

ICARE, INC.

**FINANCIAL STATEMENTS AND
COMPLIANCE REPORTS**

YEAR ENDED APRIL 30, 2025



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 financial statements of ICARE, Inc. (a North Carolina nonprofit organization) (the "Agency"), which comprise the statement of financial position as of April 30, 2025, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Agency as of April 30, 2025, and the changes in its 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 (GAAS) 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 the Financial Statements* section of our report. We are required to be independent of the Agency 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.

2024 Financial Statements Restated

As discussed in Note K to the financial statements, the 2024 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Audit of the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 Schedules of Revenues, Support, Expenses and Changes in Net Assets on pages 16-24 and the Schedule of Expenditures of Federal of awards on pages 30-31, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis, and are 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 GAAS. In our opinion, the information 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 January 27, 2026, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
January 27, 2026

ICARE, INC.
Statement of Financial Position
April 30, 2025

Assets

Current Assets:

Cash	\$ 20,280
Grants receivable	214,556
Accounts receivable - other	31,159
Prepaid expenses	5,728
Total Current Assets	<u>271,723</u>

Property and Equipment:

Property and equipment, at cost	897,151
Less accumulated depreciation	663,102
Net Property and Equipment	<u>234,049</u>

Operating lease right of use asset	<u>385,751</u>
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Total Assets	<u>\$ 891,523</u>
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Liabilities and Net Assets

Current Liabilities:

Accounts payable	\$ 182,113
Accrued expenses	86,375
Operating lease liability	74,162
Total Current Liabilities	<u>342,650</u>

Non-Current Liabilities:

Operating lease liability, net of current portion	<u>311,589</u>
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Total Liabilities	654,239
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Net Assets:

Assets without donor restrictions	237,284
Assets with donor restrictions	-
Total Net Assets	<u>237,284</u>

Total Liabilities and Net Assets	<u>\$ 891,523</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, 2025

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue:			
Support:			
Grants and contracts	\$ 4,411,872	\$ -	\$ 4,411,872
Contributions and grantee's contributions - cash	8,210	-	8,210
In-kind contributions	464,236	-	464,236
Total Support	<u>4,884,318</u>	<u>-</u>	<u>4,884,318</u>
Revenue:			
Parent fees	11,771	-	11,771
Interest	110	-	110
Other income	80,985	-	80,985
Total Revenue	<u>92,866</u>	<u>-</u>	<u>92,866</u>
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue, and Net Assets Released from Restrictions	<u>4,977,184</u>	<u>-</u>	<u>4,977,184</u>
Expenses:			
Program Services:			
Community Services Block Grant	330,359	-	330,359
Extended Day	49,277	-	49,277
Head Start	3,004,371	-	3,004,371
Early Head Start	747,177	-	747,177
Child and Adult Care Food Program	183,832	-	183,832
United Way	12,705	-	12,705
Duke Energy	4,136	-	4,136
Weatherization Assistance Act	478,029	-	478,029
Other Grants	212,096	-	212,096
Total Program Services	<u>5,021,982</u>	<u>-</u>	<u>5,021,982</u>
Supporting Services:			
Management and general	99,566	-	99,566
Total Supporting Services	<u>99,566</u>	<u>-</u>	<u>99,566</u>
Total Expenses	<u>5,121,548</u>	<u>-</u>	<u>5,121,548</u>
Changes in Net Assets	<u>(144,364)</u>	<u>-</u>	<u>(144,364)</u>
Net assets, beginning, previously reported	532,304	-	532,304
Restatement of Net Assets	<u>(150,656)</u>	<u>-</u>	<u>(150,656)</u>
Net assets, beginning, as restated	<u>381,648</u>	<u>-</u>	<u>381,648</u>
Net assets, ending	<u>\$ 237,284</u>	<u>\$ -</u>	<u>\$ 237,284</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, 2025

