

**Dare to Care, Inc. and Subsidiaries**  
**Consolidated Financial Statements**  
**Years Ended June 30, 2021 and 2020**

**Dare to Care, Inc. and Subsidiaries**  
**Table of Contents**  
**Years Ended June 30, 2021 and 2020**

	<u>Page</u>
Independent Auditor's Report .....	1 - 2
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities.....	4
Consolidated Statements of Functional Expenses .....	5 - 6
Consolidated Statements of Cash Flows.....	7
Notes to the Consolidated Financial Statements.....	8 - 19
<b>Supplementary Information</b>	
Schedules of Revenues and Expenses .....	20
Schedule of Expenditures of Federal Awards.....	21
Notes to the Schedule of Expenditures of Federal Awards .....	22
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	23 - 24
Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance .....	25 - 26
Schedule of Findings and Questioned Costs.....	27 - 28
Schedule of Prior Audit Findings and Their Resolution.....	29



## **Independent Auditor's Report**

To the Board of Directors  
Dare to Care, Inc.

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

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, 2021 and 2020, 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.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

MCM CPAs & Advisors LLP

P 502.749.1900  
F 502.749.1930  
2600 Meidinger Tower  
462 South Fourth Street  
Louisville, KY 40202  
www.mcmcpa.com  
888.587.1719

A Member of PrimeGlobal - An Association  
of Independent Accounting Firms

**Kentucky**  
**Indiana**  
**Ohio**

## **Independent Auditor's Report (Continued)**

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dare to Care, Inc. and Subsidiaries as of June 30, 2021 and 2020, 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.

### **Other Matter - Supplementary Information**

Our audits were 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 20 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 21 is presented for purposes of additional analysis as required by 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"), and is also 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 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 October 20, 2021, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dare to Care, Inc. and Subsidiaries' internal control over financial reporting and compliance.



Louisville, Kentucky

October 20, 2021



**Dare to Care, Inc. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 9,749,683	\$ 4,695,849
Accounts receivable	6,459	10,078
Contributions and grants receivable	1,615,753	1,688,920
Inventory	5,813,908	5,129,468
Prepaid expenses and other current assets	<u>19,168</u>	<u>123,627</u>
Total current assets	17,204,971	11,647,942
Investments	7,489,462	6,014,495
Contributions and grants receivable, less current portion, net	1,486,606	2,049,692
Property and equipment, net	<u>7,102,894</u>	<u>7,522,882</u>
Total assets	<u>\$ 33,283,933</u>	<u>\$ 27,235,011</u>
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable	\$ 59,851	\$ 233,238
Refundable advance	-	530,000
Accrued expenses and other current liabilities	<u>204,403</u>	<u>225,265</u>
Total current liabilities	<u>264,254</u>	<u>988,503</u>
Net assets		
Without donor restrictions		
Undesignated	29,947,678	22,937,141
Board designated for capital expenditures	250,000	240,000
Board designated endowment	<u>80,171</u>	<u>62,367</u>
Total net assets without donor restriction	30,277,849	23,239,508
With donor restrictions	<u>2,741,830</u>	<u>3,007,000</u>
Total net assets	<u>33,019,679</u>	<u>26,246,508</u>
Total liabilities and net assets	<u>\$ 33,283,933</u>	<u>\$ 27,235,011</u>

See accompanying notes.

**Dare to Care, Inc. and Subsidiaries**  
**Consolidated Statements of Activities**  
**Years Ended June 30, 2021 and 2020**

