



ALLIANCE
FOR CHILDREN
A Children's Advocacy Center

Financial Statements

And

Independent Auditor's Report

Years Ended September 30, 2025 and 2024

Alliance for Children, Inc.
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For the Years Ended September 30, 2025 and 2024

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Independent Auditor's Report

To the Board of Directors and Management of
Alliance for Children, Inc.
Fort Worth, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Alliance for Children, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 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 Alliance for Children, Inc. as of September 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 (GAAS) 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 Alliance for Children, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Alliance for Children, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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.

In performing an audit in accordance with GAAS 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 Alliance for Children, Inc.'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 Alliance for Children, Inc.'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 accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Texas Uniform Grant Management Standards* (UGMS) and is 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 auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal and State Awards 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 report dated February 23, 2026, on our consideration of Alliance for Children, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alliance for Children, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with

Government Auditing Standards in considering Alliance for Children, Inc.'s internal control over financial reporting and compliance.

Ryan A. Sawyer, CPA, PLLC

Colleyville, TX
February 23, 2026

Alliance for Children, Inc.
Statements of Financial Position
As of September 30, 2025 and 2024

	<u>September 30, 2025</u>	<u>September 30, 2024</u>
ASSETS		
Current Assets		
Unrestricted cash and cash equivalents	\$ 1,001,265	\$ 544,501
Investments	2,858,354	2,787,516
Grants and contracts receivable	959,418	942,995
Unconditional promises to give	63,065	65,768
Prepaid expenses	53,108	74,104
Restricted assets - property, plant and equipment	-	24,952
Restricted assets - endowments	452,868	452,868
Total current assets	5,388,078	4,892,704
Non-Current Assets		
Property, plant and equipment, net	17,350,368	18,244,442
Total non-current assets	17,350,368	18,244,442
Total Assets	22,738,446	23,137,146
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	63,364	83,006
Accrued expenses	520,208	422,743
Deferred revenue	13,259	11,863
Total Liabilities	596,831	517,612
Net assets		
With donor restrictions	452,868	477,820
Without donor restrictions	21,688,747	22,141,714
Total net assets	22,141,615	22,619,534
Total Liabilities and Net Assets	\$ 22,738,446	\$ 23,137,146

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

Alliance for Children, Inc.
Statements of Activities
For the Years Ended September 30, 2025 and 2024

	<u>September 30, 2025</u>			<u>September 30, 2024</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
Support and Revenue				
Contributions	\$ 1,586,903	\$ -	\$ 1,586,903	\$ 1,794,694
Fundraising events	482,225	-	482,225	405,243
City grants	436,844	-	436,844	397,104
County grants	220,840	-	220,840	220,840
State grants	1,908,176	-	1,908,176	2,071,096
Federal grants	3,252,539	-	3,252,539	3,250,858
Rental income	220,227	-	220,227	180,137
In-kind rent	3,193	-	3,193	9,967
Other revenue	14,885	-	14,885	8,785
Investment income/(loss)	200,717	-	200,717	350,466
Net assets released from restrictions	24,952	(24,952)	-	-
Total Support and Revenue	<u>8,351,501</u>	<u>(24,952)</u>	<u>8,326,549</u>	<u>8,689,190</u>
Expenses				
Program Services	6,426,221	-	6,426,221	6,271,385
Supporting Services	1,261,337	-	1,261,337	1,305,644
Fundraising	1,116,910	-	1,116,910	1,084,957
Total Expenses	<u>8,804,468</u>	<u>-</u>	<u>8,804,468</u>	<u>8,661,986</u>
Change in Net Assets	(452,967)	(24,952)	(477,919)	27,204
Net Assets, Beginning of Year	<u>22,141,714</u>	<u>477,820</u>	<u>22,619,534</u>	<u>22,592,330</u>
Net Assets, End of Year	<u>\$ 21,688,747</u>	<u>\$ 452,868</u>	<u>\$ 22,141,615</u>	<u>\$ 22,619,534</u>

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

Alliance for Children, Inc.
Statements of Functional Expenses
For the Years Ended September 30, 2025 and 2024

