

ICARE, INC.

FINANCIAL STATEMENTS AND COMPLIANCE REPORTS

YEAR ENDED APRIL 30, 2020



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

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of ICare, Inc. (a nonprofit organization) (the "Agency"), which comprise the statement of financial position as of April 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ICare, Inc. as of April 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of revenues, support, expenses and changes in net assets as of April 30, 2020 on pages 14 through 22 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of revenues and expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 July 23, 2020, 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 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 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  
July 23, 2020

**ICARE, INC.**  
**Statement of Financial Position**  
**April 30, 2020**

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**Assets**

Current Assets:

Cash	\$	301,625
Grants receivable		203,961
Accounts receivable - other		10,881
Prepaid expenses		1,194
Total current assets		<u>517,661</u>

Property and equipment:

Property and equipment, at cost		693,253
Less accumulated depreciation		563,618
Net property and equipment		<u>129,635</u>
Total Assets	\$	<u><u>647,296</u></u>

**Liabilities and Net Assets**

Liabilities:

Accounts payable	\$	71,091
Accrued expenses		149,899
Total Liabilities		<u>220,990</u>

Net Assets:

Assets without donor restrictions		278,864
Assets with donor restrictions		147,442
Total Net Assets		<u>426,306</u>
Total Liabilities and Net Assets	\$	<u><u>647,296</u></u>

**ICARE, INC.**  
**Statement of Activities and Changes in Net Assets**  
**Year Ended April 30, 2020**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support and Revenue			
Support:			
Grants and contracts	\$ 69,459	\$ 3,831,823	\$ 3,901,282
Contributions	2,814	51,604	54,418
In-kind contributions	567,081	-	567,081
Total Support	<u>639,354</u>	<u>3,883,427</u>	<u>4,522,781</u>
Revenue:			
Fundraising	-	-	-
Parent fees	15,333	-	15,333
Interest	2,293	-	2,293
Other income	5,327	-	5,327
Total Revenue	<u>22,953</u>	<u>-</u>	<u>22,953</u>
Net Assets Released From Restrictions	<u>3,853,955</u>	<u>(3,853,955)</u>	<u>-</u>
Total Revenue and Support, and Net Assets Released From Restrictions	<u>4,516,262</u>	<u>29,472</u>	<u>4,545,734</u>
Expenses:			
Program Services:			
Community Services Block Grant	253,884	-	253,884
Extended Day	71,175	-	71,175
Head Start	3,436,370	-	3,436,370
Child and Adult Care Food Program	307,946	-	307,946
United Way	2,223	-	2,223
Duke Energy	1,475	-	1,475
Weatherization Assistance	381,473	-	381,473
Other grants	40,636	-	40,636
Total Program Services	<u>4,495,182</u>	<u>-</u>	<u>4,495,182</u>
Supporting Services:			
Management and general	11,488	-	11,488
Total Supporting Services	<u>11,488</u>	<u>-</u>	<u>11,488</u>
Total Expenses	<u>4,506,670</u>	<u>-</u>	<u>4,506,670</u>
Changes in Net Assets	9,592	29,472	39,064
Net assets, beginning	<u>269,272</u>	<u>117,970</u>	<u>387,242</u>
Net assets, ending	<u>\$ 278,864</u>	<u>\$ 147,442</u>	<u>\$ 426,306</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, 2020

