

CHILD ADVOCATES SAN ANTONIO

Audited Financial Statements

June 30, 2025



ADKF

CERTIFIED PUBLIC ACCOUNTANTS

CHILD ADVOCATES SAN ANTONIO
Table of Contents
June 30, 2025

	<u>Page</u>
Audited Financial Statements	
Independent Auditor's Report	1
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 <i>Government Auditing Standards</i>	3
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	7
Statements of Cash Flows	9
Notes to Audited Financial Statements	10
Supplemental Information	
Schedule of Texas CASA Awards	22
Schedule of Victims of Crime Act (VOCA) Awards	23



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Child Advocates San Antonio
San Antonio, Texas

Opinion

We have audited the accompanying financial statements of Child Advocates San Antonio (the "Agency"), which comprise the statements of financial position as of June 30, 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 financial statements referred to above present fairly, in all material respects, the financial position of Child Advocates San Antonio as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to your 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 financial statements.

- 1 -

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Auditor's Responsibilities for the Audit of the Financial Statements – continued

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 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 the Agency'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 the Agency'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 financial statements as a whole. The schedules of Texas CASA awards and VOCA awards, as required by the Texas Attorney General are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated September 25, 2025, on our consideration of Child Advocates San Antonio'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 the Agency's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Child Advocates San Antonio's internal control over financial reporting and compliance.

ADKF, PC

ADKF, P.C.

San Antonio, Texas

September 25, 2025



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**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
Child Advocates San Antonio
San Antonio, Texas

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Child Advocates San Antonio (the "Agency") (a non-profit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Child Advocates San Antonio'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Child Advocates San Antonio's internal control. Accordingly, we do not express an opinion on the effectiveness of Child Advocates San Antonio's internal control.

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

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

- 3 -

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Child Advocates San Antonio's 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

ADKF, PC

ADKF, P.C.
San Antonio, Texas
September 25, 2025

CHILD ADVOCATES SAN ANTONIO
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets:		
Cash and cash equivalents, available for operations	\$ 763,884	\$ 330,344
Cash, with donor restrictions	318,477	488,772
Total cash and cash equivalents	<u>1,082,361</u>	<u>819,116</u>
Certificates of deposit	1,592,448	1,315,107
Certificates of deposit - with donor restrictions	200,000	-
Government grants receivable	256,456	376,336
Pledges receivable, current portion	114,147	60,675
Prepaid expenses	37,151	49,732
Total current assets	<u>3,282,563</u>	<u>2,620,966</u>
Other Assets:		
Pledges receivable, net of current portion	75,000	-
Deposits	-	594
Property, equipment and building improvements, net	5,622,779	5,718,921
Investments:		
Board designated endowment	2,701,207	2,455,182
Donor restricted endowment	572,216	520,099
Operating lease right-of-use asset	38,700	-
Total other assets	<u>9,009,902</u>	<u>8,694,796</u>
Total Assets	<u><u>\$ 12,292,465</u></u>	<u><u>\$ 11,315,762</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 164,748	\$ 129,199
Accrued vacation	102,011	95,531
Deferred revenue	-	42,000
Operating lease liability, current portion	7,678	-
Total current liabilities	<u>274,437</u>	<u>266,730</u>
Long-Term Liabilities		
Operating lease liability, net of current portion	31,022	-
Total long-term liabilities	<u>31,022</u>	<u>-</u>
Net Assets:		
Without donor restrictions:		
Undesignated	8,045,106	7,524,304
Board designated	2,701,207	2,455,182
Total without donor restrictions	<u>10,746,313</u>	<u>9,979,486</u>
With donor restrictions	1,240,693	1,069,546
Total net assets	<u>11,987,006</u>	<u>11,049,032</u>
Total Liabilities and Net Assets	<u><u>\$ 12,292,465</u></u>	<u><u>\$ 11,315,762</u></u>
<i>See notes to audited financial statements.</i>		

