

ANNUAL AUDITED  
**FINANCIAL REPORT**

YEARS ENDED JUNE 30, 2023 AND 2022

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### FINANCIAL

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Independent Auditor's Report

Board of Directors  
Quality Home Care Services Inc.  
Charlotte NC

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Quality Home Care Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Quality Home Care Services Inc. (the Organization) as of June 30, 2023 and 2022, and the results of its operations, changes in its net assets, and its cash flows, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 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 for one year after the date the 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 (GAAS) 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 GAAS 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.

#### **Supplementary Information**

Our audits were 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 statement as a whole.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 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, 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.

  
Charlotte, North Carolina  
May 10, 2024

Quality Home Care Services Inc.  
Statement of Financial Position  
June 30, 2023 and 2022

	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 167,719	\$ 602,092
Accounts Receivable	410,572	683,097
Other Assets	28,297	40,172
Construction Upfitting In Progress	682,535	333,938
Property and Equipment, net	<u>79,254</u>	<u>94,595</u>
Total Assets	<u><u>1,368,378</u></u>	<u><u>1,753,894</u></u>
<b>Liabilities and net assets</b>		
Accounts Payable	\$ 284,803	\$ 200,050
Short-term Liabilities	108,252	79,340
Short-term Portion of LT Debt	7,846	5,500
Long Term Debt	<u>364,435</u>	<u>169,419</u>
Total Liabilities	<u><u>765,336</u></u>	<u><u>454,309</u></u>
<b>Net assets:</b>		
With donor restrictions	2,485	
Without donor restrictions	<u>600,557</u>	<u>1,299,585</u>
Total Net Assets	<u><u>603,042</u></u>	<u><u>1,299,585</u></u>
Total Liabilities & Net Assets	<u><u>1,368,378</u></u>	<u><u>1,753,894</u></u>

Quality Home Care Services, Inc.  
 Statements of Activities  
 Years Ended June 30, 2023 and 2022

	2023	2022
<b>Support, Grants, and Other Support</b>		
Covid 19 Support Services		\$ 229,800
Medicaid-Case Mgmt	23,843	1,302,606
Medicaid-SACOT	117,735	308,866
GBHI	286,812	446,568
OIFSP	266,197	225,469
SPNS	310,716	382,392
CDC	365,984	349,350
RWC		258,576
RWA	85,860	
CHW	120,179	
EPIC Project Grant	5,114	
Other Grants	47,813	235,267
340B Program Revenues	2,010,349	862,509
Total Grant Support	<u>3,640,601</u>	<u>4,601,402</u>
<b>Support and other revenue</b>		
Personal Care Services	107,156	
Lab, Copays, and Other Fees	14,497	10,651
Individual and Corporate Contributions	800	8,100
In-kind Contributions		2,327
PPP Loan Forgiveness		188,400
Restricted Income	2,485	
Investment Income	575	
Total support and other revenues	<u>125,513</u>	<u>209,477</u>
Total Support	<u>3,766,115</u>	<u>4,810,879</u>
<b>Expenses</b>		
Program Services	3,930,797	4,170,573
Management & General	531,861	336,588
Total Expenses	<u>4,462,658</u>	<u>4,507,161</u>
Change in net assets without donor restrictions	(696,543)	303,718
Net Assets - Beginning of Year	1,299,585	995,867
Net Assets - End of Year	<u>603,042</u>	<u>1,299,585</u>

The accompanying notes are an integral part of these financial statements

Quality Home Care Services Inc.  
Statement of Functional Expenses  
July 2022 through June 2023  
Program Services

