NORTH CAROLINA CENTER FOR NONPROFIT ORGANIZATIONS, INC.

FINANCIAL STATEMENTS

for the year ended June 30, 2025

NORTH CAROLINA CENTER FOR NONPROFIT ORGANIZATIONS, INC.

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
North Carolina Center for Nonprofit Organizations, Inc.

Opinion

We have audited the accompanying financial statements of North Carolina Center for Nonprofit Organizations, Inc. (the "Center"), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for 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 the Center 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, that raise substantial doubt about the Center'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 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 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 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 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Center's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Langdon & Company LLP

Garner, North Carolina
December 2, 2025

NORTH CAROLINA CENTER FOR NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF FINANCIAL POSITION

as of June 30, 2025
with comparative totals as of June 30, 2024

ASSETS

	2025	2024
Current assets:		
Cash and cash equivalents	$ 295,545	$ 313,313
Certificates of deposit	-	244,838
Investments	301,698	607,580
Contributions receivable (net of allowance for doubtful accounts of $12,500 at June 30, 2025)	25,658	38,026
Grants receivable	500,000	10,000
Prepaid expenses	31,278	28,167
Total current assets	1,154,179	1,241,924
Fixed assets:		
Furniture and office equipment	9,633	9,633
Computers, software, and website	264,346	262,970
	273,979	272,603
Less accumulated depreciation and amortization	117,958	37,890
Net fixed assets	156,021	234,713
Other assets:		
Affiliate receivable (net of allowance for doubtful accounts of $23,079 at June 30, 2025, see note 9)	23,080	-
Long-term grants receivable (net of discount to net present value of $13,332 at June 30, 2025)	336,668	-
Beneficial interest in assets held by the North Carolina Community Foundation	283,488	259,896
Operating lease right-of-use assets	64,824	15,351
Financing lease right-of-use assets, net	16,335	20,596
Total other assets	724,395	295,843
Total assets	$ 2,034,595	$ 1,772,480

LIABILITIES AND NET ASSETS

	2025	2024
Current liabilities:		
Accounts payable and accrued expenses	$ 31,011	$ 24,775
Accrued payroll and related expenses	17,273	11,216
Deferred membership revenue	344,923	260,656
Deferred conference and other revenue	11,925	20,025
Current maturities of financing lease liabilities	3,805	3,633
Current portion of operating lease liabilities	21,802	15,351
Total current liabilities	430,739	335,656
Noncurrent liabilities:		
Financing lease liabilities, less current portion	13,280	17,084
Operating lease liabilities, less current portion	43,411	-
Total noncurrent liabilities	56,691	17,084
Total liabilities	487,430	352,740
Net assets:		
Without donor restrictions:		
Undesignated	310,662	884,844
Board designated - operating contingency fund	53,611	52,213
	364,273	937,057
With donor restrictions:		
Purpose restricted	199,404	222,787
Time restricted	700,000	-
Perpetual in nature	232,050	232,050
Accumulated gains on endowment	51,438	27,846
	1,182,892	482,683
Total net assets	1,547,165	1,419,740
Total liabilities and net assets	$ 2,034,595	$ 1,772,480

The accompanying notes are an integral part of the financial statements.

NORTH CAROLINA CENTER FOR NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF ACTIVITIES

