GOING FURTHER

# COMMUNITY FOUNDATION OF NORTHEAST ALABAMA

## CONSOLIDATED FINANCIAL REPORT

SEPTEMBER 30, 2025

# Contents

# Independent Auditor's Report

**To the Board of Trustees**
**Community Foundation of Northeast Alabama**
**Anniston, Alabama**

**Opinion**

We have audited the accompanying consolidated financial statements of **Community Foundation of Northeast Alabama and subsidiaries** (a nonprofit organization), which comprise the consolidated statements of financial position as of September 30, 2025 and 2024, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Foundation of Northeast Alabama and subsidiaries as of September 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are required to be independent of Community Foundation of Northeast Alabama 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of Northeast Alabama and subsidiaries 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 consolidated 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 an 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 judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, and the *Government Auditing Standard*s we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Community Foundation of Northeast Alabama and subsidiaries 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Foundation of Northeast Alabama and subsidiaries 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 consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Cost of Federal Regulations (CFR)* 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 consolidated 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 consolidated 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 consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated 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 May 27, 2026, on our consideration of Community Foundation of Northeast Alabama and subsidiaries 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 Community Foundation of Northeast Alabama and subsidiaries' 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 Community Foundation of Northeast Alabama and subsidiaries' internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Birmingham, Alabama
May 27, 2026

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
## SEPTEMBER 30, 2025 AND 2024

| Assets | 2025 | 2024 |
|---|---|---|
| **Current assets** | | |
| Cash and cash equivalents | $ 14,129,285 | $ 17,062,991 |
| Investments | 64,974,563 | 62,065,115 |
| Investment in private equity | 4,283,738 | 4,283,738 |
| Investment in private equity - Foundant accrued dividends | 656,840 | 314,141 |
| Investment - accrued dividends/interest | - | 11,887 |
| Receivables | 174,213 | 2,400,000 |
| Prepaid expenses | 31,756 | 3,659 |
| Total current assets | 84,250,395 | 86,141,531 |
| Property and equipment, net | 17,444,044 | 8,169,112 |
| Life insurance - cash value | 72,213 | 66,315 |
| **Total assets** | $ 101,766,652 | $ 94,376,958 |
| **Liabilities and Net Assets** | | |
| **Current liabilities** | | |
| Accounts payable | $ 4,731,777 | $ 2,188,613 |
| Grants and scholarships payable | 457,198 | 449,447 |
| Accrued payroll and compensated absences | 181,796 | 349,426 |
| Accrued benefits | 33,098 | 36,281 |
| Deferred revenue | - | 68,639 |
| Due to other organizations | 5,931,869 | 5,478,812 |
| Total current liabilities | 11,335,738 | 8,571,218 |
| **Noncurrent liabilities** | | |
| Grants and scholarships payable | - | 76,459 |
| Charitable gift annuity liability | 268,791 | 314,115 |
| Total noncurrent liabilities | 268,791 | 390,574 |
| **Total liabilities** | 11,604,529 | 8,961,792 |
| **Net assets** | | |
| Without donor restrictions | | |
| Designated for donor advised grants | 1,956,558 | 1,833,370 |
| Designated for field of interest grants | 469,730 | 426,633 |
| Designated for scholarships | 8,197,497 | 7,494,784 |
| Designated for special projects | 2,696,566 | 1,763,480 |
| Designated for specific organizations or purpose | 4,357,815 | 3,938,577 |
| Designated for operating reserve | 1,015,890 | 974,560 |
| Charitable | 5,154,785 | 5,354,009 |
| Board designated endowment | 2,667,872 | 2,566,146 |
| Undesignated | 798,135 | 525,693 |
| Total without donor restrictions | 27,314,848 | 24,877,252 |
| With donor restrictions | | |
| Restricted to the passage of time | 290,199 | 259,397 |
| Restricted for Challenger Learning Center | 11,467,287 | 11,350,000 |
| Restricted by donor | 35,374,257 | 33,302,046 |
| Restricted in perpetuity | 14,685,760 | 14,685,587 |
| Restricted for special projects | 1,029,772 | 940,884 |
| Total with donor restrictions | 62,847,275 | 60,537,914 |
| Total net assets | 90,162,123 | 85,415,166 |
| **Total liabilities and net assets** | $ 101,766,652 | $ 94,376,958 |

**See Notes to Consolidated Financial Statements**

## CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
## SEPTEMBER 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Revenue and Support** | | | |
| Contributions | $ 5,299,487 | $ 4,394,662 | $ 9,694,149 |
| Administrative and project fee revenue | 1,341,609 | - | 1,341,609 |
| Lease income | - | 823,672 | 823,672 |
| Investment income, net of fees | 1,287,525 | 1,561,761 | 2,849,286 |
| Realized and unrealized gains on investments | 1,010,250 | 3,065,886 | 4,076,136 |
| Change in cash surrender value of life insurance | 1,697 | 4,201 | 5,898 |
| Loss on sale of asset | (530) | - | (530) |
| In-kind contributions | 9,322 | 125,000 | 134,322 |
| Total revenue and support | 8,949,360 | 9,975,182 | 18,924,542 |
| **Net Assets Released from Restrictions** | 7,665,821 | (7,665,821) | - |
| | 16,615,181 | 2,309,361 | 18,924,542 |
| **Expenses and Distributions** | | | |
| Program: grants and scholarships | 8,922,214 | - | 8,922,214 |
| Program: other | 4,216,498 | - | 4,216,498 |
| Administrative | 729,118 | - | 729,118 |
| Fundraising | 309,755 | - | 309,755 |
| Total expenses and distributions | 14,177,585 | - | 14,177,585 |
| **Change in Net Assets** | 2,437,596 | 2,309,361 | 4,746,957 |
| **Net Assets** | | | |
| Beginning of year | 24,877,252 | 60,537,914 | 85,415,166 |
| **Net Assets** | | | |
| End of year | $ 27,314,848 | $ 62,847,275 | $ 90,162,123 |

