Ascend Nonprofit Solutions, Inc. and Subsidiary

Financial Statements

Year Ended June 30, 2025 and 2024

FOARD
EST. 1964

Ascend Nonprofit Solutions, Inc. and Subsidiary
Table of Contents
June 30, 2025 and 2024

FOARD
EST. 1964

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Ascend Nonprofit Solutions, Inc. and Subsidiary
Charlotte, North Carolina

Opinion
We have audited the accompanying consolidated financial statements of Ascend Nonprofit Solutions, Inc. and Subsidiary (the "Center" - a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ascend Nonprofit Solutions, Inc. and Subsidiary as of June 30, 2025, and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Ascend Nonprofit Solutions, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ascend Nonprofit Solutions, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

Foard & Company, P.A.

September 19, 2025

Ascend Nonprofit Solutions, Inc. and Subsidiary

Consolidated Statement of Financial Position

June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 2,830,815	$ 241,645	$ 3,072,460
Investments	1,713,785	-	1,713,785
Current portion of accounts and grants receivable	48,999	59,500	108,499
Deferred rent receivable	32,852	-	32,852
Deferred tenant improvement	32,584	-	32,584
Other receivables and prepaid assets	399,149	-	399,149
Bargain use of land	-	16,800	16,800
Total Current Assets	***5,058,184***	***317,945***	***5,376,129***
Property and equipment, net	6,647,326	-	6,647,326
Long-Term Assets:			
Deferred tenant improvement, net of current portion	307,653	-	307,653
Utility and tenants deposits and other investments	6,130	-	6,130
Intangible asset - website, net	4,229	-	4,229
Operating lease right-of-use asset	2,640,460	-	2,640,460
Bargain use of land, net of current portion	-	442,400	442,400
Total Long-Term Assets	***2,958,472***	***442,400***	***3,400,872***
TOTAL ASSETS	***$ 14,663,982***	***$ 760,345***	***$ 15,424,327***
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	$ 136,200	$ -	$ 136,200
Current portion of right-of-use operating lease liability	68,337	-	68,337
Deferred revenue	121,575	-	121,575
Total Current Liabilities	***326,112***	***-***	***326,112***
Long-Term Liabilities:			
Right-of-use operating lease liability, net of current	2,572,372	-	2,572,372
Tenant security deposits and other	12,205	-	12,205
Total Long-Term Liabilities	***2,584,577***	***-***	***2,584,577***
Total Liabilities	***2,910,689***	***-***	***2,910,689***
Total Net Assets	***11,753,293***	***760,345***	***12,513,638***
TOTAL LIABILITIES AND NET ASSETS	***$ 14,663,982***	***$ 760,345***	***$ 15,424,327***

Ascend Nonprofit Solutions, Inc. and Subsidiary
Consolidated Statement of Financial Position
June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 2,471,989	$ 180,278	$ 2,652,267
Investments	1,599,236	-	1,599,236
Current portion of accounts and grants receivable	496,501	57,230	553,731
Deferred rent receivable	26,731	-	26,731
Deferred tenant improvement	138,255	-	138,255
Other receivables and prepaid assets	170,211	-	170,211
Bargain use of land	-	16,800	16,800
Total Current Assets	***4,902,923***	***254,308***	***5,157,231***
Property and equipment, net	6,962,315	-	6,962,315
Long-Term Assets:			
Accounts receivable, net of current portion	-	395	395
Deferred tenant improvement, net of current portion	179,352	-	179,352
Utility and tenants deposits and other investments	3,894	-	3,894
Intangible asset - website, net	10,199	-	10,199
Operating lease right-of-use asset	2,681,900	-	2,681,900
Bargain use of land, net of current portion	-	459,200	459,200
Total Long-Term Assets	***2,875,345***	***459,595***	***3,334,940***
TOTAL ASSETS	***$ 14,740,583***	***$ 713,903***	***$ 15,454,486***
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	$ 314,968	$ -	$ 314,968
Current portion of notes payable	75,362	-	75,362
Current portion of right-of-use operating lease liability	61,684	-	61,684
Other liabilities	91,039	-	91,039
Total Current Liabilities	***543,053***	***-***	***543,053***
Long-term liabilities			
Right-of-use operating lease liability, net of current	2,620,467	-	2,620,467
Tenant security deposits and other	35,715	-	35,715
Total Long-Term Liabilities	***2,656,182***	***-***	***2,656,182***
Total Liabilities	***3,199,235***	***-***	***3,199,235***
Total Net Assets	***11,541,348***	***713,903***	***12,255,251***
TOTAL LIABILITIES AND NET ASSETS	***$ 14,740,583***	***$ 713,903***	***$ 15,454,486***