for the year ended June 30, 2025
with comparative totals for 2024

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Public support and revenue:				
Public support:				
Foundation grants	$ 108,553	$ 1,004,850	$ 1,113,403	$ 266,825
Corporate grants and support	22,321	52,125	74,446	208,600
Contributions:				
Cash	12,741	5,000	17,741	19,430
In-kind assets	-	-	-	49,500
In-kind services	45,582	-	45,582	45,582
Total public support	189,197	1,061,975	1,251,172	589,937
Revenue:				
Membership dues	501,201	-	501,201	460,449
Registrations and exhibit fees	204,231	-	204,231	174,988
Royalties and job board advertising	119,912	-	119,912	121,305
Contract service revenue	34,460	-	34,460	460,774
Other income	11,377	-	11,377	5,165
Investment income, net	37,311	23,592	60,903	70,933
Total revenue	908,492	23,592	932,084	1,293,614
Net assets released from restrictions	385,358	(385,358)	-	-
Total public support and revenue	1,483,047	700,209	2,183,256	1,883,551
Expenses:				
Program services	1,559,760	-	1,559,760	1,791,472
Support services:				
Administration and board leadership	315,412	-	315,412	304,900
Resource development	180,659	-	180,659	178,907
Total support services	496,071	-	496,071	483,807
Total expenses	2,055,831	-	2,055,831	2,275,279
Change in net assets	(572,784)	700,209	127,425	(391,728)
Net assets at beginning of year	937,057	482,683	1,419,740	1,811,468
Net assets at end of year	$ 364,273	$ 1,182,892	$ 1,547,165	$ 1,419,740

The accompanying notes are an integral part of the financial statements.

NORTH CAROLINA CENTER FOR
NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

for the year ended June 30, 2025
with comparative totals for 2024

	2025										2024
	Program Services						Supporting Services				
	Champion the sector	Cultivate connections	Innovate learning	Strive to model best practices	Value our members	Total program services	Administration and board leadership	Resource development	Total support services	Grand Total	Grand Total
Salaries and wages	$ 149,015	$ 73,918	$ 311,194	$ 92,660	$ 260,145	$ 886,932	$ 175,970	$ 125,920	$ 301,890	$ 1,188,822	$ 1,243,014
Payroll taxes and employee benefits	30,016	15,092	61,721	21,686	49,840	178,355	42,858	24,952	67,810	246,165	251,107
Awards to nonprofits	-	-	-	-	-	-	-	-	-	-	329,824
Consultants	30,000	-	72,407	-	34,200	136,607	8,349	-	8,349	144,956	147,998
Depreciation and amortization	10,614	5,014	22,291	6,608	18,570	63,097	12,075	9,157	21,232	84,329	14,058
Equipment, furniture, and software	575	282	1,158	349	963	3,327	654	467	1,121	4,448	5,668
Insurance, licenses, permits, and bank fees	2,951	3,430	7,281	1,047	13,997	28,706	4,394	1,970	6,364	35,070	30,244
Legal and accounting	4,451	2,107	9,327	2,767	7,770	26,422	5,158	3,828	8,986	35,408	28,840
Mailing	-	101	768	-	221	1,090	1,629	29	1,658	2,748	2,969
Meeting expenses	1,400	8,757	116,782	-	165	127,104	5,183	346	5,529	132,633	75,433
Nonprofit resources, subscriptions, and dues	3,883	2,205	4,747	1,325	4,842	17,002	2,877	2,233	5,110	22,112	19,335
Office rent and occupancy	2,936	1,390	6,152	1,825	5,125	17,428	4,140	2,525	6,665	24,093	23,714
Printing and production	252	992	4,524	157	877	6,802	293	217	510	7,312	7,359
Supplies and materials	758	504	4,127	379	1,103	6,871	931	605	1,536	8,407	17,550
Telecommunications and technology	6,863	3,249	14,374	4,267	11,982	40,735	7,964	5,903	13,867	54,602	53,354
Travel and lodging	3,359	11,057	2,207	-	21	16,644	2,268	1,942	4,210	20,854	21,056
Staff and board development	-	2,398	195	-	45	2,638	5,090	565	5,655	8,293	3,756
Bad debt expense	-	-	-	-	-	-	35,579	-	35,579	35,579	-
	$ 247,073	$ 130,496	$ 639,255	$ 133,070	$ 409,866	$ 1,559,760	$ 315,412	$ 180,659	$ 496,071	$ 2,055,831	$ 2,275,279

The accompanying notes are an integral part of the financial statements.