**See Notes to Consolidated Financial Statements**

## CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
## SEPTEMBER 30, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **Revenue and Support** | | | |
| Contributions | $ 4,969,560 | $ 3,766,530 | $ 8,736,090 |
| Administrative and project fee revenue | 1,219,373 | - | 1,219,373 |
| Lease income | - | 814,015 | 814,015 |
| Investment income, net of fees | 1,007,426 | 1,304,236 | 2,311,662 |
| Realized and unrealized gains on investments | 2,941,010 | 7,488,840 | 10,429,850 |
| Change in cash surrender value of life insurance | 1,657 | 4,024 | 5,681 |
| In-kind contributions | 3,727,890 | 559,500 | 4,287,390 |
| Total revenue and support | 13,866,916 | 13,937,145 | 27,804,061 |
| **Net Assets Released from Restrictions** | 4,194,572 | (4,194,572) | - |
| | 18,061,488 | 9,742,573 | 27,804,061 |
| **Expenses and Distributions** | | | |
| Program: grants and scholarships | 3,793,582 | - | 3,793,582 |
| Program: other | 4,418,641 | - | 4,418,641 |
| Administrative | 862,857 | - | 862,857 |
| Fundraising | 357,545 | - | 357,545 |
| Total expenses and distributions | 9,432,625 | - | 9,432,625 |
| **Change in Net Assets** | 8,628,863 | 9,742,573 | 18,371,436 |
| **Net Assets** | | | |
| Beginning of year | 16,248,389 | 50,795,341 | 67,043,730 |
| **Net Assets** | | | |
| End of year | $ 24,877,252 | $ 60,537,914 | $ 85,415,166 |

**See Notes to Consolidated Financial Statements**

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
## SEPTEMBER 30, 2025

| | Program Expenses | Administrative Expenses | Fundraising Expenses | Total |
|---|---|---|---|---|
| Administrative fees | $ 855,766 | $ 293,770 | $ 127,726 | $ 1,277,262 |
| Advertising | 6,747 | 1,509 | 621 | 8,877 |
| Analysis and reporting | 5,000 | - | - | 5,000 |
| CGA adjustment | 7,896 | - | - | 7,896 |
| Continuing education | 9,176 | 1,765 | 824 | 11,765 |
| Contract Labor | 2,252 | 399 | 200 | 2,851 |
| Depreciation | 305,267 | 49,606 | 26,711 | 381,584 |
| Dues and subscriptions | 30,664 | 7,704 | 2,766 | 41,134 |
| Employee benefits | 258,285 | 51,361 | 11,362 | 321,008 |
| Equipment and supplies | 41,879 | 6,206 | 3,069 | 51,154 |
| Grants and scholarships | 8,922,214 | - | - | 8,922,214 |
| In-kind | 160 | - | - | 160 |
| Insurance | 25,926 | 8,690 | 2,659 | 37,275 |
| Meetings and conferences | 39,700 | 5,738 | 2,640 | 48,078 |
| Mileage and travel | 29,336 | 1,934 | 967 | 32,237 |
| Miscellaneous | 310 | 81 | 35 | 426 |
| Payroll taxes | 73,853 | 15,346 | 6,714 | 95,913 |
| Postage and shipping | 1,289 | 411 | 168 | 1,868 |
| Printing | 3,509 | 1,205 | 524 | 5,238 |
| Professional services | 46,036 | 48,429 | 5,863 | 100,328 |
| Program expenses | 1,356,906 | 13,792 | 13,792 | 1,384,490 |
| Rent and utilities | 57,056 | 10,241 | 5,852 | 73,149 |
| Repairs and maintenance | 228,888 | 41,082 | 23,476 | 293,446 |
| Salaries | 802,215 | 163,404 | 70,759 | 1,036,378 |
| Security monitoring | 168 | 30 | 16 | 214 |
| Technology | 26,993 | 6,118 | 2,879 | 35,990 |
| Website | 1,221 | 297 | 132 | 1,650 |
| | $ 13,138,712 | $ 729,118 | $ 309,755 | $ 14,177,585 |

**See Notes to Consolidated Financial Statements**

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
## SEPTEMBER 30, 2024

| | Program Expenses | Administrative Expenses | Fundraising Expenses | Total |
|---|---|---|---|---|
| Administrative fees | $ 799,096 | $ 266,562 | $ 113,819 | $ 1,179,477 |
| Advertising | 30,741 | 9,802 | 4,010 | 44,553 |
| CGA adjustment | 181,567 | - | - | 181,567 |
| Continuing education | 3,699 | 1,234 | 527 | 5,460 |
| Contract Labor | - | 6,413 | - | 6,413 |
| Depreciation | 169,858 | 19,751 | 7,901 | 197,510 |
| Dues and subscriptions | 31,729 | 6,736 | 2,984 | 41,449 |
| Employee benefits | 286,338 | 49,536 | 16,461 | 352,335 |
| Equipment and supplies | 57,021 | 5,702 | 3,116 | 65,839 |
| Grants and scholarships | 3,793,582 | - | - | 3,793,582 |
| In-kind | 4,891 | - | - | 4,891 |
| Insurance | 38,084 | 11,164 | 3,187 | 52,435 |
| Meetings and conferences | 47,928 | 13,645 | 3,276 | 64,849 |
| Mileage and travel | 40,572 | 3,837 | 2,049 | 46,458 |
| Miscellaneous | 949 | 302 | 129 | 1,380 |
| Payroll taxes | 66,667 | 12,821 | 5,982 | 85,470 |
| Postage and shipping | 2,143 | 711 | 304 | 3,158 |
| Printing | 7,299 | 2,435 | 1,040 | 10,774 |
| Professional services | 65,415 | 45,572 | 1,501 | 112,488 |
| Program expenses | 575,841 | 24,048 | 12,024 | 611,913 |
| Rent and utilities | 17,269 | 3,284 | 1,445 | 21,998 |
| Repairs and maintenance | 1,077,956 | 207,299 | 96,740 | 1,381,995 |
| Salaries | 882,164 | 165,508 | 78,185 | 1,125,857 |
| Security monitoring | 461 | 88 | 39 | 588 |
| Technology | 27,589 | 6,101 | 2,673 | 36,363 |
| Website | 3,364 | 306 | 153 | 3,823 |
| | $ 8,212,223 | $ 862,857 | $ 357,545 | $ 9,432,625 |

