

CAROLINA FOR KIBERA, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

MADDISON & CAISON, LLP
CERTIFIED PUBLIC ACCOUNTANTS
RALEIGH, NORTH CAROLINA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Carolina for Kibera, Inc.
Chapel Hill, NC

Opinion

We have audited the accompanying financial statements of Carolina for Kibera, Inc. (a nonprofit organization doing business as CFK Africa), which comprise the statements of financial position as of December 31, 2025 and 2024 the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carolina for Kibera, Inc. as of December 31, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carolina for Kibera, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Carolina for Kibera, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Carolina for Kibera, 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 Carolina for Kibera, 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.

April 2, 2026

Maddison & Caison, LLP

CAROLINA FOR KIBERA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 562,785	\$ 344,647	\$ 907,432
Grants receivable and promises to give	21,632	-	21,632
Inventory	1,582	-	1,582
Prepaid expenses	436,011	-	436,011
Total current assets	1,022,010	344,647	1,366,657
Fixed assets			
Computers and equipment	5,936	-	5,936
Website	18,500	-	18,500
Less accumulated depreciation	(21,704)	-	(21,704)
Total fixed assets	2,732	-	2,732
Endowment assets			
Cash and cash equivalents	-	2,052	2,052
UNC Fund endowment investments	567,917	5,204,208	5,772,125
Total endowment assets	567,917	5,206,260	5,774,177
TOTAL ASSETS	\$ 1,592,659	\$ 5,550,907	\$ 7,143,566
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 15,657	\$ -	\$ 15,657
Payroll liabilities	11,502	-	11,502
Refundable advance liability	442,654	-	442,654
Total current liabilities	469,813	-	469,813
Net assets			
Without donor restrictions			
Investment in fixed assets	2,732	-	2,732
Available for operations	552,196	-	552,196
Board-designated quasi-endowment	567,918	-	567,918
Total net assets without donor restrictions	1,122,846	-	1,122,846
With donor restrictions			
Purpose restrictions	-	344,647	344,647
Time restrictions	-	1,478,104	1,478,104
Restricted in perpetuity	-	3,728,156	3,728,156
Total net assets with donor restrictions	-	5,550,907	5,550,907
Total net assets	1,122,846	5,550,907	6,673,753
TOTAL LIABILITIES AND NET ASSETS	\$ 1,592,659	\$ 5,550,907	\$ 7,143,566

See accompanying accountant's report.
See accompanying notes to financial statements.

CAROLINA FOR KIBERA, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 303,603	\$ 260,077	\$ 563,680
Grants receivable and promises to give	213,500	-	213,500
Inventory	3,329	-	3,329
Prepaid expenses	454,077	-	454,077
Total current assets	974,509	260,077	1,234,586
Fixed assets			
Computers and equipment	7,484	-	7,484
Website	18,500	-	18,500
Less accumulated depreciation	(19,444)	-	(19,444)
Total fixed assets	6,540	-	6,540
Endowment assets			
Cash and cash equivalents	-	3,423	3,423
UNC Fund endowment investments	502,859	4,601,458	5,104,317
Total endowment assets	502,859	4,604,881	5,107,740
TOTAL ASSETS	\$ 1,483,908	\$ 4,864,958	\$ 6,348,866
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 17,925	\$ -	\$ 17,925
Payroll liabilities	8,939	-	8,939
Refundable advance liability	500,000	-	500,000
Total current liabilities	526,864	-	526,864
Net assets			
Without donor restrictions			
Investment in fixed assets	6,540	-	6,540
Available for operations	447,645	-	447,645
Board-designated quasi-endowment	502,859	-	502,859
Total net assets without donor restrictions	957,044	-	957,044
With donor restrictions			
Purpose restrictions	-	260,077	260,077
Time restrictions	-	878,779	878,779
Restricted in perpetuity	-	3,726,102	3,726,102
Total net assets with donor restrictions	-	4,864,958	4,864,958
Total net assets	957,044	4,864,958	5,822,002
TOTAL LIABILITIES AND NET ASSETS	\$ 1,483,908	\$ 4,864,958	\$ 6,348,866

See accompanying accountant's report.
See accompanying notes to financial statements.