	Program Services											Supporting Services	Totals
	Community Services Block Grant	Extended Day	Head Start	Early Head Start	Child and Adult Care Food Program	United Way	Duke Energy	Weatherization Assistance Act	Other Grants	Indirect Cost Pool	Total Program	Management and General	
Program Expenses:													
Advertising	\$ 671	\$ 341	\$ 9,663	\$ 3,174	\$ -	\$ -	\$ -	\$ 1,902	\$ -	\$ 312	\$ 16,063	\$ -	\$ 16,063
Bank charges	-	337	-	-	-	-	-	-	-	5	342	6,351	6,693
Client assistance	50,849	-	6,770	1,588	-	1,313	-	237,113	6,147	-	303,780	-	303,780
Contractual services	5,385	2,583	88,562	20,545	-	7,133	1,287	31,425	22,385	14,528	193,833	275	194,108
Dues and memberships	1,423	681	18,953	5,453	-	-	-	353	-	11,542	38,405	1,348	39,753
Equipment lease and rentals	1,663	335	39,205	3,112	-	-	-	2,161	-	3,128	49,604	-	49,604
Field trips	-	1,071	1,092	-	-	-	-	-	-	-	2,163	-	2,163
Fringe benefits	35,367	5,296	307,441	82,648	17,795	-	-	28,543	5,480	113,746	596,316	-	596,316
Insurance	3,122	2,320	43,279	9,689	-	-	-	5,712	-	1,177	65,299	4,516	69,815
Legal and professional services	-	-	600	-	-	-	-	-	-	25,200	25,800	-	25,800
Printing, licenses and permits	272	49	12,266	1,181	-	-	-	2,062	-	868	16,698	-	16,698
Maintenance and repairs	2,692	6,606	190,563	40,019	-	-	-	1,978	-	3,122	244,980	-	244,980
Materials, tools and supplies	1,144	1,433	79,824	15,495	83,781	4,259	2,849	2,404	112,069	6,824	310,082	809	310,891
Miscellaneous	1,431	792	15,631	5,622	-	-	-	1	18,338	2,306	44,121	1,349	45,470
Participant fringe benefits	2	-	(122)	-	-	-	-	-	144	-	24	-	24
Participant wages	12,293	-	-	-	-	-	-	-	1,450	-	13,743	-	13,743
Rent	6,338	-	24,000	-	-	-	-	5,305	-	9,958	45,601	-	45,601
Salaries and wages	147,870	20,533	1,310,776	320,942	64,807	-	-	110,918	36,879	373,697	2,386,422	-	2,386,422
Telephone and internet	736	16	5,538	(1,051)	-	-	-	1,548	-	2,227	9,014	-	9,014
Training	3,347	29	38,095	10,049	187	-	-	8,966	-	15,890	76,563	-	76,563
Travel	4,484	88	62,821	12,439	25	-	-	3,942	-	20,335	104,134	53	104,187
Utilities	2,794	1,356	34,350	5,723	-	-	-	2,469	-	4,377	51,069	-	51,069
Total expenses before depreciation, indirect costs and grantee's share in-kind	281,883	43,866	2,289,307	536,628	166,595	12,705	4,136	446,802	202,892	609,242	4,594,056	14,701	4,608,757
Depreciation	7,900	-	34,605	-	-	-	-	2,048	-	-	44,553	-	44,553
Indirect cost	40,576	5,411	337,972	84,903	17,237	-	-	29,179	9,204	(609,347)	(84,865)	84,865	-
Grantee's contributions - in-kind	-	-	342,487	125,646	-	-	-	-	-	105	468,238	-	468,238
Total Expenses	<u>\$ 330,359</u>	<u>\$ 49,277</u>	<u>\$3,004,371</u>	<u>\$ 747,177</u>	<u>\$ 183,832</u>	<u>\$ 12,705</u>	<u>\$ 4,136</u>	<u>\$ 478,029</u>	<u>\$ 212,096</u>	<u>\$ -</u>	<u>\$ 5,021,982</u>	<u>\$ 99,566</u>	<u>\$ 5,121,548</u>

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

ICARE, INC.
Statement of Cash Flows
Year Ended April 30, 2025

Cash flows from operating activities:	
Changes in net assets	\$ (144,364)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	44,553
Loss on disposal of fixed assets	1,352
Changes in assets and liabilities:	
(Increase) decrease in:	
Grants receivable	143,685
Other accounts receivable	(10,399)
Prepaid expenses	(8,789)
Increase (decrease) in:	
Accounts payable	(77,860)
Accrued expenses	23,597
Net cash used in operating activities	<u>(28,225)</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(18,595)</u>
Net cash used in investing activities	<u>(18,595)</u>
Decrease in cash	(46,820)
Cash - beginning	<u>67,100</u>
Cash - ending	<u><u>\$ 20,280</u></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 individuals 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") 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 individuals.