	GBHI	CDC	SACOT	SPNS	CHW	OIFSPG	340B	Others	Management and General	Totals
340B Subcontractors							220,126	-		220,126
Bank fees	923	923	6	923		923		14	3,386	7,099
Cable/Internet	3,192	4,710	2,353	1,200	718	718		905	1,290	15,085
Charitable Contributions								-	1,000	1,000
Client Assistance/Activities	1,992			5,741				3,575		11,308
Computer Equipment & Software				9,680		1,318		-	5,804	16,803
Computer Repair								-	17,307	17,307
Contract Labor-Admin-Other	850	5,850	608	850		850	21,625	508	78,883	110,024
Contract Services			385					10,637	21,986	33,008
Copays/Med Cost - pd by 340B							5,022	-		5,022
Depreciation Exp								-	18,341	18,341
DIR/GER Fees							80,145	-		80,145
Document Destruction								-	3,623	3,623
Drug Costs							1,052,122	94		1,052,216
Dues & Subscriptions	920	967	1,525	398		919	125	1,363	11,998	18,214
EHR/Website Hosting	3,408	1,151	3,705	3,527	48	1,209	22,709	29,259	284	65,300
Equip Rental and Maintenance	2,838	1,615		1,615		2,394		-	6,791	15,253
Fuel Exp		828	1,897					-	536	3,260
Grant Writing & Evaluator								1,036	6,009	7,045
Incentives	3,240	7,952	900	2,500				1,156	83	15,831
Insurance	6,736	8,499	8,857	3,914	6,105	8,058	3,581	913	18,387	65,050
Lab Services & Testing Supplies		26,996	223				220,581	4,343	99,615	351,759
Lawncare	32	232	200					-	592	1,056
Marketing	364	6,153	1,643	5,626	1,854	2,277	200	1,546	4,721	24,385
Medical Director		833		3,067				-		3,900
Medical Supplies & Supplements		582	676	19,520				2,637	2,555	25,971
Occupancy Expense	15,467	14,886	7,348	3,300	3,325	7,125		14,067	1,831	67,348
Office Expenses	1,295	4,674	1,091	2,455	107	4,271	102	291	7,258	21,544
Payroll Contract Services			17,833					21,925		39,758
Payroll Service Fees	768	732	778	685	713	677		2,140		6,494
Payroll Taxes	14,375	17,212	12,257	15,804	6,144	7,213		13,615	10,255	96,874
PCS Contractor (4C)								107,150		107,150
Printing and Copying	546	1,769	1,715	1,769	1,756	95		1,715	1,776	11,142
Professional and Legal Services		1,000					170	2,000	18,410	21,579
Recovery Housing	7,010							-		7,010
Rent-Storage Unit			650					-	8,579	9,229
Repair & Maintenance	224	1,549	1,056	107	12	205	2,865	23	3,972	10,013
Risk Reduction Materials		3,906						-		3,906
Salaries-Admin	6,009	11,009		6,009		6,009		-	123,778	152,814
Salary & Wages	184,782	216,010	161,596	198,183	82,104	94,704		166,399	34,850	1,138,628
Security Expense	454	570	368	34		34		-	1,193	2,653
Supplies	411	3,412	147	1,726	35	7,516		1,100		14,346
Support Services								140,000		140,000
Telephone & Answering Service	6,163	4,710	3,982	4,016	2,146	3,369	1,915	3,909	241	30,451
Trainee Tuition & Stipends				695	9,167	83,865		848		94,574
Trainee Equipment & Supplies								-	7,958	7,958
Training/Consultant	800	930	435	677	5,000	22,211		5,336	3,316	38,704
Travel & Conference Expense	26,921	22,833	9,678	26,150	4,319	14,827	12,207	480	3,673	121,088
Utilities	5,118	2,782	2,155	167	602	619		-	1,579	13,022
Prior Period Adjustments			58,229					60,013		118,242
	<u>294,839</u>	<u>375,274</u>	<u>302,292</u>	<u>320,337</u>	<u>124,155</u>	<u>271,407</u>	<u>1,643,496</u>	<u>598,997</u>	<u>531,861</u>	<u>4,462,658</u>

