

IMPRINTS CARES

Financial Statements

June 30, 2024 and 2023

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To the Board of Directors
Imprints Cares
Winston-Salem, North Carolina

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Imprints Cares (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above presented fairly, in all material respects, the financial position of Imprints Cares as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Imprints Cares and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Imprints Cares' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Imprints Cares' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Imprints Cares' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming and opinion on the financial statements as a whole. The accompanying schedules of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and by the Office of the State Auditor, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2025, on our consideration of Imprints Cares' 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 the effectiveness of the 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 Imprints Cares' internal control over financial reporting and compliance.

Butler & Burke LLP

Winston-Salem, North Carolina
March 11, 2025

IMPRINTS CARES
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 1,903,771	\$ 1,453,733
Grants receivable, net	780,481	428,727
Accounts receivable, net	1,768	2,581
Other receivables	9,939	12,634
Prepaid expenses	22,129	11,695
Property and equipment, net	4,616,944	1,770,068
Operating lease right-of-use assets	<u>43,293</u>	<u>61,604</u>
<u>TOTAL ASSETS</u>	<u>\$ 7,378,325</u>	<u>\$ 3,741,042</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 938,834	\$ 295,382
Deferred revenue	138,678	115,381
Grant advance	-	717,000
Notes payable	953,074	768,682
Operating lease liabilities	<u>43,640</u>	<u>62,073</u>
<u>Total Liabilities</u>	<u>2,074,226</u>	<u>1,958,518</u>
Net Assets		
Without donor restrictions	4,689,331	1,036,903
With donor restrictions	<u>614,768</u>	<u>745,621</u>
<u>Total Net Assets</u>	<u>5,304,099</u>	<u>1,782,524</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 7,378,325</u>	<u>\$ 3,741,042</u>

IMPRINTS CARES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Smart Start	\$ 331,618	\$ -	\$ 331,618
United Way	61,647	-	61,647
Contributions and other grants	2,996,410	2,727,939	5,724,349
In-kind contributions	269,670	-	269,670
Expanded Learning Program	3,095,344	-	3,095,344
Rental income, net	5,632	-	5,632
Other income	<u>43,691</u>	<u>-</u>	<u>43,691</u>
	6,804,012	2,727,939	9,531,951
Net assets released from restrictions			
Satisfaction of purpose restrictions	<u>2,858,792</u>	<u>(2,858,792)</u>	<u>-</u>
<u>Total Support and Revenue</u>	<u>9,662,804</u>	<u>(130,853)</u>	<u>9,531,951</u>
Expenses			
Program services	5,573,570	-	5,573,570
Management and general	335,425	-	335,425
Fundraising	<u>101,381</u>	<u>-</u>	<u>101,381</u>
<u>Total Expenses</u>	<u>6,010,376</u>	<u>-</u>	<u>6,010,376</u>
Change in Net Assets	3,652,428	(130,853)	3,521,575
Net Assets, Beginning of Year	<u>1,036,903</u>	<u>745,621</u>	<u>1,782,524</u>
Net Assets, End of Year	<u>\$ 4,689,331</u>	<u>\$ 614,768</u>	<u>\$ 5,304,099</u>

IMPRINTS CARES
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Smart Start	\$ 361,916	\$ -	\$ 361,916
United Way	147,791	-	147,791
Contributions and other grants	1,298,417	716,165	2,014,582
In-kind contributions	72,745	-	72,745
Expanded Learning Program	2,954,479	-	2,954,479
Rental income, net	69,890	-	69,890
Other income	<u>10,742</u>	<u>-</u>	<u>10,742</u>
	<u>4,915,980</u>	<u>716,165</u>	<u>5,632,145</u>
Net assets released from restrictions			
Satisfaction of purpose restrictions	763,448	(763,448)	-
Satisfaction of time restrictions	<u>5,000</u>	<u>(5,000)</u>	<u>-</u>
	<u>768,448</u>	<u>(768,448)</u>	<u>-</u>
 <u>Total Support and Revenue</u>	 <u>5,684,428</u>	 <u>(52,283)</u>	 <u>5,632,145</u>
 Expenses and Losses			
Program services	4,674,801	-	4,674,801
Management and general	657,891	-	657,891
Fundraising	<u>142,507</u>	<u>-</u>	<u>142,507</u>
<u>Total Expenses</u>	<u>5,475,199</u>	<u>-</u>	<u>5,475,199</u>
 Loss on disposal of property and equipment	<u>35,918</u>	<u>-</u>	<u>35,918</u>
 <u>Total Expenses and Losses</u>	 <u>5,511,117</u>	 <u>-</u>	 <u>5,511,117</u>
 Change in Net Assets	 173,311	 (52,283)	 121,028
 Net Assets, Beginning of Year	 <u>863,592</u>	 <u>797,904</u>	 <u>1,661,496</u>
 Net Assets, End of Year	 <u>\$ 1,036,903</u>	 <u>\$ 745,621</u>	 <u>\$ 1,782,524</u>