CHILD ADVOCATES SAN ANTONIO
Statements of Activities
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Grant and Contribution Revenues						
Government agencies:						
VOCA	\$ 949,956	\$ -	\$ 949,956	\$ 922,149	\$ -	\$ 922,149
City of San Antonio	181,389	-	181,389	453,478	-	453,478
Texas CASA	629,184	-	629,184	632,324	-	632,324
Texas Office of the Attorney General	49,222	-	49,222	48,750	-	48,750
Total government agencies	1,809,751	-	1,809,751	2,056,701	-	2,056,701
United Way	202,301	-	202,301	191,479	-	191,479
UTSA	233,155	44,500	277,655	160,629	-	160,629
Foundations and grants	707,822	330,654	1,038,476	778,416	100,000	878,416
Capital campaign	-	445,225	445,225	-	871,837	871,837
General donations	735,527	-	735,527	639,378	-	639,378
Special event, net of expenses of \$176,405 and \$92,358	527,018	-	527,018	286,672	-	286,672
	4,215,574	820,379	5,035,953	4,113,275	971,837	5,085,112
Other Revenues:						
In-kind contributions	1,105,422	-	1,105,422	1,184,178	-	1,184,178
Interest and investment earnings, net	332,275	52,117	384,392	240,124	44,941	285,065
Other income	1,262	-	1,262	20,448	-	20,448
Total support and revenues	5,654,533	872,496	6,527,029	5,558,025	1,016,778	6,574,803
Expenses						
Program services	4,629,587	-	4,629,587	4,320,089	-	4,320,089
Supporting services	431,366	-	431,366	390,837	-	390,837
Fundraising	528,102	-	528,102	502,084	-	502,084
Total expenses	5,589,055	-	5,589,055	5,213,010	-	5,213,010
Change in Net Assets	65,478	872,496	937,974	345,015	1,016,778	1,361,793
Net assets released from restrictions	701,349	(701,349)	-	1,651,012	(1,651,012)	-
Net assets at beginning of year	9,979,486	1,069,546	11,049,032	7,983,459	1,703,780	9,687,239
Net Assets at Year End	<u>\$ 10,746,313</u>	<u>\$ 1,240,693</u>	<u>\$ 11,987,006</u>	<u>\$ 9,979,486</u>	<u>\$ 1,069,546</u>	<u>\$ 11,049,032</u>

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Statement of Functional Expenses
Year Ended June 30, 2025

	Program Services	Supporting Services	Fundraising	Totals
Salaries, taxes, and employee benefits	\$ 2,627,722	\$ 341,250	\$ 376,170	\$ 3,345,142
Advertising	162,078	-	18,009	180,087
Bank charges	-	1,777	15,990	17,767
Board expense	-	4,510	-	4,510
Conference and training	14,194	1,843	2,032	18,069
Dues	9,623	1,250	1,378	12,251
Employee expense	9,277	1,205	1,328	11,810
Technology support	70,435	9,147	10,083	89,665
Insurance	46,125	5,990	6,603	58,718
Occupancy	63,632	8,264	9,109	81,005
Postage and delivery	3,466	450	496	4,412
Printing	12,608	1,637	1,805	16,050
Professional fees	96,031	12,471	13,747	122,249
Fundraising expense	-	-	25,482	25,482
Supplies	9,383	1,219	1,343	11,945
Telephone	42,274	5,490	6,052	53,816
Travel and mileage	19,718	2,561	2,823	25,102
Volunteer expense	41,518	-	-	41,518
Direct client support	43,298	-	-	43,298
Miscellaneous	5,274	663	774	6,711
Bad debt	3,875	-	-	3,875
Depreciation	243,634	31,639	34,878	310,151
Total direct expenses	3,524,165	431,366	528,102	4,483,633
In-kind contributions	1,105,422	-	-	1,105,422
Total expenses	<u>\$ 4,629,587</u>	<u>\$ 431,366</u>	<u>\$ 528,102</u>	<u>\$ 5,589,055</u>
Special events costs not included above:				
Direct costs			\$ 176,405	

