COUNCIL FOR QUALITY GROWTH, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL REPORT

DECEMBER 31, 2025

GOING FURTHER

10-15-2026

MJ

CPAs & ADVISORS

MAULDIN & JENKINS

Contents

Independent Auditor's Report 1 - 3

Financial Statements

- Consolidated statements of financial position 4
- Consolidated statements of activities 5
- Consolidated statement of functional expenses for the year ended December 31, 2025 6
- Consolidated statement of functional expenses for the year ended December 31, 2024 7
- Consolidated statements of cash flows 8
- Notes to consolidated financial statements 9 - 16

Supplementary Information

- Consolidating statements of financial position 17
- Consolidating statements of activities 18
- Consolidating statements of cash flows 19

DRAFT (9-15-2026)

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

To the Board of Directors
Council for Quality Growth, Inc. and Affiliate
Atlanta, Georgia

Opinion

We have audited the accompanying consolidated financial statements of the Council for Quality Growth, Inc. and Affiliate (the "Council"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years 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 the Council as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

DRAFT (9-15-2026)

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 the Council'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 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, 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 the Council'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 the Council'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.

DRAFT (9-15-2026)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 17 - 19 are for the purpose of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

DRAFT (9-15-2020)

Council for Quality Growth, Inc. and Affiliate

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,146,164	$ 1,395,095
Certificates of deposit	871,202	420,454
Accounts receivable	55,463	60,421
Prepaid expenses	3,049	3,344
	2,075,878	1,879,314
Noncurrent Assets		
Property and equipment, net	5,046	7,111
Right-of-use asset	49,272	120,959
	54,318	128,070
Total assets	$ 2,130,196	$ 2,007,384
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 33,480	$ 84,216
Accrued expenses	73,500	102,856
Current portion of operating lease obligation	61,077	87,028
Current portion of Economic Injury Disaster Loan	4,168	4,055
Deferred membership dues	385,008	379,589
Deferred event revenues	132,696	176,980
	689,929	834,724
Noncurrent Liabilities		
Operating lease obligation	-	61,077
Economic Injury Disaster Loan	138,962	143,059
	138,962	204,136
Total liabilities	828,891	1,038,860
Net Assets		
Without donor restrictions		
Available for operations	551,305	268,524
Board-designated	741,750	691,750
Total net assets without donor restrictions	1,293,055	960,274
With donor restrictions	8,250	8,250
Total net assets	1,301,305	968,524
Total liabilities and net assets	$ 2,130,196	$ 2,007,384

See Notes to Consolidated Financial Statements.

DRAFT (9-15-2026)

Council for Quality Growth, Inc. and Affiliate

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Membership dues	$ 779,491	$ -	$ 779,491	$ 661,021	$ -	$ 661,021
Special event income - Four Pillar Tribute, net	545,083	-	545,083	451,961	-	451,961
General membership meeting sponsors	828,092	-	828,092	503,070	-	503,070
General membership meeting revenue	144,402	-	144,402	122,366	-	122,366
Workshops and conferences	21,790	-	21,790	20,550	-	20,550
Government affairs	41,700	-	41,700	30,250	-	30,250
Contributions	3,840	-	3,840	2,898	-	2,898
Board and committee revenues	2,500	-	2,500	2,500	-	2,500
Bad debt recovery	10,496	-	10,496	-	-	-
Interest income	64,727	-	64,727	63,083	-	63,083
Total support and revenue	2,442,121	-	2,442,121	1,857,699	-	1,857,699
EXPENSES			-			
Program services			-			
Membership events	811,738	-	811,738	729,344	-	729,344
Governmental affairs	537,685	-	537,685	463,023	-	463,023
Quality Growth Institute	122,217	-	122,217	121,817	-	121,817
Total program expenses	1,471,640	-	1,471,640	1,314,184	-	1,314,184
Supporting services						-
General and administrative	506,167	-	506,167	565,193	-	565,193
Fundraising	131,533	-	131,533	111,752	-	111,752
	637,700	-	637,700	676,945	-	676,945
Total expenses	2,109,340	-	2,109,340	1,991,129	-	1,991,129
Change in net assets	332,781	-	332,781	(133,430)	-	(133,430)
Net assets - beginning of year	960,274	8,250	968,524	1,093,704	8,250	1,101,954
Net assets - end of year	$ 1,293,055	$ 8,250	$ 1,301,305	960,274	$ 8,250	$ 968,524

See Notes to Consolidated Financial Statements.

