

I CARE, INC.

Financial Statements and  
Supplementary Information

Year Ended April 30, 2018



Rives & Associates, LLP  
Certified Public Accountants and Consultants

**I CARE, INC.**  
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Rives & Associates, LLP  
Certified Public Accountants

Member:  
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## Independent Auditors' Report

To the Board of Directors  
I Care, Inc.  
Statesville, North Carolina

### Report on the Financial Statements

We have audited the accompanying financial statements of I Care, Inc. (the Agency), a nonprofit organization, which comprise the statement of financial position as of April 30, 2018, and the related statements of activities, cash flows and functional expenses 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 the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 I Care, Inc. as of April 30, 2018, and the changes in net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Supplementary and 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, 2018 on pages 17 through 26 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* (CFR) 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.

The schedules of revenues, support, expenses and changes in net assets as well as the accompanying schedule of expenditures of federal awards 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 schedules of revenues, support, expenses and changes in net assets, and the accompanying schedule of expenditures of federal awards 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 August 2, 2018 on our consideration of I Care, 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 I Care, Inc.'s internal control over financial reporting and compliance.

*Rivers & Associates LLP*

Lexington, North Carolina  
August 2, 2018

**I CARE, INC.**  
**Statement of Financial Position**  
**April 30, 2018**

**ASSETS**

Current assets:	
Cash	\$ 231,795
Grants receivable	252,587
Accounts receivable - other	11,651
Prepaid expenses	1,441
Total current assets	<u>497,474</u>
Property and equipment:	
Property and equipment, at cost	693,252
Less accumulated depreciation	<u>(506,720)</u>
Net property and equipment	<u>186,532</u>
Total assets	<u>\$ 684,006</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Accounts payable	\$ 122,200
Accrued expenses	154,678
Deferred revenue	54,633
Total current liabilities	<u>331,511</u>
Net assets:	
Unrestricted	165,920
Temporarily restricted	186,575
	<u>352,495</u>
Total liabilities and net assets	<u>\$ 684,006</u>

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

**I CARE, INC.**  
**Statement of Activities**  
**For the Year Ended April 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>			
Support:			
Grants and contracts	\$ -	\$ 3,808,063	\$ 3,808,063
Contributions	6,275	45,150	51,425
In-kind contributions	461,559	-	461,559
Total support	<u>467,834</u>	<u>3,853,213</u>	<u>4,321,047</u>
Revenue:			
Fundraising	4,405	-	4,405
Parent fees	-	16,426	16,426
Interest	318	-	318
Other income	2,728	-	2,728
Total revenue	<u>7,451</u>	<u>16,426</u>	<u>23,877</u>
Net assets released from restrictions	<u>3,842,054</u>	<u>(3,842,054)</u>	<u>-</u>
Total support and revenue	<u>4,317,339</u>	<u>27,585</u>	<u>4,344,924</u>
<b>EXPENSES</b>			
Program services:			
Community Services Block Grant	358,663	-	358,663
Extended Day	83,648	-	83,648
Head Start	2,976,164	-	2,976,164
Child and Adult Care Food Program	293,541	-	293,541
NC Pre-K	2,820	-	2,820
United Way	7,838	-	7,838
Duke Energy	13,101	-	13,101
Weatherization Assistance	467,955	-	467,955
Workforce Investment Act	58,483	-	58,483
Rotary	3,000	-	3,000
Total program services	<u>4,265,213</u>	<u>-</u>	<u>4,265,213</u>
Supporting services	<u>7,516</u>	<u>-</u>	<u>7,516</u>
Total expenses	<u>4,272,729</u>	<u>-</u>	<u>4,272,729</u>
Increase (decrease) in net assets	44,610	27,585	72,195
<b>NET ASSETS</b>			
Net assets, beginning of year	<u>121,310</u>	<u>158,990</u>	<u>280,300</u>
Net assets, end of year	<u>\$ 165,920</u>	<u>\$ 186,575</u>	<u>\$ 352,495</u>

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

**I CARE, INC.**  
**Statement of Cash Flows**  
**Year Ended April 30, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Increase in net assets	\$	72,195
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		19,683
(Increase) decrease in operating assets:		
Grants receivable		(116,243)
Other accounts receivable		2,160
Prepaid expenses		2,196
Increase (decrease) in operating liabilities:		
Accounts payable		97,202
Accrued expenses		41,930
Deferred revenue		4,170
Net cash used by operating activities		123,293

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment		(47,225)
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**CASH FLOWS FROM FINANCING ACTIVITIES**

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Net increase in cash		76,068
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**CASH, BEGINNING OF YEAR**

155,727

**CASH, END OF YEAR**

\$ 231,795

**SUPPLEMENTARY DISCLOSURES FOR CASH FLOW INFORMATION:**

In-kind contributions		\$ 461,559
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The accompanying notes to these financial statements are an integral part of these statements.

