

**BRUNSWICK SENIOR RESOURCES, INC.**

**CONSOLIDATED FINANCIAL AND  
COMPLIANCE REPORT**

**YEAR ENDED JUNE 30, 2025**



# BRUNSWICK SENIOR RESOURCES, INC.

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## Independent Auditor's Report

To the Board of Directors  
Brunswick Senior Resources, Inc.  
Shallotte, North Carolina

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying consolidated financial statements of Brunswick Senior Resources, Inc. ("BSRI"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of BSRI as of June 30, 2025, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of BSRI 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 opinion.

#### *Responsibility of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about BSRI's ability to continue as a going concern within one year after the date that the consolidated 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 BSRI'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BSRI's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed on the table of contents, is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

***Supplementary Information (Continued)***

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 consolidated 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 12, 2025, on our consideration of BSRI'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 BSRI'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 BSRI's internal control over financial reporting and compliance.

*Bernard Robinson & Company, L.L.P.*

Raleigh, North Carolina  
December 12, 2025

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Consolidated Statement of Financial Position**  
**June 30, 2025**

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**Assets**

Current assets:

Cash and cash equivalents (Notes 1 and 2)	\$ 547,237
Grants and other receivables (Note 3)	246,680
Tenant receivables, net of allowance (Note 1)	5,420
Prepaid expenses and other assets	185,114
Total current assets	984,451
Property and equipment, net (Note 5)	1,374,296
Land held for development (Note 16)	240,000
Note receivable, related project (Note 14)	1,500,000
Operating right-to-use leased asset (Note 9)	706,863
Finance right-to-use leased assets (Note 9)	74,717
Total assets	\$ 4,880,327

**Liabilities and Net Assets**

Current Liabilities:

Accounts payable and accrued liabilities (Note 6)	\$ 366,082
Current portion of operating lease liability (Note 9)	129,036
Current portion of finance lease liabilities (Note 9)	23,928
Total current liabilities	519,046
Operating lease liability, net of current portion (Note 9)	596,952
Finance lease liabilities, net of current portion (Note 9)	60,835
Total liabilities	1,176,833

Net Assets:

Without donor restrictions (Notes 1 and 11)	3,651,950
With donor restrictions (Notes 1 and 11)	51,544
Total net assets	3,703,494
Total liabilities and net assets	\$ 4,880,327

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Consolidated Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue:</b>			
Brunswick County Grants (Note 3)	\$ 3,597,832	\$ -	\$ 3,597,832
Home & Community Care Block Grant (Note 3)	1,448,009	-	1,448,009
Donated facilities and services (Notes 3 and 7)	1,477,633	-	1,477,633
North Carolina grants and contracts (Notes 1 and 14)	32,967	2,781	35,748
Other federal grants	37,067	-	37,067
Other contributions (Note 1)	252,653	109,025	361,678
Rental	79,655	-	79,655
Other	2,125	-	2,125
Gross thrift store sales	822,338	-	822,338
Less thrift store cost of sales	(606,451)	-	(606,451)
Less thrift store operating lease expense	(46,841)	-	(46,841)
Thrift store, net (Notes 8, 9, and 12)	<u>169,046</u>	<u>-</u>	<u>169,046</u>
Gross facility rental revenue	238,777	-	238,777
Less facility rental expenses	(118,090)	-	(118,090)
Facility rentals, net (Note 13)	<u>120,687</u>	<u>-</u>	<u>120,687</u>
Program and other income	<u>131,770</u>	<u>-</u>	<u>131,770</u>
Total revenue	<u>7,349,444</u>	<u>111,806</u>	<u>7,461,250</u>
Net assets released from restriction (Notes 1 and 11)	<u>943,879</u>	<u>(943,879)</u>	<u>-</u>
Total revenue and net assets released from restrictions	<u>8,293,323</u>	<u>(832,073)</u>	<u>7,461,250</u>
<b>Expenses:</b>			
Program (Note 1):			
Nutrition	1,454,123	-	1,454,123
Senior Center Operations	3,418,154	-	3,418,154
Case Management	1,182,750	-	1,182,750
Transportation	101,129	-	101,129
Housing	198,989	-	198,989
Total program	<u>6,355,145</u>	<u>-</u>	<u>6,355,145</u>
Management and General (Note 1)	1,198,732	-	1,198,732
Fundraising (Note 1)	292,617	-	292,617
Total expenses	<u>7,846,494</u>	<u>-</u>	<u>7,846,494</u>
<b>Other income and (losses):</b>			
Gross Ash Mini Storage rental sales	163,907	-	163,907
Less Ash Mini Storage cost of sales	(91,613)	-	(91,613)
Less Ash Mini Storage amortization - finance right-to-use leased asset	(7,133)	-	(7,133)
Less Ash Mini Storage operating lease expense	(103,400)	-	(103,400)
Ash Mini Storage, net (Notes 9 and 15)	<u>(38,239)</u>	<u>-</u>	<u>(38,239)</u>
Grant refund - Brunswick Transit System (Note 3)	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total other income and (losses)	<u>(58,239)</u>	<u>-</u>	<u>(58,239)</u>
Changes in net assets	<u>388,590</u>	<u>(832,073)</u>	<u>(443,483)</u>
Net assets, beginning of year	<u>3,263,360</u>	<u>883,617</u>	<u>4,146,977</u>
Net assets, end of year	<u>\$ 3,651,950</u>	<u>\$ 51,544</u>	<u>\$ 3,703,494</u>

