SHARPE PATEL CPA

Boys and Girls Clubs of Central Carolina, Inc.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

BEYOND THE NUMBERS

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BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA, INC.
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SHARPE PATEL CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Boys and Girls Clubs of Central Carolina, Inc.
Sanford, North Carolina

Opinion

We have audited the accompanying financial statements of Boys and Girls Clubs of Central Carolina, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of December 31, 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 Boys and Girls Clubs of Central Carolina, Inc. as of December 31, 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 Boys and Girls Clubs of Central Carolina, Inc. 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.

Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that Boys and Girls Clubs of Central Carolina, Inc. will continue as a going concern. As discussed in Note 19 to the financial statements, Boys and Girls Clubs of Central Carolina, Inc. has suffered recurring losses from operations and has a net capital deficiency. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 19. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 Boys and Girls Clubs of Central Carolina, Inc.'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 Boys and Girls Clubs of Central Carolina, Inc.'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 Boys and Girls Clubs of Central Carolina, Inc.'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.

Other Matters

The 2024 financial statements of Boys and Girls Clubs of Central Carolina, Inc. were audited by other auditors, whose report dated February 13, 2026, expressed an unmodified opinion on those financial statements.



Raleigh, North Carolina
November 16, 2026

BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA, INC.
Statement of Financial Position
December 31, 2025

ASSETS		
Current assets:		
Cash and cash equivalent	$	85,318
Investments		382
Accounts receivable		700
Grants receivable		153,683
Contributions receivable		26,566
Sales tax receivable		7,218
Other current assets		7,084
Occupancy receivable, current portion		126,240
Total current assets		407,191
Non-current assets:		
Beneficial interest in assets held by Community Foundation		175,695
Charitable remainder trust		217,055
Property and equipment, net		3,607,322
Right-of-use assets		5,489
Occupancy receivable, non-current portion		256,358
Total non-current assets		4,261,919
Total assets	$	4,669,110
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$	12,472
Accrued expenses		10,849
Payroll liabilities		15,428
Accrued vacation		15,278
Deferred revenue		12,630
Lease liability, current portion		4,746
Total current liabilities		71,403
Non-current liabilities:		
Lease liability, non-current portion		4,389
Total non-current liabilities		4,389
Total liabilities		75,792
Net assets		
Without donor restriction:		
Operating		100,800
Board designated		175,695
Net investment in property and equipment		3,607,322
With donor restriction		709,501
Total net assets		4,593,318
Total liabilities and net assets	$	4,669,110

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

BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA, INC.
Statement of Activities
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	$ 1,224,202	$ 20,000	$ 1,244,202
Contributions of nonfinancial assets and services	-	15,801	15,801
Non-government grants	140,878	60,000	200,878
Government funding	300,478	-	300,478
Program service fees	119,855	-	119,855
Special events, net	19,978	-	19,978
Miscellaneous	15,123	-	15,123
Total public support and revenue	1,820,514	95,801	1,916,315
Net assets released from restriction	348,262	(348,262)	-
Total public support, revenue, and net assets released from restriction	2,168,776	(252,461)	1,916,315
EXPENSES:			
Program services	2,354,476	-	2,354,476
Management and general	178,784	-	178,784
Fundraising expenses	134,641	-	134,641
Total expenses	2,667,901	-	2,667,901
Changes from operating activities	(499,125)	(252,461)	(751,586)
NONOPERATING ACTIVITIES			
Investment return, net	22,987	-	22,987
Change in charitable remainder trust	-	50,655	50,655
Total expenses	22,987	50,655	73,642
Change in net assets	(476,138)	(201,806)	(677,944)
Net assets at beginning of year, as previously stated	4,359,955	761,307	5,121,262
Restatement	-	150,000	150,000
Net assets at beginning of year, as restated	4,359,955	911,307	5,271,262
Net assets at end of year	$ 3,883,817	$ 709,501	$ 4,593,318

