



CARE AND SHARE, INC. AND SUBSIDIARY

Independent Auditors' Reports,

Consolidated Financial Statements,

Schedule of Expenditures of Federal Awards,

Schedule of Findings and Questioned Costs

And

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

CARE AND SHARE, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Care and Share, Inc. and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of Care and Share, Inc. and its wholly-owned subsidiary, Care and Share Foundation (collectively, the Organization), which comprise the consolidated balance sheet as of June 30, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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

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

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2024 on our consideration of the Organization'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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

Stockman Kast Ryan + Co. LLP

September 26, 2024

CARE AND SHARE, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET

JUNE 30, 2024 (with comparative totals for 2023)

| | 2024 | 2023 |
|-------------------------------------|----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 3,733,821 | \$ 3,859,236 |
| Accounts and grants receivable | 1,446,447 | 863,096 |
| Pledges receivable, net | 287,012 | 591,935 |
| Inventories | 4,246,091 | 3,003,486 |
| Prepaid expenses | <u>148,023</u> | <u>143,424</u> |
| Total current assets | 9,861,394 | 8,461,177 |
| INVESTMENTS | 1,468,492 | 1,348,149 |
| PROPERTY AND EQUIPMENT, NET | <u>12,285,142</u> | <u>12,636,415</u> |
| TOTAL ASSETS | <u>\$ 23,615,028</u> | <u>\$ 22,445,741</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 126,356 | \$ 206,984 |
| Accrued expenses | 633,195 | 426,089 |
| Current portion of long-term debt | <u>214,088</u> | <u>206,727</u> |
| Total current liabilities | 973,639 | 839,800 |
| LONG-TERM DEBT | <u>2,067,897</u> | <u>2,286,746</u> |
| Total liabilities | <u>3,041,536</u> | <u>3,126,546</u> |
| NET ASSETS | | |
| Without donor restrictions: | | |
| Donated food | 3,776,220 | 2,450,311 |
| Invested in property and equipment | 14,567,127 | 10,142,942 |
| Board designated for endowment | 1,418,492 | 1,298,149 |
| Board designated for strategic fund | | 355,620 |
| Undesignated | <u>410,250</u> | <u>4,391,119</u> |
| Total without donor restrictions | 20,172,089 | 18,638,141 |
| With donor restrictions | <u>401,403</u> | <u>681,054</u> |
| Total net assets | <u>20,573,492</u> | <u>19,319,195</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 23,615,028</u> | <u>\$ 22,445,741</u> |

See notes to consolidated financial statements.

CARE AND SHARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024 (with comparative totals for 2023)

| | 2024 | | | | 2023 Total |
|---|----------------------------|---------------|-------------------------|------------|---------------|
| | Without Donor Restrictions | | With Donor Restrictions | | |
| | Operating | Donated Food | San Luis Valley | Other | |
| REVENUES AND SUPPORT | | | | | |
| Contributions and grants | \$ 13,884,876 | \$ 50,046,618 | | \$ 227,057 | \$ 64,158,551 |
| Operations income | 1,495,164 | | | | 1,495,164 |
| Investment income | 217,145 | | | | 217,145 |
| Net assets released from restriction | 506,708 | | \$ (105,750) | (400,958) | |
| Total revenues and support | 16,103,893 | 50,046,618 | (105,750) | (173,901) | 65,870,860 |
| EXPENSES | | | | | |
| Program services: | | | | | |
| Warehousing and distribution of food | 13,445,712 | 48,720,709 | | | 62,166,421 |
| Supporting services: | | | | | |
| Development | 1,656,847 | | | | 1,656,847 |
| General and administrative | 793,295 | | | | 793,295 |
| Total expenses | 15,895,854 | 48,720,709 | — | — | 64,616,563 |
| CHANGE IN NET ASSETS | 208,039 | 1,325,909 | (105,750) | (173,901) | 1,254,297 |
| NET ASSETS, Beginning of year | 16,187,830 | 2,450,311 | 318,250 | 362,804 | 19,319,195 |
| NET ASSETS, End of year | \$ 16,395,869 | \$ 3,776,220 | \$ 212,500 | \$ 188,903 | \$ 20,573,492 |

See notes to consolidated financial statements.