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Revenues and other support						
Contributions and grants	\$ 11,397,280	\$ 1,344,942	\$ 12,742,222	\$ 12,905,531	\$ 3,217,711	\$ 16,123,242
Donations of food and commodities	37,227,545	-	37,227,545	39,366,812	-	39,366,812
In-kind donations for fundraising	-	-	-	24,000	-	24,000
Special events	243,363	-	243,363	121,296	-	121,296
Other revenues	740,055	-	740,055	133,401	-	133,401
Income from investments, net	155,115	-	155,115	165,919	-	165,919
Net realized gains (losses) on investments	224,751	-	224,751	(280,627)	-	(280,627)
Net unrealized gains (losses) on investments	1,101,469	-	1,101,469	(43,198)	-	(43,198)
	<u>51,089,578</u>	<u>1,344,942</u>	<u>52,434,520</u>	<u>52,393,134</u>	<u>3,217,711</u>	<u>55,610,845</u>
Net assets released from restrictions	1,610,112	(1,610,112)	-	3,160,943	(3,160,943)	-
	<u>52,699,690</u>	<u>(265,170)</u>	<u>52,434,520</u>	<u>55,554,077</u>	<u>56,768</u>	<u>55,610,845</u>
Total revenues and other support						
Expenses						
Program services	43,181,074	-	43,181,074	45,526,487	-	45,526,487
Administration	878,481	-	878,481	739,676	-	739,676
Fundraising	1,601,794	-	1,601,794	1,648,664	-	1,648,664
	<u>45,661,349</u>	<u>-</u>	<u>45,661,349</u>	<u>47,914,827</u>	<u>-</u>	<u>47,914,827</u>
Total expenses						
Change in net assets	7,038,341	(265,170)	6,773,171	7,639,250	56,768	7,696,018
Net assets, beginning of year	<u>23,239,508</u>	<u>3,007,000</u>	<u>26,246,508</u>	<u>15,600,258</u>	<u>2,950,232</u>	<u>18,550,490</u>
Net assets, end of year	<u>\$ 30,277,849</u>	<u>\$ 2,741,830</u>	<u>\$ 33,019,679</u>	<u>\$ 23,239,508</u>	<u>\$ 3,007,000</u>	<u>\$ 26,246,508</u>

See accompanying notes.

**Dare to Care, Inc. and Subsidiaries**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program services			Supporting services		Total
	Food bank and foundational food	Community Kitchen	Kid's Café and school programs	Administration	Fundraising	
	Distribution of food and commodities	\$ 37,186,934	\$ 684,103	\$ 150,135	\$ -	
Salaries/wages and benefits	1,818,198	456,150	75,795	568,632	563,969	3,482,744
Public relations	6,353	551	-	531	888,834	896,269
Depreciation	378,295	217,863	-	44,577	44,577	685,312
Other miscellaneous expenses	441,479	1,747	28	21,545	427	465,226
Freight	430,692	-	-	-	-	430,692
Warehouse expenses	274,710	5,111	461	417	-	280,699
Payroll taxes	126,246	31,349	4,548	36,565	34,924	233,632
Professional and consulting fees	89,381	5,701	125	94,117	31,152	220,476
Rent	209,549	-	-	-	-	209,549
Repairs and maintenance	121,394	32,973	-	34,062	-	188,429
Utilities	97,251	43,609	708	25,617	5,065	172,250
Insurance	104,800	8,328	2,999	7,975	10,889	134,991
Truck expenses	60,071	7,638	1,783	59	-	69,551
Bank fees	23,385	7,014	2,338	4,676	9,352	46,765
Telephone	22,222	3,680	420	9,481	680	36,483
Supplies and other office expenses	9,227	4,620	1,105	15,231	1,937	32,120
Meetings, conferences, and travel	17,093	487	259	8,962	3,925	30,726
Memberships and subscriptions	11,061	1,105	-	6,034	187	18,387
Special events	-	-	-	-	5,876	5,876
	<u>\$ 41,428,341</u>	<u>\$ 1,512,029</u>	<u>\$ 240,704</u>	<u>\$ 878,481</u>	<u>\$ 1,601,794</u>	<u>\$ 45,661,349</u>

See accompanying notes.