CAROLINA FOR KIBERA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 905,003	\$ 678,646	\$ 1,583,649
Interest income	15,405	-	15,405
Investment return - payout	222,125	-	222,125
Unrealized gain on endowment, net	65,059	599,325	664,384
Loss on disposal of asset	(516)	-	(516)
Released from restriction	592,022	(592,022)	-
Total support and revenues	<u>1,799,098</u>	<u>685,949</u>	<u>2,485,047</u>
Expenses			
Program expenses	1,470,138	-	1,470,138
General and administrative expenses	114,784	-	114,784
Fundraising expenses	48,374	-	48,374
Total expenses	<u>1,633,296</u>	<u>-</u>	<u>1,633,296</u>
Change in net assets	165,802	685,949	851,751
Net assets, beginning of year	<u>957,044</u>	<u>4,864,958</u>	<u>5,822,002</u>
Net assets, end of year	<u>\$ 1,122,846</u>	<u>\$ 5,550,907</u>	<u>\$ 6,673,753</u>

See accompanying accountant's report.
See accompanying notes to financial statements.

CAROLINA FOR KIBERA, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in net assets			
Support and revenues			
Contributions	\$ 777,725	\$ 909,611	\$ 1,687,336
Donated professional services	8,475	-	8,475
Interest income	18,878	-	18,878
Investment return - payout	202,775	-	202,775
Unrealized gain on endowment, net	28,161	255,585	283,746
Released from restriction	511,102	(511,102)	-
Total support and revenues	<u>1,547,116</u>	<u>654,094</u>	<u>2,201,210</u>
Expenses			
Program expenses	1,655,969	-	1,655,969
General and administrative expenses	133,775	-	133,775
Fundraising expenses	18,802	-	18,802
Total expenses	<u>1,808,546</u>	<u>-</u>	<u>1,808,546</u>
Change in net assets	(261,430)	654,094	392,664
Net assets, beginning of year	<u>1,218,474</u>	<u>4,210,864</u>	<u>5,429,338</u>
Net assets, end of year	<u>\$ 957,044</u>	<u>\$ 4,864,958</u>	<u>\$ 5,822,002</u>

See accompanying accountant's report.
See accompanying notes to financial statements.

CAROLINA FOR KIBERA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2025

	Program			Total Program	General & Administrative	Fundraising	Total
	Public Health	Education & Livelihoods	Research & Other				
Salaries	\$ 141,764	\$ 126,813	\$ 27,428	\$ 296,005	\$ 47,922	\$ 37,377	\$ 381,304
Employee benefits	11,630	9,948	3,084	24,662	4,550	4,205	33,417
Payroll taxes	10,972	9,777	2,149	22,898	3,793	2,986	29,677
Grants to Kenya	184,538	517,410	300,430	1,002,378	-	-	1,002,378
Student fellowships	6,000	6,000	-	12,000	-	-	12,000
Professional services	-	-	33,350	33,350	20,520	-	53,870
Development fees	-	-	-	-	6,000	-	6,000
Travel & lodging	27,983	22,386	5,596	55,965	1,768	1,178	58,911
Computer & website	-	-	5,998	5,998	1,012	779	7,789
Dues & subscriptions	-	-	1,660	1,660	9,554	-	11,214
Supplies	-	-	983	983	134	-	1,117
Insurance	-	-	3,916	3,916	661	509	5,086
Rent, parking & utilities	-	-	624	624	106	81	811
Telephone	-	-	-	-	174	-	174
Printing	-	-	5,632	5,632	951	731	7,314
Postage	-	-	686	686	116	89	891
Professional development	-	-	-	-	92	-	92
Meals & meetings	-	-	-	-	174	-	174
Bank & processing fees	-	-	-	-	16,686	-	16,686
Depreciation	-	-	3,381	3,381	571	439	4,391
Total expenses	\$ 382,887	\$ 692,334	\$ 394,917	\$ 1,470,138	\$ 114,784	\$ 48,374	\$ 1,633,296

See accompanying accountant's report.
See accompanying notes to financial statements.