**See Notes to Consolidated Financial Statements**

## CONSOLIDATED STATEMENT OF CASH FLOWS
## SEPTEMBER 30, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Change in net assets | $ 4,746,957 | $ 18,371,436 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Net realized and unrealized gain on investment | 4,076,136 | (10,429,850) |
| Change in cash surrender value of life insurance | (5,898) | (5,682) |
| Depreciation | 381,584 | 197,510 |
| (Increase) decrease in assets: | | |
| Accrued dividends and interest | (330,812) | (326,028) |
| Receivables | 2,225,787 | (2,300,000) |
| Prepaid expenses | (28,097) | 3,228 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 2,543,164 | 2,081,919 |
| Grants and scholarships payable | (68,708) | 21,029 |
| Accrued payroll and compensated absences | (167,630) | 59,432 |
| Accrued benefits | (3,183) | 7,523 |
| Due to other organizations | 453,057 | 2,247,872 |
| Deferred revenue | (68,639) | 68,639 |
| Charitable gift annuity liability | (45,324) | 158,106 |
| Net cash provided by operating activities | 13,708,394 | 10,155,134 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Purchase and non-cash contribution of property, plant and equipment | (11,468,198) | (6,095,154) |
| Proceeds from sale of property, plant and equipment | 1,811,682 | - |
| Change in investments | (6,985,584) | 2,157,352 |
| Net cash used in investing activities | (16,642,100) | (3,937,802) |
| Change in cash and cash investments | (2,933,706) | 6,217,332 |
| Cash and cash investments at beginning of year | 17,062,991 | 10,845,659 |
| Cash and cash investments at end of year | $ 14,129,285 | $ 17,062,991 |

**See Notes to Consolidated Financial Statements**

## NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

**Nature of Operations**

Community Foundation of Northeast Alabama and subsidiaries (the "Foundation") is one of more than 900 community foundations in the United States organized since 1913 to promote and build permanent endowments. The Foundation's mission is to achieve positive change through the generosity of donors, now and for generations to come. Community Foundation of Northeast Alabama was established on October 1, 1999, and operates as a qualified 501(c)(3) not for profit charity recognized by the Alabama Attorney General and the Internal Revenue Service. In 2005, the Foundation was recognized as one of the first community foundations in the nation to achieve compliance with the rigorous National Standards established by the Council on Foundations in Washington, D.C.

The Foundation maintains approximately 318 funds, most of which are in support of charitable purposes in our region; however, grants or scholarships can be made to qualified institutions and organizations anywhere in the United States. Each fund has a specific name either selected by the donor or named for a charitable purpose. All funds are either designated or undesignated. The Longleaf Fund, the Farley Moody Galbraith Fund and John and Regena Baker Charitable Fund are the Foundation's undesignated funds. These funds make grants in support of emerging community needs. All other funds are designated funds and follow the desires established in conjunction with the applicable donor agreement. A donor is defined as an individual, a family, a business or corporation, a public charity, civic club, Government, or school.

In May 2022, the Community Foundation of Northeast Alabama established a wholly owned real estate limited liability company known as CFNEA Real Estate Holding LLC to hold property permanently and temporarily. Permanently held property, such as our main administrative space on Henry Road and the building on Gurnee Avenue for the future Civil Rights Museum and Freedom Riders Training Institute, will be used to achieve our mission. Both properties were transferred to the LLC in October 2022. Temporarily held property, such as donated property unrelated to our mission, will be sold and the proceeds invested in different charitable purposes. All the income and expenses of the wholly owned LLC consolidate into the financials of the Community Foundation of Northeast Alabama.

In March 2024, the Community Foundation of Northeast Alabama established another wholly owned real estate limited liability company known as the CFNEA Challenger LLC to hold land and buildings for a special project, Challenger Learning Center of Northeast Alabama. The Challenger Learning Center uses space themed simulated learning along with other STEM activities to cultivate skills needed for future success, such as problem solving, critical thinking, communication and teamwork. Land was donated in August 2024 and a Ground Breaking Ceremony was held in September 2024. The Center is expected to open in early 2026. All the income and expenses of the wholly owned LLC consolidate into the financials of the Community Foundation of Northeast Alabama.

**Basis of Presentation**

The Foundation presents its financial statements in accordance with the Financial Accounting Standards Board's Accounting Standards Codification (ASC) 958, Financial Statements for Not-For-Profit Organizations. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two categories of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions are subject to donor-imposed restrictions for the passage of time and/or perpetual in nature. Reclassifications of beginning restricted balances may change due to superseded pledge agreements signed subsequent to year end or clarification with donors. These changes are reflected as transfers on the Statement of Activities.

**Basis of Presentation (Continued)**

Net assets without donor restrictions are defined as that portion of net assets that has no use or time restrictions. The bylaws of the Foundation include a variance provision giving the Board of Trustees (the "Board") the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to specified organizations if, in the sole judgement of the Board (without the necessity of the approval of any trustee, custodian, or agent), such restriction or condition become unnecessary, incapable of fulfillment or inconsistent with the charitable needs of the community or mission of the Foundation. The Foundation has classified net assets without donor restrictions in the fund group categories of donor advised, field of interest, scholarships, special projects, designated, operating reserve, board designated, and undesignated. The Foundation honors donor's wishes and desires (intent) but also retains variance power. As a result of this variance power, all contributions not classified as donor restricted are classified as without donor restrictions for financial statement purposes.