IMPRINTS CARES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 3,653,529	\$ 76,187	\$ 25,150	\$ 3,754,866
Payroll taxes	286,438	5,785	1,924	294,147
Employee benefits	290,157	31,883	3,313	325,353
Total Salaries and Related Expenses	4,230,124	113,855	30,387	4,374,366
Contracted services	267,092	92,826	15,024	374,942
Supplies	142,957	2,876	35,608	181,441
Travel	31,078	5,700	314	37,092
Communication and postage	37,365	1,707	236	39,308
Printing and publications	20,846	1,284	771	22,901
Repairs and maintenance	93,848	12,616	120	106,584
Equipment rental	17,765	2,129	-	19,894
Meetings and conferences	4,480	2,200	210	6,890
Training	31,228	3,029	-	34,257
Office space, includes donated space of \$235,346	287,774	8,170	-	295,944
Utilities	20,466	4,458	-	24,924
Insurance and bonds	67,130	37,101	-	104,231
Dues and subscriptions	20,832	9,626	5,974	36,432
Property taxes	14,322	9,921	-	24,243
Advertising	21,884	1,184	2,305	25,373
Other expenses	164,593	5,011	3,227	172,831
Interest	17,932	5,058	6,755	29,745
Depreciation	94,488	16,674	-	111,162
Bad debt expense	(12,634)	-	450	(12,184)
Total Expenses	\$ 5,573,570	\$ 335,425	\$ 101,381	\$ 6,010,376

IMPRINTS CARES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 3,300,181	\$ 305,675	\$ 23,701	\$ 3,629,557
Payroll taxes	260,205	21,301	1,813	283,319
Employee benefits	230,034	52,862	5,492	288,388
Total Salaries and Related Expenses	3,790,420	379,838	31,006	4,201,264
Contracted services	138,776	76,901	-	215,677
Supplies	189,763	7,912	53,081	250,756
Travel	26,722	10,602	181	37,505
Communication and postage	33,501	3,171	-	36,672
Printing and publications	6,314	1,923	81	8,318
Repairs and maintenance	62,354	10,968	-	73,322
Equipment rental	15,762	3,080	-	18,842
Meetings and conferences	5,836	-	-	5,836
Training	23,051	2,754	95	25,900
Office space, includes donated space of \$20,097	22,080	3,097	-	25,177
Utilities	17,436	4,826	-	22,262
Insurance and bonds	59,233	49,595	-	108,828
Dues and subscriptions	21,643	10,867	4,636	37,146
Property taxes	9,403	23,236	-	32,639
Advertising	23,652	4,761	44,488	72,901
Other expenses	122,340	40,496	8,939	171,775
Interest	23,000	9,669	-	32,669
Depreciation	76,059	14,195	-	90,254
Bad debt expense	7,456	-	-	7,456
Total Expenses	\$ 4,674,801	\$ 657,891	\$ 142,507	\$ 5,475,199

