

CENTER FOR CHILD PROTECTION AND AFFILIATES

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023



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**CENTER FOR CHILD PROTECTION AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Center for Child Protection and Affiliates
Austin, Texas

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Center for Child Protection and Affiliates, collectively, the Organization, which comprise the consolidated statements of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the 2024 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Center for Child Protection and Affiliates 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.

Adjustments to Prior Period Financial Statements

The comparative consolidated financial statements as of December 31, 2023 of Center for Child Protection and Affiliates were audited by other auditors whose report dated September 25, 2024, expressed an unmodified opinion on those statements. As more fully described in Note 12, the Organization has restated its 2023 consolidated financial statements during the current year to account for the beneficial interest asset, in accordance accounting principles generally accepted in the United States of America. The other auditors reported on the 2023 financial statements before the restatement.

As part of our audit for the 2024 consolidated financial statements, we also audited adjustments described in Note 12 that were applied to restate the 2023 consolidated financial statements. In our opinion, such adjustments were appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2023 consolidated financial statements of the Organization other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2023 consolidated financial statements as a whole.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Center for Child Protection and Affiliates' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Center for Child Protection and Affiliates' 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.

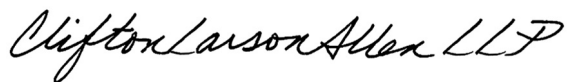
Supplementary Information

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

The 2024 consolidating information found on pages 29, 30 and 33 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The 2023 consolidating information on pages 31, 32 and 34 was subjected to the auditing procedures applied in the 2023 audit of the basic consolidated financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2023 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2025, on our consideration of Center for Child Protection and Affiliates' 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 Center for Child Protection and Affiliates' 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 Center for Child Protection and Affiliates' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Fort Worth, Texas
June 19, 2025

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>(As Restated) 2023</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,576,895	\$ 2,063,426
Receivables		
Grants and Contracts	1,426,951	1,268,842
Promises to Give, Net	563,273	443,376
Rents and Other Receivables	277,085	293,223
Prepaid Expenses	123,694	74,507
Inventory - Thrift Store	-	62,363
Investments	<u>2,164,812</u>	<u>2,538,034</u>
Total Current Assets	6,132,710	6,743,771
NONCURRENT ASSETS		
Beneficial Interest Held in Community Foundation	529,677	482,300
Accounts Receivable		
Promises to Give, Net	711,599	738,253
Property and Equipment, Net	5,589,485	4,997,850
Right-of-Use Asset - Operating	298,664	382,660
Other Assets	<u>13,167</u>	<u>13,167</u>
 Total Assets	 <u><u>\$ 13,275,302</u></u>	 <u><u>\$ 13,358,001</u></u>

See accompanying Notes to Consolidated Financial Statements.

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2024 AND 2023

	2024	(As Restated) 2023
CURRENT LIABILITIES		
Accounts Payable	\$ 280,986	\$ 238,866
Payroll and Related Liabilities	4,377	3,773
Accrued Vacation Payable	183,713	188,271
Deferred Revenue	15,692	11,549
Prepaid Rent	18,080	17,528
Accrued Interest Payable	4,601	4,739
Current Portion of Lease Liability - Operating	156,790	131,077
Current Portion of Note Payable	44,770	42,984
Total Current Liabilities	<u>709,009</u>	<u>638,787</u>
LONG-TERM LIABILITIES		
Note Payable, Net Current Portion	1,361,662	1,401,593
Lease Liability - Operating	157,859	271,929
Total Long-Term Liabilities	<u>1,519,521</u>	<u>1,673,522</u>
 Total Liabilities	 2,228,530	 2,312,309
NET ASSETS		
Without Donor Restrictions:		
Available for Current Operations	5,042,668	5,717,654
Investment in Fixed Assets	4,183,055	3,538,470
Total Without Donor Restrictions	<u>9,225,723</u>	<u>9,256,124</u>
With Donor Restrictions	1,821,049	1,789,568
Total Net Assets	<u>11,046,772</u>	<u>11,045,692</u>
 Total Liabilities and Net Assets	 <u><u>\$ 13,275,302</u></u>	 <u><u>\$ 13,358,001</u></u>

See accompanying Notes to Consolidated Financial Statements.

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and Contracts	\$ 4,968,294	\$ 79,110	\$ 5,047,404
Contributions	1,310,486	592,200	1,902,686
Fundraising Activity			
Fundraising Income	3,581,235	-	3,581,235
Direct Benefit to Donors	(1,209,365)	-	(1,209,365)
Net Fundraising Activity	2,371,870	-	2,371,870
Rental Income	278,141	-	278,141
In-Kind Donations	139,000	-	139,000
Guild Memberships	12,300	-	12,300
Training Honorariums	14,526	-	14,526
Gain on Investments	66,589	-	66,589
Other Income	3,780	-	3,780
Change in Fair Value of Beneficial Interest			
Held in Community Foundation	-	47,377	47,377
Net Assets Released from Restrictions	687,206	(687,206)	-
Total Revenues and Other Support	9,852,192	31,481	9,883,673
EXPENSES			
Program Services			
Assistance to Children	8,107,120	-	8,107,120
Supporting Services			
Management and General	801,062	-	801,062
Fundraising	974,411	-	974,411
Total Expenses	9,882,593	-	9,882,593
CHANGE IN NET ASSETS	(30,401)	31,481	1,080
Net Assets - Beginning of Year	9,256,124	1,789,568	11,045,692
NET ASSETS - END OF YEAR	<u>\$ 9,225,723</u>	<u>\$ 1,821,049</u>	<u>\$ 11,046,772</u>

See accompanying Notes to Consolidated Financial Statements.