**I CARE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended April 30, 2018**

	Community Services			Child and Adult Care	
	Block Grant	Extended Day	Head Start	Food Program	NC Pre-K
Program expenses:					
Advertising	\$ 363	\$ -	\$ 1,028	\$ -	\$ -
Bank Charges	29	8	260	-	-
Client assistance	15,178	-	25,189	-	2,206
Cost of capitalized equipment	-	-	47,225	-	-
Contractual services	114	32	18,670	-	-
Dues and memberships	2,250	-	8,061	-	-
Equipment lease and rentals	1,450	140	54,009	-	-
Field trips	-	1,112	2,138	-	-
Fringe benefits	44,595	10,957	372,895	14,695	-
Insurance	808	786	40,231	-	-
Legal and professional services	-	-	-	-	-
Printing, licenses and permits	589	-	9,495	-	-
Maintenance and repairs	2,013	924	87,952	-	82
Materials, tools and supplies	525	4,472	71,908	215,227	133
Miscellaneous	1,187	35	13,431	-	399
Participant fringe benefits	6,599	-	-	-	-
Participant wages	88,017	-	-	-	-
Rent	5,946	1,179	29,221	-	-
Salaries and wages	137,559	40,296	1,264,078	50,763	-
Telephone and internet	2,775	249	10,262	-	-
Training	1,694	7,500	19,780	-	-
Travel	8,060	131	56,281	-	-
Utilities	2,743	1,646	45,272	-	-
Total program expenses before depreciation, indirect costs and grantee's share-in kind	322,494	69,467	2,177,386	280,685	2,820
Depreciation	394	4,115	8,925	-	-
Capital asset additions	-	-	(47,225)	-	-
Indirect cost	35,775	10,066	330,369	12,856	-
Grantee's share in-kind	-	-	506,709	-	-
Total expenses	\$ 358,663	\$ 83,648	\$ 2,976,164	\$ 293,541	\$ 2,820

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



United Way	Duke Energy	Weatherization Assistance Act	Workforce Investment Act	Rotary	Indirect Cost Pool	Total Program Expenses
\$ -	\$ -	\$ 715	\$ -	\$ -	\$ -	\$ 2,106
-	-	14	5	-	53	369
7,838	11,399	296,718	6,230	3,000	-	367,758
-	-	-	-	-	-	47,225
-	1,700	27,513	-	-	6,581	54,610
-	-	1,751	-	-	5,463	17,525
-	1	910	125	-	4,903	61,538
-	-	-	194	-	-	3,444
-	1	18,524	6,887	-	56,896	525,450
-	-	8,072	-	-	1,358	51,255
-	-	-	-	-	14,860	14,860
-	-	437	-	-	1,674	12,195
-	-	2,692	644	-	4,439	98,746
-	-	1,702	40	-	2,407	296,414
-	-	593	154	-	5,248	21,047
-	-	-	553	-	-	7,152
-	-	-	7,669	-	-	95,686
-	-	6,735	701	-	8,218	52,000
-	-	70,903	23,516	-	280,359	1,867,474
-	-	3,095	449	-	3,184	20,014
-	-	1,425	206	-	4,331	34,936
-	-	2,044	2,450	-	12,126	81,092
-	-	3,027	138	-	3,692	56,518
7,838	13,101	446,870	49,961	3,000	415,792	3,789,414
-	-	3,651	2,598	-	-	19,683
-	-	-	-	-	-	(47,225)
-	-	17,434	5,924	-	(415,792)	(3,368)
-	-	-	-	-	-	506,709
<u>\$ 7,838</u>	<u>\$ 13,101</u>	<u>\$ 467,955</u>	<u>\$ 58,483</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ 4,265,213</u>

