

***COUNCIL ON ADOLESCENTS OF
CATAWBA COUNTY, INC.***

Financial Statements and Independent Auditors' Report
For the Years Ended December 31, 2024 and 2023

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

COUNCIL ON ADOLESCENTS OF CATAWBA COUNTY, INC.

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Independent Auditors' Report

To the Board of Directors of the
Council on Adolescents of Catawba County, Inc.
Hickory, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Council on Adolescents of Catawba County, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Council on Adolescents of Catawba County, Inc. as of December 31, 2024 and 2023, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Council on Adolescents of Catawba County, Inc. and to meet our other ethical responsibilities in accordance with the ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Council on Adolescents of Catawba County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 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 control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement 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 Council on Adolescents of Catawba County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of the 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 Council on Adolescents of Catawba County, 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.

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
May 29, 2025

COUNCIL ON ADOLESCENTS OF CATAWBA COUNTY, INC.

Statements of Financial Position
December 31, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Cash	\$ 90,307	\$ 52,430
Accounts receivable	37,102	61,882
Prepays	<u>2,607</u>	<u>2,543</u>
Total current assets	<u>130,016</u>	<u>116,855</u>
 Property and equipment:		
Office furniture and equipment	14,489	13,440
Audio visual films and equipment	<u>1,298</u>	<u>1,298</u>
Total	15,787	14,738
Less accumulated depreciation	<u>9,736</u>	<u>7,986</u>
 Total property and equipment	<u>6,051</u>	<u>6,752</u>
 Total assets	<u><u>\$ 136,067</u></u>	<u><u>\$ 123,607</u></u>
 <u>Liabilities and Net Assets</u>		
Accounts payable and accrued expenses	<u>\$ 4,247</u>	<u>\$ 3,542</u>
Total current liabilities	<u>4,247</u>	<u>3,542</u>
 Net assets:		
With donor restrictions	33,482	59,962
Without donor restrictions		
Undesignated	<u>98,338</u>	<u>60,103</u>
Total net assets	<u>131,820</u>	<u>120,065</u>
 Total liabilities and net assets	<u><u>\$ 136,067</u></u>	<u><u>\$ 123,607</u></u>

See accompanying notes to financial statements.

COUNCIL ON ADOLESCENTS OF CATAWBA COUNTY, INC.

**Statements of Activities
For the Years Ended December 31, 2024 and 2023**

	2024		2023	
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>
Support and Revenue:				
Support:				
United Way	\$ 63,397	\$ -	\$ 50,000	\$ -
Contributions	17,547	-	20,002	-
Grants	-	295,590	-	261,039
Fair market value of donated office space	<u>18,300</u>	<u>-</u>	<u>18,300</u>	<u>-</u>
Total support	<u>99,244</u>	<u>295,590</u>	<u>88,302</u>	<u>261,039</u>
Revenue:				
Fees for service	44,595	-	43,045	-
Fundraiser	30,140	-	39,544	-
Investment income	1,802	-	404	-
Other revenue	<u>602</u>	<u>-</u>	<u>300</u>	<u>-</u>
Total revenue	<u>77,139</u>	<u>-</u>	<u>83,293</u>	<u>-</u>
Net assets released from restrictions	<u>322,070</u>	<u>(322,070)</u>	<u>244,471</u>	<u>(244,471)</u>
Total support and revenue	<u>498,453</u>	<u>(26,480)</u>	<u>416,066</u>	<u>16,568</u>
Expenses:				
Program services:				
Education	380,122	-	343,197	-
Supporting services:				
Management and general	<u>80,096</u>	<u>-</u>	<u>76,178</u>	<u>-</u>
Total expenses	<u>460,218</u>	<u>-</u>	<u>419,375</u>	<u>-</u>
Change in net assets	38,235	(26,480)	(3,309)	16,568
Net assets, beginning of the year	<u>60,103</u>	<u>59,962</u>	<u>63,412</u>	<u>43,394</u>
Net assets, end of the year	<u>\$ 98,338</u>	<u>\$ 33,482</u>	<u>\$ 60,103</u>	<u>\$ 59,962</u>

See accompanying notes to financial statements.