DRAFT (9-15-2026)

Council for Quality Growth, Inc. and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Program Services				Supporting Services			
	Membership Events	Governmental Affairs	Quality Growth Institute	Total Program Services	General and Administration	Fundraising	Total Supporting Services	Totals
Salaries	$ 292,090	$ 409,979	$ 109,946	$ 812,015	$ 41,153	$ 101,858	$ 143,011	$ 955,026
Employee benefits	20,395	29,964	-	50,359	9,075	7,695	16,770	67,129
Payroll taxes	22,213	28,790	-	51,003	9,173	7,201	16,374	67,377
Total salaries	334,698	468,733	109,946	913,377	59,401	116,754	176,155	1,089,532
Advisory meeting	29,672	-	-	29,672	-	-	-	29,672
Bank fees	-	-	54	54	950	-	950	1,004
Depreciation	683	681	-	1,364	495	206	701	2,065
Dues and subscriptions	-	-	-	-	26,356	-	26,356	26,356
Credit card processsing and corporate fees	-	-	-	-	48,403	-	48,403	48,403
Executive Board meeting	13,212	-	-	13,212	-	-	-	13,212
Information technology	-	-	-	-	26,059	-	26,059	26,059
Insurance	-	-	-	-	3,637	-	3,637	3,637
Interest	-	-	-	-	3,996	-	3,996	3,996
Gifts and benevolence	68	-	-	68	-	-	-	68
Lobbyist and government affairs	-	47,243	-	47,243	-	-	-	47,243
Maintenance	-	-	-	-	8,474	-	8,474	8,474
Marketing	11,541	-	-	11,541	-	-	-	11,541
Meals and entertainment	-	-	-	-	14,967	-	14,967	14,967
Meeting and expenses	392,749	-	2,594	395,343	-	5,677	5,677	401,020
Mileage and parking	-	-	-	-	23,273		23,273	23,273
Payroll fees	-	-	-	-	19,679	-	19,679	19,679
Postage and shipping	-	-	-	-	730	-	730	730
Professional services	-	-	-	-	161,255	-	161,255	161,255
Promotion and printing	-	-	-	-	4,623	-	4,623	4,623
Rent	29,115	21,028	9,623	59,766	12,213	8,896	21,109	80,875
Sponsorships	-	-	-	-	45,500	-	45,500	45,500
Supplies	-	-	-	-	6,934	-	6,934	6,934
Telephone and internet	-	-	-	-	16,364	-	16,364	16,364
Training and conferences	-	-	-	-	22,858	-	22,858	22,858
	$ 811,738	$ 537,685	$ 122,217	$ 1,471,640	$ 506,167	$ 131,533	$ 637,700	$ 2,109,340

See Notes to Consolidated Financial Statements.

DRAFT (9-15-2026)

Council for Quality Growth, Inc. and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Program Services				Supporting Services			
	Membership Events	Governmental Affairs	Quality Growth Institute	Total Program Services	General and Administration	Fundraising	Total Supporting Services	Totals
Salaries	$ 287,575	$ 238,435	$ 56,017	$ 582,027	$ 125,984	$ 90,981	$ 216,965	$ 798,992
Employee benefits	20,801	136,733	55,736	213,270	8,143	6,593	14,736	228,006
Payroll taxes	19,752	26,953	-	46,705	21,177	6,840	28,017	74,722
Total salaries	328,128	402,121	111,753	842,002	155,304	104,414	259,718	1,101,720
Advisory meeting	26,624	-	-	26,624	-	-	-	26,624
Bank fees	-	-	132	132	352	-	352	484
Bad debts	-	-	-	-	7,250	-	7,250	7,250
Depreciation	803	803	-	1,606	585	243	828	2,434
Dues and subscriptions	-	-	-	-	31,186	-	31,186	31,186
Corporate fees and taxes	-	-	-	-	34,834	-	34,834	34,834
Executive Board meeting	11,671	-	-	11,671	-	-	-	11,671
Information technology	-	-	-	-	20,727	-	20,727	20,727
Insurance	-	-	-	-	2,939	-	2,939	2,939
Interest	-	-	-	-	5,071	-	5,071	5,071
Gifts and benevolence	1,933	-	-	1,933	-	-	-	1,933
Lobbyist and government affairs	-	43,328	-	43,328	-	-	-	43,328
Maintenance	-	-	-	-	8,864	-	8,864	8,864
Marketing	33,085	-	-	33,085	-	-	-	33,085
Meals and entertainment	-	-	-	-	21,457	-	21,457	21,457
Meeting and expenses	303,880	-	-	303,880	18,562	-	18,562	322,442
Payroll fees	-	-	-	-	16,272	-	16,272	16,272
Postage and shipping	-	-	-	-	2,041	-	2,041	2,041
Professional services	-	-	-	-	137,217	-	137,217	137,217
Promotion and printing	-	-	-	-	1,816	-	1,816	1,816
Rent	23,220	16,771	9,932	49,923	17,416	7,095	24,511	74,434
Sponsorships	-	-	-	-	28,500	-	28,500	28,500
Supplies	-	-	-	-	6,877	-	6,877	6,877
Telephone and internet	-	-	-	-	20,633	-	20,633	20,633
Training and conferences	-	-	-	-	27,290	-	27,290	27,290
	$ 729,344	$ 463,023	$ 121,817	$ 1,314,184	$ 565,193	$ 111,752	$ 676,945	$ 1,991,129

