

Dare to Care, Inc.
Financial Statements
June 30, 2015 and 2014

**Dare to Care, Inc.
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June 30, 2015 and 2014**

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Dare to Care, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dare to Care, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Kentucky
Indiana
Ohio

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Independent Auditor's Report (Continued)

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of revenues and expenses on page 19 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 20 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non Profit Organizations*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the 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 13, 2015, on our consideration of Dare to Care, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dare to Care, Inc.'s internal control over financial reporting and compliance.



Mountjoy Chilton Medley LLP
Louisville, Kentucky
October 13, 2015

Dare to Care, Inc.
Statements of Financial Position
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,691,003	\$ 1,837,760
Accounts receivable	10,784	2,843
Contributions and grants receivable	1,190,457	1,644,301
Inventory	3,833,393	2,799,603
Prepaid expenses and other current assets	<u>42,042</u>	<u>78,300</u>
Total current assets	6,767,679	6,362,807
Investments	6,006,003	6,349,588
Property and equipment, net	<u>2,384,026</u>	<u>2,342,876</u>
Total assets	<u>\$ 15,157,708</u>	<u>\$ 15,055,271</u>
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 65,249	\$ 176,377
Accrued expenses and other current liabilities	<u>133,493</u>	<u>99,172</u>
Total current liabilities	<u>198,742</u>	<u>275,549</u>
Net assets		
Unrestricted - undesignated	13,454,696	12,560,910
Unrestricted - Board designated	<u>246,000</u>	<u>236,000</u>
Total unrestricted net assets	13,700,696	12,796,910
Temporarily restricted	<u>1,258,270</u>	<u>1,982,812</u>
Total net assets	<u>14,958,966</u>	<u>14,779,722</u>
Total liabilities and net assets	<u>\$ 15,157,708</u>	<u>\$ 15,055,271</u>

See accompanying notes

Dare to Care, Inc.
Statements of Activities
Years ended June 30, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Revenues, gains (losses), and other support						
Contributions and grants	\$ 3,969,983	\$ 1,316,311	\$ 5,286,294	\$ 3,341,588	\$ 1,301,971	\$ 4,643,559
Donations of food and commodities	32,620,954	-	32,620,954	28,488,997	-	28,488,997
In-kind donations for fundraising	98,958	-	98,958	122,108	-	122,108
Special events	591,928	-	591,928	432,687	-	432,687
Other revenues	151,126	-	151,126	78,499	-	78,499
Income from investments	143,658	-	143,658	165,764	-	165,764
Net realized and unrealized (losses) gains on investments	(21,639)	-	(21,639)	667,450	-	667,450
	37,554,968	1,316,311	38,871,279	33,297,093	1,301,971	34,599,064
Net assets released from restrictions	2,040,853	(2,040,853)	-	2,066,257	(2,066,257)	-
	39,595,821	(724,542)	38,871,279	35,363,350	(764,286)	34,599,064
Total revenues, gains (losses), and other support						
Expenses						
Program services	36,338,107	-	36,338,107	33,036,178	-	33,036,178
Administration	705,396	-	705,396	704,589	-	704,589
Fundraising	1,648,532	-	1,648,532	1,083,460	-	1,083,460
	38,692,035	-	38,692,035	34,824,227	-	34,824,227
Total expenses						
Change in net assets	903,786	(724,542)	179,244	539,123	(764,286)	(225,163)
Net assets, beginning of year	12,796,910	1,982,812	14,779,722	12,257,787	2,747,098	15,004,885
Net assets, end of year	\$ 13,700,696	\$ 1,258,270	\$ 14,958,966	\$ 12,796,910	\$ 1,982,812	\$ 14,779,722

See accompanying notes

Dare to Care, Inc.
Statements of Functional Expenses
Years ended June 30, 2015 and 2014