**Dare to Care, Inc. and Subsidiaries**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2020**

	Program services			Supporting services		Total
	Food bank and foundational food	Community Kitchen	Kid's Café and school programs	Administration	Fundraising	
	Distribution of food and commodities	\$ 40,289,747	\$ 452,649	\$ 362,319	\$ -	
Salaries/wages and benefits	1,704,628	432,734	92,468	553,913	561,589	3,345,332
Public relations	9,033	2,340	-	1,225	946,953	959,551
Depreciation	228,494	55,553	-	10,566	10,566	305,179
Other miscellaneous expenses	138,881	27	-	21,643	129	160,680
Freight	535,564	-	-	-	-	535,564
Warehouse expenses	317,047	4,485	6,853	-	-	328,385
Payroll taxes	115,024	28,742	5,568	35,180	32,889	217,403
Professional and consulting fees	77,636	-	130	31,855	17,563	127,184
Rent	140,057	26,367	-	-	-	166,424
Repairs and maintenance	105,624	21,936	-	16,450	-	144,010
Utilities	81,940	35,859	1,060	5,849	6,729	131,437
Insurance	71,437	7,320	1,597	8,191	6,177	94,722
Truck expenses	72,411	8,538	2,889	86	-	83,924
Bank fees	17,946	-	1,795	7,179	8,973	35,893
Telephone	22,990	2,708	740	240	1,220	27,898
Supplies and other office expenses	5,979	1,128	698	23,469	1,376	32,650
Meetings, conferences, and travel	14,347	574	7,633	9,061	14,234	45,849
Memberships and subscriptions	12,302	690	-	14,769	140	27,901
Special events	-	-	-	-	40,126	40,126
	<u>\$ 43,961,087</u>	<u>\$ 1,081,650</u>	<u>\$ 483,750</u>	<u>\$ 739,676</u>	<u>\$ 1,648,664</u>	<u>\$ 47,914,827</u>

See accompanying notes.

**Dare to Care, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 6,773,171	\$ 7,696,018
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Non-cash receipts of donated food and USDA inventory	(37,227,545)	(39,366,812)
Non-cash distributions of donated food and USDA inventory	36,546,473	39,472,809
Net realized and unrealized (gains) losses on investments	(1,326,220)	323,825
Contributions and grants restricted for purchases of property and equipment	(43,256)	(3,360,377)
Net loss on sales of property and equipment	33,703	1,779
Depreciation	685,312	305,179
Contributed rent expense (revenue)	38,895	(1,127,947)
Changes in assets and liabilities		
Accounts receivable	3,619	(5,425)
Contributions and grants receivable	597,358	(1,301,710)
Inventory	(3,368)	1,518
Prepaid expenses and other current assets	104,459	(87,875)
Accounts payable	22,216	(99,501)
Refundable advance	(530,000)	530,000
Accrued expenses and other current liabilities	25,173	52,648
Net cash provided by operating activities	<u>5,699,990</u>	<u>3,034,129</u>
Cash flows from investing activities		
Proceeds from sales of investments	2,614,542	3,259,897
Proceeds from sales of property and equipment	4,000	-
Purchases of investments	(2,763,289)	(3,411,886)
Purchases of property and equipment	(544,665)	(5,607,603)
Net cash used in investing activities	<u>(689,412)</u>	<u>(5,759,592)</u>
Cash flows from financing activities		
Proceeds from contributions and grants restricted for purchases of property and equipment	43,256	4,870,377
Change in cash and cash equivalents	5,053,834	2,144,914
Cash and cash equivalents, beginning of year	<u>4,695,849</u>	<u>2,550,935</u>
Cash and cash equivalents, end of year	<u>\$ 9,749,683</u>	<u>\$ 4,695,849</u>
Supplemental disclosures		
Purchases of property and equipment included in accounts payable and accrued expenses	\$ -	\$ 241,638

See accompanying notes.

**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements**  
**Years Ended June 30, 2021 and 2020**

**Note A - 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 formed during the year ended June 30, 2021. 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 B - Summary of Significant Accounting Policies**

1. 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 ("GAAP"). The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") is the sole source of authoritative GAAP.
2. 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.

3. Use of Estimates: The preparation of consolidated financial statements in conformity with 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 (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note B - Summary of Significant Accounting Policies (Continued)**

4. Cash and Cash Equivalents: The Organization considers all highly liquid instruments, not designated for investment purposes, with a maturity when purchased of three months or less to be cash equivalents.
5. 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. If amounts are subsequently determined to be uncollectible, they will be charged to operations when that determination is made.

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-free interest rate.

6. 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 D). Purchased food inventory is valued at the lower of cost or net realizable value determined on a first-in, first-out basis.
7. 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.

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.

8. 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 capital 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.

9. Non-cash Contributions: Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. 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 has been included in contributions and grants receivable (see Note E).