	September 30, 2025				September 30, 2024			
	Program Services	Supporting Services	Fundraising	Total Expenses	Program Services	Supporting Services	Fundraising	Total Expenses
Salaries	\$ 3,639,845	\$ 826,379	\$ 500,965	\$ 4,967,190	\$ 3,541,170	\$ 869,945	\$ 486,938	\$ 4,898,053
Employee benefits	549,599	87,939	81,633	719,171	584,951	90,345	34,994	710,290
Payroll taxes	282,689	60,672	38,402	381,763	275,145	58,314	42,506	375,965
Total salaries and related expenses	4,472,133	974,990	621,000	6,068,124	4,401,266	1,018,604	564,438	5,984,308
Donated goods and services	-	-	177,318	177,318	-	-	226,970	226,970
Accounting and professional fees	111,332	25,863	13,519	150,714	123,834	23,584	11,108	158,526
Telephone	157,415	9,066	9,066	175,548	112,231	9,328	9,328	130,888
Utilities	124,395	9,646	9,646	143,688	119,586	8,905	8,905	137,396
Client counseling and support	147,968	21,776	15,999	185,743	138,228	42,990	24,637	205,854
Office and postage expense	31,710	68,663	18,982	119,355	89,587	69,195	25,964	184,746
Event venue	-	139	135,343	135,482	-	472	119,065	119,536
Maintenance and repairs	144,691	9,782	9,782	164,255	126,151	9,956	9,880	145,987
Janitorial	55,423	4,160	4,160	63,743	61,234	3,089	1,692	66,015
Community education	86,908	3,489	26,070	116,468	40,103	5,788	8,683	54,574
Training	43,326	12,288	2,633	58,247	108,227	19,034	6,929	134,189
Insurance	92,605	17,339	13,230	123,175	88,042	21,869	12,577	122,489
Miscellaneous	44,177	54,546	9,373	108,096	32,583	19,495	617	52,695
Equipment lease	11,184	-	-	11,184	10,315	-	-	10,315
Security	8,800	555	555	9,909	13,914	221	221	14,356
Printing and advertising	-	407	1,454	1,861	1,783	1,818	5,795	9,396
Mileage	27,039	2,585	2,738	32,362	30,977	6,091	2,942	40,010
Partner agency training	65,124	-	-	65,124	136,469	-	-	136,469
Total expenses before depreciation	5,624,231	1,215,296	1,070,869	7,910,396	5,634,528	1,260,439	1,039,753	7,934,721
Depreciation and amortization	801,992	46,041	46,041	894,074	636,856	45,204	45,204	727,264
Total Expenses	\$ 6,426,221	\$ 1,261,337	\$ 1,116,910	\$ 8,804,468	\$ 6,271,385	\$ 1,305,644	\$ 1,084,956	\$ 8,661,985

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

Alliance for Children, Inc.
Statements of Cash Flows
For the Years Ended September 30, 2025 and 2024

	September 30, 2025	September 30, 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (477,919)	\$ 27,204
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	894,074	727,264
Unrealized and realized (gain) loss on investments, net	(838)	(171,543)
Change in Operating Assets and Liabilities		
Grants and contracts receivable	(16,423)	(50,891)
Unconditional promises to give	2,703	11,692
Prepaid expenses	20,996	6,868
Deposits	-	-
Restricted assets	(31,985)	1,095,367
Accounts payable and accrued expenses	77,823	(510,945)
Deferred revenue	1,396	(3,144)
Net cash provided by operating activities	469,827	1,131,872
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(935,379)
Purchase of Certificates of Deposit	-	(1,500,000)
Purchase of Mutual Funds	(70,000)	(130,000)
Net cash used in investing activities	(70,000)	(2,565,379)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for property and equipment	-	(738,014)
Net cash used by financing activities	-	(738,014)
Net Change in Cash	399,827	(2,171,521)
CASH AT BEGINNING OF YEAR	601,438	2,772,959
CASH AT END OF YEAR	\$ 1,001,265	\$ 601,438

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

Alliance for Children, Inc.
Notes to Financial Statements
For the Years Ended September 30, 2025 and 2024

NOTE 1 – NATURE OF ACTIVITIES

Nature of Activities

Alliance for Children, Inc. (the “Organization”), a nonprofit organization, is the children’s advocacy center serving all of Tarrant County. Since 1992, over 74,000 children have benefited from Alliance for Children, Inc.’s teamed investigations and coordinated approach. Alliance for Children, Inc. operates child-friendly centers located in Fort Worth, Arlington, and Hurst. Alliance for Children, Inc.’s mission is to protect Tarrant County children from child abuse through teamed investigations, healing services, and community education. Alliance for Children, Inc. is a fully accredited member of the National Children’s Alliance, a membership association of over 900 children’s advocacy centers, and is a founding member of Children’s Advocacy Centers of Texas.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting applicable to not-for-profit organizations in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Classification of Net Assets

Under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958, *Not-for-Profit Entities*, Alliance for Children, Inc. is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions, based on the absence or existence of donor-imposed restrictions. See Note 11 and Note 12 below for more information regarding restricted asset balances.

