

DARE TO CARE, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended June 30, 2024 and 2023

And Report of Independent Auditor

DARE TO CARE, INC. AND SUBSIDIARIES
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Report of Independent Auditor

To the Board of Directors
Dare to Care, Inc.
Louisville, Kentucky

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Dare to Care, Inc. (a non-profit organization) and Subsidiaries which comprise the consolidated statements of financial position as of June 30, 2024 and 2023 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dare to Care, Inc. and Subsidiaries as of June 30, 2024 and 2023, and the changes in their net assets and their 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 *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Dare to Care, Inc. and Subsidiaries 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.

Prior Year Consolidated Financial Statements

The consolidated financial statements as of and for the year ended June 30, 2023, were audited by MCM CPAs & Advisors LLP, which was acquired by Cherry Bekaert LLP effective October 31, 2023, and whose report dated October 19, 2023, expressed an unmodified opinion on those consolidated financial statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 consolidated financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America 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 consolidated 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 consolidated 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 Dare to Care, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dare to Care, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedules of Revenues and expenses on page 22 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards on page 23, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024, on our consideration of Dare to Care, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Dare to Care, Inc. and Subsidiaries' 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 Dare to Care, Inc. and Subsidiaries' internal control over financial reporting and compliance.

Cherry Bekaert LLP

Louisville, Kentucky
November 6, 2024

DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,560,175	\$ 5,382,383
Accounts receivable	31,368	75,749
Contributions and grants receivable	530,127	720,177
Inventory	4,223,073	3,308,408
Prepaid expenses and other current assets	151,299	77,019
Total Current Assets	<u>6,496,042</u>	<u>9,563,736</u>
Investments	15,443,258	13,178,788
Contributions and grants receivable, less current portion, net	144,000	988,188
Property and equipment, net	9,427,722	6,130,654
Operating lease right-of-use assets	631,436	993,012
Total Assets	<u><u>\$ 32,142,458</u></u>	<u><u>\$ 30,854,378</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 185,127	\$ 157,353
Accrued expenses and other current liabilities	823,436	439,303
Operating lease liabilities	312,962	360,106
Total Current Liabilities	<u>1,321,525</u>	<u>956,762</u>
Operating lease liabilities, less current portion	320,432	633,395
Total Liabilities	<u>1,641,957</u>	<u>1,590,157</u>
Net assets		
Without donor restrictions		
Undesignated	14,933,420	13,330,105
Board designated reserve	14,126,909	12,947,772
Board designated endowment	296,856	231,016
Total net assets without donor restrictions	<u>29,357,185</u>	<u>26,508,893</u>
With donor restrictions	1,143,316	2,755,328
Total Net Assets	<u>30,500,501</u>	<u>29,264,221</u>
Total Liabilities and Net Assets	<u><u>\$ 32,142,458</u></u>	<u><u>\$ 30,854,378</u></u>

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

DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues, gains, and other support						
Contributions and grants	\$ 10,937,830	\$ 605,178	\$ 11,543,008	\$ 9,076,601	\$ 1,707,401	\$ 10,784,002
Donations of food and commodities	40,037,469	-	40,037,469	33,870,049	-	33,870,049
In-kind donations	457,533	-	457,533	59,335	-	59,335
Special events	541,666	-	541,666	491,899	-	491,899
Other revenues	691,187	-	691,187	424,656	-	424,656
Income from investments, net	539,045	-	539,045	378,690	-	378,690
Net realized gains (losses) on investments	298,525	-	298,525	(380,511)	-	(380,511)
Net unrealized gains on investments	936,615	-	936,615	1,367,724	-	1,367,724
	54,439,870	605,178	55,045,048	45,288,443	1,707,401	46,995,844
Net assets released from restrictions	2,217,190	(2,217,190)	-	882,412	(882,412)	-
Total revenues, gains, and other support	56,657,060	(1,612,012)	55,045,048	46,170,855	824,989	46,995,844
Expenses						
Program services	48,931,116	-	48,931,116	43,275,097	-	43,275,097
Administration	2,458,646	-	2,458,646	1,768,985	-	1,768,985
Fundraising	2,419,006	-	2,419,006	2,208,815	-	2,208,815
Total expenses	53,808,768	-	53,808,768	47,252,897	-	47,252,897
Change in net assets	2,848,292	(1,612,012)	1,236,280	(1,082,042)	824,989	(257,053)
Net assets, beginning of year	26,508,893	2,755,328	29,264,221	27,590,935	1,930,339	29,521,274
Net assets, end of year	\$ 29,357,185	\$ 1,143,316	\$ 30,500,501	\$ 26,508,893	\$ 2,755,328	\$ 29,264,221

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

DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program services					
	Food bank and	Community	Kid's Café	Supporting services		Total
	foundational			Kitchen	and school	
	food		programs			
Distribution of food and commodities	\$ 40,238,248	\$ 970,977	\$ 169,635	\$ -	\$ -	\$ 41,378,860
Salaries/wages and benefits	3,129,256	674,056	38,859	1,505,087	821,045	6,168,303
Public relations	26,666	152	89	7,993	997,464	1,032,364
Freight	913,034	15,058	-	-	-	928,092
Professional and consulting fees	92,029	35,000	443	441,946	205,320	774,738
Depreciation	367,298	192,043	-	34,926	34,925	629,192
Other miscellaneous expenses	423,818	1,805	-	40,287	1,955	467,865
Warehouse expenses	400,040	53,342	141	2,133	-	455,656
Payroll taxes	188,244	46,253	2,881	101,736	53,416	392,530
Repairs and maintenance	210,107	52,754	-	67,294	-	330,155
Insurance	109,255	30,051	1,137	61,040	22,863	224,346
Special events	-	-	-	-	224,152	224,152
Utilities	119,974	55,461	-	35,953	-	211,388
Meetings, conferences, and travel	31,656	13,600	852	70,240	24,658	141,006
Rent	131,298	-	-	-	-	131,298
Truck expenses	72,950	10,661	-	-	-	83,611
Bank fees	35,218	10,565	3,522	7,044	14,086	70,435
Memberships and subscriptions	13,617	1,187	64	42,026	9,203	66,097
Supplies and other office expenses	12,472	2,403	28	34,011	7,931	56,845
Telephone	24,983	7,808	126	6,930	1,988	41,835
	<u>\$ 46,540,163</u>	<u>\$ 2,173,176</u>	<u>\$ 217,777</u>	<u>\$ 2,458,646</u>	<u>\$ 2,419,006</u>	<u>\$ 53,808,768</u>