Net assets with donor restrictions consists of items such as endowments with historical dollar values that are restricted in perpetuity, endowment investment earnings subject to donor-imposed restrictions, charitable gift annuities that are restricted to the passage of time, and grants where restrictions exist for purpose, passage of time, and other conditions.

**Basis of Accounting**

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities, if any.

**Revenue Recognition**

Gifts, grants, and other income are recorded as revenue and support when received by The Foundation. Such revenue and support is recorded at fair value. The Foundation reports gifts of cash and other assets as restricted support if the gifts are received with donor stipulations that limit the use of the donated assets. The Foundation does not recognize any revenue upon receipt of pledges or contributions that are considered Agency Funds. As such, agency funds contributions received or pledged are recorded as assets and corresponding custodial fund obligations. Investment income is recognized when earned.

**Estimates**

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

**Cash and Cash Equivalents**

The Foundation considers all highly liquid financial instruments with a maturity of three months or less to be cash equivalents. The Foundation maintains its cash in Federal Deposit Insurance Corporation bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts.

**Investments**

Investments are carried at fair value determined as of the last business day of the year as reported by the financial institution holding the security at quoted market price. The cost of investments represents the amounts paid for purchased securities or average market values as of the date the security was donated to the Foundation for contributed securities.

Realized gains and losses from the sales of securities are primarily determined by the specific identification method. Net unrealized appreciation (depreciation) of investments represents the change in the difference between the Foundation's cost and current market value of securities as determined at the end of each year and includes the effect of amortization expense on securities.

**Fair Value Measurements**

The Foundation defines fair value for financial reporting purposes as the price that would be received to sell an asset or paid to transfer a liability in an orderly market transaction between market participants at the measurement date (reporting date). Fair value is based on the most advantageous market in which the reporting entity could execute a transaction.

For each asset and liability required to be reported at fair value, management has identified the unit of account and valuation premise to be applied for purposes of measuring fair value. The unit of account is the level at which an asset or liability is aggregated or disaggregated. The valuation premise is a concept that determined whether an asset is measured on a standalone basis or in combination with other assets.

The Foundation measures its assets and liabilities on a standalone basis, then aggregates assets and liabilities with similar characteristics for disclosure purposes.

The Foundation established a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from the sources independent of the Foundation. Unobservable inputs that reflect the Foundation's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

**Level 1** – Valuations for assets and liabilities traded in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

**Level 2** – Valuations based on observable inputs, including quoted prices (other than Level 1) in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatilities, and default rates, and inputs that are derived principally from or corroborated by observable market data.

**Level 3** – Valuations based on inputs that are observable and significant to the overall fair value measurement.

**Fair Value Measurements (Continued)**

If the determination of fair value measurement for a particular asset or liability is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Management's assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the asset or liability measured.

Valuation techniques: The techniques used in the valuation of the Foundation's assets and liabilities are noted below:

> The fair value of investments is based on quoted market prices in an active market for identical assets and liabilities or other observable inputs as of the reporting date. The fair value of equity securities, mutual funds, and certificates of deposit are categorized within Level 1 of the fair value hierarchy. The fair value of other marketable investments is categorized within Level 2 of the fair value hierarchy. The fair value of the beneficial interest in perpetual trust is based on quoted market prices in an active market for identical assets and liabilities, other observable inputs, or management's estimate as to the value of other marketable investments.

**Investments in Private Equity**

Subtopic ASC 958-325 (Recognition and Measurement of Financial Assets and Financial Liabilities) provides guidance on accounting requirements for equity securities for which the entity does not own 20% or more of the company, is not able to exercise influence, and the company does not have a readily determinable fair value to be recorded using the cost method. On February 1, 2023, CFNEA cashed out the two original investment amounts in Foundant Technologies Holdings, Inc. of $2,499,997. CFNEA rolled over the realized gain of $4,283,738 for 3,469.25 shares of Class A units of stock, of Foundant Parent Holdings. LP. Foundant Technologies provides various cloud-based software to grantmakers, community foundations, grantseekers, scholarship providers and other not-for-profit organizations.

On September 30, 2025, CFNEA had Foundant accrued dividends of $656,840.

**Property and Equipment**

Property and equipment is carried at cost less accumulated depreciation and includes expenditures which substantially increase the useful lives of existing property and equipment. Donated property and equipment is recorded at fair value as of the date of gift. Maintenance, repairs, and minor renovations are charged to expense as incurred. When property and equipment is retired or otherwise disposed, the related costs and accumulated depreciation are removed from the respective accounts, and the gain or loss on the disposition is credited or charged to the change in net assets.

The Foundation provides for depreciation using the straight-line method designed to amortize cost over the estimated useful lives as follows:

| | Estimated Useful Life |
|---|---|
| Buildings | 35-39 years |
| Machinery and equipment | 3-5 years |
| Furniture and fixtures | 7 years |
| Software | 3-5 years |

## NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Charitable Gift Annuities**

Charitable Gift Annuities (CGA) are assets that are transferred directly to the Foundation in exchange for distributions of a fixed amount for a specified period of time to the donor or beneficiaries. These assets are held as general assets of the Foundation, and the related annuity liability is recorded as a general obligation to the Foundation. The asset is recorded at the fair value on the date of the agreement, and an annuity liability is recorded for an amount equal to the present value of the future distributions to the beneficiary. The difference between the fair value of the assets received and the present value of the liability is recognized as temporarily restricted contribution revenue. The rates that are currently being used to discount the annuity payment liability range from 6.2% to 11.8% based on the life expectancy of the beneficiaries. The assets related to the charitable gift annuities that are held in the general assets of the Foundation are approximately $268,791 and $314,115 on September 30, 2025 and 2024, respectively. The Foundation follows the current CGA rate guidelines as recommended and published by the American Council on Gift Annuities.