IMPRINTS CARES
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 3,521,575	\$ 121,028
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	111,162	90,254
Amortization on operating leases	19,894	18,842
Bad debt expense	(12,184)	7,456
Loss on disposal of property and equipment	-	35,918
(Increase) decrease in operating assets:		
Grants receivable	(351,754)	(302,727)
Accounts receivable	12,997	3,202
Other receivables	2,695	(6,066)
Prepaid expenses	(10,434)	13,402
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	643,452	35,762
Deferred revenue	23,297	(6,276)
Grant advance	(717,000)	717,000
Operating lease liabilities	(20,016)	(18,373)
<u>Net Cash Provided by Operating Activities</u>	<u>3,223,684</u>	<u>709,422</u>
INVESTING ACTIVITIES		
Capital expenditures	(2,958,038)	(1,057,800)
<u>Net Cash Used in Investing Activities</u>	<u>(2,958,038)</u>	<u>(1,057,800)</u>
FINANCING ACTIVITIES		
Principal payments on notes payable	(768,682)	(17,568)
Proceeds from notes payable	953,074	786,250
<u>Net Cash Provided by Financing Activities</u>	<u>184,392</u>	<u>768,682</u>
Change in Cash and Cash Equivalents	450,038	420,304
Cash and Cash Equivalents, Beginning of Year	<u>1,453,733</u>	<u>1,033,429</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,903,771</u>	<u>\$ 1,453,733</u>
<u>SUPPLEMENTAL INFORMATION:</u>		
Cash paid for interest	<u>\$ 29,745</u>	<u>\$ 32,669</u>

IMPRINTS CARES

NOTES TO FINANCIAL STATEMENTS

NOTE A: NATURE OF ORGANIZATION

Imprints Cares, formally Imprints, (the “Organization”) is a private non-profit organization whose mission is to strengthen families through services and partnerships to prepare children for life.

This mission is accomplished through the following programs:

Ready for School - its goal is to support parents to become their children’s best as well as first teachers. Parent educators provide parents with child development information based on the most current neuroscience research through an intensive home visitation program.

Expanded Learning Program - is a high quality, competitively priced, before and after school program that provides children with a smooth transition to and from the classroom. During the program, the Organization implements developmentally appropriate practices through center-based play. Children engage in age-appropriate activities and interact with staff and peers to promote optimal social and emotional development.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - net assets that are not restricted by donors or for which donor-imposed restrictions have expired. If the board specifies a purpose where none has been stated, such funds are classified as board designated assets without donor restrictions.

Net assets with donor restrictions - net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e. donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

IMPRINTS CARES

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all demand deposits at financial institutions and all highly liquid investments with an original maturity of three months or less to be cash equivalents. These accounts, at times, may exceed federally insured limits. The Organization has not experienced any losses on these accounts and does not believe it is exposed to significant credit risk.

Grants Receivable

Grants receivable are stated at net realizable value. All grants are expected to be received within one year.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recorded at amortized cost. Amortized cost represents the original carrying amount of the financial instrument less an allowance for future credit losses. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the debtor, forecasts of future operating results based on current trends, and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of debtors. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The allowance for credit losses was \$136 and \$13,173 at June 30, 2024 and 2023, respectively.

The rollforward of the allowance for credit losses is as follows for the years ended June 30, 2024 and 2023:

	<u>Beginning Balance</u>	<u>Credit Loss Expense</u>	<u>Write-offs</u>	<u>Recoveries</u>	<u>Ending Balance</u>
2024	<u>\$ 13,173</u>	<u>\$ (12,184)</u>	<u>\$ (853)</u>	<u>\$ -</u>	<u>\$ 136</u>
2023	<u>\$ 9,479</u>	<u>\$ 7,456</u>	<u>\$ (3,762)</u>	<u>\$ -</u>	<u>\$ 13,173</u>

Promises to Give

Contributions and grants (promises to give) are recognized as revenues in the period the commitment is made. The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contributions and grants revenue in the statements of activities. The Organization determines an allowance for uncollectible promises to give based on historical experience, an assessment of the economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. An allowance for uncollectible promises to give was not considered necessary at June 30, 2024 and 2023. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions upon which they depend are substantially met.

IMPRINTS CARES

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Depreciation

Property and equipment additions greater than \$1,000 are recorded cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, generally from three to thirty-nine years. Expenditures for maintenance, repairs and minor renewals are charged to expense as incurred.

Lease Arrangements

Financing and operating leases are recognized as right-of-use assets with related lease liabilities in the accompanying statements of financial position. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term. Lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and related liabilities are recognized at the commencement date of the lease based on the present value of lease payments over the lease term using interest rates implicit in the lease. Absent an implicit rate in the lease, the Organization uses the risk-free rate of a zero-coupon U.S. Treasury instrument.