See Notes to Financial Statements

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2025**

	Functional Expense Summary			Total Expenses
	Program	Management and General	Fundraising	
Expenses:				
Wages, taxes and benefits	\$ 2,760,503	\$ 720,412	\$ 227,067	\$ 3,707,982
Professional services	295,797	122,202	1,130	419,129
Nutrition	589,665	-	-	589,665
General transportation	96,634	-	-	96,634
Facilities	2,160,141	137,266	6,760	2,304,167
Vehicles and equipment	201,762	38,559	2,928	243,249
General operations	127,466	118,942	54,732	301,140
Depreciation	123,177	25,096	-	148,273
Amortization - finance right-to-use leased asset	-	24,232	-	24,232
Interest - finance right-to-use leased asset	-	12,023	-	12,023
Total expenses per Statement of Activities	<u>6,355,145</u>	<u>1,198,732</u>	<u>292,617</u>	<u>7,846,494</u>

**Plus Expense Items Netted Against Revenue on the Statement of Activities**

Thrift store cost of sales	-	-	653,292	653,292
Ash Mini Storage cost of sales	-	-	202,146	202,146
Facility rental expenses	-	-	118,090	118,090
Total functional expenses	<u>\$ 6,355,145</u>	<u>\$ 1,198,732</u>	<u>\$ 1,266,145</u>	<u>\$ 8,820,022</u>

	Program Expense Summary					Program Total
	Nutrition	Senior Center Operations	Case Management	Transportation	Housing	
Expenses:						
Wages, taxes and benefits	\$ 674,648	\$ 1,058,073	\$ 933,908	\$ 4,495	\$ 89,379	\$ 2,760,503
Professional services	-	130,170	165,627	-	-	295,797
Nutrition	589,665	-	-	-	-	589,665
General transportation	-	-	-	96,634	-	96,634
Facilities	80,312	1,952,529	17,690	-	109,610	2,160,141
Vehicles and equipment	65,991	112,439	23,332	-	-	201,762
General operations	6,203	91,886	29,377	-	-	127,466
Depreciation	37,304	73,057	12,816	-	-	123,177
Total expenses	<u>\$ 1,454,123</u>	<u>\$ 3,418,154</u>	<u>\$ 1,182,750</u>	<u>\$ 101,129</u>	<u>\$ 198,989</u>	<u>\$ 6,355,145</u>

*See Notes to Financial Statements*

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Consolidated Statement of Cash Flows**  
**Year Ended June 30, 2025**

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Cash flows from operating activities:	
Change in net assets	\$ (443,483)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	148,273
Credit loss expense	4,079
Amortization - finance right-to-use leased asset	31,365
(Increase) decrease in:	
Grants and other receivables	92,967
Tenant receivables	(5,554)
Prepaid expenses and other assets	(50,142)
Operating right-to-use leased asset	123,907
Increase (decrease) in:	
Accounts payable and accrued liabilities	6,987
Operating lease liability	<u>(107,264)</u>
Net cash used in operating activities	<u>(198,865)</u>
Cash flows from investing activities:	
Property and equipment additions	(108,969)
Note receivable, related project	<u>(830,077)</u>
Net cash used in investing activities	<u>(939,046)</u>
Cash flows from financing activities:	
Payments on finance lease obligations	<u>(29,059)</u>
Net cash used in financing activities	<u>(29,059)</u>
Net decrease in cash and cash equivalents	(1,166,970)
Cash and cash equivalents at beginning of year	<u>1,714,207</u>
Cash and cash equivalents at end of year	<u><u>\$ 547,237</u></u>
Supplemental disclosure of noncash investing and financing activities:	
Operating right-of-use-leased asset obtained in exchange for new operating lease liability	<u><u>\$ 508,778</u></u>

## **BRUNSWICK SENIOR RESOURCES, INC.**

### **Notes to Consolidated Financial Statements**

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **Nature of Organization**

Brunswick Senior Resources, Inc. ("BSRI") is a North Carolina nonprofit organization incorporated in February 2002. BSRI is exempt from income taxes under the Internal Revenue Service Code Section 501(c)(3). As such, contributions to BSRI are tax deductible.

##### **Mission**

BSRI exists to promote the well-being and enhance the quality of life for all senior adults, 60 years of age and older, in Brunswick County, North Carolina. It advocates for programs and delivers services encouraging and sustaining independence and continued participation in the community. Brunswick County has designated BSRI as its lead agency for senior services. Current operations are diverse and fall under the broad categories of congregate nutritional services, home-bound meals on wheels, senior center and senior site operations, case management, in-home aide services, general transportation and senior housing. BSRI operates multi-purpose senior centers in Leland, Shallotte, Calabash, Supply and Southport as well as two nutrition sites situated across the county. BSRI operates thrift stores in Calabash and Shallotte, NC. BSRI also operates a mini storage facility in Ash, NC. BSRI also operates property management and senior living services under the BSRI Housing entity. BSRI's administrative offices are located in Shallotte.

##### **Principles of Consolidation**

On July 16, 2021, BSRI created, BSRI Housing, Inc., to hold 10% of the managing member entity for Calabash Apts, LLC. The consolidated financial statements include the accounts of Brunswick Senior Resources, Inc. and BSRI Housing, Inc. All significant inter-company transactions have been eliminated in the consolidation.

A summary of significant accounting policies is as follows:

##### **Principles of Reporting**

BSRI prepares its consolidated financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit organizations using the accrual basis of accounting. As such, revenues are recorded when earned and expenses are recorded when incurred. The significant accounting and reporting policies used by BSRI are described below to enhance the usefulness and understandability of the consolidated financial statements.

##### **Reclassifications**

Certain balances as previously reported have been reclassified to be consistent with those classifications used in the current year.

##### **Income Taxes**

BSRI is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Ash Mini Storage facility income earned by BSRI constitutes unrelated business income under the Internal Revenue Code.