Cash & Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash and cash equivalents. The Organization deposits funds with financial institutions which may at times be in excess of the U.S. Federal Deposit Insurance Corporation’s (“FDIC”) insured limits. The Organization has not experienced any losses related to amounts in excess of FDIC limits.

Grants and Contracts Receivable

The grants and contracts receivable primarily represent amounts due from government agencies for reimbursement of allowable costs according to grant agreements. Revenue is recognized as expenses which are reimbursable under grants or contracts, are incurred. Management uses the allowance method and evaluates the adequacy of the allowance for doubtful accounts based on a periodic review of individual accounts. Alliance for Children, Inc. has not recorded an allowance for uncollectible accounts on the government contracts based on historical experience and the credit worthiness of the government entities. All grants and contracts receivable at September 30, 2025 and 2024 are collectible in one year or less.

Alliance for Children, Inc.
Notes to Financial Statements (cont'd)
For the Years Ended September 30, 2025 and 2024

Unconditional Promises to Give

Contributions are recognized as support at their fair value in the period in which unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than monetary assets are recorded at their estimated fair value. The Organization uses the previously described allowance method to determine uncollectible promises receivable, and no allowance for doubtful accounts is considered necessary by management as of September 30, 2025 and 2024. For the years ended September 30, 2025 and 2024, all promises to give are primarily short-term in nature and therefore no valuation allowance has been recorded.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values based upon quoted or published market values. Realized and unrealized gains and losses are included in the change in net assets.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount. Gains and losses incurred as a result of assets impaired, abandoned, or otherwise sold are charged to the statement of activities in the period they are disposed.

Revenue Recognition

Contributions and donations are recognized when they are received. Alliance for Children, Inc. also receives reimbursement grants. These grants are not recorded until acceptable expenditures under the grant terms have been made and claimed for reimbursement. Deferred revenue represents amounts received for fundraising events to be held in the subsequent year. Such amounts would be returned to the donor if the event was cancelled.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs benefit multiple functional areas, and, as such, have been allocated across functions based on time attributable to program and supporting services recorded on employee time sheets and an analysis of full-time employee equivalent employees by location and the related roles of such employees.

Fair Value

The requirements of Fair Value Measurements and Disclosures of the Accounting Standards Codification apply to all financial instruments and all nonfinancial assets and nonfinancial liabilities that are being measured and reported on a fair value basis. Fair value is a market-based measurement, not an entity-specific measurement. The fair value of Alliance for Children, Inc.'s current assets and current liabilities approximate the carrying amounts of such instruments due to their short maturity.

Income Taxes

Alliance for Children, Inc. is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, Alliance for Children, Inc. has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. There was no unrelated business income

Alliance for Children, Inc.
Notes to Financial Statements (cont'd)
For the Years Ended September 30, 2025 and 2024

for the periods ended September 30, 2025 and 2024. Alliance for Children, Inc.'s IRS Form 990 Return for an Exempt Organization is open for review by the IRS for a period of three years from the date filed.

Property and Equipment

Property and equipment purchased at a cost of \$5,000 or more is stated at cost on the date of purchase and depreciated over the estimated useful lives of the assets using the straight-line method. Donations of land, buildings, and equipment in excess of \$5,000 are similarly capitalized and recorded as support at their fair value. Such donations are reported as unrestricted support absent explicit donor stipulations specifying how the donated assets must be used. Expenditures for improvements and general betterments that extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are expensed as incurred.

As of September 30, 2025 and 2024, the Company's fixed assets include property, plant, and equipment (PPE) and construction in progress. Assets previously classified as construction in progress are now recorded under their respective PPE categories. For the years ended September 30, 2025 and 2024, the total value of construction in progress transferred to property and equipment were \$0 and \$9,769,472, respectively.

Depreciable lives are typically the lesser of the life of related leases, or forty years for building, land improvements and leasehold improvements and from three to five years for equipment and furniture and fixtures.