The Organization has made the accounting policy election not to separate lease components from non-lease components, but rather accounts for the components as a single lease component. The Organization has also elected to apply the short-term lease exception for all classes of underlying assets to all leases with a term of one year or less. Therefore, lease assets and liabilities for these leases, if applicable, are not recorded in the statements of financial position, but rather expensed as incurred.

Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Deferred revenue consists of advance payments for summer camps.

Donated Services and In-Kind Contributions

Contributions of assets other than cash are recorded at their estimated fair value. The Organization reports revenues for the fair value of contributed services received where the services require specialized skills, are provided by individuals possessing these skills, and represent services that would have been purchased had they not been donated. A substantial number of volunteers donate significant amounts of time to the Organization; however, no amounts have been reflected in the financial statements for these services since the donated services do not meet the above conditions for recognition under GAAP.

IMPRINTS CARES

NOTES TO FINANCIAL STATEMENTS

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include primarily salaries and related expenses, which are allocated on the basis of estimates of time and effort, and rent, which is allocated on a square footage basis.

Tax-Exempt Status

The Organization is a not-for-profit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income tax expense is limited to activities that are deemed by the Internal Revenue Service to be unrelated to their exempt purpose.

The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. It is the opinion of management that the Organization has no uncertain tax positions that would be subject to change upon examination.

The Organization is required to file a federal exempt organization tax return (Form 990) annually to retain its exempt status. The Organization is also required to file an exempt organization business income tax return (Form 990-T) for any year unrelated business income exceeds \$1,000. The Organization's Form 990 filings are generally subject to examination by the Internal Revenue Service for three years after they are filed.

Use of Estimates

The preparation of financial statements in conformity of GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated its subsequent events (events occurring after June 30, 2024) through the date of this report, which represents the date the financial statements were available to be issued and determined that all significant events and disclosures are included in the financial statements.

Accounting Pronouncement Adopted in the Current Year

The Organization adopted FASB ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments that are measured at amortized cost, such as accounts and loan receivables. Prior to July 1, 2023, the allowance for losses on such assets was determined based on management's estimate of probable incurred losses. The Organization adopted this new guidance effective July 1, 2023, utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements.

IMPRINTS CARES

NOTES TO FINANCIAL STATEMENTS

NOTE C: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 1,903,771	\$ 1,453,733
Receivables, net	<u>792,188</u>	<u>443,942</u>
Total financial assets	2,695,959	1,897,675
Less those unavailable for general expenditure within one year due to:		
Purpose restrictions	<u>(614,678)</u>	<u>(740,621)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 2,081,281</u>	<u>\$ 1,157,054</u>

The Organization has a goal to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization has a \$150,000 line of credit available to draw upon, if needed.

NOTE D: PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows at June 30:

	<u>2024</u>	<u>2023</u>
Office furniture and equipment	\$ 149,205	\$ 122,906
Land and building	1,576,124	1,576,124
Building improvements	6,421	6,421
Software and website	37,145	37,145
Vehicles	326,045	242,881
Assets not yet in service	<u>2,956,277</u>	<u>107,702</u>
	5,051,217	2,093,179
Less accumulated depreciation	<u>(434,273)</u>	<u>(323,111)</u>
	<u>\$ 4,616,944</u>	<u>\$ 1,770,068</u>

Depreciation expense totaled \$111,162 and \$90,254 for the years ended June 30, 2024 and 2023, respectively.

IMPRINTS CARES

NOTES TO FINANCIAL STATEMENTS

NOTE E: LINE OF CREDIT

The Organization has available a \$150,000 line of credit with a local financial institution. Terms include interest at the Wall Street Journal prime rate, with a floor of 7.00% and a maturity date of January 13, 2026. The line of credit is secured by all accounts receivable, grants receivable and pledges receivable. The Organization did not have a balance owed on the line of credit as of June 30, 2024 or 2023.

