

I CARE, INC.

Financial Statements and
Supplementary Information

Year Ended April 30, 2019



Rives & Associates, LLP
Certified Public Accountants and Consultants

I CARE, INC.
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Independent Auditor's 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, 2019, and the related statements of activities, 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 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, 2019, 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, 2019 on pages 15 through 23 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 September 24, 2019 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.

Rives & Associates LLP

Charlotte, North Carolina
September 24, 2019

I CARE, INC.
Statement of Financial Position
April 30, 2019

ASSETS

Current assets:	
Cash	\$ 248,009
Grants receivable	174,957
Accounts receivable - other	11,410
Prepaid expenses	1,391
Total current assets	<u>435,767</u>
Property and equipment:	
Property and equipment, at cost	693,252
Less accumulated depreciation	<u>(535,847)</u>
Net property and equipment	<u>157,405</u>
Total assets	<u><u>\$ 593,172</u></u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable	\$ 40,244
Accrued expenses	165,686
Total current liabilities	<u>205,930</u>
Net assets:	
Without donor restrictions	269,272
With donor restrictions	117,970
	<u>387,242</u>
Total liabilities and net assets	<u><u>\$ 593,172</u></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, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Support:			
Grants and contracts	\$ 83,976	\$ 3,714,871	\$ 3,798,847
Contributions	3,541	48,018	51,559
In-kind contributions	461,629	-	461,629
Total support	<u>549,146</u>	<u>3,762,889</u>	<u>4,312,035</u>
Revenue:			
Fundraising	1,612	-	1,612
Parent fees	10,257	-	10,257
Interest	2,315	-	2,315
Other income	1,603	-	1,603
Total revenue	<u>15,787</u>	<u>-</u>	<u>15,787</u>
Net assets released from restrictions	<u>3,831,494</u>	<u>(3,831,494)</u>	<u>-</u>
Total support and revenue	<u>4,396,427</u>	<u>(68,605)</u>	<u>4,327,822</u>
EXPENSES			
Program services:			
Community Services Block Grant	295,170	-	295,170
Extended Day	56,633	-	56,633
Head Start	3,100,446	-	3,100,446
Child and Adult Care Food Program	264,507	-	264,507
United Way	14,275	-	14,275
Duke Energy	21,275	-	21,275
Weatherization Assistance	504,161	-	504,161
Other grants	26,375	-	26,375
Total program services	<u>4,282,842</u>	<u>-</u>	<u>4,282,842</u>
Supporting services	<u>10,233</u>	<u>-</u>	<u>10,233</u>
Total expenses	<u>4,293,075</u>	<u>-</u>	<u>4,293,075</u>
Increase (decrease) in net assets	103,352	(68,605)	34,747
NET ASSETS			
Net assets, beginning of year	<u>165,920</u>	<u>186,575</u>	<u>352,495</u>
Net assets, end of year	<u>\$ 269,272</u>	<u>\$ 117,970</u>	<u>\$ 387,242</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, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 34,747
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	29,127
(Increase) decrease in operating assets:	
Grants receivable	77,630
Other accounts receivable	241
Prepaid expenses	50
Increase (decrease) in operating liabilities:	
Accounts payable	(81,956)
Accrued expenses	11,008
Deferred revenue	(54,633)
Net cash provided by operating activities	<u>16,214</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
Net increase in cash	16,214
CASH, BEGINNING OF YEAR	<u>231,795</u>
CASH, END OF YEAR	<u><u>\$ 248,009</u></u>
SUPPLEMENTARY DISCLOSURES FOR CASH FLOW INFORMATION:	
In-kind contributions	<u><u>\$ 461,629</u></u>