CARE AND SHARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024 (with comparative totals for 2023)

| | 2024 | | | | 2023 Total |
|------------------------------------|----------------------|---------------------|-------------------------------|----------------------|----------------------|
| | Program Services | Supporting Services | | Total | |
| | | Development | General and Administrative | | |
| EXPENSES | | | | | |
| Donated distributions | \$ 48,720,709 | | | \$ 48,720,709 | \$ 49,172,898 |
| Food purchase program | 5,921,848 | | | 5,921,848 | 4,632,702 |
| Salaries and related expenses | 3,528,068 | \$ 876,083 | \$ 557,495 | 4,961,646 | 4,972,160 |
| Donated food acquisition | 1,018,668 | | | 1,018,668 | 1,531,380 |
| Depreciation | 705,300 | 17,941 | 8,245 | 731,486 | 682,622 |
| Occupancy | 591,671 | 10,768 | 16,644 | 619,083 | 544,617 |
| Transportation | 437,427 | 419 | 466 | 438,312 | 520,560 |
| Equipment lease and maintenance | 323,233 | 84,292 | 27,011 | 434,536 | 338,874 |
| Printing | 1,284 | 417,264 | 925 | 419,473 | 386,580 |
| Supplies | 271,812 | 6,856 | 462 | 279,130 | 263,806 |
| Professional fees | 233,358 | 11,824 | 31,534 | 276,716 | 125,862 |
| Insurance | 121,443 | 20,157 | 22,676 | 164,276 | 148,351 |
| Advertising and promotions | 196 | 159,549 | | 159,745 | 203,831 |
| Interest expenses | 81,043 | 2,061 | 947 | 84,051 | 78,855 |
| Bank and charge card fees | | | 72,436 | 72,436 | 72,436 |
| Telephone | 48,991 | 8,131 | 9,148 | 66,270 | 67,848 |
| Organizational expenses | 17,588 | 13,708 | 16,264 | 47,560 | 48,888 |
| Postage | 1,863 | 10,820 | 1,165 | 13,848 | 22,195 |
| Miscellaneous | 141,919 | 16,974 | 27,877 | 186,770 | 107,372 |
| TOTAL | <u>\$ 62,166,421</u> | <u>\$ 1,656,847</u> | <u>\$ 793,295</u> | <u>\$ 64,616,563</u> | |
| PERCENTAGE | 96% | 3% | 1% | 100% | |
| TOTAL - 2023 | <u>\$ 61,389,938</u> | <u>\$ 1,614,878</u> | <u>\$ 917,021</u> | | <u>\$ 63,921,837</u> |
| PERCENTAGE - 2023 | 96% | 1% | 3% | | 100% |

See notes to consolidated financial statements.

CARE AND SHARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024 (with comparative totals for 2023)

| | 2024 | 2023 |
|---|---------------------|---------------------|
| OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,254,297 | \$ (1,066,837) |
| Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 731,486 | 682,622 |
| Gain on disposal of assets | (10,946) | |
| Realized and unrealized gain on investments | (153,992) | (93,917) |
| Changes in operating assets and liabilities: | | |
| Accounts and grants receivable | (583,351) | (294,697) |
| Pledges receivable | 304,923 | (513,722) |
| Inventories | (1,242,605) | (73,788) |
| Other assets | (4,599) | (10,658) |
| Accounts payable and accrued expenses | 126,478 | (164,968) |
| Net cash provided by (used in) operating activities | <u>421,691</u> | <u>(1,535,965)</u> |
| INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (380,213) | (1,267,723) |
| Proceeds on sale of assets | 10,946 | |
| Purchases of investments | (45,645) | (148,477) |
| Proceeds on sales of investments | 79,294 | 63,396 |
| Net cash used in investing activities | <u>(335,618)</u> | <u>(1,352,804)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from issuance of long-term debt | | 1,100,000 |
| Principal payments on long-term debt | (211,488) | (300,001) |
| Net cash provided by (used in) financing activities | <u>(211,488)</u> | <u>799,999</u> |
| NET CHANGE IN CASH AND EQUIVALENTS | (125,415) | (2,088,770) |
| CASH AND EQUIVALENTS, Beginning of year | <u>3,859,236</u> | <u>5,948,006</u> |
| CASH AND EQUIVALENTS, End of year | <u>\$ 3,733,821</u> | <u>\$ 3,859,236</u> |
| SUPPLEMENTAL CASH FLOW INFORMATION | | |
| Cash paid for interest | <u>\$ 84,051</u> | <u>\$ 78,854</u> |

See notes to consolidated financial statements.