	2015					
	Program services			Supporting services		Total
	Food bank and emergency food	Community Kitchen	Kid's Café and backpack programs	Administration	Fundraising	
Distribution of food and commodities	\$ 32,196,245	\$ 443,068	\$ 317,884	\$ -	\$ -	\$ 32,957,197
Salaries/wages and benefits	1,103,868	235,693	137,888	482,170	264,603	2,224,222
Payroll taxes	83,243	16,804	9,107	32,058	17,397	158,609
Special events	-	-	-	-	384,027	384,027
Public relations	6,291	1,406	-	7,200	928,263	943,160
Rent	54,944	28,200	-	-	-	83,144
Warehouse expenses	180,273	5,735	7,630	-	-	193,638
Freight	623,628	-	-	-	-	623,628
Truck expenses	70,292	9,401	10,177	-	-	89,870
Insurance	47,361	10,536	665	5,926	3,322	67,810
Utilities	73,661	23,474	1,244	8,185	4,911	111,475
Telephone	14,228	1,520	1,138	3,579	2,270	22,735
Repairs and maintenance	110,362	18,479	1,153	25,790	-	155,784
Supplies and other office expenses	8,356	1,466	41	16,931	679	27,473
Meetings, conferences, and travel	14,364	2,197	11,839	32,538	8,502	69,440
Memberships and subscriptions	11,145	440	-	18,738	275	30,598
Professional and consulting fees	14,913	-	230	38,917	21,707	75,767
Bank and investment fees	24,721	-	2,472	9,889	12,361	49,443
Interest	-	-	-	-	-	-
Other miscellaneous expenses	97,793	1,003	-	9,853	215	108,864
Depreciation	195,310	102,928	3,291	13,622	-	315,151
	<u>\$ 34,930,998</u>	<u>\$ 902,350</u>	<u>\$ 504,759</u>	<u>\$ 705,396</u>	<u>\$ 1,648,532</u>	<u>\$ 38,692,035</u>

See accompanying notes

2014

Program services			Supporting services		Total
Food bank and emergency food	Community Kitchen	Kid's Café and backpack programs	Administration	Fundraising	
\$ 29,487,327	\$ 299,048	\$ 218,111	\$ -	\$ -	\$ 30,004,486
1,010,925	197,064	143,628	447,476	208,749	2,007,842
72,844	14,772	9,936	29,790	14,567	141,909
-	-	-	-	246,763	246,763
6,675	8,547	-	64,250	568,372	647,844
-	28,200	-	-	-	28,200
157,784	5,978	14,135	-	-	177,897
569,299	-	-	-	-	569,299
80,870	7,784	11,264	331	-	100,249
42,890	7,243	612	5,940	3,096	59,781
65,288	21,361	1,142	7,908	4,746	100,445
14,270	1,542	1,494	1,339	2,652	21,297
71,348	17,480	905	12,224	-	101,957
6,701	4,072	14	17,579	510	28,876
15,110	400	16,296	27,750	11,882	71,438
13,785	605	-	15,712	2,252	32,354
10,100	-	126	21,601	7,253	39,080
25,192	-	2,519	10,077	12,596	50,384
700	-	-	-	-	700
48,992	137	22	16,382	22	65,555
196,257	98,826	6,558	26,230	-	327,871
<u>\$ 31,896,357</u>	<u>\$ 713,059</u>	<u>\$ 426,762</u>	<u>\$ 704,589</u>	<u>\$ 1,083,460</u>	<u>\$ 34,824,227</u>