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, 2019

	Community Services			Child and Adult Care	United Way
	Block Grant	Extended Day	Head Start	Food Program	
Program expenses:					
Advertising	\$ 106	\$ -	\$ 1,490	\$ -	\$ -
Bank Charges	1	-	24	-	-
Client assistance	31,090	-	8,164	-	14,275
Contractual services	112	52	3,119	-	-
Dues and memberships	2,000	-	7,931	-	-
Equipment lease and rentals	2,085	134	51,224	-	-
Field trips	-	937	1,581	-	-
Fringe benefits	35,675	8,337	383,956	15,050	-
Insurance	783	386	44,890	-	-
Legal and professional services	-	-	-	-	-
Printing, licenses and permits	558	-	7,029	-	-
Maintenance and repairs	1,941	688	96,366	-	-
Materials, tools and supplies	794	2,545	110,464	185,568	-
Miscellaneous	297	298	10,925	-	-
Participant fringe benefits	3,955	-	-	-	-
Participant wages	51,326	-	-	-	-
Rent	5,786	-	36,925	-	-
Salaries and wages	114,211	29,029	1,286,372	50,848	-
Telephone and internet	2,917	243	16,447	-	-
Training	2,300	912	46,782	-	-
Travel	6,249	529	71,476	-	-
Utilities	2,927	1,033	47,671	-	-
	<u>265,113</u>	<u>45,123</u>	<u>2,232,836</u>	<u>251,466</u>	<u>14,275</u>
Total program expenses before depreciation, indirect costs and grantee's share-in kind					
Depreciation	394	4,115	18,370	-	-
Indirect cost	29,663	7,395	339,968	13,041	-
Grantee's share in-kind	-	-	509,272	-	-
	<u>-</u>	<u>-</u>	<u>509,272</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 295,170</u>	<u>\$ 56,633</u>	<u>\$ 3,100,446</u>	<u>\$ 264,507</u>	<u>\$ 14,275</u>

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

<u>Duke Energy</u>	<u>Weatherization Assistance Act</u>	<u>Other Grants</u>	<u>Indirect Cost Pool</u>	<u>Total Program Expenses</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
\$ -	\$ 567	\$ -	\$ -	\$ 2,163	\$ 50	\$ 2,213
-	1	-	4	30	129	159
19,218	327,148	7,561	-	407,456	-	407,456
-	783	-	6,616	10,682	26	10,708
-	2,000	-	6,701	18,632	1,402	20,034
2	707	-	5,083	59,235	-	59,235
-	-	-	-	2,518	6	2,524
-	25,316	-	54,942	523,276	357	523,633
-	7,800	-	1,265	55,124	-	55,124
-	-	-	13,840	13,840	-	13,840
-	238	-	2,495	10,320	-	10,320
-	4,178	-	5,079	108,252	-	108,252
-	1,408	-	6,803	307,582	-	307,582
-	240	-	2,675	14,435	814	15,249
-	-	499	-	4,454	-	4,454
-	-	18,315	-	69,641	-	69,641
-	6,390	-	7,624	56,725	-	56,725
-	86,461	-	272,247	1,839,168	2,501	1,841,669
-	3,416	-	3,760	26,783	-	26,783
-	8,140	-	6,423	64,557	-	64,557
-	2,415	-	14,891	95,560	238	95,798
-	3,239	-	3,850	58,720	-	58,720
19,220	480,447	26,375	414,298	3,749,153	5,523	3,754,676
-	3,650	-	-	26,529	2,598	29,127
2,055	20,064	-	(414,298)	(2,112)	2,112	-
-	-	-	-	509,272	-	509,272
<u>\$ 21,275</u>	<u>\$ 504,161</u>	<u>\$ 26,375</u>	<u>\$ -</u>	<u>\$ 4,282,842</u>	<u>\$ 10,233</u>	<u>\$ 4,293,075</u>

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

I CARE, INC.
Notes to Financial Statements
April 30, 2019

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.

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 19.79% for the period ended April 30, 2019. 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.

I CARE, INC.
Notes to Financial Statements
April 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Agency'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, 2019, 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, 2019 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:

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

I CARE, INC.
Notes to Financial Statements
April 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (continued)

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

Support and Revenue

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

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

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.

Net Assets

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

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.

I CARE, INC.
Notes to Financial Statements
April 30, 2019

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Advertising

Advertising costs are expenses as incurred. Advertising expenses were \$2,213 for the year ended April 30, 2019.

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.

