	3,478	2,717	-
Client assistance	5,615	1,489	-
Contractual services	95,014	10,673	-
Dues and memberships	18,527	3,945	-
Equipment lease and rentals	41,687	4,528	-
Fringe benefits	252,857	77,387	16,726
Insurance	38,136	1,940	-
Legal and professional services	420	-	-
Printing, licenses and permits	8,210	563	-
Maintenance and repairs	157,301	27,476	-
Materials, tools and supplies	155,968	29,591	-
Miscellaneous	15,337	4,081	-
Rent	396,416	143,285	-
Salaries and wages	1,129,623	274,293	91,700
Telephone and internet	27,129	1,541	-
Training	31,036	5,377	-
Travel	29,600	6,652	-
Utilities	34,326	6,398	-
Total direct costs	<u>2,440,680</u>	<u>601,936</u>	<u>108,426</u>
Indirect costs	<u>291,723</u>	<u>74,221</u>	<u>22,878</u>
Total expenses	<u>2,732,403</u>	<u>676,157</u>	<u>131,304</u>
Change in net assets, program basis of accounting	641,350	(525,173)	39,023
Adjustment to reconcile net assets to GAAP basis of accounting:			
Depreciation	28,645	-	1,947
Expenses that were capitalized	73,893	7,116	44,142
Unqualified in-kind contributions under GAAP	72,821	16,529	-
Unqualified in-kind expenses under GAAP	<u>(72,821)</u>	<u>(16,529)</u>	<u>-</u>
Change in net assets, GAAP basis of accounting	<u>\$ 538,812</u>	<u>\$ (532,289)</u>	<u>\$ (7,066)</u>

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Child and Adult Care Food Program
Year Ended April 30, 2023

Support and revenue:		
USDA Federal Government	\$	132,974
Head Start funding		125,695
		<u>258,669</u>
Expenses:		
Direct costs:		
Fringe benefits		13,070
Materials, tools and supplies		161,059
Salaries and wages		66,727
Total direct costs		<u>241,832</u>
Indirect costs		<u>16,837</u>
Total expenses		<u>258,669</u>
Change in net assets	\$	<u><u>-</u></u>

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
United Way
Year Ended April 30, 2023

Support and revenue:	
United Way of Iredell County	\$ 8,796
Total support and revenue	<u>8,796</u>
Expenses:	
Client assistance	<u>11,901</u>
Total expenses	<u>11,901</u>
Change in net assets	<u><u>\$ (3,105)</u></u>

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
North Carolina Community Action Association
Year Ended April 30, 2023

	<u>Duke Energy</u>	<u>BCBS Healthy Home Initiative</u>
Support and revenue:		
Grant revenue	\$ -	\$ 3,013
Other revenue	-	834
	<hr/>	<hr/>
Total support and revenue	-	3,847
	<hr/>	<hr/>
Expenses:		
Direct costs:		
Client assistance	1,508	23,762
Supplies	622	-
Equipment purchases	-	-
Staff fringe benefits	-	14
Staff wages	-	51
Total direct costs	<hr/> 2,130	<hr/> 23,827
Indirect costs	<hr/> -	<hr/> 14
Total expenses	<hr/> 2,130	<hr/> 23,841
Change in net assets	<hr/> <u>\$ (2,130)</u>	<hr/> <u>\$ (19,994)</u>

ICARE, INC.

