



SHARPE
PATELCPA

CHATHAM EDUCATION FOUNDATION

FINANCIAL STATEMENTS

For the Year Ended August 31, 2025

CHATHAM EDUCATION FOUNDATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Chatham Education Foundation
Pittsboro, North Carolina

Opinion

We have audited the accompanying financial statements of Chatham Education Foundation (a nonprofit organization), which comprise the statement of financial position as of August 31, 2025, and the related statement 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 Chatham Education Foundation as of August 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 audits 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 Chatham Education Foundation 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 Chatham Education Foundation'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 Chatham Education Foundation'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 Chatham Education Foundation'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.

Sharpe Patel PLLC

Raleigh, North Carolina
January 19, 2026

CHATHAM EDUCATION FOUNDATION
Statement of Financial Position
August 31, 2025

ASSETS

Current assets:	
Cash and cash equivalents	\$ 255,916
Grants Receivable	50,000
Pledges Receivable, current	7,900
Total current assets	313,816
Property and equipment:	
Plant, property and equipment	4,889
Less accumulated depreciation	(4,889)
Total non-current assets	-
Noncurrent assets:	
Triangle Community Fund	13,458
Pledges Receivable, long-term, net of allowance	8,000
Total noncurrent assets	21,458
Total assets	\$ 335,274

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and payroll liabilities	\$ 4,899
Total current liabilities	4,899
Net assets:	
Without donor restrictions	291,567
With donor restrictions	38,808
Total net assets	330,375
Total liabilities and net assets	\$ 335,274

See independent accountants' review report and notes to financial statements.

CHATHAM EDUCATION FOUNDATION
Statement of Activities
For the Year Ended August 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Direct public grants	\$ 71,000	\$ 5,775	\$ 76,775
Direct public support	191,343	-	191,343
Investment income	4,342	-	4,342
Other income	3,592	-	3,592
Total support and revenue	<u>270,277</u>	<u>5,775</u>	<u>276,052</u>
Net assets released from restrictions	<u>86,967</u>	<u>(86,967)</u>	<u>-</u>
Total support and revenue after releases from restrictions	<u>357,244</u>	<u>(81,192)</u>	<u>276,052</u>
Expenses and losses:			
Program services	219,364	-	219,364
Management and general	66,656	-	66,656
Fundraising expenses	40,023	-	40,023
Total expenses	<u>326,043</u>	<u>-</u>	<u>326,043</u>
Change in net assets	31,201	(81,192)	(49,991)
Net assets - beginning of year	237,022	120,000	357,022
Restatement	<u>23,344</u>	<u>-</u>	<u>23,344</u>
Net assets - end of year	<u>\$ 291,567</u>	<u>\$ 38,808</u>	<u>\$ 330,375</u>

See independent accountants' review report and notes to financial statements.

CHATHAM EDUCATION FOUNDATION
Statement of Functional Expenses
For the Year Ended August 31, 2025

	Program Services	Management and General	Fundraising Expenses	Total Expenses
Salary and benefits	\$ 47,834	\$ 44,503	\$ 17,523	\$ 109,860
Awards & grants	134,176	-	-	134,176
Business expenses	765	8,762	1,559	11,086
Contract services	279	5,850	3,396	9,525
Meetings and events	230	-	936	1,166
Operations	31,967	3,172	15,148	50,287
Payroll expenses	4,058	4,318	1,461	9,837
Travel	55	51	-	106
Depreciation Expense	-	-	-	-
Total	\$ 219,364	\$ 66,656	\$ 40,023	\$ 326,043

See independent accountants' review report and notes to financial statements.

CHATHAM EDUCATION FOUNDATION
Statement of Cash Flows
For the Year Ended August 31, 2025

Cash flows from operating activities:	
Change in net assets	\$ (49,991)
Adjustments to reconcile net income to net cash provided (used) by operating activities	
Depreciation	-
Unrealized gain/loss	948
Changes in operating assets and liabilities:	
Grants Receivable	50,000
Pledges Receivable	8,250
Payables	3,169
Net cash provided by (used) operating activities	<u>12,376</u>
Cash flows from investing activities:	
Purchases of investments, net	<u>(574)</u>
Net cash used by investing activities	<u>(574)</u>
Net increase (decrease) in cash and cash equivalents	11,802
Cash and cash equivalents, beginning of year	<u>244,114</u>
Cash and cash equivalents, end of year	<u><u>\$ 255,916</u></u>

See independent accountants' review report and notes to financial statements.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2025

NOTE 1 - NATURE OF OPERATIONS

Chatham Education Foundation (the Foundation) is a nonprofit organization that strengthens communities in Chatham County, North Carolina by partnering with community residents, businesses, and foundations to improve educational opportunities for public school students. They are funded primarily through donations from residents, businesses, and private grants. They help fund various Chatham County School District programs such as AVID, Chatham Reads, and creative teaching grants.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles.