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

DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program services					
	Food bank and foundational food	Community Kitchen	Kid's Café and school programs	Supporting services		Total
				Administration	Fundraising	
Distribution of food and commodities	\$ 35,872,332	\$ 772,892	\$ 206,255	\$ -	\$ -	\$ 36,851,479
Salaries/wages and benefits	2,509,417	491,703	93,818	1,257,346	859,215	5,211,499
Public relations	8,312	(64)	-	3,798	963,386	975,432
Freight	820,610	-	-	-	-	820,610
Professional and consulting fees	111,621	-	222	80,470	77,311	269,624
Depreciation	378,078	197,680	-	35,951	35,950	647,659
Other miscellaneous expenses	276,937	2,176	488	43,946	1,168	324,715
Warehouse expenses	367,708	44,773	-	1,149	-	413,630
Payroll taxes	157,609	32,728	6,305	88,598	52,962	338,202
Repairs and maintenance	161,218	40,361	-	57,152	-	258,731
Insurance	99,037	18,415	6,455	35,851	21,822	181,580
Special events	-	-	-	-	158,832	158,832
Utilities	131,152	55,091	-	50,109	-	236,352
Meetings, conferences, and travel	25,875	2,310	4,631	44,934	14,115	91,865
Rent	163,235	-	-	-	-	163,235
Truck expenses	95,697	16,739	-	228	-	112,664
Bank fees	22,468	6,741	2,247	4,494	8,988	44,938
Memberships and subscriptions	11,399	1,275	-	29,433	9,162	51,269
Supplies and other office expenses	19,885	4,107	26	28,840	3,784	56,642
Telephone	30,203	4,815	115	6,686	2,120	43,939
	<u>\$ 41,262,793</u>	<u>\$ 1,691,742</u>	<u>\$ 320,562</u>	<u>\$ 1,768,985</u>	<u>\$ 2,208,815</u>	<u>\$ 47,252,897</u>

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

DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 1,236,280	\$ (257,053)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Non-cash receipts of donated food and USDA inventory	(40,037,469)	(33,870,049)
Non-cash distributions of donated food and USDA inventory	39,213,634	34,546,484
Net realized and unrealized (gains) losses on investments	(1,235,140)	(987,213)
Contributions and grants restricted for purchases of property and equipment	(1,000,000)	(182,000)
Non-cash contributions of property and equipment	(351,348)	-
Depreciation	629,192	647,659
Net (gain) loss on sales of property and equipment	2,042	(26,500)
Change in operating lease right-of-use assets	361,576	354,427
Contributed rent expense	-	38,895
Changes in assets and liabilities		
Accounts receivable	44,381	(61,786)
Contributions and grants receivable	1,034,238	568,268
Inventory	(90,830)	31,554
Prepaid expenses and other current assets	(74,280)	(12,802)
Accounts payable	27,774	(77,272)
Accrued expenses and other current liabilities	384,133	(48,121)
Operating lease liabilities	(360,107)	(353,938)
Net cash flows from operating activities	<u>(215,924)</u>	<u>310,553</u>
Cash flows from investing activities		
Proceeds from sales of investments	8,115,420	7,155,229
Proceeds from sales of property and equipment	-	26,500
Purchases of investments	(9,144,750)	(9,353,462)
Purchases of property and equipment	(3,576,954)	(149,307)
Net cash flows from investing activities	<u>(4,606,284)</u>	<u>(2,321,040)</u>
Cash flows from financing activities		
Proceeds from contributions and grants restricted for purchases of property and equipment	1,000,000	182,000
Change in cash and cash equivalents	(3,822,208)	(1,828,487)
Cash and cash equivalents, beginning of year	5,382,383	7,210,870
Cash and cash equivalents, end of year	<u>\$ 1,560,175</u>	<u>\$ 5,382,383</u>
Supplemental disclosures		
Operating lease right-of-use assets and liabilities resulting from the adoption of ASU 2016-02 (see Note 2)	<u>\$ -</u>	<u>\$ 800,558</u>
Operating lease right-of-use assets resulting from new operating lease liabilities	<u>\$ -</u>	<u>\$ 546,881</u>

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

DARE TO CARE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 1—Nature of operations/consolidated financial statements

Dare to Care, Inc. ("Dare to Care") is a not-for-profit agency committed to leading Greater Louisville, Kentucky and Southern Indiana to feed the hungry and conquer the cycle of need. Dare to Care fulfills its mission by partnering with over 250 food pantries, shelters, and/or emergency kitchens throughout the community. Dare to Care solicits surplus product from the food industry locally and nationally, through its membership in Feeding America, a nationwide network of food banks and the leading domestic hunger-relief charity throughout the United States. Dare to Care is principally supported through contributions, grants, and the receipts of donated food and food commodities.