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

BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA, INC.
Statement of Functional Expenses
For the Years Ended December 31, 2025

	Program Services	Management and General	Fundraising Expenses	Total Expenses
Salaries and wages	$ 1,171,187	$ 60,479	$ 68,545	$ 1,300,211
Employee benefits	67,269	10,593	10,160	88,022
Payroll taxes	95,109	4,614	5,139	104,862
Occupancy	165,952	60	60	166,072
Donated occupancy	139,963	-	-	139,963
Program supplies and services	64,563	7	18,976	83,546
Program food	213,355	-	-	213,355
Staff expenses	24,184	2,354	5,255	31,793
Office expense	65,242	5,010	6,778	77,030
Corporate insurance	66,070	2,474	964	69,508
Professional fees	12,493	58,134	3,890	74,517
Vehicle expense	36,237	-	-	36,237
Dues and subscriptions	8,621	4,026	8,885	21,532
Fundraising events	-	-	527	527
Equipment expenses	42,513	4,503	4,503	51,519
Financing fees	-	9,864	-	9,864
Marketing	320	-	959	1,279
Miscellaneous	-	2,117	-	2,117
Total before depreciation	2,173,078	164,235	134,641	2,471,954
Depreciation and amortization	181,398	14,549	-	195,947
Total expenses	$ 2,354,476	$ 178,784	$ 134,641	$ 2,667,901

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

BOYS AND GIRLS CLUBS OF CENTRAL CAROLINA, INC.
Statement of Cash Flows
For the Years Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	(677,944)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation		191,555
Amortization		4,392
Change in charitable remainder trust		(50,655)
Change in beneficial interest		3,777
Realized and unrealized gain on investments		(19,240)
Donated occupancy		139,963
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable		16,503
Grants receivable		109,942
Contributions receivable		39,950
Sales tax receivable		(6,183)
Other assets		10,962
Accounts payable		(40,995)
Accrued expenses		(7,118)
Payroll liabilities		(24,053)
Accrued vacation		13,178
Deferred revenue		(2,580)
Net cash provided (used) by operating activities		(298,546)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets		(12,864)
Proceeds from sale of investments		380,701
Purchases of investments		(13,700)
Net cash provided (used) by investing activities		354,137
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on financing leases		(5,272)
Net cash provided (used) by financing activities		(5,272)
Net increase (decrease) in cash and cash equivalents		50,319
Cash and cash equivalents, beginning of year		34,999
Cash and cash equivalents, end of year	$	85,318

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Boys and Girls Clubs of Central Carolina, Inc. (the "Organization") is a nonprofit organization incorporated in the State of North Carolina in 1995 and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization is based in Sanford, North Carolina and was founded with the mission to help youth from all backgrounds, with special concern for those from disadvantaged circumstances, develop the qualities and skills needed to become responsible citizens and leaders.

Description of Program Services

The Organization currently operates from four (4) different facility locations: OT Sloan serves approximately 165 members, Wren Family Center serves approximately 65 students, Harnett County serves approximately 63 members, and Pittsboro serves approximately 61 members. The Organization offers a wide range of programs that are designed to support the healthy development of young people. These programs are focused on a variety of areas, including academic support, leadership development, life skills, health and wellness, and the arts.

Academic Support

The Organization provides various programs aiming to support academic achievement by providing students with resources, guidance, and support to help them success in their studies. "Tutoring and Homework Help" program assists students in completing their school assignments. "STEM" programs focus on science, technology, engineering, and math, helping students develop their critical thinking skills. "College Readiness Programs" aim to prepare high school students for college by offering assistance with applications, financial aid, and test preparation. "Mentoring" programs pair students with adult mentors who provide support and guidance on academic and personal matters.

Life Skills

These programs all aim to promote healthy habits and positive behaviors in club members, while also providing them with the skills and knowledge they need to succeed in life. By focusing on areas such as financial literacy, healthy habits, and leadership development, these programs help club members build a strong foundation for their futures. Some examples of these programs are SMART Moves and Money Matters.