CAROLINA FOR KIBERA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2024

	Program			Total Program	General & Administrative	Fundraising	Total
	Public Health	Education & Livelihoods	Research & Other				
Salaries	\$ 91,454	\$ 68,674	\$ 33,409	\$ 193,537	\$ 64,822	\$ 13,652	\$ 272,011
Employee benefits	9,941	7,116	3,671	20,728	6,364	1,515	28,607
Payroll taxes	7,461	5,440	2,835	15,736	5,197	1,132	22,065
Grants to Kenya	223,197	272,218	792,756	1,288,171	-	-	1,288,171
Student fellowships	5,000	5,000	-	10,000	-	-	10,000
Professional services	-	-	64,984	64,984	19,844	-	84,828
Development fees	-	-	-	-	6,000	-	6,000
Travel & lodging	20,822	16,658	4,164	41,644	1,315	877	43,836
Computer & website	-	-	3,723	3,723	1,122	255	5,100
Dues & subscriptions	-	-	1,096	1,096	9,533	329	10,958
Supplies	-	-	1,115	1,115	152	-	1,267
Insurance	-	-	3,624	3,624	1,093	248	4,965
Rent, parking & utilities	-	-	511	511	154	35	700
Telephone	-	-	-	-	194	-	194
Printing	-	-	3,831	3,831	1,155	262	5,248
Postage	-	-	1,922	1,922	579	132	2,633
Professional development	-	-	-	-	95	-	95
Meals & meetings	-	-	-	-	1,926	-	1,926
Bank & processing fees	-	-	-	-	12,618	-	12,618
Depreciation	-	-	5,347	5,347	1,611	366	7,324
Total expenses	\$ 357,875	\$ 375,106	\$ 922,988	\$ 1,655,969	\$ 133,775	\$ 18,802	\$ 1,808,546

See accompanying accountant's report.
See accompanying notes to financial statements.

CAROLINA FOR KIBERA, INC.
STATEMENTS OF CASH FLOWS
Year Ended December 31

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 851,751	\$ 392,664
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	4,391	7,324
Donated securities	-	(513,368)
Unrealized gain on endowment, net	(664,384)	(283,746)
Loss on disposal of asset	516	-
Changes in operating assets and liabilities:		
Securities liquidated	-	513,368
Grants receivable and promises to give	191,868	(211,500)
Inventory	1,747	(2,903)
Prepaid expenses	18,066	(450,377)
Accounts payable	(2,269)	10,788
Payroll liabilities	2,563	1,486
Due to Kenya	-	(32,500)
Refundable advance liability	(57,346)	500,000
Net cash provided (used) by operating activities	346,903	(68,764)
Cash flows from investing activities		
Purchases of units in UNC Fund	(3,423)	(269,788)
Purchases of fixed assets	(1,099)	(1,500)
Net cash used by investing activities	(4,522)	(271,288)
Increase (decrease) in cash and cash equivalents	342,381	(340,052)
Cash and cash equivalents, beginning of year	567,103	907,155
Cash and cash equivalents, end of year	\$ 909,484	\$ 567,103
Reported on the statement of financial position as:		
Without donor restrictions	\$ 562,785	\$ 303,603
With donor restrictions	344,647	260,077
With donor restrictions - endowment	2,052	3,423
Total cash and cash equivalents	\$ 909,484	\$ 567,103

See accompanying accountant's report.
See accompanying notes to financial statements.

CAROLINA FOR KIBERA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 1 – Organizational Purpose and Major Programs

Carolina for Kibera, Inc. (CFK Africa) is a North Carolina nonprofit organization incorporated in 2001 in Chapel Hill, North Carolina. CFK Africa collaborates with slum communities to empower youth leaders, address inequities around access to quality health care, and reduce gender disparities. By combining public service with responsible research, CFK Africa aims to inform and assist locally-led development in Kenya and other slums globally. CFK Africa's revenues consist primarily of contributions from the general public, grants and foundation partners, and investment income.