**Income Taxes**

The Foundation is a not-for-profit public charity exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made in the accompanying financial statements. The Foundation was formally recognized by the Internal Revenue Service (IRS) on October 1, 1999, and subsequently embarked on the required public support test, which was concluded on September 30, 2004. On August 12, 2005, the IRS issued the Foundation a final letter of determination recognizing its status as a qualified public charity.

**Uncertain Tax Positions**

The Foundation applies the provisions of the Accounting Standards Codification relating to uncertainty in income taxes. The guidance required entities to assess their uncertain tax positions for the likelihood that they would be overturned upon IRS examination. In accordance with this guidance, the Foundation had determined that it does not have any positions as of September 30, 2025 and 2024, that it would be unable to substantiate.

**Functional Expense**

The cost of providing the various program and support services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between programs and support services benefitted. The Foundation determines allocations of functional expense by evaluating the detail of the expense and considering the percentage of time spent by function.

**Leases**

Effective for nonprofit organizations for fiscal years beginning after December 15, 2021, ASC 842 Lease Accounting Standard, governs how entities record the financial impact of their lease agreements. This new standard was established to enhance transparency into liabilities resulting from leasing arrangements and reduce off-balance sheet activities. CFNEA has determined this standard does not apply to the contracts in force for the FY2024-25. All leases are for one year or less and do not grant control of the identifiable asset to CFNEA and subsidiaries.

## NOTE 2. LIQUIDITY AND AVAILABILITY

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

| | September 30, 2025 | September 30, 2024 |
|---|---|---|
| Cash and cash equivalents | $ 14,129,285 | $ 17,062,991 |
| Receivables | 174,213 | 2,400,000 |
| Investments, at fair value | 64,974,563 | 62,065,115 |
| Less: restricted for passage of time | (290,199) | (259,397) |
| Less: restricted by donor | (35,315,501) | (33,367,160) |
| Less: restricted by donor: Learning Center | (11,467,287) | (11,350,000) |
| Less: investments held in perpetuity | (14,744,516) | (14,685,587) |
| Less: investments with board designations | (26,516,713) | (24,286,445) |
| | $ (9,056,155) | $ (2,420,483) |

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds. The Foundation considers designated net assets without donor restrictions to be available for use in the next year.

## NOTE 3. INVESTMENTS

The carrying value of investments is summarized below.

| | September 30, 2025 | September 30, 2024 |
|---|---|---|
| Fixed income | $ 14,780,464 | $ 13,557,069 |
| Equity securities | 50,194,099 | 48,508,046 |
| | $ 64,974,563 | $ 62,065,115 |

The Foundation maintains its investments with various broker-dealers. These investments are insured by Securities Investor Protection Corporation for up to $500,000 against losses due to the financial failure of the broker-dealer. Investments are subject to inherent market risk. Investment fees for the years ended September 30, 2025 and 2024 were $160,285 and $158,623, respectively and netted against investment income.

Investment income for the years ended September 30, 2025 and 2024 consists of the following:

| | 2025 | 2024 |
|---|---|---|
| Interest and dividends | $ 2,666,872 | $ 2,156,144 |
| Unrealized and realized gains | 4,076,136 | 10,429,850 |
| Unrealized foundant dividends | 342,699 | 314,141 |
| Investment fees | (160,285) | (158,623) |
| | $ 6,925,422 | $ 12,741,512 |

## NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

| | September 30, 2025 | September 30, 2024 |
|---|---|---|
| Land | $ 1,058,616 | $ 976,116 |
| Challenger Learning Center | 7,756,002 | 109,500 |
| Henry Road buildings | 3,134,600 | 2,985,600 |
| Stringfellow Hospital building | 2,314,664 | 2,314,664 |
| Office building | - | 417,790 |
| Gurnee building | 54,815 | 54,815 |
| Machinery and equipment | 3,910,445 | 1,777,550 |
| Furniture and fixtures | 803,800 | 814,218 |
| | 19,032,942 | 9,450,253 |
| Less accumulated depreciation | 1,588,898 | 1,281,141 |
| | $ 17,444,044 | $ 8,169,112 |

Depreciation expense for the years ended September 30, 2025 and 2024 was $381,584 and $197,510, respectively.

## NOTE 5. CONTRIBUTED SERVICES AND DONATED ASSETS

The Foundation records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically be purchased if not provided by donation. A large number of unpaid volunteers, who serve in the capacity of trustees, grant advisors, and scholarship reviewers, have made significant contributions of their time in the furtherance of the Foundation's programs. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

In 2024, First Presbyterian Church of Anniston donated the Henry Road property that included land and four buildings to Community Foundation of Northeast Alabama. An appraisal was completed for the property and it valued the Church and the Youth Center at $2,660,600, the Caretakers Cottage at $125,000, and the Manse building at $200,000. The total value of the buildings is $2,985,600. Additionally, the land was appraised at $39,400.

The Church includes a highly unusual organ that was appraised separately by a specialist. The organ's value was not included in the value of the building appraisal. The organ's appraised value is $698,000 and is recorded in fixed assets.

## NOTE 6. LEASE AGREEMENT

The Foundation entered into a 30-year management agreement with Health Management Associates that was subsequently renegotiated on October 1, 2008 as a lease agreement for the term of 40 years. The payments have an annual 2% escalation. Tennessee-based Community Health Systems purchased Health Management Associates on July 31, 2013. On March 3, 2017 the Health Care Authority of the City of Anniston entered into an agreement to purchase the lease agreement from CHS. During the summer of 2017 arbitration proceedings were held and on September 12, 2017 arbitrators ruled that CHS would remain the guarantor for the remaining payments of the 40-year lease. Depreciation expense for assets subject to the agreement is provided primarily on the straight-line method over the term of the agreement. Depreciation expense relating to this facility was $66,133 for years ended September 30, 2025 and 2024. During the year, the annual lease payments totaled $823,671 as of September 30, 2025.