Ascend Nonprofit Solutions, Inc. and Subsidiary
Consolidated Statement of Activities
Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
RENTAL ACTIVITY			
Member agency tenants	$ 3,752,236	$ -	$ 3,752,236
Other tenants	129,272	-	129,272
Technical support income	220,324	-	220,324
Total Rental Activity	***4,101,832***	***-***	***4,101,832***
SHARED SERVICES	***3,222,459***	***-***	***3,222,459***
SUPPORT AND OTHER			
Contributions of cash and other financial assets	395,150	629,119	1,024,269
Contributions of nonfinancial assets	7,610	-	7,610
Other	75,723	-	75,723
Investment income	152,685	-	152,685
Total Support and Other	***631,168***	***629,119***	***1,260,287***
Net assets released from restriction:			
Satisfaction of purpose restrictions	582,677	(582,677)	-
Total Revenue	***8,538,136***	***46,442***	***8,584,578***
EXPENSES			
Program Services:			
Building	3,133,230	-	3,133,230
Collaboration	4,373,002	-	4,373,002
Fiscal sponsorships	595,291	-	595,291
Total Program Services	***8,101,523***	***-***	***8,101,523***
Supporting Services:			
Management and general	77,999	-	77,999
Fundraising	146,669	-	146,669
Total Expenses	***8,326,191***	***-***	8,326,191
CHANGE IN NET ASSETS	***211,945***	***46,442***	***258,387***
NET ASSETS, BEGINNING	***11,541,348***	***713,903***	***12,255,251***
NET ASSETS, ENDING	***$ 11,753,293***	***$ 760,345***	***$ 12,513,638***

Ascend Nonprofit Solutions, Inc. and Subsidiary

Consolidated Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
RENTAL ACTIVITY			
Member agency tenants	$ 4,001,673	$ -	$ 4,001,673
Other tenants	140,517	-	140,517
Technical support income	243,651	-	243,651
Total Rental Activity	***4,385,841***	***-***	***4,385,841***
SHARED SERVICES	***2,952,911***	***-***	***2,952,911***
SUPPORT AND OTHER			
Contributions of cash and other financial assets	354,060	773,941	1,128,001
Contributions of nonfinancial assets	10,252	-	10,252
Other	77,494	-	77,494
Investment income	121,713	-	121,713
Total Support and Other	***563,519***	***773,941***	***1,337,460***
Net assets released from restriction:			
Satisfaction of purpose restrictions	695,627	(695,627)	-
Total Revenue	***8,597,898***	***78,314***	***8,676,212***
EXPENSES			
Program Services:			
Building	3,109,882	-	3,109,882
Collaboration	4,154,272	-	4,154,272
Fiscal sponsorships	696,665	-	696,665
Total Program Services	***7,960,819***	***-***	***7,960,819***
Supporting Services:			
Management and general	84,603		84,603
Fundraising	144,079	-	144,079
Total Expenses	***8,189,501***	***-***	***8,189,501***
CHANGE IN NET ASSETS	***408,397***	***78,314***	***486,711***
NET ASSETS, BEGINNING	***11,132,951***	***635,589***	***11,768,540***
NET ASSETS, ENDING	***$ 11,541,348***	***$ 713,903***	***$ 12,255,251***

Ascend Nonprofit Solutions, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services				Supporting Services		
	Building	Collaboration	Fiscal Sponsorships	Totals	Management and General	Fundraising	2025 Totals
Personnel - Wages, taxes and benefits	$ 179,998	$ 3,833,401	$ 21,201	$ 4,034,600	$ 10,272	$ 139,804	$ 4,184,676
Professional services - Finance and accounting	-	27,570	-	27,570	17,250	-	44,820
Professional services - Human Resources and other	1,769	193,909	3,455	199,133	10,657	-	209,790
Professional services - Legal (In-Kind $7,610)	921	6,689	-	7,610	-	-	7,610
Office expense	5,077	10,230	-	15,307	1,819	621	17,747
Information technology	50,474	225,825	-	276,299	-	-	276,299
Occupancy	649,732	-	-	649,732	-	-	649,732
Interest	478	-	-	478	-	-	478
Travel	726	626	-	1,352	-	1,625	2,977
Conferences, meetings and training	331	14,106	-	14,437	-	3,375	17,812
Depreciation and amortization	400,725	22,528	-	423,253	-	-	423,253
Insurance	-	26,741	-	26,741	37,597	849	65,187
Dues and memberships	303	7,359	-	7,662	404	250	8,316
Communications and public awareness	-	3,518	-	3,518	-	145	3,663
Program support	-	500	570,635	571,135	-	-	571,135
Rent credits to member agencies	1,842,696	-	-	1,842,696	-	-	1,842,696
TOTAL EXPENSES	***$ 3,133,230***	***$ 4,373,002***	***$ 595,291***	***$ 8,101,523***	***$ 77,999***	***$ 146,669***	***$ 8,326,191***