**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note B - Summary of Significant Accounting Policies (Continued)**

9. Non-cash Contributions (Continued): Throughout the year individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received the benefit of approximately 22,000 and 36,000 volunteer hours during the years ended June 30, 2021 and 2020, respectively. Calculated at the federal minimum wage rate, the value of these volunteer hours totals approximately \$160,000 and \$262,000 for the years ended June 30, 2021 and 2020, respectively. Such volunteer services do not meet the requirements for recognition and, therefore, are not recorded in the accompanying consolidated financial statements.
10. 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
Utilities	Square footage/asset use
Insurance	Square footage/asset use
Other	Time and effort

11. Advertising Costs: The Organization expenses advertising costs, including media campaigns, as incurred. Such costs, which are largely reflected as fundraising expenses, total approximately \$158,500 and \$157,800 for the years ended June 30, 2021 and 2020, respectively.
12. 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 \$430,700 and \$535,600 for the years ended June 30, 2021 and 2020, respectively.
13. 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.

14. Subsequent Events: The Organization has evaluated events occurring subsequent to year-end through the date of the Independent Auditor's Report, the date the accompanying consolidated financial statements were available to be issued.



**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note B - Summary of Significant Accounting Policies (Continued)**

15. Recently Issued Accounting Standards Updates: In June 2018, the FASB issued Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard should assist entities in [1] evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) or as exchange (reciprocal) transactions and [2] determining whether a contribution is conditional. As a resource recipient, ASU 2018-08 was adopted with respect to the year ended June 30, 2020 using the modified prospective method with no material impact on the Organization’s consolidated financial statements. As a resource provider, ASU 2018-08 was adopted with respect to the year ended June 30, 2021 using the modified prospective method with no material impact on the Organization’s consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The standard requires all leases with lease terms over twelve months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2023.

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 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. This standard will be effective for the fiscal year ending June 30, 2024.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*. The standard requires contributed non-financial assets to be shown separate from contributions of cash and other financial assets and provides for qualitative disclosures regarding valuation techniques and categories of contributed non-financial assets and their use. This standard will be effective for the fiscal year ending June 30, 2022.

Management is currently in the process of evaluating the impact of the adoption of the aforementioned three ASUs on the consolidated financial statements.

**Note C - Concentrations**

At various times throughout the year the Organization maintains balances in excess of federally insured limits. The Organization's investments in money market funds are uninsured.

At June 30, 2021, receivables from three donors/grantors represent 56% of total contributions and grants receivable (excluding contributed rent). At June 30, 2020, receivables from two donors/grantors represent 50% of total contributions and grants receivable (excluding contributed rent).

For the years ended June 30, 2021 and 2020, 71% of total revenues and other support consists of the revenue from donated food (34% and 38%, respectively) and USDA commodities received (37% and 33%, respectively).

**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note D - Inventory**

At June 30, 2021 and 2020, inventory consists of the following:

	<u>2021</u>	<u>2020</u>
Donated food	\$ 597,483	\$ 552,130
USDA commodities	4,977,175	4,341,456
Purchased food	<u>239,250</u>	<u>235,882</u>
	<u>\$ 5,813,908</u>	<u>\$ 5,129,468</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 \$1.49 and \$1.52 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>
Received	12,121,000	\$ 18,059,977	13,861,000	\$ 21,083,741
Distributed	12,081,000	18,014,624	13,805,000	21,012,069

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"). The USDA commodities are passed-through to the Organization by the Division to be distributed to the intended recipients. In Indiana, TEFAP is administered at the state level by the Indiana Department of Health.

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 Division reimburses the Organization for the costs (not to exceed the total amount of costs under each program approved for a two-year period 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, 2021 and 2020:

	<u>2021</u>		<u>2020</u>	
	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>
Received	12,922,000	\$ 19,167,568	12,021,000	\$ 18,283,071
Distributed	12,416,000	18,531,849	12,037,000	18,460,740

**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note E - Contributions and Grants Receivable**

At June 30, 2021 and 2020, contributions and grants receivable, net consist of the following:

	<u>2021</u>	<u>2020</u>
Contributed rent	\$ 1,316,000	\$ 1,363,000
Other	<u>2,016,086</u>	<u>2,632,753</u>
	3,332,086	3,995,753
Less discounts to net present value	<u>229,727</u>	<u>257,141</u>
	<u>\$ 3,102,359</u>	<u>\$ 3,738,612</u>

Discount rates of 0.46% and 1.71% were used in determining the net present value of the long-term receivables at June 30, 2021 and 2020, respectively. 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. The contributed rent receivable was valued using a discount rate of 1.41%.

