

Carolinas CARE Partnership

Financial Statements

Year Ended June 30, 2025

CAROLINAS CARE PARTNERSHIP

Table of Contents

June 30, 2025

	Page
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	1-3
Audited Consolidated Financial Statements:	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-15
<u>COMPLIANCE SECTION</u>	
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 <i>Government Auditing Standards</i>	16-17
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	18-20
Schedule of Findings and Questioned Costs	21-22
Schedule of Expenditures of Federal Awards	23
Notes to the Schedule of Expenditures of Federal Awards	24



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Carolinas CARE Partnership
Charlotte, North Carolina

Opinion

We have audited the accompanying consolidated financial statements of Carolinas CARE Partnership (the "Organization" - a nonprofit organization), which comprises the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carolinas CARE Partnership as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carolinas CARE Partnership 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 the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, including omissions, 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of Carolinas CARE Partnership'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Carolinas CARE Partnership'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 consolidated 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 schedule of expenditures of federal awards 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 May 6, 2026, on our consideration of Carolinas CARE Partnership'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Carolinas CARE Partnership
Charlotte, North Carolina

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.

May 6, 2026

CAROLINAS CARE PARTNERSHIP

Consolidated Statement of Financial Position

June 30, 2025, With Prior Year Comparative Totals

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 353,141	\$ 1,378,226
Investments	93,009	400,096
Receivables:		
Contributions and grants	1,869,327	1,061,571
Other	16,882	15,713
Prepaid expenses	8,166	90,062
<i>Total Current Assets</i>	<i>2,340,525</i>	<i>2,945,668</i>
Other Assets:		
Operating reserve requirement - cash	58,050	49,759
Property and equipment, net	713,020	725,409
Deposits	3,934	3,934
Operating lease right-of-use asset	253,411	45,922
<i>Total Other Assets</i>	<i>1,028,415</i>	<i>825,024</i>
<i>TOTAL ASSETS</i>	<i>\$ 3,368,940</i>	<i>\$ 3,770,692</i>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 398,798	\$ 506,251
Line of credit	-	50,000
Right-of-use operating lease liability	65,913	46,929
Current portion of note payable	18,251	18,251
<i>Total Current Liabilities</i>	<i>482,962</i>	<i>621,431</i>
Long-Term Liabilities:		
Right-of-use operating lease liability, net of current portion	190,319	-
Note payable, less current portion	204,089	214,301
<i>Total Liabilities</i>	<i>877,370</i>	<i>835,732</i>
Net Assets:		
Without donor restrictions	2,443,208	2,843,664
With donor restrictions	48,362	91,296
<i>Total Net Assets</i>	<i>2,491,570</i>	<i>2,934,960</i>
<i>TOTAL LIABILITIES AND NET ASSETS</i>	<i>\$ 3,368,940</i>	<i>\$ 3,770,692</i>

See accompanying notes to financial statements.

Page 4

CAROLINAS CARE PARTNERSHIP**Consolidated Statement of Activities****Year Ended June 30, 2025, With Prior Year Comparative Totals**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2025	2024
<u>SUPPORT</u>				
Contributions and Grants:				
Governmental	\$ 4,660,248	\$ -	\$ 4,660,248	\$ 4,259,180
Other	78,503	-	78,503	2,215,846
Rental income	126,302	-	126,302	125,763
Investment income	21,112	-	21,112	114
Loss on disposal of property and equipment	(10,398)	-	(10,398)	-
Net assets released from restriction:				
Satisfaction of purpose restrictions	42,934	(42,934)	-	-
<i>TOTAL SUPPORT</i>	<i>4,918,701</i>	<i>(42,934)</i>	<i>4,875,767</i>	<i>6,600,903</i>
<u>EXPENSES</u>				
Program services	5,023,284	-	5,023,284	4,569,474
Management and general	243,641	-	243,641	301,121
Fundraising	52,232	-	52,232	74,216
<i>TOTAL EXPENSES</i>	<i>5,319,157</i>	<i>-</i>	<i>5,319,157</i>	<i>4,944,811</i>
<i>CHANGE IN NET ASSETS</i>	<i>(400,456)</i>	<i>(42,934)</i>	<i>(443,390)</i>	<i>1,656,092</i>
<i>NET ASSETS, BEGINNING</i>	<i>2,843,664</i>	<i>91,296</i>	<i>2,934,960</i>	<i>1,278,868</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 2,443,208</i>	<i>\$ 48,362</i>	<i>\$ 2,491,570</i>	<i>\$ 2,934,960</i>