The accompanying consolidated financial statements include the accounts of Dare to Care and its two wholly-owned subsidiaries (hereafter collectively referred to as the "Organization"), Dare to Care Community Kitchen, LLC (the operations of the Community Kitchen) and Dare to Care Transportation, LLC (the operations of the vehicles owned and leased by the Organization), both of which are Kentucky limited liability companies. As applicable, all significant inter-company accounts and transactions have been eliminated in consolidation.

As limited liability companies, except as otherwise provided for by Kentucky law, no member, manager, agent, or employee of Dare to Care Community Kitchen, LLC and Dare to Care Transportation, LLC shall be personally liable for the debts, obligations, or liabilities of the respective entities, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, manager, agent, or employee.

Note 2—Summary of significant accounting policies

Basis of Accounting – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the sole source of authoritative U.S. GAAP.

Basis of Presentation – Financial statement presentation follows the recommendations of the FASB specifically as it pertains to financial statements of not-for-profit organizations. As such, the Organization is required to report information regarding its financial position and activities according to the following two classes of net assets:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and Dare to Care's Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities. Contributions or grants whose restrictions are satisfied in the period the contribution or grant is received are reported as without donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon the satisfaction of the time or purpose restriction.

Subsequent Events – Subsequent events for the Organization have been considered through November 6, 2024, the date the accompanying financial statements were available to be issued.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Cash and Cash Equivalents – The Organization considers all highly liquid instruments, not designated for investment purposes, with an original maturity when purchased of three months or less, to be cash equivalents.

Receivables – The Organization considers all accounts, contributions, and grants receivable to be fully collectible. Accordingly, no allowance for doubtful receivables is reflected in the accompanying consolidated financial statements. When applicable, the Organization provides an allowance for credit losses with respect to accounts receivable based on general historical collection experience, including historical levels of credit losses, current economic conditions, and a review of the current status of existing accounts receivable. The Organization makes on-going estimates relating to the collectability of receivables.

When contribution or grant receivable amounts are expected to have collection periods in excess of a year, such amounts have been recorded after discounting them to the present value of future cash flows using a risk adjusted discount rate.

Inventory – Inventory consists of food that has been donated, U.S. Department of Agriculture ("USDA") commodities passed-through to the Organization by the Kentucky Department of Agriculture Division of Food Distribution and the Indiana Department of Health, and food purchased by the Organization. Donated food and USDA commodities inventory is valued at the lower of cost or net realizable value using the approximate average wholesale value per pound of donated product based on an annual study performed by Feeding America (see Note 4). Purchased food inventory is valued at the lower of cost or net realizable value determined on a first-in, first-out basis.

Investments – Investments are stated at fair value with gains and losses included in the change in net assets per the accompanying consolidated statements of activities. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Investments are recorded at cost when initially purchased.

The receipt of donated investments is recorded at the quoted market value of the respective investment at the time of donation. It is generally the Organization's policy to liquidate donated investments upon receipt.

All investment securities are subject to the risks common to financial markets, including interest rate risk, credit risk, and overall market risk. Due to the level of risk associated with all investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Investments are made by the investment manager and are monitored by Dare to Care's Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes its investment policy is prudent for the long-term welfare of the Organization.

Property and Equipment – Property and equipment is stated at cost at the date of acquisition or estimated fair value at the date of donation in the case of gifts.

The Organization generally capitalizes all expenditures for property and equipment exceeding \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. When applicable, property and equipment under finance leases are amortized in accordance with the Organization's normal depreciation policy for owned assets or over the lease term, if shorter, and the charge to operations is included in depreciation expense. Repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed as incurred.

The Organization reviews for the impairment of long-lived assets subject to depreciation whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. No such impairment losses have been recognized with respect to the years ended June 30, 2024 and 2023.

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Contributions – The Organization recognizes contributions when cash/cash equivalents, investments, or other assets, or an unconditional promise to give, is received. An unconditional promise to give is recognized in the year the pledge is made. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions of assets other than cash/cash equivalents (non-financial assets) are recorded at their estimated fair value at the date of donation. The values of such contributions of non-financial assets at the time of donation are estimated based on the actual cost of similar services and goods and/or the sales of comparable items. It is generally the Organization’s policy to utilize such contributed services and goods upon receipt. Such contributed services and goods are generally used for both program and supporting (administration and fundraising) services as appropriate.

The Organization treats the non-cash donations of food and USDA commodities as support without donor restrictions.

During the year ended June 30, 2020, the Organization received contributed rent from a donor. The contributed rent was included in contributions and grants receivable (see Note 5).

Throughout the year individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received the benefit of approximately 17,000 and 13,000 volunteer hours during the years ended June 30, 2024 and 2023, respectively. Calculated at the federal minimum wage rate, the value of these volunteer hours totals approximately \$123,000 and \$91,000 for the years ended June 30, 2024 and 2023, respectively. Such volunteer services do not meet the requirements for recognition and, therefore, are not recorded in the accompanying consolidated financial statements.

Functional Allocation of Expenses – The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries/wages and benefits	Time and effort
Depreciation	Square footage/asset use
Warehouse expenses	Pounds distributed/asset use
Insurance	Square footage/asset use
Utilities	Square footage/asset use
Other	Time and effort

Advertising Costs – The Organization expenses advertising costs, including media campaigns, as incurred. Such costs, which are largely reflected as fundraising expenses, total approximately \$175,500 and \$233,400 for the years ended June 30, 2024 and 2023, respectively.

