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**FORT BEND COUNTY CHILD  
ADVOCATES, INC.  
AND  
FORT BEND COUNTY CHILD  
ADVOCATES ENDOWMENT, INC.**

**CONSOLIDATED AND INDIVIDUAL  
FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2023  
with Comparative Totals for 2022**

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***CPAs and Professional Consultants***



**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Fort Bend County Child Advocates, Inc.  
and Fort Bend County Child Advocates Endowment, Inc.  
Rosenberg, Texas

### ***Report on the Audit of the Consolidated and Individual Financial Statements***

#### ***Opinion***

We have audited the consolidated and individual financial statements of Fort Bend County Child Advocates, Inc. (the "Agency") and Fort Bend County Child Advocates Endowment, Inc. (the "Endowment") (collectively, the "Organization"), which comprise the consolidated and individual statement of financial position as of December 31, 2023, and the related consolidated and individual statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated and individual financial statements.

In our opinion, the accompanying consolidated and individual financial statements present fairly, in all material respects, the consolidated and individual financial position of Fort Bend County Child Advocates, Inc. and Fort Bend County Child Advocates Endowment, Inc. as of December 31, 2023, and the consolidated and individual changes in its net assets and its 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 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 Consolidated and Individual Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated and Individual Financial Statements***

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

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

To the Board of Directors  
Fort Bend County Child Advocates, Inc.  
and Fort Bend County Child Advocates Endowment, Inc.

### ***Auditor's Responsibilities for the Audit of the Consolidated and Individual Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated and individual 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 consolidated and individual 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 and individual 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 and individual financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated and individual financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 consolidated and individual financial statements as a whole. The accompanying supplementary information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the consolidated and individual 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 and individual financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated and individual 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 and individual financial statements or to the consolidated and individual financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated and individual 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 August 20, 2024 on our consideration of the Organization'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.

To the Board of Directors  
Fort Bend County Child Advocates, Inc.  
and Fort Bend County Child Advocates Endowment, Inc.

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization'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 the Organization's internal control over financial reporting and compliance.

***Report on Summarized Comparative Information***

We have previously audited the Organization's 2022 consolidated and individual financial statements, and our report dated August 9, 2023 expressed an unmodified opinion on those audited consolidated and individual financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited consolidated and individual financial statements from which it has been derived.

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

Houston, Texas  
August 20, 2024





## **CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS**

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
CONSOLIDATED AND INDIVIDUAL STATEMENT OF FINANCIAL POSITION  
As of December 31, 2023 (with comparative totals for 2022)**

	Agency	Endowment	Eliminations	2023 Total	2022 Total
<b>Assets</b>					
Cash and cash equivalents	\$ 3,033,637	\$ 425,645	\$ -	\$ 3,459,282	\$ 3,728,495
Investments	-	4,039,859	-	4,039,859	3,726,601
Grants receivable	901,796	-	-	901,796	612,492
Promises to give, net	513,675	-	-	513,675	577,950
Capital campaign, net	221,312	-	-	221,312	183,111
Due from Endowment	599,051	-	(599,051)	-	-
Prepaid expenses	41,113	-	-	41,113	39,507
Property and equipment, net	9,314,843	-	-	9,314,843	8,830,428
Right-of-use finance lease asset, net	8,901	-	-	8,901	16,530
<b>Total Assets</b>	<b>\$ 14,634,328</b>	<b>\$ 4,465,504</b>	<b>\$ (599,051)</b>	<b>\$ 18,500,781</b>	<b>\$ 17,715,114</b>
<b>Liabilities and Net Assets</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 257,973	\$ -	\$ -	\$ 257,973	\$ 103,229
Accrued expenses	203,094	-	-	203,094	121,458
Finance lease liability	9,305	-	-	9,305	17,025
Due to Agency	-	599,051	(599,051)	-	-
<b>Total Liabilities</b>	<b>470,372</b>	<b>599,051</b>	<b>(599,051)</b>	<b>470,372</b>	<b>241,712</b>
<b>Net Assets:</b>					
Without Donor Restrictions:					
Invested in property and equipment	9,323,744	-	-	9,323,744	8,846,958
Board designated endowment	-	3,866,453	-	3,866,453	3,497,583
Undesignated	3,638,994	-	-	3,638,994	4,142,143
Total Without Donor Restrictions	12,962,738	3,866,453	-	16,829,191	16,486,684
With Donor Restrictions	1,201,218	-	-	1,201,218	986,718
<b>Total Net Assets</b>	<b>14,163,956</b>	<b>3,866,453</b>	<b>-</b>	<b>18,030,409</b>	<b>17,473,402</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 14,634,328</b>	<b>\$ 4,465,504</b>	<b>\$ (599,051)</b>	<b>\$ 18,500,781</b>	<b>\$ 17,715,114</b>