See Notes to Consolidated Financial Statements.

DRAFT (9-15-2026)

Council for Quality Growth, Inc. and Affiliate

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Change in net assets	$ 332,781	$ (133,430)
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation	2,065	2,434
Amortization of right-of-use asset	71,687	66,078
(Increase) decrease in:		
Accounts receivable	4,958	24,069
Prepaid expenses	295	6,764
Increase (decrease) in:		
Accounts payable	(50,736)	59,279
Accrued liabilities	(29,356)	32,033
Operating lease obligation	(87,028)	(81,864)
Deferred revenue	(38,865)	148,997
Net cash provided by operating activities	205,801	124,360
Cash Flows from Investing Activities:		
Purchases and maturities of certificates of deposit	(450,748)	180,084
Net cash (used in) provided by investing activities	#REF!	180,084
Cash Flows from Financing Activities:		
Payments on Economic Injury Disaster Loan	(3,984)	(2,886)
Net cash (used in) financing activities	(3,984)	(2,886)
Net (decrease) increase in cash and cash equivalents	#REF!	301,558
Cash and cash equivalents - beginning of year	1,395,095	1,093,537
Cash and cash equivalents - end of year	$ 1,146,164	$ 1,395,095

See Notes to Consolidated Financial Statements.

DRAFT (9-15-2026)

Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Council for Quality Growth, Inc. (the "Council") was organized pursuant to the provisions of the Georgia Nonprofit Corporation Code on March 10, 1986. Its objective is to promote balanced and responsible growth in the Atlanta, Georgia region through a variety of programs, including: educating members; providing a forum for information exchange; and promoting an understanding of growth issues by members, the public, and policymakers. The Council's programs are primarily funded by membership dues, special events, meeting receipts, contributions, and charges for activities.

The affiliate of the Council for Quality Growth, Inc. is the Quality Growth Institute, Inc. (the "Institute"), which was organized in October 2013 as the charitable arm of the Council for Quality Growth, Inc. Its mission is to promote educational and community efforts directed to quality growth, best practices, and professional development. Additionally, it engages in community outreach, works with local governments, and engages in economic and growth policy studies. The Institute is also the home of its charitable efforts such as the Council Cares Fund.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Council for Quality Growth, Inc. (the "Council") and Quality Growth Institute, Inc. (the "Institute"). The Council is the direct controlling entity of the Institute. The Council and the Institute share management, employees, and facilities. All intercompany balances and transactions have been eliminated in consolidation.

Financial Statement Presentation

The Council's consolidated financial statements are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* (ASC 958). Under ASC 958, the Council is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the Council is required to present a consolidated statement of cash flows and to disclose information about functional expenses.

Net assets without donor restrictions include amounts for use in general operations and are not subject to donor-imposed stipulations. The Council and Institute derive revenue principally from membership dues, sponsorships, special events, membership meetings, educational and advocacy activities, contributions, and investment return. Board-designated net assets are without donor restriction but are designated by the Board to be spent for specific purposes. As of December 31, 2025 and 2024, the Council had Board-designated net assets of $741,750 and $691,750, respectively.

DRAFT (9-15-2026)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Net assets with donor restrictions are those resources subject to donor-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 perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. When a donor or grantor 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.