Ascend Nonprofit Solutions, Inc. and Subsidiary
Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services				Supporting Services		
	Building	Collaboration	Fiscal Sponsorships	Totals	Management and General	Fundraising	2024 Totals
Personnel - Wages, taxes and benefits	$ 86,536	$ 3,416,864	$ 15,535	$ 3,518,935	$ 19,055	$ 134,375	$ 3,672,365
Professional services - Finance and accounting	-	22,430	-	22,430	17,000	-	39,430
Professional services - Human Resources and other	1,661	389,360	230	391,251	7,756	1,577	400,584
Professional services - Legal (In-Kind $10,252)	5,701	4,551	-	10,252	-	-	10,252
Office expense	12,454	9,256	-	21,710	5,249	601	27,560
Information technology	48,619	211,851	-	260,470	-	-	260,470
Occupancy	608,880	-	-	608,880	-	-	608,880
Interest	6,017	-	-	6,017	-	-	6,017
Travel	442	560	-	1,002	-	1,292	2,294
Conferences, meetings and training	6,757	27,497	-	34,254	71	4,451	38,776
Depreciation and amortization	389,321	34,030	-	423,351	-	-	423,351
Insurance	-	26,650	-	26,650	33,722	810	61,182
Dues and memberships	100	7,549	-	7,649	-	9	7,658
Communications and public awareness	-	3,674	-	3,674	1,750	964	6,388
Program support	-	-	680,900	680,900	-	-	680,900
Rent credits to member agencies	1,943,394	-	-	1,943,394	-	-	1,943,394
TOTAL EXPENSES	***$ 3,109,882***	***$ 4,154,272***	***$ 696,665***	***$ 7,960,819***	***$ 84,603***	***$ 144,079***	***$ 8,189,501***

Ascend Nonprofit Solutions, Inc. and Subsidiary
Consolidated Statement of Cash Flows
Years Ended June 30, 2025 and 2024

	June 30,	
	2025	2024
OPERATING ACTIVITIES		
Change in net assets	$ 258,387	$ 486,711
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	351,668	363,119
Amortization - bargain use of land	16,800	16,800
Amortization - tenant improvement	47,378	32,584
Amortization - debt issuance costs	1,437	4,878
Amortization - website	5,970	5,970
Realized and unrealized (gain) loss on investments, net	(44,908)	(37,549)
Net change in operating assets and liabilities:		
Accounts, grants, and rent receivable	439,506	(158,869)
Other receivables and prepaid expenses	(228,938)	(17,805)
Tenant improvements	(70,007)	(105,671)
Security deposits and other	(2,236)	5,515
Accounts payable	(178,768)	168,279
Deferred revenue	30,536	4,760
Tenant security deposits	(23,510)	(6,265)
Cash Flows from Operating Activities	***603,315***	***762,457***
INVESTING ACTIVITIES		
Purchases of property and equipment	(36,679)	(122,797)
Sale of investments	8,157	7,756
Acquisition of investments	(77,801)	(41,426)
Cash Flows from Investing Activities	***(106,323)***	***(156,467)***
FINANCING ACTIVITIES		
Payments of notes payable	(76,799)	(227,479)
Cash Flows from Financing Activities	***(76,799)***	***(227,479)***
NET CHANGE IN CASH	***420,193***	***378,511***
CASH AND CASH EQUIVALENTS, BEGINNING	***2,652,267***	***2,273,756***
CASH AND CASH EQUIVALENTS, ENDING	***$ 3,072,460***	***$ 2,652,267***
SUPPLEMENTARY INFORMATION		
Cash paid for interest	*$* 478	*$* 6,017