See notes to consolidated and individual financial statements.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
CONSOLIDATED AND INDIVIDUAL STATEMENT OF ACTIVITIES  
As of December 31, 2023 (with comparative totals for 2022)**

	Agency	Endowment	Eliminations	2023 Total	2022 Total
<b>Net Assets Without Donor Restrictions</b>					
Revenues and Gains:					
Contributions and grants	\$ 1,518,971	\$ -	\$ (205,248)	\$ 1,313,723	\$ 1,442,133
Federal and State grants	2,272,417	-	-	2,272,417	2,204,248
City and County grants	29,071	-	-	29,071	25,559
Partner reimbursements	240,981	-	-	240,981	240,563
Special fundraising events	1,035,478	-	-	1,035,478	1,038,984
Less: cost of direct benefits to donors	(69,427)	-	-	(69,427)	(57,579)
In-kind contributions	950	33,578	-	34,528	32,933
Net investment return (loss)	144,482	575,567	-	720,049	(574,883)
<b>Total Revenues and Gains</b>	<b>5,172,923</b>	<b>609,145</b>	<b>(205,248)</b>	<b>5,576,820</b>	<b>4,351,958</b>
Net assets released from restrictions	485,500	-	-	485,500	800,000
<b>Total Revenues and Gains, and Releases from Restrictions</b>	<b>5,658,423</b>	<b>609,145</b>	<b>(205,248)</b>	<b>6,062,320</b>	<b>5,151,958</b>
<b>Expenses</b>					
Program:					
Contribution Agency	-	205,248	(205,248)	-	-
Program services	4,489,465	-	-	4,489,465	4,021,740
<b>Total Program</b>	<b>4,489,465</b>	<b>205,248</b>	<b>(205,248)</b>	<b>4,489,465</b>	<b>4,021,740</b>
Supporting Services:					
General and administrative	1,080,675	35,027	-	1,115,702	1,061,416
Fundraising	114,646	-	-	114,646	117,282
Capital Campaign	-	-	-	-	-
<b>Total Supporting Services</b>	<b>1,195,321</b>	<b>35,027</b>	<b>-</b>	<b>1,230,348</b>	<b>1,178,698</b>
<b>Total Expenses</b>	<b>5,684,786</b>	<b>240,275</b>	<b>(205,248)</b>	<b>5,719,813</b>	<b>5,200,438</b>
<b>Change in Net Assets Without Donor Restrictions</b>	<b>(26,363)</b>	<b>368,870</b>	<b>-</b>	<b>342,507</b>	<b>(48,480)</b>
<b>Net Assets with Donor Restrictions</b>					
Contributions	700,000	-	-	700,000	485,500
Net assets released from restrictions	(485,500)	-	-	(485,500)	(800,000)
<b>Change in Net Assets with Donor Restrictions</b>	<b>214,500</b>	<b>-</b>	<b>-</b>	<b>214,500</b>	<b>(314,500)</b>
Change in Net Assets	188,137	368,870	-	557,007	(362,980)
<b>Net Assets, Beginning of Year</b>	<b>13,975,819</b>	<b>3,497,583</b>	<b>-</b>	<b>17,473,402</b>	<b>17,836,382</b>
<b>Net Assets, End of Year</b>	<b>\$ 14,163,956</b>	<b>\$ 3,866,453</b>	<b>\$ -</b>	<b>\$ 18,030,409</b>	<b>\$ 17,473,402</b>