NORTH CAROLINA CENTER FOR NONPROFIT ORGANIZATIONS, INC.

STATEMENT OF CASH FLOWS

for the year ended June 30, 2025
with comparative totals for 2024

	2025	2024
Cash flows from operating activities:		
Cash received from contributors and grantors	$ 368,210	$ 621,515
Cash received from program services	947,348	1,251,135
Cash paid to employees and suppliers	(1,915,482)	(2,233,627)
Interest and dividends received	7,682	36,968
Interest paid	(867)	(473)
Net cash used in operating activities	(593,109)	(324,482)
Cash flows from investing activities:		
Sale/redemption of certificates of deposit	244,838	297,507
Purchases of fixed assets	(1,376)	(103,385)
Purchases of investments	-	(600,000)
Sales of investments	335,511	-
Net cash provided by (used in) investing activities	578,973	(405,878)
Cash flows from financing activities:		
Long-term contribution restricted for endowment	-	200
Repayment of obligations under finance lease	(3,632)	(5,267)
Net cash used in financing activities	(3,632)	(5,067)
Net decrease in cash and cash equivalents	(17,768)	(735,427)
Cash and cash equivalents at beginning of year	313,313	1,048,740
Cash and cash equivalents at end of year	$ 295,545	$ 313,313

The accompanying notes are an integral part of the financial statements.

NORTH CAROLINA CENTER FOR NONPROFIT ORGANIZATIONS, INC.

NOTES TO FINANCIAL STATEMENTS

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

North Carolina Center for Nonprofit Organizations, Inc. (the "Center"), incorporated in 1990, is a 501(c)(3), nonprofit, nonstock corporation. The purpose of the Center is to improve charitable services to the citizens of North Carolina by strengthening the leadership and management capacities of charitable, tax-exempt organizations in the state. The Center is directed by a nineteen-member Board of Directors, which includes the President of the Center as a non-voting member. The Center is primarily supported by contributions and private grants, member dues, and fees for conferences, workshops, and seminars. The Center focuses its work on the following programs and initiatives:

Champion the sector – Advocate with state and federal legislators and executive branch officials on public policy issues that affect all or most 501(c)(3) nonprofits in North Carolina. Provide tools for charitable nonprofits to be strong and effective advocates for their own missions. Conduct research on North Carolina's nonprofit sector and work with government officials to help nonprofits build stronger communities throughout North Carolina.

Cultivate connections – Increase the brand of North Carolina's nonprofit sector and encourage the growth of and collaboration with regional nonprofit capacity builders. Deepen partnerships with statewide organizations. Engage, support, and encourage leadership development for the next generation of leaders and for those in communities of color. Cultivate relationships with stakeholders and grow earned revenue in the areas of advertising, NC Nonprofit Careers, publications, and business affinity partnerships.

Innovate learning – Provide professional development opportunities for the nonprofit sector. Identify and expand relevant programming initiatives. Deliver best practices information and on-demand training through the annual conference, webinars, workshops, and other resources. Centered Managed Solutions is a program that goes beyond the usual transactional programs and services by offering a progressive engagement model, beginning with an organizational assessment and building on an advisor/coaching relationship that empowers the executive and their team to prioritize a plan of action with recommendations towards achieving greater nonprofit capacity and long-term sustainability.

Strive to model best practices – Utilize various technology platforms to deliver and expand programs and services. Improve communications and marketing to connect and educate all stakeholders. Improve operational efficiency by evaluating organizational development and the business model.

Value our members – Promote a more inclusive and responsive organizational culture for nonprofits. Develop mutually beneficial relationships with member nonprofits. Create in-demand back-office partnerships that save members money. Engage retired nonprofit executives to mentor and give back to the sector. Develop a consultant referral program for nonprofit members.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America, whereby revenue is recognized when earned and expenses are recognized when incurred.

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Center considers cash in the bank, all cash held on hand, and all highly liquid short-term investments with an original maturity of three months or less to be cash and cash equivalents. The Center maintains its cash accounts with financial institutions, which at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts.