Property carried at cost is as follows:

| | September 30, 2025 | September 30, 2024 |
|---|---|---|
| Stringfellow Hospital building | $ 2,314,644 | $ 2,314,644 |
| Less accumulated depreciation | 1,124,261 | 1,058,128 |
| Net investment in management agreement | $ 1,190,383 | $ 1,256,516 |

Future minimum payments to be received under this lease agreement are summarized below:

| | |
|---|---|
| 2026 | $ 840,145 |
| 2027 | 856,948 |
| 2028 | 874,087 |
| 2029 | 891,568 |
| Thereafter | 19,861,801 |
| | $ 23,324,549 |

Based on the guidance in Accounting Standards Codification (ASC) 840-20 and ASC 840-30, this agreement is to be accounted for as an operating lease.

## NOTE 7. DUE TO OTHER ORGANIZATIONS

The Accounting Standards Codification establishes standards for transactions in which a foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets, or both to another entity that is specified by the donor. The Accounting Standards Codification specifically requires that if a not-for-profit organization establishes a fund at a foundation with its own funds and specifies itself as the beneficiary of that fund, the foundation must account for the transfer of such assets as a liability.

The Foundation maintains legal ownership of Agency Endowment Funds and, as such, continues to report the funds as assets of the Foundation. However, in accordance with the Accounting Standards Codification, a liability has been established for the fair value of the funds of $5,931,869 and $5,478,812 at September 30, 2025 and 2024, respectively.

## NOTE 7. DUE TO OTHER ORGANIZATIONS (CONTINUED)

The Foundation holds assets for the following organizations:

- 4-H Club of Calhoun County
- Alabama Giving
- Alabama Sports Officials Foundation
- Anniston Museum Endowment
- Auburn City Board of Education
- Big Brothers Big Sisters of Northeast Alabama
- Boys and Girls Club of ECA
- Cherokee County Historical Museum
- Cherokee Humane Society
- East Central Alabama United Cerebral Palsy
- Faith Christian School
- First Christian Church
- First Presbyterian Church
- Gadsden State Cardinal Foundation
- Golden Springs Baptist Church
- HEARTS of Cleburne
- Highland Health Systems
- Interfaith Ministries
- Jacksonville Christian Outreach Center
- Jacksonville Meals on Wheels
- Junior League of Anniston - Calhoun County
- Knox Concert Series
- Opelika City School Board of Education
- Oxford City Schools Education Foundation
- Piedmont Education Trust
- Public Library of Anniston and Calhoun County
- Rainbow Omega
- St. Francis Xavier Catholic School
- The Arc of Calhoun and Cleburne Counties
- The Legacy Project
- Town of Hobson City
- YMCA of Calhoun County

## NOTE 8. RETIREMENT PLAN

The Foundation sponsors an employee pension retirement plan (the "Plan") for its employees. Employees are eligible to join the 401k plan after completing an introductory period and must be 21 years of age or older. Employees may establish and contribute to the investments of their choice beginning the first day of the next quarter following the satisfactory completion of their introductory period. All employees are 100% vested immediately. The employer contribution ranges from 5% to 10% of gross salaries depending on years of service. Employer contributions to the Plan for the years ended September 30, 2025 and 2024 were $77,474 and $78,959, respectively.

Effective January 1, 2023, the Foundation participates in an employee pension retirement plan through their Professional Employer Organization (PEO), CoAdvantage, under a multiple employer plan.

## NOTE 9. RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions consist of the following:

| | September 30, 2025 | September 30, 2024 |
|---|---|---|
| Time restrictions: | | |
| Charitable gift annuities | $ 290,199 | $ 259,397 |
| Challenger Learning Center | 11,467,287 | 11,350,000 |
| Special projects | 1,029,772 | 940,884 |
| Restricted by donor | 35,374,257 | 33,302,046 |
| In perpetuity | 14,685,760 | 14,685,587 |
| | $ 62,847,275 | $ 60,537,914 |

The Foundation holds all funds with donor restrictions in investments at September 30, 2025 and 2024.

Net assets released from restriction during the fiscal years ended September 30, 2025 and 2024, were $7,665,821 and $4,194,572, respectively. These funds were expended on health and human related services, education, youth development and other various charitable projects.

## NOTE 10. FAIR VALUE MEASUREMENTS

The Foundation's investment assets and liabilities recorded at fair value have been categorized based upon a fair value hierarchy. See Note 1 for discussion of the Foundation's policy regarding this hierarchy.

The following fair value hierarchy table presents information about the Foundation's investment assets and liabilities measured or disclosed at fair value on a recurring basis.

| | | Fair Value Measurements at September 30, 2025 Using | | |
|---|---|---|---|---|
| | Assets Measured at Fair Value | Quoted Prices In Active Markets for Identical (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments: | | | | |
| Fixed income: | | | | |
| Mutual funds | $ 14,780,464 | $ 14,780,464 | $ - | $ - |
| | | | | |
| Equity securities: | | | | |
| Real estate | 82,699 | 82,699 | - | - |
| Energy/natural | 4,883,275 | 4,883,275 | - | - |
| Emerging markets | 570,257 | 570,257 | - | - |
| Mutual funds: | | | | |
| Large cap | 20,782,758 | 20,782,758 | - | - |
| Mid cap | 97,978 | 97,978 | - | - |
| Small cap | 9,696,130 | 9,696,130 | - | - |
| Large blend | 128,184 | 128,184 | - | - |
| Large growth | 9,498,444 | 9,498,444 | - | - |
| Large value | 384,176 | 384,176 | - | - |
| Small blend | 1,608,550 | 1,608,550 | - | - |
| Small growth | 2,413,692 | 2,413,692 | - | - |
| Small value | 47,956 | 47,956 | - | - |
| | $ 64,974,563 | $ 64,974,563 | $ - | $ - |