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

	<u>2021</u>	<u>2020</u>
Estimated to be collected in less than one year	\$ 1,568,753	\$ 1,641,920
Estimated to be collected in one to five years	<u>447,333</u>	<u>990,833</u>
	<u>\$ 2,016,086</u>	<u>\$ 2,632,753</u>

**Note F - Property and Equipment**

At June 30, 2021 and 2020, property and equipment, net consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 94,241	\$ 94,241
Buildings	7,097,044	2,525,051
Leasehold improvements	151,006	151,006
Warehouse equipment	876,572	891,922
Community Kitchen equipment	1,243,137	386,075
Office equipment, furniture, fixtures, and other	644,889	411,140
Vehicles	976,730	985,104
Construction in progress	<u>6,354</u>	<u>5,588,711</u>
	11,089,973	11,033,250
Less accumulated depreciation	<u>3,987,079</u>	<u>3,510,368</u>
	<u>\$ 7,102,894</u>	<u>\$ 7,522,882</u>

**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note G - Board Designated Net Assets**

As of June 30, 2021 and 2020, Dare to Care's Board of Directors ("Board") has designated \$250,000 and \$240,000, respectively, to be used for specific capital expenditures as submitted to and approved during the course of the budget process by the Board, the Finance Committee, and Dare to Care's Executive Director. Otherwise, such Board designated funds may be used for program services as needed, when approved in the manner as indicated above. Such net assets were designated by the Board in March to be expended during the next fiscal year.

**Note H - Net Assets With Donor Restrictions**

At June 30, 2021 and 2020, net assets with donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Time restriction, rent	\$ 1,089,052	\$ 1,127,947
Capital campaign, operations	500,000	1,050,000
Mobile pantry	439,248	50,000
COVID-19 response	212,393	202,722
Feeding kids	162,500	261,200
Feeding families	108,402	83,300
School programs	108,022	151,978
Prescriptive pantry	63,300	9,074
Other	45,518	70,779
Equipment/capital expenditures	13,395	-
	<u>\$ 2,741,830</u>	<u>\$ 3,007,000</u>

Net assets released from restrictions consist of the following with respect to the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Capital campaign, operations	\$ 580,151	\$ 45,000
Feeding kids	298,700	288,660
COVID-19 response	202,722	426,351
School programs	198,812	74,237
Feeding families	170,800	18,000
Other	97,853	125,124
Time restriction, rent	38,895	84,334
Equipment/capital expenditures	13,105	69,950
Prescriptive pantry	9,074	134,037
Capital campaign, capital expenditures	-	1,895,250
	<u>\$ 1,610,112</u>	<u>\$ 3,160,943</u>

**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note I - 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, 2021 and 2020.

- *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.
- *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 Organization's share of the net asset value at year-end of the comingled underlying assets. The underlying assets are principally valued at the quoted market price on the active market on which the individual 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, 2021, assets carried at fair value on a recurring basis consist of investments as follows:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 429,853	\$ -	\$ -	\$ 429,853
Fixed income securities	-	1,899,380	-	1,899,380
Equity securities	5,080,058	-	-	5,080,058
Funds held at The Community Foundation of Louisville, Inc. (see Note J)	-	80,171	-	80,171
	<u>\$ 5,509,911</u>	<u>\$ 1,979,551</u>	<u>\$ -</u>	<u>\$ 7,489,462</u>

**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note I - Fair Value Measurements (Continued)**

At June 30, 2020, 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	\$ 387,542	\$ -	\$ -	\$ 387,542
Fixed income securities	-	1,639,291	-	1,639,291
Equity securities	3,925,295	-	-	3,925,295
Funds held at The Community Foundation of Louisville, Inc. (see Note J)	-	62,367	-	62,367
	<u>\$ 4,312,837</u>	<u>\$ 1,701,658</u>	<u>\$ -</u>	<u>\$ 6,014,495</u>

**Note J - Board Designated Endowment Fund**

During 2017, Dare to Care funded a Board designated endowment fund (“fund”) with The Community Foundation of Louisville, Inc. (“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. For the years ended June 30, 2021 and 2020, the increase in the fund between years relates entirely to the fund’s net income from investments, including the net realized and unrealized appreciation (which totals \$17,804 and \$1,476 with respect to the years ended June 30, 2021 and 2020, respectively).

