

Common Wealth Charlotte, Inc.

Financial Statements

Year Ended June 30, 2025

Common Wealth Charlotte, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Common Wealth Charlotte, Inc.
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Common Wealth Charlotte, Inc. (the "Organization" - a nonprofit organization), 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 financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Common Wealth Charlotte, Inc. 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 of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Common Wealth Charlotte, 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.

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 Common Wealth Charlotte, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Common Wealth Charlotte, Inc.
Charlotte, North Carolina

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 purposes of expressing an opinion on the effectiveness of Common Wealth Charlotte, 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 Common Wealth Charlotte, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 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.

Foard & Company, P.A.
October 8, 2025

Common Wealth Charlotte, Inc.
Statement of Financial Position
June 30, 2025, with prior year comparative totals

	2025	2024
<u>ASSETS</u>		
Cash	\$ 969,526	\$ 1,104,042
Certificates of deposit	212,724	203,260
Grants receivable	278,447	412,900
Loans receivable, net	161,538	173,382
Other receivables	8,117	-
Prepaid expense	4,582	561
<u>TOTAL</u>	<u>\$ 1,634,934</u>	<u>\$ 1,894,145</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accrued expenses	\$ 2,187	\$ 5,822
Refundable advance	16,257	-
Deferred revenue	-	9,700
<u>Total Liabilities</u>	<u>18,444</u>	<u>15,522</u>
Net Assets:		
Without donor restrictions	1,237,560	1,198,839
With donor restrictions	378,930	679,784
<u>Total Net Assets</u>	<u>1,616,490</u>	<u>1,878,623</u>
<u>TOTAL</u>	<u>\$ 1,634,934</u>	<u>\$ 1,894,145</u>

Common Wealth Charlotte, Inc.

Statement of Activities

Year Ended June 30, 2025, with prior year comparative totals

	Year Ended June 30, 2025			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	TOTALS	
<i>SUPPORT AND REVENUE</i>				
Contributions	\$ 805,030	\$ 78,280	\$ 883,310	\$ 1,687,060
Grants	273,521	-	273,521	219,600
In-kind contributions	24,000	-	24,000	21,000
Interest income	34,209	-	34,209	31,826
Net assets released from restriction:				
By passage of time	320,000	(320,000)	-	-
By payment for restricted purpose	59,134	(59,134)	-	-
<i>Total Support and Revenue</i>	<i>1,515,894</i>	<i>(300,854)</i>	<i>1,215,040</i>	<i>1,959,486</i>
<i>EXPENSES</i>				
Program services	1,129,682	-	1,129,682	969,628
Management and general	183,585	-	183,585	183,939
Fundraising	163,906	-	163,906	178,946
<i>Total Expenses</i>	<i>1,477,173</i>	<i>-</i>	<i>1,477,173</i>	<i>1,332,513</i>
<i>CHANGE IN NET ASSETS</i>	<i>38,721</i>	<i>(300,854)</i>	<i>(262,133)</i>	<i>626,973</i>
<i>NET ASSETS, BEGINNING</i>	<i>1,198,839</i>	<i>679,784</i>	<i>1,878,623</i>	<i>1,251,650</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 1,237,560</i>	<i>\$ 378,930</i>	<i>\$ 1,616,490</i>	<i>\$ 1,878,623</i>

Common Wealth Charlotte, Inc.

Statement of Functional Expenses

Year Ended June 30, 2025, with prior year comparative totals

	Year Ended June 30, 2025				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	TOTALS	
<u>PERSONNEL</u>					
Salaries	\$ 711,430	\$ 119,276	\$ 57,602	\$ 888,308	\$ 902,172
Payroll taxes	59,720	10,014	4,836	74,570	72,951
Employee benefits	55,393	5,726	7,192	68,311	56,712
<i>Total</i>	<i>826,543</i>	<i>135,016</i>	<i>69,630</i>	<i>1,031,189</i>	<i>1,031,835</i>
<u>OTHER</u>					
Loan defaults/bad debt	38,141	-	-	38,141	(592)
Contract services	76,674	18,796	77,412	172,882	87,006
Banking and matched savings	58,119	841	-	58,960	41,991
Office supplies	16,118	1,189	4,529	21,836	23,098
Loan services	11,420	-	-	11,420	10,875
Travel	10,651	886	27	11,564	14,345
Advertising	10,477	87	7,827	18,391	51,440
Insurance	8,203	11,648	726	20,577	19,242
Miscellaneous	-	202	-	202	1,200
Occupancy	18,000	3,014	2,986	24,000	23,107
Technology	13,513	6,395	628	20,536	9,769
Dues and memberships	-	4,170	-	4,170	5,377
Grant	41,409	-	-	41,409	13,820
Volunteer	391	-	-	391	-
Administrative	23	1,341	141	1,505	-
<i>Total</i>	<i>303,139</i>	<i>48,569</i>	<i>94,276</i>	<i>445,984</i>	<i>300,678</i>
<u>TOTAL EXPENSES</u>	<u>\$ 1,129,682</u>	<u>\$ 183,585</u>	<u>\$ 163,906</u>	<u>\$ 1,477,173</u>	<u>\$ 1,332,513</u>