Freight Costs – The costs associated with both preparing food to be delivered (the value-added packaging costs) and having food delivered to the Organization's warehouse, are expensed as freight costs as incurred. Such costs total approximately \$928,100 and \$820,600 for the years ended June 30, 2024 and 2023, respectively.

DARE TO CARE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Income Taxes – Dare to Care has been granted exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) as a non-profit organization that is not a private foundation. Dare to Care Community Kitchen, LLC and Dare to Care Transportation, LLC are both single member limited liability companies. Accordingly, no provision or liability for income taxes has been included in the accompanying consolidated financial statements.

When applicable, the Organization recognizes uncertain income tax positions using the "more-likely-than-not" approach as defined in the ASC. No such uncertain tax positions have been reflected in the accompanying consolidated financial statements.

Leases – The Organization determines if an arrangement is a lease at inception of the related contract/agreement. A contract/agreement is or contains a lease if the contract/agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease right-of-use ("ROU") assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term, which is determined as the non-cancelable period, including periods for which termination options are reasonably certain of not being exercised, and periods for which renewal options are reasonably certain of being exercised. The lease liabilities are measured by discounting the future lease payments using a risk-free rate (the U.S. Department of the Treasury Daily Treasury Par Yield Curve Rate) unless an implicit rate is readily determinable.

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. As applicable, variable lease payments are not considered in the determination of the lease payments for purposes of measuring the lease ROU assets and liabilities. Such variable lease payments are recognized as an expense in the period during which the related obligation is incurred.

Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842) – In February 2016, the FASB issued ASU 2016-02 which requires all leases with lease terms over twelve months to be capitalized as a lease ROU asset and liability on the consolidated statement of financial position at the date of lease commencement. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of activities. The Organization adopted ASU 2016-02 as and for the year ended June 30, 2023 using the optional transition method which allowed entities to apply ASU 2016-02 at the adoption date and recognize a cumulative effect adjustment, if any, to the opening balance of net assets in the period of adoption.

Upon adoption, at July 1, 2022, the Organization recognized operating lease liabilities totaling \$800,558, with a corresponding amount of operating lease ROU assets. The adoption of ASU 2016-02 did not result in a cumulative effect adjustment to net assets at July 1, 2022, nor did the adoption of the standard have a material impact on the consolidated statements of activities and cash flows.

Upon adoption, management elected to apply certain policy elections and practical expedients with respect to all classes of underlying assets as follows: [1] As applicable, to combine the lease and the non-lease components; [2] To exclude all short-term leases with an initial term of twelve months or less, recognizing lease expense for such leases on a straight-line basis over the lease term.

Recently Issued Accounting Standards Updates – In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. The standard requires a financial asset (including "trade" receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the consolidated statement of activities will reflect the measurement of credit losses for newly recognized financial assets, as well as the expected increases or decreases of expected credit losses that have taken place during the period. The Organization adopted ASU 2016-13 as of and for the year ended June 30, 2024 with no material impact on the accompanying consolidated financial statements.

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 3—Concentrations

At various times throughout the year the Organization maintains balances in excess of federally insured limits. The Organization's cash and cash equivalents in excess of federally insured limits are secured by a repurchase agreement with the financial institution by which the Organization's accounts are collateralized by mortgage backed and/or U.S. Treasury securities. The Organization's investments in money market funds are uninsured.

At June 30, 2024, receivables from one donor/grantor represent 82% of total contributions and grants receivable. At June 30, 2023, receivables from two donors/grantors represent 71% of total contributions and grants receivable (excluding contributed rent).

For the years ended June 30, 2024 and 2023, 73% and 72%, respectively, of total revenues, gains, and other support consists of the revenue from donated food (50% and 56%, respectively) and USDA commodities (23% and 16%, respectively) received.

Note 4—Inventory

At June 30, 2024 and 2023, inventory consists of the following:

	<u>2024</u>	<u>2023</u>
Donated food	\$ 756,649	\$ 910,573
USDA commodities	3,099,671	2,121,912
Purchased food	366,753	275,923
	<u>\$ 4,223,073</u>	<u>\$ 3,308,408</u>

The majority of the food that is distributed by the Organization has either been donated or has been received from the USDA under federal financial assistance programs.

The approximate average wholesale value of one pound of donated product at the national level was determined by Feeding America to be \$1.57 and \$1.53 for the years ended June 30, 2024 and 2023, respectively. Revenue from donated food (and USDA commodities; see below) received, as well as the related value of donated food (and USDA commodities; see below) distributed and the value of undistributed donated food (and USDA commodities; see below) inventory as of year-end, are estimated by valuing the respective number of pounds at the per pound value.

The following table presents a summary of the approximate number of pounds and the estimated values of donated food received and distributed during the years ended June 30, 2024 and 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>
Received	17,492,000	\$ 27,442,903	17,078,000	\$ 26,129,683
Distributed	17,582,000	27,596,827	17,058,000	26,062,423

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 4—Inventory (continued)

The Organization also receives and distributes food commodities it receives from the USDA under the Commodity Supplemental Food Program ("CSFP") and the Emergency Food Assistance Program ("TEFAP"). In Kentucky, both federal programs are administered at the state level by the Kentucky Department of Agriculture Division of Food Distribution ("Division"). In Indiana, both federal programs are administered at the state level by the Indiana Department of Health. The USDA commodities are passed-through to the Organization by the Division and the Indiana Department of Health to be distributed to the intended recipients.

CSFP provides a monthly box of nutritious food products to low-income elderly persons of at least sixty years of age. The food received under TEFAP is designated for non-profit agencies serving low-income individuals and families through their emergency meal and pantry programs. Generally, each month the Organization is reimbursed for the costs (not to exceed the total amount of approved costs under each program to the extent funds are available at the state level) associated with storing, transporting, and distributing these products based on the number of CSFP recipients served or the number of pounds of TEFAP food distributed.