NOTE 1 – ORGANIZATION

Ascend Nonprofit Solutions, Inc., formerly known as Children and Family Services Center, Inc. and its wholly owned subsidiary, CFSC Shared Services, LLC (together, the "Center") are private nonprofit enterprises which operate an office building with approximately 100,000 square feet (the Carol Grotnes Belk the Ascend Nonprofit Center). The building is for the principal use of 12 nonprofit member agencies who lease approximately 94% of the available space. Other for-profit, nonprofit, and governmental tenants also lease space in the building. The Center provides the following services:

- Building - Rental services to all tenants with the full range of services normally associated with commercial office space. In addition, member agencies are provided affordable office space at below market rates as well as meeting space and conference rooms.

- Collaboration - Collaborative services to member agencies allowing for efficiencies in the sharing of administration services including technology and technology support, human resources and health welfare and retirement benefits, and finance and accounting. Moreover, programmatic collaboration is facilitated and supported.

- Fiscal Sponsorships - The Center provides fiscal sponsorship services to unincorporated groups whose missions and causes are aligned with the Center's mission. Fiscal Sponsorship allows individuals and groups to organize around societal concerns, conduct charitable activities, and receive tax-exempt grants and donations without building a full organizational infrastructure or receiving a formal 501 (c)(3) nonprofit status from the Internal Revenue Service (IRS). This enhances the Center's, as well as the nonprofit sector's, flexibility, efficiency, effectiveness, and innovation.

In the event the building is disposed of at any point in the future, any net proceeds, after settlement of all liabilities, are to be distributed to a 501 (c)(3) organization qualifying under Section 170(c)(2) of the Internal Revenue Code (IRC). Should this fail to occur, any net proceeds are to be distributed to governmental agencies as appropriate for a public purpose.

The member agencies are nonprofit organizations who serve different needs of similar clients. These agencies came together with the Center to form synergies in the delivery of their respective services. As member agencies, they receive rent credits and services not found in normal tenant arrangements. In addition, member agencies have representation on the Board of Directors of the Center.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements include the accounts of Ascend Nonprofit Solutions, Inc. and its wholly owned subsidiary, CFSC Shared Services, LLC, which was organized as a North Carolina Limited Liability Company on September 25, 2008. All significant inter-organizational transactions have been eliminated in consolidation.

Basis of presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.

> *Net assets with donor restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and or the passage of time, and net assets that are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of June 30, 2025 and 2024, the Center did not have any net assets to be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions.

Revenue recognition

Contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed stipulations. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are released to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

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 met. Conditional contributions whose conditions are met in the same reporting period in which they are received are reported as unconditional contributions.

The Center recognizes the rental income monthly as earned, which is not materially different than on a straight-line basis.

The Center's shared services revenue includes a performance obligation to render services to the agencies. Typically, the performance obligation is earned monthly and recorded as revenue accordingly.

Grants and purchased services
Grant awards are evaluated by management and determined to be either unconditional contributions, exchange transactions, or conditional contributions. If considered to be an unconditional contribution, revenue from grants is recorded upon notification of the award. If considered to be an exchange transaction, revenue from grants is recorded as expenses are incurred under the terms of the respective grant agreement. If considered to be a conditional contribution, revenue from grants is recorded at the time the conditions on which they depend have been met.

Contributed nonfinancial assets
The Center recognized contributed nonfinancial assets within revenue, including donated materials and services, as further described below. Contributed nonfinancial assets did not have donor-imposed restrictions.

Donated materials and services
Donated materials and equipment, when significant, are reflected as contributions at estimated fair value, at the time of receipt. Donated services, when significant and measurable as to value, are reflected as contributions when provided. Certain professional services are donated by various attorneys in the Center's service area. The donated professional services amount has been valued at approximately $8,000 and $10,000 for the years ended June 30, 2025 and 2024, respectively, and have been included in program services within the accompanying statements of functional expenses. Such services are valued and are reported at the estimated fair value based on current rates for similar legal services. No donated goods were received for the years ended June 30, 2025 and 2024.

In addition, many volunteers, including officers and directors of the Center, donate their time to program, support, and fundraising. However, no amounts have been reflected in the consolidated financial statements for these services as they do not meet the criteria for recognition.