CAROLINAS CARE PARTNERSHIP**Consolidated Statement of Functional Expenses****Year Ended June 30, 2025, With Prior Year Comparative Totals**

	Year Ended June 30, 2025				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	Totals	
<u>PERSONNEL</u>					
Salaries	\$ 1,235,173	\$ 107,600	\$ 26,537	\$ 1,369,310	\$ 1,505,871
Employee benefits and taxes	346,726	30,205	7,449	384,380	366,773
<i>Total</i>	<i>1,581,899</i>	<i>137,805</i>	<i>33,986</i>	<i>1,753,690</i>	<i>1,872,644</i>
<u>OTHER EXPENSES</u>					
Agency payments	844,700	-	-	844,700	872,341
Rental and utility vouchers	1,519,274	-	-	1,519,274	1,262,032
Occupancy	109,181	8,356	2,061	119,598	139,162
Travel	63,286	5,513	1,360	70,159	89,293
Office equipment and supplies	34,367	2,994	738	38,099	26,954
Office relocation	30,168	2,628	648	33,444	-
Services	399,585	48,590	7,544	455,719	238,291
General and administrative	-	6,899	-	6,899	1,695
Testing and program supplies	119,659	-	-	119,659	165,548
Community outreach	20,433	-	-	20,433	1,635
Home inspections	2,625	-	-	2,625	11,950
Insurance	32,358	2,819	695	35,872	45,647
Technology	84,183	7,334	1,809	93,326	33,772
Telephone	17,306	1,508	372	19,186	23,153
Staff development	818	71	18	907	6,403
Other	12,586	7,625	265	20,476	6,627
Postage and delivery	730	64	16	810	1,480
Interest	-	406	-	406	2,724
Printing and publications	468	41	10	519	1,919
Repairs and maintenance	118,836	8,303	2,048	129,187	105,387
<i>Total</i>	<i>3,410,563</i>	<i>103,151</i>	<i>17,584</i>	<i>3,531,298</i>	<i>3,036,013</i>
<i>TOTAL EXPENSES BEFORE</i>					
<i>DEPRECIATION</i>	<i>4,992,462</i>	<i>240,956</i>	<i>51,570</i>	<i>5,284,988</i>	<i>4,908,657</i>
Depreciation	30,822	2,685	662	34,169	36,154
<i>TOTAL EXPENSES</i>	<i>\$ 5,023,284</i>	<i>\$ 243,641</i>	<i>\$ 52,232</i>	<i>\$ 5,319,157</i>	<i>\$ 4,944,811</i>

CAROLINAS CARE PARTNERSHIP**Consolidated Statement of Cash Flows****Year Ended June 30, 2025, With Prior Year Comparative Totals**

	<u>2025</u>	<u>2024</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ (443,390)	\$ 1,656,092
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized gains on investments	(21,030)	(96)
Loss on disposal of property and equipment	10,398	-
Depreciation	34,169	36,154
Decrease in discount on note payable	6,864	6,864
Operating lease assets and liabilities	1,814	(14,533)
Decrease (increase) in operating assets:		
Receivables	(808,925)	(166,390)
Prepaid expenses	81,896	(82,919)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(107,453)	292,083
<i>Cash Flows From Operating Activities</i>	<i>(1,245,657)</i>	<i>1,727,255</i>
<u>INVESTING ACTIVITIES</u>		
Purchase of investments	-	(400,000)
Sales of investments	328,117	-
Purchase of property and equipment	(32,524)	(11,163)
<i>Cash Flows From Investing Activities</i>	<i>295,593</i>	<i>(411,163)</i>
<u>FINANCING ACTIVITIES</u>		
Net borrowings/repayments on lines of credit	(50,000)	50,000
Payments on note payable	(16,730)	(18,251)
<i>Cash Flows From Financing Activities</i>	<i>(66,730)</i>	<i>31,749</i>
<i>CHANGE IN CASH AND CASH EQUIVALENTS</i>	<i>(1,016,794)</i>	<i>1,347,841</i>
<i>CASH AND CASH EQUIVALENTS, BEGINNING</i>	<i>1,427,985</i>	<i>80,144</i>
<i>CASH AND CASH EQUIVALENTS, ENDING</i>	<i>\$ 411,191</i>	<i>\$ 1,427,985</i>