See notes to consolidated and individual financial statements.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
CONSOLIDATED AND INDIVIDUAL STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2023**

	Agency				Total
	Program	General and Administrative	Fundraising	Capital Campaign	
<b>Payroll</b>					
Salaries	\$ 2,736,309	\$ 684,077	\$ -	\$ -	\$ 3,420,386
Employee benefits	454,344	113,586	-	-	567,930
Payroll taxes	167,649	41,912	-	-	209,561
Retirement contributions	46,667	11,667	-	-	58,334
Payroll services	24,580	6,145	-	-	30,725
<b>Total Payroll</b>	<u>3,429,549</u>	<u>857,387</u>	<u>-</u>	<u>-</u>	<u>4,286,936</u>
<b>Other</b>					
Bad debts	-	36,000	-	-	36,000
Bank charges	4,737	1,184	25,179	-	31,100
Contracted services	210,632	-	32,358	-	242,990
Depreciation (note 4)	257,369	64,342	-	-	321,711
Dues and license fees	22,132	5,518	-	-	27,650
E-mail and website expenses	40,217	10,054	-	-	50,271
Equipment and software	98,735	24,684	-	-	123,419
Grants to Agency (note 10)	-	-	-	-	-
Insurance	49,232	12,308	-	-	61,540
Lease interest	324	81	-	-	405
Lease amortization	6,104	1,525	-	-	7,629
Meals	4,553	863	-	-	5,416
Miscellaneous	6,258	287	-	-	6,545
Office supplies	30,812	7,703	-	-	38,515
Outreach	3,312	-	1,466	-	4,778
Postage	2,832	708	775	-	4,315
Printing	4,415	-	3,841	-	8,256
Professional fees	17,960	4,490	-	-	22,450
Program supplies	81,168	5,092	48,843	-	135,103
Program fees	9,677	-	-	-	9,677
Promotion	4,470	1,008	2,184	-	7,662
Repairs and maintenance	87,512	21,878	-	-	109,390
Training	16,476	4,119	-	-	20,595
Travel	46,293	7,770	-	-	54,063
Utilities	54,696	13,674	-	-	68,370
<b>Total Other</b>	<u>1,059,916</u>	<u>223,288</u>	<u>114,646</u>	<u>-</u>	<u>1,397,850</u>
<b>Total Functional Expenses</b>	<u>\$ 4,489,465</u>	<u>\$ 1,080,675</u>	<u>\$ 114,646</u>	<u>\$ -</u>	<u>\$ 5,684,786</u>

See notes to consolidated and individual financial statements.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
CONSOLIDATED AND INDIVIDUAL STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2023**

	Endowment		Total	Eliminations	Total Expenses
	Program	General and Administrative			
<b>Payroll</b>					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 3,420,386
Employee benefits	-	-	-	-	567,930
Payroll taxes	-	-	-	-	209,561
Retirement contributions	-	-	-	-	58,334
Payroll services	-	-	-	-	30,725
<b>Total Payroll</b>	-	-	-	-	4,286,936
<b>Other</b>					
Bad debts	-	-	-	-	36,000
Bank charges	-	-	-	-	31,100
Contracted services	-	-	-	-	242,990
Depreciation (note 4)	-	-	-	-	321,711
Dues and license fees	-	-	-	-	27,650
E-mail and website expenses	-	-	-	-	50,271
Equipment and software	-	-	-	-	123,419
Grants to Agency (note 10)	205,248	-	205,248	(205,248)	-
Insurance	-	-	-	-	61,540
Lease interest	-	-	-	-	405
Lease amortization	-	-	-	-	7,629
Meals	-	-	-	-	5,416
Miscellaneous	-	-	-	-	6,545
Office supplies	-	-	-	-	38,515
Outreach	-	-	-	-	4,778
Postage	-	-	-	-	4,315
Printing	-	-	-	-	8,256
Professional fees	-	35,027	35,027	-	57,477
Program supplies	-	-	-	-	135,103
Program fees	-	-	-	-	9,677
Promotion	-	-	-	-	7,662
Repairs and maintenance	-	-	-	-	109,390
Training	-	-	-	-	20,595
Travel	-	-	-	-	54,063
Utilities	-	-	-	-	68,370
<b>Total Other</b>	205,248	35,027	240,275	(205,248)	1,432,877
<b>Total Functional Expenses</b>	\$ 205,248	\$ 35,027	\$ 240,275	\$ (205,248)	\$ 5,719,813