Dare to Care, Inc.
Statements of Cash Flows
Years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 179,244	\$ (225,163)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Net realized and unrealized losses (gains) on investments	21,639	(667,450)
Contributions and grants restricted for purchases of property and equipment	(52,300)	(8,405)
Donated property and equipment	(64,788)	(10,325)
Loss on sales of property and equipment	25,058	-
Depreciation	315,151	327,871
Changes in assets and liabilities		
Accounts receivable	(7,941)	(219)
Contributions and grants receivable	453,844	375,567
Inventory	(1,033,790)	203,696
Prepaid expenses and other current assets	36,258	(23,010)
Accounts payable	(111,128)	54,883
Accrued expenses and other current liabilities	34,321	6,712
Net cash (used in) provided by operating activities	<u>(204,432)</u>	<u>34,157</u>
Cash flows from investing activities		
Proceeds from sales of investments	4,157,084	2,168,835
Proceeds from sales of property and equipment	4,000	-
Purchases of investments	(3,835,138)	(2,085,755)
Purchases of property and equipment	<u>(320,571)</u>	<u>(505,558)</u>
Net cash provided by (used in) investing activities	<u>5,375</u>	<u>(422,478)</u>
Cash flows from financing activities		
Proceeds from contributions and grants restricted for purchases of property and equipment	52,300	117,355
Payments on obligations under capital leases	<u>-</u>	<u>(16,715)</u>
Net cash provided by financing activities	<u>52,300</u>	<u>100,640</u>
Change in cash and cash equivalents	(146,757)	(287,681)
Cash and cash equivalents, beginning of year	<u>1,837,760</u>	<u>2,125,441</u>
Cash and cash equivalents, end of year	<u>\$ 1,691,003</u>	<u>\$ 1,837,760</u>
Supplemental disclosure of cash flow information		
Cash paid for interest (capital lease obligations)	<u>\$ -</u>	<u>\$ 700</u>

See accompanying notes

Dare to Care, Inc.
Notes to the Financial Statements
June 30, 2015 and 2014

Note A--Nature of Operations

Dare to Care, Inc. (Organization) 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. The Organization fulfills its mission by partnering with over 300 food pantries, shelters, and/or emergency kitchens throughout the community. The Organization is supported primarily through contributions, grants, and the receipts of donated food.

Note B--Summary of Significant Accounting Policies

1. Basis of Accounting

The accompanying 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets are net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization or that expire through the passage of time. The Organization has not received any contributions or grants with donor imposed restrictions that would result in permanently restricted net assets as of year-end.

3. Use of Estimates

The preparation of 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.

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 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. At June 30, 2015 and 2014, management expects all contributions and grants receivable to be collected within the next fiscal year.

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

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

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 (see Note D) is valued 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. Purchased food inventory is valued at cost 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 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.

Income from investments on donor-imposed restricted investments is reported as unrestricted support if the restriction is met in the same period the income is received or earned.

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 financial statements.

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

8. Property and Equipment, Net

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. Donated property and equipment is reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Property and equipment that is donated with explicit restrictions regarding the use of such assets and contributions and grants that must be used to purchase property and equipment are reported as temporarily restricted support. Absent donor stipulations regarding how long donated property and equipment must be maintained, the Organization reports expirations of donor restrictions when the donated or purchased assets are placed into service. At that time, the Organization reclassifies the temporarily restricted net assets to unrestricted net assets.

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. 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.

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

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

9. Contributions and Grants

Contributions and grants are recognized as revenue in the period received or unconditionally pledged and are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. Contributions or grants whose restrictions are satisfied in the period the contribution or grant is received are reported as unrestricted. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restriction.

10. 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 unrestricted support.

Throughout the year individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received the benefit of approximately 42,000 and 40,000 volunteer hours during the years ended June 30, 2015 and 2014, respectively. Calculated at the federal minimum wage rate, the value of these volunteer hours totals approximately \$307,000 and \$291,000 for the years ended June 30, 2015 and 2014, respectively. Such volunteer services do not meet the requirements for recognition and, therefore, are not recorded in the accompanying financial statements.

11. Functional Allocation of Expenses

The costs of providing various programs and other activities are summarized on a functional basis in the accompanying statements of activities. Directly identifiable expenses are charged to the applicable program and supporting services. Expenses related to more than one function are allocated among the programs and supporting services benefited. Administration expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

12. Advertising Costs

The Organization expenses advertising costs, including media campaigns, as incurred. Such costs, which are largely reflected as fundraising expenses, total approximately \$305,900 and \$49,600 for the years ended June 30, 2015 and 2014, respectively.