Certificates of Deposit

Certificates of deposit are recorded at cost plus accrued interest.

Fixed Assets

Fixed assets are recorded at cost at the date of acquisition or at the approximate fair market value at date of donation in the case of gifts. Fixed assets with an expected useful life greater than one year and an initial cost of $1,000 or more are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Fixed assets are depreciated using the straight-line method over the following estimated useful lives:

Furniture and office equipment	3-5 years
Computers, software, and website	3 years

Leases

The Center determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the statement of financial position. Finance leases are included in financing lease right-of-use assets and financing lease liabilities in the statement of financial position.

Right-of-use assets represent the Center’s right to use an underlying asset for the lease term and lease liabilities represent the Center’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Center will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Center has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statement of financial position. The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Center has elected to use the risk-free discount rate determined using a period comparable with that of the lease term to compute the present value of all lease liabilities. In addition, the Center has elected not to separate non-lease components from lease components and instead accounts for each separate lease component and the non-lease component as a single lease component.

Net Assets

Net assets, revenues, 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 available for use in general operations and not subject to donor restrictions. As discussed in Note 8, the governing board has designated, from net assets without donor restrictions, certain amounts for an operating contingency fund.

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Net Assets *(Continued)*

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition and Receivables

Contributions and Grants

Contributions and grants are recorded as revenue without donor restrictions or revenue with donor restrictions depending on the existence and/or nature of any donor/grantor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value using a risk adjusted discount rate (3.96% as of June 30, 2025). When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Approximately 68% of the Center's public support was received from two foundations during the year ended June 30, 2025.

Contributions and grants receivable consist of unconditional promises to give and are stated at unpaid balances, less an allowance for doubtful accounts. Approximately 49% and 66% of contributions receivable was due from one contributor as of June 30, 2025 and 2024, respectively. Approximately 60% and 100% of grants receivable was due from one grantor as of June 30, 2025 and 2024, respectively.

Donated Assets and Services

The Center received the following donated assets and services for the years ended June 30, 2025 and 2024:

	2025	2024
Donated assets	$ -	$ 49,500
Donated IT services	45,582	45,582
	$ 45,582	$ 95,082

Donated assets and services are utilized in the Center's programs and supporting services and are valued through the fair market value provided by the donor. The Center recognizes the fair value of contributed services received if such services a) create or enhance a nonfinancial asset or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. There are no restrictions for contributed nonfinancial assets or services.

The Center receives services from a large number of volunteers who give significant amounts of their time to the Center's programs, but which do not meet the criteria for financial statement recognition.

Donations of marketable securities are monetized promptly upon receipt.

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition and Receivables *(Continued)*

Fees for Services

The Center accounts for exchange revenue in accordance with Financial Accounting Standards Board Codification Topic 606: *Revenue from Contracts with Customers.* Exchange revenue includes revenue for membership dues, royalties, advertising, consulting services, and registration/exhibit fees for conferences, seminars, and workshops.

The Center recognizes revenue from seminars and workshops when the performance obligations of providing the services are met (i.e., the seminars and workshops are presented). Additionally, revenue from registration fees and exhibit fees for conferences is recognized when the conferences are held. Revenue from royalties and job board advertising is recognized during the related service year. Revenue from consulting services is recognized as performance obligations are met.

Membership Dues and Deferred Revenue

Membership dues are considered an exchange transaction based on the value of benefits provided. Revenue from membership dues is recognized over the membership period when performance obligations are met for related benefits.

Deferred membership revenue consists of fees collected for annual membership dues, which will be recognized as revenue during the membership year. Deferred conference and other revenue consists of fees collected in advance of the annual conference, as well as the value of benefits (such as exhibit booths, advertisements, and conference registrations) available to corporate sustainers, which will be recognized as revenue during the service year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expense by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

Expenditures not directly attributable to specific programs or support services are allocated to program or supporting services by the Center's management based on what it considers to be the best available objective criteria, such as hours worked or relative benefit. Salaries and wages, payroll taxes and employee benefits, depreciation and amortization, equipment, furniture, and software, legal and accounting, office rent and occupancy, and telecommunications and technology are allocated based on percentage of staff time.