CARE AND SHARE, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations — Care and Share, Inc. (Care and Share) provides resources to feed people in need. As a regional food bank, the Organization acts as a clearing house for food donated from national and local manufacturers, regional growers and distributors, the local food industry, and the community at large. For the year ended June 30, 2023, the Organization served approximately 291 non-profit feeding programs in their twenty-nine county service area. For the year ended June 30, 2024, the Organization served approximately 289 non-profit feeding programs in twenty-nine counties. San Miguel and Ouray counties were moved to be serviced by another food bank for logistical reasons on April 1, 2023.

Care and Share Foundation (the Foundation) is a separate, tax-exempt not-for-profit organization established in 2021 to receive, hold, manage and invest funds transferred, conveyed or contributed to it by or for the benefit of Care and Share. The Foundation is governed by a separate board of directors, a majority of whom are appointed by Care and Share's board of directors. The board of directors of the Foundation authorizes supporting distributions to Care and Share.

Principles of Consolidation — The consolidated financial statements (collectively, the financial statements) include the accounts of Care and Share and the Foundation (collectively, the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation — The accompanying financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time and resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents — For purposes of the consolidated statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments and Investment Return — Investments are carried at fair value in the consolidated statement of financial position. Net investment return consists of interest and dividend income, and the realized and unrealized gains and losses on the investments, less investment management and custodial fees. See Note 5 for more information on fair values of investments.

Accounts Receivable — Accounts receivable relate to amounts due for various services. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. At June 30, 2024 and 2023, no allowances had been recorded on accounts receivable.

Pledges Receivable — Unconditional promises to give are recognized as support and assets in the period received. Pledges receivable are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using a risk adjusted interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Management provides for probable uncollectible amounts through an allowance for uncollectible promises to give based on an assessment of the current status of individual receivables and general economic conditions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventories — Inventories consist of donated food products, purchased food and government food commodities. Donated food is valued at its estimated wholesale value of \$1.93 and \$1.92 per pound as of June 30, 2024 and 2023, respectively. Government commodities are valued at their estimated wholesale value of \$1.57 and \$1.53 per pound as of June 30, 2024 and 2023, respectively. Purchased food is recorded at cost.

Property and Equipment — Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which is estimated to be thirty-nine years for buildings and five to ten years for furnishings and equipment. The Organization's general policy is to capitalize acquisitions of property and equipment costing in excess of \$5,000 and having a useful life exceeding one year.

Contributions — Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Contributions restricted specifically for disaster relief efforts are recorded as with donor restrictions even if the restriction is met in the same year. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

The Organization reports gifts of property and equipment as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized in future years and is reported as contribution revenue.

Marketing and Advertising — The Organization expenses marketing and advertising costs as they are incurred.

Income Taxes — The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction. The Organization accounts for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Organization believes that it does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Revenue and Cost Recognition on Contracts — The Organization's contract revenue is recognized pursuant to contracts under which the Organization typically has a single performance obligation to transfer to the customer a distinct good. The Organization recognizes revenue at the time the performance obligations are satisfied.

Government Grants — Revenue from government grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreement. Grants receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

The Organization is electing the simultaneous release option practical expedient to allow donor-restricted conditional grants that are recognized and used within the same reporting period as if they were unrestricted, without having to change the reporting of donor-restricted activity.

The Organization has a conditional promise of \$141,801 and \$34,500 as of June 30, 2024 and 2023, respectively, representing federal award grants to be recognized in future periods as the Organization incurs outlays eligible for reimbursement under the grant agreements.

