



HOPE NORTH CAROLINA, INC
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024



HOPE NORTH CAROLINA, INC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Hope North Carolina, Inc.
Chapel Hill, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hope North Carolina, Inc., which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Hope North Carolina, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Hope North Carolina, Inc. and to meet our other ethical responsibilities, in accordance with the relevant 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 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 Hope North Carolina, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 Hope North 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 Hope North 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.

Pettit & Company, PLLC

Indianapolis, Indiana
October 15, 2025

HOPE NORTH CAROLINA, INC

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
Current assets		
Cash and cash equivalents	\$ 205,833	\$ 162,140
Investments, at fair value	100,261	50,546
Grants receivable	42,974	28,342
Prepaid expense	7,465	5,836
Total current assets	<u>356,533</u>	<u>246,864</u>
Total assets	<u>\$ 356,533</u>	<u>\$ 246,864</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 5,334	\$ 1,367
Accrued vacation	4,031	-
Total current liabilities	<u>9,365</u>	<u>1,367</u>
Total liabilities	<u>9,365</u>	<u>1,367</u>
Net assets		
Without donor restrictions	279,911	245,497
With donor restrictions	67,257	-
Total net assets	<u>347,168</u>	<u>245,497</u>
Total liabilities and net assets	<u>\$ 356,533</u>	<u>\$ 246,864</u>

HOPE NORTH CAROLINA, INC

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Grants	\$ 253,591	\$ 40,000	\$ 293,591
Contributions	50,119	33,255	83,374
Inclusive housing summit	31,050	-	31,050
Events	23,159	-	23,159
Investment income:			
Interest and dividends	2,610	-	2,610
Realized loss on investments	415	-	415
Unrealized loss on investments	(24)	-	(24)
Net assets released from restrictions			
Satisfaction of program requirements	5,998	(5,998)	-
Total support and revenue	<u>366,918</u>	<u>67,257</u>	<u>434,175</u>
Expenses			
Program services	249,073	-	249,073
Management and general	30,575	-	30,575
Fundraising	52,856	-	52,856
Total expenses	<u>332,504</u>	<u>-</u>	<u>332,504</u>
Change in net assets	34,414	67,257	101,671
Net assets - beginning of year	<u>245,497</u>	<u>-</u>	<u>245,497</u>
Net assets - end of year	<u>\$ 279,911</u>	<u>\$ 67,257</u>	<u>\$ 347,168</u>

HOPE NORTH CAROLINA, INC

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Grants	\$ 271,395	\$ -	\$ 271,395
Contributions	42,579	-	42,579
Inclusive housing summit	26,275	-	26,275
Events	1,830	-	1,830
Investment income:			
Interest and dividends	2,081	-	2,081
Realized loss on investments	(383)	-	(383)
Unrealized loss on investments	(178)	-	(178)
Net assets released from restrictions			
Satisfaction of program requirements	-	-	-
	343,599	-	343,599
Total support and revenue			
	343,599	-	343,599
Expenses			
Program services	171,019	-	171,019
Management and general	32,473	-	32,473
Fundraising	38,508	-	38,508
	242,000	-	242,000
Total expenses			
	242,000	-	242,000
Change in net assets	101,599	-	101,599
Net assets - beginning of year	143,898	-	143,898
Net assets - end of year	\$ 245,497	\$ -	\$ 245,497

HOPE NORTH CAROLINA, INC

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and taxes	\$ 150,049	\$ 12,385	\$ 31,640	\$ 194,074
Collective impact	59,351	-	-	59,351
Inclusive housing summit	29,859	-	-	29,859
TEACCH needs assessment	-	-	-	-
Fundraising	-	-	21,158	21,158
Website & software	266	826	30	1,122
Professional fees	-	11,379	-	11,379
Staff acquisition & development	-	510	-	510
Inclusive community building costs	7,905	-	-	7,905
Insurance	659	1,308	-	1,967
Printing, postage, supplies	386	727	28	1,141
Meetings & conferences	-	978	-	978
Volunteer expenses	576	-	-	576
Other	22	2,462	-	2,484
	<u>\$ 249,073</u>	<u>\$ 30,575</u>	<u>\$ 52,856</u>	<u>\$ 332,504</u>