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Notes to Consolidated Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Income Taxes (Continued)**

Due to the net operating loss on BSRI's unrelated business taxable income in the current year, BSRI will have a deferred tax benefit as of June 30, 2025, which may be utilized to offset future unrelated business taxable income.

It is BSRI's policy to evaluate all tax positions and to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a more-likely-than-not threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may have on the consolidated financial statements. No material uncertain tax positions were identified for 2025.

**Cash and Cash Equivalents**

BSRI considers short-term, interest bearing, highly liquid investments with original maturities of three months or less to be cash equivalents for purposes of consolidated financial statement presentation.

**Use of Estimates**

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

**Net Assets**

The Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC) topic 958, "Not-for-Profit Entities," requires the reporting of BSRI's activities by net asset class. The consolidated financial statements report net assets and changes in net assets based upon the existence of restrictions on use that are placed by its donors, as follows:

*Net assets without donor restrictions* - are resources available for use in general operations and not subject to donor (or certain grantor) restrictions. The only limits on their use are the broad limits resulting from the nature of BSRI, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

From time-to-time, the board of directors may choose to designate a portion of the unrestricted net assets of BSRI to fund a specific future purpose. Board designated funds are displayed as a sub-category of net assets without donor restrictions.

*Net assets with donor restrictions* - are resources that are subject to donor (or certain grantor) - imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are permanent in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. As of June 30, 2025, BSRI held no assets in perpetuity.

**BRUNSWICK SENIOR RESOURCES, INC.****Notes to Consolidated Financial Statements**

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Revenue Recognition**

Revenue from contracts is deemed to be exchange transactions and is recognized as unrestricted revenue at the time the reimbursable expenses are incurred. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized.

Grants awarded by federal, state or local agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenues are recognized when qualified expenditures are incurred and conditions under the grant agreements are met.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. All contributions are reported as increases in unrestricted net assets unless the use of the contributed assets is specifically restricted by the donor.

Contributed services are only recorded if they meet the requirements for recognition (such as if they require specialized skills). These requirements are outlined in FASB ASC 958-605-25-16, "Contributed Services."

Rental income for Ash Mini Storage and Facility Rentals is recognized as rentals become due. Rental payments secured in advance are deferred until earned.

**Tenant Receivables and Credit Loss Policy**

Tenant rent charges for Ash Mini Storage for the current month are due on the first of the month. Tenant receivables consist of amounts due for rental income, net of an allowance for credit losses. Ash Mini Storage does not accrue interest on the tenant receivable balances.

BSRI determines the allowance for Ash Mini Storage by calculating 50% of rents past due for 30 days or less from tenants with no other past due amounts plus 100% of all other rents due. It is the policy of management to review the outstanding accounts receivable at year end, as well as the credit loss write-offs experienced in the past, and establish an allowance for credit losses for potentially uncollectible amounts. Amounts collected that have been previously written off are credited against credit loss expense. At June 30, 2025, the allowance for credit losses was \$716.

**Functional Allocation of Expense**

The Consolidated Statement of Activities and Changes in Net Assets presents expenses by functional classification (program, management and general, and fundraising). The Consolidated Statement of Functional Expenses presents these same expenses by both the functional category and by natural classification (e.g. wages, contracted services).

The Consolidated Statement of Functional Expenses also includes expense items that are netted against revenue on the Consolidated Statement of Activities and Changes in Net Assets (facility rental, thrift store cost of sales, and Ash Mini Storage cost of sales) in order to provide a complete picture of total expenses by function. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Notes to Consolidated Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Functional Allocation of Expense (Continued)**

Costs common to multiple functions have been allocated among the various functions benefited using an objective basis for the following categories:

<u>Expense Category</u>	<u>Method of Allocation by Function</u>
Wages and benefits	Time and effort (e.g. staff members' time tracking)
Facilities and depreciation	Use of facility by purpose (e.g. square footage)

Management and General activities include the functions necessary to provide support for BSRI's program. These include those that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar activities that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

**Property and Equipment**

BSRI capitalizes property and equipment costing more than \$5,000. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor specifically restricts the asset's use.

**Right-To-Use Leased Assets and Lease Liabilities**

Leases that provide BSRI the right to use an asset for a period of more than one year are considered a right-to-use asset. Right-to-use leased assets are recorded at the initial measurement of the lease liability which equals the present value of all payments expected to be made during the lease term. The right-to-use leased assets are amortized over the term of the lease(s).

Lease liabilities represent BSRI's financial obligation to make lease payments during the term of the lease and is measured at the present value of future lease payments.

**Advertising**

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2025 was \$3,398.

**Subsequent Events**

BSRI has evaluated events and transactions for potential recognition or disclosure through December 12, 2025, which is the date the consolidated financial statements were available to be issued.

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Notes to Consolidated Financial Statements**

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NOTE 2 - LIQUIDITY AND AVAILABILITY

As of June 30, 2025, BSRI has calculated that it had financial assets of \$109,286 (cash and receivables) that will become available within one year for general expenditure.

Cash	\$ 547,237
Accounts receivable	252,100
Total financial assets	<u>799,337</u>
Less those unavailable for general expenditure, due to donor-imposed restriction	(51,544)
Financial assets available within one year for general expenditures	<u>\$ 747,793</u>

For the year ended June 30, 2025, BSRI had average daily expenses of \$16,000 excluding depreciation and expenditures related to the donated facilities. Therefore, available financial assets of \$747,793 could theoretically fund operations for 44 days at the current expenditure levels. As part of BSRI's liquidity management plan, cash in excess of daily requirements may be invested in short-term investments and money market funds.

