Christian Recovery Centers, Inc.

Audited Financial Statements

For the Year Ended December 31, 2025

Christian Recovery Centers, Inc.

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Independent Auditors' Report

To the Board of Directors of
Christian Recovery Centers, Inc.
Shallottee, North Carolina

Opinions

We have audited the accompanying financial statements of the Christian Recovery Centers, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, statement of functional expenses, and statement of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Christian Recovery Centers, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements of our report. We are required to be independent of the Christian Recovery Centers, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Christian Recovery Centers, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 as 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 the organization'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the organization'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* , we have also issued our report dated May 15, 2026, on our consideration of Christian Recovery Centers, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Christian Recovery Centers, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, North Carolina
May 15, 2026

Financial Section

Christian Recovery Centers, Inc.
Statement of Financial Position
December 31, 2025

Assets	
Current Assets	
Cash and Cash Equivalents	$ 1,041,599
Accounts Receivable	117,489
Inventory	29,706
Prepaid Expenses	50,022
Total Current Assets	1,238,816
Non-Current Assets	
Security Deposit	4,023
Fixed Assets, Net	7,872,883
ROU Assets, Net	1,991,860
Total Non-Current Assets	9,868,766
Total Assets	$11,107,582
Liabilities and Net Assets	
Current Liabilities	
Accounts Payable	$ 175,126
Accrued Wages	140,201
Lease Payable, Current	531,948
Notes Payable, Current	119,717
Total Current Liabilities	966,992
Long-Term Liabilities	
Lease Payable, Non-Current	1,532,004
Notes Payable, Non-Current	2,413,645
Total Long-Term Liabilities	3,945,649
Total Liabilities	4,912,641
Net Assets	
With Donor Restrictions	1,251,237
Without Donor Restrictions	4,943,704
Total Net Assets	6,194,941
Total Liabilities and Net Assets	$11,107,582

Christian Recovery Centers, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues			
Contributions	$ 639,260	$ 10,000	$ 649,260
Fundraisers	165,782	-	165,782
Grant Revenues	1,398,211	-	1,398,211
Business Income	2,946,428	-	2,946,428
In-kind Contributions	343,400	1,333,485	1,676,885
Phase 4 Program Fees	265,591	-	265,591
Sales and Taxes Refund	70,244	-	70,244
Interest Income	26,555	-	26,555
Other Income	92,273	-	92,273
Net Assets Released from Restrictions	1,308,564	(1,308,564)	-
Total Public Support and Revenues	7,256,308	34,921	7,291,229
Expenses			
Program Services	3,185,626	-	3,185,626
Management and General	2,040,104	-	2,040,104
Fundraising	378,721	-	378,721
Total Expenses	5,604,451	-	5,604,451
Change in Net Assets	1,651,857	34,921	1,686,778
Net Assets, Beginning of Year	3,291,847	1,216,316	4,508,163
Net Assets, End of Year	$ 4,943,704	$ 1,251,237	$ 6,194,941

Christian Recovery Centers, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services	Management and General	Fundraising	Total
Payroll & Employee Support	$ 1,026,135	$ 1,422,749	$ 307,012	$ 2,755,896
Administrative	119,534	85,924	-	205,458
Advertising	107,569	-	-	107,569
Bad Debt	-	27,485	-	27,485
Depreciation	277,475	36,200	-	313,675
Special Events	-	-	61,275	61,275
Insurance	205,654	10,355	-	216,009
Interest	5,876	32,328	-	38,204
Medical Services	22,806	-	-	22,806
Ministry Program Supplies	16,673	-	-	16,673
Office	76,577	27,161	10,434	114,172
Rent	79,512	224,959	-	304,471
Property Taxes	4,490	-	-	4,490
Repairs and Maintenance	146,186	43,676	-	189,862
Resident Services	519,132	-	-	519,132
Supplies	134,433	-	-	134,433
Training	57,598	-	-	57,598
Utilities	257,796	87,490	-	345,286
Vehicle	127,380	41,777	-	169,157
Miscellaneous	800	-	-	800
Total	$ 3,185,626	$ 2,040,104	$ 378,721	$ 5,604,451

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

Christian Recovery Centers, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2025

