



**YADKIN VALLEY ECONOMIC
DEVELOPMENT DISTRICT, INC.**

Boonville, North Carolina

Financial Statements and
Supplementary Information

Year Ended June 30, 2025

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

OFFICERS

Mickey Cartner
Tom Bachmann
Sylvia Jessup
Cliff Collins
Debra Jessup

Chairman
Vice-Chairman
Secretary
Treasurer
Parliamentarian

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YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Yadkin Valley Economic Development District, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Yadkin Valley Economic Development District, Inc. (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 the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Yadkin Valley Economic Development District, 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 for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Yadkin Valley Economic Development District, 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 opinions.

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 Yadkin Valley Economic Development District, 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 and *Government 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 and *Government 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 Yadkin Valley Economic Development District, 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 Yadkin Valley Economic Development District, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2026, on our consideration of Yadkin Valley Economic Development District, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Yadkin Valley Economic Development District, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Yadkin Valley Economic Development District, Inc.'s internal control over financial reporting and compliance.

CARTER, P.C.

Asheville, North Carolina
January 21, 2026

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Statement of Financial Position
June 30, 2025

Assets

Current assets:

Cash and equivalents	\$ 1,263,757
Accounts receivable	185,118
Allowance for credit losses	(13,366)
Grants receivable	1,081,538
Other receivables	63,024
Prepaid expenses	<u>887,853</u>
Total current assets	3,467,924

Finance lease right-of-use assets	102,836
Operating lease right-of-use assets	1,558,930
Property and equipment	<u>3,747,875</u>

Total assets \$ 8,877,565

Liabilities and net assets

Current liabilities:

Current maturities of finance lease liabilities	\$ 57,276
Current maturities of operating lease liabilities	113,058
Current maturities of notes payable	790,580
Accounts payable	129,732
Accrued liabilities	<u>513,631</u>
Total current liabilities	<u>1,604,277</u>

Finance lease liabilities, net of current maturities	49,944
Operating lease liabilities, net of current maturities	1,512,347
Notes payable, net of current maturities	<u>9,178</u>
Total liabilities	<u>3,175,746</u>

Net assets:

Without donor restrictions	3,363,505
With donor restrictions	<u>2,338,314</u>
Total net assets	<u>5,701,819</u>

Total liabilities and net assets \$ 8,877,565

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

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Statement of Activities
Year Ended June 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and other support			
Government grants	\$ 8,067,932	\$ 1,934,124	\$ 10,002,056
Local government appropriations	553,218		553,218
Private grants	590,281	60,000	650,281
Contributions	266,395		266,395
In-kind contributions	24,900		24,900
Program income, net	2,104,133		2,104,133
Net assets released from restrictions	<u>1,276,345</u>	<u>(1,276,345)</u>	
Total revenues and other support	<u>12,883,204</u>	<u>717,779</u>	<u>13,600,983</u>
Expenses			
Program services	11,349,552		11,349,552
Supporting services	<u>1,324,079</u>		<u>1,324,079</u>
Total expenses	<u>12,673,631</u>		<u>12,673,631</u>
Increase in net assets before other losses	<u>209,573</u>	<u>717,779</u>	<u>927,352</u>
Other losses			
Loss on disposal of property and equipment	<u>(2,694)</u>		<u>(2,694)</u>
Increase in net assets	206,879	717,779	924,658
Net assets at beginning of year	<u>3,156,626</u>	<u>1,620,535</u>	<u>4,777,161</u>
Net assets at end of year	<u>\$ 3,363,505</u>	<u>\$ 2,338,314</u>	<u>\$ 5,701,819</u>

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

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Statement of Functional Expenses Year Ended June 30, 2025