Leadership Development

The leadership development program offered by the Organization is called Torch Club. This program is designed to help club members between the ages of 11 and 13 develop leadership skills and become positive role models in their communities through planning and implementing community service projects. The Organization offers a similar program to Torch Club for members aged 14-18 called Keystone which puts a stronger emphasis on community involvement and volunteerism. In addition, "Career Launch" helps teens explore different career paths, set career goals, and acquire skills necessary to succeed in the workforce through interactive activities, mentoring, and job shadowing opportunities.

Health and Wellness

The Organization offers various health and wellness programs that promote healthy lifestyles among club members, including "Triple Play", which includes physical activities, healthy eating habits, and activities promoting positive mental health.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Description of Program Services (Continued)

Art
The "Fine Arts" program offered by the Organization allows club members to explore different forms of art, such as painting, drawing, and music, and express themselves creatively through various projects and activities.

Basis of Accounting
The financial statements of the Organization have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses recognized when incurred. This basis is accounting conforms to accounting principles generally accepted in the United States of America.

Basis of Presentation
The Organization has adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without restrictions" and "net assets with restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

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

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Organization considers all cash accounts that are not subject to withdrawal restrictions and all highly liquid investments with original maturities of three months or less to be cash and cash equivalents.

Investments
The Organization carries investments in marketable securities with readily determinable fair values, at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Grants Receivable
Grants receivable are stated at the amount management expects to collect and consists of amounts due from grant agencies as of year-end. Balances past due are analyzed individually for collectability. Management determined no allowance was necessary as of December 31, 2025.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable

Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Receivables are stated at the amount management expects to collect from outstanding balances. Based on experience, management believes that the entire amounts are fully collectible; therefore, no allowance for doubtful accounts has been recorded as of December 31, 2025.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. If unconditional promises to give are expected to be collected more than one year in the future, the revenue and related pledge receivable are discounted to net present value using the risk-free interest rate applicable to the years in which the promises are to be received.

Occupancy Receivable

The Organization has a lease agreement with the Chatham County Board of Education for the lease of the Wren Family Center at 119 S. Third Avenue, Siler City NC ending July 2028. Per the lease agreement, rent is $120 per year and insurance premium reimbursements are $870 per year.

The Organization has a $0 lease agreement with Lee County for the lease of one acre at O.T. Sloan Park. On June 7, 2021, the Organization and Lee County agreed to extend the lease through June 7, 2031.

The Organization has a $0 lease agreement with Horton Middle School for the lease of three classrooms and office space, ending June 30, 2026.

These contributions are recorded at the net present value of the fair rental value. The occupancy receivable is amortized over the term of the lease. Donated occupancy expenses of $139,963 were recognized in the year ended December 31, 2025.

Deferred Revenue

Funds received for memberships in advance of the membership term and contributions whose conditions have not yet been met are reported as deferred revenues.

Property and Equipment

Property and equipment, if purchased, are stated at cost. Contributed fixed assets are recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed asset must be used, contributions of property and equipment are recorded as unrestricted support. Depreciation is computed using the straight-line method over its estimated useful life that ranges from three (3) to fifteen (15) years. Property and equipment purchases of less than $2,500 are expensed when incurred.

Net Assets

Net assets and revenue are classified based on the existence or absence of donor- imposed restrictions. Accordingly, the net assets of the Organization and charges therein, are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions include resources, which are available for the support of the Organization's operating activities. Net assets without restrictions totaled $3,883,817 as of December 31, 2025.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Net assets with donor restrictions – Net assets that are contributions subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the actions of the Organization and/or the passage of time. Net assets with restrictions totaled $709,501 as of December 31, 2025.