CFK's major program activities include the following:

Public Health

CFK Africa operates three healthcare facilities in Kibera (Tabitha Medical Clinic, Youth Friendly Services Centre, and Tabitha Maternity Home) and a community health outreach program to meet the diverse needs of Kenyan slum communities. Community Health Promoters take health education directly to residents' homes, acting as a bridge between facilities and the community, conducting home-based health screenings, referring residents to clinics for vital healthcare services, and conducting follow-up visits with patients. Girls' Empowerment activities are embedded across CFK Africa's health and education programs. CFK Africa supports adolescent girls and young women through a dual strategy of mentorship and advocacy. Recognizing females face unique challenges in slums, CFK Africa builds self-agency among program participants, provides them with access to a support network, and encourages them to develop and use their voices and practice leadership, ensuring girls can reach their full potential.

Youth Leadership & Education

CFK Africa supports the next generation of young leaders from slums by providing opportunities for academic and economic success and development. CFK Africa empowers youth with work readiness and job placement, champions girls' empowerment, provides scholarships and mentorship, identifies cost-effective best practices to improve student school attendance and academic progress, and promotes peace and equality through sports-for-development initiatives.

Research

CFK Africa generates data and insights applicable to informal settlements worldwide through community-based research collaborations with universities and research institutions. From monitoring infectious disease outbreaks to improving education quality through evidence-based best practices, research helps identify pressing issues and informs responsible solutions. Community input and regular monitoring and evaluation drive program development, guide implementation, inform program adaptations, and help CFK Africa determine programmatic success.

Note 2 – Significant Accounting Policies

Basis of Accounting

The financial statements of CFK are prepared on the accrual basis of accounting. Accordingly, contributions are recognized per the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, and expenses are recorded as incurred rather than as paid.

CAROLINA FOR KIBERA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2 – Significant Accounting Policies (continued)

Basis of Presentation

CFK's financial statement presentation follows the recommendations of ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* under Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Cash and Cash Equivalents

For purposes of the statement of cash flows, CFK considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents.

Grants Receivable and Promises to Give

Unconditional grants and donor promises to give are recorded as receivables and revenue at the time of the award or promise. As of December 31, 2025 and 2024, CFK determined that all outstanding grants and promises to give were collectible, and therefore, no allowance has been recorded.

Investments

Investments consist of units in the University of North Carolina Investment Fund, LLC (UNC Fund) and are reported at fair value in the statement of financial position. Investment income is reported in the statement of activities net of investment fees of \$20,948 and \$13,274 for the years ended December 31, 2025 and 2024, respectively.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair market value on the date of donation if donated. Assets costing over \$500 are capitalized. Depreciation is computed using the straight-line method over the asset's estimated useful life, typically five years for computers and three years for software and website assets.

Net Assets

Net assets and revenues received are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions – net assets subject to donor-imposed restrictions that are temporary or perpetual in nature. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed and/or when the stipulated purpose for which the resource was restricted has been fulfilled.

Grants and Contributions

CFK follows the guidance provided in ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, specifically for recognizing revenue from conditional and unconditional grants and contributions. Conditional grants, which include both specified conditions that must be met as well as a right of return of funds to the grantor, are recognized as revenue when the specified conditions are met. Any conditional amounts received in advance of the satisfaction of the specified conditions are recorded as refundable advances on the statement of financial position.

CAROLINA FOR KIBERA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 2 – Significant Accounting Policies (continued)

All other grants and contributions are considered to be for unrestricted purposes unless specifically restricted by the donor. Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the support is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed Nonfinancial Assets

For the year ended December 31, 2024, CFK adopted and implemented ASU 2020-07 (Topic 958) - *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Under this ASU, contributed nonfinancial assets, disaggregated by type, are presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Among other possible disclosures, qualitative information is required concerning whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, disclosures will also include a description of the programs or other activities in which those assets were used, along with a description of the valuation techniques and inputs used to arrive at a fair value measure.