NOTE 3 - GRANTS, CONTRACTS, AND RECEIVABLES

BSRI receives its revenue from a variety of grants and contracts with governmental and private agencies and also from contributions by individuals, businesses, foundations and civic organizations. It has three primary sources of revenue:

- Local government funding approved annually by the Brunswick County Board of Commissioners (\$3,597,832 for the year ended June 30, 2025). This funding is to be used to fulfill BSRI's responsibilities as the lead agency for senior services in Brunswick County.
- Home and Community Care Block Grant ("HCCBG") funding (\$1,448,009 for the year ended June 30, 2025) allocated to the County by the Cape Fear Area Agency on Aging and passed on to BSRI as a designated community service provider charged with implementing the County's aging services priorities. The funding is a mixture of federal and state funds administered by the North Carolina Division of Aging and Adult Services.
- Donated facilities (valued at \$1,477,633 for the year ended June 30, 2025) provided primarily by Brunswick County for BSRI's use in carrying out its mission. See Note 7.

Grants and other receivables consist of the following at June 30, 2025:

Grants receivable	\$ 178,111
Other receivables	68,569
	<u>\$ 246,680</u>

The grants receivable balance consists of expenses incurred prior to June 30, 2025, for which BSRI had yet to receive reimbursement from the HCCBG, the Enhanced Mobility of Seniors and Individuals with Disabilities Grant and the Medication Assistance Program Grant. All amounts were fully collected in the first quarter of the new fiscal years. Accordingly, no provision is made for uncollectible amounts.

**BRUNSWICK SENIOR RESOURCES, INC.****Notes to Consolidated Financial Statements**

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## NOTE 3 - GRANTS, CONTRACTS, AND RECEIVABLES (Continued)

During the fiscal year, BSRI returned \$20,000 of EDTAP grant funds to Brunswick Transit System. The funds were originally received under the assumption they could be used to meet the match requirement for the HCCBG grant. Upon realizing this was not permissible, BSRI returned the funds to the grant administrator.

## NOTE 4 - CONCENTRATION OF FUNDING AND CREDIT RISK

As outlined in Note 3, for the year ended June 30, 2025, BSRI recorded \$3,597,832 of direct grant funding from Brunswick County along with \$1,448,009 of HCCBG funding passed through from Brunswick County and \$1,477,633 of in-kind revenue from the use of the Brunswick County facilities. Taken together these direct and pass-through funding sources total \$6,523,474 or 87% of BSRI's total revenue. If a significant reduction in funding from Brunswick County were ever to occur, it would have a severe impact on BSRI's programs and activities. See Note 14.

BSRI maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation. Deposit accounts, at times, may exceed federally insured limits. At June 30, 2025 deposit account balances exceeded FDIC coverage by \$319,657.

## NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2025:

Building improvements	\$ 1,319,425
Vehicles	581,520
Furniture and equipment	604,869
	<u>2,505,814</u>
Less accumulated depreciation	1,131,518
Property and equipment, net	<u><u>\$ 1,374,296</u></u>

Depreciation is computed using the straight-line method over the estimated useful lives of the assets (up to 40 years for building improvements, 5 - 15 years for vehicles and equipment).

## NOTE 6 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities balance consists of the following at June 30, 2025:

Operational accounts payable	\$ 174,076
Payroll and related payables	185,348
Unearned revenue	6,658
	<u><u>\$ 366,082</u></u>

## **BRUNSWICK SENIOR RESOURCES, INC.**

### **Notes to Consolidated Financial Statements**

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#### NOTE 7 - DONATED FACILITIES

As outlined in Note 3, BSRI performs many of its program and administrative activities at facilities owned primarily by Brunswick County as well as other entities. BSRI is not charged rent for occupying approximately 78,500 combined square feet of space at eight locations across the County. Memorandums of understanding govern the use and operation of the Brunswick County facilities. Generally, BSRI may use the facilities indefinitely and is responsible for the operating costs and routine maintenance of the properties. Improvements and structural alterations are allowed with the express permission of the County.

In order to determine a value for these in-kind donations, BSRI uses local market data to estimate facility rental rates. The total estimated value of \$1,477,633, at June 30, 2025, appears as the revenue line item "Donated Facilities and Services" on the Consolidated Statement of Activities and Changes in Net Assets and is offset by an equal amount of expense within the "Facilities" line item on the Consolidated Statement of Functional Expenses.

#### NOTE 8 - MONTH-TO-MONTH LEASES

BSRI leases retail space for its Thrift Shop in Calabash, North Carolina. The month-to-month lease requires payments of \$5,000. Additionally, BSRI leases fitness equipment on a month-to-month basis with lease payments ranging from \$74 to \$140 per month.

#### NOTE 9 - RIGHT-TO USE LEASED ASSETS AND RELATED LEASE LIABILITIES

##### *Ash Mini Storage*

BSRI leases a mini storage facility in Ash, North Carolina. Under the previous lease agreement, which expired July 31, 2024, BSRI made monthly payments of \$6,000 during the period of August 1, 2021 through July 31, 2022; \$7,000 during the period of August 1, 2022 through July 31, 2023; and \$8,000 during the period of August 1, 2023 through July 31, 2024. The lease was considered a finance lease to BSRI and included an option to renew for an additional 36 months, with a purchase option available following the initial lease term in the amount of \$1,200,000. If the purchase option was exercised during the renewal term, the purchase price would have been the fair market value at the time of the transaction.

Effective August 1, 2024, BSRI entered into a new lease agreement for the same facility, expiring July 31, 2029. The new lease requires monthly payments of \$8,000 from August 1, 2024 through July 31, 2025; \$9,000 from August 1, 2025 through July 31, 2026; and \$10,000 from August 1, 2026 through July 31, 2029. The lease includes an option to renew for an additional five-year term, with rent for the renewal period to be negotiated in good faith.