The following table presents a summary of the approximate number of pounds and the estimated values of USDA commodities received and distributed during the years ended June 30, 2024 and 2023:

	2024		2023	
	Pounds	Value	Pounds	Value
Received	7,958,000	\$ 12,594,566	5,059,000	\$ 7,740,366
Distributed	7,357,000	11,616,807	5,368,000	8,484,061

Note 5—Contributions and grants receivable

At June 30, 2024 and 2023, contributions and grants receivable, net consist of the following:

	2024	2023
Contributed rent	\$ -	\$ 1,222,000
Other	674,127	698,177
	674,127	1,920,177
Less discounts to net present value	-	(211,812)
	\$ 674,127	\$ 1,708,365

A discount rate of 4.49% was used in determining the net present value of the long-term receivables at June 30, 2023.

During the year ended June 30, 2020, contributed rent was recorded with an estimated fair value of \$47,000 annually through the year ending June 30, 2049. During the year ended June 30, 2024, the Organization was gifted the property that relates to the contributed rent receivable. This resulted in the Organization de-recognizing the contributed rent receivable and recognizing the related property at an estimate of fair value of \$225,000.

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 5—Contributions and grants receivable (continued)

Amounts to be collected from contributions and grants receivable, excluding the contributed rent, are expected to be collected as follows:

	<u>2024</u>	<u>2023</u>
Estimated to be collected in less than one year	\$ 530,127	\$ 673,177
Estimated to be collected in one to five years	144,000	25,000
	<u>\$ 674,127</u>	<u>\$ 698,177</u>

Note 6—Property and equipment

At June 30, 2024 and 2023, property and equipment, net consists of the following:

	<u>2024</u>	<u>2023</u>
Land	\$ 2,744,842	\$ 94,241
Buildings	8,162,068	7,237,001
Leasehold improvements	151,006	151,006
Warehouse equipment	1,100,360	986,550
Community Kitchen equipment	1,318,301	1,243,137
Office equipment, furniture, fixtures, and other	791,019	695,024
Vehicles	775,540	746,670
	<u>15,043,136</u>	<u>11,153,629</u>
Less accumulated depreciation	<u>(5,615,414)</u>	<u>(5,022,975)</u>
	<u>\$ 9,427,722</u>	<u>\$ 6,130,654</u>

Note 7—Board designated net assets

As of June 30, 2024 and 2023, Dare to Care's Board of Directors ("Board") has designated \$14,126,909 and \$12,947,772, respectively, to be used for specific capital expenditures and/or program services as approved during the course of the budget process by the Board, the Finance Committee thereof, and Dare to Care's Executive Director.

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 8—Net assets with donor restrictions

At June 30, 2024 and 2023, net assets with donor restrictions consist of the following:

	<u>2024</u>	<u>2023</u>
Mobile pantry	\$ 288,000	\$ 159,000
Equitable access	248,094	565,872
Other	207,597	212,455
Equipment/capital expenditures	146,130	175,000
Feeding families	91,490	280,000
Prescriptive pantry	65,093	46,825
School programs	60,012	50,196
Pilot model pantry	36,900	188,000
Time restriction, rent	-	1,011,262
Local farm grown products	-	66,718
	<u>\$ 1,143,316</u>	<u>\$ 2,755,328</u>

Net assets released from restrictions consist of the following with respect to the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Equitable access	\$ 908,978	\$ 290,128
Other	325,609	100,757
Mobile pantry	303,000	144,000
Feeding families	168,510	124,295
Pilot model pantry	151,100	-
Local farm grown products	109,207	52,882
School programs	90,184	9,334
Prescriptive pantry	81,732	72,121
Equipment/capital expenditures	78,870	-
Feeding kids	-	50,000
Time restriction, rent	-	38,895
	<u>\$ 2,217,190</u>	<u>\$ 882,412</u>

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 9—Fair value measurements

The ASC provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as described below:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs such as quoted prices in active markets for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active or unobservable inputs that are derived principally from or corroborated by observable market data.

Level 3 – Unobservable inputs that are based on the Organization's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

The following is a description of the valuation methodologies used for the assets measured at fair value. There have been no changes in the methodologies used to determine fair value at June 30, 2024 and 2023.

Money market funds – Valued at the net asset value of the shares held by the Organization at year-end.

Fixed income securities – Valued using a yield curve matrix derived from quoted prices for similar assets in active markets. This category also includes the Organization's certificates of deposit with a maturity of three months or greater.

Equity securities – Valued at the quoted market price of the shares held by the Organization at year-end.

Funds held at The Community Foundation of Louisville, Inc. – Valued at the fair value of the underlying comingled investment pool assets at year-end as reported by The Community Foundation of Louisville, Inc. ("Foundation"). The underlying assets are principally valued at the quoted market price on the active market on which the underlying assets are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

At June 30, 2024, assets carried at fair value on a recurring basis consist of investments as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 1,271,955	\$ -	\$ -	\$ 1,271,955
Fixed income securities	-	4,609,031	-	4,609,031
Equity securities	9,265,416	-	-	9,265,416
Funds held at The Community Foundation of Louisville, Inc. (see Note 10)	-	-	296,856	296,856
	<u>\$ 10,537,371</u>	<u>\$ 4,609,031</u>	<u>\$ 296,856</u>	<u>\$ 15,443,258</u>

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 9—Fair value measurements (continued)