NOTE C – 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 a five year operating lease agreement expiring in April 2021 with monthly rental payments of \$3,799.

Total lease expense for facility and equipment rental for the year ended April 30, 2019 was approximately \$68,000.

Future commitments under the operating leases are as follows:

<u>Year ending April 30,</u>	
2020	\$ 67,626
2021	67,626
2022	13,040
2023	73
	<u>\$ 148,365</u>

I CARE, INC.
Notes to Financial Statements
April 30, 2019

NOTE D – PROPERTY AND EQUIPMENT

The following is the property and equipment by function:

	<u>May 1, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>April 30, 2019</u>
Cost:					
Administration	\$ 8,006	\$ -	\$ -	\$ 12,988	\$ 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	1,968	-	-	-	1,968
Workforce Innovation and Opportunity Act	12,988	-	-	(12,988)	-
Total cost	<u>693,252</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>693,252</u>
Accumulated depreciation					
Administration	\$ 8,006	\$ 2,598	\$ -	\$ 7,150	\$ 17,754
Head Start	335,576	18,370	-	-	353,946
United Way	4,087	-	-	-	4,087
Extended Day	99,112	4,115	-	-	103,227
Weatherization Assistance Program	51,869	3,650	-	-	55,519
Community Services Block Grant	920	394	-	-	1,314
Workforce Innovation and Opportunity Act	7,150	-	-	(7,150)	-
	<u>506,720</u>	<u>\$ 29,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>535,847</u>
Net property and equipment	<u>\$ 186,532</u>				<u>\$ 157,405</u>

Depreciation expense for the year ended April 30, 2019 was \$29,127.

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, 2019, 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.

I CARE, INC.
Notes to Financial Statements
April 30, 2019

NOTE E – DONATED SERVICES AND FACILITIES (IN-KIND CONTRIBUTIONS) (continued)

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	\$ 595,558
Less: In-kind contributions unallowable under GAAP	(133,929)
In-kind contributions recognized under GAAP	\$ 461,629

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 \$36,553.

NOTE G – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of April 30, 2019 consisted of the following:

Head Start	\$ 107,546
Community Services Block Grant	654
Weatherization Assistance Program	9,770
	\$ 117,970

NOTE H – INDIRECT COST

The cognizant agency will be requested to finalize the rate of 19.86% based on the following:

Total base salaries	\$ 1,569,422
Fringe benefits	468,691
Fringe benefits - nonfederal	47,550
Total base	2,085,663
Total indirect costs	\$ 414,298
Total indirect costs rate	19.86%

I CARE, INC.
Notes to Financial Statements
April 30, 2019

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, 2019, the Agency’s deposits were in excess of the FDIC insured limit in the amount of \$58,061.

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	68%
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NOTE J – LIQUIDITY AND AVAILABILITY

The Agency has \$259,419 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash in the amount of \$248,009, and accounts receivable of \$11,410. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the balance sheet date. The grants receivable noted on the balance sheet are for the specific grant expenditures incurred under the provisions of the grant. These are subject to implied time restrictions but are expected to be collected within one year. The Agency has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

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.

NOTE L – SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through September 24, 2019, which was the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

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, 2019

Support and revenue:	
Contributions	\$ 1,562
Fundraising	1,612
Interest	2,315
Other income	200
Total support and revenue	5,689
Expenses:	
Direct costs:	
Advertising	50
Bank Charges	129
Contractual services	26
Dues and memberships	1,402
Field trips	6
Fringe benefits	357
Miscellaneous	814
Salaries and wages	2,501
Travel	238
Total direct costs	5,523
Indirect costs	2,112
Total expenses	7,635
Change in net assets, program basis of accounting	(1,946)
Adjustment to reconcile net assets to GAAP basis of accounting	
Depreciation	(2,598)
Change in net assets, GAAP basis of accounting	\$ (4,544)

I CARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Community Services Block Grant
For the Year Ended April 30, 2019

