



Audited Financial Statements

And

Single Audit Reports

June 30, 2026

ECONOMIC IMPROVEMENT COUNCIL, INC
AUDITED FINANCIAL STATEMENTS

JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Economic Improvement Council, Inc.

Report on Financial Statements

Opinion

We have audited the financial statements of Economic Improvement Council, Inc (collectively, the “Organization”), which comprise the statement of financial position as of June 30, 2026, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements (collectively, the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2026, 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 for Opinion

We conducted our audit 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 (“*Government Auditing Standards*”). 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 the 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, which raise substantial doubt about the Organization’s ability to continue as a going concern within one year after the date that the financial statements are issued or made 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 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 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, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2026, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

W Consulting, PLLC

Chapel Hill, NC

September 29, 2026

Economic Improvement Council, Inc.
Statement of Financial Position
At June 30, 2026

ASSETS

Current Assets:	
Cash	\$ 2,763,616
Cash- Restricted	568,136
Government grants receivables	1,127,692
Property, Plant and Equipment (net)	1,435,173
Right-of-Use - Asset Finance (net)	112,413
	<hr/>
TOTAL ASSETS	\$ 6,007,030
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued liabilities	\$ 249,562
Right-of-Use - Liabilities Finance (net)	117,677
FSS Escrow	287,695
	<hr/>
Total Liabilities	654,934
	<hr/>

NET ASSETS

With Donor Restriction	331,328
Without Donor Restriction	5,020,768
	<hr/>
Total Net Assets	5,352,096
	<hr/>

TOTAL LIABILITIES AND NET ASSETS	\$ 6,007,030
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The attached notes and auditor's report are an integral part of these financial statements

Economic Improvement Council, Inc.
Statement of Activities
For the Year Ended June 30, 2026

	Without Donor Restrictions	With Donor Restrictions	Total 6/30/2026
REVENUE, SUPPORT, AND OTHER INCOME:			
Government grants - federal	\$ 30,526,175	\$ 50,887	\$ 30,577,062
Contributions and grants	180,000	-	180,000
Other income	19,674	-	19,674
In-kind contributions	406,764	-	406,764
Interest income	21,249	-	21,249
Net assest released from restrictions	-	331,328	331,328
	<u>31,153,862</u>	<u>331,328</u>	<u>31,536,077</u>
Total revenue, support and other income			
FUNCTIONAL EXPENSES			
Programs services	29,624,579	-	29,624,579
Management and general	1,269,887	-	1,269,887
	<u>30,894,466</u>	<u>-</u>	<u>30,894,466</u>
Total functional expenses			
Change in net assets	259,396	50,887	310,283
Net Assets, <i>beginning of year</i>	<u>4,761,372</u>	<u>280,441</u>	<u>5,041,813</u>
Net Assets, <i>end of year</i>	<u><u>\$ 5,020,768</u></u>	<u><u>\$ 331,328</u></u>	<u><u>\$ 5,352,096</u></u>

The attached notes and auditor's report are an integral part of these financial statements

Economic Improvement Council, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2026