Donated services are only recorded for those which require specialized skills. CFK's board officers and directors make significant contributions of their time in carrying out CFK's various programs and initiatives. These contributed services are not recorded as they do not meet the definition for recording or disclosure under current standards.

For the year ended December 31, 2024, CFK recorded \$8,475 in donated legal services. Donated legal services are utilized in CFK's research program. Fair value is determined by reference to vendor provided information about published hourly rates or retail pricing. There were no donated legal services recorded for the year ended December 31, 2025.

Functional Allocation of Expenses

The costs of program and supporting services of CFK have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, general and administrative, and fundraising functions benefited.

Use of 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 date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CAROLINA FOR KIBERA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 3 – Liquidity and Availability

Financial assets without donor or other restrictions limiting their use that are available for general expenditure within one year of December 31, 2025 are as follows:

Cash and cash equivalents	\$ 907,432
Grants receivable and promises to give	21,632
Endowment investments	5,774,177
Less board designated	(567,918)
Less donor restricted	(5,550,907)
Total	<u>\$ 584,416</u>

Management believes these assets are sufficient to provide for operations in the coming year as CFK will operate under a balanced budget for 2026. To help manage liquidity, management regularly prioritizes expenditures and adheres to a detailed monthly budget plan.

Note 4 – Concentrations of Risk

Operating cash balances are maintained in two accounts at a local financial institution, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2025, CFK had no uninsured cash balances on deposit in these accounts. In addition, CFK maintains cash balances within the UNC Fund, which are not insured by the FDIC, but are backed in policy and in practice by the State of North Carolina. CFK believes there is minimal risk regarding its cash and cash equivalents.

Gifts received from CFK's top two donors represented 35% and 44% of CFK's total support and revenue for the years ended December 31, 2025 and 2024, respectively. These concentrations aside, CFK received approximately 990 and 950 individual donations for the years ended December 31, 2025 and 2024, respectively.

Note 5 – UNC Fund Investments

Investments are comprised solely of units in the UNC Fund external investment pool. The UNC Fund's purpose is to acquire, hold, and dispose of property for investment purposes on behalf of its members. Its members include The University of North Carolina and its constituent institutions and their affiliated endowments and tax-exempt foundations, one of which is CFK. CFK invests with the UNC Fund because it allows CFK to pool its resources and invest collectively in opportunities achieving better economies of scale.

CFK's funds are invested in various securities through separate accounts and commingled investment vehicles. While CFK retains all ownership rights to the assets, the UNC Fund is responsible for all investment decisions, selecting managers, asset allocation, custodian selection, rebalancing procedures, and performance reporting according to the UNC Fund's investment policy. The ultimate responsibility for managing the cash and investments of CFK's endowment fund, however, rests with CFK's board of directors.

CAROLINA FOR KIBERA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 5 – UNC Fund Investments (continued)

Investment and Performance Objectives – The UNC Fund follows a policy to maintain a diversified portfolio designed to achieve the overall goal of earning an average annual return of at least 5.5% plus inflation per year, net of all fees over rolling five and ten-year periods.

Asset Mix – The UNC Fund invests in a wide array of asset classes and strategies, as defined by its Strategic Investment Policy Portfolio established by its board. The UNC Fund reported the following asset class targets as of its most recent reporting date of June 30, 2025:

<u>Asset Class</u>	<u>Strategic Target</u>	<u>Range</u>
Private equity	27%	20-34%
Long equity	26%	20-32%
Long/short equity	15%	10-20%
Diversifying strategies	10%	6-14%
Fixed income	8%	5-12%
Real estate	8%	5-12%
Energy and natural resources	4%	2-8%
Cash	2%	-2-8%

Investments in the UNC Fund pool are comprised solely of ownership interests (Units or Membership Interests) in the Fund. Ownership interests of the UNC Fund are determined on a market unit valuation basis each month and in accordance with the UNC Fund’s operating procedures as the unit price fluctuates with changes in the fair market value of the underlying securities and other assets held by the UNC Fund. The terms of redemption of ownership interests require at least 90 days prior written notice. CFK may redeem all or a portion of its units and receive the full balance of its withdrawal request over eight consecutive fiscal quarters.