Change in Net Assets		$ 1,686,778
Cash Flows from Operating Activities		
Adjustments to reconcile change in net assets to net cash provided (used) by operating activies:		
Depreciation	313,675	
Change in:		
Accounts Receivable	71,492	
Inventory	(29,706)	
Prepaid Expenses	(27,825)	
Security Deposit	(1,623)	
Accounts Payable	(76,904)	
Accrued Expenses	140,201	
Leases Payable	72,092	
Net Cash Provided (Used) by Operating Activities		461,402
Cash Flows from Investing Activies		
Purchase of Fixed Assets	(1,583,114)	
Net Cash Provided (Used) by Investing Activities		(1,583,114)
Cash Flows from Financing Activies		
Proceeds from Notes Payable	40,250	
Payments on Notes Payable	(183,440)	
Net Cash Provided (Used) by Financing Activities		(143,190)
Net Change in Cash		421,876
Cash, Beginning of Year		619,724
Cash, End of Year		$ 1,041,599

Christian Recovery Centers, Inc.
Notes to the Financial Statements
For the Year Ended December 31, 2025

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Activities

Christian Recovery Centers, Inc. (the Organization) is a not-for-profit treatment center serving those suffering from active addiction. It is not a traditional short-term rehabilitation facility. The Organization includes multiple types of recovery resources, including the 12-step program and therapeutic professional services, in its treatment curriculum. Opportunities to move forward in the recovery process are also presented in a traditional educational and social reform standpoint to each resident at no cost to them or their families. This is a proven program that works absolutely for anyone willing to adopt it. Work force redevelopment and continuing education continues to provide more meaning and impact to their residents. The Organization partners with multiple agencies as an effort to provide vocational training that will assist in creating resume items that lead the way to more meaningful employment opportunities. The Organization's primary purpose is to provide each resident with the spiritual and educational tools necessary for a long-term recovery from the illness of addiction and the beginning of a successful life.

Basis of Presentation

The consolidated financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, Not-for-Profit Entities, Presentation of Financial Statements. During 2018, the Organization adopted the provisions of Accounting Standards Update ("ASU") 2016-14: Not-for-Profit-Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities, which improves the current net asset classification and the related information presented in the consolidated financial statements and notes about the Organization's liquidity, financial performance, and cash flows.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash and cash equivalents in financial institution accounts, which may, at times, exceed the federally insured limit of $250,000 set by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions.

Receivables and Credit Policies

Accounts receivable are customer obligations due according to the customer's terms. The Organization provides various services to customers, including landscaping, cleaning, and catering. Management determines the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable as bad debt, so an allowance has not been recorded.

Prepaid Assets

Prepaid assets represent payments made by the Organization for goods or services to be received or consumed in future periods. These balances are classified as current assets on the Statements of Financial Position and are amortized over time to their corresponding functional expense categories on a straight-line basis over the contractual period of the underlying service or coverage.

As of December 31, 2025, prepaid assets totaled $50,022, and consisted of the following components:

Prepaid Insurance: Pro-rata portions of insurance policies, including commercial general liability, property, auto, and specialized clinical treatment coverages, for which premium periods extend into the subsequent fiscal year.

Prepaid Software and Subscriptions: Advance payments for clinical database software, administrative licensing, and organizational management platforms.

Inventories

Inventories, which consist of thrift store goods for sale, are stated at the lower of average cost or net realizable value. As of December 31, 2025 inventory assets were valued at $29,706.

Land, Buildings, and Equipment and Related Depreciation

Purchased property and equipment are stated at cost. Maintenance and repairs are charged to operations when incurred. Betterments and renewals of $1,000 or more are capitalized. When property and equipment is sold or otherwise disposed, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the change in net assets.

Depreciation of property and equipment and amortization of leasehold improvements are computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 39 years.

Donations of property and equipment are recorded as contributions at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose based on its fair value. Assets donated with explicit restrictions regarding their use, absent donor stipulations regarding how long those donated assets must be maintained, are recorded as net assets with donor restrictions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed into service as instructed by the donor. The Organization reclassifies net assets with donor restrictions that are temporary in nature to net assets without donor restrictions at that time. See also Contributed Nonfinancial Assets, below.

Construction in Progress

Construction in progress is stated at cost and consists primarily of costs incurred in the construction of building improvements. No provision for depreciation is made on construction in progress until the assets are complete and placed into service.