Community Services Block Grant

The Community Services Block Grant ("CSBG") is a DHHS program that provides low-income individuals 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 21.10% for the year ended. The direct costs of the Administrative Pool have been included in total expenses in the statement of activities and changes in net assets. 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.

ICARE, INC.

Notes to Financial Statements

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.

ICARE, INC.

Notes to Financial Statements

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.

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. Regardless of lease category, 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.

ICARE, INC.

Notes to Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

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 January 27, 2026, which is the date the financial statements were available to be issued.

Subsequent to year end, the Agency entered into an operating lease agreement that replaced the existing month-to-month lease. This lease is included in the ROU Asset and Liabilities on the Statement of Financial Position and is also included in the future maturity schedule located at Note F.

NOTE C - CONCENTRATION OF REVENUE, RISKS RELATED TO FEDERAL AWARDS, AND CREDIT RISKS

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

72%

ICARE, INC.**Notes to Financial Statements****NOTE C - CONCENTRATION OF REVENUE, RISKS RELATED TO FEDERAL AWARDS, AND CREDIT RISKS (CONTINUED)***Revenue from Federal Grants*

The Agency receives a significant portion of its funding from federal government grants. For the year ended April 30, 2025, approximately 90% of total revenue was derived from programs funded by federal awards. These grants are primarily administered through the U.S. Department of Health and Human Services and the U.S. Department of Agriculture.

Risk and Uncertainty

The Agency's operations are substantially dependent on the continued funding of these federal programs. Changes in federal budget allocations, grantor policies, or compliance requirements could have a material adverse effect on the Agency's financial position and activities. Management monitors legislative and regulatory developments that may impact future funding.

NOTE D - PROPERTY AND EQUIPMENT

The following is the property and equipment by function:

	<u>May 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>April 30, 2025</u>
Cost:					
Administration	\$ 20,994	\$ -	\$ (10,882)	\$ (2,106)	\$ 8,006
Head Start	653,906	18,596	(57,693)	158,891	773,700
American Rescue Plan	19,046	-	-	(19,046)	-
United Way	4,087	-	-	-	4,087
Extended Day	139,422	-	-	(139,422)	-
Weatherization - Assistance Program	67,331	-	-	(423)	66,908
Community Services - Block Grant	42,344	-	-	2,106	44,450
	<u>947,130</u>	<u>18,596</u>	<u>(68,575)</u>	<u>-</u>	<u>897,151</u>
Accumulated Depreciation:					
Administration	20,994	-	(10,882)	-	10,112
Head Start	457,831	34,605	(56,341)	-	436,095
American Rescue Plan	3,894	-	-	-	3,894
United Way	4,087	-	-	-	4,087
Extended Day	113,175	-	-	-	113,175
Weatherization - Assistance Program	58,906	2,048	-	-	60,954
Community Services - Block Grant	26,885	7,900	-	-	34,785
	<u>685,772</u>	<u>44,553</u>	<u>(67,223)</u>	<u>-</u>	<u>663,102</u>
Net Property and Equipment	<u>\$ 261,358</u>				<u>\$ 234,049</u>

ICARE, INC.

Notes to Financial Statements

NOTE E - 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 have 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 (including Early Head Start) 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 ("GAAP") are tracked separately and are not recognized in GAAP financial statements.

The following table reconciles the in-kind contributions recognized under the program basis of accounting to the in-kind contributions recognized under GAAP:

In-kind contributions allowable under the Head Start Program (including Early Head Start)	\$ 652,142
Less: In-kind contributions unallowable under GAAP	<u>184,009</u>
In-kind contributions recognized under GAAP	<u><u>\$ 468,133</u></u>

NOTE F - INDIRECT COST

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

Total base salaries	\$ 2,012,725
Fringe benefits	<u>482,570</u>
Total base	<u>\$ 2,495,295</u>
Total indirect cost	<u>\$ 609,347</u>
Total indirect cost rate	<u><u>24.42%</u></u>

NOTE G - 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>\$ 84,979</u>
Other Information:	
Operating cash flows from operating leases	<u>\$ 83,591</u>
ROU assets obtained in exchange for new operating lease liability	<u>\$ 132,601</u>
Weighted-average remaining lease term in years for operating leases	5.47
Weighted-average discount rate for operating leases	3.56%

ICARE, INC.