Reclassifications – Certain prior year balances and amounts have been reclassified to conform with current year presentation.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has \$5,158,627 of financial assets available within one year as of June 30, 2024 to meet cash needs for general expenditures consisting of cash of \$3,733,821, without excluding board designated endowment of \$1,418,492, investments of \$1,468,492, contributions and grants receivable of \$1,539,022, and trade receivables of \$194,437. Financial assets of \$358,653 are subject to donor restriction. The Organization had \$4,996,017 of financial assets available within one year as of June 30, 2023 to meet cash needs for general expenditures consisting of cash of \$3,859,236, without excluding board designated endowment of \$1,298,149, investments of \$1,348,149, contributions and grants receivable of \$1,144,485, and trade receivables of \$310,546. Financial assets of \$368,250 were subject to donor restriction.

The Organization anticipates releasing the donor restricted funds through general expenditures and capital purchases. The contributions and trade receivables are subject to implied time restrictions but are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash on hand and available line of credit, to meet ninety days of normal operating expense, which are, on average, approximately \$3,000,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As described in Note 10, the Organization has a line of credit in the amount of \$2,500,000 which it could draw upon in the event of an additional liquidity need.

3. PLEDGES RECEIVABLE

Unconditional promises to give are as follows at June 30:

| | 2024 | 2023 |
|-------------------------------------|-------------------|-------------------|
| Due in less than one year | \$ 316,000 | \$ 631,054 |
| Allowance for uncollectible amounts | (8,750) | (7,024) |
| Pledge discount | <u>(20,238)</u> | <u>(32,095)</u> |
| Total | <u>\$ 287,012</u> | <u>\$ 591,935</u> |

4. FUNCTIONAL EXPENSE ALLOCATION METHODS

Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function.

Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, which is allocated based on a time and effort study, telephone and insurance, which are allocated based on full time equivalents by function, occupancy, which is allocated based on square footage, and depreciation and interest expense, which is allocated based on a ratio of functional expenses to total expenses.

5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use 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 described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying balance sheet, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Exchange Traded Products: Fair value is determined principally through quoted market prices in active markets.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured on a recurring basis stated at fair value as of June 30:

| | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|-------------------------------|---|--|--|---------------------|
| 2024: | | | | |
| Money market accounts | \$ 7,380 | | | \$ 7,380 |
| Equity mutual funds | 1,129,582 | | | 1,129,582 |
| Fixed income mutual funds | 108,936 | | | 108,936 |
| Fixed income U.S. Treasuries | <u>222,594</u> | | | <u>222,594</u> |
| Total in fair value hierarchy | <u>\$ 1,468,492</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 1,468,492</u> |
| 2023: | | | | |
| Money market accounts | \$ 27,853 | | | \$ 27,853 |
| Equity mutual funds | 956,951 | | | 956,951 |
| Fixed income mutual funds | 68,071 | | | 68,071 |
| Fixed income U.S. Treasuries | <u>295,274</u> | | | <u>295,274</u> |
| Total in fair value hierarchy | <u>\$ 1,348,149</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 1,348,149</u> |

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one fair value level to another.

Investment income consists of the following for the years ended June 30:

| | 2024 | 2024 |
|-----------------------------------|-------------------|-------------------|
| Net realized and unrealized gains | \$ 153,993 | \$ 93,917 |
| Dividends and interest | <u>63,152</u> | <u>58,210</u> |
| Total investment income, net | <u>\$ 217,145</u> | <u>\$ 152,127</u> |

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

| | 2024 | 2023 |
|-------------------------------|----------------------|----------------------|
| Buildings | \$ 11,840,753 | \$ 11,702,163 |
| Land | 2,136,059 | 2,136,059 |
| Furnishings and equipment | <u>4,925,371</u> | <u>4,739,239</u> |
| Total | 18,902,183 | 18,577,461 |
| Less accumulated depreciation | <u>(6,617,041)</u> | <u>(5,941,046)</u> |
| Property and equipment, net | <u>\$ 12,285,142</u> | <u>\$ 12,636,415</u> |

7. NET ASSETS WITH DONOR RESTRICTIONS

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

| | 2024 | 2023 |
|--|-------------------|-------------------|
| Restricted as to purpose: | | |
| San Luis Valley | \$ 212,500 | \$ 318,250 |
| Senior Hunger | 96,153 | |
| Time restricted | <u>42,750</u> | <u>312,804</u> |
| Total | 351,403 | 631,054 |
| Endowment funds to be held indefinitely | <u>50,000</u> | <u>50,000</u> |
| Total net assets with donor restrictions | <u>\$ 401,403</u> | <u>\$ 681,054</u> |

Endowment fund assets are to be held indefinitely. The income from the assets is to be used for the benefit of the Organization.