The new lease provides BSRI with a right of first refusal should the landlord decide to sell the premises during the lease term or renewal term. If the landlord receives a third-party offer of \$1,500,000 or greater, BSRI may be entitled to a fee equal to 3.5% of the purchase price for improvements and maintenance performed. The purchase option from the prior lease agreement has expired.

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Notes to Consolidated Financial Statements**

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NOTE 9 - RIGHT-TO USE LEASED ASSETS AND RELATED LEASE LIABILITIES (Continued)

	<u>2025</u>
Lease expenses were comprised of the following:	
Amortization of right-to-use asset	\$ 7,133
Interest on lease liability	<u>103,400</u>
Total lease expense	<u><u>\$ 110,533</u></u>

Other lease information:

Right-of-use asset obtained in exchange for new operating lease liability	\$ 508,778
Weighted-average remaining lease term in years for operating lease	4.08
Weighted-average discount rate for operating lease	4.09%

Maturity analysis:

	<u>Year ending June 30,</u>	
	2026	\$ 107,000
	2027	119,000
	2028	120,000
	2029	120,000
	2030	10,000
	Thereafter	<u>-</u>
Total undiscounted cash flows		476,000
Less: present value discount		<u>(37,638)</u>
Total lease liability		<u><u>\$ 438,362</u></u>

***Shallotte Thrift Store***

BSRI leases retail space in Shallotte, North Carolina under an agreement that expires in February 2027. The lease is considered an operating lease and requires monthly payments of \$3,800. The lease agreement includes a renewal option for an additional 5 years with monthly payments of \$4,000 at expiration. The consolidated financial statements have been prepared assuming BSRI will exercise the renewal option. Additionally, BSRI elected to use a risk-free discount rate based on the U.S. Department of the Treasury since the BSRI does not have access to the rate implicit in the lease.

	<u>2025</u>
Lease expense was comprised of the following:	
Operating lease expense	\$ 46,841

Other lease information:

Weighted-average remaining lease term in years for operating lease	6.67
Weighted-average discount rate for operating lease	2.88%

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Notes to Consolidated Financial Statements**

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NOTE 9 - RIGHT-TO USE LEASED ASSETS AND RELATED LEASE LIABILITIES (Continued)

Maturity analysis:

<u>Year ending June 30,</u>	
2026	\$ 45,600
2027	46,400
2028	48,000
2029	48,000
2030	48,000
Thereafter	80,000
Total undiscounted cash flows	316,000
Less: present value discount	(28,374)
Total lease liability	<u>\$ 287,626</u>

***FlexPrint, LLC***

BSRI leases copiers and printing equipment from FlexPrint, LLC. The lease is considered a finance lease and requires 63 monthly payments of \$2,757.

	<u>2025</u>
Lease expenses were comprised of the following:	
Amortization of right-to-use asset	\$ 24,232
Interest on lease liability	12,023
Total lease expense	<u>\$ 36,255</u>

Other lease information:

Weighted-average remaining lease term in years for finance lease	3.08
Weighted-average discount rate for finance lease	12.84%

Maturity analysis:

<u>Year ending June 30,</u>	
2026	\$ 33,081
2027	33,081
2028	33,081
2029	2,757
2030	-
Thereafter	-
Total undiscounted cash flows	102,000
Less: present value discount	(17,237)
Total lease liability	<u>\$ 84,763</u>

## BRUNSWICK SENIOR RESOURCES, INC.

### Notes to Consolidated Financial Statements

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#### NOTE 10 - RETIREMENT PLAN

BSRI provides a retirement plan for its employees. It contributes an amount equal to 3% of each qualified employee's wages to the plan each year. Additionally, it contributes a dollar-for-dollar matching amount up to 3% of each qualifying employee's wages. BSRI is the plan administrator and the plan is categorized by IRS Code Section 403(b). Generally, all employees over the age of 18 are eligible to receive this benefit after 1,000 hours of service to BSRI. Retirement plan contributions was approximately \$127,263 during 2025.

#### NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS

The restrictions on BSRI's net assets at the end of the fiscal year are temporary and relate to grant funds received but not fully expended for their intended purposes prior to year-end. BSRI receives most of its grant funding on a reimbursement basis and those funds are displayed as unrestricted on the Consolidated Statement of Activities and Changes in Net Assets as all restrictions are met prior to their receipt.

Net assets with donor restrictions for the year ended June 30, 2025 consist of the following:

Calabash Center exercise room	\$ 13,767
MDRT Foundation Grant - Transportation for seniors	25,000
Jill Frances Mullen Estate	6,547
Food Lion Feeds Grant	5,000
St. James	1,230
	<u>\$ 51,544</u>

Net assets that were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the year ended June 30, 2025, are as follows:

Expenses satisfying restricted purpose	<u>\$ 943,879</u>
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#### NOTE 12 - THRIFT STORE DONATIONS

BSRI receives support in the form of in-kind donations of personal and household items. It operates a thrift store in Shallotte and Calabash, North Carolina in order to liquidate these items. These contributions are valued at the amount of cash received for the items less all costs associated with their sale. The in-kind contributions are recorded as revenue once their fair market values can be determined (i.e. when the items are sold). Accordingly, no inventory of these items is recorded at year-end.

#### NOTE 13 - FACILITY RENTAL

Throughout the year BSRI rents space at their senior centers for use by other local organizations. During the year ended June 30, 2025, gross revenues from facility rentals totaled \$238,777, with related expenses of \$118,090. For the year ended June 30, 2025, the net amount of \$120,687, appear on the Consolidated Statement of Activities and Changes in Net Assets as the revenue line item "Facility Rentals, net."