	Program Services										Supporting Services	Totals
	Community Services	Extended	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	
	Block Grant	Day										
Program expenses:												
Advertising	\$ 222	\$ -	\$ 2,363	\$ -	\$ -	\$ -	\$ 569	\$ -	\$ 70	\$ 3,224	\$ -	\$ 3,224
Bank charges	-	-	-	-	-	-	-	-	-	-	147	147
Client assistance	15,847	-	27,014	-	188	-	199,500	29,906	-	272,455	-	272,455
Contractual services	235	14,021	12,151	-	-	-	91	-	10,535	37,033	1,829	38,862
Dues and memberships	2,000	-	11,389	-	-	-	2,000	-	6,323	21,712	1,402	23,114
Equipment lease and rentals	2,320	112	45,294	-	-	-	800	-	6,658	55,184	-	55,184
Field trips	-	105	341	-	-	-	-	-	-	446	-	446
Fringe benefits	35,904	5,326	390,376	18,900	-	-	25,893	-	55,230	531,629	-	531,629
Insurance	894	520	45,565	-	-	-	8,263	-	1,395	56,637	-	56,637
Legal and professional services	-	-	900	-	-	-	-	-	14,536	15,436	-	15,436
Printing, Licenses and permits	100	-	4,832	-	-	-	242	-	910	6,084	-	6,084
Maintenance and repairs	2,743	6,044	114,994	-	-	-	2,077	-	5,466	131,324	-	131,324
Materials, tools and supplies	784	3,046	124,935	227,708	-	-	2,353	-	18,352	377,178	587	377,765
Miscellaneous	349	-	10,461	-	-	-	285	-	3,134	14,229	4,661	18,890
Participant fringe benefits	2,087	-	-	-	151	-	-	437	-	2,675	-	2,675
Participant wages	23,290	-	-	-	1,884	-	-	11,547	-	36,721	-	36,721
Rent	6,312	-	39,200	-	-	-	6,903	-	8,385	60,800	-	60,800
Salaries and wages	118,380	29,536	1,442,820	48,043	-	-	90,915	-	289,022	2,018,716	4	2,018,720
Telephone and internet	2,482	242	17,254	-	-	-	2,892	-	4,140	27,010	-	27,010
Training	-	464	31,431	-	-	-	6,100	-	7,271	45,266	-	45,266
Travel	6,350	-	62,588	-	-	-	4,700	-	12,999	86,637	-	86,637
Utilities	2,556	720	44,227	-	-	-	2,787	-	3,403	53,693	-	53,693
Total program expenses before depreciation, indirect costs and grantee's share in-kind	222,855	60,136	2,428,135	294,651	2,223	-	356,370	41,890	447,829	3,854,089	8,630	3,862,719
Depreciation	394	4,115	17,285	-	-	-	3,379	-	-	25,173	2,598	27,771
Indirect cost	30,635	6,924	373,516	13,295	-	1,475	21,724	-	(447,829)	(260)	260	-
Grantee's share in-kind	-	-	617,434	-	-	-	-	(1,254)	-	616,180	-	616,180
Total Expenses	\$ 253,884	\$ 71,175	\$ 3,436,370	\$ 307,946	\$ 2,223	\$ 1,475	\$ 381,473	\$ 40,636	\$ -	\$ 4,495,182	\$ 11,488	\$ 4,506,670

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

**ICARE, INC.**  
**Statement of Cash Flows**  
**Year Ended April 30, 2020**

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Cash flows from operating activities:	
Changes in net assets	\$ 39,064
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	27,771
Changes in assets and liabilities:	
(Increase) decrease in:	
Grants receivable	(29,004)
Other accounts receivable	529
Prepaid expenses	197
Increase (decrease) in:	
Accounts payable	30,846
Accrued expenses	(15,787)
Net cash provided by operating activities	<u>53,616</u>
Increase in cash	53,616
Cash - beginning	<u>248,009</u>
Cash - ending	<u><u>\$ 301,625</u></u>

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



## **ICARE, INC.**

### **Notes to Financial Statements**

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#### 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 Program*

This program of the U.S. Department of Health and Human Services ("DHHS") provides 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.

##### *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 Department of Health and Human Services. 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.

**ICARE, INC.**

**Notes to Financial Statements**

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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

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#### 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.

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

##### **Financial Statement Presentation**

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

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

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

##### **Functional Allocation of Expenses**

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

##### **Income Taxes**

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

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

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

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

**Uncertainty in Income Taxes**

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

**Subsequent Events**

Management has performed an evaluation of subsequent events through July 23, 2020, which is the date the financial statements were available to be issued.

## NOTE C - OPERATING LEASES

The Agency leases an office building and classrooms under five-year leases expiring in November 2021 and August 2021, with a monthly rental of \$1,800 and \$2,300 per month, respectively.