See notes to consolidated and individual financial statements.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
CONSOLIDATED AND INDIVIDUAL STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2022**

	Agency				Total
	Program	General and Administrative	Fundraising	Capital Campaign	
<b>Payroll</b>					
Salaries	\$ 2,493,321	\$ 623,330	\$ -	\$ -	\$ 3,116,651
Employee benefits	396,536	99,035	-	-	495,571
Payroll taxes	146,390	36,698	-	-	183,088
Retirement contributions	50,350	12,587	-	-	62,937
Payroll services	23,845	5,961	-	-	29,806
<b>Total Payroll</b>	<u>3,110,442</u>	<u>777,611</u>	<u>-</u>	<u>-</u>	<u>3,888,053</u>
<b>Other</b>					
Bad debts	-	66,204	-	-	66,204
Bank charges	5,035	1,259	22,122	-	28,416
Contracted services	114,237	-	35,185	-	149,422
Depreciation (note 4)	252,264	63,066	-	-	315,330
Dues and license fees	10,846	2,694	-	-	13,540
E-mail and website expenses	34,618	8,655	-	-	43,273
Equipment and software	71,005	17,751	-	-	88,756
Grants to Agency (note 10)	-	-	-	-	-
Insurance	42,090	10,523	-	-	52,613
Lease interest	-	633	-	-	633
Lease amortization	-	7,626	-	-	7,626
Meals	3,170	600	-	-	3,770
Miscellaneous	8,602	1,315	550	-	10,467
Office supplies	28,453	7,113	-	-	35,566
Outreach	8,570	-	3,915	-	12,485
Postage	3,240	810	275	-	4,325
Printing	4,032	-	5,997	-	10,029
Professional fees	16,160	4,040	-	-	20,200
Program supplies	75,028	5,778	44,503	-	125,309
Program fees	5,279	-	-	-	5,279
Promotion	5,434	1,329	4,735	-	11,498
Repairs and maintenance	94,143	23,535	-	-	117,678
Training	17,085	4,040	-	-	21,125
Travel	59,117	9,360	-	-	68,477
Utilities	52,890	13,223	-	-	66,113
<b>Total Other</b>	<u>911,298</u>	<u>249,554</u>	<u>117,282</u>	<u>-</u>	<u>1,278,134</u>
<b>Total Functional Expenses</b>	<u>\$ 4,021,740</u>	<u>\$ 1,027,165</u>	<u>\$ 117,282</u>	<u>\$ -</u>	<u>\$ 5,166,187</u>

See notes to consolidated and individual financial statements.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
CONSOLIDATED AND INDIVIDUAL STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended December 31, 2022**