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

**I CARE, INC.**  
**Statements of Functional Expenses (Continued)**  
**For the Year Ended April 30, 2018**

	Supporting Services	Total Expenses
Program expenses:		
Advertising	\$ -	\$ 2,106
Bank Charges	38	407
Client assistance	-	367,758
Cost of capitalized equipment	-	47,225
Contractual services	-	54,610
Dues and memberships	1,402	18,927
Equipment lease and rentals	-	61,538
Field trips	-	3,444
Fringe benefits	14	525,464
Insurance	-	51,255
Legal and professional services	-	14,860
Printing, licenses and permits	-	12,195
Maintenance and repairs	26	98,772
Tools and supplies	211	296,625
Miscellaneous	2,304	23,351
Participant fringe benefits	-	7,152
Participant wages	-	95,686
Rent	-	52,000
Salaries and wages	68	1,867,542
Telephone and internet	20	20,034
Training	65	35,001
Travel	-	81,092
Utilities	-	56,518
	4,148	3,793,562
Total program expenses before depreciation, indirect costs and grantee's share-in kind		
Depreciation	-	19,683
Capital asset additions	-	(47,225)
Indirect cost	3,368	-
Grantee's share in-kind	-	506,709
	\$ 7,516	\$ 4,272,729

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

**I CARE, INC.**  
**Notes to Financial Statements**  
**April 30, 2018**

**NOTE A – NATURE OF THE ORGANIZATION**

I Care, 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 condition 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.

Workforce Innovation and Opportunity Act

The Workforce Innovation and Opportunity (“WIOA”), is a *U.S. Department of Labor* program that provides services for youth and adults in areas of work experience, skills training, educational and assessment services. Effective July 1, 2017, WIOA Title I Youth and Young Adult Services in the Centralina Workforce Development Board (CWDB) service area (Anson, Cabarrus, Iredell, Lincoln, Rowan, Stanly, and Union counties in North Carolina) began to be carried out by one contractor for the program. These services were previously operated by four separate contractors, one of which was the Agency. CWDB rebid these services to align their strategic plan with CWDB’s service delivery. As a result of the rebidding process, the Agency did not provide youth activity services under the WIOA program after June 30, 2017. However, the Agency plans to submit a proposal to conduct these services upon CWDB’s future competitive procurement process.

**I CARE, INC.**  
**Notes to Financial Statements**  
**April 30, 2018**

**NOTE A – NATURE OF THE ORGANIZATION (Continued)**

The accompanying financial statements include the assets, liabilities, net assets, financial activities and cash flows of all the above programs. The financial statements have been combined to provide a more complete presentation of the financial position, activities and cash flows of the programs. All significant balances and transactions among the programs, excluding the allocation of indirect costs, have been eliminated.

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 19.64% for the period ended April 30, 2018. 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 activities.

Basis of Accounting

The Organization's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

Estimates

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

Cash and Cash Equivalents

For purpose of the statements of cash flows, the Agency considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At April 30, 2018, the Agency had no cash equivalents.

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 April 30, 2018 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.

**I CARE, INC.**  
**Notes to Financial Statements**  
**April 30, 2018**

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

Property and Equipment (Continued)

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:

Building	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 a 120 hours of earned, but unused vacation leave that carried over from one program year to another. An employee will only be paid for 80 hours of earned but unused leave at termination of employment.

Support and Revenue

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

The Agency reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

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.

**I CARE, INC.**  
**Notes to Financial Statements**  
**April 30, 2018**

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

Net Assets

Net assets of the Agency and changes therein are classified and reported as follows:

*Unrestricted* - Resources of the Agency that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and investments in property and equipment.

*Temporarily Restricted* - Resources that carry a donor-imposed restriction requiring 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.

*Permanently Restricted* - Resources that carry a donor-imposed restriction that stipulates donated assets be maintained in perpetuity, but may permit the Agency to use or expend part or all of the income derived from the donated assets.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. 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.

Advertising

Advertising costs are expenses as incurred. Advertising expenses were \$2,106 for the year ended April 30, 2018.

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.

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.