The accompanying notes are an integral part of these financial statements

Quality Home Care Services Inc.  
Statement of Functional Expenses  
July 2021 through June 2022

	Program Services									Management and General	Totals	
	COVID 19 SSP	PCS	GBHI	CDC	SACOT	SPNS	RWA	RWC	340B			Others
340B Subcontractors									69,453			69,453
Cable/Internet			3,760	2,200		1,053	63	1,045	382	1,053	562	10,118
Client Assistance			6,515	1,979	3,064	2,627	180	1,992	1,820	1,370	5,163	24,710
Computer Equipment & Software				100	100	300		16,479	100	1,430	6,855	25,364
Computer Repair											26,445	26,445
Contract Labor-Admin-Other			4,205	758		830			1,500	35,467	21,381	64,141
Contract Services			73		4,584	781			8,400	980	38,575	53,393
Copays/Med Cost - pd by 340B									4,943			4,943
COVID-19 Support	231,987											231,987
Depreciation Exp											11,868	11,868
DIR/GER Fees									71,956			71,956
Drug Costs									495,626			495,626
Dues & Subscriptions			3,964		2,505	1,569			40	5,035	7,475	20,588
EHR/Website Hosting			3,901	636	4,297	8,067	7,464		10,640	14,253	2,521	51,779
Equip Rental and Maintenance			8,886	3,094	4,494	3,094	2,660			2,412	3,773	28,412
Grant Writing & Evaluator					10,969	4,563					10,300	25,831
Incentives			500	7,700	400	676			1,000	1,955		12,232
Insurance			10,446	12,944	13,479	8,510	382	2,508	119	15,717	7,356	71,461
Interest & Finance Charges			21		87	268				268	4,382	5,026
Lab Services & Testing Supplies	1,600		37	8,755	172	11		50,117	50	16,557	4,569	81,868
Marketing				22,525	30	728			217	715	5,542	29,757
Medical Director				8,333		1,585		8,081				18,000
Medical Supplies & Supplements			2,779	4,943	324	37		702		4,383	133	13,301
Occupancy Expense			27,280	24,300	3,897	3,600	2,250	9,233		17,423		87,983
Office Expenses			2,020	4,450	1,600	2,101		1,306	695	1,944	11,864	25,980
Payroll Contract Services					13,973		5,515		7,500	17,927	5,893	50,807
Payroll Service Fees			824			1,189				1,034	5,625	8,673
Payroll Taxes		92	16,732	19,953	12,443	15,282	3,608	10,579	2,429	17,490	4,405	103,013
PCS Contractor (4C)		1,323,152										1,323,152
Professional Services			8,357		184	1,818				3,118	5,811	19,288
Rent-Storage Unit				1,622	3,315				650		6,914	12,501
Repair & Maintenance			20	1,320	1,178	130				201	5,957	8,806
Salaries-Admin			6,585			8,929				8,929	102,771	127,215
Salary & Wages		1,044	213,279	224,006	135,319	185,961	43,387	125,591	8,105	209,471	9,180	1,155,342
Supplies		1,001	345	1,804	159	591	118	482			9,258	13,758
Telephone & Answering Service			1,380				4		608		11,486	13,478
Trainee Tuition & Stipends						600				80,310		80,910
Training Consultant			110		55	225			55	4,000		4,445
Travel & Conference Expense			474	543	3,685	565	142			5,412		10,821
Utilities			6,639	1,844	359	1,118		919	280	1,047	522	12,729
	<u>233,587</u>	<u>1,325,288</u>	<u>329,132</u>	<u>353,810</u>	<u>220,671</u>	<u>256,809</u>	<u>65,771</u>	<u>229,034</u>	<u>686,568</u>	<u>469,903</u>	<u>336,588</u>	<u>4,507,161</u>

The accompanying notes are an integral part of these financial statements

Quality Home Care Services Inc.  
Statement of Cash Flows  
Years Ended June 30, 2023 and 2022