HOPE NORTH CAROLINA, INC

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- Raising</u>	<u>Total</u>
Salaries and taxes	\$ 67,075	\$ 15,168	\$ 22,694	\$ 104,937
Collective impact	70,927	-	-	70,927
Inclusive housing summit	19,329	-	-	19,329
TEACCH needs assessment	9,433	-	-	9,433
Fundraising	-	-	15,284	15,284
Website & software	353	434	45	832
Professional fees	-	6,751	-	6,751
Staff acquisition & development	-	5,819	-	5,819
Inclusive community building costs	2,355	-	-	2,355
Insurance	-	1,758	-	1,758
Printing, postage, supplies	409	816	290	1,515
Meetings & conferences	300	1,124	96	1,520
Volunteer expenses	832	-	-	832
Other	6	603	99	708
	<u>\$ 171,019</u>	<u>\$ 32,473</u>	<u>\$ 38,508</u>	<u>\$ 242,000</u>

HOPE NORTH CAROLINA, INC

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Change in net assets	\$ 101,671	\$ 101,599
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized gains on investments	(2,715)	(1,162)
(Increase) decrease in assets		
Grants receivable	(14,632)	1,816
Prepaid expense	(1,629)	(5,836)
Increase (decrease) in liabilities		
Accounts payable	3,967	442
Accrued vacation	4,031	-
	90,693	96,859
Cash from investing activities		
Investments transferred in	(161,996)	(100,000)
Proceeds from sale of investments	114,996	55,423
	(47,000)	(44,577)
Net cash provided by (used in) investing activities		
	43,693	52,282
Net increase (decrease) in cash and cash equivalents		
	162,140	109,858
Cash, cash equivalents, beginning of fiscal year		
	\$ 205,833	\$ 162,140
Cash, cash equivalents, end of fiscal year		

Supplemental Schedule of Cash Flow Information

Interest paid	\$ -	\$ -
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HOPE NORTH CAROLINA, INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

HOPE North Carolina (the “Organization”) was incorporated as a not-for-profit organization in 2019 under the laws of the state of North Carolina. The Organization’s mission is to create inclusive communities where people of all abilities and ages experience a sense of belonging. We are working to bring together stakeholders to develop communities in the Triangle area of North Carolina that utilize the HOPE Concept, whereby people with and without intellectual and developmental disabilities live side-by-side as neighbors who engage with each other, within a culture of acceptance and interdependence. HOPE is working to expand housing options to include inclusive, affordable housing for adults with intellectual and developmental disabilities, as well as advocating for the state to develop the foundation and sustainability of supports necessary for living in the community for those who choose to do so.

A summary of the Organization's significant accounting policies follows

Basis of accounting

The accompanying financial statements are presented on the accrual basis of accounting.

Basis of presentation

These financial statements have been prepared to focus on the entity as a whole and to present transactions according to the existence or absence of donor-imposed restrictions in conformity with accounting principles generally accepted in the United States of America. This has been done by classification of fund transactions and balances into two categories of net assets:

Net assets without donor restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Cash and cash equivalents

The Organization's cash and cash equivalents consist of a checking and savings account. The Organization maintains checking and savings balances at a commercial bank.

Concentration of risks

The Organization maintains its operating cash balances with two financial institutions. The demand deposit accounts are insured by the Federal Deposit Insurance Corporation. The balances, at times, may exceed federally insured limits. To date, there have been no losses on such accounts.

The Organization received approximately 61% of its revenue from three Organizations.

HOPE NORTH CAROLINA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Grants receivable

Grants receivable consists of grant revenue expected to be received shortly after year-end. Management considered grants receivable at June 30, 2025 and 2024, to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Investments

The Organization accounts for investments with readily determinable fair values in the statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Purchases and sales of investments are recorded on the trade date. Gains and losses on the sale of investments are determined using the specific identification method. Unrealized gains and losses are included in the statement of activities.

Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the financial statements.

The Organization's policy is to sell stock donations as quickly as practical to convert the donation to cash quickly, unless the donor specifically requests/requires that we hold the investment.

Support and revenues

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Revenue funded by contracts, which represents revenue from exchange transactions, is recognized as the Organization performs the contracted services. Support funded by grants is recognized when the contributions are made. Grant expenditures are subject to audit and acceptance by the granting agency, and adjustments could be required as a result of such audit. Support and revenue with donor-imposed restrictions which are met in the same reporting period are reported as net assets without donor restrictions in the statement of activities.

Taxes

The Organization is exempt from federal and state income taxes on its related activities under Internal Revenue Service Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been made.