	Program Services							Support Services			
	Early Head Start	NC Pre-K Program	Child Nutrition	Community Services Block Grant	Dominion Energy	Weatherization	Section Eight Housing	Total Program Services	Management and General	Total Supporting Services	Total
Salaries and wages	\$ 8,997,525	\$ 5,545	\$ -	\$ 112,099	\$ 554	\$ 97,436	\$ 516,838	\$ 9,729,997	\$ 698,000	\$ 698,000	\$ 10,427,997
Employee benefits	1,909,184	1,599	86	25,274	-	21,783	120,446	2,078,372	153,560	153,560	2,231,932
Payroll taxes	595,476	-	-	10,183	-	9,111	38,393	653,163	4,887	4,887	658,050
Contractual and professional services	1,321,604	-	-	3,008	122,893	10,071	21,094	1,478,670	-	-	1,478,670
Housing assistance payments	-	-	-	-	-	-	9,281,469	9,281,469	-	-	9,281,469
FSS escrow	-	-	-	-	-	-	124,188	124,188	-	-	124,188
Client assitance and support	-	-	-	136,433	-	-	33,898	170,331	-	-	170,331
Career development and training	217,378	-	-	5,081	-	9,594	18,873	250,926	-	-	250,926
Occupancy	392,758	-	-	-	-	-	892	393,650	-	-	393,650
Utilities	752,319	-	21	5,422	1,500	883	7,747	767,892	5,371	5,371	773,263
Equipment and maintenance	1,204,696	-	3,391	838	-	1,361	21,119	1,231,405	-	-	1,231,405
Information technology and telecommunications	164,430	-	-	375	-	5,978	68,910	239,693	55,000	55,000	294,693
Insurance	360,362	-	-	8,909	-	9,128	36,762	415,161	53,762	53,762	468,923
Supplies and materials	983,356	-	154,169	551	22,819	18,898	10,162	1,189,955	22,345	22,345	1,212,300
Food	4,836	-	670,116	-	-	-	-	674,952	-	-	674,952
Health and safety	-	-	164	-	1,263	6,615	-	8,042	-	-	8,042
Travel and Transportation	117,559	-	792	2,520	971	7,584	12,216	141,642	45,902	45,902	187,544
Dues and subscriptions	35,360	-	-	4	-	10	487	35,861	14,520	14,520	50,381
Advertising and marketing	254	-	-	4	-	5	1,748	2,011	-	-	2,011
Postage	2,517	-	-	55	-	61	14,288	16,921	782	782	17,703
Other operating expense	341,380	-	-	4,239	-	5,981	121,564	473,164	200,883	200,883	674,047
Depreciation	266,433	-	-	164	-	-	517	267,114	14,875	14,875	281,989
TOTAL FUNCTIONAL EXPENSES	\$ 17,667,427	\$ 7,144	\$ 828,739	\$ 315,159	\$ 150,000	\$ 204,499	\$ 10,451,611	\$ 29,624,579	\$ 1,269,887	\$ 1,269,887	\$ 30,894,466

The attached notes and auditor's report are an integral part of these financial statements

Economic Improvement Council, Inc.
Statement Cash Flows
For the Year Ended June 30, 2026

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	
Adjustments to reconcile change in net assets to net cash provided by/(used for) operating	\$ 310,283
Depreciation expense	281,989
Change in finance lease ROU asset and liability (net)	-
Changes in assets and liabilities:	-
Government grants receivables	212,193
Mortgage receivable	45,595
Accounts payable and accrued liabilities	21,178
FSS Escrow	51,751
Total adjustments	<u>612,706</u>
Net cash used for operating activities	<u><u>922,989</u></u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property, plant, and equipment - purchase	<u>(57,195)</u>
Net cash used for investing activities	<u><u>(57,195)</u></u>

Net decrease in cash, cash equivalents and restricted cash	865,794
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Cash, cash equivalents and restricted cash - beginning of year	<u>2,465,958</u>
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Cash, cash equivalents and restricted cash - end of year	<u><u>\$ 3,331,752</u></u>
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SUPPLEMENTAL CASH FLOW INFORMATION

Interest paid	<u>\$ 7,189</u>
Taxes paid	<u><u>\$ -</u></u>

The attached notes and auditor's report are an integral part of these financial statements

ECONOMIC IMPROVEMENT COUNCIL, INC

NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 1 – NATURE OF THE ORGANIZATION

Economic Improvement Council, Inc. (the “Organization”), a nonprofit organization, was incorporated on May 28, 1996, in North Carolina. The Organization’s purpose is to advance the general welfare of the people of Northeastern North Carolina. The Organization provides housing assistance, weatherization services, job development, childcare assistance, and poverty elimination strategies to disadvantaged populations in an effort to increase their living standards.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes into funds established in accordance with their nature and purpose.

NET ASSETS

These financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into two classes of net assets – without donor restrictions and with donor restrictions.

Net assets without donor restrictions: Net assets not subject to donor-imposed restrictions. This class can also include net assets designated by the Board of Directors to be reserved for future use.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or passage of time. This class can also include net assets with restrictions that are perpetual in nature. The Organization maintained net assets with donor restrictions as of June 30, 2026.

ECONOMIC IMPROVEMENT COUNCIL, INC
NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses as of the date and for the periods presented. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Organization cash and cash equivalents consist of checking and money market accounts. The Organization also has cash held in foreign countries and held in foreign currency. The carrying value of cash and cash equivalents on June 30, 2026, approximates its fair value.

The Organization's restricted cash balance consists of two components. An escrow account is required by the U.S. Department of Housing and Urban Development (HUD) for the Family Self-Sufficiency (FSS) program and includes a balance that is offset by a corresponding liability on the accompanying statement of financial position. A donor-imposed restricted account is required by HUD for housing assistance payments. As of June 30, 2026, the restricted cash balances totaled \$568,136.