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(AS RESTATED)

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Grants and Contracts	\$ 4,918,202	\$ 134,322	\$ 5,052,524
Contributions	1,425,793	475,199	1,900,992
Fundraising Activity			
Fundraising Income	3,573,790	-	3,573,790
Direct Benefit to Donors	(1,141,325)	-	(1,141,325)
Net Fundraising Activity	2,432,465	-	2,432,465
Rental Income	261,069	-	261,069
Thrift Store Sales	138,090	-	138,090
Donated Thrift Store Goods	242	-	242
In-Kind Donations	20,000	-	20,000
Guild Memberships	11,000	-	11,000
Training Honorariums	10,260	-	10,260
Gain on Investments	56,865	-	56,865
Other Income	28,326	-	28,326
Change in Fair Value of Beneficial Interest			
Held in Community Foundation	-	55,883	55,883
Net Assets Released from Restrictions	6,410	(6,410)	-
Total Revenues and Other Support	9,308,722	658,994	9,967,716
EXPENSES			
Program Services			
Assistance to Children	7,229,910	-	7,229,910
Supporting Services			
Management and General	690,450	-	690,450
Fundraising	706,630	-	706,630
Total Expenses	8,626,990	-	8,626,990
CHANGE IN NET ASSETS	681,732	658,994	1,340,726
Net Assets - Beginning of Year Restated	8,574,392	1,130,574	9,704,966
NET ASSETS - END OF YEAR	<u>\$ 9,256,124</u>	<u>\$ 1,789,568</u>	<u>\$ 11,045,692</u>

See accompanying Notes to Consolidated Financial Statements.

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Personnel Costs				
Salaries	\$ 4,654,103	\$ 431,989	\$ 563,353	\$ 5,649,445
Benefits	591,742	55,219	72,011	718,972
Payroll Taxes	369,327	33,845	44,137	447,309
Total Personnel Costs	5,615,172	521,053	679,501	6,815,726
Rent Expense	182,878	14,400	18,780	216,058
Utilities	110,695	10,296	13,428	134,419
Software Licensing	187,840	17,427	22,727	227,994
Equipment Rental	72,686	6,783	8,845	88,314
Repairs and Maintenance	173,408	14,018	18,279	205,705
Telephone/Internet	89,508	8,259	10,770	108,537
Network Maintenance	57,406	5,357	6,986	69,749
Interest	52,320	4,882	6,367	63,569
Uncollectible Pledges	31,569	3,201	4,174	38,944
Community Outreach	196,806	-	-	196,806
Professional Fees	27,390	2,321	63,320	93,031
Fundraising Supplies and Event Catering	-	-	361,780	361,780
Facilities Expense and Rentals	-	-	548,652	548,652
Office/Household Supplies	53,262	4,970	6,481	64,713
Insurance	83,186	7,663	9,994	100,843
Program Supplies	15,205	-	-	15,205
Staff Training	76,073	-	-	76,073
Direct Assistance to Clients	57,078	-	-	57,078
Accounting Fees	-	23,881	-	23,881
Travel and Mileage	109,311	-	3,419	112,730
Printing, Postage, and Delivery	24,146	-	-	24,146
Personnel Costs	63,508	2,679	3,494	69,681
Membership Fees	22,959	-	-	22,959
Marketing and Advertising	92,260	-	300,249	392,509
Credit Card Discounts	130,362	739	964	132,065
Contract Labor	46,810	107,610	36,200	190,620
Translation	10,756	-	-	10,756
Miscellaneous	34,480	-	-	34,480
Total Expenses Before Depreciation	7,617,074	755,539	2,124,410	10,497,023
Depreciation	490,046	45,523	59,366	594,935
Total Expenses Before Netted Costs	8,107,120	801,062	2,183,776	11,091,958
Less: Costs Included With Revenues in the Consolidated Statement of Activities	-	-	(1,209,365)	(1,209,365)
Total Expenses by Function	<u>\$ 8,107,120</u>	<u>\$ 801,062</u>	<u>\$ 974,411</u>	<u>\$ 9,882,593</u>

See accompanying Notes to Consolidated Financial Statements.

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023
(AS RESTATED)

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Personnel Costs				
Salaries	\$ 4,136,424	\$ 397,128	\$ 434,147	\$ 4,967,699
Benefits	553,328	54,531	59,614	667,473
Payroll Taxes	328,706	30,243	33,063	392,012
Total Personnel Costs	5,018,458	481,902	526,824	6,027,184
Depreciation				
Rent Expense	181,030	8,334	9,110	198,474
Utilities	109,169	10,632	11,623	131,424
Software Licensing	117,096	11,151	12,190	140,437
Equipment Rental	69,102	6,810	7,445	83,357
Repairs and Maintenance	90,797	8,003	8,749	107,549
Telephone/Internet	89,623	8,445	9,232	107,300
Network Maintenance	68,090	6,710	7,336	82,136
Interest	53,833	5,305	5,800	64,938
Uncollectible Pledges	46,458	4,579	5,005	56,042
Community Outreach	157,205	-	-	157,205
Professional Fees	33,227	2,555	50,793	86,575
Fundraising Supplies and Event Catering	-	-	287,285	287,285
Facilities Expense and Rentals	-	-	569,264	569,264
Office/Household Supplies	42,830	4,221	4,615	51,666
Insurance	60,737	5,834	6,378	72,949
Program Supplies	35,991	-	-	35,991
Staff Training	40,351	-	-	40,351
Direct Assistance to Clients	50,676	-	-	50,676
Accounting Fees	19,772	1,948	2,130	23,850
Travel and Mileage	66,130	-	2,019	68,149
Printing, Postage, and Delivery	25,553	-	-	25,553
Multidisciplinary Training	24,545	-	-	24,545
Other Personnel Costs	47,032	2,062	2,254	51,348
Membership Fees	9,129	-	-	9,129
Marketing and Advertising	70,354	17,589	267,195	355,138
Credit Card Discounts	94,306	-	-	94,306
Contract Labor	37,424	73,745	-	111,169
Fire/Alarm/Elevator	12,804	1,262	1,380	15,446
Translation	7,472	-	-	7,472
Friends of Christopher Guild	95	-	-	95
Miscellaneous	51,850	404	441	52,695
Total Expenses Before Depreciation	6,731,139	661,491	1,797,068	9,189,698
Depreciation	481,182	46,548	50,887	578,617
Total Expenses Before Netted Costs	7,212,321	708,039	1,847,955	9,768,315
Less: Costs Included With Revenues in the Consolidated Statement of Activities	-	-	(1,141,325)	(1,141,325)
Total Expenses by Function	<u>\$ 7,212,321</u>	<u>\$ 708,039</u>	<u>\$ 706,630</u>	<u>\$ 8,626,990</u>

See accompanying Notes to Consolidated Financial Statements.