Notes to Financial Statements

NOTE G - OPERATING LEASES (Continued)

The maturities of lease liabilities as of April 30, 2025 were as follows:

2026	\$ 86,404
2027	87,191
2028	87,191
2029	51,266
2030	48,000
Thereafter	<u>62,000</u>
Total undiscounted cash flows	422,052
Less present value discount	<u>(36,301)</u>
Present value of lease liabilities	<u>\$ 385,751</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.

Cash, grants receivable, accounts receivable - other	\$ 265,995
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>\$ 265,995</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 \$40,970.

ICARE, INC.

Notes to Financial Statements

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 granter agencies for expenditures disallowed under the compliance terms of the grant.

NOTE K - RESTATEMENT

During year ending April 30, 2025, the Agency identified an error related to the prior period's net asset balance. The error resulted from the Agency not expensing health insurance and workers' compensation costs resulting in a misclassification to expenses, prepaids, and liabilities. As a result, the previously reported net asset amounts have been restated as noted below.

<u>Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
<u>\$ 532,304</u>	<u>\$ (150,656)</u>	<u>\$ 381,648</u>

NOTE L - CASH OVERDRAFT

As of April 30, 2025, the Agency had a cash overdraft of \$48,891, which is included in accounts payable on the accompanying statement of financial position. The overdraft resulted from outstanding checks in excess of cash balances in the Agency's bank accounts. Management expects to fund the overdraft through normal operating cash flows and available credit facilities.

SUPPLEMENTARY INFORMATION

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Supporting Services (Agency and Local Funds)
Year Ended April 30, 2025

	<u>Total</u>
Support and revenue:	
Contributions	\$ 2,060
Interest	110
Other income	598
Total support and revenue	<u>2,768</u>
Expenses:	
Direct costs:	
Bank charges	6,351
Contractual services	275
Dues and memberships	1,348
Insurance	4,516
Materials, tools, and supplies	809
Miscellaneous	1,349
Travel	53
Total direct costs	<u>14,701</u>
Indirect costs	<u>84,865</u>
Total expenses	<u>99,566</u>
Change in net assets, GAAP basis of accounting	<u>\$ (96,798)</u>

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Community Services Block Grant
Year Ended April 30, 2025

	<u>Total</u>
Support and revenue:	
Grants and contracts	<u>\$ 316,725</u>
Expense:	
Direct costs:	
Advertising	671
Client assistance	50,849
Contractual services	5,385
Dues and memberships	1,423
Equipment lease and rentals	1,663
Fringe benefits	35,367
Insurance	3,122
Printing, licenses and permits	272
Maintenance and repairs	2,692
Materials, tools and supplies	1,144
Miscellaneous	1,431
Participant fringe benefits	2
Participant wages	12,293
Rent	6,338
Salaries and wages	147,870
Telephone and internet	736
Training	3,347
Travel	4,484
Utilities	2,794
Total direct costs	<u>281,883</u>
Indirect costs	<u>40,576</u>
Total expenses	<u>322,459</u>
Change in net assets, program basis of accounting	(5,734)
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	<u>7,900</u>
Change in net assets, GAAP basis of accounting	<u>\$ (13,634)</u>

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Extended Day
Year Ended April 30, 2025

	<u>Total</u>
Support and revenue:	
Grants and contracts	\$ 63,163
Parent fees	11,771
	<u>74,934</u>
Expenses:	
Direct costs:	
Advertising	341
Bank charges	337
Contractual services	2,583
Dues and memberships	681
Equipment lease and rentals	335
Field trips	1,071
Fringe benefits	5,296
Insurance	2,320
Printing, licenses and permits	49
Maintenance and repairs	6,606
Materials, tools and supplies	1,433
Miscellaneous	792
Salaries and wages	20,533
Telephone and internet	16
Training	29
Travel	88
Utilities	1,356
Total direct costs	<u>43,866</u>
Indirect costs	<u>5,411</u>
Total expenses	<u>49,277</u>
Change in net assets, program basis of accounting	25,657
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	<u>-</u>
Change in net assets, GAAP basis of accounting	<u>\$ 25,657</u>