Support and revenue:	
Federal Government	<u>\$ 294,776</u>
Program expenses:	
Direct costs:	
Advertising	106
Bank Charges	1
Client assistance	31,090
Contractual services	112
Dues and memberships	2,000
Equipment lease and rentals	2,085
Fringe benefits	35,675
Insurance	783
Printing, licenses and permits	558
Maintenance and repairs	1,941
Materials, tools and supplies	794
Miscellaneous	297
Participant fringe benefits	3,955
Participant wages	51,326
Rent	5,786
Salaries and wages	114,211
Telephone and internet	2,917
Training	2,300
Travel	6,249
Utilities	2,927
Total direct costs	<u>265,113</u>
Indirect costs	<u>29,663</u>
Total expenses	<u>294,776</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, 2019

Support and revenue:	
Grants	\$ 83,976
Contributions	1,979
Parent Fees	10,257
Total support and revenue	<u>96,212</u>
Expenses:	
Direct costs:	
Contractual services	52
Equipment lease and rentals	134
Field trips	937
Fringe benefits	8,337
Insurance	386
Maintenance and repairs	688
Materials, tools and supplies	2,545
Miscellaneous	298
Salaries and wages	29,029
Telephone and internet	243
Training	912
Travel	529
Utilities	1,033
Total direct costs	<u>45,123</u>
Indirect costs	<u>7,395</u>
Total expenses	<u>52,518</u>
Change in net assets, program basis of accounting	43,694
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>\$ 39,579</u></u>

I CARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Head Start
For the Year Ended April 30, 2019

Support and revenue:	
Federal Government	\$ 2,572,804
Grantee's contribution - in kind	595,558
Grantee's contribution - cash	47,643
Total support and revenue	<u>3,216,005</u>
Expenses:	
Direct costs:	
Advertising	1,490
Bank Charges	24
Client assistance	8,164
Contractual services	3,119
Dues and memberships	7,931
Equipment lease and rentals	51,224
Field trips	1,581
Fringe benefits	383,956
Grantee's share in-kind	643,201
Insurance	44,890
Printing, licenses and permits	7,029
Maintenance and repairs	96,366
Materials, tools and supplies	110,464
Miscellaneous	10,925
Rent	36,925
Salaries and wages	1,286,372
Telephone and internet	16,447
Training	46,782
Travel	71,476
Utilities	47,671
Total direct costs	<u>2,876,037</u>
Indirect costs	<u>339,968</u>
Total expenses	<u>3,216,005</u>
Change in net assets, program basis of accounting	-
Adjustments to reconcile net assets to GAAP basis of accounting:	
Depreciation	(18,370)
Unqualified in-kind contributions under GAAP	133,929
Unqualified in-kind expenses under GAAP	<u>(133,929)</u>
Change in net assets, GAAP basis of accounting	<u>\$ (18,370)</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, 2019

Support and revenue:		
Federal Government	\$	264,507
		<u>264,507</u>
Expenses:		
Direct costs:		
Materials, tools and supplies		185,568
Fringe benefits		15,050
Salaries and wages		50,848
Total direct costs		<u>251,466</u>
Indirect costs		<u>13,041</u>
Total expenses		<u>264,507</u>
Change in net assets	\$	<u><u>-</u></u>

I CARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
United Way
For the Year Ended April 30, 2019

Support and revenue:	
United Way of Iredell County	<u>\$ 10,855</u>
Expenses:	
Client assistance	<u>14,275</u>
Total expenses	<u>14,275</u>
Change in net assets	<u><u>\$ (3,420)</u></u>

I CARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Duke Energy
For the Year Ended April 30, 2019

Support and revenue:	
Grant revenue	\$ 45,231
Other revenue	1,403
	<u>46,634</u>
Expenses:	
Direct costs:	
Client assistance	19,218
Equipment lease and rentals	<u>2</u>
Total program expenses	19,220
Indirect costs	<u>2,055</u>
Total expenses	<u>21,275</u>
Change in net assets	<u><u>\$ 25,359</u></u>

I CARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Weatherization Assistance
For the Year Ended April 30, 2019