NOTE 3 – CONCENTRATION OF RISK

Alliance for Children, Inc. receives 70% of its revenues from state grants and federal grants. Among the state grants and federal grants, 63% are from the US Department of Justice, and 36% of Texas Health and Human Services Commission during the year ended September 30, 2025. Similarly, during the year ended September 30, 2024, 69% of its revenue was from state grants and federal grants. Among those, 61% are from the US Department of Justice and 39% Texas Health and Human Services Commission.

The grant amounts are appropriated each year at the federal and/or state level. If significant budget cuts are made at the federal and/or state level, the amount of funds Alliance for Children, Inc. receives could be reduced significantly and have an adverse impact on its operations.

NOTE 4 – COMPENSATED ABSENCES

The employees of Alliance for Children, Inc. are entitled to a paid vacation and other time off. Policy allows for employees to carry over a maximum of 160 hours to the following year. An accrual of \$161,748 and \$162,649 has been recorded for employees' unused vacation at September 30, 2025 and 2024, respectively.

NOTE 5 – RETIREMENT CONTRIBUTION

Alliance for Children, Inc. sponsors a 403(b) plan for the benefit of its employees. All employees are eligible to participate in the 403(b) plan upon hire. Alliance for Children, Inc. has the option to match all eligible employee's contributions to the 403(b) up to 2% of each employee's salary. Employees are considered fully vested after 5 years of employment. For the years ended September 30, 2025 and 2024, The cost of employer contributions to the plan was \$77,563 and \$75,248 for the years ended September 30, 2025 and 2024, respectively.

Alliance for Children, Inc.
Notes to Financial Statements (cont'd)
For the Years Ended September 30, 2025 and 2024

NOTE 6– NON-CURRENT ASSETS

Non-current assets at September 30, 2025 and 2024 consisted of the following:

	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Land	\$ 471,102	\$ 471,102
Building	14,055,215	16,501,064
Equipment	175,376	175,376
Furniture & Fixtures	1,185,104	1,185,104
Leasehold Improvements	4,185,508	1,719,659
Construction in Progress	-	20,000
Land improvements	395,890	395,890
Total Non-Current Assets, Gross	<u>20,468,195</u>	<u>20,468,195</u>
Less: Accumulated Depreciation and Amortization	<u>(3,117,827)</u>	<u>(2,223,753)</u>
Non-Current Assets, Net	<u>\$ 17,350,368</u>	<u>\$ 18,244,442</u>

Depreciation and amortization expense for the years ended September 30, 2025 and 2024 was \$894,074 and \$727,265, respectively.

NOTE 7– GRANTOR AUDITS

Alliance for Children, Inc. is funded by grants and contracts that are subject to review and audit by the grantor agencies. These grants and contracts have certain compliance requirements and, should audits by the grantor agencies disclose any areas of substantial noncompliance, Alliance for Children, Inc. may be required to refund any disallowed costs. Management does not know of any noncompliance which would require refunds.

NOTE 8– IN-KIND CONTRIBUTIONS

Several volunteers have made significant contributions of their time in furtherance of Alliance for Children, Inc.'s mission. In accordance with FASB ASC 958, *Not-for-Profit Entities - Revenue Recognition - Contributed Services*, the value of these donated services is not recorded in the accompanying financial statements as they do not meet the criteria for recognition as contributions.

NOTE 9 – INVESTMENTS

The Organization invests its endowment funds in various fixed income and exchange traded funds. These securities are available for sale and can be converted to cash immediately. They are recognized in the financial statements at fair value, determined by recent quoted market prices or unit values.

Investment fair values consisted of the following as of September 30, 2025 and 2024, respectively:

	<u>September 30, 2025</u>		<u>September 30, 2024</u>	
	<u>Historical Cost</u>	<u>Fair Value</u>	<u>Historical Cost</u>	<u>Fair Value</u>
Cash	\$ 52,395	\$ 52,395	\$ 31,985	\$ 31,985
Fixed Income Mutual Funds	525,975	516,587	636,000	483,108
Equity Securities Mutual Funds	806,600	1,294,635	731,591	1,205,694
Certificate of Deposits	1,500,000	1,504,382	1,500,000	1,519,597
Total	<u>\$ 2,884,970</u>	<u>\$ 3,367,999</u>	<u>\$ 2,899,576</u>	<u>\$ 3,240,384</u>

Alliance for Children, Inc.
Notes to Financial Statements (cont'd)
For the Years Ended September 30, 2025 and 2024

The Organization holds investments that include certificates of deposit (CDs) with a historical cost of \$1,500,000. As of September 30, 2025, the fair value of the CDs was \$1,504,382. The increase in value reflects accrued interest income of \$4,382. The CDs provide an annual yield of 3.6%.