Fair Value of Financial Instruments

The Council has adopted a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this guidance are described as follows:

Level 1 - Quoted prices in an active market for identical assets or liabilities;

Level 2 - Observable inputs other than quoted market prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; this includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

Cash and cash equivalents, accounts receivable, and accounts payable are stated at cost, which approximates fair value due to their short-term maturity.

DRAFT (9-15-2026)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing program and supporting services are presented by natural and functional classification in the consolidated statements of functional expenses. Expenses that are directly identifiable with a specific program or supporting service are charged directly to that function. Salaries and employee benefits that benefit more than one function are allocated based on estimates of employee time. Depreciation and rent are allocated based on each function's proportionate share of salary costs.

Cash and Cash Equivalents

For purposes of reporting on the consolidated statements of cash flows, cash, and cash equivalents consist of cash in banks and short-term, highly liquid investments with initial maturities of three months or less.

Concentration of Credit Risk

The Council and the Institute maintain their cash in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to an aggregate of $250,000 per financial institution. At December 31, 2025 and 2024, the balances exceed FDIC insured limits by $221,271 and $163,751, respectively.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are reported at amounts due from customers, net of an allowance for expected credit losses, when applicable. Management estimates expected credit losses based on historical collection experience, current conditions, reasonable and supportable forecasts, specific customer information, and past-due status. Accounts determined to be uncollectible are written off when collection efforts have been exhausted. Recoveries of amounts previously written off are recognized when received.

At December 31, 2025 and 2024, accounts receivable were $55,463 and $60,421, respectively. Based on management's evaluation of expected credit losses, no allowance was recorded at either date.

Property and Equipment

Property and equipment additions over $1,000 are recorded at cost, or if donated, at reasonable value at the date of donation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 7 years. Repairs and maintenance are expensed as incurred, and any betterments that extend the useful life of an asset are capitalized.

DRAFT (9-15-2026)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Council and Institute recognize revenue from exchange transactions in accordance with the applicable revenue recognition guidance. Revenue from an exchange transaction is recognized when the Council or Institute satisfies its performance obligations by transferring the promised goods or services to the customer. Amounts received before the related performance obligations are satisfied are reported as deferred revenue.

Membership dues are nonrefundable and provide members with continuous access to educational, networking, advocacy, and event-related benefits during the membership period. Membership dues are recognized over the applicable membership period as those benefits are provided. Amounts received before the applicable membership period are reported as deferred membership dues.

Sponsorship revenue consists of amounts received in exchange for recognition, event access, promotional opportunities, or other benefits provided under sponsorship arrangements. Sponsorship revenue is recognized when the related event occurs or as the promised sponsorship benefits are provided, depending on the terms of the arrangement. Amounts received before the related benefits are provided are reported as deferred event revenue.

Revenue from membership meetings, workshops, conferences, government affairs activities, and board and committee activities is recognized when the related event or activity occurs and the promised services are provided. Amounts received before the related event or activity occurs are reported as deferred event revenue.

Revenue related to the Four Pillar Tribute is recognized when the related event activities occur and the associated performance obligations are satisfied. Amounts received before the applicable event are reported as deferred revenue. Certain costs associated with the event are presented net against related revenue in the accompanying statements.

Contributions are recognized when an unconditional promise to give is received. Conditional contributions are not recognized until the conditions on which they depend are substantially met. Amounts received before the applicable conditions are substantially met are reported as refundable advances.

Contributions subject to donor-imposed restrictions are reported as increases in net assets with donor restrictions. Contributions are reported as increases in net assets without donor restrictions when the donor restriction is satisfied in the same reporting period in which the contribution is recognized. When a donor-imposed time or purpose restriction is satisfied, the applicable amount is reclassified from net assets with donor restrictions to net assets without donor restrictions and reported as net assets released from restrictions.

DRAFT (9-15-2020)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services

The Council and Institute recognize contributed services when the services create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would otherwise need to be purchased. No significant contributed services were recognized during the years ended December 31, 2025 or 2024.

Income Taxes

The Council is organized as a Section 501(c)(6) tax-exempt organization and the Institute is organized as a Section 501(c)(3) under the Internal Revenue Code; accordingly, no provision for income taxes is required. Any income that is unrelated to their exempt purpose is subject to taxation.

Estimates

The preparation of 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 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.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended December 31, 2025 and 2024 were $11,541 and $33,085, respectively.