Financial Statement Presentation

The Foundation adopted Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) and Health Care Entities (Topic 954) – 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 donor restrictions” and “net assets with donor 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash in bank in interest bearing and cash investment accounts with original maturities of three months or less to be cash equivalents.

Grants Receivable

Grants that are considered the equivalent of contributions are recorded as revenues at their fair values when they become unconditional. Grants that are expenditure reimbursement based are considered unconditional when the expenditures are incurred. Grants with restrictions are recorded as net assets with donor restrictions until the restrictions are met or if the grantor has specified that the gift principal remains intact. When grant-imposed restrictions have been met, amounts previously reported as with donor restrictions are reported in the statements of activities as net assets released from donor restrictions.

Pledges Receivable

Unconditional promises to give are recognized as revenue in the period in which the promise is made and are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows using a discount rate commensurate with the risk involved.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges Receivable (Continued)

An allowance for uncollectible pledges is provided based on management's assessment of the collectability of individual pledges and historical experience. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Pledges receivable are classified as either current or long-term based on the expected timing of receipt.

Investments

The Foundation carries investments in marketable securities with readily determinable fair values and all investment in debt securities at their fair market values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Use of Estimates and Assumptions

The preparation of the Foundation's 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 statement of financial position and the reported amounts of revenues and expenses included in the statement of activities. Actual results could differ from those estimates.

Property and Equipment

It is the Foundation's policy to capitalize property and equipment with an original cost or donated value of \$500 or more and an estimated useful life of more than one year. Purchased property and equipment are recorded at cost.

Depreciation is computed over the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are charged to expense as incurred. The cost of major renewals and betterments are capitalized and depreciated over their useful lives. Upon disposition of property and equipment, the related asset and accumulated depreciation accounts are removed, and any gain or loss is reflected in the statement of activities for the period.

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets. The net assets as of August 31, 2025 consists of the following:

Net assets without donor restrictions – net assets without donor restrictions include resources, which are available for the support of the Foundation's operating activities.

Net assets with 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 Foundation and /or the passage of time.

Functional Expenses

The cost of providing the various programs and the administration of the Foundation has been summarized on a function basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on management's estimates.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2025

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Revenues

Support and revenues that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire or are satisfied in the fiscal year in which the support and revenues are received. All other donor restricted support and revenues are reported as increases in net assets with restrictions, depending on the nature of the restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net asset without restrictions and are reported in the statement of activities.

General Expenditures

The Foundation considers the costs related to its normal activities to be general expenditures unless such costs are limited by the donors for specified, restricted purposes. Accordingly, the related resources for the latter have been excluded in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Income Taxes

The Foundation is exempt from income taxes as a not-for-profit organization under Internal Revenue Service (“IRS”) code section 501(c)(3). During the year ended August 31, 2023, the Foundation reported no unrelated business taxable income which is defined by the IRS as gross income derived from any unrelated trade or business that is not substantially related to the organization’s tax-exempt purpose. Accordingly, no provision for income taxes has been recorded.

The Foundation follows guidance provided by FASB ASC 740-10-25 *Accounting for Uncertainty in Income Taxes*. Under this provision, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation had no impact on the Foundation’s financial statements. The Foundation does not believe there are any material uncertain tax positions and, accordingly, it will not recognize any liability for unrecognized tax benefits. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax years in progress. The Foundation believes it is no longer subject to income tax examinations for the years prior to 2022. At August 31, 2025, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Foundation places its cash and cash equivalents on deposit with financial institutions in the United States. The Foundation’s accounts at various financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 and may at times exceed the federally insured limits. As of August 31, 2025, The Foundation was within its insured limits.