	Program Services						
	Community Services	Head Start	U.S.D.A.	Older Americans	Weatherization	Retired & Senior Volunteer Program	Community Transportation
	Block Grant		Nutrition	Act		Program	Transportation
Salaries & wages	\$ 146,293	\$ 1,625,214	\$ 96,997	\$ 211,731	\$ 466,009	\$ 4,841	2,032,524
Payroll taxes	10,756	117,535	7,110	15,505	34,174	323	138,345
Employee benefits	41,712	511,111	20,369	55,071	139,027	2,125	389,196
Total salaries & related expenses	198,761	2,253,860	124,476	282,307	639,210	7,289	2,560,065
Contracted services	7,500			6,898	273,788		5,210
Travel	16,585	92,615		3,781	15,526	291	383,509
Facilities		70,814		3,874	3,225		14,841
Supplies	1,842	72,943		1,578	513,129		5,455
Insurance	8,948	160,256		23,425	74,914	1,521	548,662
Communications		44,352		934	3,838		73,564
Food	1,823	9,559	208,615	336,528			
Training	40	8,572		499	25,869	435	7,749
Dues, memberships, & subscriptions		1,061		476			4,804
Repairs & maintenance	8,643	78,017		13,946	9,525	531	222,112
Participant costs	95,897	8,310		8,512	79,199		4,170
Printing & postage	8,497	40		4			20,897
Professional services		24,900					3,870
Software		16,763		734			35,558
Occupancy & rent	6,291	45,679		35,180	1,434	1,015	57,369
Advertising	1,073	47,220					16,308
Other				340	314	25	6,328
Depreciation & amortization	13,289	97,456		17,369	13,528		147,313
Interest		4,766					
Credit losses							14,494
Total expenses	\$ 369,189	\$ 3,037,183	\$ 333,091	\$ 736,385	\$ 1,653,499	\$ 11,107	\$ 4,132,278

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

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Statement of Functional Expenses (continued) Year Ended June 30, 2025

	Program Services			Supporting Services			
	Senior Centers	Domestic Violence	Total Program Services	General & Administrative	Resource Centers	Total Supporting Services	Total
Salaries & wages	\$ 159,348	\$ 315,661	\$ 5,058,618	\$ 488,202	\$ 16,673	\$ 504,875	\$ 5,563,493
Payroll taxes	11,548	23,278	358,574	35,835	1,172	37,007	395,581
Employee benefits	68,082	66,411	1,293,104	109,070	5,675	114,745	1,407,849
Total salaries & related expenses	238,978	405,350	6,710,296	633,107	23,520	656,627	7,366,923
Contracted services	22,815	8,386	324,597	5,035		5,035	329,632
Travel	3,153	6,562	522,022	4,276	460	4,736	526,758
Facilities	23,776	844	117,374	21,599	3,986	25,585	142,959
Supplies	5,672	15,861	616,480	5,657	2,865	8,522	625,002
Insurance	15,396	22,586	855,708	34,181	1,209	35,390	891,098
Communications	8,266		130,954	26,704	18,517	45,221	176,175
Food	3,268		559,793				559,793
Training	370	1,018	44,552	40		40	44,592
Dues, memberships, & subscriptions	220	1,162	7,723	5,590		5,590	13,313
Repairs & maintenance	22,991	1,666	357,431	59,371	3,149	62,520	419,951
Participant costs	2,391	124,089	322,568				322,568
Printing & postage		216	29,654	19,916	3,020	22,936	52,590
Professional services		33,080	61,850	141,524		141,524	203,374
Software		3,258	56,313	1,276		1,276	57,589
Occupancy & rent	40,813	19,300	207,081	6,209	248,986	255,195	462,276
Advertising	138	29,623	94,362		340	340	94,702
Other	192	265	7,464		174	174	7,638
Depreciation & amortization		15,115	304,070	34,552	18,816	53,368	357,438
Interest			4,766				4,766
Credit losses			14,494				14,494
Total expenses	\$ 388,439	\$ 688,381	\$ 11,349,552	\$ 999,037	\$ 325,042	\$ 1,324,079	\$ 12,673,631

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

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Statement of Cash Flows
Year Ended June 30, 2025

Cash flows from operating activities	
Increase in net assets	\$ 924,658
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation and amortization	357,438
Amortization of operating lease right-of-use assets	196,579
Credit losses	14,494
Loss on disposal of property and equipment	2,694
Changes in working capital - sources (uses)	
Accounts receivable	(11,509)
Grants receivable	(152,232)
Other receivables	1,214
Prepaid expenses	(15,337)
Accounts payable	(95,810)
Accrued liabilities	(30,126)
Operating lease liabilities	<u>(126,736)</u>
Net cash provided by operating activities	<u>1,065,327</u>
Cash flows from investing activities	
Proceeds from sale of property and equipment	2,500
Purchase of property and equipment	<u>(1,961,921)</u>
Net cash used by investing activities	<u>(1,959,421)</u>
Cash flows from financing activities	
Principal repayments on finance lease liabilities	(64,869)
Principal repayments on notes payable	<u>(18,300)</u>
Net cash used by financing activities	<u>(83,169)</u>
Net decrease in cash and equivalents	(977,263)
Cash and equivalents at beginning of year	<u>2,241,020</u>
Cash and equivalents at end of year	<u>\$ 1,263,757</u>
Schedule of noncash investing and financing activities	
Prepaid expenses obtained in exchange for note payable	<u>\$ 772,804</u>
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	<u>\$ 285,292</u>
Supplemental disclosure of cash flow information	
Cash paid for interest	<u>\$ 4,766</u>