Restricted cash consists of the following as of June 30, 2026:

Escrow	\$287,695
Donor-imposed restrictions	<u>280,441</u>
Total	<u>\$568,136</u>

FSS Escrows:

As of June 30, 2026, the Organization held \$287,695, for third parties which represents savings for clients to be used for down payments on homes.

ECONOMIC IMPROVEMENT COUNCIL, INC

NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents at two financial institutions in Edenton, North Carolina. The balances are insured up to \$250,000 per customer, per insured bank, by the Federal Deposit Insurance Corporation (FDIC). Bank balances exceeded the federally insured limit by \$3,331,752 as of June 30, 2026. Management has assessed the creditworthiness of the financial institutions and feels there is not a significant risk of loss.

GRANTS AND CONTRIBUTIONS RECEIVABLE

Management determines an allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

At June 30, 2026, management believes all promises to give are collectable, therefore, no allowance has been established. Accounts receivables are stated at the amount management expects to collect from the outstanding balances.

LEASES

The Organization determines if an arrangement is or contains a lease at inception of a contract. A contract is determined to be or contain a lease if it conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. Leases are included in right-of-use (ROU) assets and lease liabilities in the accompanying statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent.

The lease term represents the noncancelable period for which the Organization has the right to use an underlying asset, together with all of the following: (i) periods covered by an option to extend the lease if the Organization is reasonably certain to exercise that option; (ii) periods covered by an option to terminate the lease or purchase the leased property if the Organization is reasonably certain to exercise that option; and (iii) periods covered by an option to extend (or not to terminate) the lease in which exercise of the option is controlled by the lessor. Operating lease expense is recognized on a straight-line basis over the lease term.

ECONOMIC IMPROVEMENT COUNCIL, INC

NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LEASES (continued)

The Organization has elected the following practical expedients and accounting policy elections related to its lease agreements:

- ROU assets and lease liabilities are not recorded for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.
- ROU assets and lease liabilities are not recorded for leases with total undiscounted lease cost across the asset class, less than \$15,000.
- Lease components are not separated from non-lease components in its lease contracts.
- The risk-free discount rate is used to determine the present value of the future lease payments.

PROPERTY PLANT AND EQUIPMENT

Fixed assets are stated at cost when purchased or estimated fair market value at time of donation. Depreciation and amortization are computed under the straight-line method. Fixed assets are depreciated over their estimated useful lives. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining lease term. Additions and improvements to existing assets during the year are capitalized, while general maintenance and repairs are charged to expense. Property and equipment purchases with a cost in excess of \$5,000 are capitalized. Depreciation and amortization expense for fixed assets was \$281,989 for the year ended June 30, 2026. Fixed assets purchased with federal funds are subject to reversionary rights of the grantor. Useful lives for determining depreciation and amortization are as follows:

Buildings and Improvements:	5-30 years
Furniture, Equipment, and Vehicles:	5-10 years

GOVERNMENT GRANTS

Government grants consist primarily of federal and State cost-reimbursement grants conditioned upon performance requirements and/or the incurrence of allowable qualifying expenditures. Amounts are recognized as revenue when the Organization has incurred expenditures in compliance with the relevant grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances on the statement of financial position.

ECONOMIC IMPROVEMENT COUNCIL, INC

NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GRANTS AND CONTRIBUTIONS

The Organization recognizes contributions when cash, securities or other assets, are considered an unconditional promise to give, or notification of a beneficial interest is received.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

IN-KIND CONTRIBUTIONS

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Services provided by volunteers are not recognized as contributions because they do not meet recognition criteria prescribed by generally accepted accounting principles.

Donated goods are recorded at fair value at the date of the donation. Donated professional services are recorded at the respective fair values of the services received. Donated space is recorded at the fair rental value at the time of the donation.

MORTGAGE RECEIVABLE

During the year ended June 30, 2015, the Organization sold a house and lot located in Edenton, North Carolina to an employee who left the Organization in 2017. The selling price of the house was \$55,000 and the Organization received a mortgage note for the purchase price of the house. As of June 30, 2026, there is no balance due on the note receivable as it was collected in full July 2025.