SUPPLEMENTAL INFORMATION

Interest paid during the year	<u>\$ 406</u>	<u>\$ 1,704</u>
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CAROLINAS CARE PARTNERSHIP
Notes to Consolidated Financial Statements
June 30, 2025

NOTE 1 - ORGANIZATION AND ACTIVITIES

Carolinas CARE Partnership (the “Organization”) is a nonprofit organization organized under the laws of North Carolina for the purpose of providing program planning and development assistance, service and coordination, AIDS prevention initiatives and funding resources in collaboration with its member counties. The Organization is primarily supported by federal and local grants.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The consolidated financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles (GAAP). Under GAAP, the Organization is required to report information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions - These amounts are not subject to any donor-imposed stipulations and include resources invested in property and equipment. Also included in net assets without donor restrictions are funds designated for activities other than normal operations by the Organization’s Board of Directors.

Net assets with donor restrictions - These amounts are subject to donor-imposed stipulations. These restrictions may be temporary in nature, with the restriction being met either by actions of the Organization or the passage of time, or permanent, such that the net assets will be held in perpetuity by the Organization. Net assets with donor restrictions of a temporary nature at year-end represent the unamortized discount of \$48,362 related to the interest-free loan disclosed in Note 6 below. During the year, the Organization had no net assets with donor restrictions to be held in perpetuity.

Principles of consolidation

These financial statements reflect the consolidated operations of Carolinas CARE Partnership (the “Organization”) as stated above and its subsidiaries Regional Housing Partnership, LLC (the “Partnership”), a North Carolina Limited Liability Company whose sole member is the Organization and Regional Housing Partnership II, LLC, a North Carolina Limited Liability Company whose sole member is the Partnership. The purpose of the Partnership is to maintain client confidentiality in administering the Organization's tenant-based rental voucher and supportive housing programs, including grants from the U.S. Department of Housing and Urban Development and the State of North Carolina, Housing Opportunities for Persons with AIDS. The purpose of Regional Housing Partnership II, LLC is to own and operate the 18-unit multi-family low-income rental facility known as *Grant Station Apartments*. All significant intercompany balances and transactions have been eliminated.

CAROLINAS CARE PARTNERSHIP
Notes to Consolidated Financial Statements
June 30, 2025

Grants and contributions

Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as an increase in net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions of donated assets are recorded at their fair values in the period received.

A significant portion of the Organization's support is obtained through Federal grants administered by various state and local agencies. Many of these grants operate under a cost-reimbursement method, whereby support is recognized to the extent of expenses incurred.

Donated services and goods

The Organization records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded at their estimated fair values in the period received. Donated goods, if significant, are included in support at their estimated fair value. The Organization recorded no contributed services or goods during the year.

A number of unpaid volunteers, who serve in the capacity of Board members and various volunteer assistants, have made significant contributions of their time in the furtherance of the Organization's program activities. No amounts have been reflected in the financial statements for these services since they generally do not meet the criteria for recognition.

Cash and cash equivalents

Cash and cash equivalents represents cash held in bank accounts, cash held in a brokerage account, and certificates of deposit with original maturity dates of less than three months.

Investments

Investments are recorded at fair value.

Contributions and grants receivable

The Organization recognizes promises of grants and contributions as support in the period the promise is received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All promises of contributions and grants receivable are expected to be received within one year. Based on the historical collectability of the grantor organizations, management has determined that no allowance for doubtful accounts is needed.

Restricted cash

As a condition of its loan agreement with the North Carolina Housing Finance Agency, the Organization is required to maintain an operating reserve and replacement reserve related to Grant Station Apartments. These amounts are reflected as restricted cash in the accompanying consolidated financial statements.

CAROLINAS CARE PARTNERSHIP

Notes to Consolidated Financial Statements

June 30, 2025

Property and equipment

Property and equipment are stated at cost if purchased and fair value at the date of the receipt if donated, both subject to a \$1,500 capitalization policy for furniture and equipment, \$5,000 for land improvements, and \$10,000 for leasehold improvements. Real estate not held for use consists of a donated building and is reported at the appraised value at the time of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Maintenance, repair costs, and minor replacements are charged to expense as incurred. When assets are retired or otherwise disposed of, the costs and accumulated depreciation are removed from the accounts and any gain or loss is reflected in current operations.