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

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Notes to Financial Statements
June 30, 2025

Note 1 - Nature of Organization

Organization

Yadkin Valley Economic Development District, Inc. (the Organization) was incorporated as a nonprofit corporation on September 13, 1965, pursuant to the laws of the State of North Carolina. The Organization is dedicated to improving the lives of individuals and families in Davie, Stokes, Surry, and Yadkin Counties through a variety of programs and partnerships to build stronger communities. The Organization's programs are primarily funded by federal, state, and local government funds.

Programs

The Organization's primary programs are as follows:

- *Community Services Block Grant* - Building self-sufficiency for under-resourced individuals and families through coaching, mentoring, and community partnerships.
- *Head Start* - Educating children and empowering families.
- *U.S.D.A Nutrition* - Provide nutritious meals and snacks to children to contribute to their wellness, healthy growth, and development.
- *Older Americans Act* - Provides essential services for seniors.
- *Weatherization* - Providing home energy improvements using state standards that promote good health and energy efficiency.
- *Retired and Senior Volunteer Program* - Facilitates retired and senior volunteer programs to promote healthy minds, bodies, and spirits.
- *Community Transportation* - Provides transportation services to improve the quality of life for the residents of Davie, Stokes, Surry, and Yadkin Counties through a coordinated, accessible, affordable and efficient transportation system.
- *Senior Centers* - Operating five senior centers to improve and maintain independent wellness for the senior community through advocacy, nutrition, volunteerism, and vigorous programming to promote healthy minds, bodies, and spirits.
- *Domestic Violence* - Provides safety, supportive services, and advocacy for victims of domestic violence and sexual assault.

Note 2 - Summary of Significant Accounting Policies

Income Tax Status

The Organization is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1). The Organization has also been classified as a publicly-supported charitable organization and is exempt from state taxes under North Carolina General Statute 105-130.11(a).

Basis of Presentation

The financial statements of the Organization 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), which require the Organization to report information regarding its financial positions and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and Board of Directors.
- *Net assets with donor restrictions:* Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from grants received for a specific purpose. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of restrictions is reported as net assets released from restrictions. The Organization has adopted a policy to classify donor restricted support as without donor restrictions to the extent that restrictions were met in the reporting period the support was recognized.

Measure of Operations

The statement of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are limited losses on disposal of property and equipment and other activities considered to be more unusual or nonrecurring in nature.

Note 2 - Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than accounts receivable, finance lease right-of-use assets, operating lease right-of-use assets, finance lease liabilities, operating lease liabilities, and notes payable approximates fair value due to the relatively short-term nature of the financial instruments.

Amounts recognized for accounts receivable approximate fair value due to the allowance for credit losses applied to outstanding balances.

Amounts recognized for finance lease right-of-use assets, operating lease right-of-use assets, finance lease liabilities, and operating lease liabilities approximate fair value due to present value adjustments determined by the Organization's incremental borrowing rate.

The carrying value of notes payable approximates fair value due to market-based interest rates charged at the time of borrowing.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; 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. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Actual results could differ from those estimates.

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are recorded at net realizable value based on certain assumptions determined by each payor. For third-party payors, the net realizable value is generally estimated contractual reimbursement percentages, which are based on current contract prices or historical paid claims data. The Organization extends credit to its customers in the normal course of business and performs ongoing credit evaluations. Receipts of payments are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Organization has not experienced significant difficulties in collecting accounts receivable and therefore does not assess finance charges.

Other Receivables

Other receivables consists primarily of sales tax receivables.

Note 2 - Summary of Significant Accounting Policies (continued)

Allowance for Credit Losses

The allowance for credit losses represents an estimate made by management of the lifetime expected credit losses inherent in accounts and other receivable balances.

Accounts receivables are typically due 30 days after issuance of the invoice. Accounts outstanding longer than the contractual payment terms are considered past due. Management believes its billing and collection policies are adequate to minimize potential credit risk. In reviewing aged receivables, management considers their knowledge of customers, historical losses, and past, current, and future expected economic conditions in establishing the allowance for credit losses. The Organization writes-off accounts and other receivables when they become uncollectible, and payments subsequently received on such receivables are credited back to the allowance account in the period the payment is received.

All other receivables are considered by management to be fully collectible and therefore no allowance for credit losses has been recorded.