NOTE F: NOTES PAYABLE

Notes payable is summarized as follows at June 30:

	<u>2024</u>	<u>2023</u>
Note payable to Bank of the Ozarks is secured by certain land and building, 4.75% interest rate, principal and interest payable in monthly payments of \$4,520 through August 2027, at which time any remaining balance of principal and accrued interest will be due in full.	\$ -	\$ 768,682
Construction note payable up to \$3,360,000 to Bank of the Ozarks is secured by certain land and buildings, with interest payable in monthly installments at a rate of The Wall Street Journal Prime Rate minus 1.00% with a floor of 5.50% through May 2027, thereafter payable in monthly installments of principal and interest through May 2037, at which time the remaining balance of principal and accrued interest will be due in full.	<u>953,074</u>	<u>-</u>
	<u>\$ 953,074</u>	<u>\$ 768,682</u>

Interest expense totaled \$29,745 and \$32,669 for the years ended June 30, 2024 and 2023, respectively.

IMPRINTS CARES
NOTES TO FINANCIAL STATEMENTS

NOTE G: LEASES

The Organization leases office equipment under long-term non-cancelable operating lease arrangements. The leases expire through March 2028.

Total right-of-use assets and liabilities at June 30, 2024 and 2023 are classified as follows in the statements of financial position:

	<u>2024</u>	<u>2023</u>
Lease assets -		
Operating lease right-of-use assets	<u>\$ 43,293</u>	<u>\$ 61,604</u>
Lease liabilities -		
Operating lease liabilities	<u>\$ 43,640</u>	<u>\$ 62,073</u>

Total lease costs for the years ended June 30, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease costs		
Equipment rental	\$ 19,894	\$ 18,842
Short-term lease costs		
Office space	<u>295,944</u>	<u>25,177</u>
Total lease costs	<u>\$ 315,838</u>	<u>\$ 44,019</u>

The following summarizes the weighted-average discount rate and remaining lease term as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted average discount rate	2.36%	2.24%
Weighted average remaining lease term	3.63 years	3.51 years

IMPRINTS CARES
NOTES TO FINANCIAL STATEMENTS

NOTE G: LEASES (CONTINUED)

Future minimum lease payments required under operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows at each June 30:

2025	\$ 17,623
2026	17,335
2027	8,605
2028	<u>1,575</u>
Total lease payments	45,138
Less: interest	<u>(1,498)</u>
 Present value of lease liabilities	 <u>\$ 43,640</u>

The following summarizes cash flow information related to leases for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 20,016</u>	<u>\$ 18,373</u>
 Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	<u>\$ -</u>	<u>\$ 44,594</u>

IMPRINTS CARES

NOTES TO FINANCIAL STATEMENTS

NOTE H: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specified purposes:		
Parents as Teachers program	\$ -	\$ 86,875
Family, Friend and Neighbor program	583,333	165,017
Pediatric Parenting Connections	-	94,974
Consultation services	15,500	-
Book Babies program	15,935	68,755
Interior renovation	-	250,000
Bus purchase	-	75,000
	<u>614,768</u>	<u>740,621</u>
Subject to passage of time:		
Operational support	-	5,000
	<u>\$ 614,768</u>	<u>\$ 745,621</u>

NOTE I: CONCENTRATION OF REVENUE

During the years ended June 30, 2024 and 2023, respectively, approximately 32% and 47% of the Organization's total support and revenue was derived from the Expanded Learning Program. The Organization operates the program under an agreement with Winston-Salem Forsyth County Schools, which is subject to renewal on an annual basis.

NOTE J: RETIREMENT PLAN

The Organization created a defined contribution retirement plan effective July 1, 2016. Employees who normally work more than twenty hours per week are eligible to participate in the plan at the date they are hired. The Organization may match employee contributions on a discretionary basis determined each year. For the years ended June 30, 2024 and 2023, the Organization matched up to 3% of employees' annual compensation. The Organization contributed \$38,294 and \$44,732 to this plan during the years ended June 30, 2024 and 2023, respectively.

IMPRINTS CARES

NOTES TO FINANCIAL STATEMENTS

NOTE K: IN-KIND CONTRIBUTIONS

The Organization received the following in-kind contributions for the years ended June 30:

	<u>2024</u>	<u>2023</u>
Office and classroom space	\$ 235,346	\$ 20,097
Supplies	<u>34,324</u>	<u>52,648</u>
	<u>\$ 269,670</u>	<u>\$ 72,745</u>

The Organization requires the use of office and classroom space for its daily operations. The value is based on current market rates for the use of office and classroom space.