## NOTE 10. FAIR VALUE MEASUREMENTS (CONTINUED)

| | Assets Measured at Fair Value | Fair Value Measurements at September 30, 2024 Using: Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---|---|---|---|---|
| Investments: | | | | |
| Fixed income: | | | | |
| Mutual funds | $ 13,557,069 | $ 13,557,069 | $ - | $ - |
| Equity securities: | | | | |
| Real estate | 3,595,361 | 3,595,361 | - | - |
| Energy/natural | 4,393,536 | 4,393,536 | - | - |
| Emerging markets | 488,260 | 488,260 | - | - |
| Mutual funds: | | | | |
| Large cap | 5,283,260 | 5,283,260 | - | - |
| Mid cap | 146,026 | 146,026 | - | - |
| Small cap | 2,508,288 | 2,508,288 | - | - |
| Large blend | 154,046 | 154,046 | - | - |
| Large growth | 8,151,293 | 8,151,293 | - | - |
| Large value | 13,827,449 | 13,827,449 | - | - |
| Small blend | 1,442,442 | 1,442,442 | - | - |
| Small growth | 2,211,960 | 2,211,960 | - | - |
| Small value | 6,306,125 | 6,306,125 | - | - |
| | $ 62,065,115 | $ 62,065,115 | $ - | $ - |

## NOTE 11. ENDOWMENTS

The Foundation's endowments consist of individual funds established for a variety of charitable purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Foundation chooses to use a more conservative accounting approach in order to respect the wishes of the donor as written in the fund agreement, however the Foundation recognizes that the Board of Trustees holds variance power.

**Interpretation of Relevant Law**

The State of Alabama adopted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) effective January 1, 2009. UPMIFA was implemented in 2009, which required the purchasing power of the donor-restricted endowment funds to be preserved, absent donor stipulations to the contrary. In the absence of explicit donor stipulations, the trustees have the ability to distribute as much of the corpus of any trust or separate gift, device, bequest, or fund as the Board of Trustees, in its sole discretion, shall determine while keeping in mind the intent of the agreement.

## NOTE 11. ENDOWMENTS (CONTINUED)

### Interpretation of Relevant Law (Continued)

The remaining portion of the donor-restricted endowment fund that is not classified as permanent in nature is classified as temporary until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the donor's stipulations or the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purpose of the organization and donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Foundation
(7) The investment policies of the Foundation
(8) The distribution policies of the Foundation
(9) The donor agreement as executed, revised, or amended by policy or federal tax law

The following depicts the endowment funds held in investments, as well as the activity of the endowment funds for the years ended September 30, 2025 and 2024:

| | September 30, 2025 | | |
|---|---|---|---|
| | Board Designated Endowment | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | $ 1,943,446 | $ 47,987,633 | $ 49,931,079 |
| Interest and dividends | 15,422 | 1,609,742 | 1,625,164 |
| Net appreciation | 136,510 | 3,051,922 | 3,188,432 |
| Contributions | 8,481 | 519,201 | 527,682 |
| Management agreement income | - | 823,671 | 823,671 |
| Investment fees | (1,011) | (111,037) | (112,048) |
| Amounts appropriated for expenditure | (78,190) | (3,821,115) | (3,899,305) |
| Change in endowment net assets | 81,212 | 2,072,384 | 2,153,596 |
| Endowment net assets, end of year | $ 2,024,658 | $ 50,060,017 | $ 52,084,675 |

| | September 30, 2024 | | |
|---|---|---|---|
| | Board Designated Endowment | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | $ 1,809,170 | $ 42,223,247 | $ 44,032,417 |
| Interest and dividends | 14,416 | 1,408,772 | 1,423,188 |
| Net appreciation | 175,723 | 7,434,472 | 7,610,195 |
| Contributions | 22,894 | 137,469 | 160,363 |
| Management agreement income | - | 814,015 | 814,015 |
| Transfer and reclass | - | (80,482) | (80,482) |
| Investment fees | (1,044) | (111,466) | (112,510) |
| Amounts appropriated for expenditure | (77,713) | (3,838,394) | (3,916,107) |
| Change in endowment net assets | 134,276 | 5,764,386 | 5,898,662 |
| Endowment net assets, end of year | $ 1,943,446 | $ 47,987,633 | $ 49,931,079 |

## NOTE 11. ENDOWMENTS (CONTINUED)

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowments while seeking to maintain the purchasing power of the endowment assets. The Foundation's spending and investment policies work together to achieve this objective. The Board-designated investment policy establishes an achievable return objective through diversification of asset classes. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-restricted period(s), as well as Board-designated funds.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation to achieve its long-term objectives within prudent risk parameters.

The spending policy of the Foundation combines a minimum payout standard with an average fair market value to arrive at the annual distribution calculation. All endowed funds of the Foundation shall conform to this policy unless otherwise stated in the fund agreement. The annual distribution of Foundation assets is based on the total weighted return calculated on the rolling average of the fund's market value in the previous 20 quarters. This preserves capital and protects the assets from the impact of inflation.

Non-endowed fund distributions shall be governed by the unbinding recommendations of the donor or the fund agreement. In the event that an endowment fund falls below the stated minimum required investment per the fund agreement, including any provision to preserve all principal contributions, the Board of Trustees may not make distributions until the fund can support the guidelines of this policy. As of September 30, 2025 and 2024, there are two permanently endowed funds, respectively, that do not meet the required minimum balance per the donor agreement.

**Board-Designated Endowments**

The Board of Trustees has established five designated endowment funds: The Foundation's Operating Endowment Fund, The Longleaf Fund, The Education Impact Fund, The Henry Road Repairs and Renovations Fund, and the Betty and Gaston McGinnis Charitable Fund.

The Foundation's Operating Endowment Fund will support the administrative needs of the Foundation by providing distributions for board and staff training, facility maintenance, and reduction of annual operating costs. The Board of Trustees has set the goal of $500,000 before distributions are made. Overall, the fund will help supplement the administrative fees collected to support the Foundation's management. As of September 30, 2025 the fund total was $427,467.