	Endowment		Total	Eliminations	Total Expenses
	Program	General and Administrative			
<b>Payroll</b>					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 3,116,651
Employee benefits	-	-	-	-	495,571
Payroll taxes	-	-	-	-	183,088
Retirement contributions	-	-	-	-	62,937
Payroll services	-	-	-	-	29,806
<b>Total Payroll</b>	-	-	-	-	<b>3,888,053</b>
<b>Other</b>					
Bad debts	-	-	-	-	66,204
Bank charges	-	-	-	-	28,416
Contracted services	-	-	-	-	149,422
Depreciation (note 4)	-	-	-	-	315,330
Dues and license fees	-	-	-	-	13,540
E-mail and website expenses	-	-	-	-	43,273
Equipment and software	-	-	-	-	88,756
Grants to Agency (note 10)	280,505	-	280,505	(280,505)	-
Insurance	-	-	-	-	52,613
Lease interest	-	-	-	-	633
Lease amortization	-	-	-	-	7,626
Meals	-	-	-	-	3,770
Miscellaneous	-	-	-	-	10,467
Office supplies	-	-	-	-	35,566
Outreach	-	-	-	-	12,485
Postage	-	-	-	-	4,325
Printing	-	-	-	-	10,029
Professional fees	-	34,251	34,251	-	54,451
Program supplies	-	-	-	-	125,309
Program fees	-	-	-	-	5,279
Promotion	-	-	-	-	11,498
Repairs and maintenance	-	-	-	-	117,678
Training	-	-	-	-	21,125
Travel	-	-	-	-	68,477
Utilities	-	-	-	-	66,113
<b>Total Other</b>	<b>280,505</b>	<b>34,251</b>	<b>314,756</b>	<b>(280,505)</b>	<b>1,312,385</b>
<b>Total Functional Expenses</b>	<b>\$ 280,505</b>	<b>\$ 34,251</b>	<b>\$ 314,756</b>	<b>\$ (280,505)</b>	<b>\$ 5,200,438</b>

See notes to consolidated and individual financial statements.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
CONSOLIDATED AND INDIVIDUAL STATEMENT OF CASH FLOWS  
For the Year Ended December 31, 2023 (with comparative totals for 2022)**

	<u>Agency</u>	<u>Endowment</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>Cash Flows From Operating Activities:</b>				
Change in Net Assets	\$ 188,137	\$ 368,870	\$ 557,007	\$ (362,980)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Unrealized (gain) loss on investments	-	(414,210)	(414,210)	720,032
Realized (gain) on investments	-	(69,681)	(69,681)	(48,518)
Depreciation expense	321,711	-	321,711	315,330
Lease amortization expense	7,629	-	7,629	-
Change in operating assets and liabilities:				
Grants receivable	(289,304)	-	(289,304)	587,614
Promises to give	64,275	-	64,275	(161,293)
Capital campaign	(38,201)	-	(38,201)	76,369
Prepaid expenses	(1,606)	-	(1,606)	(33,185)
Accounts payable	154,744	-	154,744	27,878
Accrued expenses	81,636	-	81,636	(42,766)
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>489,021</u>	<u>(115,021)</u>	<u>374,000</u>	<u>1,078,481</u>
<b>Cash Flows From Investing Activities:</b>				
Purchase of fixed assets	(806,126)	-	(806,126)	(170,974)
Interest and dividends reinvested	-	(91,676)	(91,676)	(66,541)
Purchases of investments	-	(1,031,616)	(1,031,616)	(760,510)
Proceeds from sale of investments	-	1,293,925	1,293,925	908,677
<b>Net Cash Provided (Used) By Investing Activities</b>	<u>(806,126)</u>	<u>170,633</u>	<u>(635,493)</u>	<u>(89,348)</u>
<b>Cash Flows From Financing Activities:</b>				
Principal payments on lease	(7,720)	-	(7,720)	(7,492)
Repayment of long-term debt	-	-	-	(584,689)
<b>Net Cash Provided (Used) By Financing Activities</b>	<u>(7,720)</u>	<u>-</u>	<u>(7,720)</u>	<u>(592,181)</u>
Net Change in Cash and Cash Equivalents	(324,825)	55,612	(269,213)	396,952
<b>Beginning Cash and Cash Equivalents</b>	<u>3,358,462</u>	<u>370,033</u>	<u>3,728,495</u>	<u>3,331,543</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 3,033,637</u>	<u>\$ 425,645</u>	<u>\$ 3,459,282</u>	<u>\$ 3,728,495</u>

See notes to consolidated and individual financial statements.