	2023	2022
<b>Operating activities</b>		
Change in Net Assets	(\$ 696,543)	\$ 303,718
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	18,341	11,868
PPP Loan Forgiveness		(188,400)
Grants Receivable		(410,871)
Due From Related Party		(33,416)
Prepaid Expenses		117,177
Sales Tax Receivables	(37,141)	(5,977)
Accounts Receivable	269,456	
Accounts Payable	40,233	45,059
Accrued Payroll	(25,375)	58,093
Deferred Revenue	(113,015)	(943,622)
Loan From Prior Director	(32,458)	
Total Adjustments	<u>120,042</u>	<u>(1,350,089)</u>
Net cash provided by operating activities	<u>(576,501)</u>	<u>(1,046,371)</u>
<b>Investing activities</b>		
Used For		
Furniture & Equipment		
Leasehold Improvements	(3,000)	
Equipment		
Curriculum/Software		
Vehicles		(40,000)
Prepaid Expenses	15,184	
Security Deposits	(3,310)	
Construction Upfitting In Progress	(474,651)	(333,938)
Net cash used by investing activities	<u>(465,777)</u>	<u>(373,938)</u>
<b>Financing activities</b>		
Proceeds From		
Loan Payable - 4C	163,719	(25,158)
Loan Payable - EIDL	(3,846)	
Lease Payable - Long-term		(37,444)
Prior Period Adj	(262,896)	19,709
Used For		
Net cash used by financing activities	<u>(103,023)</u>	<u>(42,893)</u>
Net cash increase (decrease) for the period	<u>\$ (1,145,301)</u>	<u>\$ (1,463,202)</u>
Change in cash & cash equivalents	\$ (1,145,301)	\$ (1,463,202)
Cash & cash equivalents at Beg	1,313,020	2,776,222
Cash & cash equivalents at end of year	<u>\$ 167,719</u>	<u>\$ 1,313,020</u>
Interest Exp		<u>2,805</u>

**QUALITY HOME CARE SERVICES INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2023 and 2022**

**1. NATURE OF ACTIVITIES**

Quality Home Care Services Inc. (a nonprofit organization) is a North Carolina nonprofit organization established in 2005 in North Carolina. This comprehensive health care center was organized to provide personal care services to individuals with Mental Health, Developed Disabilities (MH/DD), Substance Abuse, and HIV/AIDS Prevention and Care Services. All programs of the Organization promote wellness and health equity for those living with mental and health disparities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America. Revenues are recognized when earned and expenses are recognized when incurred.

**Basis of Presentation**

The financial statements are prepared in accordance with Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, Not-for-Profit Entities. In accordance with these standards, net assets, revenues, expenses, gains and losses classified based on the existence or absence of donor-imposed restrictions. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes:

*Net Assets Without Donor Restrictions*

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Program. These net assets may be used at the discretion of the Programs' management and board of trustees.

*Net Assets With Donor Restrictions*

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no donor restricted assets for the period.

**Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures contained in the financial statements. Actual results could differ from those amounts.

**Cash and Cash Equivalents**

For the purpose of the statement of cash flows, the organization's cash and cash equivalents consist of cash in interest and non-interest-bearing depository accounts. The Organization considers investments with original maturities of three months or less when purchased to be cash equivalents. The Organization maintain several bank accounts covered by the Federal Deposit Insurance Company (FDIC). At times throughout the year, the Organization may maintain bank account balances in excess of the FDIC insured limit of \$250,000.

**Revenue Recognition**

The organization receives substantially all of its revenue for services provided and discount products from government agencies. These revenues are based on predetermined rates based on cost reimbursement principles and are subject to audit and retroactive adjustments. Revenue is recognized as earned from third parties when the service has been performed and is reported at the estimated net realized amounts. Revenue from contracts is recognized as earned when contract expenses are incurred to the maximum allowed for each contract award.