ICARE, INC.**Schedule of Revenues, Support, Expenses and Change in Net Assets****Head Start/Early Head Start****Year Ended April 30, 2025**

	Head Start	Early Head Start	Total
Support and revenue:			
Grants and contracts	\$ 3,219,468	\$ -	\$ 3,219,468
Grantee's contributions - in-kind	355,841	106,142	461,983
Grantee's contributions - cash	4,546	1,604	6,150
Total support and revenue	<u>3,647,178</u>	<u>107,746</u>	<u>3,687,601</u>
Expenses:			
Direct costs:			
Advertising	9,663	3,174	12,837
Client assistance	6,770	1,588	8,358
Contractual services	113,929	21,258	135,187
Dues and memberships	18,953	5,453	24,406
Equipment lease and rentals	39,205	3,112	42,317
Field trips	1,092	-	1,092
Fringe benefits	311,985	84,249	396,234
Insurance	43,279	9,689	52,968
Legal and professional services	600	-	600
Printing, licenses and permits	12,266	1,181	13,447
Maintenance and repairs	190,563	40,019	230,582
Materials, tools and supplies	141,867	50,534	192,401
Miscellaneous	15,633	5,625	21,258
Participant fringe benefits	(122)	-	(122)
Rent	274,531	88,290	362,821
Salaries and wages	1,310,776	320,942	1,631,718
Telephone and internet	5,538	(1,051)	4,487
Training	38,095	10,049	48,144
Travel	62,821	12,439	75,260
Utilities	34,350	5,723	40,073
Total direct costs	<u>2,631,794</u>	<u>662,274</u>	<u>3,294,068</u>
Indirect costs	<u>337,972</u>	<u>84,903</u>	<u>422,875</u>
Total expenses	<u>2,969,766</u>	<u>747,177</u>	<u>3,716,943</u>
Change in net assets, program basis of accounting	677,412	(639,431)	(29,342)
Adjustments to reconcile net assets to GAAP basis of accounting:			
Depreciation	34,605	-	34,605
Unqualified in-kind contributions under GAAP	156,610	27,399	184,009
Unqualified in-kind expenses under GAAP	(156,610)	(27,399)	(184,009)
Change in net assets, GAAP basis of accounting	<u>\$ 642,807</u>	<u>\$ (639,431)</u>	<u>\$ 3,376</u>

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Child and Adult Care Food Program
Year Ended April 30, 2025

	<u>Total</u>
Support and revenue:	
Grants and contracts	\$ 200,839
Other Income	<u>1,054</u>
	201,893
Expenses:	
Direct costs:	
Fringe benefits	17,795
Materials, tools and supplies	83,781
Salaries and wages	64,807
Training	187
Travel	<u>25</u>
Total direct costs	166,595
Indirect costs	<u>17,237</u>
Total expenses	<u>183,832</u>
Change in net assets, GAAP basis of accounting	<u><u>\$ 18,061</u></u>

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
United Way
Year Ended April 30, 2025

	<u>Total</u>
Support and revenue:	
Grants and contracts	\$ 18,500
Total support and revenue	<u>18,500</u>
Expenses:	
Client assistance	1,313
Materials, tools, and supplies	4,259
Contractual services	<u>7,133</u>
Total expenses	<u>12,705</u>
Change in net assets, GAAP basis of accounting	<u>\$ 5,795</u>

ICARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Duke Energy
Year Ended April 30, 2025

	<u>Total</u>
Support and revenue:	
Grants and contracts	\$ 28,998
Other income	1,109
Total support and revenue	<u>30,107</u>
Expenses:	
Direct costs:	
Materials, tools, and supplies	2,849
Contractual services	1,287
Total direct costs	<u>4,136</u>
Total expenses	<u>4,136</u>
Change in net assets, GAAP basis of accounting	<u>\$ 25,971</u>

ICARE, INC.**Statement of Revenues, Support, Expenses and Changes in Net Assets****Weatherization Assistance Act****Year Ended April 30, 2025**