**I CARE, INC.**  
**Notes to Financial Statements**  
**April 30, 2018**

**NOTE C – PROPERTY AND EQUIPMENT**

The following is the property and equipment by function:

	<u>May 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>April 30, 2018</u>
<b>Cost:</b>				
Administration	\$ 8,006	\$ -	\$ -	\$ 8,006
Head Start	414,267	47,225	-	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	1,968	-	-	1,968
Workforce Innovation and Opportunity Act	12,988	-	-	12,988
<b>Total cost</b>	<u>646,027</u>	<u>\$ 47,225</u>	<u>\$ -</u>	<u>693,252</u>
 <b>Accumulated depreciation</b>				
Administration	\$ 8,006	\$ -	\$ -	\$ 8,006
Head Start	326,651	8,925	-	335,576
United Way	4,087	-	-	4,087
Extended Day	94,997	4,115	-	99,112
Weatherization Assistance Program	48,218	3,651	-	51,869
Community Services Block Grant	526	394	-	920
Workforce Innovation and Opportunity Act	4,552	2,598	-	7,150
	<u>487,037</u>	<u>\$ 19,683</u>	<u>\$ -</u>	<u>506,720</u>
 <b>Net property and equipment</b>	<u>\$ 158,990</u>			<u>\$ 186,532</u>

Depreciation expense for the year ended April 30, 2018 was \$19,640.

**NOTE D – OPERATING LEASE**

The Agency leases an office building under a five year lease expiring in November 2021 with a monthly rental of \$1,800 per month.

The Agency leases photocopiers under operating lease agreements which originally expired varying dates though April 30, 2018. Subsequent to the end of the year, the Agency entered into a new lease for 60 months with monthly rental payments of \$3,799. The original leases were deemed satisfied upon entering the new lease agreement.

Total lease expense for facility and equipment rental for the year ended April 30, 2018 was approximately \$68,000.

**I CARE, INC.**  
**Notes to Financial Statements**  
**April 30, 2018**

**NOTE D – OPERATING LEASE (Continued)**

Future commitments under the operating leases are as follows:

<u>Year ending April 30,</u>	
2019	\$ 67,626
2020	67,516
2021	<u>58,186</u>
	<u>\$ 193,328</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 April 30, 2018, 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 GAAP are tracked separately and are not recognized in the 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	\$ 626,939
Less: In-kind contributions unallowable under GAAP	<u>(120,230)</u>
In-kind contributions recognized under GAAP	<u>\$ 506,709</u>

**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 \$38,026.



**I CARE, INC.**  
**Notes to Financial Statements**  
**April 30, 2018**

**NOTE G – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets as of April 30, 2018 consisted of the following:

Head Start	\$ 125,912
Extended Day	40,312
Community Services Block Grant	1,048
Workforce Innovation and Opportunity Act	5,838
Weatherization Assistance Program	13,465
	<u>\$ 186,575</u>

**NOTE H – INDIRECT COST**

The cognizant agency will be requested to finalize the rate of 19.79% based on the following:

Total base salaries	\$ 1,587,102
Fringe benefits	468,554
Fringe benefits - nonfederal	45,150
Total base	<u>2,100,806</u>
Total indirect costs	<u>\$ 415,792</u>
Total indirect costs rate	<u>19.79%</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. At April 30, 2018, the Agency’s deposits were fully insured.

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	67%
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**NOTE J – CONTINGENCIES**

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

**I CARE, INC.**  
**Notes to Financial Statements**  
**April 30, 2018**

**NOTE K – SUBSEQUENT EVENTS**

Management has evaluated subsequent events for recognition or disclosure through August 2, 2018, which was the date the financial statements were available to be issued.

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**SUPPLEMENTARY INFORMATION**

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**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Supporting Services (Agency and Local Funds)**  
**For the Year Ended April 30, 2018**

Support and revenue	<u>\$ 12,895</u>
Expenses:	
Direct costs:	
Bank Charges	38
Client assistance	-
Dues and memberships	1,402
Fringe benefits	14
Maintenance and repairs	26
Materials, tools and supplies	211
Miscellaneous	2,304
Salaries and wages	68
Telephone and internet	20
Training	<u>65</u>
Total direct costs	4,148
Indirect costs	<u>3,368</u>
Total expenses	<u>7,516</u>
Change in net assets, program basis of accounting	5,379
Adjustment to reconcile net assets to GAAP basis of accounting	<u>-</u>
Change in net assets, GAAP basis of accounting	<u><u>\$ 5,379</u></u>