13. Freight Costs

Freight costs, the costs associated with having food delivered to the Organization's warehouse, are expensed as incurred. Such costs total approximately \$193,600 and \$177,900 for the years ended June 30, 2015 and 2014, respectively.

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

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

14. Income Taxes

The Organization 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. Accordingly, no provision or liability for federal income taxes has been included in the accompanying 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 financial statements.

15. Reclassifications

Certain amounts for 2014 have been reclassified to conform with the 2015 presentation. These reclassifications had no effect on the previously reported 2014 change in net assets or net assets as of June 30, 2014.

16. 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 financial statements were available to be issued.

Note C--Concentrations

At various times throughout the year the Organization maintains balances in excess of federally insured limits, while its investments in money market funds are uninsured.

For 2015 and 2014, the annual \$1,000,000 amount received from Yum! Brands Foundation, Inc. (see Note J) represents 19% and 22%, respectively, of total contributions and grants revenue. At June 30, 2015 and 2014, the related receivable due from Yum! Brands Foundation, Inc. represents 47% of total contributions and grants receivable.

At June 30, 2015 and 2014, a specific grant receivable represents 36% and 26%, respectively, of total contributions and grants receivable.

For 2015 and 2014, approximately 20% and 15%, respectively, of total revenues, gains (losses), and other support consists of revenue from USDA commodities received.

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note D--Inventory

At June 30, 2015 and 2014, inventory consists of the following:

	<u>2015</u>	<u>2014</u>
Donated food	\$ 1,244,587	\$ 900,449
USDA commodities	2,313,664	1,473,996
Purchased food	<u>275,142</u>	<u>425,158</u>
	<u>\$ 3,833,393</u>	<u>\$ 2,799,603</u>

The majority of the food distributed by the Organization has been donated. The approximate average wholesale value of one pound of donated food at the national level was determined by Feeding America to be \$1.72 and \$1.69 for the years ended June 30, 2015 and 2014, respectively. Revenue from donated food received, as well as the related value of donated food distributed and the value of undistributed donated food inventory as of year-end, are estimated by valuing the respective number of pounds at the per pound values.

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, 2015 and 2014:

	<u>2015</u>		<u>2014</u>	
	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>
Received	14,847,000	\$ 25,493,434	13,384,000	\$ 22,574,418
Distributed	14,664,000	\$ 25,149,296	13,926,000	\$ 23,466,676

The Organization also receives and distributes commodities (food) it receives from the U.S. Department of Agriculture (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. During 2014, the Organization also received TEFAP commodities passed-through to the Organization by a food bank in Indiana (Gleaners Food Bank of Indiana, Inc.).

CSFP provides a monthly box of nutritious food products to low-income pregnant, postpartum, or breastfeeding women, infants and children up to and including the age of five, and 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.

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note D--Inventory (Continued)

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, 2015 and 2014:

	<u>2015</u>		<u>2014</u>	
	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>
Received	4,151,000	\$ 7,127,520	3,507,000	\$ 5,914,579
Distributed	3,679,000	\$ 6,287,852	3,221,000	\$ 5,415,782

Note E--Property and Equipment, Net

At June 30, 2015 and 2014, net property and equipment consists of the following:

	<u>2015</u>	<u>2014</u>
Land	\$ 104,241	\$ 94,241
Buildings	2,444,617	2,444,617
Leasehold improvements	148,006	148,006
Warehouse equipment	711,860	551,176
Community Kitchen equipment	344,377	321,794
Office equipment, furniture, fixtures, and other	314,214	313,063
Vehicles	<u>1,034,536</u>	<u>891,950</u>
	5,101,851	4,764,847
Accumulated depreciation	<u>(2,717,825)</u>	<u>(2,421,971)</u>
	<u>\$ 2,384,026</u>	<u>\$ 2,342,876</u>

Depreciation expense totals \$315,151 and \$327,871 for the years ended June 30, 2015 and 2014, respectively.