Functional allocation of expenses

The Organization's activities are focused in three functional areas. Program services represent the primary focus of the Organization's activities. Supporting services are fundraising activities and management and general activities. Personnel expenses are allocated based on management's estimates of time and effort. Occupancy, travel, office equipment and supplies, services, insurance, technology, telephone, office relocation, staff development, other, postage and delivery, printing and publications, and repairs and maintenance expenses are allocated using the same allocation percentages as personnel expenses. General and administrative expenses and interest expense are fully allocated to management and general. All other expenses are fully allocated to program services.

Income tax status

The Organization is exempt from federal income taxes under section 501(c)(3) and is classified as a public charity under section 509(a)(1) of the Internal Revenue Code.

Use of estimates

The preparation of consolidated financial statements in conformity with GAAP 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 and expenses during the reporting period. Actual results could differ from those estimates.

Prior-year comparative totals

The consolidated financial statements include certain prior-year summarized information, which is presented for comparative purposes only. Accordingly, such information should be read in conjunction with the Organization's June 30, 2024, consolidated financial statements, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current-year presentation.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right of use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its leases with a term of 12 months or less; rather they are reported as a lease expense on a straight-line basis over the lease term.

CAROLINAS CARE PARTNERSHIP
Notes to Consolidated Financial Statements
June 30, 2025

NOTE 3 - INVESTMENTS

Investments held in a brokerage account represent one certificate of deposit with an interest rate of 5.25 percent and a maturity date in July 2025.

Current accounting standards require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization's investments are considered to be Level 2 assets.

NOTE 4 - CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable as of year-end consist of the following:

City of Charlotte, North Carolina:	
Housing Opportunities for Persons With AIDS – MSA	\$ 1,612,733
U.S. Department of Health and Human Services	139,005
Mecklenburg County, North Carolina	117,113
Others	<u>476</u>
Total	<u>\$ 1,869,327</u>

CAROLINAS CARE PARTNERSHIP
Notes to Consolidated Financial Statements
June 30, 2025

NOTE 5 - PROPERTY AND EQUIPMENT

The principal categories and estimated useful lives of property and equipment at year-end are as follows:

	<u>Estimated Useful Lives</u>	
Land	-	\$ 45,000
Buildings and improvements	30 years	890,112
Van	10 years	34,680
Furniture and equipment	5 years	17,785
Computers	3 years	<u>5,485</u>
		993,062
Less - accumulated depreciation		<u>280,042</u>
		<u><u>\$ 713,020</u></u>

NOTE 6 - NOTE PAYABLE

The Organization's note payable consists of advances from a \$365,000 interest-free loan from the North Carolina Housing Finance Agency with a value of \$270,702 that is presented net of a present value discount of \$48,362. Since the note bears no interest, a present value discount has been computed utilizing a discount rate of three percent, the 20-year Treasury rate at year-end. Repayment of principal is due at a rate of \$1,521 per month beginning March 1, 2020. This loan is secured by a deed of trust on the Organization's real estate known as the *Grant Station Apartments*.

Future maturities of the above notes are as follows:

During the year ending June 30,	
2026	\$ 18,251
2027	18,251
2028	18,251
2029	18,251
2030	18,251
Thereafter	<u>179,447</u>
	<u><u>\$ 270,702</u></u>

CAROLINAS CARE PARTNERSHIP
Notes to Consolidated Financial Statements
June 30, 2025

NOTE 7 - NET ASSETS

Total consolidated net assets as of year-end are comprised of the following:

Carolinas CARE Partnership and Regional Housing Partnership, LLC	\$ 1,914,491
Regional Housing Partnership II, LLC	<u>577,079</u>
	<u>\$ 2,491,570</u>

NOTE 8 - RETIREMENT PLAN

The Organization provides retirement benefits for eligible employees through a defined contribution plan under Section 403(b) of the Internal Revenue Code. The Organization contributes a fifty-percent matching contribution of up to three percent of an eligible employee's compensation. The Organization's contributions to the Plan were \$28,009 for the year.