NOTE 4 – PLEDGES RECEIVABLE

Unconditional promises to give are recorded as pledges receivable and contribution revenue in the period in which the promise is made. Pledges receivable are stated at their estimated net realizable value. Pledges receivable expected to be collected within one year are classified as current, while pledges receivable expected to be collected in future years are classified as long-term. Pledges receivable expected to be collected in future years are recorded at the present value of estimated future cash flows. No discount rate was used in the current year.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2025

NOTE 4 – PLEDGES RECEIVABLE (Continued)

An allowance for uncollectible pledges is provided based on management’s assessment of the collectability of individual pledges. During the year ended August 31, 2025, the Organization recorded an allowance related to pledges that are no longer considered collectible due to missed payments.

Although certain pledges are payable in installments over future periods, the donors did not impose restrictions on the timing or purpose of the use of the funds. Accordingly, pledges receivable are classified as without donor restrictions.

At August 31, 2025, pledges receivable consists of the following:

Pledges receivable expected to be collected:	
Within one year	\$ 7,900
In two to three years	8,000
Total pledges receivable, net	<u>\$ 15,900</u>

NOTE 5 – GRANTS RECEIVABLE

Grants receivable represent consideration from various entities and individuals, of which the Organization has an unconditional right to receive. As of August 31, 2025, the outstanding balance is \$50,000 on one multi-year grant from the Oak Foundation. The amount is expected to be collected during the next fiscal year.

NOTE 6 – LIQUIDITY

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

Cash and equivalents	\$ 217,108
Current portion of pledges	7,900
Grants receivable	50,000
Less: Payables	(4,899)
Less: restricted by donors	<u>(38,808)</u>
Total amount for general expenditures	<u>\$ 231,301</u>

NOTE 7 – INVESTMENTS

The Foundation holds an investment in a non-endowed equity-oriented investment portfolio with the Triangle Community Foundation. There is no limitation on distributions and the Foundation has the opportunity to change their investment option once a year. The majority of distributions from the fund consist of administrative fees.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2025

NOTE 8 – ENDOWMENT

The organization received \$10,000 from the Schectman Family in 2014 and established an endowment fund with Triangle Community Foundation. The intent of the endowment is to help support the long-term financial stability of the Jordan Matthews High School annual trip to the Holocaust Museum in Washington, DC.

Should the annual trip to the Holocaust Museum not happen in a particular year, CEF will consult with the Schectman Family about the use of the funds prior to disbursement. As long as the trip is in existence, CEF may disperse funds to Jordan Matthews without prior authorization from the Schectman Family. The policy is to use the earnings for the annual trip. The principal cannot be distributed unless released by the Schectman Family.

The changes in the endowment for the year ended August 31, 2025 were as follows:

Balance - beginning of year	\$	13,832
Interest and dividend income		799
Investment fees		(337)
Realized gains (losses)		112
Unrealized gains (losses)		(948)
Balance - end of year	<u>\$</u>	<u>13,458</u>

NOTE 9 – RESTRICTIONS ON NET ASSETS

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 or passage of time, and are composed of the following as of August 31, 2025:

<i>Subject to expenditures for a specific purposes or time</i>		
Oak Foundation Choose Chatham grant	\$	20,164
TCF Responsive Grantmaking grant		9,246
Dr. Jackson Pass Through		7,520
Myers Tributes		1,378
REMC		<u>500</u>
Total net assets with donor restrictions	<u>\$</u>	<u>38,808</u>

NOTE 10 – PRIOR PERIOD RESTATEMENT

During the year ended August 31, 2025, the Organization identified unconditional promises to give from prior years that had not been previously recorded. Beginning net assets were increased by approximately \$23,344 to reflect pledges receivable, net of discount, as of the beginning of the fiscal year.

NOTE 11 – RELATED PARTY TRANSACTIONS

It is not unusual for members of the Board of Directors to make contributions to the Foundation. For the year-ended August 31, 2025, there were no related party transactions that required disclosure.

CHATHAM EDUCATION FOUNDATION
Notes to the Financial Statements
August 31, 2025

NOTE 12 - SUBSEQUENT EVENTS

In accordance with U.S. GAAP, the Foundation has evaluated all events subsequent to the statement of financial positions date of August 31, 2025 through January 19, 2026 which is the date these financial statements were available to be issued, and has determined that there is no subsequent event needed of disclosure.