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

Future commitments under the operating lease are as follows:

2021	\$ 94,200
2022	66,800
2023	45,000
2024	45,000
	<u>\$ 251,000</u>

## NOTE D - PROPERTY AND EQUIPMENT

The following is the property and equipment by function:

	<u>May 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>April 30, 2020</u>
Cost:					
Administration	\$ 20,994	\$ -	\$ -	\$ -	\$ 20,994
Head Start	461,492	-	-	-	461,492
United Way	4,087	-	-	-	4,087
Extended Day	139,422	-	-	-	139,422
Weatherization Assistance Program	65,289	-	-	-	65,289
Community Services Block Grant	1,969	-	-	-	1,969
	<u>693,253</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>693,253</u>

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

## NOTE D - PROPERTY AND EQUIPMENT (Continued)

	<u>May 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>April 30, 2020</u>
Accumulated depreciation:					
Administration	\$ 17,754	\$ 2,598	\$ -	\$ -	\$ 20,352
Head Start	353,946	17,285	-	-	371,231
United Way	4,087	-	-	-	4,087
Extended Day	103,227	4,115	-	-	107,342
Weatherization Assistance Program	55,519	3,379	-	-	58,898
Community Services Block Grant	1,314	394	-	-	1,708
	<u>535,847</u>	<u>27,771</u>	<u>-</u>	<u>-</u>	<u>563,618</u>
Net property and equipment	<u>\$ 157,406</u>				<u>\$ 129,635</u>

## 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, 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.

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

In-kind contributions allowable under the Head Start Program	\$ 700,414
Less: In-kind contributions unallowable under U.S. GAAP	<u>82,980</u>
In-kind contributions recognized under U.S. GAAP	<u>\$ 617,434</u>

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

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## NOTE F - 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 \$37,710.

## NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of year end consisted of the following:

Head Start	\$ 90,262
Community services Block Grant	28,078
Weatherization Assistance Program	<u>7,378</u>
	<u>\$ 125,718</u>

## NOTE H - INDIRECT COST

Net assets with donor restrictions as of year end consisted of the following:

Total base salaries	\$1,729,699
Fringe benefits	476,398
Fringe benefits - nonfederal	<u>47,550</u>
Total base	<u>2,253,647</u>
Total indirect cost	<u>\$ 447,829</u>
Total indirect cost rate	<u>19.87%</u>

## NOTE I - 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>75%</u>
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**ICARE, INC.**  
**Notes to Financial Statements**

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NOTE J - 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	\$ 313,700
Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:	
Restricted by donor with purpose restrictions	<u>147,442</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 166,258</u></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 K - 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, 2020**

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Support and revenue:	
Contributions	\$ 2,814
Interest	2,293
Other income	<u>2,827</u>
Total support and revenue	<u>7,934</u>
Expenses:	
Direct costs:	
Bank charges	147
Contractual services	1,829
Dues and memberships	1,402
Materials, tools and supplies	587
Miscellaneous	4,661
Salaries and wages	<u>4</u>
Total direct costs	8,630
Indirect costs	<u>260</u>
Total expenses	<u>8,890</u>
Change in net assets, program basis of accounting	(956)
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	<u>2,598</u>
Change in net assets, GAAP basis of accounting	<u><u>\$ (3,554)</u></u>

**ICARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Community Services Block Grant**  
**Year Ended April 30, 2020**

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Support and revenue:	
Federal Government	\$ 281,308
Program expenses:	
Direct costs:	
Advertising	222
Client assistance	15,847
Contractual services	235
Dues and memberships	2,000
Equipment lease and rentals	2,320
Fringe benefits	35,904
Insurance	894
Printing, Licenses and permits	100
Maintenance and repairs	2,743
Materials, tools and supplies	784
Miscellaneous	349
Participant fringe benefits	2,087
Participant wages	23,290
Rent	6,312
Salaries and wages	118,380
Telephone and internet	2,482
Travel	6,350
Utilities	2,556
Total direct costs	<u>222,855</u>
Indirect costs	<u>30,635</u>
Total expenses	<u>253,490</u>
Change in net assets, program basis of accounting	27,818
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	<u>394</u>
Change in net assets, GAAP basis of accounting	<u><u>\$ 27,424</u></u>

**ICARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Extended Day**  
**Year Ended April 30, 2020**

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Support and revenue:	
Grants	\$ 69,459
Parent fees	15,333
	<hr/>
Total support and revenue	84,792
	<hr/>
Expenses:	
Direct costs:	
Contractual services	14,021
Equipment lease and rentals	112
Field trips	105
Fringe benefits	5,326
Insurance	520
Maintenance and repairs	6,044
Materials, tools and supplies	3,046
Salaries and wages	29,536
Telephone and internet	242
Training	464
Utilities	720
	<hr/>
Total direct costs	60,136
	<hr/>
Indirect costs	6,924
	<hr/>
Total expenses	67,060
	<hr/>
Change in net assets, program basis of accounting	17,732
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	4,115
	<hr/>
Change in net assets, GAAP basis of accounting	<u>\$ 13,617</u>

**ICARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Head Start**  
**Year Ended April 30, 2020**

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Support and revenue:	
Federal Government	\$ 2,801,652
Grantee's contributions - in-kind	567,081
Grantee's contributions - cash	50,352
	<hr/>
Total support and revenue	3,419,085
	<hr/>
Expenses:	
Direct costs:	
Advertising	2,363
Client assistance	27,014
Contractual services	40,667
Dues and memberships	11,389
Equipment lease and rentals	45,294
Field trips	341
Fringe benefits	437,749
Insurance	45,565
Legal and professional services	900
Printing, Licenses and permits	4,832
Maintenance and repairs	114,994
Materials, tools and supplies	144,308
Miscellaneous	12,566
Rent	559,267
Salaries and wages	1,442,820
Telephone and internet	17,254
Training	31,431
Travel	62,588
Utilities	44,226
	<hr/>
Total direct costs	3,045,568
	<hr/>
Indirect costs	373,516
	<hr/>
Total expenses	3,419,084
	<hr/>
Change in net assets, program basis of accounting	1
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	17,285
Unqualified in-kind contributions under GAAP	82,980
Unqualified in-kind expenses under GAAP	(82,980)
	<hr/>
Change in net assets, GAAP basis of accounting	\$ (17,284)
	<hr/> <hr/>

**ICARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Child and Adult Care Food Program**  
**Year Ended April 30, 2020**

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Support and revenue:	
Federal Government	<u>\$ 307,946</u>
Expenses:	
Direct costs:	
Fringe benefits	18,900
Materials, tools and supplies	227,708
Salaries and wages	<u>48,043</u>
Total direct costs	294,651
Indirect costs	13,295
Total expenses	<u>307,946</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, 2020**

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Support and revenue:	
United Way of Iredell County	<u>\$ 13,001</u>
Expenses:	
Client assistance	188
Participant fringe benefits	151
Participant wages	<u>1,884</u>
Total expenses	<u>2,223</u>
Change in net assets	<u><u>\$ 10,778</u></u>

**ICARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Duke Energy**  
**Year Ended April 30, 2020**

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Support and revenue:	
Grant revenue	\$ 4,200
Expenses:	
Indirect costs	1,475
Total expenses	1,475
Change in net assets	\$ 2,725

**ICARE, INC.****Statement of Revenues, Support, Expenses and Changes in Net Assets****Weatherization Assistance****Year Ended April 30, 2020**