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported organization. However, income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income. Income derived from advertising in the Nonprofit Connections publication, conference exhibits, and business finder advertising on the Center's website are considered unrelated business income activities. Income taxes for such unrelated business income totaled $4,092 and $2,367 for the years ended June 30, 2025 and 2024, respectively.

The Center evaluates any uncertain tax positions. Accordingly, the Center's policy is to record a liability for any tax position taken that is beneficial to the Center, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of June 30, 2025 or 2024.

Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Reclassifications

Certain amounts included in the 2024 financial statements have been reclassified to conform to the 2025 presentation. Change in net assets of the Center previously reported for 2024 was not affected by these reclassifications.

2. LIQUIDITY AND AVAILABILITY

The Center receives a significant amount of support from restricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year.

As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due and to be good stewards of funds available for investment. The Center invests cash in excess of daily requirements in money market accounts, certificates of deposit, and other short-term investments.

In accordance with the Center's internal policies, the board designates a portion of earnings to an operating contingency fund (see Note 8). This fund may be drawn upon in the event of an immediate liquidity need if the governing board approves the action.

2. LIQUIDITY AND AVAILABILITY *(Continued)*

The following reflects the Center's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions or board designations within one year of the statement of financial position date.

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 295,545	$ 313,313
Certificates of deposit	-	244,838
Investments	301,698	607,580
Contributions receivable	25,658	38,026
Grants receivable	500,000	10,000
	1,122,901	1,213,757
Less amounts not available to be used within one year, due to:		
Donor-restricted for purpose	199,404	222,787
Board-designated operating reserve	53,611	52,213
	253,015	275,000
Financial assets available to meet general obligations within one year	$ 869,886	$ 938,757

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – valuations based on unadjusted quoted prices within active markets for identical assets and liabilities at the reporting date.

Level 2 – valuations based on inputs that are observable, either directly or indirectly, for the assets or liabilities other than quoted prices included in level 1.

Level 3 – valuations based on inputs that are unobservable and apply only when there is little or no market activity for the asset or liability.

The Center recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2025, and 2024.

The fair value of beneficial interests in assets held by community foundations is based on the fair value of funds as reported by the community foundations. The NC Community Foundation Endowment Fund consists primarily of mutual funds.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS *(Continued)*

Fair values for assets measured on a recurring basis at June 30, 2025 and 2024 are as follows:

June 30, 2025	**Fair Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Beneficial interest in endowment held by NC Community Foundation	$ 283,488	$ -	$ 283,488	$ -
Certificates of deposit - Edward Jones	300,316	-	300,316	-
Mutual funds - Edward Jones	1,382	1,382	-	-
	$ 585,186	$ 1,382	$ 583,804	$ -
June 30, 2024				
Beneficial interest in endowment held by NC Community Foundation	$ 259,896	$ -	$ 259,896	$ -
Certificates of deposit - Edward Jones	595,776	-	595,776	-
Mutual funds - Edward Jones	11,804	11,804	-	-
	$ 867,476	$ 11,804	$ 855,672	$ -

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended June 30, 2025 and 2024:

	2025	**2024**
Interest, dividends, and unrealized gains - without restrictions	$ 37,311	$ 44,748
Interest and dividends - with restrictions	4,829	4,587
Realized and unrealized gains, net of fees - with restrictions	18,763	21,598
	$ 60,903	$ 70,933

4. NET ASSETS WITH DONOR RESTRICTIONS

On June 30, 2025 and 2024, net assets with donor restrictions were available for the following purposes:

