CAR DONATION FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2025 AND 2024

CAR DONATION FOUNDATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2025 AND 2024

INDEPENDENT AUDITORS' REPORT

Board of Directors
Car Donation Foundation
St. Louis Park, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Car Donation Foundation, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Car Donation Foundation as of December 31, 2025 and 2024, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 GAAS 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Car Donation Foundation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Car Donation Foundation'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
June 26, 2026

CAR DONATION FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	$ 4,307,710	$ 4,613,409
Accounts Receivable	1,431,631	1,288,303
Prepaid Expenses	27,041	54,296
Inventory, Net	5,131,981	5,331,766
Total Assets	$ 10,898,363	$ 11,287,774
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$ 3,325,928	$ 3,312,247
Contributions Payable	172,905	366,566
Accrued Fees	483,597	417,713
Total Liabilities	3,982,430	4,096,526
NET ASSETS		
Without Donor Restrictions	6,915,933	7,191,248
Total Liabilities and Net Assets	$ 10,898,363	$ 11,287,774

See accompanying Notes to Financial Statements.

CAR DONATION FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2025 AND 2024

	Without Donor Restrictions	
	2025	2024
REVENUE AND SUPPORT		
Contributed Vehicles Received	$ 75,324,916	$ 72,669,203
Auction and Towing Fees	(12,789,536)	(11,423,364)
Net Revenue	62,535,380	61,245,839
Interest Income	227,247	237,752
Total Revenue and Support, Net	62,762,627	61,483,591
EXPENSES		
Program Services Expense:		
Direct Donations to Charities	18,506,648	16,500,275
Other Program Expense	109,154	118,270
Total Program Services Expense	18,615,802	16,618,545
Support Services Expense:		
Management and General	457,084	483,679
Fundraising	43,965,056	44,717,218
Total Supporting Services Expense	44,422,140	45,200,897
Total Expenses	63,037,942	61,819,442
CHANGE IN NET ASSETS	(275,315)	(335,851)
Net Assets - Beginning of Year	7,191,248	7,527,099
NET ASSETS - END OF YEAR	$ 6,915,933	$ 7,191,248

See accompanying Notes to Financial Statements.

CAR DONATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	Program	Management and General	Fundraising	Total
Wages	$ 70,000	$ 140,000	$ 70,000	$ 280,000
Payroll Taxes and Benefits	9,755	19,510	9,755	39,020
Professional Expense	-	-	16,005	16,005
Legal Fees	-	150,000	-	150,000
Accounting Fees	-	79,442	-	79,442
Insurance Expense	16,204	55,240	2,210	73,654
Travel Expense	8,582	-	-	8,582
Advertising	-	-	27,475,520	27,475,520
Donations	18,506,648	-	-	18,506,648
Administrative Fees and Administrative Costs	-	-	16,386,953	16,386,953
Rent Expense	4,613	9,226	4,613	18,452
Bank Fees	-	3,190	-	3,190
Supplies	-	214	-	214
Office Expense	-	262	-	262
Subtotal	18,615,802	457,084	43,965,056	63,037,942
Seller Fees (Netted with Revenue)	12,789,536	-	-	12,789,536
Total Expenses by Function	$ 31,405,338	$ 457,084	$ 43,965,056	$ 75,827,478

See accompanying Notes to Financial Statements.

CAR DONATION FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program	Management and General	Fundraising	Total
Wages	$ 70,000	$ 140,000	$ 70,000	$ 280,000
Payroll Taxes and Benefits	9,614	19,227	9,614	38,455
Professional Expense	-	-	36,858	36,858
Legal Fees	-	150,000	-	150,000
Accounting Fees	-	78,922	-	78,922
Insurance Expense	23,589	80,417	3,217	107,223
Travel Expense	10,468	-	-	10,468
Advertising	-	-	29,234,381	29,234,381
Donations	16,500,275	-	-	16,500,275
Administrative Fees and Administrative Costs	-	-	15,358,549	15,358,549
Rent Expense	4,599	9,198	4,599	18,396
Bank Fees	-	2,810	-	2,810
Office Expense	-	3,105	-	3,105
Subtotal	16,618,545	483,679	44,717,218	61,819,442
Seller Fees (Netted with Revenue)	11,423,364	-	-	11,423,364
Total Expenses by Function	$ 28,041,909	$ 483,679	$ 44,717,218	$ 73,242,806

See accompanying Notes to Financial Statements.

CAR DONATION FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (275,315)	$ (335,851)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Assets:		
Accounts Receivable	(143,328)	93,981
Inventory, Net	199,785	692,720
Prepaid Expenses	27,255	62,843
Increase (Decrease) in Liabilities:		
Accounts Payable	13,681	85,602
Contributions Payable	(193,661)	(19,840)
Accrued Fees	65,884	(125,609)
Net Cash Provided (Used) by Operating Activities	(305,699)	453,846
NET INCREASE (DECREASE) IN CASH	(305,699)	453,846
Cash and Cash Equivalents - Beginning of Year	4,613,409	4,159,563
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 4,307,710	$ 4,613,409

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Activities

Car Donation Foundation (the Organization) was organized in 2007 as a nonprofit corporation and operates exclusively for charitable purposes to facilitate the donation of motor vehicles and other property to charitable organizations. Donors contribute motor vehicles which are sold by wholesale auction houses to the general public. A share of the proceeds realized through the sale of vehicle donations is donated to charity.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. These are resources over which the Organization has discretionary control.

Net Assets With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or passage of time. These may also have restrictions that they be maintained permanently by the Organization.