Grants Receivable

Grants receivable are funds due from federal, state, or local governmental agencies and nonprofit organizations at fiscal year-end. Conditional grants receivable are not recognized in the financial statements until the conditions are substantially met. Unconditional grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional grants receivable that are expected to be collected in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the grants receivable are expected to be received. Amortization of the discount is included in grants revenue.

Grants receivables are stated at the amount management expects to collect from outstanding balances. No allowance for uncollectible grants receivables has been recorded, as management believes that all amounts will be collected based on significant judgment and prior collection history.

Fair Value Measurements and Disclosures

The Organization applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Note 2 - Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures (continued)

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Assets and liabilities within the hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Organization's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed. The Organization has adopted an accounting policy to capitalize all property and equipment with a cost greater than \$500. Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset, ranging from two to forty years.

Donated Property and Equipment

Donations of property and equipment are recorded as in-kind contributions at the estimated fair value at the date of gift. The Organization reports gifts of property and equipment as in-kind contributions without donor restrictions 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 are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Donated Assets

Donated marketable securities are recorded as contributions at their estimated fair value at the date of donation. Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation. Noncash donated assets are described in Note 11.

Note 2 - Summary of Significant Accounting Policies (continued)

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are described in Note 11.

Leases

The Organization determines if an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception. Operating leases are included as operating lease right-of-use (ROU) assets and operating lease liabilities in the accompanying statement of financial position. Finance leases are recorded as finance lease ROU assets and finance lease liabilities in the accompanying statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term. Lease liabilities represent the obligation to make lease payments. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments, discounted using the Organization's incremental borrowing rate, interest rate implied in the lease, or risk-free rate.

Lease terms may include options to renew when it is reasonably certain the Organization will exercise those options. Lease agreements do not contain any material residual value guarantees or restrictive covenants.

The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The Organization has made a policy election to not separate lease and non-lease components for its office buildings and warehouses when the amount paid to the lessor is one fixed price.

The Organization has elected to apply the short-term lease exception to all leases with a remaining term of 12 months or less and those that are considered immaterial.

Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable governmental 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 deferred revenue in the accompanying statement of financial position.

Note 2 - Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return of the asset or right of release of the obligation - are not recognized until the conditions on which they depend have been met.

Program income consists primarily of providing transportation services to customers. Program income is recorded at the transaction price estimated to reflect the total consideration due from customers and third-party payors in exchange for providing services. These services are considered to be a single performance obligation and have a duration of less than one year. Revenues are recorded as these services are provided. Net service revenue includes amounts estimated by management to be reimbursable by Medicaid under prospective payment systems and provisions of cost-reimbursement and other payment methods. In addition, the Organization is reimbursed by governmental agencies for approved services provided using a variety of payment methodologies. Amounts received for customer services covered by these programs are generally less than the standard billing rates. The transaction price, which involves significant estimates, is determined based on third-party contractual arrangements as well as direct payment arrangements with customers, with a reduction recorded for estimated price concessions and discounts. Payments received in advance of services being provided are recorded as deferred revenue in the accompanying statement of financial position.

Billing occurs at the time the revenue is recognized, and therefore, all trade accounts receivable at June 30, 2025, arise from contracts with customers. Collectability of accounts receivable is discussed in Note 2, Allowance for Credit Losses. At the time of billing, the Organization has satisfied its performance obligations and expects collection from customers within contracted payment terms.

Functional Allocation of Expenses

The cost of providing program and supporting services have been summarized on a functional basis in the statements of activities and functional expenses. The Organization uses the direct cost method to allocate costs to programs that can be specifically identified. For costs that cannot be specifically identified, a provisional indirect cost rate is used to allocate the indirect costs. The provisional indirect cost approved by the U.S. Department of Health and Human Services for the year ended June 30, 2025, was 12.9%, using the basis of total direct costs excluding capital expenditures and that portion of each subaward in excess of \$25,000.

Advertising

The Organization uses advertising to promote various programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the year ended June 30, 2025, was \$94,702.