Risk Exposures – CFK’s investments with the UNC Fund have the following risk exposures:

- (1) **Interest Rate Risk:** Interest rate risk is the risk an entity may face should interest rate variances affect the fair value of investments. In order to assess its interest rate risk, the UNC Fund considers the maturity of timeframes for debt securities in their portfolio. The highest concentrations of the debt securities that are subject to interest rate risk are less than a year followed by more than 10 years.
- (2) **Credit Risk:** Credit risk is the risk that a counter party to an investment will not fulfill its obligations. Credit risk is generally gauged via judgmental assessments by major independent ratings agencies for applicable debt securities. The UNC Fund seeks investments subject to credit risk that have AAA ratings.
- (3) **Foreign Currency Risk:** Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The UNC Fund has exposure to foreign currency risk as it seeks a Global to US investment balance of 70/30. Changes in foreign currency exchange rates are monitored on a regular basis. If the foreign currency risk is deemed substantial, changes to the makeup of the portfolio may be implemented to reduce the potential impact of this risk.

CAROLINA FOR KIBERA, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 5 – UNC Fund Investments (continued)

As of December 31, cost and fair market value of CFK's UNC Fund investments were as follows:

	<u>2025</u>	<u>2024</u>
Investments at cost	\$ 4,104,168	\$ 4,100,745
Cumulative unrealized gain	1,667,957	1,003,572
Investments at fair market value	<u>\$ 5,772,125</u>	<u>\$ 5,104,317</u>

Note 6 – Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. This statement establishes a fair value hierarchy regarding the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) of identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

As of both December 31, 2025 and 2024, CFK's investment units in the UNC Fund, which are measured at fair value on a recurring basis based on inputs that are corroborated by observable market data, are classified as Level 2 assets.

	<u>Total</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
UNC Fund units as of December 31, 2025	<u>\$ 5,772,125</u>	<u>\$ -</u>	<u>\$ 5,772,125</u>	<u>\$ -</u>
UNC Fund units as of December 31, 2024	<u>\$ 5,104,317</u>	<u>\$ -</u>	<u>\$ 5,104,317</u>	<u>\$ -</u>

CAROLINA FOR KIBERA, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 7 – Net Assets Without Donor Restrictions

Net assets without donor restrictions include board designated amounts invested with the UNC Fund. These board designated, quasi-endowment funds, including the net investment earnings on these funds, may be released from designation at any time by action of the board. It is the board’s intention to maintain these funds long-term to meet future opportunities or needs. Therefore, they have been excluded from current assets available for operations.

Net assets without donor restrictions as of December 31 are reported as follows:

	<u>2025</u>	<u>2024</u>
Investment in fixed assets	\$ 2,732	\$ 6,540
Available for operations	552,196	447,645
Board designated, quasi-endowment principal	378,066	378,067
Investment earnings, net of fees, on quasi-endowment funds	189,852	124,792
Total net assets without donor restrictions	<u>\$ 1,122,846</u>	<u>\$ 957,044</u>

Note 8 – Net Assets With Donor Restrictions and Endowment Fund Reporting

Net assets with donor restrictions include gifts of principal to CFK’s endowment fund that have been restricted by donors in perpetuity. In addition, unappropriated net investment earnings on these perpetually restricted gifts are considered to have donor restrictions as to time. In addition, net assets with donor restrictions include gifts restricted by donors as to purpose.