Net Assets

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

Net assets without donor restrictions - Net assets available for use at the discretion of the Organization's Board of Directors and/or management for general operating purposes.

Net assets with donor restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. When a donor restriction expires (i.e., when a stipulated time restriction ends or purpose restriction is accomplished), the net assets are reclassified as net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions which are restricted for specific programs are reflected as net asset's without donor restrictions if these funds are received and spent in the same fiscal year.

The Organization reports donor-restricted contributions and investment return restricted by donors [including on its endowment funds (covered by UPMIFA, which extends a donor's restriction to use of the funds, including the investment return, until the funds are appropriated for expenditure by the governing board)], as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished, including appropriation for expenditure of investment return from endowment funds) in the reporting period in which the revenue 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, 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.

Revenue Recognition

Revenue from Exchange Transactions: The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its (consolidated) statements of activities and changes in net assets for the years ending December 31, 2025:

Revenue Recognition (continued)

Phase 4 Fees

Revenue from the Phase 4 Re-entry Program consists of fees charged to residents for transitional housing, counseling, and vocational services. This revenue is recognized over time as the recovery and housing services are rendered.

The transaction price is a fixed weekly rate determined by individual resident program agreements. Phase 4 program fees are collected via automatic payroll withholding from the compensation earned by residents working within the Organization's social enterprises. Because fees are collected concurrently via internal payroll processing, the Organization records no accounts receivable, contract assets, or contract liabilities related to Phase 4 program fees as of December 31, 2025.

Short-term timing differences between the internal payroll execution date and the formal recognition period result in a current liability. This balance is reflected as Phase 4 Withholding Payable within current liabilities on the Statements of Financial Position and totaled $4,770 as of December 31, 2025, respectively. These balances represent resident funds withheld from payroll that are awaiting final internal allocation to program revenue. There is no credit risk or allowance for credit losses associated with these balances, as funds are secured internally at the time of payroll processing.

Contributions and Grants

Contributions received, including unconditional promises to give (pledges), are recognized as revenue in the period received or promised at their fair value. The Organization classifies incoming support based on the existence or absence of donor-imposed restrictions.

The Organization receives funding from various government agencies and private foundations. Grants are evaluated to determine whether they constitute conditional or unconditional contributions. Most of the Organization’s grants are considered conditional contributions because they contain performance barriers and a right of return or release. Revenue from these conditional cost-reimbursement grants is recognized only when the Organization has incurred expenditures or achieved specific milestones in accordance with the grant provisions.

Cash received from grants in advance of meeting the performance barriers or incurring allowable expenses is recorded as a current liability titled Deferred Revenue on the Statements of Financial Position. As of December 31, 2025, there were no conditional grants received but not yet recognized as revenue.

Revenue Recognition (continued)

Contributed Nonfinancial Assets (Gifts-in-Kind)

Donated land, buildings, equipment, investments, and other noncash donations are recorded as contributions at their fair market value at their date of donation. The Organization reports the donations in the net assets without donor restrictions category, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported in the net assets with donor restrictions category. Per FASB ASU 2016-14 and absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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

Business Income and Work Trip

The Organization operates various social enterprises that serve as vocational training pathways for residents. Revenue generated from these businesses is recognized under FASB ASC 606 as exchange transactions:

> *Retail Sales (Thrift/Enterprise Shops):* Revenue from the sale of goods directly to consumers is recognized at a point in time when control of the merchandise transfers to the customer, typically at the register. Payment is due immediately via cash or credit card.
>
> *Service and Contract Revenues:* Revenue from vocational service contracts (e.g., carpentry, landscaping, maintenance, or janitorial services) is recognized over time as the services are performed, because the customer simultaneously receives and consumes the benefits. Customers are typically billed monthly with standard 30-day payment terms.

The Organization coordinates structured work trips and contracted group labor projects. Revenues from these arrangements are recognized over time as the specific projects or labor services are delivered.

Transaction prices are fixed based on standard price lists or negotiated contracts. The Organization’s Accounts Receivable balance consists entirely of unconditional Contract Receivables arising from these service contracts and work trip arrangements. Contract Receivables totaled $117,489 as of December 31, 2025. Billings are typically issued with net 30-day payment terms.