Note F--Obligations Under Capital Leases

The Organization leased certain office and warehouse equipment, as well as a vehicle, under capital leases with lease terms through April 2014. The obligations under the capital leases were recorded at the present value of the future minimum lease payments, discounted at a weighted average of approximately 6.00%. Such capital lease obligations were paid in-full during 2014.

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note G--Board Designated Net Assets

As of June 30, 2015 and 2014, the Organization's Board of Directors (Board) has designated \$246,000 and \$236,000, 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 the Organization'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 are designated by the Board in March to be expended during the next fiscal year.

Note H--Temporarily Restricted Net Assets

At June 30, 2015 and 2014, temporarily restricted net assets consist of the following:

	<u>2015</u>	<u>2014</u>
Yum! Brands Foundation (see Note J)	\$ 560,661	\$ 778,945
Feeding Families program	252,000	500,000
Community Kitchen	200,000	450,000
Backpack program	137,601	145,129
Refrigerated truck	50,000	-
New facility capital campaign	40,158	-
Summer Food Service Program for Children (federal program)	11,370	11,370
Other	6,480	-
Rural outreach	-	85,000
Purchases/distribution of food	-	6,497
Cooking Matters program	-	5,871
	<u>\$ 1,258,270</u>	<u>\$ 1,982,812</u>

Net assets released from restrictions consist of the following with respect to the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Yum! Brands Foundation (see Note J)	\$ 1,218,284	\$ 1,221,056
Community Kitchen	250,000	282,495
Feeding Families program	250,000	250,000
Backpack program	190,640	131,188
Rural outreach	85,000	-
Other	34,561	17,149
Purchases/distribution of food	6,497	10,833
Cooking Matters program	5,871	66,536
Pounds per Person in Poverty program	-	87,000
	<u>\$ 2,040,853</u>	<u>\$ 2,066,257</u>

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

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, 2015 and 2014.

Money market funds: Valued at the net asset value of the units 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.

Mutual funds: Valued at the net asset value of the shares held by the Organization at year-end.

Index and exchange traded funds: Valued at the quoted market price of the shares held by the Organization at year-end.

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

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.

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note I--Fair Value Measurements (Continued)

At June 30, 2015, 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	\$ 369,197	\$ -	\$ -	\$ 369,197
Fixed income securities				
Domestic and international corporate and other bonds	-	359,263	-	359,263
U.S. government/government agency obligations	-	811,485	-	811,485
U.S. government backed mortgage pools	-	83,596	-	83,596
Tax-exempt municipal bonds	-	38,548	-	38,548
	<u>-</u>	<u>1,292,892</u>	<u>-</u>	<u>1,292,892</u>
Mutual funds				
Fixed income	454,542	-	-	454,542
Equity	719,086	-	-	719,086
	<u>1,173,628</u>	<u>-</u>	<u>-</u>	<u>1,173,628</u>
Index and exchange traded funds	777,848	-	-	777,848
Equity securities				
Information technology	468,789	-	-	468,789
Consumer discretionary	297,540	-	-	297,540
Financials	401,656	-	-	401,656
Health care	397,272	-	-	397,272
Industrials	248,624	-	-	248,624
Energy	162,029	-	-	162,029
Consumer staples	192,760	-	-	192,760
Materials	105,198	-	-	105,198
Telecommunication services	79,358	-	-	79,358
Utilities	39,212	-	-	39,212
	<u>2,392,438</u>	<u>-</u>	<u>-</u>	<u>2,392,438</u>
	<u>\$ 4,713,111</u>	<u>\$ 1,292,892</u>	<u>\$ -</u>	<u>\$ 6,006,003</u>

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note I--Fair Value Measurements (Continued)