**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Community Services Block Grant**  
**For the Year Ended April 30, 2018**

Support and revenue:	
Federal Government	<u>\$ 358,269</u>
Program expenses:	
Direct costs:	
Advertising	363
Bank Charges	29
Client assistance	15,178
Contractual services	114
Dues and memberships	2,250
Equipment lease and rentals	1,450
Fringe benefits	44,595
Insurance	808
Printing, licenses and permits	589
Maintenance and repairs	2,013
Materials, tools and supplies	525
Miscellaneous	1,187
Participant fringe benefits	6,599
Participant wages	88,017
Rent	5,946
Salaries and wages	137,559
Telephone and internet	2,775
Training	1,694
Travel	8,060
Utilities	2,743
Total direct costs	<u>322,494</u>
Indirect costs	<u>35,775</u>
Total expenses	<u>358,269</u>
Change in net assets, program basis of accounting	-
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	<u>(394)</u>
Change in net assets, GAAP basis of accounting	<u><u>\$ (394)</u></u>

**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Extended Day**  
**For the Year Ended April 30, 2018**

Support and revenue:	
Grants	\$ 104,342
Parent Fees	16,426
Total support and revenue	<u>120,768</u>
Expenses:	
Direct costs:	
Bank Charges	8
Contractual services	32
Equipment lease and rentals	140
Field trips	1,112
Fringe benefits	10,957
Insurance	786
Maintenance and repairs	924
Materials, tools and supplies	4,472
Miscellaneous	35
Rent	1,179
Salaries and wages	40,296
Telephone and internet	249
Training	7,500
Travel	131
Utilities	1,646
Total direct costs	<u>69,467</u>
Indirect costs	<u>10,066</u>
Total expenses	<u>79,533</u>
Change in net assets, program basis of accounting	41,235
Adjustment to reconcile net assets to GAAP basis of accounting:	
Depreciation	<u>(4,115)</u>
Change in net assets, GAAP basis of accounting	<u><u>\$ 37,120</u></u>

**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Head Start**  
**For the Year Ended April 30, 2018**

Support and revenue:	
Federal Government	\$ 2,507,757
Grantee's contribution - in kind	581,789
Grantee's contribution - cash	45,150
Total support and revenue	<u>3,134,696</u>
Expenses:	
Direct costs:	
Advertising	1,028
Bank Charges	260
Client assistance	25,189
Contractual services	18,670
Cost of capitalized equipment	47,225
Dues and memberships	8,061
Equipment lease and rentals	54,009
Field trips	2,138
Fringe benefits	372,895
Grantee's share in-kind	626,939
Insurance	40,231
Printing, licenses and permits	9,495
Maintenance and repairs	87,952
Materials, tools and supplies	71,908
Miscellaneous	13,433
Rent	29,221
Salaries and wages	1,264,078
Telephone and internet	10,262
Training	19,780
Travel	56,281
Utilities	45,272
Total direct costs	<u>2,804,327</u>
Indirect costs	330,369
Total expenses	<u>3,134,696</u>
Change in net assets, program basis of accounting	-
Adjustments to reconcile net assets to GAAP basis of accounting:	
Depreciation	(8,925)
Capital asset additions	47,225
Unqualified in-kind contributions under GAAP	120,230
Unqualified in-kind expenses under GAAP	<u>(120,230)</u>
Change in net assets, GAAP basis of accounting	<u>\$ 38,300</u>

**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Child and Adult Care Food Program**  
**For the Year Ended April 30, 2018**

Support and revenue:	
Federal Government	<u>\$ 293,541</u>
Expenses:	
Direct costs:	
Materials, tools and supplies	215,227
Fringe benefits	14,695
Salaries and wages	<u>50,763</u>
Total direct costs	<u>280,685</u>
Indirect costs	<u>12,856</u>
Total expenses	<u>293,541</u>
Change in net assets	<u><u>\$ -</u></u>



**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**NC Pre-K**  
**For the Year Ended April 30, 2018**

Support and revenue:		
Contract funds		<u>\$ -</u>
Expenses:		
Direct costs:		
Client assistance	2,206	
Maintenance and repairs	82	
Materials, tools and supplies	133	
Miscellaneous	<u>399</u>	
		2,820
Indirect costs		<u>-</u>
Total expenses		<u>2,820</u>
Change in net assets		<u><u>\$ (2,820)</u></u>