NOTE 9 - LEASE OBLIGATIONS

The Organization leases office space and equipment under long-term non-cancelable operating leases. The office space lease in place at prior year-end expired September 30, 2024, and was replaced by a new office space lease that ends in October 2029. The equipment lease in place at prior year-end expired March 31, 2025, and was renewed through September 2029. The weighted average discount rate at year-end is 3.95 percent and the weighted average lease term is 52 months. The discount rates used represent the risk-free discount rates for periods comparable with that of each lease term.

Future minimum lease payments required under the operating leases are as follows:

Year ended June 30,	
2026	\$ 65,913
2027	63,394
2028	64,900
2029	66,448
2030	<u>16,712</u>
Total lease payment	277,367
Less: imputed interest	<u>21,135</u>
Present value of liability	<u>\$ 256,232</u>

CAROLINAS CARE PARTNERSHIP
Notes to Consolidated Financial Statements
June 30, 2025

NOTE 10 - CONTINGENT LIABILITIES

The Organization receives funding from several federal grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate under the grant agreements. Such audits could result in the refund of funds to grantor agencies. The amount, if any, of such refunds cannot be determined at this time, although management believes that such amounts would be immaterial. No provision has been made in the accompanying financial statements for the refund of any grants.

During a prior year, the Organization received \$260,000 of funding from U.S. Department of Housing and Urban Development for the acquisition of the *Grant Station Apartments*. In the event that the project fails to qualify as low-income property for a period of 20 years, repayment will be due from the Partnership.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

Cash

Cash in bank accounts are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At year-end, the Organization held \$406,683 of cash in excess of insured limits.

Support

During the year, the Organization received approximately 61 percent of its operating support and revenue from the U.S. Department of Housing and Urban Development through the City of Charlotte. This concentration, combined with changes in economic conditions, can directly affect the amount available for funding under federal grants. The Organization also operates in a small geographic area.

Contributions and grants receivable

As of year-end, contributions and grants receivable from U.S. Department of Housing and Urban Development passed through the City of Charlotte, North Carolina represented approximately 86 percent of total contributions and grants receivable.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$2,332,359 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents of \$353,141, investments of \$93,009, and receivables which are expected to be collected during the following year of \$1,886,209. The Organization has a line of credit for \$50,000 that the Organization draws on when needed.

CAROLINAS CARE PARTNERSHIP**Notes to Consolidated Financial Statements****June 30, 2025**

NOTE 13 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the consolidated statement of financial position through the date of the independent auditors' report, which is the date the audited financial statements were available to be issued. During this period, no material recognizable subsequent events were identified except that since year end, the HOPWA-MSA grant has transitioned from the Organization back to the City of Charlotte. While the Organization experienced the loss of HOPWA-MSA funding, the Organization has worked to strategically respond to the funding changes by shifting and restructuring its housing support model. During the fiscal year ending June 30, 2026 (FY26), the Organization was awarded a new HOPWA-HINT grant, which focuses primarily on housing voucher assistance while also emphasizing a more comprehensive wraparound service approach for clients. The transition has impacted the Organization's funding structure and operational planning during FY26, particularly as the Organization adjusts from the prior HOPWA-MSA care coordination, case management, and linkage to community-based resources. Management continues to evaluate operational efficiencies, diversify funding opportunities, and align programming to ensure continuity of services and long-term sustainability while meeting the evolving needs of the populations served.



**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***

To the Board of Directors of
Carolinas CARE Partnership
Charlotte, North Carolina

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 Carolinas CARE Partnership (the "Organization", a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated May 6, 2026.

Report on 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) as a basis for designing 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 the 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.

Carolinas CARE Partnership
Charlotte, North Carolina

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated 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 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.

Foard & Company, P.A.

May 6, 2026



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

To the Board of Directors of
Carolinas CARE Partnership
Charlotte, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Carolinas CARE Partnership's (the "Organization", a nonprofit organization) compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement the Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2025. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Carolinas CARE Partnership 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 program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of 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 its 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 program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 its 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2025-1. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on their response.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Foard & Company, P.A.