Note 3 - Net Assets

Net assets are described as follows:

<u>At June 30</u>	<u>2025</u>
Net assets without donor restrictions:	
Undesignated	\$ 1,920,898
Investment in property and equipment	<u>1,442,607</u>
Net assets without donor restrictions	<u>3,363,505</u>
Net assets with donor restrictions:	
Subject to grant requirement:	
Head Start program property and equipment	529,001
Community transportation program property and equipment	1,680,792
Community Services Block Grant property and equipment	7,624
Domestic Violence program property and equipment	19,638
Weatherization program property and equipment	<u>41,259</u>
Total subject to grant requirement	2,278,314
Subject to expenditure for specified purpose or time restriction:	
Transportation	<u>60,000</u>
Net assets with donor restrictions	<u>2,338,314</u>
<u>Total net assets</u>	<u>\$ 5,701,819</u>

Note 4 - Liquidity and Availability of Financial Assets

The following reflects the liquidity and availability of the Organization's financial assets:

<u>At June 30</u>	<u>2025</u>
Financial assets:	
Cash and equivalents	\$ 1,263,757
Accounts receivable, net	171,752
Grants receivable	1,081,538
Other receivables	<u>63,024</u>
Total financial assets	<u>2,580,071</u>
Amounts not available for general expenditure:	
Net assets with donor restrictions	(2,338,314)
Add back: restricted property and equipment	<u>2,278,314</u>
Total amounts not available for general expenditure	<u>(60,000)</u>
Net financial assets available to meet cash needs <u>for general expenditures within one year</u>	<u>\$ 2,520,071</u>

Note 4 - Liquidity and Availability of Financial Assets (continued)

The Organization is substantially supported by federal and state grants. Because these grants require resources to be used in a particular manner or in future periods, the Organization must maintain sufficient resources to meet those responsibilities to those grants. Thus, financial assets may not be available for general expenditures within one year. 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 come due.

Line of Credit

The Organization maintains a line of credit with a local bank to meet short-term working capital needs that is secured by certain real estate. The line of credit has maximum borrowings of \$450,000, and matures in May 2026. The Organization has no significant compensating balance requirements or commitment fees related to this line. Interest is payable monthly on outstanding principal balance at the monthly Secure Overnight Financing Rate (SOFR) plus 3.38%. The interest rate as of June 30, 2025, was 8.5%. As of June 30, 2025, there was no outstanding balance on the line of credit.

Note 5 - Contract Assets

Accounts receivable and grants receivable represent the Organization's contract assets with an unconditional right to receive consideration from customers. Accounts receivable are recorded at net realizable value less an allowance for credit losses. Grants receivable are recorded at invoiced amounts or amounts expected to be receivable based on contractual terms without conditions. The following table provides information about contract assets:

<u>At June 30</u>	<u>2025</u>	<u>2024</u>
Accounts receivable	\$ 185,118	\$ 174,737
Less: allowance for credit losses	<u>(13,366)</u>	<u> </u>
Accounts receivable, net	171,752	174,737
Grants receivable	<u>1,081,538</u>	<u>929,306</u>
<u>Total contract assets</u>	<u>\$ 1,253,290</u>	<u>\$ 1,104,043</u>

Significant changes in the allowance for credit losses are as follows:

<u>Year Ended June 30</u>	<u>2025</u>
Allowance for credit losses, beginning of year	\$
Provision for credit losses	14,494
Write-offs	<u>(1,128)</u>
<u>Allowance for credit losses, end of year</u>	<u>\$ 13,366</u>

Note 6 - Property and Equipment

Property and equipment consist of the following:

<u>At June 30</u>	<u>2025</u>
Buildings and improvements	\$ 4,627,611
Land	307,433
Office and communications equipment	842,958
Vehicles	5,227,372
Heavy equipment	118,719
Construction in progress	184,772
	<u>11,308,865</u>
Less, accumulated depreciation	<u>(7,560,990)</u>
<u>Property and equipment</u>	<u>\$ 3,747,875</u>

Depreciation expense for the year ended June 30, 2025, was \$291,307.

The Organization holds various property and equipment which were acquired with grant funds with restrictions on the assets use and principal reversionary interest if the assets are disposed of. Total restricted buildings and improvements; land; office and communications equipment; vehicles; and construction in process had a carrying value of \$2,278,314 as of June 30, 2025.

Note 7 - Accrued Liabilities

Accrued liabilities are described as follows:

<u>At June 30</u>	<u>2025</u>
Accrued payroll and taxes	\$ 257,297
Accrued vacation leave	201,177
Accrued retirement benefits	13,107
Other	<u>42,050</u>
<u>Accrued liabilities</u>	<u>\$ 513,631</u>

Note 8 - Leases

The Organization has operating and finance leases for office equipment and building space with terms extending through January 2038. Certain lease agreements include variable payments based on usage rates which are not determinable at lease commencement and are not included in the measurement of lease assets and liabilities. The discount rates for the operating and finance leases were determined based on risk-free rates ranging from 2.85% to 5.12%.