**QUALITY HOME CARE SERVICES INC.  
NOTES TO THE FINANCIAL STATEMENTS**

The Organization operates the 340B Program from two pharmacy sites that provide medication to individuals living with HIV. The Organization is a covered entity in the U.S. Department of Health and Human Services, Health Resources and Services Administration, Office of Pharmacy Affairs and participates in the 340B Drug Pricing Program (340B Program) whereby medications are purchased by a qualified third-party pharmacy company for the Organization's clients at a discounted price, resulting in revenue for the Organization based on these savings. The intent of the 340B program is to permit the covered entity to stretch scarce federal resources as far as possible, reaching more eligible patients and providing more comprehensive services. Revenues from the 340B Program and related expenses are included in revenues and support and program services expense, respectively, in the accompanying statements of activities. This program revenue is recognized at a point in time.

Due to related parties – Amounts reported as due to related parties, included in the accompanying statements of financial position, arise principally from the collaborative activities between Prior Director and 4Cs was to further the mission of the organization.

**Contractual Services**

The Organization's contract services are provided by other organizations under subcontract arrangements with the Organization. The revenue and related costs of these contractual services are reflected in the accompanying statements of activities and the accompanying schedules of functional expenses.

**Furniture, Fixture, Vehicles and Equipment**

The Organization capitalizes all acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance and improvements that significantly prolong the useful lives of the assets. Furniture, fixture, vehicles and equipment are carried at cost when purchased or at estimated fair market value at time of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, generally three to ten years for equipment, furniture and fixture.

The cost of repairs and maintenance are charged to expense when incurred. Property and equipment are reviewed on a regular basis for impairment or whenever events or changes in business circumstances indicate the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows from the assets are less than their carrying values. No impairment losses were recognized during the period ended June 30, 2023.

**Investments**

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

**Construction Upfitting Improvements**

Construction upfitting improvements are stated at cost net of depreciation, which is computed using the straight-line method over the estimated useful service life of the improvements – 40 years of remaining useful life.

**Donated Services**

The Programs receive an immaterial amount of services donated by volunteers in carrying out the Organization's purpose. Volunteer stipends are paid by the organization and is reflected in the financial statements for those services.

**Income Taxes**

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation. Accordingly, no provision for federal or state income taxes has been included in the accompanying financial statements. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

**QUALITY HOME CARE SERVICES INC.  
NOTES TO THE FINANCIAL STATEMENTS**

U.S. GAAP requires an organization to recognize a tax benefit or expense from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the tax authorities, based on the technical merits of the position. Management believes the Organization has no uncertain tax positions as of June 30, 2023.

**Functional Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the accompanying Statement of Functional Expenses. Accordingly, costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The amendments in the update increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The guidance is required to be applied by the Organization for the year ending December 31, 2022; however, early application is permitted.

For this period end management had not determined what effect the implementation of this statement may have on the Organization's financial statement.

**3. LIQUIDITY AND AVAILABILITY**

The Organization's working capital and cash flows have variations during the year due to the timing of grant and Medicaid disbursements. The majority of the Organization's revenues are from government sources. The available financial assets for general use to meet its obligations within one year of the Statement of Financial Position date were as follows.

	<b>2023</b>	<b>2022</b>
Cash and Cash Equivalents	167,719	602,092
Receivables	410,572	670,751
Other Assets	28,297	15,653
Sales & Use Tax Receivable		12,346
<u>Total financial assets available w/n one year</u>	<u>\$606,588</u>	<u>\$1,300,842</u>

**4. GRANTS RECEIVABLE**

Grant awards are evaluated by management and determined to either be unconditional or conditional contributions. Unconditional revenues from grants are recorded upon notification of the award. Conditional grant revenues are recorded at the time the conditions on which they depend have been met. Grants receivable at June 30, 2023, are due as follows:

Currently due	\$ 113,015
Less than 1 year	2,820,099
<u>1 year to 5 years</u>	<u>10,652,551</u>
	<u>\$13,585,665</u>

Accounts receivable are primarily unsecured non-interest-bearing amounts due from Medicaid on the cost reimbursement scale, grants, and contracts. Management believes that all grants receivable is collectible in full, therefore no allowance for uncollectible receivable has been provided.