At June 30, 2023, assets carried at fair value on a recurring basis consist of investments as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 739,767	\$ -	\$ -	\$ 739,767
Fixed income securities	-	3,369,377	-	3,369,377
Equity securities	8,838,628	-	-	8,838,628
Funds held at The Community Foundation of Louisville, Inc. (see Note 10)	-	-	231,016	231,016
	<u>\$ 9,578,395</u>	<u>\$ 3,369,377</u>	<u>\$ 231,016</u>	<u>\$ 13,178,788</u>

Note 10—Board designated endowment fund

During the year ended June 30, 2017, Dare to Care funded a Board designated endowment fund ("fund") with the Foundation with an initial contribution of \$50,000. The endowment provides funding for Dare to Care's mission. The agreement with the Foundation provides that distributions from the fund are governed by the Foundation's distribution policy to determine the amount which will be made available annually for grants and will be funded from principal if necessary. In the event of its dissolution, Dare to Care reserves the right to name a successor organization to the fund. Dare to Care makes the determination of the amount to be distributed from the amount determined by the Foundation to be available for expenditure.

There are not separate investment policies relative to endowment funds. The Organization does, however, have investment policies, approved by the Board of Directors, for investments as a whole which, as applicable, address endowment funds. The primary goals of the investment policies are to preserve principal, maximize return through income on investments and appreciation of capital within acceptable levels of investment risk, and to provide a liquid source of funds to support operations. The Organization's strategic asset allocation provides for diversification among asset classes and the achievement of its investment objectives within the established risk tolerance parameters.

For the year ended June 30, 2024, the net increase in the fund between years (from \$231,016 to \$296,856) relates to \$35,293 of contributions to the fund, plus the fund's net income from investments, including the net realized and unrealized appreciation for the year, which totals \$30,547. For the year ended June 30, 2023, the net increase in the fund between years (from \$166,890 to \$231,016) relates to \$42,354 of contributions to the fund, plus the fund's net income from investments, including the net realized and unrealized appreciation for the year, which totals \$21,772.

Note 11—Special events fundraising expense

Special events fundraising expense consists of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
In-kind items	\$ 87,877	\$ 53,850
Event direct costs	136,275	104,982
	<u>\$ 224,152</u>	<u>\$ 158,832</u>

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 12—Operating leases

The Organization previously entered into an operating lease agreement to lease warehouse space for a term of 36 months expiring in March 2023. During the year ended June 30, 2023, the lease was extended through March 2026. At June 30, 2024 and 2023, the monthly payment due under this lease is \$10,589 and \$10,427, respectively. Lease expense under this lease totals approximately \$125,700 and \$124,200 for the years ended June 30, 2024 and 2023, respectively.

The Organization has also entered into several vehicle operating leases (eleven such leases at June 30, 2024). The term of the respective vehicle leases end between December 2024 and September 2027. The monthly lease payments (which total \$20,438 and \$21,825 per month at June 30, 2024 and 2023, respectively) range from \$1,569 to \$2,070. Lease expense under the vehicle leases totals approximately \$259,100 and \$255,300 for the years ended June 30, 2024 and 2023, respectively.

If it is reasonably certain management will exercise renewal options, the periods covered by such options are included in the lease term and are recognized as a part of the operating lease ROU assets and liabilities. The Organization's operating leases do not include any material residual value guarantees or restrictive covenants.

At June 30, 2024, the future minimum lease payments under the operating leases and the net present value of the future lease payments, as discounted, are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 327,793
2026	219,480
2027	101,880
2028	6,711
	<u>655,864</u>
Less amounts representing imputed interest	(22,470)
Net present value of the future lease payments	<u>\$ 633,394</u>
Current portion	\$ 312,962
Non-current portion	<u>320,432</u>
	<u>\$ 633,394</u>

At June 30, 2024 and 2023, the weighted-average remaining lease term under all operating leases is 2.24 years and 3.02 years, respectively. At June 30, 2024 and 2023, the weighted-average discount rate with respect to all operating leases is 3.26% and 3.24%, respectively.

Note 13—Retirement plan

Dare to Care has a 403(b) plan ("Plan") for its employees that meet the Plan's eligibility requirements. Contributions under the Plan are at the discretion of Dare to Care's Board of the Directors and are in amounts up to five percent of the participating employees' compensation. Retirement plan contribution expense for the years ended June 30, 2024 and 2023 totals approximately \$158,500 and \$139,700, respectively.

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 14—Contingencies

Reimbursement claims under federal and/or state programs are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims might become a liability of the Organization. Management is not aware of any communications from grantor agencies regarding the lack of compliance with requirements that could result in such a liability.

As a result of the initial uncertainty surrounding the COVID-19 pandemic, the Organization applied for, and in April 2020, received a Paycheck Protection Program ("PPP") loan under the Coronavirus Aid, Relief, and Economic Security Act. During the year ended June 30, 2021, the loan was fully forgiven, and the Organization was legally released by the U.S. Small Business Administration ("SBA"). In accordance with the related PPP loan guidelines, for a period of up to six years after the loan is partially or fully forgiven and the borrower has been legally released, the SBA reserves the right to audit any PPP loan.

Note 15—Liquidity and availability of resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, are as follows at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash and cash equivalents	\$ 1,560,175	\$ 5,382,383
Accounts receivable	31,368	75,749
Contributions and grants receivable, net	674,127	1,708,365
Investments	15,443,258	13,178,788
Total financial assets	<u>17,708,928</u>	<u>20,345,285</u>
Less amounts not available to be used within one year or without Board approval		
Board designated reserve	14,126,909	12,947,772
Board designated endowment	296,856	231,016
Net assets with donor restrictions	<u>1,143,316</u>	<u>2,755,328</u>
Total financial assets not available to be used within one year or without Board approval	<u>15,567,081</u>	<u>15,934,116</u>
Total financial assets available for general expenditure within one year	<u>\$ 2,141,847</u>	<u>\$ 4,411,169</u>

While the Organization does not intend to expend the Board designated reserve or the Board designated endowment net assets for purposes other than those for which the funds have been designated, if necessary, such funds could be expended for current operations at the discretion of Dare to Care's Board of Directors.