Note 8 - Leases (continued)

The following summarizes the weighted average remaining lease terms and discount rates on operating and finance lease liabilities:

At June 30	2025
Weighted Average Remaining Lease Term	
Operating leases	11.04 years
Finance leases	1.98 years
Weighted Average Discount Rate	
Operating leases	3.41%
Finance leases	3.05%

The following summarizes the line items in the accompanying statement of financial position which includes amounts for leases:

At June 30	2025
Operating leases	
Operating lease right-of-use assets	<u>\$ 1,558,930</u>
Operating lease liabilities	<u>\$ 1,625,405</u>
Finance leases	
Office equipment	\$ 288,067
Less, accumulated amortization	<u>(185,231)</u>
Finance lease right-of-use assets, net	<u>\$ 102,836</u>
Finance lease liabilities	<u>\$ 107,220</u>

Future minimum payments under the operating and finance lease liabilities are as follows:

Years Ending June 30	Operating	Finance
2026	\$ 165,964	\$ 59,571
2027	164,089	45,451
2028	162,080	4,358
2029	165,632	1,090
2030	151,632	
Thereafter	<u>1,180,202</u>	
Total payments	1,989,599	110,470
Less, imputed interest	<u>(364,194)</u>	<u>(3,250)</u>
Total lease obligations	<u>\$ 1,625,405</u>	<u>\$ 107,220</u>

Note 8 - Leases (continued)

The Organization also leases additional building space under non-cancelable operating lease agreements. Leases with a remaining term of 12 months or less at lease inception, or those that are considered immaterial, are not recorded in the statement of financial position. Management has determined all remaining operating leases meet this criterion and has not recognized operating lease agreements as operating lease liabilities. Lease expense is recognized for these leases on a straight-line basis over the lease term. These leases require various monthly payments and expire through March 2026. Future minimum payments required under short term and immaterial operating leases are \$8,194 for the year ending June 30, 2026.

The following summarize the line items in the accompanying statement of functional expenses which include the components of lease costs:

<u>Year Ended June 30</u>	<u>2025</u>
Short-term and immaterial operating leases included in occupancy & rent and repairs & maintenance	\$ <u>255,048</u>
Operating lease costs:	
Operating lease costs included in occupancy & rent	<u>255,426</u>
Finance lease costs:	
Amortization of lease assets included in depreciation & amortization	66,131
Interest on lease liabilities included in interest expense	<u>4,463</u>
Total finance lease costs	<u>70,594</u>
<u>Total lease costs</u>	\$ <u>581,068</u>

The following summarizes cash flow information related to leases:

<u>Year Ended June 30</u>	<u>2025</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flow from operating leases	\$ <u>185,583</u>
Financing cash flows from finance leases	\$ 64,870
Operating cash flows from finance leases	<u>4,463</u>
Total cash paid for finance leases	\$ <u>69,333</u>
Assets obtained in exchange for lease obligations:	
Operating leases	\$ <u>285,292</u>

Note 9 - Notes Payable

Notes payable is described as follows:

<u>At June 30</u>	<u>2025</u>
Installment note due in monthly payments of \$1,550 including interest at 4.38%, matures December 2026, secured by building and land with a carrying value of \$76,993	\$ 26,954
Installment note due in 1 payment of \$200,701 in July 2025 and 10 monthly payments of \$59,401 beginning August 2025, including interest at 8.33%, matures May 2026, secured by insurance premiums with a carrying value of \$722,804	<u>772,804</u>
Total notes payable	799,758
Less, current maturities	<u>(790,580)</u>
<u>Notes payable, net</u>	<u>\$ 9,178</u>

Principal maturities on notes payable are as follows:

<u>Years Ending June 30</u>	<u>Payments</u>
2026	\$ 790,580
2027	9,178
2028	
2029	
2030	<u> </u>
<u>Principal payments on notes payable</u>	<u>\$ 799,758</u>

Note 10 - Commitments and Contingencies

Government Assisted Programs

The Organization has received proceeds from governmental agencies. Periodic audits of these grants and third-party reimbursements are required and certain costs may be questioned as not being appropriate expenditures under the agreements. Such audits could result in the refund or reimbursement to the grantor or third-party agencies. Management believes that refunds or reimbursements, should any be determined, would be immaterial. No provisions have been made in the accompanying financial statements for the repayment of any grant monies or third-party reimbursements.

Note 10 - Commitments and Contingencies (continued)

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Organization carries commercial insurance coverage for risks of loss.

Note 11 - In-kind Contributions

In-kind gifts are acknowledged for the furtherance of the various programs and mission of the Organization. The Organization received \$24,900 in donated services that were used in the Head Start program and did not contain any donor imposed restrictions. The donated services are valued at the donor provided amount, price that would be paid to purchase a comparable service, or current market rates for the services.