**Note K - Special Events Fundraising Expense**

Special events fundraising expense consists of the following for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
In-kind items	\$ -	\$ 24,000
Event direct costs	5,876	16,126
	<u>\$ 5,876</u>	<u>\$ 40,126</u>

**Note L - Operating Leases**

During 2015, the Organization entered into a lease agreement to lease warehouse space. The lease was renewed during the year ended June 30, 2020 for a term of 36 months expiring in March 2023. The Organization however has the option to terminate the lease after 18 months upon giving 120 days prior written notice. Subsequent to the 36 month lease term, the Organization may continue to lease the warehouse space on a month-to-month basis. At June 30, 2021 and 2020, the monthly payment due under this lease is \$10,268. Lease expense under this lease totals approximately \$123,200 for each of the years ended June 30, 2021 and 2020.

**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note L - Operating Leases (Continued)**

The Organization previously leased space in which it operated the Community Kitchen. The \$2,397 month-to-month lease (became a month-to-month lease at the end of the December 2019 term of the lease) was terminated during the year ended June 30, 2020. Lease expense under this lease totals approximately \$26,400 for the year ended June 30, 2020.

The Organization has also entered into several vehicle operating leases (seven such leases at June 30, 2021). The terms of the respective vehicle leases end between April 2024 and November 2025. The monthly lease payments (which total \$12,562 per month at June 30, 2021) range from \$1,388 to \$1,889. Lease expense under the vehicle leases totals approximately \$164,800 and \$145,500 for the years ended June 30, 2021 and 2020, respectively.

At June 30, 2021, the future minimum lease payments under all non-cancelable operating leases are as follows:

<u>Year ending June 30,</u>	
2022	\$ 273,963
2023	181,550
2024	146,583
2025	89,404
2026	13,019
	<hr/>
	\$ 704,519

**Note M - 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, 2021 and 2020 totals approximately \$96,700 and \$89,600, respectively.

**Note N - 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.

**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note O - 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 statement of financial position date, are as follows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 9,749,683	\$ 4,695,849
Accounts receivable	6,459	10,078
Contributions and grants receivable, net	3,102,359	3,738,612
Investments	<u>7,489,462</u>	<u>6,014,495</u>
Total financial assets	<u>20,347,963</u>	<u>14,459,034</u>
Less amounts not available to be used within one year or without Board approval		
Board designated net assets	250,000	240,000
Board designated endowment	80,171	62,367
Net assets with donor restrictions	<u>2,741,830</u>	<u>3,007,000</u>
Total financial assets not available to be used within one year or without Board approval	<u>3,072,001</u>	<u>3,309,367</u>
Total financial assets available for general expenditure within one year	<u>\$ 17,275,962</u>	<u>\$ 11,149,667</u>

The Organization's goal is to generally maintain financial assets to meet 90 days of operating expenses (approximately \$1,700,000). 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, 2021 and 2020.

Additionally, during 2020, due to the on-going Capital Campaign (see Note Q), the Organization obtained a bank line of credit of up to an aggregate principal amount of \$2,500,000. The line of credit bears interest at a variable interest rate equal to the daily LIBOR rate plus 1.75% and matures January 2022. There were no borrowings under the line of credit during the years ended June 30, 2021 and 2020.



**Dare to Care, Inc. and Subsidiaries**  
**Notes to the Consolidated Financial Statements (Continued)**  
**Years Ended June 30, 2021 and 2020**

**Note P - Refundable Advance**

In April 2020, Dare to Care received a Paycheck Protection Program ("PPP") loan under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act in the amount of \$530,000. The loan bore interest at 1.00%, was uncollateralized/unsecured, and was for a term of two years with a maturity date of April 2022. Under the CARES Act, subject to limitations, as defined, the loan may partially or fully be forgiven depending on actual payroll and other qualified costs for a specified period following receipt of the loan proceeds.

Pursuant to ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*, the PPP loan was initially (at June 30, 2020) recorded as a refundable advance which was subsequently reduced with the offset through earnings presented as non-operating income with respect to the year ended June 30, 2021 as the conditions of release (the related barriers) were substantially met.

During 2021, Dare to Care was notified the loan has been fully forgiven and Dare to Care has been 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 Q - Capital Campaign**

The Organization started a Capital Campaign during 2019 to fund a new location principally for its Community Kitchen. The funds with donor restrictions specific to funding the new location for the Community Kitchen were utilized during the year ended June 30, 2020 to finance this project. The new Community Kitchen location largely became fully operational in July 2020. The capital campaign also raised funds restricted for the operations of the new Community Kitchen. Such donor restricted funds are classified as net assets with donor restrictions at June 30, 2021 and 2020 depending on the year for which the funds are restricted.