At June 30, 2014, 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	\$ 363,984	\$ -	\$ -	\$ 363,984
Fixed income securities				
Domestic and international corporate and other bonds	-	469,843	-	469,843
U.S. government/government agency obligations	-	277,783	-	277,783
U.S. government backed mortgage pools	-	109,580	-	109,580
Tax-exempt municipal bonds	-	40,864	-	40,864
	<u>-</u>	<u>898,070</u>	<u>-</u>	<u>898,070</u>
Mutual funds				
Fixed income	1,157,584	-	-	1,157,584
Equity	535,176	-	-	535,176
	<u>1,692,760</u>	<u>-</u>	<u>-</u>	<u>1,692,760</u>
Index and exchange traded funds	267,480	-	-	267,480
Equity securities				
Information technology	514,826	-	-	514,826
Consumer discretionary	504,326	-	-	504,326
Financials	435,276	-	-	435,276
Health care	361,052	-	-	361,052
Industrials	337,575	-	-	337,575
Energy	297,505	-	-	297,505
Consumer staples	268,939	-	-	268,939
Materials	170,324	-	-	170,324
Telecommunication services	111,877	-	-	111,877
Utilities	66,612	-	-	66,612
Other	58,982	-	-	58,982
	<u>3,127,294</u>	<u>-</u>	<u>-</u>	<u>3,127,294</u>
	<u>\$ 5,451,518</u>	<u>\$ 898,070</u>	<u>\$ -</u>	<u>\$ 6,349,588</u>

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note J--Agreement With Yum! Brands Foundation, Inc.

In June 2002, under an agreement with the Organization, Yum! Brands Foundation, Inc. (Yum!) agreed to commit \$1,000,000 annually (on a calendar year basis) to help the Organization in its efforts to end hunger in the Kentuckiana area. The annual \$1,000,000 will consist of funds raised by Yum! through its annual employee pledge campaign, which are then matched by Yum!. The funds are transferred to Metro United Way and specifically designated for the Organization net of any Metro United Way administrative fees. Additional funding will be provided directly by Yum! in an amount equal to the difference between the net amount received through Metro United Way and \$1,000,000. At June 30, 2015 and 2014, the amount due to the Organization under this agreement totals \$560,661 and \$778,945, respectively.

In consideration for this funding, the Organization agrees to provide various sponsorship opportunities for Yum!. The agreement with Yum! will remain in effect unless terminated upon notice provided by either of the respective parties. Such notice must be provided one year in advance of terminating the agreement.

Note K--Special Events Fundraising Expense

Special events fundraising expense consists of the following for the years ended June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
In-kind items	\$ 97,030	\$ 97,108
Event direct costs	<u>286,997</u>	<u>149,655</u>
	<u>\$ 384,027</u>	<u>\$ 246,763</u>

Note L--Operating Leases

During 2015, the Organization entered into a lease agreement to lease warehouse space. The lease is for a term of 36 months expiring in March 2018. The Organization however has the option to terminate the lease after 24 months. Subsequent to the 36 month lease term, the Organization may continue to lease the warehouse space on a month to month basis. The monthly payment due under this lease is \$18,314. Lease expense under this lease totals approximately \$54,900 for the year ended June 30, 2015.

During 2013, the Organization entered into a lease agreement to lease space in which it operates the Community Kitchen. The lease is for a term of 33 months expiring in December 2015. The Organization may extend this lease for up to three additional three year terms. The monthly payment due under this lease is \$2,350. Lease expense under this lease totals \$28,200 for each of the years ended June 30, 2015 and 2014.

During 2009, the Organization entered into a lease agreements to lease a truck. The lease expired in August 2014. The monthly payment due under this lease was \$1,459, a portion of which represented maintenance costs. Lease expense, including the maintenance costs, under the lease agreement totals approximately \$2,900 and \$20,000 for the years ended June 30, 2015 and 2014, respectively.