The Longleaf Fund was established to promote a pool of financial assets to address unmet community needs or to support targeted areas that lack meaningful resources. Since most of the Foundation's assets are designated for a specific charitable purpose, such as health care or education, the Board of Trustees inaugurated the fund as a vehicle to communicate and invite donors to help address the changing needs of the future. As of September 30, 2025, the fund total was $1,418,301.

## NOTE 11. ENDOWMENTS (CONTINUED)

**Board-Designated Endowments (Continued)**

The Community Foundation of Northeast Alabama Board of Trustees created the Northeast Alabama Education Impact Fund in 2017. The Board of Trustees has seeded the fund with $100,000. The purpose of the fund is to meet and enhance the educational needs of students. The fund provides a charitable vehicle for individuals and corporations to join the Community Foundation in supporting schools. As of September 30, 2025, the fund total was $108,118.

The Community Foundation of Northeast Alabama Board of Trustees created The Henry Road Repairs and Renovations Fund in 2025. In 2024 the Henry Road property was donated to CFNEA. The purpose of the fund is to support the repairs and renovations needed for the property. As of September 30, 2025, the fund total was $643,213.

The Board of Trustees of the Community Foundation created the Betty and Gaston McGinnis Charitable Fund in 2022. This fund benefits the Berman Museum collection held by the Farley L Berman Foundation Inc. Mrs. Betty McGinnis gave the Community Foundation an unrestricted donation in 2022 and the Board of Trustees created this designated endowment fund with that gift. The Berman Museum collection is a passion of Mrs. Betty McGinnis and she has shown a desire to create a fund to benefit the collection. As of September 30, 2025, the fund total was $70,772.

In addition to the five designated funds, any additional contributions to endowed funds above the agreed upon corpus value are included with board-designated contributions.

## NOTE 12. SUBSEQUENT EVENTS

ASC 855-10, Subsequent Events, require disclosure of events that occur after fiscal year-ended but before financial statement issuance. Management has evaluated events occurring through May 27, 2026, the date the financial statements were available to be issued.

# COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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**
**Community Foundation of Northeast Alabama**
**Anniston, Alabama**

We have audited, in accordance with the 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 Community Foundation of Northeast Alabama's (a nonprofit organization), which comprise the statements of financial position as of September 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expense and cash flows the years then ended, and the related notes to the financial statements, and have issued our report thereon dated May 27, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Community Foundation of Northeast Alabama'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 Community Foundation of Northeast Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Foundation of Northeast Alabama'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, 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.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Foundation of Northeast Alabama'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 determination of financial statement amounts. 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 did not find 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.

Mauldin & Jenkins, LLC

Birmingham, Alabama
May 27, 2026

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Directors**
**Community Foundation of Northeast Alabama**
**Anniston, Alabama**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Community Foundation of Northeast Alabama'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 Community Foundation of Northeast Alabama's major federal programs for the year ended September 30, 2025. Community Foundation of Northeast Alabama's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Community Foundation of Northeast Alabama complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Foundation of Northeast Alabama's 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 Community Foundation of Northeast Alabama'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 Community Foundation of Northeast Alabama's federal programs.

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***Auditor's 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 Community Foundation of Northeast Alabama'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 GAAS, *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 judgment made by a reasonable user of the report on compliance about Community Foundation of Northeast Alabama's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment 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 Community Foundation of Northeast Alabama'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 Community Foundation of Northeast Alabama'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 Community Foundation of Northeast Alabama'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.

**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 a 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, 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 Auditor's 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.

Mauldin & Jenkins, LLC

Birmingham, Alabama
May 27, 2026

**COMMUNITY FOUNDATION OF NORTHEAST ALABAMA**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**YEAR ENDED SEPTEMBER 30, 2025**

| ***Federal Grantor/Pass-Through Grantor/ Program or Cluster Title*** | *Federal Assistance Listing Number* | *Pass-Through Entity Identifying Number* | *Pass Through to Subrecipients* | *Authorized Expenditures* |
|---|---|---|---|---|
| **U.S. DEPARTMENT OF NASA** | | | | |
| DIRECT PROGRAM | | | | |
| Congressionally Directed Programs | 43.014 | 76-0192067 | $ 2,320,495 | $ 2,326,117 |
| Challenger Center for Space Science Education | | | | |
| Total U.S Department of NASA | | | $ 2,320,495 | $ 2,326,117 |
| **TOTAL EXPENDITURES OF FEDERAL AWARDS** | | | $ 2,320,495 | $ 2,326,117 |

**COMMUNITY FOUNDATION OF NORTHEAST ALABAMA**
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**YEAR ENDED SEPTEMBER 30, 2025**

## NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Community Foundation of Northeast Alabama under programs for the federal government for the year ended September 30, 2025. The information in this Schedule 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 Schedule presents only a selected portion of the operations of Community Foundation of Northeast Alabama, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Community Foundation of Northeast Alabama.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported 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 3. INDIRECT COST RATE

The Organization elected not to use the applicable de minimis indirect cost rate.

**COMMUNITY FOUNDATION OF NORTHEAST ALABAMA**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**YEAR ENDED SEPTEMBER 30, 2025**

**Section I - Summary of Auditor's Results**

*Financial Statements*

| | |
|---|---|
| Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | 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*

| | |
|---|---|
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Internal control over major programs: | |
| Material weakness(es) identified? | _____ Yes __X__ No |
| Significant deficiency(ies) identified? | ____ Yes __X__ None Reported |
| 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 programs | *Name of Federal Program or Cluster* |
| | U.S. Department of NASA |
| Assistance Listing #43.014 | Congressionally Directed Programs (Challenger Center for Space Science Education) |
| Dollar threshold used to distinguish between type A and type B programs | $1,000,000 |
| Auditee qualified as low-risk auditee? | _____ Yes __X__ No |