8. ENDOWMENT FUNDS

The Organization's endowment funds include both donor restricted funds and funds designated by the board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The act provides statutory guidance for management investment and expenditure of endowment funds held by not-for-profit organizations. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policies of the Organization

Endowment net asset composition by type of fund as of June 30, 2024 is as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|----------------------------------|--------------------------------------|-----------------------------------|---------------------|
| Donor-restricted endowment funds | | \$ 50,000 | \$ 50,000 |
| Board-designated endowment funds | <u>\$ 1,418,492</u> | <u> </u> | <u>1,418,492</u> |
| Total funds | <u>\$ 1,418,492</u> | <u>\$ 50,000</u> | <u>\$ 1,468,492</u> |

Changes in endowment net assets for the year ended June 30, 2024 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|--------------------------------------|-----------------------------------|---------------------|
| Endowment net assets, Beginning of year | \$ 1,298,149 | \$ 50,000 | \$ 1,348,149 |
| Investment return, net | 198,574 | | 198,574 |
| Appropriations | <u>(78,231)</u> | <u> </u> | <u>(78,231)</u> |
| Endowment net assets, End of year | <u>\$ 1,418,492</u> | <u>\$ 50,000</u> | <u>\$ 1,468,492</u> |

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|----------------------------------|--------------------------------------|-----------------------------------|---------------------|
| Donor-restricted endowment funds | | \$ 50,000 | \$ 50,000 |
| Board-designated endowment funds | <u>\$ 1,298,149</u> | <u> </u> | <u>1,298,149</u> |
| Total funds | <u>\$ 1,298,149</u> | <u>\$ 50,000</u> | <u>\$ 1,348,149</u> |

Changes in endowment net assets for the year ended June 30, 2023 are as follows:

| | Without Donor Restriction | With Donor Restriction | Total |
|---|--------------------------------------|-----------------------------------|---------------------|
| Endowment net assets, Beginning of year | \$ 1,119,151 | \$ 50,000 | \$ 1,169,151 |
| Investment return, net | 134,249 | | 134,249 |
| Appropriations | (67,125) | | (67,125) |
| Contributions | <u>111,874</u> | <u> </u> | <u>111,874</u> |
| Endowment net assets, End of year | <u>\$ 1,298,149</u> | <u>\$ 50,000</u> | <u>\$ 1,348,149</u> |

| | 2024 | 2023 |
|--|------------------|------------------|
| Net assets with donor restrictions | | |
| The portion of endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA | <u>\$ 50,000</u> | <u>\$ 50,000</u> |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2024 or 2023.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy the endowment assets are invested in a manner that is intended to produce maximum results while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide a rate of return sufficient to keep pace with the rate of inflation. Actual returns in any given year may vary from this amount.

9. DONATED PRODUCTS AND SERVICES

The solicitation, receipt, storage and distribution of donated food products constitute the Organization's principal operating activity. The value of unrestricted donated food products received and distributed during the year ended June 30, 2024 was \$50,046,618 and \$48,720,709, respectively. The value of unrestricted donated food products received and distributed during the year ended June 30, 2023 and \$48,994,146 and \$49,172,898, respectively. For the years ended June 30, 2024 and 2023, the Organization recorded other donated goods and services totaling \$74,155 and \$83,180, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received approximately 58,806 and 47,255 volunteer hours during the years ended June 30, 2024 and 2023, respectively, with an estimated value of \$2,138,186 and \$1,623,682, respectively. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

10. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

| | 2024 | 2023 |
|--|---------------------|---------------------|
| Loan issued by a bank bearing interest at 3.125%, payable in monthly payments of \$16,486, matures on June 25, 2032 and secured by a deed of trust on land and a building located in Colorado Springs, recorded at \$6,503,288, net of depreciation. | \$ 1,396,321 | \$ 1,547,185 |
| Loan issued by a bank bearing interest at 3.99%, payable in monthly payments of \$8,132, matures on November 25, 2037 and secured by a deed of trust on land and a building located in Alamosa, recorded at \$2,935,188, net of depreciation. | 885,664 | 946,288 |
| Less current portion | <u>(214,088)</u> | <u>(206,727)</u> |
| Long-term portion | <u>\$ 2,067,897</u> | <u>\$ 2,286,746</u> |

Required annual minimum principal payments are as follows as of June 30, 2024:

| | |
|------------|---------------------|
| 2025 | \$ 214,088 |
| 2026 | 221,465 |
| 2027 | 229,099 |
| 2028 | 236,843 |
| 2029 | 245,170 |
| Thereafter | <u>1,135,320</u> |
| Total | <u>\$ 2,281,985</u> |

During 2023, the Organization entered into a \$1,000,000 line of credit with a credit union that matures on March 1, 2026. The line of credit bears interest at the Wall Street Journal prime rate less 0.25% with a floor of 3.25% (7.75% as of June 30, 2023) and was secured by all inventory, accounts and general intangibles of the Organization. No amounts were outstanding on the line of credit as of June 30, 2024. During 2024, the Organization replaced the existing line of credit and entered into a new \$2,500,000 line of credit with a credit union that matures on February 1, 2034. The line of credit bears fixed interest rate of 7% and was secured by a 2nd deed of trust on land and a building located in Colorado Springs. No amounts were outstanding on the line of credit as of June 30, 2024.

The Organization had a \$750,000 and a \$250,000 line of credit with a credit union with maturity dates of March 1, 2023. The lines of credit bore interest at the Wall Street Journal prime rate less 0.25% with a floor of 3.25% (4.50% as of June 30, 2022). The \$750,000 line was secured by all inventory, accounts and general intangibles of the Organization. The \$250,000 line was secured by a 2nd deed of trust on land and a building located in Colorado Springs. No amounts were outstanding on the lines of credit as of June 30, 2022. This lines of credit were not renewed upon maturity.

11. CONCENTRATIONS

The Organization maintains its cash and cash equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2024, the Organization's bank accounts exceeded FDIC limits by approximately \$4,053,403.

The Organization is the designated Feeding America Food Bank of Southern Colorado. Feeding America is a national food bank. The Organization receives approximately 17% of its donated food through Feeding America.

The Organization has outstanding grant receivables from four donors totaling 60% of receivables as of June 30, 2024. The Organization had outstanding grant and pledge receivables from two donors totaling 33% of receivables as of June 30, 2023.

12. TAX-DEFERRED ANNUITY PLAN

The Organization offers a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code, covering full-time employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization matches employee contributions to the plan up to 3% of each employee's compensation. Employer contributions were \$51,763 and \$49,263 during the years ended June 30, 2024 and 2023, respectively.

CARE AND SHARE, INC. AND SUBSIDIARY

SUPPLEMENTAL SCHEDULES

CARE AND SHARE, INC. AND SUBSIDIARY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

| <u>Federal Grantor/Pass-Through Grantor and Cluster or Program</u> | <u>Federal CFDA Number</u> | <u>Amount Expended</u> |
|--|--------------------------------|----------------------------|
| U.S. Department of Agriculture | | |
| Pass-through programs: | | |
| The Emergency Food Assistance cluster: | | |
| Colorado Department of Human Services: | | |
| The Emergency Food Assistance Program: | | |
| Administrative costs | 10.568 | \$ 805,365 |
| Food commodities | 10.569 | 13,842,950 |
| Colorado Department of Human Services: | | |
| Commodity Supplemental Food Program: | | |
| Administrative costs | 10.565 | 341,167 |
| Food commodities | 10.565 | <u>1,869,109</u> |
| Total Emergency Food Assistance Cluster | | 16,858,591 |
| Colorado Department of Human Services: | | |
| Supplemental Nutrition Assistance Program (SNAP) | 10.551 | <u>140,900</u> |
| Total U.S. Department of Agriculture | | 16,999,491 |
| U.S. Department of Homeland Security | | |
| Pass-through programs: | | |
| United Way: | | |
| Emergency Food and Shelter National Board Program | 97.024 | <u>34,500</u> |
| TOTAL | | <u>\$ 17,033,991</u> |