	2025	**2024**
Endowment:		
Restricted in perpetuity	$ 232,050	$ 232,050
Accumulated gains	51,438	27,846
Endowment restricted net assets	283,488	259,896
Restricted for time	700,000	-
Restricted for purpose:		
Regional Workshops	100,000	-
Nonprofit Management Institute and Resource Hub/EDI roundtables	12,500	25,000
Conference	55,300	20,275
Center Managed Solutions	24,504	121,187
Innovate Membership	7,100	56,325
Total restricted for purpose	199,404	222,787
Total net assets with donor restrictions	$ 1,182,892	$ 482,683

4. NET ASSETS WITH DONOR RESTRICTIONS *(Continued)*

Net assets of $385,358 and $309,708 were released from donor restrictions for the years ended June 30, 2025 and 2024, respectively, by incurring expenses satisfying the restricted purpose or other events specified by the donors and are included in the accompanying statement of activities.

5. ENDOWMENT

The Center's endowment is one fund to be used for general operating support. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

In 2021, the Center transferred the endowment to North Carolina Community Foundation (the "Foundation"). The Center entered an agency fund agreement with the Foundation whereby the endowment, including all investment income, capital gains, and subsequent contributions, is the Foundation's property. The fund is held and invested by the Foundation for the Center's benefit and is reported at fair value in the statement of financial position as a beneficial interest in assets held by the Foundation, with distributions and changes in fair value recognized in the statement of activities.

Interpretation of Relevant Law: The Board of Directors of the Center has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Center classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, unless the donor explicitly states that these gifts are not to be restricted in perpetuity, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

In accordance with the Act, the Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Center, and (7) the Center's investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The overall, long-term investment goal of the Foundation is to achieve an annualized total return (net of fees and expenses), through appreciation and income, greater than the rate of inflation plus any spending and administrative fee, thus protecting the purchasing power of the assets. The Foundation recognizes that investing in securities with higher return expectations outweighs their short-term volatility risk. As a result, the majority of assets will be invested in equity or equity-like securities, including real assets (real estate and natural resources). Real assets also provide the added benefit of inflation protection. Fixed income and diversifying strategies will be used to lower short-term volatility and provide stability, especially during periods of deflation and negative equity markets. Cash is not a strategic asset of the portfolio but is a residual to the investment process and used to meet short-term liquidity needs.

5. <u>ENDOWMENT</u> *(Continued)*

Spending Policy. Under North Carolina Community Foundation's spending policy, a percentage of the fund is available for distribution to the Center. Funds available to distribute are currently calculated on a calendar year basis based on 5% times the average of the previous 12 quarter-ending balances by fund. However, no part of any distribution may disturb the endowment principal.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required by donors or the Act (underwater endowments). While the Center has interpreted the Act to permit spending from underwater endowments in accordance with prudent measures required by law, the Center's internal policy has been to preserve the corpus of their endowments. No such deficiencies were noted as of June 30, 2025 and 2024, respectively.

Endowment net asset composition as of June 30, 2025 and 2024 is as follows:

	With Donor Restrictions
June 30, 2025	
NC Community Foundation endowment fund	$ 232,050
Accumulated investment gains	51,438
	$ 283,488
June 30, 2024	
NC Community Foundation endowment fund	$ 232,050
Accumulated investment gains	27,846
	$ 259,896

Changes in endowment net assets as of June 30, 2025 and 2024 are as follows:

	With Donor Restrictions
Endowment net assets, June 30, 2023	$ 233,511
Contributions	200
Investment return	4,587
Change in fair value of beneficial interest assets, net	21,598
Endowment net assets, June 30, 2024	259,896
Investment return	4,829
Change in fair value of beneficial interest assets, net	18,763
Endowment net assets, June 30, 2025	$ 283,488

6. RETIREMENT PLAN

The Center maintains a 401(k) for employees as part of a multiple employer plan ("MEP"), which Center members can participate in as a member benefit. Additionally, the Center established a 403(b) MEP so that no matter what type of plan a Center member has, they can participate. The third-party administration of the MEP plans is conducted by an organization that employs a board member of the Center. The Center also sponsors an Internal Revenue Code Section 457(b) defined contribution retirement plan.