	<u>U.S. Department of Energy</u>	<u>U.S. Department of Health and Human Services</u>	<u>Total</u>
Support and Revenue:			
Federal Government	\$ 72,308	\$ 306,773	\$ 379,081
Total support and revenue	<u>72,308</u>	<u>306,773</u>	<u>379,081</u>
Expenses:			
Advertising	-	569	569
Client assistance	13,846	185,654	199,500
Contractual services	20	71	91
Dues and memberships	440	1,560	2,000
Equipment lease and rentals	-	800	800
Fringe benefits	5,329	20,564	25,893
Insurance	1,805	6,458	8,263
Printing, Licenses and permits	91	151	242
Maintenance and repairs	366	1,711	2,077
Materials, tools and supplies	62	2,291	2,353
Miscellaneous	-	285	285
Rent	1,502	5,401	6,903
Salaries and wages	19,212	71,703	90,915
Telephone and internet	606	2,286	2,892
Training	-	6,100	6,100
Travel	128	4,572	4,700
Utilities	593	2,194	2,787
Total direct cost	<u>44,000</u>	<u>312,370</u>	<u>356,370</u>
Indirect costs	<u>-</u>	<u>21,724</u>	<u>21,724</u>
Total expenses	<u>44,000</u>	<u>334,094</u>	<u>378,094</u>
Change in net assets, program basis of accounting	28,308	(27,321)	987
Adjustment of reconcile net assets to GAAP basis of accounting			
Depreciation	<u>-</u>	<u>3,379</u>	<u>3,379</u>
Change in net assets, GAAP basis of accounting	<u>\$ 28,308</u>	<u>\$ (30,700)</u>	<u>\$ (2,392)</u>



**ICARE, INC.****Statement of Revenues, Support, Expenses and Changes in Net Assets****Other Grants****Year Ended April 30, 2020**

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	<u>ESBOP</u>	<u>Iredell Co. Foundation</u>	<u>NC Dept. of SS</u>	<u>Total</u>
Support and Revenue:				
Grants	\$ 13,500	\$ 33,000	\$ 1,252	\$ 47,752
Contributions	-	-	1,252	1,252
Total support and revenue	<u>13,500</u>	<u>33,000</u>	<u>2,504</u>	<u>49,004</u>
Expenses:				
Client assistance	7,637	21,016	-	28,653
Participant fringe benefits	-	437	-	437
Participant wages	-	11,547	-	11,547
Total expenses	<u>7,637</u>	<u>33,000</u>	<u>-</u>	<u>40,637</u>
Change in net assets	<u>\$ 5,863</u>	<u>\$ -</u>	<u>\$ 2,504</u>	<u>\$ 8,367</u>

**ICARE, INC.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended April 30, 2020**

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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		\$ 2,801,650
Passed Through from North Carolina Department of Health and Human Services:			
Office of Economic Opportunity:			
Community Services Block Grant	93.569	18BINCCOSR	253,490
Passed Through from North Carolina Department of Health and Human Services/NC Department of Environmental Quality:			
Weatherization Assistance for Low Income Persons	93.568	19&20BINCLEA	216,019
Heating & Air Repair and Replacement Program	93.568		118,075
Total U.S. Department of Health and Human Services			<u>3,389,234</u>
U.S. Department of Energy			
Passed Through from N.C. Department of Environmental Quality:			
Weatherization Assistance Program for Low Income Persons	81.042	EE0006173	<u>44,000</u>
U.S. Department of Agriculture			
Passed Through from N.C. Department of Health and Human Services:			
<i>Division of Public Health</i>			
Child and Adult Care Food Program	10.558	N/A	<u>307,946</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,741,180</u></u>

**ICARE, INC.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended April 30, 2020**

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**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of revenues and expenditures of federal awards (the "Schedule") includes the federal award activity of ICare, Inc., under programs of the federal government for the year ended April 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ICare, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of ICare, Inc.

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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



**Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ICare, Inc. (a nonprofit organization) (the "Agency"), which comprise the statement of financial position as of April 30, 2020, 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 July 23, 2020.

**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) to determine 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. However, material weaknesses may exist that have not been identified.

## **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 determination of financial statement amounts. 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  
July 23, 2020



**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**

We have audited ICare, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Agency's major federal program for the year ended April 30, 2020. 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.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for ICare, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ICare, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

***Opinion on The Major Federal Program***

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 its major federal program for the year ended April 30, 2020.

## **Report on Internal Control Over Compliance**

Management of ICare, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered ICare, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ICare, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Greensboro, North Carolina  
July 23, 2020

**ICARE, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended April 30, 2020**

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

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

Financial Statements

- (i) Type of auditor's report issued: Unmodified
- (ii) Internal control over financial reporting:
  - (a) Material weakness(es) identified?  yes  no
  - (b) Significant deficiency(ies)?  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, 2020**

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None