NOTE 2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Council is substantially supported by membership dues, sponsorships, member events throughout the year, and a special fundraising event. As part of the Council's liquidity management, it has the policy to structure its financial assets to be available as its general expenditures and other obligations come due.

DRAFT (9-15-2026)

NOTE 2. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The following table reflects financial assets, as of December 31, less amounts imposed by Board and donor restrictions:

	2025	2024
Cash	$ 1,146,164	$ 1,395,095
Certificates of deposit	871,202	420,454
Accounts receivable	55,463	60,421
Total financial assets	2,072,829	1,875,970
Donor restrictions	(8,250)	(8,250)
Board designations	(741,750)	(691,750)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,322,829	$ 1,175,970

The Council regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available for general expenditure, the Council operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. As part of its liquidity management plan, the Council has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Furthermore, the Council's Board of Directors has designated a portion of its net assets without donor restrictions as an operating reserve. This reserve, which totaled $741,750 and $691,750 as of December 31, 2025, and 2024, respectively, is intended to provide financial stability and ensure the continuity of mission-critical programs in the event of unforeseen shortfalls or unexpected expenses.

NOTE 3. PROPERTY AND EQUIPMENT

At December 31, 2025 and 2024, property and equipment and the related accumulated depreciation were:

	2025	2024
Computer equipment	$ 33,369	$ 33,369
Furniture and equipment	28,627	28,627
Website design	17,500	17,500
Total property and equipment	79,496	79,496
Less accumulated depreciation	(74,450)	(72,385)
Net property and equipment	$ 5,046	$ 7,111
Depreciation expense	$ 2,065	$ 2,434

DRAFT (9-15-2025)

NOTE 4. COVID-19 ECONOMIC INJURY DISASTER LOAN (EIDL)

The Council obtained an Economic Injury Disaster Loan ("EIDL") from the U.S. Small Business Administration ("SBA") in June 2020. The loan bears interest at 2.75% and requires monthly principal and interest payments of approximately $641. The loan matures 30 years from the inception date. Loan proceeds are limited to working capital and ordinary operating expenses. The loan is secured by substantially all of the Council's tangible and intangible personal property.

Future principal payments for the years ending December 31, are as follows:

2026	$	4,168
2027		4,284
2028		4,403
2029		4,526
2030		4,652
Thereafter		121,097
	$	143,130

NOTE 5. LEASE OBLIGATION

The Council leases its headquarters under an operating lease. During 2020, the Council renegotiated its lease through August of 2026. The new lease provides 10 months of discounted rent and 6 months of free rent.

The Council recognizes an operating lease right-of-use asset and related lease liability based on the present value of future lease payments over the lease term. The lease liability is measured using a discount rate of 3%. Lease expense is recognized on a straight-line basis over the lease term. As of December 31, 2025 and 2024 the carrying value of the related right-of-use asset was $49,272 and $120,959, respectively, and the related lease liability was $61,077 and $148,105, respectively.

The following is a schedule by years of minimum future rentals on noncancelable operating lease and the amortization of the net present value (NPV) of the lease liability as of December 31, 2025.

	Minimum annual lease payments	Amortization of right-to-use asset	Amortization of operating lease liability
For the year ending December 31:			
2026	$ 61,771	$ 49,272	$ 61,077
Total	$ 61,771	$ 49,272	$ 61,077

DRAFT (9-15-2026)

NOTE 5. LEASE OBLIGATION (CONTINUED)

The carrying value of the related right-of-use asset as of December 31, 2025 and 2024 is:

	2025	2024
Accumulated basis	$ 433,708	$ 433,708
Less – accumulated amortization	(384,436)	(312,749)
	$ 49,272	$ 120,959

Rent expense for the years ended December 31, 2025 and 2024, was $80,875 and $74,434, respectively. Rent expense includes common area maintenance (CAM) fees.

NOTE 6. BOARD-DESIGNATED NET ASSETS

The Board of Directors has designated a portion of net assets without donor restrictions as an operating reserve to provide financial stability and support operations during unexpected revenue shortfalls, operating disruptions, or unanticipated expenditures. Board-designated amounts are not donor restricted and may be undesignated upon action of the Board of Directors.

The balance of board-designated operating reserves was $741,750 and $691,750 at December 31, 2025 and 2024, respectively.