The Organization was also provided supplies from various donors at no cost. The value is based on current market rates for these items.

All in-kind contributions received by the Organization for the years ended June 30, 2024 and 2023 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE L: CONTINGENCIES

Financial awards from federal and state governmental entities in the form of grants are subject to review and/or audit. Such review could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such review or audit since the amount, if any, cannot be determined at this date.

For the year ended June 30, 2023, the Organization was awarded federal grant funding via Forsyth County of \$744,632 for various equipment and other capital items, with the majority of it to be used to assist in the purchase of the 711 Coliseum Plaza Court building. Under the grant contract, any real property or equipment acquired with federal grant funds must be used, insured, managed, and disposed of in accordance with 2 CFR 200.311 through 2 CFR 200.316, and must be returned to the grantor as soon as it is no longer used for an allowable use, as required by the Uniform Guidance and other federal law.

IMPRINTS CARES
SCHEDULE OF FEDERAL AWARDS
For the Year Ended June 30, 2024

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number (ALN)</u>	<u>Expenditures</u>
U.S. Department of Treasury: Pass-through from Forsyth County, North Carolina Coronavirus State and Local Fiscal Recovery Funds - * Healthy Childhood Environments Early Learning	21.027	\$ 2,359,382
<u>Total U.S. Department of Treasury:</u>		<u>2,359,382</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,359,382</u>

* Denotes a program having a direct and material effect on the financial statements.

IMPRINTS CARES
SCHEDULE OF STATE AWARDS
For the Year Ended June 30, 2024

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>Receipts</u>	<u>Expenditures</u>
N.C. Department of Health and Human Services:		
Pass-through from Division of Child Development and Early		
Education - Smart Start of North Carolina -		
* Smart Start of Forsyth County	\$ 331,618	\$ 331,618
<u>Total N.C. Department of Health and Human Services:</u>	<u>331,618</u>	<u>331,618</u>
TOTAL NORTH CAROLINA AWARDS	\$ 331,618	\$ 331,618

* Denotes a program having a direct and material effect on the financial statements.

IMPRINTS CARES

NOTES TO SCHEDULES OF FEDERAL AND STATE AWARDS

NOTE A: BASIS OF PRESENTATION

The accompanying schedules of federal and state awards include the federal and state grant activity of Imprints Cares and are presented on the accrual basis. The information in the schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and N.C. General Statute 143C-6-23. Therefore, some amounts presented in the schedules may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B: INDIRECT COST RATE

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

To the Board of Directors
Imprints Cares
Winston-Salem, North Carolina

**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***

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Imprints Cares (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 March 11, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Imprints Cares' 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 Imprints Cares' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 to merit the attention by those charged with governance.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Imprints Cares' financial statements are free of material misstatements, 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 Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Butler & Burke LLP

Winston-Salem, North Carolina
March 11, 2025

Board of Directors
Imprints Cares
Winston-Salem, North Carolina

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Imprints Cares's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Imprints Cares's major federal programs for the year ended June 30, 2024. Imprints Cares's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Imprints Cares complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Imprints Cares and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not have a legal determination of Imprints Cares's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of law, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Imprints Cares's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Imprints Cares's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, internal omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Imprints Cares's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Imprints Cares's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Imprints Cares's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Imprints Cares's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, 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 Auditors' Responsibilities for the Audit Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Butler & Burke LLP

Winston-Salem, North Carolina
March 11, 2025

IMPRINTS CARES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unmodified opinion on the financial statements of Imprints Cares
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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.
3. No instances of non-compliance material to the financial statements of Imprints Cares were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control relating to the audit of the major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for each major federal award program for Imprints Cares expresses an unmodified opinion.
6. There were no audit findings relative to the major federal award programs for Imprints Cares
7. The programs tested as major programs were:
Coronavirus State and Local Fiscal Recovery Funds ALN# 21.027
8. The threshold for distinguishing types A and B programs was \$750,000.
9. Imprints Cares did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None