## BRUNSWICK SENIOR RESOURCES, INC.

### Notes to Consolidated Financial Statements

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#### NOTE 14 - RELATED PARTIES

As described in Note 4, BSRI receives the majority of its revenue either directly from or passed through Brunswick County. Additionally, its bylaws specify that the Brunswick County Commissioners are to appoint five of BSRI's 15-member board of directors. BSRI's Chief Operating Officer is named as the grant administrator for the County in the Agreement for the Provision of County - Based Aging Services between the County of Brunswick and the Cape Fear Area Agency on Aging funded by Home and Community Care Block Grant funds. See Note 3.

BSRI contracts transportation services for its clients through a local nonprofit agency, Brunswick Transit System, Inc. ("BTS").

BSRI contracts janitorial services for the senior centers through a local nonprofit agency, Brunswick Christian Recovery Center. BSRI's Chief Compliance Officer is an unpaid member of the board of directors of Brunswick Christian Recovery Center.

On July 16, 2021, BSRI created BSRI Housing, Inc. to hold 10% of the managing member entity for Calabash Apts, LLC. While there was no activity for this entity as of June 30, 2024, leasing to clients began in December 2024. Although Calabash 15/Geis did not begin charging BSRI rent until February 2025, BSRI Housing had possession of some units prior to that date.

Additionally, on November 10, 2023, BSRI entered into a joint venture to own, develop, and construct the Calabash Meadows Senior Living project. For its services performed as part of the joint venture, BSRI will receive 10% of the net developer fee, which is estimated to be \$80,000, and 10% of the annual Net Cash Flow generated after the payment of certain other fees as defined in the operating agreement for the project. BSRI will record developer fee revenue once earned and paid based on the benchmarks per the agreement. The project is currently under construction.

On February 26, 2024, BSRI received a state grant from North Carolina totaling \$1,500,000 funded through the Regional Economic Development Reserve and administered by the Office of State Budget and Management. The grant funds are to be passed-through to Calabash Apts, LLC to fund a shortfall in the development costs of the 60-unit senior housing project, Calabash Meadows Senior Living. On November 21, 2023, a promissory note and deed of trust were executed between BSRI and Calabash Apts, LLC. The loan bears interest at 0%, provides for no monthly installments, and is due in full on November 21, 2053. As of June 30, 2025, BSRI is due the full amount of the loan to Calabash Apts, LLC, which is included on the Consolidated Statement of Financial Position as Note receivable, related project.

Additionally, BSRI holds a non-controlling interest in four Limited Liability Companies ("LLC's") formed to acquire real property and develop senior housing. BSRI's interest, share of liabilities, and capital in each entity for the year ended June 30, 2025 consist of the following:

	<u>Interest</u>	<u>Liabilities</u>	<u>Capital</u>
Cranwood Carolina Capital, LLC	11.11%	\$ 303,836	\$ (33,786)
Cranwood Sunset Beach, LLC	12.50%	3,438	-
Cranwood Calabash 23, LLC	12.50%	262,747	2,101

**BRUNSWICK SENIOR RESOURCES, INC.****Notes to Consolidated Financial Statements**

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## NOTE 15 - ASH MINI STORAGE

As outlined in Note 9, BSRI manages a leased mini storage facility in Ash, North Carolina with the intention of supplementing the income of BSRI. For the year ended June 30, 2025, the Ash Mini Storage activity resulted in net loss of \$38,239, as represented on the Consolidated Statement of Activities and Changes in Net Assets as the other income and (losses) line item "Ash Mini Storage, net". Additionally, as outlined in Note 1, due to the associated loss from the unrelated business income as of June 30, 2024, BSRI has a deferred tax benefit as of June 30, 2025.

## NOTE 16 - LAND HELD FOR DEVELOPMENT

BSRI received an in-kind donation of land from Brunswick County valued at \$240,000. The land is directly behind the Calabash Senior Center and will be part of the site for Calabash Shores, a senior living community. The land is to be used for the community amenities such as the clubhouse and pool. The amenities will be available to BSRI and the residents of the community. As of June 30, 2025, the pool and clubhouse were completed and available for use. A dog park is also being added which is still under construction.

Once the amenities are complete, Calabash Shores will lease the land from BSRI. A one-time rent payment of \$10 will be due and payable on the effective date of the lease and the lease will expire fifty years from that date. The lease may be extended for five extension periods of ten years each. Additionally, BSRI will be able to lease ten apartments at Calabash Shores at a reduced rate to provide transitional housing for seniors.

**SUPPLEMENTARY INFORMATION**

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Consolidating Statement of Financial Position**  
**June 30, 2025**

	BSRI	BSRI Housing, Inc.	Eliminations	Consolidated Totals
<b><u>Assets</u></b>				
Current Assets:				
Cash and cash equivalents (Notes 1 and 2)	\$ 459,663	\$ 87,574	\$ -	\$ 547,237
Grants and other receivables (Note 3)	445,669	-	(198,989)	246,680
Tenant receivables, net of allowance (Note 1)	5,420	-	-	5,420
Prepaid expenses and other assets	185,114	-	-	185,114
Total Current Assets	<u>1,095,866</u>	<u>87,574</u>	<u>(198,989)</u>	<u>984,451</u>
Property and equipment, net (Note 5)	1,374,296	-	-	1,374,296
Land held for development (Note 17)	240,000	-	-	240,000
Note receivable, related project (Note 14)	1,500,000	-	-	1,500,000
Operating right-to-use leased asset (Note 9)	706,863	-	-	706,863
Finance right-to-use leased assets (Note 9)	74,717	-	-	74,717
Investment in housing	1,000	-	(1,000)	-
Total Assets	<u>\$ 4,992,742</u>	<u>\$ 87,574</u>	<u>\$ (199,989)</u>	<u>\$ 4,880,327</u>
<b><u>Liabilities and Net Assets</u></b>				
Current Liabilities:				
Accounts payable and accrued liabilities (Note 6)	\$ 361,288	\$ 203,783	\$ (198,989)	\$ 366,082
Current portion of operating lease liability (Note 9)	129,036	-	-	129,036
Current portion of finance lease liabilities (Note 9)	23,928	-	-	23,928
Total Current Liabilities	<u>514,252</u>	<u>203,783</u>	<u>(198,989)</u>	<u>519,046</u>
Operating lease liability, net of current portion (Note 9)	596,952	-	-	596,952
Finance lease liabilities, net of current portion (Note 9)	60,835	-	-	60,835
Total Liabilities	<u>1,172,039</u>	<u>203,783</u>	<u>(198,989)</u>	<u>1,176,833</u>
Net Assets:				
Without donor restrictions (Notes 1 and 11)	3,769,159	(116,209)	(1,000)	3,651,950
With donor restrictions (Notes 1 and 11)	51,544	-	-	51,544
Total net assets	<u>3,820,703</u>	<u>(116,209)</u>	<u>(1,000)</u>	<u>3,703,494</u>
Total liabilities and net assets	<u>\$ 4,992,742</u>	<u>\$ 87,574</u>	<u>\$ (199,989)</u>	<u>\$ 4,880,327</u>