NOTE 7. NET ASSETS WITH RESTRICTIONS

The Council has received donor-restricted contributions to be used for Council reserve purposes. Net assets with donor restrictions totaled $8,250 at December 31, 2025 and 2024. These restricted net assets were held in cash at December 31, 2025 and 2024. There were no additions to or releases from net assets with donor restrictions during the years ended December 31, 2025 and 2024.

NOTE 8. SUBSEQUENT EVENTS

The Council has evaluated subsequent events occurring through DATE XX, 2026, the date on which the consolidated financial statements were available to be issued.

DRAFT (9-15-2026)

SUPPLEMENTARY INFORMATION

DRAFT (9-15-2026)

Council for Quality Growth, Inc. and Affiliate

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025				2024			
	Council	Institute	Eliminations	Consolidated	Council	Institute	Eliminations	Consolidated
ASSETS								
Current Assets								
Cash and cash equivalents	$ 808,130	$ 338,034	$ -	$ 1,146,164	$ 1,014,277	$ 380,818	$ -	$ 1,395,095
Certificates of deposit	456,578	414,624	-	871,202	210,227	210,227	-	420,454
Accounts receivable	55,463	-	-	55,463	60,421	-	-	60,421
Intercompany receivables	623,744	500,917	1,124,661	-	12,895	-	12,895	-
Prepaid expenses	3,049	-	-	3,049	3,344	-	-	3,344
	1,946,964	1,253,575	1,124,661	2,075,878	1,301,164	591,045	12,895	1,879,314
Noncurrent Assets								
Property and equipment, net	5,046	-	-	5,046	7,111	-	-	7,111
Right-of-use asset	49,272	-	-	49,272	120,959	-	-	120,959
	54,318	-	-	54,318	128,070	-	-	128,070
Total assets	$ 2,001,282	$ 1,253,575	$ 1,124,661	$ 2,130,196	$ 1,429,234	$ 591,045	$ 12,895	$ 2,007,384
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts payable	$ 33,480	$ -	$ -	$ 33,480	$ 84,216	$ -	$ -	$ 84,216
Intercompany payables	500,917	623,744	1,124,661	-	-	12,895	12,895	-
Accrued expenses	73,500	-	-	73,500	102,856	-	-	102,856
Current portion of operating lease obligation	61,077	-	-	61,077	87,028	-	-	87,028
Current portion of Economic Injury Disaster Loan	4,168	-	-	4,168	4,055	-	-	4,055
Deferred membership dues	385,008	-	-	385,008	379,589	-	-	379,589
Deferred event revenues	132,696	-	-	132,696	176,980	-	-	176,980
	1,190,846	623,744	1,124,661	689,929	834,724	12,895	12,895	834,724
Noncurrent Liabilities								
Operating lease obligation	-	-	-	-	61,077	-	-	61,077
Economic Injury Disaster Loan	138,962	-	-	138,962	143,059	-	-	143,059
	138,962	-	-	138,962	204,136	-	-	204,136
Total liabilities	1,329,808	623,744	1,124,661	828,891	1,038,860	12,895	12,895	1,038,860
Net Assets								
Without donor restrictions:								
Available for operations	121,474	429,831	-	551,305	(109,626)	378,150	-	268,524
Board-designated	541,750	200,000	-	741,750	491,750	200,000	-	691,750
Total net assets without restrictions	663,224	629,831	-	1,293,055	382,124	578,150	-	960,274
Net assets with donor restrictions	8,250	-	-	8,250	8,250	-	-	8,250
Total net assets	671,474	629,831	-	1,301,305	390,374	578,150	-	968,524
Total liabilities and net assets	$ 2,001,282	$ 1,253,575	$ 1,124,661	$ 2,130,196	$ 1,429,234	$ 591,045	$ 12,895	$ 2,007,384

DRAFT (9-15-2026)