DARE TO CARE, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023

Note 15—Liquidity and availability of resources (continued)

The Organization's goal is to generally maintain financial assets to meet 90 days of operating expenses (approximately \$3,400,000). As part of the Organization's liquidity plan, excess cash is invested in short-term investments, including money market funds. The Organization has no debt as of June 30, 2024 and 2023.

The Organization has access to borrowings under a bank line of credit of up to an aggregate principal amount of \$3,500,000 (increased from \$2,500,000 during 2024). The line of credit bears interest at a variable interest rate equal to the daily Secured Overnight Financing Rate plus 1.50%. Interest on outstanding borrowings is payable monthly. The outstanding principal amount, and the unpaid interest accrued thereon, is due at maturity (January 2026). The line of credit is collateralized by the Organization's investments account held with the financial institution. There were no borrowings under the line of credit during the years ended June 30, 2024 and 2023.

SUPPLEMENTARY INFORMATION

DARE TO CARE, INC. AND SUBSIDIARIES
SCHEDULES OF REVENUES AND EXPENSES

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>		<u>2023</u>	
Revenues, gains, and other support				
Donations of food and commodities	\$ 40,037,469	72.74%	\$ 33,870,049	72.06%
Contributions and grants	11,543,008	20.97%	10,784,002	22.95%
Net unrealized gains on investments	936,615	1.70%	1,367,724	2.91%
Other revenues	691,187	1.26%	424,656	0.90%
Special events	541,666	0.98%	491,899	1.05%
Income from investments, net	539,045	0.98%	378,690	0.81%
In-kind donations	457,533	0.83%	59,335	0.13%
Net realized gains (losses) on investments	298,525	0.54%	(380,511)	-0.81%
	<u>\$ 55,045,048</u>	<u>100.00%</u>	<u>\$ 46,995,844</u>	<u>100.00%</u>
Expenses				
Distribution of food and commodities	\$ 41,378,860	75.16%	\$ 36,851,479	78.42%
Salaries/wages and benefits	6,168,303	11.20%	5,211,499	11.09%
Public relations	1,032,364	1.88%	975,432	2.08%
Freight	928,092	1.69%	820,610	1.75%
Professional and consulting fees	774,738	1.41%	269,624	0.57%
Depreciation	629,192	1.14%	647,659	1.38%
Other miscellaneous expenses	467,865	0.85%	324,715	0.69%
Warehouse expenses	455,656	0.83%	413,630	0.88%
Payroll taxes	392,530	0.71%	338,202	0.72%
Repairs and maintenance	330,155	0.60%	258,731	0.55%
Insurance	224,346	0.41%	181,580	0.39%
Special events	224,152	0.41%	158,832	0.34%
Utilities	211,388	0.38%	236,352	0.50%
Meetings, conferences, and travel	141,006	0.26%	91,865	0.20%
Rent	131,298	0.24%	163,235	0.35%
Truck expenses	83,611	0.15%	112,664	0.24%
Bank fees	70,435	0.13%	44,938	0.10%
Memberships and subscriptions	66,097	0.12%	51,269	0.11%
Supplies and other office expenses	56,845	0.10%	56,642	0.12%
Telephone	41,835	0.08%	43,939	0.09%
	<u>\$ 53,808,768</u>	<u>97.75%</u>	<u>\$ 47,252,897</u>	<u>100.55%</u>

See report of independent auditor.

DARE TO CARE, INC. AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal grantor/pass-through grantor/cluster and/or program title	Federal assistance listing number	Pass-through entity identifying number	Federal expenditures	Non-cash financial assistance	Passed through to sub-recipients
U.S. Department of Agriculture (Food and Nutrition Service)					
<i>Passed-through the Kentucky Department of Education (Division of School and Community Nutrition)</i>					
Child and Adult Care Food Program	10.558	11754	\$ 500,554	\$ -	\$ -
<i>Passed-through the Kentucky Department of Education (Division of Nutrition and Health Services)</i>					
Child Nutrition Cluster					
Summer Food Service Program for Children	10.559	11754	268,157	-	-
<i>Passed-through the Indiana Department of Education (Division of School and Community Nutrition Programs)</i>					
Child and Adult Care Food Program	10.558	1930100	72,890	-	-
<i>Passed-through the Kentucky Department of Agriculture (Division of Food Distribution)</i>					
COVID-19 - Pandemic Relief Activities: Local Food Purchase Agreements with States, Tribes, and Local Governments					
The Emergency Food Assistance Program Commodity Credit Corporation Eligible Recipient Funds	10.182	2300002709	76,840	-	-
	10.187	2300002879	115,500	-	-
Food Distribution Cluster					
Commodity Supplemental Food Program	10.565	2200002694	2,418,095	2,055,482	2,055,482
The Emergency Food Assistance Program (Administrative Costs)	10.568	2200002673	659,593	-	-
COVID-19 - The Emergency Food Assistance Program (Administrative Costs)	10.568	2300003237	101,535	-	-
The Emergency Food Assistance Program (Food Commodities)	10.569	2200002673 / 2300002879	7,822,700	7,822,700	7,822,700
<i>Passed-through the Indiana Department of Health</i>					
The Emergency Food Assistance Program Commodity Credit Corporation Eligible Recipient Funds					
	10.187	75723	17,343	-	-
Food Distribution Cluster					
Commodity Supplemental Food Program	10.565	65104 / 76543	207,146	191,096	191,096
The Emergency Food Assistance Program (Administrative Costs)	10.568	65099 / 75723 / 76652	42,214	-	-
The Emergency Food Assistance Program (Food Commodities)	10.569	65099 / 75723 / 76652	1,547,529	1,547,529	1,547,529
Total expenditures of federal awards			<u>\$ 13,850,096</u>		
Total non-cash financial assistance				<u>\$ 11,616,807</u>	
Total passed through to sub-recipients					<u>\$ 11,616,807</u>
Total U.S. Department of Agriculture			<u>\$ 13,850,096</u>		
Total Child Nutrition Cluster			<u>\$ 268,157</u>		
Total Food Distribution Cluster			<u>\$ 12,798,812</u>		