	U.S. Department of Energy	U.S. Department of Health and Human Services	Total
Support and Revenue:			
Grants and contracts	\$ 40,126	\$ 309,246	\$ 349,372
Total support and revenue	<u>40,126</u>	<u>309,246</u>	<u>349,372</u>
Expenses:			
Direct Costs:			
Advertising	7	1,895	1,902
Client assistance	15,553	221,560	237,113
Contractual services	64	31,361	31,425
Dues and memberships	-	353	353
Equipment lease and rentals	-	2,161	2,161
Fringe benefits	4,296	24,247	28,543
Insurance	304	5,408	5,712
Printing, licenses and permits	-	2,062	2,062
Maintenance and repairs	247	1,731	1,978
Materials, tools and supplies	12	2,392	2,404
Miscellaneous	-	1	1
Rent	-	5,305	5,305
Salaries and wages	17,029	93,889	110,918
Telephone and internet	63	1,485	1,548
Training	5,332	3,634	8,966
Travel	1,436	2,506	3,942
Utilities	64	2,405	2,469
Total direct costs	<u>44,407</u>	<u>402,395</u>	<u>446,802</u>
Indirect costs	<u>4,500</u>	<u>24,679</u>	<u>29,179</u>
Total expenses	<u>48,907</u>	<u>427,074</u>	<u>475,981</u>
Change in net assets, program basis of accounting	(8,781)	(117,828)	(126,609)
Adjustment to reconcile net assets to GAAP basis of accounting:			
Depreciation	<u>-</u>	<u>2,048</u>	<u>2,048</u>
Change in net assets, GAAP basis of accounting	<u>\$ (8,781)</u>	<u>\$ (119,876)</u>	<u>\$ (128,657)</u>

ICARE, INC.
Statement of Revenues, Support, Expenses and Changes in Net Assets
Other Grants
Year Ended April 30, 2025

	<u>NC Dept of Social Services</u>	<u>Urgent Repair Program</u>	<u>Iredell Co. Foundation</u>	<u>Truist Building Opportunities</u>	<u>BCBS Healthy Home Initiative</u>	<u>Total</u>
Support and Revenue:						
Grants and contracts	\$ 28,807	\$ 180,000	\$ 6,000	\$ -	\$ -	\$ 214,807
Grantee's contributions - in-kind	2,253	-	-	-	-	2,253
Other income	-	10,901	-	-	-	10,901
Total support and revenue	<u>31,060</u>	<u>190,901</u>	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>227,961</u>
Expenses:						
Client assistance	-	-	4,439	-	1,708	6,147
Materials, tools and supplies	-	112,069	-	-	-	112,069
Contractual services	-	22,385	-	-	-	22,385
Fringe benefits	5,480	-	-	-	-	5,480
Salaries and wages	36,757	122	-	-	-	36,879
Participant fringe benefits	-	33	111	-	-	144
Participant wages	-	-	1,450	-	-	1,450
Miscellaneous	2,253	16,085	-	-	-	18,338
Total direct costs	<u>44,490</u>	<u>150,694</u>	<u>6,000</u>	<u>-</u>	<u>1,708</u>	<u>202,892</u>
Indirect costs	9,171	33	-	-	-	9,204
Total expenses	<u>53,661</u>	<u>150,727</u>	<u>6,000</u>	<u>-</u>	<u>1,708</u>	<u>212,096</u>
Change in net assets, GAAP basis of accounting	<u>\$ (22,601)</u>	<u>\$ 40,174</u>	<u>\$ -</u>	<u>-</u>	<u>\$ (1,708)</u>	<u>\$ 15,865</u>

COMPLIANCE INFORMATION



**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. (the "Agency"), which comprise the statement of financial position as of April 30, 2025, 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 January 27, 2026.

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 Agency'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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-002.