Eligible employees of the Center may elect to defer a percentage of their gross salary to the plan with the Center contributing 4% of compensation after one year of employment. Additionally, the Center can make discretionary matching contributions of up to 4% of each employee's compensation. Center contributions vest immediately. Total employer contributions for the years ended June 30, 2025 and 2024 were $81,483 and $87,655, respectively.

7. LEASES

The Center leases office space under a non-cancelable operating lease agreement expiring on March 31, 2027 with the option to extend the lease for one additional year, which the Center fully intends to exercise. Therefore, this option is recognized as part of the Center's right-of-use asset. The Center also leases equipment under a finance lease agreement expiring on August 31, 2029.

The following summarizes the finance lease as of June 30, 2025 and 2024:

	2025	2024
Finance lease right-of-use asset	$ 21,306	$ 21,306
Less accumulated amortization	(4,971)	(710)
	$ 16,335	$ 20,596

Additional information about the Center's leases is as follows as of June 30, 2025 and 2024:

Lease Cost	**2025**	**2024**
Operating lease cost, which is included in office rent and occupancy on the statement of functional expenses	$ 23,742	$ 23,356
Finance lease cost:		
Amortization of financing right-of-use assets, included in depreciation and amortization expense	$ 4,261	$ 710
Interest on lease liabilities, included in equipment, furniture, and software expense	867	161
	$ 5,128	$ 871

7. LEASES *(Continued)*

Additional information about the Center's leases is as follows as of June 30, 2025 and 2024:

Other Information	2025	2024
Cash paid for amounts included in measuring lease liabilities:		
Operating cash flows from operating leases	23,356	23,356
Operating cash flows from financing leases	867	161
Financing cash flows from financing leases	3,632	589
Right-of-use assets obtained in exchange for new operating lease liabilities	70,392	-
Right-of-use assets obtained in exchange for new finance lease liabilities	-	21,306
Weighted average remaining lease term - operating lease	2.8 years	8 months
Weighted average remaining lease term - financing lease	4.1 years	5.1 years
Weighted average discount rate - operating leases	3.85%	4.89%
Weighted average discount rate - financing leases	4.64%	4.64%

Future minimum lease payments under non-cancelable lease agreements are as follows:

Year ending June 30,	Operating	Financing
2026	$ 23,939	$ 4,500
2027	25,691	4,500
2028	19,268	4,500
2029	-	4,500
2030	-	750
Total lease payments	68,898	18,750
Less interest	3,685	1,665
Present value of lease liabilities	$ 65,213	$ 17,085

8. GOVERNING BOARD DESIGNATIONS

The Center's governing board has designated, from net assets without donor restrictions, $53,611 and $52,213 as of June 30, 2025 and 2024, respectively, for a contingency fund to cover short-term or unanticipated funding needs.

9. RELATED PARTY ASSOCIATION HEALTH PLAN

During the year ended June 30, 2025, the Center facilitated the formation of a separate legal entity, North Carolina Center for Nonprofits Group Insurance Trust, a Voluntary Employees' Beneficiary Association (VEBA), organized as a trust with tax-exempt status under Section 501(c)(9) of the Internal Revenue Code. The Trust operates on a calendar year basis and administers an association health plan available to members of the Center.

9. RELATED PARTY ASSOCIATION HEALTH PLAN *(Continued)*

During the year, the Center provided $46,159 of financial support to the Trust to assist with startup and operating costs. The support is reported as an affiliate receivable, net of an allowance for doubtful accounts of $23,079, resulting in a net receivable of $23,080 as of June 30, 2025, in the accompanying statement of financial position. The affiliate receivable is payable over 36 months with an interest rate of 6% per annum.

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 2, 2025, the date which the financial statements were available for issue.