During Covid and subsequent years after, large amounts accumulated in the accounts receivable account due to Covid relief and other services. Management critically reviewed all open accounts receivable as of June 30, 2023 to determine if they are collectible. A large amount of the outstanding balances was deemed uncollectible and written off.

**QUALITY HOME CARE SERVICES INC.  
NOTES TO THE FINANCIAL STATEMENTS**

**5. PROPERTY AND EQUIPMENT**

Fixed Asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Assets				
Furniture & Equipment	19,139	5,000		24,139
Office Equipment	31,018	0	0	31,018
Building Improvements	2,076	58,757	0	60,833
Leasehold Improvements	9,876	4,651		14,527
Software	5,904			5,904
Vehicles	57,861	35,000	0	92,861
Total	125,874			229,282
Less accumulated depreciation				(134,691)
Total Property and Equipment, net				\$ 94,591

**6. CONCENTRATION OF CREDIT RISK**

The Organization maintains several accounts at one financial institution. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. For short periods of time during the year, the Organization may maintain bank account balances in excess of the FDIC insured limit of \$250,000. The Organization has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk.

**7. FAIR VALUE MEASUREMENT**

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that measures assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy consists of three broad levels.

- a) Level 1: Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.
- b) Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- c) Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value if observable inputs are not available.

Carrying values of cash and cash equivalents, accounts receivable, prepaid expenses, and accounts payable approximated their fair values due to the short-term nature of these transactions.

**QUALITY HOME CARE SERVICES INC.  
NOTES TO THE FINANCIAL STATEMENTS**

**8. LEASES**

The Organization leases real property for program and administrative use and has entered into various operating lease agreements between 2021 and 2039. Rent expense under the lease payments are recorded as a component of rent expense.

Future minimum payments under these lease agreements are as follows for the years ended June 30:

2024	\$ 121,385
2025	121,385
2026	121,385
2027	121,385
2028	121,385
	<u>\$ 606,925</u>

**9. NOTES PAYABLE**

Notes payables at June 30, 2023, are as follows:

The Organization received proceeds from an EIDL Loan. The loan has a term of 30 years, with interest accruing at 3.75%. The loan payments are automatically suspended in the first year of the loan, with repayment beginning one year from receipt of the initial loan. The loan is being repaid with monthly payments of \$641. \$ 3,846

Note payable to prior related parties with no set terms of repayment. Related party is guarantor for the loan. 196,177

Loan maturities for each of the five years following June 30, 2023, are as follows:

June 30, 2024	7,846
June 30, 2025	7,900
June 30, 2026	7,900
June 30, 2027	7,950
June 30, 2028	7,995
Thereafter	160,432
	<u>\$200,023</u>

**10. CONCENTRATIONS OF RISK**

A significant portion of the Organization's revenues, contracts, and grants receivable consist of Federal, State of NC, and local government grants and contracts. For the year ended June 30, 2023, the Organization's total public support and revenue provided by government is approximately 69%.

**11. COMMITMENTS AND CONTINGENCIES**

**Grants**

Individual grants are subject to additional financial and compliance audits by the grantors or their representatives. Such audits could result in requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grants. Based on past experience, the Organization's management is of the opinion that disallowances, if any, will not have a material impact on the accompanying financial statements.

**12. RELATED PARTY TRANSACTIONS**

The Organization owed \$196,177 to prior related party for amounts advanced to the Organization. As of the date of this report, the monthly payments are those set by the loan agreement.

**13. SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through May 10, 2024, the date which the financial statements were available to be reissued. Events occurring after that date have not been evaluated.