The Agency's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Agency's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
January 27, 2026



**Independent Auditor's Report on Compliance
For Each Major Program and Report on Internal Control
Over Compliance in Accordance with the Uniform Guidance**

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

Report on Compliance for Each 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 programs for the year ended April 30, 2025. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards); 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 GAAS, *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 GAAS, *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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the Agency's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

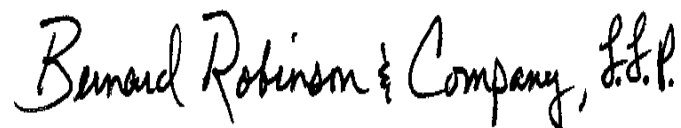
Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on the Agency's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Agency's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Greensboro, North Carolina
January 27, 2026

ICARE, INC.
Schedule of Expenditures of Federal Awards
Year Ended April 30, 2025

Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant or Pass-through Number	Federal Expenditures
<u>U.S. Department of Health and Human Services:</u>			
Head Start Cluster	93.600	04CH011744	\$ 2,638,378
Head Start Cluster (Early Head Start)	93.600	04CH011744	624,851
Total Head Start Cluster			<u>3,263,229</u>
Passed-through N.C. Department of Health and Human Services:			
Community Services Block Grant	93.569	FAIN 2301NCCOSR FAIN 2401NCCCSR	323,521
Passed-through N.C. Department of Health and Human Services/ N.C. Department of Environmental Quality:			
Low-Income Home Energy Assistance (Weatherization)	93.568	FAIN DE-EE0009920 - Contract No. CW39922	189,901
Low-Income Home Energy Assistance (Heating & Air Repair)	93.568	FAIN 2301NCLIEA & 2401NCLIEA - Contract No. CW39922	202,490
Total Low-Income Home Energy Assistance program			<u>392,391</u>
Total U.S. Department of Health and Human Services			<u>3,979,141</u>
<u>U.S. Department of Energy</u>			
Passed-through N.C. Department of Environmental Quality:			
Weatherization Assistance for Low-Income Persons	81.042	FAIN DE-EE0009920 - Contract No. CW39922	56,375
Total U.S. Department of Energy			<u>56,375</u>
<u>U.S. Department of Agriculture</u>			
Passed-through N.C. Department of Health:			
Child and Adult Care Food Program	10.558	Contract No. 7218	183,832
Total U.S. Department of Agriculture			<u>183,832</u>
Total Expenditures of Federal Awards			<u>\$ 4,219,348</u>

ICARE, INC.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended April 30, 2025

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of 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, 2025. 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. utilizes a federally negotiated indirect cost rate and has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance. See Note A in the notes to the financial statements.

ICARE, INC.
Schedule of Findings and Questioned Costs
Year Ended April 30, 2025

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? X yes 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? X 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)? X yes no

- (iv) Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</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? X yes no

Section II - Financial Statement Findings

Finding 2025-001:

Significant Deficiency in Internal Control over Financial Closing Process

Criteria - Management is responsible for establishing and maintaining effective internal control over financial reporting, including timely and accurate period-end closing procedures, reconciliations, and review and approval of journal entries, in accordance with U.S. GAAP and the Agency's internal policies.

Condition and Context - During the audit, numerous audit adjustments related to accrual timing and classification were required to ensure accurate financial reporting. These adjustments indicate that additional standardization and documentation within the monthly close process would strengthen the Agency's ability to detect and correct such items internally.

Cause - Capacity constraints during peak close periods and reliance on a mix of manual and automated processes contributed to inconsistencies in reconciliation and review procedures.

Section II - Financial Statement Findings (Continued)

Finding 2025-001:

Significant Deficiency in Internal Control over Financial Closing Process (Continued)

Effect - Without enhanced standardization and documentation, there is an increased risk that misstatements may not be identified timely, resulting in reliance on audit adjustments to correct financial reporting.

Recommendation - Implement and maintain a standardized monthly close including defined responsibilities, documented reconciliations, supervisory review, and consistent close timelines.

Views of responsible officials - Management concurs with the finding and views it as an opportunity to strengthen internal financial processes. Corrective actions are underway to enhance documentation, review procedures, and close consistency.

Section III - Federal Award Findings and Questions Costs

U.S. Department of Health and Human Services

Program Name: Head Start Cluster

Assistance Listing No.: 93.600

Grant Number: 04CH011744-05-02

Finding 2025-002:

Significant Deficiency in Internal Controls and Other Noncompliance

Equipment and Real Property Management

Criteria - Federal regulations require that equipment and real property acquired under a federal award be properly documented in accordance with 2 CFR §§200.310–200.313 and applicable program requirements.