Volunteers also provided a variety of tasks that assist the Organization with specific objectives throughout the fiscal year that are not recognized as in-kind contributions in the accompanying financial statements since the recognition criteria were not met. The Organization estimates that the fair value of donated services received but not recognized as revenue were \$305,835 for the year ended June 30, 2025.

Note 12 - Simplified Employee Pension

The Organization sponsors a Simplified Employee Pension (SEP) retirement plan (the Plan). Employees are immediately eligible for participation in the Plan after attaining eighteen years of age. The Organization contributes 5% of employee's eligible compensation as defined in the Plan. Employees can elect to make voluntary contributions to the Plan up to 10% of their eligible compensation. All employee and employer contributions are immediately vested. Retirement benefit expense under the Plan for the year ended June 30, 2025, was \$266,799.

Note 13 - Concentrations of Credit Risk

Uninsured Cash Balances

The Organization maintains its cash and equivalents at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. Generally, cash balances will exceed the FDIC insurance limits or be partially uninsured.

Concentration of Revenue

Concentrations of revenue exist when revenue from a single source equals 10% or more of the Organization's total revenue. Government grants from two grantors for year ended June 30, 2025, totaled \$5,822,785. Grants receivable from these grantors was \$501,225 at June 30, 2025.

Note 14 - Income Taxes

Uncertain Tax Positions

The Organization 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 Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

Open Tax Years

The Organization's Return of Organization from Income Tax (Form 990) for the years ended June 30, 2024, 2023, and 2022, are subject to examination by the IRS, generally for three years after they were filed.

Note 15 - Subsequent Events

Management has evaluated subsequent events through January 21, 2026, the date on which the financial statements were available to be issued.

In September 2025, the Organization purchased five vehicles for approximately \$468,000.

COMPLIANCE SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Yadkin Valley Economic Development District, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Yadkin Valley Economic Development District, Inc. (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 the financial statements, and have issued our report thereon dated January 21, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Yadkin Valley Economic Development District, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Yadkin Valley Economic Development District, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Yadkin Valley Economic Development District, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. In addition, we noted other matters involving internal control and its operation that we have reported to management of Yadkin Valley Economic Development District, Inc. in a separate letter dated January 21, 2026.

To the Board of Directors
Yadkin Valley Economic Development District, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Yadkin Valley Economic Development District, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CARTER, P.C.

Asheville, North Carolina
January 21, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Yadkin Valley Economic Development District, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Yadkin Valley Economic Development District, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Yadkin Valley Economic Development District, Inc.'s major federal programs for the year ended June 30, 2025. Yadkin Valley Economic Development District, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Yadkin Valley Economic Development District, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Yadkin Valley Economic Development District, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Yadkin Valley Economic Development District, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Yadkin Valley Economic Development District, Inc.'s federal programs.

To the Board of Directors
Yadkin Valley Economic Development District, Inc.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Yadkin Valley Economic Development District, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Yadkin Valley Economic Development District, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Yadkin Valley Economic Development District, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Yadkin Valley Economic Development District, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Yadkin Valley Economic Development District, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

To the Board of Directors
Yadkin Valley Economic Development District, Inc.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CARTER, P.C.

Asheville, North Carolina
January 21, 2026

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/Pass-through Grantor Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
<u>U.S. Department of Health and Human Services</u>			
Administration for Children and Families:			
Head Start Cluster:			
Head Start	93.600		\$ <u>3,382,727</u>
Passed through N.C. Department of Environmental Quality - State Energy Office:			
Low-income Home Energy Assistance	93.568	CW52669	<u>962,050</u>
Passed through N.C. Department of Health and Human Services - Office of Economic Opportunity:			
Community Service Block Grant	93.569	47220	<u>385,503</u>
Administration for Community Living:			
Passed through N.W. Piedmont Triad Regional Council:			
Aging Cluster:			
Special Programs for the Aging - Title III, Part B-Grants for Supportive Services and Senior Centers	93.044		87,021
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		405,568
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		6,777
Nutrition Services Incentive	93.053		<u>52,240</u>
Total Aging Cluster			<u>551,606</u>
Total U.S. Department of Health and Human Services			<u>5,281,886</u>
<u>U.S. Department of Justice</u>			
Office of Victims of Crime:			
Passed through N.C. Department of Public Safety - Governor's Crime Commission:			
Crime Victim Assistance	16.575	2000071083	<u>213,415</u>