DEFINED CONTRIBUTIONS RETIREMENT PLAN

The Organization maintains a 403(b) plan for the benefit of its employees. After completing one year of service, full-time employees are eligible to participate in the Plan and are entitled to receive employer contributions equal to 7% of their compensation up to the maximum annual contribution allowed by the IRS. The Plan also provides that participating employees may voluntarily contribute up to 15% of their compensation up to the maximum annual contribution allowed by the IRS. Employees are vested 100% in their contributions. Employer contributions to the Plan totaled \$529,732 for the year ended June 30, 2026.

ECONOMIC IMPROVEMENT COUNCIL, INC
NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CONCENTRATIONS

The Organization received approximately 97% of its revenue for the year ended June 30, 2026, from the federal government. It is considered reasonably possible that in the event benefactors, grantors, or contributors are lost, the Organization's ability to continue would be considered a going concern.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Organization's programs and other activities have been presented in the statement of functional expenses. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The Organization uses full-time equivalent ratios to allocate indirect costs.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, excluding amounts restricted by donors, within one year of the statement of financial position date are comprised of the following:

Cash	\$3,331,752
Government grants receivables	<u>1,127,733</u>
Total financial assets	4,459,485

Less amounts not available to be used within one year:

Net assets with donor restriction	<u>(280,441)</u>
Total financial assets	<u>\$4,179,044</u>

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. In addition to financial assets available for general expenditure within one year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Because the donor restrictions require resources to be used in a particular manner or in future periods, the Organization maintains sufficient resources to meet the responsibility to its donors. Thus, financial assets as they relate to donor restrictions may not be available for general expenditure within one year.

ECONOMIC IMPROVEMENT COUNCIL, INC

NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 4 – PROPERTY PLANT AND EQUIPMENT

Property, Plant, and Equipment for the organization consisted of the following as of June 30, 2026.

		Useful Life
Land	\$177,706	
Building	3,554,478	25 years
Machines and Equipment	392,241	3-5 years
Vehicles	1,693,735	5 years
Leasehold Improvements	<u>57,194</u>	5 years
	5,875,354	
Less Accumulated Depreciation	<u>(4,440,181)</u>	
Total	<u>\$1,435,173</u>	

Total depreciation expenses were \$281,989 for the year ended June 30, 2026.

NOTE 5 - LEASE COMMITMENTS

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use the underlying assets for the lease terms, and the lease liabilities represent the Organization's obligation to make lease payments arising from these lease agreements. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the respective lease terms.

The Organization has several finance lease agreements for office equipment. The finance leases have expiration dates ranging from August 2028 to April 2030. The lease terms exclude any early termination or purchase options which the Organization is not reasonably certain to exercise. The lease agreements call for monthly lease payments ranging from \$445 to \$3,000.

Future maturities of the finance lease liabilities are presented in the following tables for the fiscal years ending:

June 30:	2027	\$57,194
	2028	47,812
	2029	20,990
	2030	<u>4,492</u>
Total Future Undiscounted Lease Payments		130,488
Less: Present Value Discount		<u>-12,811</u>
Total Lease Liabilities		<u>\$117,677</u>

ECONOMIC IMPROVEMENT COUNCIL, INC
NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions (restricted for the purpose indicated) at June 30, 2026 are as follows:

Purpose Restricted: HUD Housing Assistance Payments	<u>\$50,887</u>
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Net assets released from donor restrictions (restricted for the purpose indicated) for the year ended June 30, 2026, are as follows:

Purpose Restricted: HUD Housing Assistance Payments	<u>\$331,328</u>
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NOTE 7 - IN-KIND CONTRIBUTIONS

The Organization received the following contributions of nonfinancial assets for the year ended June 30, 2026:

Professional services	\$307,028
Space	99,530
Materials and supplies	<u>206</u>
Total	<u>\$406,764</u>

The Organization received donated professional services related to menu development and analysis for the Head Start program. The professional services were valued at the normal selling price set by the vendor for these services. The Organization also receives donated services from a variety of unpaid volunteers assisting in classrooms in the Head Start program. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization values donated materials and supplies at the fair market value at the time of donation. There were no donor-imposed restrictions, but all donated materials and supplies were related to and utilized for the Head Start and Early Head Start programs.

The Organization also receives the use of donated facilities for its program operations. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation. Fair value is estimated using the average price per square foot of rental listings in the Organization's service area. Donated space is allocated among program services based upon the square footage occupied. There were no donor-imposed restrictions, but all donated space was related to and utilized for the Head Start and Early Head Start programs.