## **Supplementary Information**

**Dare to Care, Inc. and Subsidiaries**  
**Schedules of Revenues and Expenses**  
**Years Ended June 30, 2021 and 2020**

	2021		2020	
Revenues and other support				
Donations of food and commodities	\$ 37,227,545	71.00%	\$ 39,366,812	70.79%
Contributions and grants	12,742,222	24.30%	16,123,242	28.99%
Net unrealized gains (losses) on investments	1,101,469	2.10%	(43,198)	-0.08%
Other revenues	740,055	1.41%	133,401	0.24%
Special events	243,363	0.46%	121,296	0.22%
Net realized gains (losses) on investments	224,751	0.43%	(280,627)	-0.50%
Income from investments, net	155,115	0.30%	165,919	0.30%
In-kind donations for fundraising	-	0.00%	24,000	0.04%
	\$ 52,434,520	100.00%	\$ 55,610,845	100.00%
Expenses				
Distribution of food and commodities	\$ 38,021,172	72.51%	\$ 41,104,715	73.91%
Salaries/wages and benefits	3,482,744	6.64%	3,345,332	6.02%
Public relations	896,269	1.71%	959,551	1.73%
Depreciation	685,312	1.31%	305,179	0.55%
Other miscellaneous expenses	465,226	0.89%	160,680	0.29%
Freight	430,692	0.82%	535,564	0.96%
Warehouse expenses	280,699	0.54%	328,385	0.59%
Payroll taxes	233,632	0.45%	217,403	0.39%
Professional and consulting fees	220,476	0.42%	127,184	0.23%
Rent	209,549	0.40%	166,424	0.30%
Repairs and maintenance	188,429	0.36%	144,010	0.26%
Utilities	172,250	0.33%	131,437	0.24%
Insurance	134,991	0.26%	94,722	0.17%
Truck expenses	69,551	0.13%	83,924	0.15%
Bank fees	46,765	0.09%	35,893	0.06%
Telephone	36,483	0.07%	27,898	0.05%
Supplies and other office expenses	32,120	0.06%	32,650	0.06%
Meetings, conferences, and travel	30,726	0.06%	45,849	0.08%
Memberships and subscriptions	18,387	0.04%	27,901	0.05%
Special events	5,876	0.01%	40,126	0.07%
	\$ 45,661,349	87.08%	\$ 47,914,827	86.16%

See accompanying independent auditor's report.

**Dare to Care, Inc. and Subsidiaries**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

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
<b>U.S. Department of Agriculture (Food and Nutrition Service)</b>					
<i>Passed-through the Kentucky Department of Education (Division of School and Community Nutrition)</i>					
Child and Adult Care Food Program	10.558	11754	\$ 191,096	\$ -	\$ -
<i>Passed-through the Kentucky Department of Education (Division of Nutrition and Health Services)</i>					
<b>Child Nutrition Cluster</b>					
Summer Food Service Program for Children	10.559	11754	691,026	-	-
<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	34,170	-	-
<i>Passed-through the Kentucky Department of Agriculture (Division of Food Distribution)</i>					
<b>Food Distribution Cluster</b>					
Commodity Supplemental Food Program The Emergency Food Assistance Program (Administrative Costs)	10.565	2000002342	2,361,342	2,024,763	2,024,763
COVID-19 - The Emergency Food Assistance Program (Administrative Costs)	10.568	2000002314	350,177	-	-
The Emergency Food Assistance Program (Food Commodities)	10.568	2000003770	561,801	-	-
COVID-19 - The Emergency Food Assistance Program (Food Commodities)	10.569	2000002314	8,250,353	8,250,353	8,250,353
COVID-19 - The Emergency Food Assistance Program (Food Commodities)	10.569	2000003770	569,306	569,306	569,306
<i>Passed-through the Indiana Department of Health</i>					
<b>Food Distribution Cluster</b>					
The Emergency Food Assistance Program (Administrative Costs)	10.568	38064/47932	31,768	-	-
COVID-19 - The Emergency Food Assistance Program (Administrative Costs)	10.568	38064/47932	58,904	-	-
The Emergency Food Assistance Program (Food Commodities)	10.569	38064/47932	1,764,601	1,764,601	1,764,601
COVID-19 - The Emergency Food Assistance Program (Food Commodities)	10.569	38064/47932	57,103	57,103	57,103
<i>Passed-through the Kentucky Department of Agriculture (Division of Food Distribution)</i>					
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178	2000001368	90,720	-	-
Total expenditures of federal awards			<u>\$ 15,012,367</u>		
Total expenditures of federal awards - COVID-19 only			<u>\$ 1,247,114</u>		
Total non-cash financial assistance				<u>\$ 12,666,126</u>	
Total passed through to sub-recipients					<u>\$ 12,666,126</u>
Total U.S. Department of Agriculture			<u>\$ 15,012,367</u>		
Total Child Nutrition Cluster			<u>\$ 691,026</u>		
Total Food Distribution Cluster			<u>\$ 14,005,355</u>		