Uncollectible receivables are written off directly to bad debt expense in the period they are determined to be uncollectible. Refer to Receivables and Credit Policies for the Organization's formal policy regarding accounts receivable management and the direct write-off method. The Organization holds no contract assets or contract liabilities related to these revenue streams.

Revenue Recognition (continued)

Fundraising Costs and Special Events

Fundraising expenses consist of costs incurred to induce potential donors to contribute money, securities, time, or other assets to the Organization. These costs include direct mail solicitations, promotional printing, digital campaign costs, and the salaries of personnel specifically tasked with development activities. Fundraising costs are expensed at the exact point in time they are incurred.

The Organization conducts special fundraising events to generate public support and additional operating funds. Revenues from these events consist of ticket sales, sponsorships, and auction proceeds.

> *Gross Presentation of Revenues and Costs*: Special event revenues are reported gross within fundraisers on the Statements of Activities. Direct costs associated with hosting the events, including venue rental, catering, and entertainment, are reported simultaneously within fundraising expenses in the period the event takes place.
>
> *Direct Donor Benefits:* Direct benefits provided to attendees at special events totaled $60,567 for the year ended December 31, 2025, and are included in fundraising expenses.

Other Revenue

The Organization receives expense reimbursements and clinical contract revenues from Southeastern Integrated Care (SEIC) to cover shared clinical staffing and program oversight costs. These revenues are recognized over time under FASB ASC 606 as the corresponding clinical, medical tracking, and behavioral health operations are jointly delivered.

Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses attributable to more than one program or supporting function are allocated on a reasonable and consistent basis. Salaries and payroll taxes are allocated based on documented personnel time and effort studies. Occupancy, utilities, and facility depreciation are allocated based on a square-footage utilization analysis of the spaces used for development versus residential recovery operations.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, its income is not subject to federal income tax. Accordingly, the Organization has made no provision for income taxes.

Fair Value Measurement

The FASB established a framework for measuring fair value and disclosing fair value measurements to financial statement users. Fair value is the price that would be received to sell an asset or paid to transfer a liability (referred to as the "exit price") in an orderly transaction between market participants in the principal market, or if none exists, the most advantageous market, for specific assets or liabilities at the measurement dates. The fair value should be based on assumptions that market participants would use, including consideration of nonperformance risk.

Fair Value Measurement (continued)

In determining fair value, the Organization uses various valuation approaches. The FASB 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 most 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 sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization's assumptions about assumptions market participants would use in pricing the assets or liabilities developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the observability of inputs as follows:

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

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in inactive markets; inputs other than quoted market prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The availability of observable inputs can vary and is affected by a wide variety of factors, including, for example, the type of asset or liability, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Organization in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an organization-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that the Organization believes market participants would use in pricing the asset or liability at the measurement date.

Leases

The Organization is a lessee in multiple noncancelable operating leases. If the contract provides the Organization the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. ROU assets are also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

Lease liabilities are initially and subsequently recognized based on the present value of their future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

ROU assets for operating leases are subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The risk-free rate option has been applied to the building and office equipment classes of assets.

Right-of-use assets and liabilities as of December 31, 2025 is presented as a separate line item on the Organization's statements of financial position.

Note 2. Liquidity and Availability

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization's strategic goal is to build a cash balance that will support three to six months of operating expenses. The Organization's working capital and cash flows have seasonal variations during the fiscal year attributable to cash receipts for program services and a concentration of contributions recieved at calendar year-end.

Net assets at December 31, 2025	$	6,194,941
Less: unavailable for general expenditures within one year, due to donor-restric		1,251,237
Net assets available for general expenditures within one year:	$	4,943,704

Note 3. Cash and Cash Equivalents

balance of $983,926. Of the bank balance, $500,000 was covered by federal depository insurance. The remaing $483,926 was unsecured. The Organization's carrying cash amount also includes petty cash of $3,525.

Note 4. Fair Value Measurement

The carrying amount of cash and cash equivalents and accounts receivable approximates fair value because of the short-term maturities of those instruments.

The carrying amount of accounts payable and accrued liabilities approximates fair value because of the short term maturities of those instruments.

There were no changes during the year ended December 31, 2025 to the Organization's valuation techniques used to measure asset and liability fair values on a recurring basis.