The Center rents office space to 12 nonprofit member agencies at a rate below market. The difference in the rent at market rate and the actual rent charged is reflected as donated use of facilities in Member Agency Tenants Revenue and Building Program Expenses on the Center's consolidated statements of activities. For the years ended June 30, 2025 and 2024, these amounts were calculated using the difference between the office space rent at the estimated market rate and the actual rent charged for the office space (excluding the amount charged for technology and collaborative services) and were approximately $1,840,000 and $1,940,000, respectively.

Fair value of financial instruments
Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establish a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

> *Level 1* - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Center has the ability to access.
>
> *Level 2* - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
>
> *Level 3*- Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Subsequent to initial recognition, the Center may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value. The Center did not have any nonfinancial assets or liabilities measured on a recurring or nonrecurring basis as of June 30, 2025 or 2024.

Federal income tax status
The Center is a nonprofit corporation exempt from income taxes under Section 501 (c)(3) of the IRC and is not classified as a private foundation. CFSC Shared Services, LLC is a single-member Limited Liability Company which does not have a separate tax reporting status.

The Center's income tax returns are subject to review and examination by federal, state, and local authorities. The Center is not aware of any activities that would jeopardize its tax-exempt status.

Generally accepted accounting principles require the Center 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 Center has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

New accounting pronouncement
On July 1, 2023, the Center adopted ASU 2016-13 *Financial Instruments – Credit Losses* (Topic 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. The Center adopted ASC 326 and all related subsequent amendments thereto effective July 1, 2023, using the modified retrospective approach for its accounts receivable.

Accounts receivable
Accounts receivable consists of amounts due from third parties as of June 30, 2025 and 2024, and are presented at its net realizable value. No allowance for credit losses or present value discount has been recorded.

Deferred tenant improvement
Deferred tenant improvement is included on the consolidated statements of financial position and consists of payments to tenants for improvements as an incentive for signing a lease. These amounts will be amortized over the length of the lease.

Deferred rent revenue
Deferred rent revenue, included in other liabilities, on the consolidated statements of financial position consists of rent payments which have been prepaid by tenants. These amounts will be recognized as revenue in the period in which they are earned.

Property and equipment
Property and equipment with a value of $5,000 or more is recorded at cost if purchased or fair value if donated. Costs that improve or extend the useful lives of assets are capitalized. Amounts paid for maintenance and repairs are expensed as incurred. When property and equipment are retired, their costs and related allowances for depreciation are removed from the accounts. Any resulting gains or losses are recognized in the consolidated statements of activities.

Depreciation is computed by the straight-line method over the shorter of the estimated economic life or lease term for the respective asset held, which are as follows:

Building and components	5 to 50 Years
Furniture, fixtures, and equipment	3 to 7 Years

Depreciation expense was approximately $352,000 and $363,000 for the years ended June 30, 2025 and 2024, respectively.

Intangible asset
The Center's intangible assets consisted of their website of $17,910 and accumulated amortization of $13,681 for a net book value of $4,229. Amortization expense was $5,970 for the year ended June 30, 2025.

Investments
The Center has included in these consolidated financial statements the fair value of investments and related income earned on certain funds held in trust solely for the benefit of the Center.

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

Debt issuance costs
The Center presents debt issuance costs as a direct deduction from the face amount of the related borrowings, amortizes debt issuance costs using the effective interest method over the life of the debt, and records the amortization as a component of depreciation and amortization.

Use of estimates
The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses
Expenses not associated with a specific functional classification are allocated among the various classifications based upon the natural classification of each functional classification (program, management and general, and fundraising) by the Center. Certain jointly incurred costs are allocated to the various functional classifications based on management's estimate of how such costs were utilized.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment which are used by the Center in its operations consist of the following at June 30:

	2025	2024
Buildings and components	$ 11,901,492	$ 11,877,067
Furniture, fixtures, and equipment	2,638,504	2,626,249
Subtotal	14,539,996	14,503,316
Less: Accumulated depreciation	(7,892,670)	(7,541,001)
TOTAL	$ 6,647,326	$ 6,962,315

NOTE 4 – GROUND LEASE ARRANGEMENT

The Center leases land from the City of Charlotte under a non-cancellable operating lease. The lease term began January 1, 2003, and expires December 31, 2052. The lease contains no significant restrictions. In addition, the Center did not identify any contracts entered during the year meeting the lease criteria, nor did it have any finance leases during the year. The operating ROU assets represent the Center's right to use underlying assets for the lease term, and the operating lease liability represents the Center's obligation to make lease payments arising from the leases. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. The Center has made an accounting election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted average discount rate to calculate lease liabilities as of June 30, 2025, was 3.11%.