**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS**

**Note 1 - Summary of Significant Accounting Policies**

Fort Bend County Child Advocates, Inc. (the "Agency") is a not-for-profit enterprise organized for the purpose of working on behalf of child abuse victims through two advocacy programs: Court Appointed Special Advocates (CASA) and The Children's Advocacy Center (CAC). Incorporated in 1991, the Agency's mission is to provide a voice for abused and neglected children in Fort Bend County through the use of specially trained community volunteers and staff. Fort Bend County Child Advocates, Inc. is supported primarily through donor contributions and grants.

Fort Bend County Child Advocates Endowment, Inc. (the "Endowment") was incorporated in 1998 and funded by Fort Bend County Child Advocates, Inc. in 1999. The Endowment was organized and operates for educational and charitable purposes and is exclusively for the benefit of Fort Bend County Child Advocates, Inc. (the Supported Organization).

**Basis of Accounting** - The individual financial statements of the Agency and the Endowment (collectively, the "Organization") have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Significant intercompany accounts between the consolidated entities have been eliminated.

**Basis of Presentation** - The Organization's financial statements are prepared in accordance with ASU 2016-14 Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958, the Center has reported its net assets with and without donor restrictions.

In addition, the Organization is required by FASB ASC 958-205-45-4 to present a statement of cash flows.

On February 25, 2016, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-02, *Leases* (Topic 842). The Organization adopted the ASU on August 1, 2021 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented. The 2021 balances have been adjusted for this standard. Refer to the Prior Period Adjustment note for more detail.

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2020-07, *Presentation Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively, to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The Organization early adopted the standard on December 31, 2021. The standard did not have a material impact on the financial statements.

**Principles of Consolidation** - The consolidated financial statements include the accounts of Fort Bend County Child Advocates, Inc. and Fort Bend County Child Advocates Endowment, Inc., a legally separate 501(c)(2). In accordance with FASB ASC 958-810-25-3, the control and economic interest criteria were met and as such consolidation was required. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Summary of Financial Information for 2022** - The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute presentation conformity with U.S. generally accepted accounting principles (U.S. GAAP). Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

**Revenue Recognition** - Generally, grants are recognized as revenues when earned. Grants that operate on a reimbursement basis are recognized on the accrual basis as revenues only to the extent of disbursements and commitments that are allowable for reimbursement. Revenues from contributions, donations and other sources are recognized as net assets without donor restrictions or net assets with donor restrictions when received or unconditionally promised by a third party. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time. Program income and other income are recognized when received.

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Contributions and Promises to Give** – The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectible promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At December 31, 2023 and 2022, the allowance was \$13,011 and \$15,526, respectively

**Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The significant estimates included in the financial statements are the estimates of useful lives used for depreciating property and equipment items.

**Cash and Cash Equivalents** - The Organization considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments.

**Property and Equipment** - Purchased property and equipment assets are carried at cost. Major additions and betterments equal to or greater than \$5,000 that extend the useful lives of property and equipment are capitalized and charged to the asset accounts while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. 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. Property and equipment are depreciated using the straight-line method with lives of 3 to 40 years.

**Right of Use Lease Assets and Liabilities** - Right of use lease assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use lease assets and liabilities are measured at the present value of lease payments. Right to use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

**Donations** - Donations are recorded as contributions at fair value at the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. 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 restricted by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Grants Receivable** - Grants receivable consist primarily of cost reimbursement requests outstanding at year-end related to various contracts from the State of Texas and other agencies under Federal grant programs.

**Contributed Services** - The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's purpose. No amounts have been reflected in the consolidated and individual financial statements for these volunteer services since they do not meet the criteria for recognition under FASB ASC 958-605-25-26, *Accounting for Contributions Received and Contributions Made*.

**Functional Allocation of Expense** - Expenses are categorized in the Statement of Activities as program services, fundraising and management and general. The expenses are allocated on a functional basis among these benefited categories. Majority of expenses can generally be directly identified with the program or supporting services to which they relate and are other expenses by function have been allocated among program and supporting service classifications on the basis of square footage of office space occupied, salaries, time sheets, and other methods determined by management.