Cash and cash equivalents, money market deposit accounts, and certificates of deposit are not defined withing the levels as prescribed in Fair Value Measurements.

Note 5. Fixed Assets

Fixed assets consist of the following:

Land	$ 1,252,230
Construction in Progress	78,754
Buildings and Improvements	6,564,795
Furniture and Equipment	290,107
Vehicles	712,937
Total Fixed Assets	8,898,823
Less: Accumulated Depreciation	(1,025,940)
Fixed Assets, Net	$ 7,872,883

Depreciation for the year ended December 31, 2025 is $1,025,940.

Note 6: In-kind Contributions

For the year ended December 31, 2025, the Organization received in-kind contributions in the amount of $1,676,885.

During the year ended December 31, 2025, the Organization recognized $343,400, in contributed professional services. These services required specialized clinical and legal skills and were utilized directly within core program tracking and administrative oversight. Valuation is determined using standard regional commercial billing rates for identical professional services.

During the year ended December 31, 2025, the Organization received a donation of capital property and equipment valued at $1,333,485.

Utilization: The asset is currently utilized directly in the operational footprint of the Organization’s residential recovery programs.

Valuation Technique: The fair value of the property and equipment was determined based on a qualified independent appraisal or current market comparisons for similar assets in local commercial markets.

Note 6: In-kind Contributions (continued)

Donor Restrictions: This asset was received with an explicit donor-imposed time restriction prohibiting the sale, exchange, or disposal of the property for a period of three (3) years from the date of donation. Accordingly, the initial value has been recorded within net assets with donor restrictions. The Organization reclassifies a proportional amount from net assets with donor restrictions to net assets without donor restrictions annually as the time restriction elapses.

Note 7: Leases Payable

The Organization has entered into lease agreements. The lease qualifies as other than short-term under ASC 842 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of inception.

The Organization has entered into a 60 month lease for use of Suite #4 at 1680 Seaside Road. An initial lease liability was recorded in the amount of $743,909. As of December 31, 2025, the value of the lease liability is $548,790. The Organization is required to make monthly payments of $15,000. The lease has an implicit interest rate of 5.31%. The value of the right to use asset as of December 31, 2025 of $518,789 with accumulated amortization of $225,120 is included with Buildings on the Lease class activities table found below.

The Organization has entered into a 36 month lease for use of 6934 Beach Drive. An initial lease liability was recorded in the amount of $57,798. As of December 31, 2025, the value of the lease liability is $39,249. The Organization is required to make monthly payments of $1,700. The lease has an implicit interest rate of 3.75%. The value of the right to use asset as of December 31, 2025 of $39,249 with accumulated amortization of $18,549 is included with Buildings on the Lease class activities table found below.

The Organization has entered into a 64 month lease for use of 443 & 445 Tarkin Court. An initial lease liability was recorded in the amount of $430,695. As of December 31, 2025, the value of the lease liability is $409,748. The Organization is required to make monthly payments of $7,500. The lease has an implicit interest rate of 3.75%. The value of the right to use asset as of December 31, 2025 of $406,233 with accumulated amortization of $24,462 is included with Buildings on the Lease class activities table found below.

The Organization has entered into a 60 month lease for use of 4536 Main Street. An initial lease liability was recorded in the amount of $1,052,662. As of December 31, 2025, the value of the lease liability is $1,059,440. The Organization is required to make monthly payments of $20,000. The lease has an implicit interest rate of 3.75%. The value of the right to use asset as of December 31, 2025 of $1,020,773 with accumulated amortization of $31,889 is included with Buildings on the Lease class activities table found below.

Note 7: Leases Payable (continued)

The Organization has entered into a 63 month lease for use of office equipment. An initial lease liability was recorded in the amount of $7,143. As of December 31, 2025, the value of the lease liability is $6,726. The Organization is required to make monthly payments of $129. The lease has an implicit interest rate of 3.75%. The value of the right to use asset as of December 31, 2025 of $6,816 with accumulated amortization of $327 is included with Buildings on the Lease class activities table found below.