Common Wealth Charlotte, Inc.**Statement of Cash Flows****Year Ended June 30, 2025, with prior year comparative totals**

	Year Ended June 30,	
	2025	2024
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ (262,133)	\$ 626,973
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in allowance for doubtful accounts	(2,090)	(16,727)
Bad debt expense	40,231	18,499
(Increase) decrease in operating assets:		
Grants receivable	134,453	(407,900)
Loans issued	(141,960)	(205,564)
Loans repaid	115,663	101,395
Other receivables	(8,117)	-
Prepaid expense	(4,021)	6,528
Increase (decrease) in operating liabilities		
Accrued expenses	(3,635)	2,752
Refundable advances	16,257	-
Deferred revenue	(9,700)	9,700
	<u>(125,052)</u>	<u>135,656</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of certificates of deposit	(212,724)	(203,260)
Proceeds from certificates of deposit	203,260	204,684
	<u>(9,464)</u>	<u>1,424</u>
NET CHANGE IN CASH	(134,516)	137,080
CASH, BEGINNING	1,104,042	966,962
CASH, ENDING	\$ 969,526	\$ 1,104,042

Common Wealth Charlotte, Inc.

Notes to Financial Statements

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of activities

Common Wealth Charlotte, Inc. (the “Organization”), was incorporated under the laws of the state of North Carolina in April 2015.

The Organization’s mission is to equip low-income wage earners with increased financial capability, so they can attain financial stability and decrease reliance on charitable assistance. This is achieved through a trauma-informed approach including education, personalized counseling, access to banking, and no-interest loans.

Sources of revenue

The Organization receives contributions and grants primarily from foundations, corporations, faith-based and individuals.

Revenue recognition

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions of cash and other assets are considered to be available for undesignated use unless specifically restricted by the donor. Amounts received that are restricted for future periods or are restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires (that is, when a stipulated time restriction ends or the purpose of the 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. Restricted contributions whose restrictions are accomplished in the same accounting period are recorded as net assets without donor restrictions.

A portion of the Organization’s revenue is derived from cost-reimbursable local contracts and grants, which are conditioned upon certain performance requirements and or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2025, the refundable advance balance was \$16,257.

Basis of accounting

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

Common Wealth Charlotte, Inc.

Notes to Financial Statements

June 30, 2025

Net assets without donor restrictions – Net assets without donor restrictions can be both undesignated and designated in nature. Undesignated net assets without donor restrictions are those currently available for use in the day-to-day operation of the Organization and those resources invested in fixed assets. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization. Such amounts, if any, are reflected as designated net assets without donor restrictions in the accompanying statement of financial position.

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

Functional allocation of expenses

Expenses that are inherently program, management and general, or fundraising, are charged directly to those functions. The major expenses that are allocated include payroll expenses, contract services, office supplies, insurance, occupancy, technology and other various expenses. Payroll expenses are allocated based on total salaries per function. Contract services are allocated based on the type of services provided. All other expenses are allocated to program services, management and general, and fundraising based on management's estimates of time spent.

Federal income tax status

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation as defined by Section 509(a) of the Internal Revenue Code.

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 certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance nonfinancial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value. During the year, the Organization recorded no donated goods or services.

Common Wealth Charlotte, Inc.