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services	Supporting Services	Fundraising	Totals
Salaries, taxes, and employee benefits	\$ 2,452,251	\$ 331,332	\$ 386,998	\$ 3,170,581
Advertising	166,431	-	12,527	178,958
Bank charges	-	1,162	10,457	11,619
Board expense	-	2,068	-	2,068
Conference and training	11,575	1,564	1,827	14,966
Dues	9,490	1,282	1,498	12,270
Employee expense	9,808	1,325	1,548	12,681
Technology support	45,610	6,163	7,198	58,971
Insurance	25,669	3,468	4,051	33,188
Occupancy	65,589	8,862	10,351	84,802
Postage and delivery	3,195	432	504	4,131
Printing	10,264	1,387	1,620	13,271
Professional fees	76,577	10,347	12,085	99,009
Fundraising expense	-	-	26,371	26,371
Supplies	8,165	1,103	1,289	10,557
Telephone	40,004	5,405	6,313	51,722
Travel and mileage	16,249	2,195	2,564	21,008
Volunteer expense	44,947	-	-	44,947
Direct client support	43,588	-	-	43,588
Miscellaneous	8,561	1,076	1,257	10,894
Bad debt	11,598	-	-	11,598
Depreciation	86,340	11,666	13,626	111,632
Total direct expenses	3,135,911	390,837	502,084	4,028,832
In-kind contributions	1,184,178	-	-	1,184,178
Total expenses	<u>\$ 4,320,089</u>	<u>\$ 390,837</u>	<u>\$ 502,084</u>	<u>\$ 5,213,010</u>
Special events costs not included above:				
Direct costs			\$ 92,358	

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets	\$ 937,974	\$ 1,361,793
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	310,151	111,632
Non-cash lease expense	5,327	-
Loss on sale of assets	4,918	-
Bad debt expense	3,875	-
Investment (earnings), net	(384,392)	(285,065)
Contributions restricted for long-term purposes	(445,225)	(25,000)
Change in operating assets and liabilities:		
Government grants receivable	44,880	8,635
Pledges receivable	(57,347)	369,944
Prepaid expense and other assets	13,175	10,315
Accounts payable and accrued vacation	42,029	66,712
Deferred revenue	(42,000)	25,491
Operating lease liability	(5,327)	-
Net cash provided by operating activities	<u>428,038</u>	<u>1,644,457</u>
Investing Activities		
Investment purchases, net of proceeds	(391,091)	(274,770)
Purchase of property, equipment and building improvements	<u>(218,927)</u>	<u>(1,994,652)</u>
Net cash (used) by investing activities	(610,018)	(2,269,422)
Financing Activities		
Cash contributions restricted for long-term purposes	<u>445,225</u>	<u>315,000</u>
Net cash provided by financing activities	<u>445,225</u>	<u>315,000</u>
Change in cash and cash equivalents	263,245	(309,965)
Cash and cash equivalents at beginning of year	<u>819,116</u>	<u>1,129,081</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,082,361</u></u>	<u><u>\$ 819,116</u></u>
Supplemental Disclosures		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-
Right-of-use asset obtained in exchange for lease liabilities	43,035	-

See notes to audited financial statements.

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Child Advocates San Antonio (CASA or the Agency) is a not-for-profit, Texas Corporation founded in 1984 and incorporated in 1988. The Agency provides court-appointed volunteers to investigate, advocate for services and make recommendations for safe and permanent placement of assigned children in state protective custody in San Antonio and Bexar County, Texas. The Agency served 1,022 children in fiscal year 2025 and 937 children in fiscal year 2024.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles. Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CASA and changes therein are classified and reported as follows:

Without Donor Restrictions: Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Grants and contributions gifted for recurring programs are generally not considered “restricted” under GAAP, though for internal reporting the Agency tracks such grants and contributions to verify the disbursement matches the intent. Assets restricted solely through the action of the Board are reported as net assets without donor restrictions, board designated.

With Donor Restrictions: Net assets with donor restrictions are subject to donor-imposed restrictions that are more restrictive than CASA’s mission and purpose. 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. Donor imposed restrictions are released when the 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

Revenue Recognition: Revenue from governmental assistance consist of cost-reimbursable federal and state contracts and grants, which are generally conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenue is recognized when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Conditional promises to give are not recognized until the condition on which they depend have been substantially met. Amounts received prior to incurring qualified expenses are reported as deferred revenue in the statement of financial position.