Vacation Accrual

The Organization has a paid-time-off (PTO) policy that allows employees to earn up to 28 days of PTO each calendar year depending on the number of years of service provided to the Organization. Employees are able to carry forward five days of PTO to their next year.

Contributions and Grants

Contributions and grants received are recorded as support with or without restrictions depending on the existence and/or nature of any donor/grantor restrictions. Conditional promises to give 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 more than one year in the future are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions that are met in the same period as receipt are reported as support without restrictions.

Donated Items and Services (Contributed Nonfinancial Assets and Services)

Effective January 1, 2014, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2013-06, *Services Received from Personnel of an Affiliate*, which resulted in the recognition of in-kind goods and services.

In addition, effective the year ended June 30, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations as support without restriction, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services that do not require specialized skills or enhance nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services. A substantial number of volunteers have donated significant amounts of their time to the Organization's program services and its fundraising campaigns, the value of which is not recorded in the accompanying financial statements.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the program or support service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

Advertising costs are expensed as incurred. The Organization incurred $1,279 in advertising costs for the year ended December 31, 2025.

Income Taxes

The Organization is exempt from income taxes under Internal Revenue Code Section 50l(c)(3) on its exempt function income and is classified by the IRS as a publicly supported organization. The Organization is not aware of any unrelated business income for the year ended December 31, 2025.

The Organization evaluates any uncertain tax positions. Accordingly, the Organization's policy is to record a liability for any tax position taken that is beneficial to the Organization, 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 December 31, 2025.

2. CONCENTRATION OF CREDIT RISK

The Organization occasionally maintains deposits in excess of federally insured limits. The Organization maintains its cash balances in reputable financial institutions in the United States of America and accounts at each institution are insured by the Federal Deposit Insurance Corporations up to $250,000 at each financial institution. As of December 31, 2025, the Organization’s cash balances were fully insured.

3. GRANTS RECEIVABLE

Grants receivable consist of the following as of December 31, 2025:

Wolfspeed, Inc.	$ 100,000
North Carolina Department of Health and Human Services	16,166
Chatham County United Way	15,050
U.S. Department of Justic	10,000
Town of Lilington	7,500
Lee County	4,967
	$ 153,683

The Organization has provided no provision for uncollectible accounts since management believes all amounts are collectible. All amounts are receivable in less than one year.

4. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of December 31, 2025:

Contributions Receivable	
Due within one year	$ 26,566
Due within one to five years	-
Total Contributions Receivable	$ 26,566

5. INVESTMENTS

The Organization's investments are carried at fair value and consist of the following at December 31, 2025:

Beneficial interest	$	217,055
Charitable remainder trust		175,695
Mutual funds		382
Total	$	393,132

The following outlines the net investment income during the years ended December 31, 2025 and 2024:

Interest and dividends	$	5,431
Unrealized gain (loss)		13,186
Realized gain (loss)		6,054
Investment fees		(1,684)
Investment income, net	$	22,987

6. FAIR VALUE MEASUREMENTS

The Organization values its investments in accordance with a hierarchy that prioritizes the inputs to valuation techniques, giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets and liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement) when market prices are not readily available or reliable.

The three levels of the hierarchy under fair value measurements are described below:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs, which are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used.

Unobservable inputs reflect the Organization's own assumptions and would be based on the best information available.

Changes in valuation techniques could result in transfers in or out of an assigned level within the hierarchy. Interest income, including unrealized appreciation/depreciation earned on investments, is recognized as revenue without restrictions unless specifically restricted for use by the donor.

6. FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value on a recurring basis, as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Beneficial interest	$ -	$ 175,695	$ -	$ 175,695
Charitable remainder trust	-	-	217,055	217,055
Mutual funds	382	-	-	382
Total	$ 382	$ 175,695	$ 217,055	$ 393,132

7. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

During 1999, the Organization transferred $142,068 to the North Carolina Community Foundation (the Foundation) to establish a designated endowment fund (the Fund). The Organization is the income beneficiary of the fund which had a fair value of $175,695 at December 31, 2025. For reporting purposes, the Organization's source for measuring the fair value of the Fund are statements received from the Foundation, whereby the value of the Fund is a percentage of the Foundation's investment portfolio consisting of fixed income, equity securities, alternative investments and cash.