See accompanying independent auditor's report 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**  
**Year Ended June 30, 2021**

**Note A - 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 B - 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, 2021.

**Note C - 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, 2021 includes an estimate of non-monetary expenditures (distribution of USDA commodities) in the amount of approximately \$2,000,000.

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, 2021 includes an estimate of non-monetary expenditures (distribution of USDA commodities) totaling approximately \$10,700,000.

The estimated inventory value of undistributed USDA commodities, under federal award programs, as of June 30, 2021 totals approximately \$4,900,000. At June 30, 2021, there are inventory items classified as USDA commodities that were not received under federal award programs.

**Note D - Sub-recipients**

During the year ended June 30, 2021, Dare to Care distributed (an estimate of non-monetary expenditures) to sub-recipients approximately \$2,100,000 of Commodity Supplemental Food Program (federal assistance listing number 10.565) food commodities and approximately \$10,600,000 of Emergency Food Assistance Program (federal assistance listing number 10.569) food commodities.

**Note E - Indirect Cost Rate**

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



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

To the Board of Directors  
Dare to Care, Inc.

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, 2021, 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 October 20, 2021.

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

MCM CPAs & Advisors LLP

P 502.749.1900  
F 502.749.1930  
2600 Meidinger Tower  
462 South Fourth Street  
Louisville, KY 40202  
www.mcmcpa.com  
888.587.1719

A Member of PrimeGlobal – An Association  
of Independent Accounting Firms

**Kentucky**  
**Indiana**  
**Ohio**

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

**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 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 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.

MCM CPAs & Advisors LLP

Louisville, Kentucky  
October 20, 2021



## **Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance**

To the Board of Directors  
Dare to Care, Inc.

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

We have audited Dare to Care, Inc. and Subsidiaries' compliance with the types of compliance requirements described 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, 2021. Dare to Care, Inc. and Subsidiaries' major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Dare to Care, Inc. and Subsidiaries' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dare to Care, Inc. and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dare to Care, Inc. and Subsidiaries' compliance.

MCM CPAs & Advisors LLP

P 502.749.1900  
F 502.749.1930  
2600 Meidinger Tower  
462 South Fourth Street  
Louisville, KY 40202  
www.mcmcpa.com  
888.587.1719

A Member of PrimeGlobal - An Association  
of Independent Accounting Firms

**Kentucky**  
**Indiana**  
**Ohio**



**Independent Auditor's Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance in Accordance with the  
Uniform Guidance (Continued)**

**Opinion on Each Major Federal Program**

In our opinion, Dare to Care, Inc. and Subsidiaries complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

Management of Dare to Care, Inc. and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dare to Care, Inc. and Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dare to Care, Inc. and Subsidiaries' 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Louisville, Kentucky  
October 20, 2021

**Dare to Care, Inc. and Subsidiaries**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

**Section I - Summary of Audit 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>
---	-------------------------------------

**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, 2021**

---

**Section I - Summary of Audit Results (Continued)**

---

**Federal Awards (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 Statement Audit**

---

None

---

**Section III - Findings and Questioned Costs-Major Federal Award Program Audit**

---

None

**Dare to Care, Inc. and Subsidiaries**  
**Schedule of Prior Audit Findings and Their Resolution**  
**Year Ended June 30, 2021**

---

**Section I - Findings-Financial Statement Audit**

---

None

---

**Section II - Findings and Questioned Costs-Major Federal Award Program Audit**

---

None