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2025

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/Pass-through Grantor Number</u>	<u>Expenditures</u>
FEDERAL AWARDS (continued)			
<u>U.S. Department of Agriculture</u>			
Food and Nutrition Service:			
Passed through N.C. Department of Health and Human Services -			
Division of Child and Family Well-Being:			
Child and Adult Care Food Program	10.558	7191	\$ <u>259,236</u>
 <u>U.S. Department of Transportation</u>			
Federal Transit Administration:			
Passed through N.C. Department of Transportation:			
Formula Grants for Rural Areas and Tribal Transit Program	20.509	2000070157, 2000070166, 2000079689, 2000080089, & 2000080100	1,952,517
Transit Services Programs Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2000079625 & 2000079822	<u>147,741</u>
Total U.S. Department of Transportation			<u>2,100,258</u>
Total expenditures of federal awards			<u>\$ 7,854,795</u>

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2025

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/Pass-through Grantor Number</u>	<u>Expenditures</u>
STATE AWARDS			
<u>North Carolina Department of Health and Human Services</u>			
Division of Child Development and Early Education:			
Passed through Davie County Schools:			
North Carolina Pre-Kindergarten Program		HS2024-2026	\$ 41,580
Passed through Stokes Partnership for Children:			
North Carolina Pre-Kindergarten Program		24/26-6107	168,840
Passed through Surry County Early Childhood Partnership, Inc.:			
North Carolina Pre-Kindergarten Program		2426-207	158,760
Passed through Yadkin County Schools:			
North Carolina Pre-Kindergarten Program		990705-1-2024-2025	<u>123,900</u>
Total North Carolina Pre-Kindergarten Program			493,080
Division of Aging and Adult Services:			
Passed through N.W Piedmont Trial Regional Council:			
Home and Community Care Block Grant			<u>184,584</u>
Total North Carolina Department of Health and Human Services			<u>677,664</u>
<u>North Carolina Department of Administration</u>			
Domestic Violence and Sexual Assault - Stokes County		1000018547 & 1000018571	132,224
Domestic Violence and Sexual Assault - Surry County		1000018548 & 1000018545	132,224
Domestic Violence and Sexual Assault - Yadkin County		1000018549 & 1000018546	132,224
Domestic Violence and Sexual Assault - Human Trafficking			<u>31,694</u>
Total North Carolina Department of Administration			<u>428,366</u>

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2025

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/Pass-through Grantor Number</u>	<u>Expenditures</u>
STATE AWARDS (continued)			
<u>North Carolina Department of Transportation</u>			
Passed through Davie County, North Carolina:			
Rural Operating Assistance Program		FY2025	\$ 146,193
Passed through Stokes County, North Carolina:			
Rural Operating Assistance Program		FY2025	158,043
Passed through Surry County, North Carolina:			
Rural Operating Assistance Program		FY2025	226,399
Passed through Yadkin County, North Carolina:			
Rural Operating Assistance Program		FY2025	168,106
Total Rural Operating Assistance Program			<u>698,741</u>
Appalachian Development Transit Assistance		2000070157 & 2000070166	49,141
Elderly & Disabled Mobility Management		2000079625	12,880
Community Transportation Rural Formula Grant		2000079689, 2000080089,	
Rural State Operating Grant		& 2000080100	175,318
		25-RO-031	<u>102,461</u>
Total North Carolina Department of Transportation			<u>1,038,541</u>
Total expenditures of state awards			<u>\$ 2,144,571</u>

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Schedule of Expenditures of Federal and State Awards (continued)
Year Ended June 30, 2025

Notes to the Schedule of Expenditures of Federal and State Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state award activity of Yadkin Valley Economic Development District, Inc. under programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFSA presents only a selected portion of the operations of Yadkin Valley Economic Development District, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Yadkin Valley Economic Development District, Inc.

Note B - Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rate

Yadkin Valley Economic Development District, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

The Organization was approved to use a 12.9% provisional indirect cost rate by the U.S. Department of Health and Human Services.

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over compliance:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ yes X no

Identification of major federal programs:
Head Start Cluster:
AL# 93.600 - Head Start

The threshold for distinguishing Type A and Type B programs was \$750,000.

Yadkin Valley Economic Development District, Inc. was determined not to be a low-risk auditee.

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

YADKIN VALLEY ECONOMIC DEVELOPMENT DISTRICT, INC.

Summary Schedule of Prior Audit Findings
June 30, 2025

Reported finding for the year ended June 30, 2024:

Finding 2024-001 - Financial Accounting Closing Procedures

Status: Corrected.

No audit findings were reported for the year ended June 30, 2023.