ECONOMIC IMPROVEMENT COUNCIL, INC
NOTES TO FINANCIAL STATEMENTS

June 30, 2026

NOTE 8 - INCOME TAXES

The Organization is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and State income taxes on related income. In addition, the Organization has been determined by the Internal Revenue Service (IRS) not to be a “private foundation” within the meaning of section 509(a) of the IRC. The Organization had no unrelated business income during fiscal year 2025 and, therefore, no provision for federal or State income taxes has been made in the accompanying financial statements.

The standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. This requires the evaluation of tax positions taken or expected to be taken while preparing the Organization’s tax returns to determine whether the tax positions are “more likely than not” of being sustained when challenged or when examined by the applicable tax authority.

For the year ended June 30, 2026, management has determined that there were no material uncertain tax positions.

NOTE 9 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 29, 2026, the date which the financial statements were available for issue and determined that no material subsequent events have occurred that would affect the information presented or require additional disclosure.

**ECONOMIC IMPROVEMENT COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2026**

Federal Grantor Pass-Through Grantor Program Title	Cluster Name	Federal Assistance Listing Number (ALN)	Pass-Through Grantor's Number	Total Federal Expenditure	Passed Through to Subrecipients
U.S. Department of Agriculture					
<i>Passed through the North Carolina Department of Health and Human Services</i>					
Child and Adult Care Food Program	N/A	10.558	9452	\$ 527,763	\$ -
Child and Adult Care Food Program	N/A	10.558	7193	300,976	-
				<u>828,739</u>	<u>-</u>
Total U.S. Department of Agriculture					
U.S. Department of Housing and Urban Development					
Section 8 Housing Choice Vouchers	Housing Voucher Cluster	14.871	N/A	8,400,724 *	-
Family Self-Sufficiency Program	N/A	14.913	N/A	2,000,000	-
				<u>10,400,724</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development					
U.S. Department of Energy					
<i>Passed through the North Carolina Department of Environmental Quality</i>					
Weatherization Assistance for Low-income Persons	N/A	81.042	7635	204,499	-
				<u>204,499</u>	<u>-</u>
Total U.S. Department of Energy					
U.S. Department of Health and Human Services					
<i>Passed through the North Carolina Department of Health and Human Services</i>					
Low-income Home Energy Assistance	N/A	93.568	230 INCLIEA/2401NCLIEA	150,000	-
Community Services Block Grant	N/A	93.568	2301NCCOSR	315,159	-
Head Start	Head Start Cluster	93.600	04HP000527-03-00	7,261,700 *	-
Head Start	Head Start Cluster	93.600	04CH012145-05-00	6,658,530 *	-
Head Start	Head Start Cluster	93.600	04CH012145-05-01	4,706,824 *	-
				<u>19,092,213</u>	<u>-</u>
Total U.S. Department of Health and Human Services					
Total Federal Awards Expended				<u>\$ 30,526,175</u>	<u>\$ -</u>

* Indicates a major program

ECONOMIC IMPROVEMENT COUNCIL, INC
Notes to Schedule of Expenditures of Federal Awards

June 30, 2026

Note 1- Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Economic Improvement Council, Inc. (the Organization) under programs of the federal government for the year ended June 30, 2026. The information in this schedule is presented in accordance with requirements of the 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 in the Schedule are reported on an 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.

Note 3 - Subrecipients

There were no awards passed through to subrecipients for the year ended June 30, 2026.

Note 4 - Indirect Cost Rate

The Organization has elected not to use the 10 percent (for grants awards effective prior to September 30, 2024) or 15 percent (for grant awards effective October 1, 2024) de-minimis indirect cost rates as allowed under the Uniform Guidance. The Organization has a negotiated indirect cost rate agreement (NICRA) with the U.S. Department of Health and Human Services, the Organization's oversight agency.

Note 5- Other

The Organization did not have any outstanding federal loans or loan guarantees as of June 30, 2026. The Organization did not receive any federal noncash awards or insurance assistance for reimbursement losses during the year ended June 30, 2026.

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*

Independent Auditors Report

To the Board of Directors
Economic Improvement Council, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Economic Improvement Council, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2026, 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 September 29, 2026.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We also did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

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 financial statements. 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 report is not suitable for any other purpose.

W Consulting, PLLC

Chapel Hill, NC
September 29, 2026

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

To the Board of Directors
Economic Improvement Council, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Economic Improvement Council, Inc. (the Organization)'s 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, 2026. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the 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, 2026.