Composition of and changes in endowment net assets for the year ended December 31, 2025 was as follows:

Beneficial interest in assets held by Community Foundation, beginning of year	$ 163,127
Investment income	5,587
Realized and unrealized gains (losses)	16,345
Amounts appropriated for expenditure	(7,680)
Administration fees	(1,684)
Beneficial interest in assets held by Community Foundation, end of year	$ 175,695

Variance power is given to the Foundation allowing them to redirect the funds to a similar cause, if in the judgment of the Foundation's Board of directors, the charitable use has become unnecessary, undesirable, impractical, incapable of fulfillment, or inconsistent with the charitable needs of the community served by the Foundation. The foundation may also distribute all or any part of the funds, including principal and income, at any time, for any authorized purpose, at the Foundation's discretion. The Organization may request distributions of all or any part of the Fund, upon approval of the Foundation. The Fund is included in board designated net assets.

8. CHARITABLE REMAINDER TRUST

During 2014, the Organization was named as the beneficiary of a remainder trust. Per the agreement, upon the death of the last surviving income beneficiary, 50% of the principal and income of the trust will be distributed to Boys and Girls Clubs of Central Carolina, Inc.. The beneficial interest in the trust is reported at fair value, with the change in fair value reported as an increase or decrease in temporarily restricted net assets. For reporting purposes, the Organization's source for measuring the fair value of the remainder trust are statements received from the trustee, whereby the value of the residual interest is estimated as the value of the donated assets reduced by the present value of expected future cash payments.

The following table provides a summary of changes in fair value for the year ended December 31, 2025:

Charitable remainder trust, beginning of year	$ 166,400
Change on value of trust	50,655
Charitable remainder trust, end of year	$ 217,055

9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2025 and 2024:

Land	$ 256,000
Buildings and improvements	4,398,249
Furniture and equipment	24,288
Land improvements	9,200
Leasehold improvements	454,454
Playground equipment	170,531
Software	16,260
Vehicles	178,994
Total property and equipment	5,507,976
Less: accumulated depreciation	(1,900,654)
Total property and equipment, net	$ 3,607,322

Depreciation expense was $191,555 for the year ended December 31, 2025.

10. EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution plan (the Plan) covering all eligible employees. The Organization contributes a discretionary percentage of the employee's annual compensation to the plan. Employees who have worked a minimum of 1,000 hours, attained age 21, and are employed by the Organization on January 1 of the plan year are eligible to receive the employer contribution. An eligible employee is vested after three years of service. The Organization expensed $19,420 for the year ended December 31, 2025 related to the plan.

11. LEASE COMMITMENTS

Under ASC 842, if a contract provides the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

The Organization leases equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2028 and some of the leases provide for flexible renewal options. In the normal course of business, it is expected that this lease will be renewed or replaced by a similar lease. The agreement generally requires the Organization to pay for repairs and maintenance.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2025 were as follows:

Year	Principal	Interest	Total
2026	$ 4,746	$ 202	$ 4,948
2027	3,497	84	3,581
2028	892	4	896
Total	$ 9,135	$ 290	$ 9,425

12. IN-KIND GOODS AND SERVICES

For the year ended December 31, 2025, contributed nonfinancial assets recognized within the statement of activities included $15,801 related to donated facility space. The fair value is estimated using the average price per square foot of publicly available commercial real estate data in the Organization’s service area.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with restrictions are those stipulated by donors for specific operating purposes, those not currently available for use until commitments regarding their use have been fulfilled and are composed of the following as of December 31, 2025:

Subject to expenditures for a specific purpose	
Sponsorship	$ 100,000
Campubotics	9,848
Subject to expenditures for passage of time	
Harper charitable remainder trust	217,055
Donated space	382,598
Total purpose restrictions	$ 709,501

During the years ended December 31, 2025, net assets released from restrictions totaled $348,262. The releases represent funds received from donors with restrictions that were spent during the year, according to the requirements set by the donor.