CASA recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Contributions: Contributions and grants are reported as without or with donor restriction, depending on the existence and/or nature of any restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, the net assets are reclassified to net assets without donor restriction. Non-cash contributions are recorded at their fair market value at the date of contribution.

Gifts of equipment are reported as without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as with donor restrictions support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

See independent auditor’s report

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Cash and Cash Equivalents: Cash and cash equivalents consists of cash on hand, demand deposits held by financial institutions and any equivalent securities with an original maturity of three months or less.

Certificates of Deposit: Certificates of deposit, having original maturities greater than three months, are stated at fair value. As of June 30, 2025 and 2024 \$200,000 and \$-0- of certificates of deposit were donor restricted, respectively.

Government Grants Receivable: Generally, the grants awarded to the Agency are recorded on a reimbursement basis; that is when qualifying expenses are incurred by the Agency, both a receivable from the grantor and revenue are recorded. Grants receivable with maturities greater than 12 months from the reporting date are classified as long-term & presented as non-current assets.

Pledges Receivable: Pledges receivable are recognized when the donor makes a promise to give, generally in writing, to the Agency that is, in substance, unconditional and are reported net of an allowance for doubtful accounts. Pledges receivable include pledges made to the capital campaign.

Allowance for Doubtful Accounts: An allowance for doubtful accounts is established when there is evidence that amounts due may not be collectible. Management evaluates the collectability of receivables based on historical experience, donor creditworthiness, and current economic conditions. For the years ended June 30, 2025 and 2024, no allowance for doubtful accounts was recorded.

Property and Equipment: Property and equipment is valued at historical cost or estimated fair value at the date of donation. Expenditures for betterments that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which is generally ten to thirty-nine years for building and improvements and three to ten years for equipment and furniture.

Investments: Investments, which include both endowed investments and un-endowed investments, are reported at fair value, generally determined by quoted market prices in an active market. Gains and losses (realized and unrealized) included in changes in net assets are reported as investment earnings in the accompanying statement of activities. Investment fees are netted against the related investment earnings.

Endowment: The Agency's endowment consists of investments, as disclosed in Note E. Board designated endowments are considered non-current assets since such investments are not expected to be used in operations during the next year. Term endowments are donor restricted and are non-current assets under their stipulated terms. Generally, endowment investments with donor-imposed restrictions are classified with donor restriction and Board designated endowment investments are classified as without donor restriction. Investment income from endowments (realized and unrealized) is reported net of investment expense in the statement of activities.

See independent auditor's report

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Operating Leases: Lease assets and obligations are recognized at the lease commencement date based on the present value of the lease payments over the term of the lease. For operating leases with terms greater than 12 months, the Agency uses the risk-free discount rate to determine the present value of the lease payments, according to the Agency's elected policy, unless a readily available determinable implicit rate is available. In determining lease asset values, the Agency considers fixed and variable payment terms, prepayments, incentives, and options to extend, terminate or purchase. Renewal, termination, or purchase options affect the lease term used for determining lease asset value only if the option is reasonably certain to be exercised. The Agency's leases may include a non-lease component representing additional services transferred to the Agency. The Agency elected an accounting policy to treat each separate lease component and its related non-lease components as a single lease component. Non-lease components that are variable in nature are recorded in variable lease expense in the period incurred.

Deferred Revenue: Deferred revenue consists of contributions that have been received but the performance obligations have not been met.

Special Events: Costs associated with special events are netted against the related revenue.

Advertising: Advertising costs are expensed as incurred.

Employee Benefit Plan: The Agency has a 403(b) plan that covers substantially all employees age 18 and over with 1,000 hours of service. Employees may contribute a percentage of their annual compensation up to the limit allowed by the IRS. The Agency matches a portion of employee's contribution. The Agency contributions to the Plan were approximately \$43,000 in 2025 and \$32,000 in 2024.