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	(As Restated) 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,080	\$ 1,340,726
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Noncash Items in Change in Net Assets:		
Depreciation	594,935	578,617
Amortization	4,692	4,692
(Gain) Loss on Investments	(66,589)	892
Bad Debt Expense	38,944	56,042
Increase in Value of Beneficial Interest	(47,377)	(55,883)
Donated Fixed Assets	(100,000)	-
Loss on Sale of Property and Equipment	16,907	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable:		
Grants and Contracts	(158,109)	(243,128)
Promises to Give	(132,187)	(108,537)
Rents and Other Receivables	16,138	(750)
Prepaid Expenses	(49,187)	40,442
Right-of-Use Asset - Operating	83,996	116,787
Inventory - Thrift Store	62,363	(242)
Accounts Payable	(65,514)	73,106
Payroll Related Liabilities	604	(176,358)
Accrued Vacation Payable	(4,558)	171,578
Deferred Revenue	4,143	(35,194)
Prepaid Rent	552	17,528
Accrued Interest Payable	(138)	(133)
Straight-Line Rent Liability	-	(8,684)
Lease Liability - Operating	(88,357)	(117,258)
Net Cash Provided by Operating Activities	<u>112,338</u>	<u>1,654,243</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,095,334)	(394,655)
Sale of Property and Equipment	99,491	-
Purchase of Investments	(3,546,815)	(4,907,690)
Proceeds from Sale of Investments	<u>3,986,626</u>	<u>2,409,304</u>
Net Cash Used by Investing Activities	(556,032)	(2,893,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	<u>(42,837)</u>	<u>(41,473)</u>
Net Cash Used by Financing Activities	<u>(42,837)</u>	<u>(41,473)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(486,531)	(1,280,271)
Cash and Cash Equivalents - Beginning of Year	<u>2,063,426</u>	<u>3,343,697</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,576,895</u></u>	<u><u>\$ 2,063,426</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>(As Restated) 2023</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 59,015</u>	<u>\$ 60,113</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITY		
Purchase of Property and Equipment Through Accounts Payable	<u>\$ 107,634</u>	<u>\$ -</u>

See accompanying Notes to Consolidated Financial Statements.

**CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Center for Child Protection (the Center) is a Texas nonprofit corporation established in 1989. The primary purpose of the Center is to operate service centers for the benefit of abused children which coordinates investigation, counseling, medical assistance, advocacy and educational services to assist victims of child abuse.

Tomorrow's Child Legacy Project Foundation (the Foundation) is a Texas nonprofit corporation established in 2014. The Center controls the majority voting interest of the Foundation. The primary purpose of the Foundation is to support the prevention of child abuse and successful early intervention. The Foundation's assets were transferred to the Center in 2023, and the Foundation was inactive in 2024.

DoubleTake Austin, LLC (the Store) is a Texas limited liability company established in 2019. The Center is the sole member of the Store. The primary purpose of the Store is to operate a thrift store to support the charitable purpose of the Center. The Center's board of directors approved a plan of liquidation for the Store in February 2024. The Store was fully liquidated by March 31, 2024.

Collectively, the Center, the Foundation, and the Store are referred to as the "Organization."

Basis of Accounting

The Organization has adopted the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The consolidated financial statements of the Organization have been prepared on the accrual basis method of accounting, which includes recognition of revenues and expenses as earned or incurred.

Principles of Consolidation

The accompanying consolidated financial statements present the consolidated financial position and changes in net assets of the Organization. All significant transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or less at the date of acquisition.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk (Continued)

During 2024 and 2023, the Organization received approximately 31% and 33%, respectively, of its total revenue from cost-reimbursement grants with one funding source.

Federal Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

The Organization has adopted the FASB guidance for recognition of uncertain tax positions. Interest and penalties related to uncertain tax positions will be recognized in income tax expenses, if applicable. As of December 31, 2024 and 2023, no uncertain tax positions have been identified and therefore, no amounts were recognized during the years ended December 31, 2024 and 2023.

Net Assets Classes

Net Assets Without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions. While these resources are reported as unrestricted, the Organization manages them in compliance with its exempt purposes, governing board designations, legal requirements, and contractual obligations.

Net Assets With Donor Restrictions – These net assets result from gifts or cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished.

Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Grants and Contributions Receivables

Contributions are recognized when received or a donor makes a pledge to give to the Organization that is, in substance, unconditional. Unconditional promises to give expected to be collected within one year, are recorded at estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the promises are to be received and adjusted for the credit risk of the donor based on management assessment.

**CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions Receivables (Continued)

Management evaluates collectability of promises to give based on an assessment of the credit history with those having outstanding balances and current relationships with them. The allowance for uncollectible pledges was \$239,656 and \$211,638 as of December 31, 2024 and 2023, respectively. Bad debt expense was \$38,944 and \$56,042 for the years ended December 31, 2024 and 2023, respectively.

Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Conditional promises to give totaled \$-0- as of December 31, 2024 and 2023.

Accounts Receivable

The Organization uses a combination of historical loss experience, current economic conditions, and forward-looking information to estimate credit losses for financial assets. As of December 31, 2024 and 2023, an allowance for credit losses was deemed not necessary. Credit loss expense was \$-0- for the years ended December 31, 2024 and 2023.

Advertising Costs

Advertising costs are expensed when incurred. Advertising and marketing costs totaled \$114,792 and \$87,947 as of December 31, 2024 and 2023, respectively.

Revenue Recognition

The Center receives funding in the form of grants, reimbursement contracts, fundraising, and contributions. Unconditional funding is reported as revenues when notification of the award or contribution is received. Reimbursement contracts and contributions that are considered conditional promises to give are reported as revenue when the conditions are met. Generally, the condition to be met is compliance with program services and budgetary requirements imposed by the donor.

Conditional government grants and contract funds are recorded as revenue when eligible expenditures, as defined in each contract, are made. Funds received but not yet earned are shown as deferred revenue. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Center will record such disallowance at the time the final assessment is made. The Center received cost-reimbursable grants of \$1,674,156 and \$1,654,763 that have not been recognized at December 31, 2024 and 2023, respectively because qualifying expenditures have not yet been incurred.

Inventory

Thrift store inventory consists entirely of donated goods and is valued at its estimated net realizable value. During the year ended 2023, the Store estimated the value of donated goods on hand and records the amount as inventory with a corresponding adjustment to donated contributions. No inventory was donated in 2024.

**CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statements of financial position. Investment return includes dividend, interest, and other investment income/losses. Net gains and losses on investments includes both realized and unrealized gains and losses on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included as net assets with donor restriction and then released from restriction. Other investment return is reflected in the consolidated statements of activities as net assets without restriction or net assets with donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Fixed Assets

Purchased fixed assets, with a cost of \$2,500 or more and a useful life of at least one year, are capitalized at cost. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings	20 Years
Furniture and Equipment	5 Years
Leasehold Improvements	5 to 20 Years
Vehicles	3 to 7 Years
Assistance Dog	8 Years

The Organization periodically reviews the carrying value of its long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To the extent the fair value of long-lived assets, determined based upon the estimated future cash inflows attributable to the assets less estimated future cash outflows, is less than the carrying amount, an impairment loss is recognized. No such losses were recognized during the year ended December 31, 2024.

The Organization uses the direct expensing method to account for planned major maintenance activities.

**CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets (Continued)

Fixed assets consist of the following as of December 31, 2024 and 2023:

	2024	2023
Land	\$ 744,250	\$ 744,250
Buildings	11,504,520	9,855,492
Furniture and Equipment	1,334,379	1,336,862
Vehicles	86,953	86,953
Construction in Progress	200,457	783,375
Artwork	40,395	40,395
Assistance Dog	80,220	32,250
Total	13,991,174	12,879,577
Less: Accumulated Depreciation	(8,401,689)	(7,881,727)
Property and Equipment, Net	<u>\$ 5,589,485</u>	<u>\$ 4,997,850</u>

Donated Assets, Property and Equipment, and Services

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

Impairment of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If a long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flows analysis, or other valuation technique. There were no impairment losses recognized during 2024 and 2023.

CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Costs

The Organization allocates common costs between program services, management and general, and fundraising based on the Center's activities benefiting from the cost. If an item is associated only with a program or fundraising, it is fully allocated to that category. Administrative and occupancy expenses are allocated based on salary allocations. The allocations are reviewed periodically and revised, if necessary, to reflect changes in the activities of the Organization.

Leases

The Center is the lessor in several operating leases. The Center determines if a contract is a lease or contains a lease at inception. At the commencement of an operating lease, no income is recognized; subsequently, lease payments received are recognized on a straight-line basis. Rental revenue attributable to commercial leases is recorded when due from tenants, generally upon the first day of each month. Leases are for periods of up to five years, with rental payments due monthly. Advance receipts of revenue are deferred and classified as liabilities until earned.

The Center leases office and retail space and equipment under various lease agreements. The Center determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on the statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the consolidated statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense is incurred and these leases are not included as lease liabilities or right of use assets on the consolidated statements of financial position. The Organization has elected to separate nonlease components from lease components and accounts for each separate lease component and the nonlease component as a separate lease component.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Reclassifications

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation.

Subsequent Events

Subsequent events have been evaluated through June 19, 2025, which is the date the consolidated financial statements were available to be issued.

NOTE 2 RELATED PARTY TRANSACTIONS

In addition to services relating to their function as board members, the board of directors contributed \$266,423 and \$248,927 to the Center for the years ended December 31, 2024 and 2023, respectively.

NOTE 3 PROMISES TO GIVE

Pledges receivable consist of funds available for operating purposes. Pledges reported in the consolidated financial statements are the following.

	2024	2023
Receivable in Less than One Year	\$ 662,674	\$ 521,619
Allowance for Uncollectible Pledges	(99,401)	(78,243)
Pledges Due Within One Year	<u>\$ 563,273</u>	<u>\$ 443,376</u>
Receivable in One to Five Years	\$ 935,033	\$ 889,300
Allowance for Uncollectible Pledges	(140,255)	(133,395)
Present Value Discount	(83,179)	(17,652)
Pledges Due - Noncurrent	<u>\$ 711,599</u>	<u>\$ 738,253</u>

Pledges receivable with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments. For 2024 and 2023, the present value discount is computed using various present value interest rates. These amounts are reported as temporarily restricted contributions, for the passage of time, in the consolidated statements of activities. New pledges of \$592,000 and \$475,199 were received in 2024 and 2023, respectively. Prior year pledges written off in 2024 and 2023 were \$30,010 and \$31,443, respectively. Pledges receivable considered past due amounted to \$71,127 and \$39,943 as of December 31, 2024 and 2023, respectively.

CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 4 FAIR VALUE MEASUREMENTS

Accounting principles generally accepted in the United States of America (GAAP) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets or liability's fair value measurement level is 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 tables set forth by level, within the fair value hierarchy, the Center's assets at fair value as of as of December 31:

2024				
	Level 1	Level 2	Level 3	Total
Certificates of Deposit (Over 90 Days)	\$ 43,257	\$ -	\$ -	\$ 43,257
Fixed Income	-	2,121,555	-	2,121,555
Beneficial Interest in Community Foundation	-	-	529,677	529,677
Total	<u>\$ 43,257</u>	<u>\$ 2,121,555</u>	<u>\$ 529,677</u>	<u>\$ 2,694,489</u>
2023 (As Restated)				
	Level 1	Level 2	Level 3	Total
Certificates of Deposit (Over 90 Days)	\$ 41,564	\$ -	\$ -	\$ 41,564
Fixed Income	-	2,496,470	-	2,496,470
Beneficial Interest in Community Foundation	-	-	482,300	482,300
Total	<u>\$ 41,564</u>	<u>\$ 2,496,470</u>	<u>\$ 482,300</u>	<u>\$ 3,020,334</u>

The beneficial interest in community foundation did not have any transfers, purchases or issues during the years ended December 31, 2024 or 2023. See Note 10 for fund activity.

CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 5 LONG-TERM DEBT

In 2015, the Organization purchased an additional building in the same real estate complex as the Organization's main facility. This debt was refinanced in 2019, including debt issuance costs and additional available credit for a utility project at the Organization's facility.

Debt issuance costs are reported on the consolidated statements of financial position as a direct deduction from the face amount of the debt. These costs are amortized over the life of the debt and are reported as interest expense in the consolidated statements of activities.

Refinanced note payable to bank dated April 2, 2019 had an original amount of \$1,600,000, including \$444,605 of available credit. Note payable accrues interest at 4.99%, 12 monthly interest-only payments, 119 monthly payments of \$9,412 including principal and interest, and final payment of \$1,194,631 due April 2030. The collateral on the note payable is a deed of trust on real estate and associated rent income from the property.

The current portion of long-term debt and long – term debt, net of current portion were as follows at December 31:

	<u>2024</u>	<u>2023</u>
Refinanced Note Payable	\$ 1,431,455	\$ 1,474,292
Less: Debt Issuance Costs, Net	<u>(25,023)</u>	<u>(29,715)</u>
Total	1,406,432	1,444,577
Less: Current Portion of Long-Term Debt	<u>(44,770)</u>	<u>(42,984)</u>
Long-Term Debt, Net of Current Portion	<u><u>\$ 1,361,662</u></u>	<u><u>\$ 1,401,593</u></u>

Interest costs incurred for the years ended December 31, 2024 and 2023 were \$63,569 and \$60,246, respectively.