See report of independent auditor and notes to the schedule of expenditures of federal awards.

DARE TO CARE, INC. AND SUBSIDIARIES

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2024

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal awards ("Schedule") includes the federal grant activity of Dare to Care, Inc. ("Dare to Care") and Subsidiaries and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the accompanying consolidated financial statements.

Note 2—Food distribution cluster

Per the U.S. Office of Management and Budget, the Food Distribution Cluster, consists of federal assistance listing numbers 10.565, the Commodity Supplemental Food Program, 10.568, the Emergency Food Assistance Program-Administrative Costs, and 10.569, the Emergency Food Assistance Program-Food Commodities. Accordingly, this cluster has been treated as a single program in determining Dare to Care's major programs for the year ended June 30, 2024.

Note 3—Non-cash financial assistance

The values of U.S. Department of Agriculture ("USDA") commodities received and distributed during the year, and the inventory value of undistributed USDA commodities as of year-end, are estimated by valuing the respective number of pounds of such food products at an approximate average wholesale value of one pound of donated product based on an annual study performed by Feeding America, a nationwide network of food banks and the leading domestic hunger-relief charity throughout the United States.

The amount of federal expenditures under the Commodity Supplemental Food Program (federal assistance listing number 10.565) reported on the schedule of expenditures of federal awards for the year ended June 30, 2024 includes an estimate of non-monetary expenditures (distribution of USDA commodities) in the amount of approximately \$2,200,000.

The amount of federal expenditures under the Emergency Food Assistance Program (federal assistance listing number 10.569) reported on the schedule of expenditures of federal awards for the year ended June 30, 2024 includes an estimate of non-monetary expenditures (distribution of USDA commodities) totaling approximately \$9,400,000.

The estimated inventory value of undistributed USDA commodities, under federal award programs, as of June 30, 2024 totals approximately \$3,100,000.

Note 4—Sub-recipients

During the year ended June 30, 2024, Dare to Care distributed (an estimate of non-monetary expenditures) to sub-recipients approximately \$2,200,000 of Commodity Supplemental Food Program (federal assistance listing number 10.565) food commodities and approximately \$9,400,000 of Emergency Food Assistance Program (federal assistance listing number 10.569) food commodities.

Note 5—Indirect cost rate

Dare to Care does not use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Report of Independent Auditor 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
Dare to Care, Inc.
Louisville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Dare to Care, Inc. (a non-profit organization) and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Dare to Care, Inc. and Subsidiaries' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dare to Care, Inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Dare to Care, Inc. and Subsidiaries' 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 charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dare to Care, Inc. and Subsidiaries' consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance 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 Dare to Care, Inc. and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dare to Care, Inc. and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Louisville, Kentucky

November 6, 2024

Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance in Accordance with the Uniform Guidance

To the Board of Directors
Dare to Care, Inc.
Louisville, Kentucky

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Dare to Care, Inc. and Subsidiaries' compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of Dare to Care, Inc. and Subsidiaries' major federal programs for the year ended June 30, 2024. Dare to Care, Inc. and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Dare to Care, Inc. and Subsidiaries complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 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 *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Dare to Care, Inc. and Subsidiaries' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Dare to Care, Inc. and Subsidiaries' 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 auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and the Uniform Guidance will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance 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 Dare to Care, Inc. and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, *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 non-compliance, 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 Dare to Care, Inc. and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Dare to Care, Inc. and Subsidiaries' 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 Dare to Care, Inc. and Subsidiaries' 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, non-compliance 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider 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.

Cherry Bekaert LLP

Louisville, Kentucky
November 6, 2024

DARE TO CARE, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Section I—Summary of Auditor’s Results

Consolidated Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Non-compliance material to the consolidated financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

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 section 516(a) of the Uniform Guidance? yes no

Identification of major federal programs:

Federal assistance <u>listing number</u>	<u>Cluster and/or program title</u>
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Food Distribution Cluster

10.565	Commodity Supplemental Food Program
10.568	The Emergency Food Assistance Program (Administrative Costs)
10.569	The Emergency Food Assistance Program (Food Commodities)

DARE TO CARE, INC. AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2024

Section I—Summary of Auditor’s Results (Continued)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee under
section 520 of the Uniform Guidance? X yes no

Section II—Findings – Financial Statements Audit

None

Section III—Findings and Questioned Costs – Major Federal Awards Program Audit

None

DARE TO CARE, INC. AND SUBSIDIARIES
SCHEDULE OF PRIOR AUDIT FINDINGS AND THEIR RESOLUTION

YEAR ENDED JUNE 30, 2024

Section I—Findings – Financial Statements Audit

None

Section II—Findings and Questioned Costs – Major Federal Awards Program Audit

None