Net assets with donor restrictions as of December 31 are reported as follows:

	<u>2025</u>	<u>2024</u>
Restricted as to purpose		
Public health	\$ 582	\$ 942
Education and livelihoods	344,067	258,757
Research and other	-	378
Restricted as to time - earnings on endowment funds	1,478,104	878,779
Perpetually restricted endowment funds		
General operations - principal	2,173,245	2,173,245
Lux Sit Scholarship Fund - principal	550,167	548,115
Rogers Scholarship Fund - principal	1,004,742	1,004,742
Total net assets with donor restrictions	<u>\$ 5,550,907</u>	<u>\$ 4,864,958</u>

CFK follows North Carolina G.S. 116, Chapter 36E, *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) with regard to its perpetually restricted endowment funds. The board of directors interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of these funds absent explicit donor stipulations to the contrary. As a result of this interpretation and subject to the donor restrictions, CFK retains in perpetuity (a) the original value of permanent gifts to the endowment fund, (b) the original value of subsequent permanent gifts to the fund, and (c) accumulations to the fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

CAROLINA FOR KIBERA, INC.
NOTES TO FINANCIAL STATEMENTS
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Note 8 – Net Assets With Donor Restrictions and Endowment Fund Reporting (continued)

As of December 31, 2025, CFK maintained the following perpetually restricted endowment funds subject to UPMIFA, and for the year ended December 31, 2025, reported the following activity:

	<u>Perpetually Restricted Corpus</u>		
	<u>UNC Fund</u>	<u>In-Transit</u>	<u>Total</u>
Endowment assets as of December 31, 2024	\$ 3,722,679	\$ 3,423	\$ 3,726,102
Transfers	3,423	(3,423)	-
Contributions	-	2,052	2,052
Unrealized gains	-	-	-
Fees	-	-	-
	<hr/>	<hr/>	<hr/>
Endowment assets as of December 31, 2025	<u>\$ 3,726,102</u>	<u>\$ 2,052</u>	<u>\$ 3,728,154</u>

As of December 31, 2025, CFK maintained the following investment earnings restricted as to time in its endowment fund, and for the year ended December 31, 2025, reported the following activity:

	<u>Time Restricted Investment Earnings</u>		
	<u>UNC Fund</u>	<u>In-Transit</u>	<u>Total</u>
Endowment assets as of December 31, 2024	\$ 878,779	\$ -	\$ 878,779
Transfers	-	-	-
Contributions	-	-	-
Unrealized gains	618,344	-	618,344
Fees	(19,019)	-	(19,019)
	<hr/>	<hr/>	<hr/>
Endowment assets as of December 31, 2025	<u>\$ 1,478,104</u>	<u>\$ -</u>	<u>\$ 1,478,104</u>

As of December 31, 2025, CFK maintained the following unrestricted board designated (quasi-endowment) balances in its endowment fund, and for the year ended December 31, 2025, reported the following activity:

	<u>Unrestricted Board Designated</u>		
	<u>UNC Fund</u>	<u>In-Transit</u>	<u>Total</u>
Endowment assets as of December 31, 2024	\$ 502,859	\$ -	\$ 502,859
Transfers	-	-	-
Contributions	-	-	-
Unrealized gains	66,988	-	66,988
Fees	(1,928)	-	(1,928)
	<hr/>	<hr/>	<hr/>
Endowment assets as of December 31, 2025	<u>\$ 567,919</u>	<u>\$ -</u>	<u>\$ 567,919</u>

CAROLINA FOR KIBERA, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

Note 8 – Net Assets With Donor Restrictions and Endowment Fund Reporting (continued)

In summary, as of December 31, 2025, CFK maintained the following total endowment assets, and for the year ended December 31, 2025, reported the following total activity:

	Total Endowment Assets		
	UNC Fund	In-Transit	Total
Endowment assets as of December 31, 2024	\$ 5,104,317	\$ 3,423	\$ 5,107,740
Transfers	3,423	(3,423)	-
Contributions	-	2,052	2,052
Unrealized gains	685,332	-	685,332
Fees	(20,947)	-	(20,947)
	\$ 5,772,125	\$ 2,052	\$ 5,774,177
Endowment assets as of December 31, 2025			

Note 9 – Retirement Plan

CFK established a 401K plan for eligible employees during the year ended December 31, 2022. CFK made matching contributions of \$24,289 and \$21,437 to employee accounts in 2025 and 2024, respectively.