Income Taxes: CASA is a tax-exempt organization under Internal Revenue Service Code Section 501(c)(3) therefore, no provision for income taxes has been provided in these financial statements. In addition, the Agency is not a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. Donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Agency is not subject to Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its federal tax returns for the last four years remain subject to examination.

Functional Allocation of Expenses: The costs of providing the services and other activities of the Agency have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of estimates of time and effort, as well as depreciation, office and occupancy, which are allocated on square-footage or other reasonable basis.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

Use of Estimates: The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

See independent auditor's report

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Concentrations of Credit Risk: Financial instruments that potentially subject the Agency to concentrations of credit risk consist principally of cash and investments. The Agency places its cash and investments (including restricted assets) with financial institutions, and limits the amount of credit exposure, although it may from time to time have cash balances or investments in excess of that insured by the FDIC and SIPC. The Agency periodically assesses the financial condition of the institutions and believes the risk of loss is minimal. Investments are diversified with common stock, corporate bonds, government securities and mutual funds, so risk of loss is reduced but not eliminated. The Agency also has concentrations of credit risk with respect to government grants and pledges receivable, as disclosed in Note B and C below. For the years ended June 30, 2025 and 2024, approximately 45% and 40% of the Agency's total revenues, respectively, were derived from the federal and state government.

NOTE B – GOVERNMENT GRANTS RECEIVABLE

Grants receivable consist of the following at June 30:

	2025	2024
VOCA	\$ 152,622	\$ 145,476
Texas CASA	99,755	98,350
City of San Antonio	-	128,385
Texas Office of the Attorney General	4,079	4,125
	<u>\$ 256,456</u>	<u>\$ 376,336</u>

NOTE C - PLEDGES RECEIVABLE

As of June 30, 2025 and 2024, pledges receivable had a balance of \$189,147 and \$60,675, respectively. The Adam R. Scripps Foundation pledge receivable, with a remaining collectable balance of \$150,000, is expected to be collected over a two-year period. Of this amount, approximately \$75,000 is expected to be received within 12 months from the date of the financial statements, with the remaining \$75,000 expected to be collected between 12 and 24 months thereafter. All other pledges receivable, \$39,147, are considered current.

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE D – PROPERTY, EQUIPMENT AND BUILDING IMPROVEMENTS

Property and equipment consist of the following at June 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 546,330	\$ 546,330
Building	3,153,670	3,153,670
Building improvements	2,128,995	2,055,154
Furniture and fixtures	277,316	277,316
Office equipment	156,629	27,596
Computer hardware and software	<u>117,996</u>	<u>122,271</u>
Total property and equipment	6,380,936	6,182,337
Less accumulated depreciation	<u>(758,157)</u>	<u>(463,416)</u>
Property and equipment, net	<u><u>\$ 5,622,779</u></u>	<u><u>\$ 5,718,921</u></u>

Appraisal of Land, Building and Improvements: In September 2024, the Organization obtained a report from CBRE Group Inc. indicating an appraised value of its land, buildings, and building improvements was approximately \$5,700,000, based on the sales comparison approach. U.S. generally accepted accounting principles (GAAP) require purchased property and equipment to be accounted for based on cost or the fair market value of the donated asset less accumulated depreciation. Land, buildings, and building improvements are reported in these financial statements in accordance with GAAP at the net book value of approximately \$5,200,000 as of June 30, 2025.

See independent auditor's report

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE E - ENDOWMENT

Interpretation of Relevant Law: The Board of Directors of the Agency has interpreted the State of Texas Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as with donor restriction: (a) the original value of gifts to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The endowment agreement stated that the board may appropriate the distributions for extraordinary needs for which CASA cannot identify a funding source. The corpus was restricted by the donor through 2017, but the remaining portion of the with donor restriction endowment fund remains classified as with donor restriction until those amounts are appropriated for expenditure by the Agency. No amount is required to be held in perpetuity. The following factors, among others, are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Agency and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Agency
- 7) The investment policies of the Agency

Return Objectives and Risk Parameters: Endowment assets are invested in a manner that is intended to produce results that equal or exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Agency expects its endowment funds, over time, to provide an average rate of return of approximately 5%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Agency has invested the endowment funds in investments of various risk levels. The Agency maintains a diversified portfolio in an effort to minimize the overall risk of the investments.