Future maturities of leases payable as adjusted for subsequent events are as follows:

Asset Class	Lease Asset Value	Accumulated Amortization
Buildings	$ 2,285,064	$ 300,020
Equipment	7,143	327
	$ 2,292,207	$ 300,347

Year ended December 31,	
2026	$ 531,948
2027	531,948
2028	511,548
2029	391,548
2030	291,548
Less:Imputed Interest	(194,588)
Total	$ 2,063,952

Note 8: Notes Payable

The Organization's notes payable consist of the following for the year ended December 31, 2025:

In December 2022 the Organization was granted a $900,000 interest-free loan through the North Carolina Housing Finance Agency, which calls for monthly payments of $1,500 beginning in February 2023 through January 2028, monthly payments of $583 beginning in February 2028 through January 2033, and then a final payment of the remaining balance on January 2043. The Rose House, a residential treatment facility serves as collateral for the interest-free note payable.	$ 846,000
In November 2022, the Organization was granted a note payable of $369,750 from South State Bank, with interest payable at 6.35%, payable in 119 monthly installments of $2,744 beginning December 2022, with a final payment of the remaining balance due on November 30, 2032. No collateral is required for this unsecured notes payable.	338,761
In March 2024, the Organization was granted a note from NC Housing Finance Agency for $1,300,000, with annually payment of $50,000. A facility serves as collateral for this note payable.	1,216,667

Note 8: Notes Payable (continued)

In May, August, October, November 2023, the Organization was granted five notes from the United Bank for $18,027, $10,500, $48,361, $34,620, $51,400 the interest rates are 7.35%, 7.35%, 8.50%, 8.50%, 8.50% and monthly payments are $361, $210, $995, $712, $1,058. Five used cars serve as collateral for this note payable.	68,008
In March, May, August 2024, the Organization was granted three notes from the United Bank for $28,715, $13,500, $12,704, the interest rates are 8.50%, 8.50%, 8.00% and monthly payments are $411, $607, $440. Three used cars serve as collateral for this note payable.	27,474
In April 2025, the Organization was granted a note from the United Bank for $40,250, the interest rate is 5.90% and the monthly payment is $665. A truck serves as collateral for this note payable.	36,452
Total notes payable at December 31, 2025.	$ 2,533,362

Future maturities of notes payable as adjusted for subsequent events are as follows:

Year ended December 31,	
2026	$ 119,717
2027	122,115
2028	100,776
2029	59,697
2030	49,394
Thereafter	2,081,663
Total	$ 2,533,362

Note 9: Subsequent Events

Management has evaluated subsequent events through May 15, 2026, the date on which the financial statements were available for issuance.

Compliance Section

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CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS AND TAX ADVISORS

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*

Independent Auditors' Report

To the Board of Directors of
Christian Recovery Centers, Inc.
Shallotte, North Carolina

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 Christian Recovery Centers, Inc. (a nonprofit organization), which comprise the statement of fund financial position as of December 31, 2025 and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprises Christian Recovery Centers, Inc.'s basic financial statements, and have issued our report thereon dated May 15, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Christian Recovery Centers, Inc.'s internal control over financial reporting (internal control) to determine the 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 the Christian Recovery Centers, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Christian Recovery Centers, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Christian Recovery Centers, Inc.'s financial statements are free of 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* .

Purpose of this Report

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

Thompson, Price, Scott, Adams & Co., P.A.

Whiteville, North Carolina
May 15, 2026

Christian Recovery Centers, Inc.
Schedule of Findings and Responses
For the Year Ended December 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on the financial statements:	Unmodified Opinion	
Internal control over financial reporting:		
• Material weakness identified?	☐ Yes	☑ No
• Significant deficiency identified?	☐ Yes	☑ No
Noncompliance material to financial statements noted?	☐ Yes	☑ No

Section II - Financial Statement Findings

Finding: None noted.

Christian Recovery Centers, Inc.
Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2025

Section IV - Prior Audit Findings

Finding:	2024-001: Reconciliation of Records
Original Condtion:	In reviewing records and testing certain account balances, we noted that several accounts were not reconciled and adjusted timely to include fixed assets, payables, and other various opening balances.
Current Status:	Resolved.
Finding:	2024-002: Prior Period Restatements
Original Condtion:	Corrections were made to the fixed assets including $335,702 increase to building & improvements, $94,720 increase to furniture and equipment, $142,127 increase to accumulated depreciation, which increased the net assets by $288,295.
Current Status:	Resolved.