NOTE 10 – ASSETS RESTRICTED FOR ENDOWMENT FUND

Assets Restricted for Endowment Fund

Assets restricted for endowment consist of one donor-restricted fund and one fund designated by the Board of Directors to function as an endowment. The donor-restricted contributions are made to establish a permanent endowment. The earnings from the endowment funds are to be used to support the Organization's operations.

Net assets associated with endowment funds are classified and reported based upon the existence or absence of donor-imposed restrictions. Permanently restricted endowment fund balances were \$452,868 and \$452,868 as of September 30, 2025 and 2024, respectively.

Endowment fund net asset activity by fund type as of September 30, 2025 and 2024, respectively:

	September 30, 2025		
	Unrestricted assets	Restricted Corpus	Totals
Opening Balance	\$ 2,767,919	\$ 452,868	\$ 3,220,787
Unrealized/realized gain(loss), net	122,420	-	122,420
Investment Income	90,410	-	90,410
Purchases	(70,000)	-	(70,000)
	\$ 2,910,749	\$ 452,868	\$ 3,363,617

	September 30, 2024		
	Unrestricted assets	Restricted Corpus	Totals
Opening Balance	\$ 985,973	\$ 452,868	\$ 1,438,841
Unrealized/realized gain(loss), net	378,391	-	378,391
Short term investment	1,500,000	-	1,500,000
Investment Income	33,555	-	33,555
Purchases	(130,000)	-	(130,000)
	\$ 2,767,919	\$ 452,868	\$ 3,220,787

Interpretation of Relevant Law

The Board of Directors of the Organization have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) of the state of Texas to require 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. Therefore, the Organization will classify as net assets with donor restrictions to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restriction available for appropriation until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Alliance for Children, Inc.
Notes to Financial Statements (cont'd)
For the Years Ended September 30, 2025 and 2024

In accordance with UPMIFA, the Organization considers the following factors in deciding to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization 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 Organization
7. The investment policies of the Organization

Return Objectives and Risk Parameters

Endowment funds are prudently invested as permanently restricted funds in a manner consistent with earning superior long-term capital appreciation while minimizing both short and long-term volatility. As a permanent fund, the investment objectives for the endowment require disciplined and consistent management that accommodates all events that are relevant, reasonable, and probable. Extreme positions or frequent variations in management style are not consistent with these objectives. The investments of the endowment are appropriately diversified to minimize risk and volatility while maximizing expected returns.

Strategies Employed for Achieving Objectives

In general, the return objective for the endowment is an average annual total real rate of return (adjusted for inflation and fees) as measured over a three to five-year market period. The asset allocation, consistent with these expectations, is within the following ranges: equities 60-80%, fixed income 20-40%, and cash 0-10%. It is the responsibility of the Chief Executive Officer, working in conjunction with the investment consultant, to monitor asset allocation and to adjust, as necessary, to ensure an ongoing asset allocation consistent with return objectives and cash requirements. Variations of up to five percentage points from the stated targets are acceptable. It is also understood that the Investment Committee will review the portfolio's asset allocation ranges no less than twice annually.

Spending Policy and How the Investment Objectives Relate to Spending Policy

At the current time, the spending rate is 0% as the Organization is emphasizing growth of the endowment fund. In the near future, management intends to increase the spending rate up to 5% of the average fair value of its endowment funds for the most recent 4 quarters prior to the beginning of the current fiscal year; the amount to be spent in each coming year shall be approved annually by the Investment Committee. Though changes to the spending rate are expected to be infrequent, the Investment Committee may recommend changes in the spending rate when it is deemed appropriate to do so.

NOTE 11 - ASSETS RESTRICTED FOR PROPERTY AND EQUIPMENT

	September 30, 2025	September 30, 2024
Cash	\$ -	\$ 24,952
Pledges Receivable	-	-
	\$ -	\$ 24,952

The pledges above have payment terms that, in some instances, are linked to the progress of related construction. The construction was completed and the remaining restricted assets of \$24,952 were released from restriction during the year ended September 30, 2025.