Aggregate annual maturities of the note payable over each of the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2025	\$ 44,770
2026	46,615
2027	48,536
2028	50,390
2029	52,613
Thereafter	<u>1,188,531</u>
Total	<u><u>\$ 1,431,455</u></u>

CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 6 LEASING ACTIVITIES

Lease Income

As part of the acquisition of additional real estate, the Organization assumed four operating leases which provide commercial real estate space to affiliate organizations. As of December 31, 2024 three leases remained. Property and equipment have a value of \$2,927,416 at December 31, 2024, with accumulated depreciation of \$838,329. The assets are included in net fixed assets at December 31, 2024. Minimum future rentals on noncancelable operating leases with original terms of one year or longer total \$ 91,212 at December 31, 2024.

Lease income under operating leases for 2024 and 2023 was \$278,141 and \$261,069, respectively.

Lease Expense

In 2019, the Organization entered into a five-year lease for the thrift store through December 31, 2025. In 2017, the Organization entered into a 10-year lease for a new location in Lakeway through August 31, 2027. In 2023, the Organization entered into a five-year equipment lease agreement through November 9, 2028. These leases do not include renewal options. The thrift store lease was terminated in March 2025.

The following table provides quantitative information concerning the Organization's lease for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Operating Lease Costs	\$ 154,802	\$ 144,709
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 160,811	\$ 144,402
Weighted Average Remaining Lease Term - Operating Leases	2.4 Years	3.1 Years
Weighted Average Discount Rate - Operating Leases	3.11%	3.56%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2024:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2025	\$ 164,598
2026	88,869
2027	64,209
2028	10,428
Undiscounted Cash Flows	328,104
Less: Imputed Interest	(13,455)
Total Present Value	<u>\$ 314,649</u>

**CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 7 401(K) SAVINGS PLAN

The Center maintains a 401(k) plan (the Plan) to provide retirement benefits for the Center's staff. Staff may contribute a percentage of their annual compensation, limited to a maximum annual amount as set periodically by the Internal Revenue Service. The Plan includes a comparability profit sharing provision which requires the Center to make mandatory safe harbor nonelective contributions in an amount equal to 3% of each eligible participant's compensation. These safe harbor contributions are subject to a 100% immediate vesting schedule. New hires are eligible to participate after one year of service. In addition, the Plan provides for discretionary contributions as determined by the board of directors. The Center contributed \$187,987 and \$169,407 to the Plan in 2024 and 2023, respectively.

NOTE 8 CONTRIBUTED NONFINANCIAL ASSETS

The Center and the Store received the following contributed fixed assets and goods that have been reported in the consolidated financial statements:

	2024	2023
Donated Thrift Store Goods		
Thrift Store Sales	\$ -	\$ 138,090
Change in Inventory	-	242
Total	-	138,332
Donated Land	100,000	-
Donated Vehicle	39,000	20,000
Total	<u>\$ 139,000</u>	<u>\$ 158,332</u>

These amounts are included in revenue as contributions without donor restrictions which are reflected in the consolidated statements of activities.

The Organization determines the fair value of donated assets and services on the basis of estimates of the current market rates for similar assets and services.

Donated goods and fixed assets were utilized by the Organization's program during years ended December 31, 2024 and 2023. The Organization monetized all donated goods and fixed assets during years ended December 31, 2024 and 2023.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

During 2024 and 2023 \$687,206 and \$6,410, respectively in temporarily restricted net assets were released from accompanying stipulations due to the Center's action to satisfy specified purpose or due to the passage of time and are reported as transfers from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

**CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023**

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions are restricted for the following purposes or periods:

	2024	(As Restated) 2023
Subject to Expenditure for Specified Purpose		
Programs and Projects	\$ 16,500	\$ 125,639
Subject to the Passage of Time		
Promises to Give that are Unavailable for		
Expenditure Until Due	524,872	431,629
Subject to Expenditure for Specified Purpose and		
the Passage of Time		
Amount to be Invested in the Community Foundation	750,000	750,000
Endowment		
Not Subject to Spending Policy or Appropriation		
Beneficial Interest in Community Foundation	529,677	482,300
Total Net Assets With Donor Restrictions	<u>\$ 1,821,049</u>	<u>\$ 1,789,568</u>

NOTE 10 BENEFICIAL INTEREST IN ENDOWMENT FUNDS

Beneficial interest in endowment fund: In 2005, the Center established a permanent endowment fund, the Tomorrow's Child Fund (the Fund), with the Austin Community Foundation for the Capital Area (the ACF). Funding for the Fund consists of contributions made by a transfer of cash or other assets from donors or the Center to ACF. All contributions are considered irrevocable and shall be used in furtherance of the purpose of the Fund. ACF maintains variance power for the Fund. The funds are recorded as beneficial interest held in the community foundation by the Center after funds are received by the ACF. The Center has recorded the carrying value of its beneficial interest in the community foundation as net assets with donor restrictions. Subsequent changes in the carrying values of the beneficial interest in the community foundation are reflected as changes in the value of beneficial interests in the net asset with donor restrictions class in the accompanying statements of activities.

Annually, an amount based on the distribution policies of ACF shall be available to the Center in the following year upon request of the Center, as determined by the board of governors of ACF. Funds available for grant distribution at December 31, 2024 and 2023, were \$43,200 and \$28,500, respectively.

CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 10 BENEFICIAL INTEREST IN ENDOWMENT FUNDS (CONTINUED)

During 2024 and 2023, the Center had the following beneficial interest in endowment fund activities:

	2024	(As Restated) 2023
Tomorrow's Child Endowment Fund		
Beneficial Interest - Beginning of Year	\$ 482,300	\$ 426,417
Interest and Dividends	11,258	9,965
Realized and Unrealized Gains (Losses)	41,440	50,843
Administrative Expenses	(5,321)	(4,925)
Beneficial Interest - End of Year	<u>\$ 529,677</u>	<u>\$ 482,300</u>

NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	2024	(As Restated) 2023
Cash and Cash Equivalents	\$ 1,560,395	\$ 2,007,787
Investments	2,164,812	2,538,034
Promises to Give, No Purpose Restrictions	563,273	443,376
Receivables - Grants and Contracts	1,426,951	1,198,842
Receivables - Rents and Other	277,085	293,223
Available to Meet Cash Needs Within One Year	<u>\$ 5,992,516</u>	<u>\$ 6,481,262</u>

As part of the Center's liquidity management plan, cash in excess of daily requirements is invested in short- term investments and money market funds.