The Organization did not have any net assets with donor restrictions at December 31, 2025 and 2024.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less are considered to be cash equivalents. The Organization maintains cash balances with banks insured by the Federal Deposit Insurance Corporation (FDIC). These deposits may, from time to time, exceed the balances insured by the FDIC. As of December 31, 2025 and 2024, the Organization had approximately $4,800,000 and $5,200,000, respectively, in excess of FDIC insurance limits. To date, we have not experienced losses in any of these accounts.

Accounts Receivable

The Organization’s accounts receivable are amounts due from auction houses for vehicles that have been sold, but the funds have not yet been received by the Organization. These are considered contributions receivable. There is no allowance recorded for the years ended 2025 and 2024. All amounts are due within one year and are considered fully collectible by management.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory (Donated Vehicles Held for Sale)

The Organization's inventory consists of vehicles received from donors that are unsold as of the date of the financial statements. The Organization estimates the December 31, 2025 and 2024 inventory value based on known vehicle sales from the early part of the following fiscal year and the average sale price per vehicle during the current fiscal year. All known sales from the early part of the following year are valued at their actual sale price. The remaining vehicles are included at fair value using average sale price or devalued in anticipation of processing as abandoned. The average sales price per vehicle was $1,015 and $1,091 for the years ended December 31, 2025 and 2024, respectively.

Vehicles that are devalued as abandoned are those vehicles held over 150 days at one of its major auction houses. Based on historical abandonment trends, an additional abandonment rate of 1.5% and 1.6% are factored for those remaining vehicles after known sales in inventory as of December 31, 2025 and 2024, respectively. Vehicles determined to be eligible for abandonment based on aging are fully reserved.

Contributions Payable

The Organization's contributions payable consist of December donations to charities that were not paid by the Organization until January of the following fiscal year. These year-end donations are determined by the amount of vehicles actually sold before year-end and are based on board approval of the amounts to be paid. Certain charities have a contractual agreement which outlines the terms of contributions provided.

Accrued Fees

The Organization's accrued fees consist of fees owed to auction houses for inventory held as of December 31, 2025 and 2024. The Organization estimates the December 31, 2025 and 2024 accrued fees based on known vehicle sales and associated fees from the early part of the following fiscal year and the average fee per vehicle during the current fiscal year.

Contribution Revenue

The Organization recognizes contribution revenue when the vehicle is sold. Donated value is based on final bid price on the date the vehicle is sold at auction, which approximates fair market value.

Advertising Expense

The Organization expenses advertising costs when the advertising occurs. Advertising and promotion expenses were $27,475,520 and $29,234,381 for the years ended December 31, 2025 and 2024, respectively.

Functional Expenses

Salary and related expenses are allocated based on time spent and the best estimates of management. Certain costs are not allocated; they are directly coded to a function based on the nature of the account. All other expenses are allocated based on estimates of time and effort.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is incorporated as a nonprofit corporation under the applicable laws of the state of Minnesota. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization follows guidance in the income tax standard regarding the recognition of uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The implementation of this guidance had no impact on the Organization’s financial status. The Organization’s tax return is subject to review and examination by federal authorities.

Revisions

Certain revisions of amounts previously reported have been made to the accompanying financial statements. In footnote 4 of the financial statements, the disclosure of the financial assets available for general expenditures for the prior year has been revised to $5,901,712. The revision had no impact on previously reported net assets.

Use of 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 may affect certain reported amounts and disclosures in the financial statements and accompanying notes. Actual results could differ from these estimates.

Subsequent Events

Subsequent events were evaluated through June 26, 2026, which is the date the financial statements were available to be issued.

NOTE 2 CONCENTRATIONS

The Organization’s sole activity is to facilitate the donation of motor vehicles and other property to charitable organizations. The operations of the Organization are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, the Internal Revenue Service. Changes in the administrative directives, rules and regulations, or the interpretation thereof, may occur with little notice.

Approximately 38% of the auctions were facilitated by one auction house for the year ended December 31, 2025, and approximately 53% of the accounts receivable balance at December 31, 2025 was owed by four auction houses.

Approximately 35% of the auctions were facilitated by one auction house for the year ended December 31, 2024, and approximately 35% of the accounts receivable balance at December 31, 2024 was owed by two auction houses.

During 2025 and 2024, management of the Organization’s day-to-day fundraising was provided by a company that also provides other services to the Organization. This company accounted for approximately 29% of the Organization’s expenses for the years ended December 31, 2025 and 2024, and approximately 34% of the Organization’s accounts payable at December 31, 2025 and 2024.

During 2025 and 2024, the Organization used one professional fundraiser to collect and sell 100% of the cars raised as donations to the Organization. The agreement with the professional fundraiser includes set administrative fees charged to the Organization.

NOTE 3 RETIREMENT PLAN

The Organization sponsors a 403(b)-retirement plan (a defined contribution plan) which covers the Organization’s employee. In 2025 and 2024, the employee was eligible for a matching contribution of $1,000 per pay period up to a maximum of $24,000 per year. In 2025 and 2024, there were matching contributions of $24,000 made by the Organization to the plan.

NOTE 4 LIQUIDITY DISCLOSURE

The Organization has financial assets available within one year of the balance sheet date consisting of the financial assets listed below. None of the assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet. As part of the contractual agreements regarding proceeds from the sale of donated cars, the Foundation receives a set 2% of the gross sales price to fund their general and administrative operations. This 2% does not factor in the amounts paid for contributions to charities. Contributions paid are generally calculated based on the executed agreements. Any cash from the 2% gross fee that is in excess of expenses is reviewed by management monthly and by the board at their quarterly meetings. This excess cash is free and available to fund additional contributions to nonprofit organizations.

	2025	2024
Cash and Cash Equivalents	$ 4,307,710	$ 4,613,409
Accounts Receivable	1,431,631	1,288,303
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,739,341	$ 5,901,712

INDEPENDENT
NETWORK MEMBER