	<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	\$ 94,053	\$ 406,458	\$ 500,511
Total support and revenue	<u>94,053</u>	<u>406,458</u>	<u>500,511</u>
Expenses:			
Direct costs:			
Advertising	91	476	567
Bank Charges	-	1	1
Client assistance	55,567	271,581	327,148
Contractual services	149	634	783
Dues and memberships	300	1,700	2,000
Equipment lease and rentals	32	675	707
Fringe benefits	4,546	20,770	25,316
Insurance	1,209	6,591	7,800
Printing, licenses and permits	13	225	238
Maintenance and repairs	544	3,634	4,178
Materials, tools and supplies	88	1,320	1,408
Miscellaneous	19	221	240
Rent	1,175	5,215	6,390
Salaries and wages	15,322	71,139	86,461
Telephone and internet	546	2,870	3,416
Training	8,140	-	8,140
Travel	1,773	642	2,415
Utilities	613	2,626	3,239
Total direct costs	<u>90,127</u>	<u>390,320</u>	<u>480,447</u>
Indirect costs	<u>3,926</u>	<u>16,138</u>	<u>20,064</u>
Total expenses	<u>94,053</u>	<u>406,458</u>	<u>500,511</u>
Change in net assets, program basis of accounting	-	-	-
Adjustment to reconcile net assets to GAAP basis of accounting:			
Depreciation	-	(3,650)	(3,650)
Change in net assets, GAAP basis of accounting	<u>\$ -</u>	<u>\$ (3,650)</u>	<u>\$ (3,650)</u>

I CARE, INC.
Schedule of Revenues, Support, Expenses and Change in Net Assets
Other Grants
For the Year Ended April 30, 2019

	Rotary	Iredell Co. Foundation	NC Dept. of SS	Total
Support and revenue:				
Grants	\$ 1,000	\$ 25,000	\$ 187	\$ 26,187
Contributions	-	-	375	375
Total support and revenue	<u>1,000</u>	<u>25,000</u>	<u>562</u>	<u>26,562</u>
Expenses:				
Client assistance	1,000	6,186	375	7,561
Participant fringe benefits	-	499	-	499
Participant wages	-	18,315	-	18,315
Total expenses	<u>1,000</u>	<u>25,000</u>	<u>375</u>	<u>26,375</u>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187</u>	<u>\$ 187</u>

I CARE, INC.
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant of Pass-through Number	Expenditures
FEDERAL EXPENDITURES			
<u>U. S. Department of Health and Human Services</u>			
Direct			
Head Start	93.600		\$ 2,572,804
Pass-through from N.C. Department of Health and Human Services:			
Office of Economic Opportunity:			
Community Services Block Grant	93.569	17B1NCCOSR	294,776
Pass-through from N.C. Department of Health and Human Services/ NC Department of Environmental Quality			
Weatherization Assistance for Low Income Persons	93.568	17B1NCLIEA	264,530
Heating & Air Repair and Replacement Program	93.568		141,928
Total NC Department of Environmental Quality			406,458
Total U.S. Department of Health and Human Services			3,274,038
<u>U.S. Department of Energy</u>			
Passed-through from N.C. Department of Environmental Quality:			
Weatherization Assistance Program for Low-Income Persons	81.042	EE0006173	94,053
<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	264,507
Total federal assistance			\$ 3,632,598

I CARE, INC.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2019

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, 2019. 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.

COMPLIANCE



Member:
American Institute of
Certified Public Accountants

Rives & Associates, LLP
Certified Public Accountants

Member:
North Carolina Association of
Certified Public Accountants

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**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
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, 2019, 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 September 24, 2019.

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.

Rives & Associates LLP

Charlotte, North Carolina
September 24, 2019



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Independent Auditor's 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, 2019. I Care, 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's 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, 2019.

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.

Rives & Associates LLP

Charlotte, North Carolina
September 24, 2019

I CARE, INC.
Schedule of Findings and Questioned Costs
For the Year Ended April 30, 2019

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's 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 auditor's 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, 2019

SECTION II - FINANCIAL STATEMENT FINDINGS

None Noted

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None Noted

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

None Noted