Spending Policy and How the Investment Objectives Relate to Spending Policy: On an annual basis, earnings from the donor restricted endowment investments are reported as interest income and may be used by the Agency to help fund operating expenses "for extraordinary needs for which Child Advocates San Antonio cannot identify another funding source." As gifted, the endowment corpus was restricted through June 30, 2007. Beginning July 1, 2007, the Board of Directors may elect to use up to 10% of the corpus annually. As stated above, in 2017, the restriction expired and the board must appropriate amounts for expenditure for the Agency.

The Board designated endowment funds (without donor restriction) are intended for long term investment and may be released by a majority vote of the Board of Directors subject to prior approval of the Finance Committee.

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE E - ENDOWMENT - continued

A roll forward of earnings and losses for endowment investments is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment investments at June 30, 2023	\$ 1,786,236	\$ 475,158	\$ 2,261,394
Investment earnings, net	168,946	44,941	213,887
Contributions	500,000	-	500,000
Appropriations	-	-	-
Endowment investments at June 30, 2024	2,455,182	520,099	2,975,281
Investment earnings, net	246,025	52,117	298,142
Contributions	-	-	-
Appropriations	-	-	-
Endowment investments at June 30, 2025	<u>\$ 2,701,207</u>	<u>\$ 572,216</u>	<u>\$ 3,273,423</u>

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

Description	Restriction	2025	2024
Endowment	See Note E	\$ 572,216	\$ 520,099
Capital campaign (restricted cash and CD)	Purpose	317,926	359,806
Restricted cash	Purpose	200,551	128,966
Pledges receivable	Time	150,000	60,675
		<u>\$ 1,240,693</u>	<u>\$ 1,069,546</u>

See independent auditor's report

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE G - FAIR VALUE MEASUREMENTS

In accordance with U.S. generally accepted accounting principles, the Agency utilizes a fair value hierarchy that prioritizes the inputs for the 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.
- Level 2: Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets
 - quoted prices for identical or similar assets or liabilities in inactive markets
 - inputs other than quoted prices that are observable for the asset or liability
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth, by level within the fair value hierarchy, investments measured at fair value:

	Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
<i>June 30, 2025</i>				
Cash and cash equivalents	\$ 66,945	\$ -	\$ -	\$ 66,945
Certificates of deposit	1,792,448	-	-	1,792,448
Common stocks	1,842,056	-	-	1,842,056
Corporate bonds	-	48,004	-	48,004
Mutual funds	1,063,807	-	-	1,063,807
U.S. Government securities	252,611	-	-	252,611
Total investments at fair value	<u>\$ 5,017,867</u>	<u>\$ 48,004</u>	<u>\$ -</u>	<u>\$ 5,065,871</u>
<i>June 30, 2024</i>				
Cash and cash equivalents	\$ 52,801	\$ -	\$ -	\$ 52,801
Certificates of deposit	1,784,679	-	-	1,784,679
Common stocks	1,539,489	-	-	1,539,489
Corporate bonds	-	91,577	-	91,577
Mutual funds	617,737	-	-	617,737
U.S. Government securities	204,105	-	-	204,105
Total investments at fair value	<u>\$ 4,198,811</u>	<u>\$ 91,577</u>	<u>\$ -</u>	<u>\$ 4,290,388</u>

See independent auditor's report

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE G - FAIR VALUE MEASUREMENTS – continued

There have been no changes in the methodologies used to determine fair value, nor transfers between levels. Following is a description of the valuation methodologies used for assets measured at fair value.

Cash and Cash Equivalents: Valued at its face value due to short-term maturity of the instrument.

Certificates of Deposit: Valued at cost, value of the certificate plus accrued interest.