NOTE 12 RESTATEMENT OF BENEFICIAL INTEREST IN COMMUNITY FOUNDATION AND RESTRICTED NET ASSETS

During the 2024 audit of the Organization's consolidated financial statements, management identified certain beneficial interest in community foundation. As of January 1, 2023, the beneficial interest in community foundation was not recognized in the consolidated statement of financial position.

During the 2024 audit of the Organization's financial statements, management identified certain net assets that were improperly released from restrictions in 2023. As of December 31, 2023, net assets subject to expenditure for a specified purpose and passage of time were presented as unrestricted on the consolidated statement of financial position and consolidated statement of activity.

CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

NOTE 12 RESTATEMENT OF BENEFICIAL INTEREST IN COMMUNITY FOUNDATION AND RESTRICTED NET ASSETS (CONTINUED)

Beginning net asset balances and amount of beneficial interest in community foundation as of January 1, 2023 were impacted by the restatement. The impact of these restatements on opening balances as of January 1, 2023, December 31, 2023 and 2023 release of restricted net assets was as follows:

	As Previously Reported January 1 2023	As Restated January 1 2023	As Previously Reported December 31 2023	As Restated December 31 2023
Beneficial Interest in Community Foundation	\$ -	\$ 426,417	\$ -	\$ 482,300
Net Assets Without Donor Restrictions	8,574,392	8,574,392	10,006,124	9,256,124
Net Assets With Donor Restrictions	704,157	1,130,574	557,268	1,789,568
Net Assets Released from Restrictions	-	-	(756,410)	(6,410)

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>Center</u>	<u>DoubleTake</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,576,895	\$ -	\$ -	\$ 1,576,895
Receivables				
Grants and Contracts	1,426,951	-	-	1,426,951
Promises to Give, Net	563,273	-	-	563,273
Rents and Other Receivables	277,085	-	-	277,085
Prepaid Expenses	123,694	-	-	123,694
Investments	2,164,812	-	-	2,164,812
Total Current Assets	<u>6,132,710</u>	<u>-</u>	<u>-</u>	<u>6,132,710</u>
NONCURRENT ASSETS				
Beneficial Interest Held in Community Foundation	529,677	-	-	529,677
Accounts Receivable				
Promises to Give, Net	711,599	-	-	711,599
Property and Equipment				
Land	744,250	-	-	744,250
Buildings and Improvements	11,504,520	-	-	11,504,520
Furniture and Equipment	1,334,379	-	-	1,334,379
Vehicles	86,953	-	-	86,953
Artwork	40,395	-	-	40,395
Assistance Dog	80,220	-	-	80,220
Construction in Progress	200,457	-	-	200,457
Total	<u>13,991,174</u>	<u>-</u>	<u>-</u>	<u>13,991,174</u>
Less: Accumulated Depreciation	<u>(8,401,689)</u>	<u>-</u>	<u>-</u>	<u>(8,401,689)</u>
Property and Equipment, Net	5,589,485	-	-	5,589,485
Right-of-Use Asset - Operating	298,664	-	-	298,664
Other Assets	<u>13,167</u>	<u>-</u>	<u>-</u>	<u>13,167</u>
Total Assets	<u><u>\$ 13,275,302</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 13,275,302</u></u>

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	Center	DoubleTake	Eliminations	Consolidated
CURRENT LIABILITIES				
Accounts Payable	\$ 280,986	\$ -	\$ -	\$ 280,986
Payroll and Related Liabilities	4,377	-	-	4,377
Accrued Vacation Payable	183,713	-	-	183,713
Deferred Revenue	15,692	-	-	15,692
Prepaid Rent	18,080	-	-	18,080
Accrued Interest Payable	4,601	-	-	4,601
Current Portion of Lease Liability - Operating	156,790	-	-	156,790
Current Portion of Note Payable	44,770	-	-	44,770
Total Current Liabilities	709,009	-	-	709,009
LONG-TERM LIABILITIES				
Note Payable, Net Current Portion	1,361,662	-	-	1,361,662
Lease Liability - Operating	157,859	-	-	157,859
Total Long-Term Liabilities	1,519,521	-	-	1,519,521
Total Liabilities	2,228,530	-	-	2,228,530
NET ASSETS				
Without Donor Restrictions:				
Available for Current Operations	5,042,668	-	-	5,042,668
Investment in Fixed Assets	4,183,055	-	-	4,183,055
Total Without Donor Restrictions	9,225,723	-	-	9,225,723
With Donor Restrictions	1,821,049	-	-	1,821,049
Total Net Assets	11,046,772	-	-	11,046,772
Total Liabilities and Net Assets	\$ 13,275,302	\$ -	\$ -	\$ 13,275,302

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)
(AS RESTATED)

ASSETS	<u>Center</u>	<u>Foundation</u>	<u>DoubleTake</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,013,323	\$ -	\$ 50,103	\$ -	\$ 2,063,426
Receivables					
Grants and Contracts	1,268,842	-	-	-	1,268,842
Promises to Give, Net	443,376	-	-	-	443,376
Rents and Other Receivables	293,223	-	-	-	293,223
Prepaid Expenses	67,405	-	7,102	-	74,507
Inventory - Thrift Store	-	-	62,363	-	62,363
Investments	<u>2,538,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,538,034</u>
Total Current Assets	6,624,203	-	119,568	-	6,743,771
NONCURRENT ASSETS					
Beneficial Interest Held in Community Foundation	482,300				482,300
Accounts Receivable					
Promises to Give, Net	738,253	-	-	-	738,253
Property and Equipment					
Land	744,250	-	-	-	744,250
Buildings and Improvements	9,826,125	-	29,367	-	9,855,492
Furniture and Equipment	1,318,195	-	18,667	-	1,336,862
Vehicles	67,728	-	19,225	-	86,953
Artwork	40,395	-	-	-	40,395
Assistance Dog	32,250	-	-	-	32,250
Construction in Progress	<u>783,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>783,375</u>
Total	12,812,318	-	67,259	-	12,879,577
Less: Accumulated Depreciation	<u>(7,829,272)</u>	<u>-</u>	<u>(52,455)</u>	<u>-</u>	<u>(7,881,727)</u>
Property and Equipment, Net	4,983,046	-	14,804	-	4,997,850
Right-of-Use Asset - Operating	241,005	-	141,655	-	382,660
Other Assets	<u>367,319</u>	<u>-</u>	<u>5,438</u>	<u>(359,590)</u>	<u>13,167</u>
Total Noncurrent Assets	6,811,923	-	161,897	(359,590)	6,614,230
 Total Assets	 <u><u>\$ 13,436,126</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 281,465</u></u>	 <u><u>\$ (359,590)</u></u>	 <u><u>\$ 13,358,001</u></u>