Note 10 – Functionalized Expenses

Certain expenses in these financial statements are attributable to more than one program or supporting function. Under ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, these expenses must be allocated over functional categories on a reasonable basis that is consistently applied. Accordingly, management has allocated salaries and related taxes and benefits based on an analysis of staff time and efforts. This analysis is also the basis for the indirect allocation of the following expenses: computer and website, dues and subscriptions, supplies, insurance, rent, parking, and utilities, telephone, printing, postage, professional development, meals and meetings, and depreciation. Other expenses have been analyzed and allocated directly on an invoice by invoice basis, including grants to Kenya. CFK’s board of directors and other organization partners volunteer substantial time to CFK’s fundraising activities.

Note 11 – Income Taxes and Uncertain Tax Positions

CFK is a tax-exempt, nonprofit organization under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been recorded on the financial statements.

CFK has evaluated its tax positions as of December 31, 2025 and believes they exceed the “more likely than not” standard set by FASB ASC 740-10, *Simplifying the Accounting for Income Taxes*. Consequently, it has not recorded a liability for any potentially imposed taxes or any potentially unrecognized tax benefits.

CAROLINA FOR KIBERA, INC.
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Note 12 – Affiliated Entities

CFK is affiliated with the University of North Carolina at Chapel Hill (the “University”). Under an administrative services agreement, the University provides certain office expenses, investment management services, and accounting services for \$6,000 per year. Additional overhead charges in the amount of \$1,652 and \$622 for the years ended December 31, 2025 and 2024, respectively, were also charged by the University. CFK must maintain its State of North Carolina nonprofit and tax-exempt status, conduct activities that are in line with the mission of the University, and follow the University’s accounting policies, which include having an annual audit performed.

CFK is also affiliated with a nonprofit partner Kenyan organization that bears the CFK name and shares the CFK mission. After review and evaluation, CFK fulfills grant requests from CFK in Kenya, provides mentoring and leadership development, and maintains a close affiliation with CFK in Kenya to monitor the use of grant funds and to achieve efficiencies in carrying out program activities. CFK staff and volunteers regularly travel to Kenya, and Kenyan CFK leaders regularly travel to the United States in the maintenance of this affiliation. For the years ended December 31, 2025 and 2024, CFK provided \$1,002,378 and \$1,736,128, respectively, in direct funding to CFK in Kenya. CFK in Kenya obtains an annual audit under Kenyan auditing standards issued by the Institute of Certified Public Accountants of Kenya (ICPAK).

CFK from time to time also acts as CFK in Kenya’s custodial agent in receiving and remitting certain foundation grants on behalf of CFK in Kenya as a convenience. For the year ended December 31, 2024, CFK remitted \$32,500 in pass-through foundation grants.

Note 13 – Subsequent Events

CFK has evaluated subsequent events through April 2, 2026, the date on which the financial statements were available to be issued. In 2026, CFK in Kenya plans to relocate the Tabitha Maternity Home to Kibera. Prior to December 31, 2024, CFK received a \$500,000 conditional grant to assist with the relocation, which was recorded as a refundable advance liability. Also prior to December 31, 2024, CFK sent prepayment for upcoming grant expenses to CFK in Kenya in the amount of \$450,000. \$50,000 was retained by CFK as an overhead allotment to be recognized pro-rata as revenue along with the primary grant expenditures.

During the year ended December 31, 2025, CFK in Kenya incurred expenses related to the grant in the amount of \$51,999. Accordingly, CFK recorded revenue and reduced the refundable advance liability for this amount plus an additional \$5,747 for overhead.

In 2026, as performance obligations continue to be met and as expenses are incurred, the prepayment and the liability, along with CFK’s remaining administrative overhead allotment, will be reduced and recognized as income and expense accordingly.