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 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.

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 each major federal program as a whole.

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

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance 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 the response.

Report on Internal Control over Compliance

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. We also did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, material weaknesses or significant deficiencies may exist that were not identified.

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 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. *Government Auditing Standards* requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance 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 the response.

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, 2026, and have issued our report thereon dated September 29, 2026, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards (SEFA) 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.

W Consulting, PLLC
Chapel Hill, NC

September 29, 2026

Economic Improvement Council, Inc.
Schedule of Findings and Questioned Costs

June 30, 2026

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on financial statements: **Unmodified**

Internal control over financial reporting:

- Material weaknesses(es) identified? Yes ☐ None reported ☒
- Significant deficiency(ies) identified not considered to be material weaknesses? Yes ☐ None reported ☒

Noncompliance material to the financial statements? Yes ☐ None reported ☒

Federal Awards

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

Internal control over major programs:

- Material weaknesses(es) identified? Yes ☐ No ☒
- Significant deficiency(ies) identified not considered to be material weaknesses? Yes ☐ None reported ☒

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516 (a)? Yes ☐ None reported ☒

Identification of major programs:

<u>ALN</u>	<u>Name of Federal Program</u>
14.871	Housing Choice Vouchers
93.600	Head Start

Dollar threshold used to distinguish between Type A and Type B programs: **\$1,000,000**

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

**Economic Improvement Council, Inc.
Schedule of Findings and Questioned Costs**

June 30, 2026

Section II- Federal Award Findings and Questioned Costs

There were no findings as of June 30, 2026.

**Economic Improvement Council, Inc.
Schedule of Findings and Questioned Costs**

June 30, 2026

Section III - Prior Year Financial Statement and Federal Award Findings and Questioned Costs

Finding 2025-001- Year-End Closing and Reporting in Accordance with GAAP

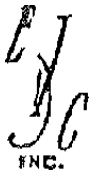
Status: Resolved.

Finding 2025-002 - Inaccessibility of Accounting Records

Status: Resolved.

Finding 2025-003 -Noncompliance with Federal Reporting Requirements

Status: Resolved.



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ADMINISTRATIVE OFFICE**

712 VIRGINIA ROAD
P.O. BOX 549
EDENTON, NORTH CAROLINA 27932
PHONE (252) 482-4458 FAX (252) 482-0328
www.eiccaa.org

DR. WILLAM SAWYER
PRESIDENT
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Dr. LANDON B. MASON SR., NCRT, CCAP
EXECUTIVE DIRECTOR

Corrective Action Plan

Finding Reference Number - 2025-001

Condition - During the audit, we assisted the Organization in preparing several adjustments to present the financial position and activities of the Organization in accordance with GAAP. We proposed current year and prior year adjustments to correct errors and omissions identified with cash, receivables, payables, right-of-use assets, lease liabilities, fixed assets, and related revenues and expenses.

Planned Corrective Action - Management acknowledges this repeat finding and recognizes the impact that both financial reporting errors and accounting system limitations have had on the Organization's financial statement preparation process. Management has identified recurring issues within the GMS (Grants Management Systems) accounting software as a contributing factor and will continue to increase the frequency of communication and coordination with the GMS technical support team to address system deficiencies and ensure timely implementation of necessary updates.

Additionally, management plans to strengthen internal review and reconciliation procedures throughout the year to identify and resolve errors earlier in the reporting cycle. These corrective actions are intended to improve the accuracy and completeness of financial records, reduce the need for audit adjustments, and ensure future financial statements are prepared in accordance with GAAP.

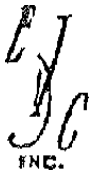
Management will strengthen internal controls over financial statement preparation and review to ensure completeness, accuracy, and compliance with U.S. GAAP.

Key corrective actions include:

- **Formalizing the Financial Close Process**

A standardized year-end closing and financial reporting checklist will be implemented to

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ensure all significant accounts and disclosures are properly reviewed, including leases and fixed assets.

- **Enhancing Review and Oversight Controls**

Financial statements, adjusting journal entries, and key account reconciliations will be reviewed and approved by qualified management personnel prior to issuance. Evidence of review will be documented.

- **Improving Account Reconciliations**

All significant balance sheet accounts will be reconciled timely and reviewed to ensure accuracy and completeness throughout the year, not solely at year-end.