## **Compliance Section**

**BELINDA JOHNSON, CPA, PA**  
CERTIFIED PUBLIC ACCOUNTANT

North Carolina HUB Vendor

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

Board of Directors  
Quality Home Care Services Inc.  
Charlotte North Carolina

We have audited, 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, the financial statements of Quality Home Care Services Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 10, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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.

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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a significant deficiency. We consider the deficiency described in the accompanying schedule of findings and questioned costs as finding 2023-001 and 2023-002 to be significant deficiencies.

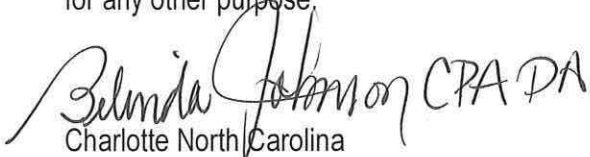
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination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

**Report on 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.

  
Charlotte North Carolina  
May 10, 2024

**BELINDA JOHNSON, CPA, PA**  
CERTIFIED PUBLIC ACCOUNTANT

North Carolina HUB Vendor

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**Independent Auditor's Report on Compliance for Each Major Federal Program and  
Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures  
of Federal Awards Required by the Uniform Guidance**

Board of Directors  
Quality Home Care Services Inc.  
Charlotte NC

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

**Opinion on Each Major Federal Program**

We have audited Quality Home Care Services, Inc.'s (the Organization) 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, 2023. 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, 2023.

**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 (GAAS); 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' 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. Misstatements are 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 GAAS, *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.

#### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the Organization as of and for the year ended June 30, 2023, and have issued our report thereon dated May 10, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Charlotte, North Carolina  
May 10, 2024

**QUALITY HOME CARE SERVICES INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**Section I: Summary of Auditor's Results**

**Financial Statements**

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_ Yes  X  No
  - Significant deficiency(ies) identified?  X  Yes \_\_\_ None reported
3. Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_ Yes  X  No
  - Significant deficiency(ies) identified? \_\_\_ Yes  X  None reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_ Yes  X  No

**Identification of Major Federal Programs**

Federal Assistance Listing Number(s)	Name of Federal Program or Cluster
93.243	Substance Abuse & Mental Health Services-Projects of Regional
93.732	Mental and Behavioral Health Education and Training-OIFSP
93.928	Special Support RW SPNS
93.939	CDC HIV Prevention

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

Auditee qualified as a low-risk auditee? \_\_\_ Yes  X  No

**QUALITY HOME CARE SERVICES INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
*For the Year Ended June 30, 2023*

**Section II: Financial Statement Findings**

**Finding 2023-001**

**Criteria or specific requirements:** Nonprofit organizations receiving grant funding over \$750,000 shall have its accounts audited as soon as possible after the close of each fiscal year.

**Condition:** Quality Home Care Services Inc. has an internal control system for preparing the annual audit reports however the Organization did not meet the audit report issue date.

**Context:** Quality Home Care Services Inc. audit was submitted after the due date.

**Questioned Costs:** None

**Effect:** Potential additional cost to Quality Home Care Services Inc. and failure to file data collection form in a timely manner.

**Cause:** Inability to obtain critical documents.

**Recommendation:** Quality Home Care Services Inc. management should complete the audit as soon as possible.

**View of responsible officials:** Agree

**Findings 2023-002**

**Criteria:** Data collection form is to be submitted 9 months from the fiscal year end date.

**Condition:** The data collection form was not submitted in time.

**Recommendation:** Recommendations were made to file as soon as possible.

**Current Status:** The recommendation was adopted.

**Status:** The data collection form should be submitted as soon as possible.

**Section III: Summary of Prior Year Findings**

**Findings 2022-001**

**Criteria or specific requirements:** Nonprofit organizations receiving grant funding over \$750,000 shall have its accounts audited as soon as possible after the close of each fiscal year.