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)
(AS RESTATED)

LIABILITIES AND NET ASSETS	<u>Center</u>	<u>Foundation</u>	<u>DoubleTake</u>	<u>Eliminations</u>	<u>Consolidated</u>
CURRENT LIABILITIES					
Accounts Payable	\$ 238,866	\$ -	\$ -	\$ -	\$ 238,866
Payroll and Related Liabilities	2,912	-	861	-	3,773
Accrued Vacation Payable	188,271	-	-	-	188,271
Deferred Revenue	7,568	-	3,981	-	11,549
Prepaid Rent	17,528	-	-	-	17,528
Accrued Interest Payable	4,739	-	-	-	4,739
Current Portion of Lease Liability - Operating	60,181	-	70,896	-	131,077
Current Portion of Note Payable	42,984	-	-	-	42,984
Total Current Liabilities	<u>563,049</u>	<u>-</u>	<u>75,738</u>	<u>-</u>	<u>638,787</u>
LONG-TERM LIABILITIES					
Note Payable, Net Current Portion	1,401,593	-	-	-	1,401,593
Lease Liability - Operating	193,221	-	78,708	-	271,929
Total Long-Term Liabilities	<u>1,594,814</u>	<u>-</u>	<u>78,708</u>	<u>-</u>	<u>1,673,522</u>
Total Liabilities	2,157,863	-	154,446	-	2,312,309
NET ASSETS					
Without Donor Restrictions					
Available for Current Operations	5,950,225	-	127,019	(359,590)	5,717,654
Investment in Fixed Assets	3,538,470	-	-	-	3,538,470
Total Without Donor Restrictions	9,488,695	-	127,019	(359,590)	9,256,124
With Donor Restrictions	1,789,568	-	-	-	1,789,568
Total Net Assets	<u>11,278,263</u>	<u>-</u>	<u>127,019</u>	<u>(359,590)</u>	<u>11,045,692</u>
Total Liabilities and Net Assets	<u>\$ 13,436,126</u>	<u>\$ -</u>	<u>\$ 281,465</u>	<u>\$ (359,590)</u>	<u>\$ 13,358,001</u>

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Center	DoubleTake	Eliminations	Consolidated
REVENUES AND OTHER SUPPORT				
Grants and Contracts	\$ 5,047,404	\$ -	\$ -	\$ 5,047,404
Contributions	1,902,686	-	-	1,902,686
Fundraising Activity	-	-	-	-
Fundraising Income	3,581,235	-	-	3,581,235
Direct Benefit to Donors	(1,209,365)	-	-	(1,209,365)
Net Fundraising Activity	2,371,870	-	-	2,371,870
Rental Income	278,141	-	-	278,141
In-Kind Donations	139,000	-	-	139,000
Guild Memberships	12,300	-	-	12,300
Training Honorariums	14,526	-	-	14,526
Gain on Investments	66,589	-	-	66,589
Other Income	49,786	300,092	(346,098)	3,780
Change in Fair Value of Beneficial Interest				
Held in Community Foundation	47,377	-	-	47,377
Total Revenues and Other Support	9,929,679	300,092	(346,098)	9,883,673
EXPENSES				
Program Services				
Assistance to Children	8,039,597	67,523	-	8,107,120
Supporting Services				
Management and General	1,147,160	-	(346,098)	801,062
Fundraising	974,411	-	-	974,411
Total Expenses	10,161,168	67,523	(346,098)	9,882,593
CHANGE IN NET ASSETS	(231,489)	232,569	-	1,080
Net Assets - Beginning of Year	11,278,261	127,021	(359,590)	11,045,692
Transfer of Net Assets from Double Take	-	(359,590)	359,590	-
NET ASSETS - END OF YEAR	<u>\$ 11,046,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,046,772</u>

CENTER FOR CHILD PROTECTION AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)
(AS RESTATED)

	Center	Foundation	DoubleTake	Eliminations	Consolidated
REVENUES AND OTHER SUPPORT					
Grants and Contracts	\$ 5,052,524	\$ -	\$ -	\$ -	\$ 5,052,524
Contributions	1,900,195	-	797	-	1,900,992
Fundraising Activity					
Fundraising Income	3,573,790	-	-	-	3,573,790
Direct Benefit to Donors	(1,141,325)	-	-	-	(1,141,325)
Net Fundraising Activity	2,432,465	-	-	-	2,432,465
Rental Income	261,069	-	-	-	261,069
Thrift Store Sales	-	-	138,090	-	138,090
Donated Thrift Store Goods	-	-	242	-	242
In-Kind Donations	20,000	-	-	-	20,000
Build Memberships	11,000	-	-	-	11,000
Training Honorariums	10,260	-	-	-	10,260
Gain (Loss) on Investments	56,865	-	-	-	56,865
Other Income	28,326	-	-	-	28,326
Change in Fair Value of Beneficial Interest					
Held in Community Foundation	55,883	-	-	-	55,883
Total Revenues and Other Support	9,828,587	-	139,129	-	9,967,716
EXPENSES					
Program Services					
Assistance to Children	6,953,915	-	275,995	-	7,229,910
Supporting Services					
Management and General	690,450	-	-	-	690,450
Fundraising	706,630	-	-	-	706,630
Total Expenses	8,350,995	-	275,995	-	8,626,990
CHANGE IN NET ASSETS	1,477,592	-	(136,866)	-	1,340,726
Net Assets - Beginning of Year Restated	9,668,010	132,659	108,964	(204,667)	9,704,966
Transfer of Net Assets from Tomorrow's Child Legacy	132,659	(132,659)	-	-	-
Capital Contributions	-	-	154,923	(154,923)	-
NET ASSETS - END OF YEAR	<u>\$ 11,278,261</u>	<u>\$ -</u>	<u>\$ 127,021</u>	<u>\$ (359,590)</u>	<u>\$ 11,045,692</u>



**INDEPENDENT AUDITORS' 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***

Board of Directors
Center for Child Protection and Affiliates
Austin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Center for Child Protection and Affiliates (the Organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 19, 2025.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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*.