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Consolidating Statement of Activities and Changes in Net Assets**  
**Year Ended June 30, 2025**

	BSRI	BSRI Housing, Inc	Eliminations	Consolidated Totals
Revenue and Other Support:				
Brunswick County Grants (Note 3)	\$ 3,597,832	\$ -	\$ -	\$ 3,597,832
Home & Community Care Block Grant (Note 3)	1,448,009	-	-	1,448,009
Donated facilities and services (Notes 3 and 7)	1,477,633	-	-	1,477,633
North Carolina grants and contracts (Notes 1 and 14)	35,748	-	-	35,748
Other federal grants	37,067	-	-	37,067
Other contributions (Note 1)	361,678	-	-	361,678
Rental	-	79,655	-	79,655
Other	-	2,125	-	2,125
Gross thrift store sales	822,338	-	-	822,338
Less thrift store cost of sales	(606,451)	-	-	(606,451)
Less thrift store operating lease expense	(46,841)	-	-	(46,841)
Thrift store, net (Notes 8, 9, and 12)	169,046	-	-	169,046
Gross facility rental revenue	238,777	-	-	238,777
Less facility rental expenses	(118,090)	-	-	(118,090)
Facility rentals, net (Note 13)	120,687	-	-	120,687
Program and other income	131,770	-	-	131,770
Total revenue and other support	7,379,470	81,780	-	7,461,250
Expenses:				
Program (Note 1):				
Nutrition	1,454,123	-	-	1,454,123
Senior Center Operations	3,418,154	-	-	3,418,154
Case Management	1,182,750	-	-	1,182,750
Transportation	101,129	-	-	101,129
Housing	-	198,989	-	198,989
Total program	6,156,156	198,989	-	6,355,145
Management and General (Note 1)	1,198,732	-	-	1,198,732
Fundraising (Note 1)	292,617	-	-	292,617
Total expenses	7,647,505	198,989	-	7,846,494
Other income and (losses):				
Gross Ash Mini Storage rental sales	163,907	-	-	163,907
Less Ash Mini Storage cost of sales	(91,613)	-	-	(91,613)
Less Ash Mini Storage amortization - finance right-to-use leased asset	(7,133)	-	-	(7,133)
Less Ash Mini Storage operating lease expense	(103,400)	-	-	(103,400)
Ash Mini Storage, net (Notes 9 and 15)	(38,239)	-	-	(38,239)
Grants refund - Brunswick Transit System (Note 3)	20,000	-	-	20,000
Total other income and (losses)	(58,239)	-	-	(58,239)
Changes in net assets	(326,274)	(117,209)	-	(443,483)
Net assets, beginning of year	4,146,977	-	-	4,146,977
Contribution	-	1,000	(1,000)	-
Net assets, end of year	\$ 3,820,703	\$ (116,209)	\$ (1,000)	\$ 3,703,494

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Consolidated Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2025**

Federal Grantor/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures	State Expenditures
U.S. Department of Health and Human Services:					
Administration of Aging					
Passed through the N.C. Department of Health and Human Services Division of Aging and Adult Services:					
Passed through the Cape Fear Council of Governments:					
<u>Aging Cluster</u>					
Special Programs for the Aging - Title III					
Part B - Grants for Supportive Services & Senior Centers	93.044			\$ 195,471	\$ 531,808
Part C - Nutrition Services	93.045			476,116	13,716
Nutrition Services Incentive Program (NSIP)	93.053			118,843	-
Total Aging Cluster				790,430	545,524
Special Programs for the Aging - Title III					
Part D - Disease Prevention & Health Promotion Services	93.043			14,688	865
National Family Caregiver Support, Title III, Part E	93.052			39,693	3,307
Administration for Community Living					
Passed through the N.C. Department of Insurance:					
Medicare Improvements for Patients & Providers Act (MIPPA)	93.071			8,267	-
Seniors' Health Insurance Information Program (SHIIP)	93.324			18,351	-
Senior Medicare Patrol (SMP)	93.048			5,600	-
U.S. Department of Transportation:					
Federal Transit Administration					
Passed through the N.C. Department of Transportation					
Passed through the Waccamaw Regional Council of Governments:					
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			4,849	-
Total expenditures of federal awards				881,878	
North Carolina State Grantor/Program Title	State Ref.				
NC Office of State Budget and Management:					
Regional Economic Development Reserve	40811	N/A	830,047	-	844,631
Department of Health and Human Services:					
Office of Rural Health and Community Care:					
Passed through the Cape Fear Council of Governments:					
Senior Center General Purpose	NC-15			-	55,498
Fan Heat Relief	NC-15			-	400
Department of Insurance:					
Prescription Assistance Program:					
Medication Assistance Program Grant	43167			-	28,850
Total expenditures of state awards			830,047	-	1,479,075
Total expenditures of federal and state awards				\$ 881,878	\$ 1,479,075

*See Notes to the Schedule of Expenditures of Federal and State Awards*

**BRUNSWICK SENIOR RESOURCES, INC.**

**Notes to the Consolidated Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2025**

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NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Brunswick Senior Resources, Inc., under programs of the federal and North Carolina state governments for the year ended June 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 Brunswick Senior Resources, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Brunswick Senior Resources, Inc.