**Condition:** Quality Home Care Services Inc. has an internal control system for preparing the annual audit reports however due to the coronavirus restrictions the Organization did not meet the audit report issue date.

**Context:** Quality Home Care Services Inc. audit was submitted after the due date.

**Questioned Costs:** None

**Effect:** Potential additional cost to Quality Home Care Services Inc. and failure to file data collection form in a timely manner.

**Cause:** Inability to obtain critical documents in a timely manner.

**Recommendation:** Quality Home Care Services Inc. management should complete the audit as soon as possible.

**Views of responsible officials:** We agree.

**Status:** Audit has been filed and accepted by FAC.

**Findings 2022-002**

**Criteria:** Data collection form is to be submitted 9 months from the fiscal year end date.

**Condition:** The data collection form was not submitted in time.

**Recommendation:** Recommendations were made to ensure this would not occur again.

**Current Status:** The recommendation was adopted.

**Status:** The data collection form was submitted and accepted by FAC.

**Section IV- Current Year - Federal Awards and State Financial Assistance Findings and Questioned Costs:**

There were no findings reported which impact federal awards or state financial assistance programs.

**Section V – Prior Year - Federal Awards and State Financial Assistance Findings and Questioned Costs:**

No findings were reported in prior year which impact federal awards or state financial assistance programs.

**Section VI - Financial Assistance - Management Letter**

A Management Letter was not issued.

Quality Home Care Services Inc.  
Schedule of Expenditures of Federal Financial Awards  
And Nonfederal Financial Assistance  
For the Year Ended June 30, 2023

Federal/State Agency, Pass-Through Entity Federal Program/State Project	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Nonfederal Expenditures
<b>FEDERAL AWARDS</b>				
<b>U.S. Department of Health And Human Services</b>				
Special Support for Ryan White HIV Treatment-SPNS	93.928	U9039765	310,716	
Substance Abuse and Mental Health Services Projects of Regional and National Significance (PRNS) (GBHI)	93.243	H79TI080431	286,812	
Mental and Behavioral Health Education and Training-OIFSP Grant	93.732	6T26HP39455	266,197	
Centers For Disease Control and Prevention-HIV Prevention Activities, Non-Government Organization Based-CDC	93.939	NU62PS924655	366,184	
Substance Abuse and Mental Health Services Projects of Regional and National Significance (SACOT)			117,735	
Community Health Worker Training Program-CHWTP	93.516		120,179	
Total U.S. Department of Health And Human Services			<u>1,467,823</u>	
 <b>U.S. President's Emergency Plan for AIDS Relief-PEPFAR</b>				
AIDS Relief			5,114	
Total U.S. President's Emergency Plan for AIDS Relief-PEPFAR			<u>5,114</u>	
 <b>U.S. Department of Justice</b>				
Coronavirus Emergency Supplemental Funding Program	16.034		2,485	
Total U.S. Department of Justice			<u>2,485</u>	
<b>Total Federal Awards</b>			<u><u>1,475,422</u></u>	
 <b>NC Department of Health And Human Services</b>				
Division of Public Health- NC Testing				69,020
Ryan White HIV/AIDS Program Part A and MAI				16,840
<b>Total State Awards</b>				<u><u>85,860</u></u>
 <b>Mecklenburg County Health Department</b>				
Meck Co Health Department-PrEP				5,811
Meck Co Health Department-Testing				44,486
<b>Total Mecklenburg County Awards</b>				<u><u>50,297</u></u>

Quality Home Care Services Inc.  
Notes To The Schedule of Expenditures of Federal Financial Awards  
For The Year Ended June 30, 2023

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity for Quality Home Care Services, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2023. 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3: CONTINGENCIES**

The Organization is subject to audit examination by the funding sources of grants to determine its compliance with certain grant provisions. In the event that expenditures could be disallowed through the audit, repayment of such disallowances could be required.