For the year ended June 30, 2025, the total operating lease cost was approximately $140,000. As of June 30, 2025, the weighted-average remaining lease term was 27.5 years.

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

Year ended June 30,	
2026	$ 140,000
2027	140,000
2028	140,000
2029	140,000
2030	140,000
Thereafter	3,185,001
Total lease payment	3,885,001
Less: imputed interest	(1,244,541)
Present value of liability	$ 2,640,460

Unless extended by the City of Charlotte and the Center, the premises will be transferred to the City of Charlotte upon the termination of the lease.

NOTE 5 – BARGAIN USE OF LAND

In 2003, the Center completed its building which is built on land leased from the City of Charlotte (see Note 4). The lease agreement provides for rent at $140,000 per year (which represented a 41.67% discount from fair market value at inception) for a period of 50 years, expiring December 31, 2052. The bargain portion of this lease arrangement is made up of the following at June 30:

Description	2025	2024
Estimated fair value of the bargain use of land, net of present-value discount, using the long-term US Treasury rate at inception of the lease (5.01%), for a period of 50 years, capped so as to not exceed the fair market value of land leased	$ 833,000	$ 833,000
Less: Accumulated straight-line amortization at $16,800 per year, beginning April 1, 2003	(373,800)	(357,000)
TOTAL	$ 459,200	$ 476,000

NOTE 6 – INVESTMENTS

Investments at June 30 consisted of the following:

	2025	2024
Fixed income	$ 1,683,380	$ 1,599,236
CD's	30,405	-
Total Investments	$ 1,713,785	$ 1,599,236

The Center's investments are exposed to various risks such as interest rate, market, liquidity, and credit risk. Due to the current and potential future volatility in the financial markets, it is possible that changes in the investment values and liquidity could occur in the near term and could materially affect the reported investment values in the accompanying statements of financial position.

The following is a summary of investment income and losses for the years ended June 30:

	2025	2024
Interest and dividends, net of fees	$ 107,777	$ 84,164
Net change in fair value of investments, including realized and unrealized gains	44,908	37,549
Investment (Loss) Income, Net	$ 152,685	$ 121,713

NOTE 7- NOTES PAYABLE

The Center has two promissory notes (the "Promissory Notes") that bear an interest rate of 3.95% and expired in October 2024.

The Notes are comprised of the following at June 30:

Description	2025	2024
Promissory note due October 2024, payable in equal monthly principal installments of $9,815, including interest at a rate of 2.95%, collateralized by the Center's building.	$ -	$ 38,716
Promissory note due October 2024, payable in equal monthly principal installments of $9,643, including interest as a rate of 2.95%, collateralized by the Center's building	-	38,083
Total	-	76,799
Less: Current portion	-	(75,342)
Less: Debt issuance costs	-	(1,457)
Total Long-Term Notes Payable, Net	$ -	$ -

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent the amount of the bargain use of land from the City of Charlotte and contributions for fiscal sponsorships. Net assets with donor restrictions consisted of the following at June 30:

	2025	2024
Purpose restricted:		
Bargain use of land	$ 459,200	$ 476,000
Lumanaria Learning Solutions	46,874	63,450
East Charlotte Coalition of Neighborhoods	-	11,652
Living Libraries	14,353	29,179
Children's Alliance	33,606	-
Connectivity Uncapped	27,648	31,225
Crescent Coalition	76,656	-
North End Community Coalition	-	30,631
All funds individually below $15,000	42,508	14,535
Time restricted:		
Deep Roots	22,000	-
North End Community Coalition	-	47,231
All funds individually below $15,000	37,500	10,000
Total	$ 760,345	$ 713,903

Net assets released from restrictions consisted of the following for the year ended June 30, 2025:

	2025	2024
Purpose restricted releases:		
Invest for Charlotte Conference	$ 144,438	$ 124,387
Glenn Oaks Media	46,429	45,121
Historic Hoskins Coalition Group	-	25,488
Crescent Coalition	73,116	-
A Giving Heart	-	25,000
Gracious Hands	-	25,000
Mecklenburg County Council of Elders	-	25,000
Block Love Charlotte	-	43,953
Connectivity Uncapped	84,967	44,271
North End Community Coalition	84,861	116,600
Lumanaria Learning Solutions, Inc.	27,076	32,196
Our Daily Bread	-	25,000
All funds individually below $25,000	121,790	163,611
Total	$ 582,677	$ 695,627