Dare to Care, Inc.
Notes to the Financial Statements (Continued)
June 30, 2015 and 2014

Note L--Operating Leases (Continued)

At June 30, 2015, the future minimum lease payments (including the maintenance costs under the one truck lease) under all non-cancelable operating leases are as follows (assumes the warehouse lease continues for the entire 36 month term of the lease):

<u>Year Ending June 30</u>	
2016	\$ 233,874
2017	219,773
2018	<u>164,830</u>
	<u>\$ 618,477</u>

Additionally, during 2014 (for a period of ten months through April 2014), the Organization, under an informal month to month verbal agreement, received the benefit of donated freezer space. The estimated fair value of the monthly rent for the freezer space was \$1,600. The total estimated fair value of the related rent for 2014, recorded as other revenues and other miscellaneous expenses per the accompanying statements of activities and statements of functional expenses, amounts to \$16,000.

Note M--Feeding America

The Organization solicits surplus product from the food industry locally and nationally, through its membership in Feeding America. The Organization paid membership dues of \$11,664 and \$10,904 to Feeding America during the years ended June 30, 2015 and 2014, respectively.

Note N--Retirement Plan

The Organization 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 the Board of Directors and are in amounts up to five percent of the participating employees' compensation. Retirement plan contribution expense for the years ended June 30, 2015 and 2014 totals approximately \$64,800 and \$59,500, respectively.

Note O--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.

Supplementary Information

Dare to Care, Inc.
Schedules of Revenues and Expenses
Years ended June 30, 2015 and 2014

	<u>2015</u>		<u>2014</u>	
Revenues, gains (losses), and other support				
Contributions and grants	\$ 5,286,294	13.60%	\$ 4,643,559	13.42%
Donations of food and commodities	32,620,954	83.93%	28,488,997	82.34%
In-kind donations for fundraising	98,958	0.25%	122,108	0.35%
Special events	591,928	1.52%	432,687	1.25%
Other revenues	151,126	0.39%	78,499	0.23%
Income from investments	143,658	0.37%	165,764	0.48%
Net realized and unrealized (losses) gains on investments	(21,639)	-0.06%	667,450	1.93%
	<u>\$ 38,871,279</u>	<u>100.00%</u>	<u>\$ 34,599,064</u>	<u>100.00%</u>
Expenses				
Distribution of food and commodities	\$ 32,957,197	84.78%	\$ 30,004,486	86.73%
Salaries/wages and benefits	2,224,222	5.72%	2,007,842	5.81%
Payroll taxes	158,609	0.41%	141,909	0.41%
Special events	384,027	0.99%	246,763	0.71%
Public relations	943,160	2.43%	647,844	1.87%
Rent	83,144	0.21%	28,200	0.08%
Warehouse expenses	193,638	0.50%	177,897	0.51%
Freight	623,628	1.60%	569,299	1.65%
Truck expenses	89,870	0.23%	100,249	0.29%
Insurance	67,810	0.17%	59,781	0.17%
Utilities	111,475	0.29%	100,445	0.29%
Telephone	22,735	0.06%	21,297	0.06%
Repairs and maintenance	155,784	0.40%	101,957	0.29%
Supplies and other office expenses	27,473	0.07%	28,876	0.08%
Meetings, conferences, and travel	69,440	0.18%	71,438	0.21%
Memberships and subscriptions	30,598	0.08%	32,354	0.09%
Professional and consulting fees	75,767	0.19%	39,080	0.11%
Bank and investment fees	49,443	0.13%	50,384	0.15%
Interest	-	0.00%	700	0.00%
Other miscellaneous expenses	108,864	0.28%	65,555	0.19%
Depreciation	315,151	0.81%	327,871	0.95%
	<u>\$ 38,692,035</u>	<u>99.53%</u>	<u>\$ 34,824,227</u>	<u>100.65%</u>

See accompanying independent auditor's report

Dare to Care, Inc.
Schedule of Expenditures of Federal Awards
Year ended June 30, 2015