May 6, 2026

CAROLINAS CARE PARTNERSHIP
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

I. Summary of Auditors' Results

- A. An unmodified opinion was issued on the consolidated financial statements of Carolinas CARE Partnership.
- B. No significant deficiencies relating to the audit of the financial statements are reported in the "Independent Auditors' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit of Financial Statements In Accordance With *Government Auditing Standards*."
- C. No instances of noncompliance material to the consolidated financial statements of Carolinas CARE Partnership were disclosed during the audit.
- D. No significant deficiencies relating to the audit of the major federal award program were reported in the "Independent Auditors' Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance."
- E. An unmodified opinion was issued on Carolinas CARE Partnership's compliance with the types of compliance requirements applicable to its major federal program.
- F. Our audit disclosed no audit findings related to Carolinas CARE Partnership's major federal program.
- G. The major federal program for Carolinas CARE Partnership for the fiscal year ended June 30, 2025:

<u>Program Name</u>	<u>Assistance Listing #</u>
HOPWA MSA Housing Program	14.241

- H. The threshold used to distinguish between Type A and Type B programs for Carolinas CARE Partnership is \$750,000.
- I. Carolinas CARE Partnership did not qualify as a low-risk auditee under Section 200 of the Uniform Guidance.

II. Findings Related to the Audit of the Financial Statements

No findings for the year ended June 30, 2025.

CAROLINAS CARE PARTNERSHIP
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

III. Findings Related to the Audit of Federal Awards

Finding 2025-1

Other Matter

Criteria: The Organization's Data Collection Form is to be submitted no later than nine months after the fiscal year-end date.

Condition: The Data Collection Form was submitted more than nine months after the fiscal year-end date for the June 30, 2024 audit.

Effect: The Organization will not qualify as a low-risk auditee.

Cause: The audit was completed after the required due date.

Recommendation: Future audits should be scheduled earlier.

Views of responsible officials: The Organization agrees with this finding.

Corrective action plan: The Organization will continue to develop processes and devote more resources to achieve the requirement of completing the audit by March 31st.

Name of contact person: Tawanna Denmark, Executive Director

IV. Summary Schedule of Prior Year Audit Findings

Finding 2024-1

Condition: The Organization was reimbursed by Substance Abuse and Mental Health Services Administration (Assistance Listing #93.243) for \$36,218 of expenses that were not supported by underlying records.

Recommendation: The Organization's management should develop guidelines to ensure that all underlying supporting documentation for expenses reported are maintained in a clear, organized manner. Also, employees completing these reporting forms should be properly trained on what expenses can be reported and how to ensure that accurate amounts that are supported by underlying documents are reported.

Current Status: Management continues to work to develop guidelines to ensure that supporting documentation for expenses reported are maintained in a clear, organized manner. Also, employees completing these reporting forms have been properly trained on what expenses can be reported and how to ensure that accurate amounts are reported.

CAROLINAS CARE PARTNERSHIP
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program Title	State/ Pass-through Grantor's No.	Assistance Listing Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Health and Human Services:				
Substance Abuse and Mental Health				
Services Administration				
		93.243	\$ 837,696	\$ -
Passed through North Carolina Department of Health and Human Services:				
HIV Prevention Activities-Health Department Based				
	48262	93.940	35,814	-
Passed through Mecklenburg County, N.C.:				
Capacity Building Assistance for High-Impact				
HIV Prevention				
	41624275	93.834	70,724	-
Ending the HIV Epidemic: A Plan for America				
	41624383	93.686	135,690	-
U.S. Department of Housing and Urban Development:				
Passed through North Carolina Department of Health and Human Services:				
Emergency Solutions Grants Program				
	46844	14.231	18,083	-
Passed through the City of Charlotte, N.C.:				
Housing Opportunities for Persons with AIDS:				
HOPWA MSA Housing Program				
	41221	14.241	<u>2,954,744</u>	<u>831,254</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 4,052,751</u>	<u>\$ 831,254</u>

CAROLINAS CARE PARTNERSHIP

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2025

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Carolinas CARE Partnership, and is presented on the modified 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 basic consolidated financial statements.

Subrecipients

Of the federal awards presented in the schedule, the Organization provided federal awards to subrecipients as follows:

Program Title	Assistance Listing Number	Federal Expenditures
HOPWA MSA Housing Program:		
RAO Community Health	14.241	\$ 199,269
Roof Above	14.241	106,791
House of Mercy, Inc.	14.241	226,397
Hope Haven, Inc.	14.241	125,500
McLeod Addictive Disease Center	14.241	6,525
Dudley's Place	14.241	3,200
Affinity Health Center	14.241	4,589
Kintegra Health	14.241	61,600
Mecklenburg County Health Department	14.241	19,075
NSideout Excellence	14.241	43,356
Time Out Youth	14.241	34,952
		<hr/>
		\$ 831,254