COUNCIL ON ADOLESCENTS OF CATAWBA COUNTY, INC.

Statements of Functional Expenses For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Program	Support	Total	Program	Support	Total
	Services	Services		Services	Services	
		Management and			Management and	
	Education	General		Education	General	
Salaries	\$ 243,895	\$ 60,974	\$ 304,869	\$ 227,924	\$ 56,980	\$ 284,904
Employee benefits	6,068	1,517	7,585	5,614	1,404	7,018
Payroll taxes	18,106	4,526	22,632	16,850	4,213	21,063
Group insurance	8,322	2,080	10,402	12,539	3,135	15,674
Workers' compensation	2,145	536	2,681	2,514	629	3,143
Occupancy	18,300	-	18,300	18,300	-	18,300
Telephone	4,610	-	4,610	4,037	-	4,037
Supplies	5,878	-	5,878	4,032	-	4,032
Travel	22,269	-	22,269	17,887	-	17,887
Insurance	-	2,456	2,456	-	2,689	2,689
Professional fees	-	4,125	4,125	-	3,930	3,930
Training	7,596	-	7,596	3,889	-	3,889
Repairs and maintenance	4,836	254	5,090	4,782	251	5,033
Media	5,232	1,308	6,540	2,340	585	2,925
Activity	25,775	-	25,775	16,317	-	16,317
Dues and subscriptions	6,215	-	6,215	5,277	-	5,277
Depreciation	875	875	1,750	895	895	1,790
Miscellaneous	-	1,445	1,445	-	1,467	1,467
Total expenses	<u>\$ 380,122</u>	<u>\$ 80,096</u>	<u>\$ 460,218</u>	<u>\$ 343,197</u>	<u>\$ 76,178</u>	<u>\$ 419,375</u>

See accompanying notes to financial statements.

COUNCIL ON ADOLESCENTS OF CATAWBA COUNTY, INC.

Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

Cash Flows From Operating Activities:	<u>2024</u>	<u>2023</u>
Contributions	\$ 80,944	\$ 70,002
Fees	42,895	41,125
Grants received	322,069	244,471
Interest income	1,802	404
Miscellaneous receipts	30,743	39,844
Operating expenses	<u>(439,527)</u>	<u>(401,057)</u>
Net cash provided (used) by operating activities	<u>38,926</u>	<u>(5,211)</u>
Cash Flows From Investing Activities:		
Purchase of equipment	<u>(1,049)</u>	<u>(2,274)</u>
Net cash provided (used) by investing activities	<u>(1,049)</u>	<u>(2,274)</u>
Net increase (decrease) in cash	37,877	(7,485)
Cash, beginning of year	<u>52,430</u>	<u>59,915</u>
Cash, end of year	<u><u>\$ 90,307</u></u>	<u><u>\$ 52,430</u></u>

See accompanying notes to financial statements.

COUNCIL ON ADOLESCENTS OF CATAWBA COUNTY, INC.

Notes to the Financial Statements For the Years Ended December 31, 2024 and 2023

1. General Information and Summary of Significant Accounting Policies

Organization - Council on Adolescents of Catawba County, Inc. (the "Council") was incorporated as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is a nonprofit human service agency. The Council has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Council on Adolescents of Catawba County, Inc. exists to inspire today's adolescents to be physically and emotionally healthy through education, awareness, and advocacy, creating tomorrow's leaders.

Basis of Accounting - The Council prepares its financial statements on the accrual basis of accounting. 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 and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The following accounting policies are presented to facilitate the understanding of information presented in the financial statements.

Basis of Presentation - The Council reports in compliance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Council, and changes therein, are classified and reported as follows:

Net Assets Without Donor Restrictions - Funds which are available for current operations.

Net Assets With Donor Restrictions - Funds which are comprised of restricted contributions received by a support organization or individual. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, these funds are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. However, if the restriction expires during the same accounting period in which the gift was received, the contribution is reported as an increase in unrestricted net assets.