Notes to Financial Statements

June 30, 2025

Donated facilities and utilities

Donated facilities and utilities are recorded as contributions at the estimated fair rental value. For the year ended June 30, 2025, the fair value of the donated rent and utilities has been calculated at \$24,000, which is included in occupancy expense. The valuation used was a like-kind methodology for commercial rental values in the Charlotte region and the estimated utility usage of the building. The donated facilities and utilities were not restricted for a specific purpose.

Prior-year comparative totals

The financial statements include certain prior-year summarized information in total, but not by net asset class or functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's 2024 financial statements, from which the summarized information was derived.

NOTE 2 – CERTIFICATES OF DEPOSIT

The certificates of deposit are valued at cost plus accrued interest, which approximates fair value. The certificates of deposit interest rate is 3.93% and matures no later than November 2026.

NOTE 3 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require fair value of financial instruments to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. It establishes a three-level valuation hierarchy based upon observable and unobservable inputs, as follows:

Level 1 - Fair value is based on quoted prices in active markets for identical assets or liabilities.

Level 2 - Fair value is based on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Fair value is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization certificate of deposit is classified as Level 2 assets and the value is determined based on cost plus accrued interest which approximates fair value.

Common Wealth Charlotte, Inc.

Notes to Financial Statements

June 30, 2025

NOTE 4 – RECEIVABLES

Grants receivable

Grants receivable are presented in the accompanying financial statements at net realizable value with no allowance for bad debt or present value discount. Management’s assessment of the collectability of receivables is based on a review of individual accounts, historical experience, and current economic conditions. A present value discount on the grants receivable was determined to be immaterial to the financial statements. The Organization expects the balance of \$278,447 in the fiscal year ending June 30, 2026.

Loans receivable

The Organization issues two different unsecured loans, Opportunity Loans and Credibility Loans. Opportunity Loans have a \$1,000 maximum principal, carry an interest rate of 0%, and have a 20-month repayment plan. Credibility Loans have a \$120 maximum principal, carry an interest rate of 0%, and have up to a 12-month repayment plan.

During the year ended June 30, 2023, the Organization issued another type of loan funded by Goodwill. The Organization continued to issue these loans during the year ended June 30, 2025. The loans are interest bearing at a rate of three percent and are up to \$750. A total of 84 loans were made during the year ended June 30, 2025, for a total of \$24,681.

The Organization applies the current expected credit loss (“CECL”) methodology under ASU 2016-13 *Financial Instruments – Credit Losses* (Topic 326) to its loans receivable. CECL requires an estimate of credit losses for the remaining estimated life of the financial assets using historical experience, current conditions, and reasonable and supportable forecasts. Loans receivables are presented net of an estimated allowance for credit losses of \$28,507. The Organization expects approximately \$116,000 of the loans receivable to be collected during the year ending June 30, 2026, and the remainder to be collected in the fiscal year ending June 30, 2027.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Purpose and time restricted net assets at year-end are as follows:

Purpose Restricted:		
Generations 2080	\$	95,750
Credit Builder Loan program		138,180
<u>Total Purpose Restricted</u>		<u>233,930</u>
Time-Restricted:		
Fiscal year 2026		145,000
<u>Total Time Restricted</u>		<u>145,000</u>
<u>TOTAL</u>	\$	<u>378,930</u>

Common Wealth Charlotte, Inc.
Notes to Financial Statements
June 30, 2025

NOTE 6 – CONCENTRATIONS OF CREDIT RISK

Donor

A limited number of funding sources provide a significant portion of the Organization’s revenue. The top five donors to the Organization equal approximately 35% of the Organization’s total revenue. This represents a significant concentration of risk that operations could be affected if any of these donors discontinued giving to the Organization.

Geographic location

The Organization operates in a small geographic area and is therefore sensitive to changes in the local economy.

NOTE 7 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization has \$1,576,697 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$969,526, certificates of deposit of \$212,724, grants receivable of \$278,447, which are expected to be collected during the year, and the net current portion of loans receivable of \$116,000. Of these financial assets available, \$233,930 are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general liabilities and other obligations come due.

NOTE 8 – RETIREMENT

The Organization participates in a SIMPLE-IRA Plan. All full-time employees are eligible to participate in the Plan. The Organization matches the employee’s elective deferral on a dollar-for-dollar basis but not more than three percent of the employee’s compensation. The amount paid by the Organization during the year was approximately \$18,347.

NOTE 9 – SUBSEQUENT EVENTS

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