NOTE 9 – TENANT LEASES

The Center has lease agreements with 12 nonprofit member agencies and other tenants. The aggregate annual rental payments to be received under these agreements subsequent to June 30, 2025, are as follows:

Year Ending June 30	Member Agency Tenants	Other Tenants	Total
2026	$ 1,705,841	$ 139,360	$ 1,845,201
2027	1,308,485	131,500	1,439,985
2028	1,247,104	36,681	1,283,785
2029	1,189,377	2,340	1,191,717
2030 & Thereafter	3,524,620	1,440	3,526,060
Total	$ 8,975,427	$ 311,321	$ 9,286,748

The lease payments can be changed at the Center's discretion. Member agency tenants may renew their leases for three additional ten-year periods, and a fourth period ending December 31, 2052, which is the termination date of the ground lease with the City of Charlotte (see Notes 4 and 5).

NOTE 10 – RETIREMENT PLAN

The Center has a defined contribution retirement savings plan (the "Plan"), which covers all full-time and part-time employees of the Center who meet minimum eligibility requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Each year, participants may contribute up to 85% of their annual compensation on a pre-tax basis not to exceed $23,000, as well as a catch-up provision that allows participants older than 50 years of age to contribute an additional $7,500, as specified by the IRS for the calendar year 2024, beginning the first day of the quarter following the date of hire. The Center contributes a matching contribution of 100% of the first 1 % of base compensation that a participant contributes and 50% of the next 5% that a participant contributes. The Center's contributions to the Plan for the years ended June 30, 2025 and June 30, 2024, was approximately $91,000 and $78,000, respectively.

NOTE 11 – FAIR VALUE MEASUREMENTS

The Center uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Center measures fair value refer to Note 2 - Summary of Significant Accounting Policies. The following table presents the fair value hierarchy for the balances of the assets and liabilities measured at fair value on a recurring basis as of June 30:

	2025			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed income securities	$ 1,683,380	$ -	$ -	$ 1,683,380
CD's	-	30,405	-	30,405
Total	$ 1,683,380	$ 30,405	$ -	$ 1,713,785

	2024			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed income securities	$ 1,599,236	$ -	$ -	$ 1,599,236
Total	$ 1,599,236	$ -	$ -	$ 1,599,236

NOTE 12 – CONCENTRATIONS

Cash
Funds invested on a daily basis in highly liquid instruments having immediate availability are classified as cash and cash equivalents for purposes of the consolidated statements of cash flows, which are presented on the indirect method. Cash held in bank accounts are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC). At times throughout the year, the Center may maintain bank account balances in excess of the FDIC insured limit; however, management believes they are not exposed to any significant cash credit risk.

Geographic location and funding
The Center operates in a small geographic area and receives support and revenue from a limited number of sources, and is, therefore, sensitive to changes in the local economy.

NOTE 13 – REVOLVING CREDIT LINE

The Center has a line of credit in the amount of $250,000 with a financial institution. Any future borrowings will become due and payable on December 18, 2025, with an interest rate equal to the Wall Street Journal Prime Rate plus 0.5% (with a floor of 3.5%) and is collateralized by the Center's building. The Center had no amounts outstanding on its revolving line of credit as of June 30, 2025 or June 30, 2024.

NOTE 14 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Center has a reserve policy to ensure the stability of the mission, programs, employment, and ongoing operations of the Center. The target minimum of the reserve fund is equal to six months of average operating expenses, plus one year of capital expenditures, and one year of projected principal payments. This policy is aspirational, and the reserve goal is meant to be a guideline, not a requirement. The Center receives revenue through rental income and professional services contracts.

The following table reflects the Center's financial assets available within one year of the statements of financial position for general expenditures as of June 30:

	2025	2024
Cash and cash equivalents	$ 2,830,815	$ 2,471,989
Investments	1,713,785	1,599,236
Accounts receivable	48,999	496,501
Deferred rent receivable	32,852	26,731
Other receivables	8,629	16,494
Total Net Financial Assets Available to Meet Liquidity Needs	$ 4,635,080	$ 4,610,951

The Center also has a line of credit of $250,000, available to meet short-term needs. See Note 13 for information about the arrangement.

NOTE 15 – SUBSEQUENT EVENTS

The Center has evaluated subsequent events from the date of the statement of financial position through the date of the audit report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.