Center for Child Protection and Affiliate's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Center for Child Protection an Affiliate's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Center for Child Protection and Affiliate's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Organization'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.



CliftonLarsonAllen LLP

Fort Worth, Texas
June 19, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Center for Child Protection and Affiliates
Austin, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Center for Child Protection and Affiliates' 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 Center for Child Protection and Affiliates' major federal programs for the year ended December 31, 2024. Center for Child Protection and Affiliates' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Center for Child Protection and Affiliates complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Center for Child Protection and Affiliates 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 program. Our audit does not provide a legal determination of Center for Child Protection and Affiliates' 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 Center for Child Protection and Affiliates' federal programs.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Center for Child Protection and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Center for Child Protection and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Center for Child Protection and Affiliates' 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Center for Child Protection and Affiliates' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Center for Child Protection and Affiliates' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiency in internal control over compliance that we consider to be a significant deficiency.

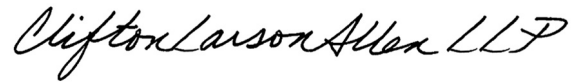
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Center for Child Protection and Affiliates' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Center for Child Protection and Affiliates' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Directors
Center for Child Protection and Affiliates

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Fort Worth, Texas
June 19, 2025

**CENTER FOR CHILD PROTECTION AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2024**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Grant Award Number	Program Period	Federal Expenditures
<u>U.S. Department of Justice, Office of Justice</u>				
<u>Programs, Office for Victims of Crime:</u>				
Pass-Through Funding:				
Office of the Governor of Texas, Criminal Justice				
Division (CJD):				
Children's Advocacy Centers of Texas (CACTX):				
VA-Victims of Crime Act Formula Grant:				
FY24 CAC VOCA	16.575	VOCA II-FY24-5	October 1, 2023 to September 30, 2024	\$ 1,654,763
FY25 CAC VOCA	16.575	VOCA I-FY25-5	October 1, 2024 to September 30, 2025	567,764
Total Expenditures of Federal Awards				<u><u>\$ 2,222,527</u></u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CENTER FOR CHILD PROTECTION AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal expenditures of Center for Child Protection and Affiliates (the Organization) under programs of the federal government for the year ended December 31, 2024. The information in the 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*. Therefore, some amounts presented in the Schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

For purposes of the Schedule, federal awards include all sub awards to the Organization by nonfederal organizations pursuant to federal grants, contracts and similar agreements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed. Federal Assistance Listing numbers are provided when available.

NOTE 3 SUBRECIPIENTS

Of the federal expenditures presented, the Organization provided no federal awards to subrecipients.

NOTE 4 NONCASH ASSISTANCE

The Organization did not receive any noncash assistance from federal awards for the year ended December 31, 2024.

NOTE 5 LOANS

At year-end, the Organization had no loans or loan guarantees outstanding with federal awarding agencies.

NOTE 6 INDIRECT COST RATES

The Organization has elected not to use the 15 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**CENTER FOR CHILD PROTECTION AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

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

Identification of Major Federal Programs

Assistance Listing Number(s)

16.575

Name of Federal Program or Cluster

Children’s Advocacy Centers of Texas (CACTX):
VA-Victims of Crime Act Formula Grant

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee??

 X yes no

**CENTER FOR CHILD PROTECTION AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section II – Financial Statement Findings

2024-001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition

Material adjustment proposed to properly record beneficial interest in community foundation and restricted net assets.

Criteria or Specific Requirement

In accordance with FASB Subtopic 958-605, Not-for Profit Entities – Revenue Recognition, a beneficial interest should be recorded for a contribution received by the Organization and held by a community foundation. In addition, the remaining balance due from that pledge should be recorded as with donor restrictions.

Context

Inaccurate recording of unique gifts can have a material affect on the financial statements of the organization.

Effect

A material adjustment was made during the course of the 2024 audit to correct the recording of this transaction, resulting in changes to the financial statements from prior years including an asset recorded as beneficial interest and a change in classification of certain net assets from without donor restrictions to with donor restrictions.

Cause

Incorrect recording of a unique pledge resulted in a correction of an error for the year ended December 31, 2024.

Repeat Finding

Not a repeat finding.

Recommendation

We recommend that all giving agreements be reviewed and recorded in accordance with accounting standards.

Views of Responsible Officials and Planned Corrective Action

Management believes that the current accounting treatment used was due to inaccurate guidance given from a prior CPA firm. Management agrees with the current adjustment and will be aware of proper recording of beneficial interest in community foundation and net assets with donor restrictions for collections of payments on existing pledge and future funds received.

**CENTER FOR CHILD PROTECTION AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2024**

Section III – Findings and Questioned Costs – Major Federal Programs

2024-002

Federal Agency: U.S. Department of Justice, Office of Justice Programs, Office for Victims of Crime

Federal Program Name: Crime Victim Assistance

Assistance Listing Number: 16.575

Federal Award Identification Number and Year: V2-GX-0004 - 2020

Pass-Through Agency: Office of the Governor of Texas, Criminal Justice Division, Children's Advocacy Centers of Texas

Award Period: October 1, 2023 – September 30, 2024

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria

The Organization should acquire goods and services based upon maximum open and free competition to obtain the best value for financial resources. In circumstances in which goods or services purchased will cost more than \$10,000 but less than \$250,000, attempts will be made to secure at least three bids for consideration. In circumstances in which goods or services purchased will cost more than \$250,000 competitive sealed bids should be obtained or competitive negotiations should be performed. Non-competitive negotiations are also allowed in certain circumstances.

Condition and Context

The Organization did not receive any bids for one of its services in the small purchases category since 2017. Additionally, the Organization did not receive any bids for equipment leases which fell in the large purchases category.

Questioned Costs

Estimated maximum: N/A

Cause

Lack of key control over the procurement process for small and large purchases.

Effect

Organization could be paying for certain services at a rate that might not be competitive to the market.

Repeat Finding

No

Recommendation

The Organization should obtain multiple bids for services over micro purchase threshold in accordance with the Organization's procurement policy.

View of Responsible Officials

Management is in agreement.