**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**United Way**  
**For the Year Ended April 30, 2018**

Support and revenue:	
United Way of Iredell County	<u>\$ 7,838</u>
Expenses:	
Client assistance	<u>7,838</u>
Total expenses	<u>7,838</u>
Change in net assets	<u><u>\$ -</u></u>

**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Duke Energy**  
**For the Year Ended April 30, 2018**

Support and revenue:	
Grant revenue	\$ 13,101
Other revenue	632
	<u>13,733</u>
Expenses:	
Direct costs:	
Client assistance	11,399
Contractual services	1,700
Equipment lease and rentals	1
Fringe benefits	1
Total program expenses	<u>13,101</u>
Indirect costs	<u>-</u>
Total expenses	<u>13,101</u>
Change in net assets	<u><u>\$ 632</u></u>

**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Weatherization Assistance**  
**For the Year Ended April 30, 2018**

	<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	\$ 52,962	\$ 411,342	\$ 464,304
Total support and revenue	<u>52,962</u>	<u>411,342</u>	<u>464,304</u>
Expenses:			
Direct costs:			
Advertising	-	715	715
Bank Charges	3	11	14
Client assistance	18,259	278,459	296,718
Contractual services	3,546	23,967	27,513
Dues and memberships	263	1,488	1,751
Equipment lease and rentals	20	890	910
Fringe benefits	4,123	14,401	18,524
Insurance	1,585	6,487	8,072
Printing, licenses and permits	31	406	437
Maintenance and repairs	405	2,287	2,692
Materials, tools and supplies	108	1,594	1,702
Miscellaneous	2	591	593
Rent	998	5,737	6,735
Salaries and wages	15,969	54,934	70,903
Telephone and internet	437	2,658	3,095
Training	1,425	-	1,425
Travel	1,398	646	2,044
Utilities	444	2,583	3,027
Total direct costs	<u>49,016</u>	<u>397,854</u>	<u>446,870</u>
Indirect costs	<u>3,946</u>	<u>13,488</u>	<u>17,434</u>
Total expenses	<u>52,962</u>	<u>411,342</u>	<u>464,304</u>
Change in net assets, program basis of accounting	-	-	-
Adjustment to reconcile net assets to GAAP basis of accounting:			
Depreciation	-	(3,651)	(3,651)
Change in net assets, GAAP basis of accounting	<u>\$ -</u>	<u>\$ (3,651)</u>	<u>\$ (3,651)</u>

**I CARE, INC.**  
**Schedule of Revenues, Support, Expenses and Change in Net Assets**  
**Workforce Innovation and Opportunity Act**  
**For the Year Ended April 30, 2018**

	<u>Iredell County</u>	<u>Lincoln County</u>	<u>Total</u>
Support and revenue:			
Federal Government	\$ 32,935	\$ 22,950	\$ 55,885
Expenses:			
Direct costs:			
Bank Charges	3	2	5
Client assistance	5,025	1,205	6,230
Equipment lease and rentals	102	23	125
Field trips	35	159	194
Fringe benefits	4,281	2,606	6,887
Maintenance and repairs	439	205	644
Materials, tools and supplies	40	-	40
Miscellaneous	44	110	154
Participant fringe benefits	152	401	553
Participant wages	2,031	5,638	7,669
Rent	701	-	701
Salaries and wages	14,659	8,857	23,516
Telephone and internet	368	81	449
Training	150	56	206
Travel	1,062	1,388	2,450
Utilities	138	-	138
Total direct costs	<u>29,230</u>	<u>20,731</u>	<u>49,961</u>
Indirect costs	<u>3,705</u>	<u>2,219</u>	<u>5,924</u>
Total expenses	<u>32,935</u>	<u>22,950</u>	<u>55,885</u>
Change in net assets, program basis of accounting	-	-	-
Adjustments to reconcile net assets to GAAP basis of accounting:			
Depreciation	<u>(2,598)</u>	<u>-</u>	<u>(2,598)</u>
Change in net assets, GAAP basis of accounting	<u>\$ (2,598)</u>	<u>\$ -</u>	<u>\$ (2,598)</u>