"Equipment acquired under a federal award must be used for the authorized purposes of the project during the period of performance, or until the property is no longer needed for the project. A HSA may not dispose of, replace, or encumber title to equipment without prior ACF approval (45 CFR section 75.319; 45 CFR section 75.308(c)(1)(xi))."

"Property records must be maintained for equipment acquired under a federal award that includes a description of the property, a serial number or another identification number, the source of funding for the property (including the FAIN), who holds the title, the acquisition date, and cost of the property, percentage of federal participation in the project costs for the federal award under which the property was acquired the location, use, and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

Condition and Context - The audit identified gaps in documentation and centralized tracking of equipment and real property acquired under federal awards. Certain historical additions and disposals were not fully documented in accordance with Uniform Guidance, and some current-year asset activity was not captured or reconciled in the property records.

Section III - Federal Award Findings and Questions Costs (Continued)

Finding 2025-002:

Significant Deficiency in Internal Controls and Other Noncompliance (Continued)

Equipment and Real Property Management (Continued)

Questioned Costs - \$14,410 relates to documentation and classification issues identified during the audit.

Cause - Property management policies did not fully incorporate current Uniform Guidance requirements, and asset tracking relied on manual processes that were handled across multiple areas and would benefit from more consistent central oversight.

Effect - Compliance risk: Noncompliance with property standards increases the risk of disallowed costs, clawbacks, or additional restrictions by the Federal agency. Reporting risk: The Schedule of Expenditures of Federal Awards (SEFA) and related disclosures may be incomplete or inaccurate if property-related terms and conditions are not followed, affecting low-risk auditee status evaluations under Subpart F.

Recommendation - Update property management policies to mirror requirements in 2 CFR §200.313, §200.311, and §200.310, including explicit steps to (a) verify authorized use, (b) prohibit encumbrances without prior approval, (c) document and seek disposition instructions when no longer needed, and (d) maintain insurance equivalency. Provide targeted staff training and oversight.

Views of responsible officials - Management concurs with the finding and views it as an opportunity to modernize property management practices. Corrective actions are underway to strengthen documentation, training, and oversight.

ICARE, INC.
Summary Schedule of Prior Year Audit Findings and Questioned Costs
Year Ended April 30, 2025

None

ICARE, INC.

Corrective Action Plan – FY 2025 Audit

Finding 2025-001 -Financial Closing and Review Process

Corrective Action:

I-CARE, Inc. will enhance its financial closing and review processes to improve consistency, documentation, and internal review prior to external reporting. The Agency will formalize procedures, clarify roles and responsibilities, and strengthen supervisory review to support accurate and timely financial reporting.

Key Actions:

- Formalize a standardized financial close framework
- Strengthen documentation and review protocols
- Clarify staff roles and supervisory oversight
- Align close timelines with reporting and audit requirements

Responsible Official(s):

Director of Finance, with Executive Director oversight

Anticipated Completion Date:

Within 90 days of audit acceptance

Status:

In progress

Finding 2025-002 - Equipment and Real Property Management (Head Start Cluster)

Corrective Action:

I-CARE, Inc. will strengthen equipment and real property management practices to ensure alignment with Uniform Guidance requirements. The Agency will update policies, enhance documentation, and reinforce internal oversight to ensure accurate tracking, authorized use, and proper disposition of federally funded assets.

Key Actions:

(page 1 of 2)



- Update property and equipment management policies
- Strengthen asset tracking and documentation procedures
- Reinforce staff training and internal oversight
- Complete inventory reconciliation and documentation review

Responsible Official(s):

Director of Finance, in coordination with Program Leadership

Anticipated Completion Date:

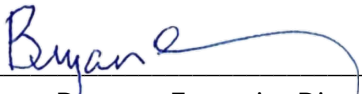
Within 120 days of audit acceptance

Status:

In progress

Agency Assurance Statement:

I-CARE, Inc. views these findings as opportunities to strengthen internal systems and documentation practices. Management is committed to continuous improvement and to maintaining strong stewardship of federal resources while ensuring ongoing compliance with all program and fiscal requirements.



Bryan Duncan, Executive Director

January 26, 2026

Date