Federal grantor / pass-through grantor / cluster and/or program title	Federal CFDA number	Federal expenditures
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	\$ 431,771
<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	197,257
<i>Passed-through the Indiana Department of Education (Division of School and Community Nutrition Programs)</i>		
Child and Adult Care Food Program	10.558	52,347
Child Nutrition Cluster		
Summer Food Service Program for Children	10.559	15,700
<i>Passed-through the Kentucky Department of Agriculture (Division of Food Distribution)</i>		
Food Distribution Cluster		
Commodity Supplemental Food Program	10.565	\$ 1,614,170
The Emergency Food Assistance Program (Administrative Costs)	10.568	283,720
The Emergency Food Assistance Program (Food Commodities)	10.569	<u>3,898,311</u>
		5,796,201
<i>Passed-through the Indiana State Department of Health</i>		
Food Distribution Cluster		
The Emergency Food Assistance Program (Administrative Costs)	10.568	30,982
The Emergency Food Assistance Program (Food Commodities)	10.569	<u>952,212</u>
		<u>983,194</u>
Total U.S. Department of Agriculture		<u>7,476,470</u>
Total expenditures of federal awards		<u>\$ 7,476,470</u>

See accompanying independent auditor's report and notes
to the schedule of expenditures of federal awards

Dare to Care, Inc.
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2015

Note A--Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal grant activity of Dare to Care, Inc. (Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the accompanying financial statements.

Note B--Food Distribution Cluster

Per the U.S. Office of Management and Budget (OMB), the Food Distribution Cluster, consists of Catalog of Federal Domestic Assistance (CFDA) 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 the Organization's major programs for the year ended June 30, 2015.

Note C--Non-cash Financial Assistance

The values of U.S. Department of Agriculture (USDA) commodities (food) 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 (CFDA number 10.565) reported on the schedule of expenditures of federal awards for the year ended June 30, 2015 includes an estimate of non-monetary expenditures (distribution of USDA commodities) in the amount of approximately \$1,437,000.

The amount of federal expenditures under the Emergency Food Assistance Program (CFDA number 10.569) reported on the schedule of expenditures of federal awards for the year ended June 30, 2015 includes an estimate of non-monetary expenditures (distribution of USDA commodities) totaling approximately \$4,851,000.

The estimated inventory value of undistributed USDA commodities as of June 30, 2015 totals approximately \$2,314,000.

Note D--Subrecipients

During the year ended June 30, 2015, the Organization distributed a total of approximately \$6,288,000 (an estimate of non-monetary expenditures) of Commodity Supplemental Food Program (CFDA number 10.565) and Emergency Food Assistance Program (CFDA number 10.569) food commodities, approximately \$5,906,000 of which was distributed to subrecipients (approximately 95% of the USDA commodities distributed between the two programs).

During the year ended June 30, 2015, the Organization provided approximately \$65,000 of its Emergency Food Assistance Program--Administrative Costs (CFDA number 10.568) federal funding to Tri-State Food Bank, Inc. (Tri-State) to cover Tri-State's costs associated with storing, transporting, and distributing food commodities provided to it by the Organization for distribution.



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

To the Board of Directors
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 financial statements of Dare to Care, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dare to Care, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dare to Care, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dare to Care, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mountjoy Chilton Medley LLP". The signature is written in a cursive, flowing style.

Mountjoy Chilton Medley LLP
Louisville, Kentucky
October 13, 2015



Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Dare to Care, Inc.'s compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Dare to Care, Inc.'s major federal programs for the year ended June 30, 2015. Dare to Care, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Dare to Care, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dare to Care, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Dare to Care, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 (Continued)

Report on Internal Control Over Compliance

Management of Dare to Care, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Dare to Care, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Mountjoy Chilton Medley LLP
Louisville, Kentucky
October 13, 2015

Dare to Care, Inc.
Schedule of Findings and Questioned Costs
June 30, 2015

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____yes X no

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____yes X no

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____yes X no

Identification of major programs:

<u>Federal CFDA number</u>	<u>Cluster and/or program title</u>
10.558	Child and Adult Care Food Program
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.
Schedule of Prior Audit Findings and Their Resolution
June 30, 2015

Financial Statement Audit

None

Major Federal Award Program Audit

None