14. COMMITMENTS AND CONTINGENCIES

The Organization receives grant funds. Such funds are subject to final approval by the grantor agencies and deficiencies, if any, are the responsibility of the Organization. Management does not anticipate any significant losses in connection with these grants. Management is not aware of any disallowable costs or instances of noncompliance with grantor restrictions. Consequently, no provision has been for liabilities, if any, that may arise from such audits.

15. TRANSACTIONS WITH AFFILIATES

The Organization is an affiliate of the Boys & Girls Clubs of America (BGCA, and Boys & Girls Clubs of north Carolina Alliance (BGC NC Alliance). BGCA and BGC NC Alliance provide technical assistance and pass through funding to the Organization.

During the year ended December 31, 2025, the Organization paid BGC NC Alliance $7,814 in membership dues.

During the year ended December 31, 2025, the Organization paid BGCA $8,099 in membership dues. The Organization also received pass-through contributions and grants from BGCA of $12,065 during the year ended December 31, 2025.

16. RELATED PARTY TRANSACTIONS

The Boys & Girls Clubs of Central Carolina Foundation (the Foundation) exists to support the Organization. The foundation is a tax-exempt organization formed as an IRS section 501(c)(3). The Foundation is organized for charitable and benevolent purposes related to the Organization serving Lee, Harnett, and Chatham counties, and to engage, promote, and extend the programming of the Organization.

During the year ended December 31, 2025, the Foundation contributed $487,930 to the Organization.

During the year ended December 31, 2025, the Organization contributed $0 to the Foundation.

Management has reviewed these transactions and concluded that they were conducted in the normal course of fundraising activities and under terms consistent with those extended to other donors. All related party pledges are expected to be collected in accordance with the Organization's established collection policies. No pledge amounts were forgiven or written off during the reporting period.

17. LIQUIDITY AND AVALIABLITY OF FUNDS

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Organization invests cash in excess of daily requirements in an investment account.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

Cash and cash equivalents	$ 85,318
Accounts receivable	700
Grants receivable	153,683
Contributions receivable	26,566
Sales tax receivable	7,218
Other current assets	7,084
Less: accounts payable	(12,472)
Less: accrued expenses	(10,849)
Less: payroll liabilities and accrued expenses	(15,428)
Less: accrued vacation	(15,278)
Less: net assets with donor restrictions	(109,848)
Total financial assets available to meet general expenditures and liabilities within the next 12 months	$ 116,694

As of December 31, 2025, net assets without donor restrictions are generally available to support the Organization's general expenditures within the upcoming year.

18. SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through November 16, 2026, which is the date the financial statements were available to be issued.

19. GOING CONCERN

Management intends to continue the operations of the Organization for the foreseeable future. The Organization's ability to continue as a going concern is dependent upon its ability to generate sufficient revenues to meet its operating expenses and obligations as they become due. The Organization has experienced net losses in recent years, which has resulted in a decrease in its net assets without donor restrictions. Management is actively pursuing various marketing initiatives to increase revenues and has implemented cost-cutting measures to reduce expenses. Additionally, management is actively seeking out additional grants to supplement the Organization's revenue streams. In addition, the Organization receives support from an affiliated foundation to fund operations as needed. While there can be no assurance that these initiatives will be successful, management believes that they will enable the Organization to continue its operations for the foreseeable future.

20. RESTATEMENT

There was a restatement to beginning net assets reported on the prior year financial statements. This restatement was to properly recognize grant revenue not recorded in the prior year for an unconditional grant. The restatement resulted in a net increase of $150,000 to net assets without donor restrictions.