Alliance for Children, Inc.
Notes to Financial Statements (cont'd)
For the Years Ended September 30, 2025 and 2024

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

As of September 30, 2025, Alliance for Children, Inc. had \$4,882,102 of current financial assets; these financial assets consisted of cash of \$1,001,265, investments of \$2,858,354, and grants, contracts, and contributions receivable of \$1,022,483.

Assets of \$452,868 are restricted for an endowment. As such, financial assets in the amount of \$4,429,234 were available for general expenditure as of September 30, 2025:

	<u>September 30, 2025</u>
Cash and cash equivalents	\$ 1,001,265
Receivables	1,022,483
Investments	2,858,354
Total Current Financial Assets	4,882,102
Less: Current financial assets unavailable for general expenditures due to donor/board restrictions	(452,868)
Current financial assets available for general	\$ 4,429,234

The Organization on average spends \$733,706 in monthly expenditures that are disbursed from current financial assets available for general expenditures. This means the Organization had financial assets available to cover 6.04 months of expenses as of September 30, 2025.

NOTE 13 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the Independent Auditor's Report, the date these financial statements were available to be issued.

SINGLE AUDIT SECTION

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 and Management of
Alliance for Children, Inc.
Fort Worth, Texas

We have audited 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, the financial statements of Alliance for Children, Inc., which comprise the statement of financial position as of September 30, 2025, 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 February 23, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alliance for Children, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alliance for Children, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Alliance for Children, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alliance for Children, Inc.'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ryan A. Sawyer, CPA, PLLC

Colleyville, TX

February 23, 2026

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE AND TEXAS UNIFORM GRANT MANAGEMENT STANDARDS

To the Board of Directors and Management of
Alliance for Children, Inc.
Fort Worth, Texas

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited Alliance for Children, Inc.’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Alliance for Children, Inc.’s major federal and state programs for the year ended September 30, 2025. Alliance for Children, Inc.’s major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal and State Program

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

We are required to be independent of Alliance for Children, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of Alliance for Children, Inc.’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Alliance for Children, Inc.’s federal and state programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Alliance for Children,

Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance and the UGMS will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Alliance for Children, Inc.'s compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance and UGMS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Alliance for Children, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Alliance for Children, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of Alliance for Children, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

Ryan A. Sawyer, CPA, PLLC

Colleyville, TX
February 23, 2026

Alliance for Children, Inc.
Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2025

<u>Federal Grantor/Pass-through Agency/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of the Justice</u>			
Pass-through Program from:			
Children's Advocacy Centers of Texas			
Victims of Crime Act Formula Grant Program	16.575	5259001	\$ 3,226,834
Pass-Through Program from:			
Tarrant County			
American Rescue Plan Formula Grant Program (ARPA)	21.027	CARPA-2022	25,706
Total Expenditures of Federal Awards			<u>3,252,539</u>
<u>State Grantor/Pass-through Agency/Program Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>State Expenditures</u>
<u>Texas Health and Human Services Commission</u>			
Pass-through Program From:			
Children's Advocacy Centers of Texas			
HHSC Construction Program	N/A	HHSC-FY25-3	1,866,035
<u>Office of the Attorney General</u>			
Other Victim Assistance Grant Program			
Contract No C-01868	N/A	N/A	42,141
Total Expenditures of State Awards			<u>1,908,176</u>
Total Expenditures of Federal and State Awards			<u>\$ 5,160,716</u>

Alliance for Children, Inc.
Notes to Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2025

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state award activity of Alliance for Children, Inc. under programs of the federal and Texas governments for the year ended September 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *Texas Uniform Grant Management Standards* (UGMS). Because the Schedule presents only a selected portion of the operations of Alliance for Children, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Alliance for Children, Inc..

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

Alliance for Children, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance and UGMS.

Alliance for Children, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended September 30, 2025

I. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Noncompliance material to financial statements noted? Yes No

Federal and State Awards

Internal control over major programs:
 • Material weakness(es) identified? Yes No
 • Significant deficiency(ies) identified that are not considered to be material weakness(es)? None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major programs:

ALN Name of Federal/State Program

16.575 Victims of Crime Act Formula Grant Program
 State HHSC Construction Program

Dollar threshold used to distinguish between Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee? Yes No

II. Findings – Financial Statement Audit

NONE

III. Findings and Questioned Costs – Major Federal and State Award Programs Audit

NONE