Cash and Cash Equivalents - The Council considers cash in operating bank accounts, cash on hand, and certificates of deposit purchased with a maturity of three months or less to be cash and cash equivalents.

Property and Equipment - The Council follows the practice of capitalizing all expenditures for furniture, fixtures and equipment in excess of \$250. Depreciation is provided using the straight-line method over the estimated useful lives of 5 through 10 years.

Functional Allocation of Expenses - The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated are salaries, employee benefits, payroll taxes, and group insurance and workers' compensation, which are allocated on the basis of estimates of time and effort; repairs and maintenance and depreciation, which are allocated on estimated usage

Contributions - The Council recognizes contributions as revenue when they are received or unconditionally pledged and records these revenues as with donor restrictions or without donor restrictions according to donor stipulations that limit the use of these assets due to either a time or purpose restriction. Contributions received with donor restrictions that are met in the year of receipt are recorded as revenues without donor restrictions. When a restriction expires, or is met in a subsequent year, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities and changes in net assets. Conditional contributions or promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions to be received in future periods are discounted at an appropriate discount rate. Amortization of discounts on multi-year pledges is recorded as additional contribution revenue as either with or without donor restrictions based on any donor-imposed restrictions, if any, on the related contributions.

Contributed Services - The Council receives a substantial amount of services donated by individuals in carrying out its programs. No amounts have been reflected in the financial statements for those services.

Use of Estimates - The preparation of the 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, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include allowance for uncollectible promises to give. Because of the inherent uncertainties in estimating uncollectible promises to give, it is reasonably possible that management's estimates could change in the near term.

2. Contributed Nonfinancial Assets

The Council occupies space in a building owned by Catawba Valley Medical Systems. Management has estimated the approximated fair value of the annual rental to be \$18,300 for 2024 and 2023, respectively. These amounts are included in the revenues and expenses in the statement of activities. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed nonfinancial assets were utilized in program expenses.

3. Employee Retirement Plan

Council on Adolescents of Catawba County, Inc. has implemented a Simple retirement plan. The plan, as provided for in the Internal Revenue Code, provides that employees may defer up to \$10,500 (\$13,000 if age 50 or over), indexed annually, of their compensation annually. The Council is required to match the employee deferral up to a maximum of three percent (3%) of compensation. Effective in 2012, the Plan was moved to a new broker, and the Plan was amended so that employees must earn greater than \$5,000 to be eligible for the Plan. The Council's matching plan contribution was \$7,585 and \$7,018 for the years ended December 31, 2024 and 2023, respectively.

4. Restrictions on Net Assets

Net assets with donor restrictions consist of assets to be used for the State contract programs.

5. Compensated Absences

Employees of the Council are entitled to paid vacation, paid sick days, and personal days off depending on job classification, length of service and other factors. Compensation for future absences are immaterial and, accordingly, no liability has been recorded in the accompanying financial statements. The Council's policy is to recognize the costs of compensated absences when actually paid to employees.

6. Commitments and Contingencies

Uncertain Tax Positions

FASB ASC 740-10, Accounting for Uncertainty in Income Taxes, clarifies the accounting for uncertainty in income tax positions. Based on an evaluation of uncertain tax positions, management is required to measure potential tax liabilities that could have a risk of greater than a 50% likelihood of being realized upon settlement. As of December 31, 2024, management has determined that the Council has no such risk and, therefore, no liabilities have been recorded for uncertain tax position.

The Council is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Council believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions material to the financial statements.

7. Liquidity and Availability of Financial Assets

The Council monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Council has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	<u>2023</u>	<u>2023</u>
Cash	\$ 90,307	\$ 52,430
Accounts receivable	37,102	61,882
	<u>\$ 127,409</u>	<u>\$ 114,312</u>

In addition to financial assets available to meet general expenditures over the year, the Council operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient revenues.

8. Subsequent Events

Management has evaluated subsequent events through May 29, 2025, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that would require recognition or disclosure in these financial statements.