Common Stocks, Mutual Funds, and U.S. Government Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE H - DONATED GOODS AND SERVICES

Donated goods and services are recognized as “in-kind contributions” by CASA. Contributed goods and services listed below are valued using estimated prices of identical or similar services or goods provided by the donor at the time of the contribution and is recorded as in-kind contributions revenue and expensed in the period the services or goods are received. The Agency uses the donated in-kind goods received for their programs. The value of contributed services and goods received is as follows:

	<u>Hrs/Miles</u>	<u>Amounts</u>
<i>Year Ended June 30, 2025:</i>		
Volunteer hours, at \$34.79/hour	20,553	\$ 715,046
Volunteer mileage, at \$.70/mile	220,531	154,371
Contributed goods		236,005
Professional fees		<u>-</u>
Total in-kind contributions		<u><u>\$ 1,105,422</u></u>
<i>Year Ended June 30, 2024:</i>		
Volunteer hours, at \$33.49/hour	22,381	\$ 749,533
Volunteer mileage, at \$.67/mile	238,222	159,609
Contributed goods		53,511
Professional fees		<u>221,525</u>
Total in-kind contributions		<u><u>\$ 1,184,178</u></u>

NOTE I - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Agency has approximately \$2,727,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. This consists of cash of approximately \$764,000, certificates of deposit of approximately \$1,592,000, pledges and government grants receivable of approximately \$371,000. To support ongoing operations of the Agency, the Agency has ongoing grants and pledges to meet its financial obligations for the next year.

See independent auditor's report

CHILD ADVOCATES SAN ANTONIO
Notes to Audited Financial Statements
Year Ended June 30, 2025

NOTE J – LEASES

During the year, the Agency entered into a lease for office equipment with a third-party. Operating lease expense is recognized on a straight-line basis over the lease term. The lease term extends through February 2030. Lease expense associated with the non-cancellable lease agreement was approximately \$5,300 in 2025.

At June 30, 2025, the weighted-average remaining lease term was 4.67 years and the weighted-average discount rate was 4.13%, respectively. At June 30, 2024, the Agency did not have any significant leases.

Future commitments relating to these lease agreements are as follows:

Year Ending June 30:	
2026	\$ 9,132
2027	9,132
2028	9,132
2029	9,132
Thereafter	<u>6,088</u>
Total minimum future payments	42,616
Less: imputed interest	<u>(3,916)</u>
Present value of lease liability	<u>\$ 38,700</u>

CHILD ADVOCATES SAN ANTONIO

Supplemental Information

June 30, 2025

CHILD ADVOCATES SAN ANTONIO
Schedule of Texas CASA Awards
Year Ended June 30, 2025

Schedule of Texas CASA Awards

Grantor/ Program Title	Program or Award Amount	(Deferred) Revenue July 1, 2024	Receipts	Change in Government Grants Receivable	Disbursements	(Deferred) Revenue at June 30, 2025
Texas CASA, Inc.:						
2024 Program HHSC-2024-69	631,657	\$ -	\$ 122,824	\$ -	\$ 122,824	\$ -
2025 Program HHSC-2025-69	606,975	-	406,605	99,755	506,360	-
Total		<u>\$ -</u>	<u>\$ 529,429</u>	<u>\$ 99,755</u>	<u>\$ 629,184</u>	<u>\$ -</u>

See independent auditor's report

CHILD ADVOCATES SAN ANTONIO
Schedule of Victims of Crime Act (VOCA) Awards
Year Ended June 30, 2025

Schedule of Victims of Crime Act (VOCA) Awards

Grantor/ Program Title	Program or Award Amount	(Deferred) Revenue July 1, 2024	Receipts	Change in Government Grants Receivable	Disbursements	(Deferred) Revenue at June 30, 2025
VOCA Funds:						
2024 Program VOCA-2024-69	978,624	\$ -	\$ 238,859	\$ -	\$ 238,859	\$ -
2025 Program VOCA-2025-69	926,916	-	558,475	152,622	711,097	-
Total		<u>\$ -</u>	<u>\$ 797,334</u>	<u>\$ 152,622</u>	<u>\$ 949,956</u>	<u>\$ -</u>

See independent auditor's report