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempt status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities. With few exceptions, the Organization is generally no longer subject to examination by taxing authorities for years before June 30, 2022.

HOPE NORTH CAROLINA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Advertising costs

Advertising costs are charged to operations as incurred.

Functional expenses

Expenses are reported when incurred. In the statements of functional expenses, costs not specifically related to program services are allocated in accordance with management's estimates of program support requirements. Salaries and related expenses are charged to program services based upon estimated time spent by personnel on the related programs. Direct expenses are charged to the various programs.

Use of estimates

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

Management's review of subsequent events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2025, to determine the need for any adjustments to and/or disclosures within the reviewed financial statements for the year ended June 30, 2025. Management has performed their analysis of subsequent events through October 15, 2025, the date the financial statements were available to be issued.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions and board designation within one year of the date of the statement of financial position. Amounts with board designations not available include amounts set aside for program related activity from either donor-restricted or board designation categories for general expenditures within one year of the date of the statement of financial position are available.

HOPE NORTH CAROLINA, INC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

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

Financial Assets at year-end:	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 205,833	\$ 162,140
Investments, at fair value	100,261	50,546
Grants receivable	42,974	28,342
Total financial assets	<u>349,068</u>	<u>241,028</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(67,257)</u>	-
Financial assets not available to be used within one year	<u>(67,257)</u>	-
Financial assets available to meet general expenditures within one year	<u>\$ 281,811</u>	<u>\$ 241,028</u>

The Organization manages its liquidity by developing annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

NOTE 3 – INVESTMENTS

Investments are composed of the following:

	<u>2025</u>	<u>2024</u>
Fidelity government money market	\$ 25,296	\$ 25,557
Bank of America NA CD 4.85% fixed coupon	-	24,989
Bank OZK little rock ARK CD 4.00% fixed coupon	24,977	-
Capital BK Jacinto City Tex CD 4.20% fixed coupon	24,998	-
Farmers BK Carnegie Okla CD 4.20% fixed coupon	24,990	-
	<u>\$ 100,261</u>	<u>\$ 50,546</u>

Net return on investments are as follows:

Interest and dividends	\$ 2,324	\$ 1,723
Realized loss	415	(383)
Unrealized loss	<u>(24)</u>	<u>(178)</u>
	<u>\$ 2,715</u>	<u>\$ 1,162</u>

HOPE NORTH CAROLINA, INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 4 – FAIR VALUE MEASUREMENTS

The Organization utilizes a framework for measuring fair value. That framework 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 below:

- Level 1** Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.
- Level 2** Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3** Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. The Organization does not have significant level 3 assets or liabilities. During the year ended June 30, 2025 and 2024, there were no changes to the Organization's valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations.

The following is a description of the valuation methodologies used for assets measured at fair value:

Registered equity securities: Valued at the closing price of the active market in which the security is traded.

HOPE NORTH CAROLINA, INC

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

Assets measured at fair value as of June 30, 2025 and 2024 are summarized as follows:

	2025			
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fidelity government money market	\$ 25,296	\$ 25,296	\$ -	\$ -
Bank of America NA CD 4.85% fixed coupon	-	-	-	-
Bank OZK little rock ARK CD 4.00% fixed coupon	24,977	-	24,977	-
Capital BK Jacinto City Tex CD 4.20% fixed coupon	24,998	-	24,998	-
Farmers BK Carnegie Okla CD 4.20% fixed coupon	24,990	-	24,990	-
	<u>\$ 100,261</u>	<u>\$ 25,296</u>	<u>\$ 74,965</u>	<u>\$ -</u>

	2024			
	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Fidelity government money market	\$ 25,557	\$ 25,557	\$ -	\$ -
Bank of America NA CD 4.85% fixed coupon	24,989	-	24,989	-
Bank OZK little rock ARK CD 4.00% fixed coupon	-	-	-	-
Capital BK Jacinto City Tex CD 4.20% fixed coupon	-	-	-	-
Farmers BK Carnegie Okla CD 4.20% fixed coupon	-	-	-	-
	<u>\$ 50,545</u>	<u>\$ 25,557</u>	<u>\$ 24,989</u>	<u>\$ -</u>

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

	<u>2025</u>	<u>2024</u>
North street community facilitator	\$ 29,509	\$ -
Grosvenor gardens pavilion	15,000	-
Enhanced community programs & access	22,748	-
	<u>\$ 67,257</u>	<u>\$ -</u>