- **Strengthening GAAP Knowledge and Support**

Finance staff will receive training on applicable U.S. GAAP requirements. Management will consult with external accounting professionals when complex or non-routine transactions arise.

- **Ongoing Monitoring**

Management will periodically evaluate the effectiveness of financial reporting controls and update procedures as needed to reflect operational or regulatory changes.

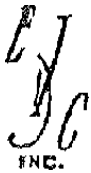
These corrective actions are designed to improve the Organization's ability to independently prepare financial statements that are compliant with GAAP and to reduce reliance on audit assistance for recording material adjustments.

Anticipated Completion Date - June 30, 2026

Individual(s) Responsible for Implementing Corrective Action

- Executive Director - Dr. Landon B. Mason
- Chief Financial Officer - Ms. Jose Taylor
- Fiscal Officer - Ms. Sonya Harrell

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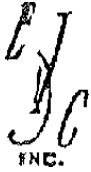
Finding Reference Number- 2025-002

Condition - The Organization failed to timely file the unaudited and audited financial data to REAC for the fiscal year ended June 30, 2025.

Planned Corrective Action - Management acknowledges this is a repeat finding and concurs with the recommendation. Management made repeated attempts to access the HUD REAC website to submit the required unaudited and audited financial data; however, access to the system was consistently delayed due to technical issues with the HUD REAC site. Management contacted the HUD REAC technical assistance team on multiple occasions and left messages requesting assistance; however, calls were not returned in a timely manner. In an effort to meet the reporting requirements, management also consulted with various REAC users to obtain guidance and alternative approaches for system access. While some progress was made through these efforts, the Organization was ultimately unable to meet the filing deadline.

To prevent future occurrences, management will begin the REAC submission process earlier to allow sufficient time to address potential technical issues, will continue to pursue timely assistance from HUD technical support, and will document all communication attempts related to system access. Management will also designate additional staff to monitor REAC submission requirements and deadlines to ensure timely compliance in future reporting periods. These actions are intended to improve monitoring controls, ensure timely compliance with HUD reporting requirements, and reduce the risk of penalties or Late Presumptive Failure (LPF) designation.

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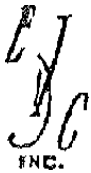
Anticipated Completion Date - August 31, 2026

Individual(s) Responsible for Implementing Corrective Action

- Executive Director - Dr. Landon B. Mason
- Chief Financial Officer - Ms. Jose Taylor
- Housing Staff - Mrs. Tamisha Goff

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940-1282	338-7720	482-4458	232-2882	473-3149	357-0555	926-4651	789-1181	335-5493	426-7868	355-0028	796-3711	793-3142



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Finding Reference Number - 2025-003

Condition

During our testing, we noted that the Organization did not submit the required fiscal year 2024 documents to the FAC by the required due date.

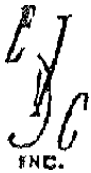
Planned Corrective Action

Management acknowledges the finding and agrees with the recommendation. Management notes that delays were impacted by issues within the GMS (Grants Management Systems) accounting software, as well as delays in communication with the auditor. Financial documents were uploaded to the secure file-sharing portal in advance; however, certain items were not opened or reviewed in a timely manner by the auditor due to mandatory trainings, conferences, and workshops. These delays, combined with system-related challenges, contributed to the Organization's inability to meet the FAC submission deadline.

Management will implement procedures to strengthen coordination and communication with external auditors, including earlier scheduling of audit deliverables and confirmation of document receipt and review timelines. Management will also enhance internal tracking of submission requirements and deadlines related to FAC filings and ensure that key documentation is finalized and monitored well in advance of due dates.

In addition, management will continue to address ongoing GMS software issues by increasing communication with technical support and validating system functionality prior to critical reporting

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periods. These corrective actions are intended to ensure timely submission of required documents and strengthen compliance with FAC reporting requirements in future fiscal years.

These corrective actions are designed to improve oversight of federal compliance requirements and ensure timely submission of required reports in accordance with 2 CFR Part 200.

Anticipated Completion Date - March 30, 2027

Individual(s) Responsible for Implementing Corrective Action

- Executive Director - Dr. Landon B. Mason
- Chief Financial Officer - Ms. Jose Taylor
- Fiscal Officer - Ms. Sonya Harrell

Name: Dr. Landon B Mason Sr.,

Title: Executive Director

Signature: *Lanaon <B. :Mason Sr.,*

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