(Continued)

CARE AND SHARE, INC. AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

Notes To Schedule:

1. This schedule includes the federal awards activity of the Organization 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 financial statements.
2. Non-monetary assistance is reported in the schedule at the assessed value provided by the federal agency. The food commodities received and disbursed were valued at \$17,061,513 and \$15,712,059, respectively. At June 30, 2024, the Organization had food commodities in inventory with a value of \$2,413,214.
3. The Organization provided \$13,842,950 of The Emergency Food Assistance Program (Food Commodities – CFDA #10.569) and \$1,869,109 of Commodity Supplemental Food Program (CFDA #10.565) to subrecipients during the year ended June 30, 2024.
4. The Organization has elected to not use the 10 % *de minimus* indirect cost rate to charge costs to their federal awards.

(Concluded)

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors
Care and Share, Inc. and Subsidiary
Colorado Springs, Colorado

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 Care and Share, Inc. and its wholly-owned subsidiary, Care and Share Foundation (collectively, the Organization) which comprise the consolidated balance sheet as of June 30, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements), and have issued our report thereon dated September 26, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization's consolidated 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

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.

Stockman Kast Ryan + Co. LLP

September 26, 2024

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

The Board of Directors
Care and Share, Inc. and Subsidiary
Colorado Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the consolidated financial statements of Care and Share, Inc. and its wholly-owned subsidiary, Care and Share Foundation (collectively, the Organization) in compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibility for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Stockman Kast Ryan + Co. LLP

September 26, 2024

CARE AND SHARE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL STATEMENTS

1. Type of auditors' report issued was:

| | | | |
|--|-----------------------------------|----------------------------------|-------------------------------------|
| <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Modified | <input type="checkbox"/> Adverse | <input type="checkbox"/> Disclaimed |
|--|-----------------------------------|----------------------------------|-------------------------------------|

2. Internal control over financial reporting:

| | | |
|--|------------------------------|---|
| (A) Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| (B) Significant deficiencies identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None Reported |

3. Noncompliance material to the financial statements noted?

| | | |
|--|------------------------------|--|
| | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|--|------------------------------|--|

FEDERAL AWARDS

1. Internal control over major programs:

| | | |
|--|------------------------------|---|
| (A) Material weakness(es) identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
| (B) Significant deficiencies identified? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> None Reported |

2. Type of auditors' report issued on compliance for major programs:

| | | | |
|--|-----------------------------------|----------------------------------|-------------------------------------|
| <input checked="" type="checkbox"/> Unmodified | <input type="checkbox"/> Modified | <input type="checkbox"/> Adverse | <input type="checkbox"/> Disclaimed |
|--|-----------------------------------|----------------------------------|-------------------------------------|

3. Any audit findings that are required to be reported in accordance with 2CFR 200.516(a)?

| | | |
|--|------------------------------|--|
| | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No |
|--|------------------------------|--|

4. The Organization's major programs were:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|--|
| 10.568 | U.S. Department of Agriculture The Emergency Food Assistance Program (administrative costs) |
| 10.569 | U.S. Department of Agriculture The Emergency Food Assistance Program (food commodities) |
| 10.565 | U.S. Department of Agriculture Commodity Supplemental Food Program (administrative costs and food commodities) |

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

6. Auditee qualified as low-risk auditee under Section 520 of the Uniform Guidance?

| | | |
|--|---|-----------------------------|
| | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> No |
|--|---|-----------------------------|

(Continued)

CARE AND SHARE, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reportable.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reportable.

(Concluded)

CARE AND SHARE, INC. AND SUBSIDIARY

SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL STATEMENT FINDINGS

No matters were reportable.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reportable.