Brunswick Senior Resources, Inc. received its federal funding indirectly as it was initially awarded to the State of North Carolina and passed through its agencies. It also received direct State funding which is presented in a separate section of the Schedule.

NOTE B - 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.

Brunswick Senior Resources, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



**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  
Brunswick Senior Resources, 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 consolidated financial statements of Brunswick Senior Resources, Inc. ("BSRI"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements., and have issued our report thereon dated December 12, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered BSRI'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of BSRI's internal control. Accordingly, we do not express an opinion on the effectiveness of BSRI'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 BSRI's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether BSRI's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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 BSRI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering BSRI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard Robinson & Company, L.L.P.*

Raleigh, North Carolina  
December 12, 2025



## **Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Brunswick Senior Resources, Inc.  
Shallotte, North Carolina

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Brunswick Senior Resources, Inc.'s ("BSRI") 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 BSRI's major federal program for the year ended June 30, 2025. BSRI's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, BSRI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

#### ***Basis for Opinion on the Major Federal Program***

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

We are required to be independent of BSRI 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 the major federal program. Our audit does not provide a legal determination of BSRI'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 BSRI's federal program.

## ***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 BSRI's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for 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 BSRI's compliance with the requirements of its major federal program as a whole.

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

- Exercise professional 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 BSRI'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 BSRI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of BSRI'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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

## Report on Internal Control Over Compliance (Continued)

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.

*Bernard Robinson & Company, L.L.P.*

Raleigh, North Carolina  
December 12, 2025



**Report on Compliance for Each Major State Program;  
Report on Internal Control Over Compliance; With OMB  
Uniform Guidance and the State Single Audit Implementation Act**

To the Board of Directors  
Brunswick Senior Resources, Inc.  
Shallotte, North Carolina

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

***Opinion on Each Major State Program***

We have audited Brunswick Senior Resources, Inc. ("BSRI"), compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of BSRI's major State programs for the year ended June 30, 2025. BSRI's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major State Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. 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 BSRI 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 provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of BSRI'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 BSRI State programs.

### ***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 BSRI'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 for 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 BSRI's compliance with the requirements of each major State 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 BSRI'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 BSRI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of BSRI'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**

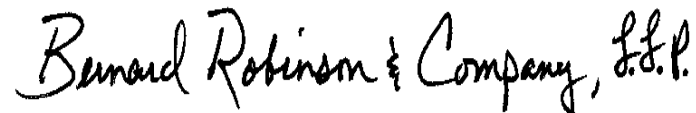
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State 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 State 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State 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.

## Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses 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. However, material weaknesses or significant deficiencies 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.

A handwritten signature in black ink that reads "Bernard Robinson & Company, L.L.P." The signature is written in a cursive, flowing style.

Raleigh, North Carolina  
December 12, 2025

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2025**

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Items required to be reported under 2 CFR section 200.515(d):

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

Financial Statements

- (i) Type of auditor's report issued: Unmodified
- (ii) Internal control over financial reporting:
- (a) Material weakness(es) identified?  yes  no
- (b) Significant deficiency(ies) identified?  yes  none reported
- (iii) Noncompliance material to financial statements noted?  yes  no

Federal Awards

- (i) Internal control over major programs:
- (a) Material weakness(es) identified?  yes  no
- (b) Significant deficiency(ies) identified?  yes  none reported
- (ii) Type of auditor's report issued on compliance for major programs: Unmodified
- (iii) Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  yes  no
- (iv) Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program</u>
93.044, 93.045, 93.053	Aging Cluster

- (v) Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
- (vi) Auditee qualified as low-risk auditee?  yes  no

State Awards

- (i) Internal control over major State programs:
- (a) Material weakness(es) identified?  yes  no
- (b) Significant deficiency(ies) identified?  yes  none reported
- (ii) Type of auditor's report issued on compliance for major State programs: Unmodified
- (iii) Any audit findings disclosed that are required to be reported in accordance with the *State Single Audit Implementation Act*?  yes  no

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2025**

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Items required to be reported under 2 CFR section 200.515(d):

**Section I - Summary of Auditor's Results (Continued)**

State Awards (Continued)

(iv) Identification of major State programs:

<u>Program Name</u>	<u>State Ref.</u>
Regional Economic Development Reserve	40811

(v) Dollar threshold used to determine a State major program: \$ 500,000

(vi) Auditee qualified as a State low-risk auditee?  X  yes       no

**Section II - Findings relating to the financial statements which are required to be reported in accordance with generally accepted government auditing standards:**

**Deficiencies**

None reported

**Section III - Findings and questioned costs relating to the major programs which are required to be reported as defined by the Uniform Guidance [2 CFR 200.516(a)]:**

**Deficiencies**

None reported

**Section IV - Findings and questioned costs relating to the State major programs which are required to be reported as defined by the State Single Audit Implementation Act:**

**Deficiencies**

None reported

**BRUNSWICK SENIOR RESOURCES, INC.**  
**Summary Schedule of Prior Year Audit Findings and Questioned Costs**  
**Year Ended June 30, 2025**

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None