Statement of Revenues, Support, Expenses and Changes in Net Assets

Weatherization Assistance

Year Ended April 30, 2023

	U.S. Department of Energy	U.S. Department of Health and Human Services	COVID Funds	Total
Support and Revenue:				
Federal Government	\$ 92,909	\$ 385,039	\$ 68,562	\$ 546,510
Total support and revenue	<u>92,909</u>	<u>385,039</u>	<u>68,562</u>	<u>546,510</u>
Expenses:				
Direct Costs:				
Advertising	-	249	-	249
Client assistance	39,479	229,883	82	269,444
Contractual services	2,272	3,409	13,119	18,800
Dues and memberships	12	19	-	31
Equipment lease and rentals	1,228	898	1,913	4,039
Fringe benefits	6,177	22,828	2,221	31,226
Insurance	2,483	7,862	-	10,345
Printing, Licenses and permits	-	437	158	595
Maintenance and repairs	603	788	298	1,689
Materials, tools and supplies	976	2,208	36,091	39,275
Miscellaneous	268	331	266	865
Rent	2,684	3,239	971	6,894
Salaries and wages	22,266	84,938	10,160	117,364
Telephone and internet	1,259	1,526	450	3,235
Training	2,917	739	-	3,656
Travel	3,123	1,097	220	4,440
Utilities	1,160	1,281	538	2,979
Total direct costs	<u>86,907</u>	<u>361,732</u>	<u>66,487</u>	<u>515,126</u>
Indirect costs	<u>6,002</u>	<u>22,738</u>	<u>1,821</u>	<u>30,561</u>
Total expenses	<u>92,909</u>	<u>384,470</u>	<u>68,308</u>	<u>545,687</u>
Change in net assets, program basis of accounting	-	569	254	823
Adjustment of reconcile net assets to GAAP basis of accounting				
Depreciation	<u>-</u>	<u>569</u>	<u>-</u>	<u>569</u>
Change in net assets, GAAP basis of accounting	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 254</u>	<u>\$ 254</u>

ICARE, INC.
Statement of Revenues, Support, Expenses and Changes in Net Assets
Other Grants
Year Ended April 30, 2023

	<u>Iredell Co. Foundation</u>	<u>NC Dept. of SS</u>	<u>Total</u>
Support and Revenue:			
Grants	\$ 12,143	\$ 550	\$ 12,693
Contributions	-	-	-
Total support and revenue	<u>12,143</u>	<u>550</u>	<u>12,693</u>
Expenses:			
Client assistance	<u>12,144</u>	-	<u>12,144</u>
Total expenses	<u>12,144</u>	<u>-</u>	<u>12,144</u>
Change in net assets	<u>\$ (1)</u>	<u>\$ 550</u>	<u>\$ 549</u>

ICARE, INC.
Schedule of Expenditures of Federal Awards
Year Ended April 30, 2023

Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grant or Pass-through Number	Federal Expenditures
U. S. Department of Health and Human Services:			
Office of Human Development Services:			
Head Start	93.600		\$ 2,272,193
Early Head Start	93.600		521,901
Head Start - COVID funds	93.600		136,803
Passed Through from North Carolina Department of Health and Human Services:			
Office of Economic Opportunity:			
Community Services Block Grant	93.569	2101NCCOSR	272,552
Community Services Block Grant- CARES	93.569	2210NCCOSR	2,089
Passed Through from North Carolina Department of Health and Human Services/NC Department of Environmental Quality:			
Weatherization Assistance for Low Income Persons	93.568	22&23B1NCLIEA	301,870
Heating & Air Repair and Replacement Program	93.568		150,908
Total U.S. Department of Health and Human Services			3,658,316
U.S. Department of Energy			
Passed Through from N.C. Department of Environmental Quality:			
Weatherization Assistance Program for Low Income Persons	81.042	DE-EE0009920	92,909
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	258,669
Total Expenditures of Federal Awards			\$ 4,009,894

ICARE, INC.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended April 30, 2023

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, 2023. 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.

Bernard Robinson & Company, L.L.P.

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, 2023, 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 DATE.

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 12, 2023



**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, 2023. 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, 2023.

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. 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.

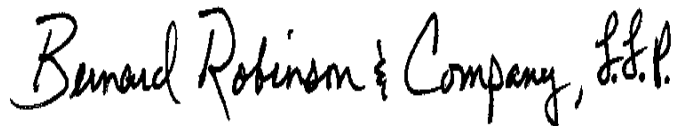
Report on Internal Control Over Compliance

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, 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.

Report on Internal Control Over Compliance (Continued)

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.

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 12, 2023

ICARE, INC.
Schedule of Findings and Questioned Costs
Year Ended April 30, 2023

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 no
- (b) Significant deficiency(ies) identified? yes none reported
- (iii) Noncompliance material to financial statements noted? yes no

Federal Awards

- (i) Internal control over major programs:
- (a) Material weakness(es) identified? yes no
- (b) Significant deficiency(ies) identified? yes 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 no
- (iv) Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
93.600	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? 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, 2023

None