**I CARE, INC.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended April 30, 2018**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant of Pass-through Number</u>	<u>Expenditures</u>
<b>FEDERAL EXPENDITURES</b>			
<u>U. S. Department of Health and Human Services</u>			
Head Start	93.600		\$ 2,507,757
Pass-through from N.C. Department of Health and Human Services:			
Division of Social Services:			
Low-Income Home Energy Assistance	93.568	17B1NCLIEA	411,342
Office of Economic Opportunity:			
Community Services Block Grant	93.569	17B1NCCOSR	<u>358,269</u>
Total U.S. Department of Health and Human Services			<u>3,277,368</u>
<u>U.S. Department of Energy</u>			
Passed-through from N.C. Department of Environmental Quality:			
Weatherization Assistance Program for Low-Income Persons	81.04	EE0006173	<u>52,962</u>
<u>U. S. Department of Agriculture</u>			
Passed-through the 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>293,541</u>
<u>U.S. Department of Labor</u>			
Passed-through the N.C. Department of Commerce:			
Workforce Innovation and Opportunity Act, previously known as			
Workforce Investment Act: 028040150000			
Youth Activities - Iredell County	17.259	94 2910	32,935
Youth Activities - Lincoln County	17.259	95 2910	<u>22,950</u>
Total Workforce Investment Act			<u>55,885</u>
Total federal assistance			<u>\$ 3,679,756</u>

**I CARE, INC.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended April 30, 2018**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of the I Care, Inc. for the year ended April 30, 2018. The information in this SEFA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the SEFA presents only a select portion of the operations of the I Care, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of the I Care, Inc.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the SEFA are reported on the modified 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 reimbursements. I Care, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.





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**COMPLIANCE**

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Rives & Associates, LLP  
 Certified Public Accountants

Member:  
 American Institute of  
 Certified Public Accountants

Member:  
 North Carolina Association of  
 Certified Public Accountants

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**Independent Auditors' 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  
 I Care, Inc.  
 Statesville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of I Care, Inc. (the Agency), which comprise the statement of financial position as of April 30, 2018, and the related statements of activities, 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 August 2, 2018.

**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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charge with governance.

Our consideration of the internal control was for 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 of 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 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.

*Rivers & Associates LLP*

Lexington, North Carolina  
August 2, 2018



**Rives & Associates, LLP**  
 Certified Public Accountants

Member:  
 American Institute of  
 Certified Public Accountants

Member:  
 North Carolina Association of  
 Certified Public Accountants

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**Independent Auditors' Report On Compliance For Each Major Program And On  
 Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
 I Care, Inc.  
 Statesville, North Carolina

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

We have audited I Care, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of I Care, Inc.'s major federal programs for the year ended April 30, 2018. I Care, Inc.'s major federal programs are 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of I Care, Inc.'s major federal programs 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 I Care, 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 each major federal program. However, our audit does not provide a legal determination of I Care, Inc.'s compliance.

## Opinion on Each Major Federal Program

In our opinion, the I Care, 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, 2018.

## Report on Internal Control Over Compliance

Management of I Care, 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 I Care, 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 I Care, 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.

*Riney & Associates LLP*

Lexington, North Carolina  
August 2, 2018

**I CARE, INC.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended April 30, 2018**

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

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**Financial Statements**

Type of auditors' report issued on whether the financial statements audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified? \_\_\_\_\_ yes        ✓   no

Significant deficiency identified that is not considered to be material weaknesses? \_\_\_\_\_ yes        ✓   no

Noncompliance material to financial statements noted \_\_\_\_\_ yes        ✓   no

**Federal Awards**

Internal control over major federal programs:

Material weaknesses identified? \_\_\_\_\_ yes        ✓   no

Significant deficiency(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        ✓   no

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        ✓   no

Identification of major federal programs:

**CFDA Numbers**

93.600

**Names of Federal Program or Cluster**

Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B Programs:

\$ 750,000

Auditee qualified as low-risk auditee?   ✓   yes      \_\_\_\_\_ no

**I CARE, INC.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended April 30, 2018**

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**SECTION II - FINANCIAL STATEMENT FINDINGS**

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*None Noted*

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

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*None Noted*

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**SECTION IV - SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

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*None Noted*