Council for Quality Growth, Inc. and Affiliate

CONSOLIDATING STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Council	Institute	Consolidated	Council	Institute	Consolidated
NET ASSETS WITHOUT DONOR RESTRICTIONS:						
REVENUE AND SUPPORT						
Membership dues	$ 779,491	$ -	$ 779,491	$ 661,021	$ -	$ 661,021
Four Pillar Tribute, net	403,853	141,230	545,083	383,407	68,554	451,961
General membership meeting sponsors	828,092	-	828,092	503,070	-	503,070
General membership meeting revenue	144,402	-	144,402	122,366	-	122,366
Workshops and conferences	21,790	-	21,790	20,550	-	20,550
Government affairs	41,700	-	41,700	30,250	-	30,250
Contributions	-	3,840	3,840	-	2,898	2,898
Board and committee receipts	2,500	-	2,500	2,500	-	2,500
Bad debt recovery	10,496	-	10,496	-	-	-
Interest income	35,899	28,828	64,727	42,748	20,335	63,083
Total support and revenue	2,268,223	173,898	2,442,121	1,765,912	91,787	1,857,699
EXPENSES						
Program services						
Membership events	811,738	-	811,738	729,344	-	729,344
Governmental affairs	537,685	-	537,685	463,023	-	463,023
Quality Growth Institute	-	122,217	122,217	-	121,817	121,817
Total program services	1,349,423	122,217	1,471,640	1,192,367	121,817	1,314,184
Supporting services						
General and administrative	506,167	-	506,167	565,193	-	565,193
Fundraising	131,533	-	131,533	111,752	-	111,752
Total supporting services	637,700	-	637,700	676,945	-	676,945
Total expenses	1,987,123	122,217	2,109,340	1,869,312	121,817	1,991,129
Change in net assets without donor restrictions	281,100	51,681	332,781	(103,400)	(30,030)	(133,430)
Change in net assets with donor restrictions	-	-	-	-	-	-
Change in net assets	281,100	51,681	332,781	(103,400)	(30,030)	(133,430)
Net assets without donor restrictions - beginning of year	382,124	578,150	960,274	485,524	608,180	1,093,704
Net assets with donor restrictions - beginning of year	8,250	-	8,250	8,250	-	8,250
Total net assets - beginning of year	390,374	578,150	968,524	493,774	608,180	1,101,954
Net assets without donor restrictions - end of year	663,224	629,831	1,293,055	382,124	578,150	960,274
Net assets with donor restrictions - end of year	8,250	-	8,250	8,250	-	8,250
Total net assets - end of year	$ 671,474	$ 629,831	$ 1,301,305	$ 390,374	$ 578,150	$ 968,524

DRAFT (9-15-2026)

Council for Quality Growth, Inc. and Affiliate

CONSOLIDATING STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025			2024		
	Council	Institute	Consolidated	Council	Institute	Consolidated
OPERATING ACTIVITIES						
Change in net assets	$ 281,100	$ 51,681	$ 332,781	$ (103,400)	$ (30,030)	$ (133,430)
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Depreciation	2,065	-	2,065	2,434	-	2,434
Amortization of right-of-use asset	71,687	-	71,687	66,078	-	66,078
(Increase) decrease in:						
Accounts receivable	4,958	-	4,958	24,069	-	24,069
Intercompany accounts receivable	(610,849)	(500,917)	(1,111,766)	(12,895)	45,680	32,785
Prepaid expenses	295	-	295	6,764	-	6,764
(Increase) decrease in:						
Accounts payable	(50,736)	-	(50,736)	59,279	-	59,279
Intercompany accounts payable	500,917	610,849	1,111,766	(45,680)	12,895	(32,785)
Accrued liabilities	(29,356)	-	(29,356)	32,033	-	32,033
Operating lease obligation	(87,028)	-	(87,028)	(81,864)	-	(81,864)
Deferred revenue	(38,865)	-	(38,865)	148,997	-	148,997
Net cash provided by operating activities	44,188	161,613	205,801	95,815	28,545	124,360
INVESTING ACTIVITIES						
Acquisition of property and equipment	-	-	-	-	-	-
(Purchases) maturities of certificates of deposits	(246,351)	(204,397)	(450,748)	190,291	(10,207)	180,084
Net cash (used in) provided by investing activities	(246,351)	(204,397)	(450,748)	190,291	(10,207)	180,084
FINANCING ACTIVITIES						
Payments on Economic Injury Disaster Loan	(3,984)	-	(3,984)	(2,886)	-	(2,886)
Net cash (used in) financing activities	(3,984)	-	(3,984)	(2,886)	-	(2,886)
Net (decrease) increase in cash and cash equivalents	(206,147)	(42,784)	(248,931)	283,220	18,338	301,558
Cash and cash equivalents at beginning of year	1,014,277	380,818	1,395,095	731,057	362,480	1,093,537
Cash and cash equivalents at end of year	$ 808,130	$ 338,034	$ 1,146,164	$ 1,014,277	$ 380,818	$ 1,395,095

DRAFT (9-15-2026)