Program service expenses include direct and indirect (allocated) expenses for the various programs offered by the Organization. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses, that are common to several functions, are allocated to program services by various reasonable bases.

**Income Taxes** - The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, (formerly FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109*), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. 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 financial statements.

**Investments and Investment Income** - In accordance with ASC 958-320, *Accounting for Certain Investments Held by Not for Profit Organizations* (formerly SFAS No. 124), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated and individual statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Effective July 1, 2008, the Organization adopted the provisions of ASC 820, *Fair Value Measurements and Disclosures* (formerly SFAS 157), with respect to its investments. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 1 - Summary of Significant Accounting Policies (continued)**

**Investments and Investment Income (continued)**

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that are supported by little or no market activity.

All cash, cash equivalents and investments held by the Organization as of December 31, 2023 and 2022 were Level 2. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used in the fair value measurement are based on quoted market closing prices for Level 2 inputs.

The Organization records investment purchases at cost. Thereafter, investments are reported at their fair value in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

**Net Assets** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These net assets have been allocated between fixed assets which are not available for operations, the board designated amounts for future needs, and the remainder which is undesignated for operations.

*Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
 NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 2 - Concentration of Credit Risk**

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount \$250,000, for each deposit insurance ownership category. Additionally, cash and securities held by a customer at a Security Investor Protection Corporation (SIPC) member brokerage firm are protected up to \$500,000, which includes a limit of \$250,000 for cash.

The Organization maintains cash balances at a financial institution located in Texas. At December 31, 2023, and 2022, the Organization had approximately \$0 and \$3,009,877, respectively, of cash balances that were not insured by the FDIC. The Organization has not experienced any losses in such accounts and believes the risk of future loss is mitigated by monitoring the balances and the financial institutions where the cash is deposited. Beginning in the year 2023, the Organization participates in the Intra-Fi Cash Deposit Placement Agreement with Zions Bancorp to insure deposits with participating FDIC institutions. Deposits are made to participating FDIC-insured institutions for up to the \$250,000 in each, ensuring coverage from each institution.

The Organization's investments amount to \$4,039,859 and \$3,726,601 at December 31, 2023 and 2022, respectively, and consist of cash held for long-term investment, fixed income securities, mutual funds and corporate equities which are held at a brokerage firm. Investments in excess of the SIPC limit amounts to \$3,539,859 and \$3,226,601 at December 31, 2023 and 2022, respectively. These investments are exposed to several risks, such as interest rates, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Organization's consolidated financial statements.

**Note 3 - Grants Receivable**

As of December 31, 2023 and 2022, grants receivable consisted of the following:

	<u>2023</u>	<u>2022</u>
<b>Federal Financial Assistance</b>		
Criminal Justice Division - CAC VOCA	\$ 135,905	\$ 58,021
CASA VOCA	66,054	56,353
	<u>201,959</u>	<u>114,374</u>
<b>Other Governmental Financial Assistance</b>		
Texas CASA	33,785	28,297
CAC's of Texas, Inc.	110,979	116,276
CAC's of Texas, Inc. Mental Health	-	40,970
OVAG	-	14,038
FBC Family Protection	2,956	-
	<u>147,720</u>	<u>199,581</u>
<b>Total Federal and Other Governmental Financial Assistance</b>	<u>349,679</u>	<u>313,955</u>
<b>Other Private Grants</b>		
Henderson-Wessendorf Foundation	450,000	-
Other	102,117	298,537
<b>Total Other Private Grants</b>	<u>552,117</u>	<u>298,537</u>
<b>Total Grants Receivable</b>	<u>\$ 901,796</u>	<u>\$ 612,492</u>

All grants receivables are due within one year.

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 4 - Property and Equipment**

Property and equipment consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 463,309	\$ 463,309
Construction in progress	766,325	8,528
Buildings and Improvements	9,628,356	9,629,287
Furniture and Equipment	986,120	936,860
<b>Total Property and Equipment</b>	<u>11,844,110</u>	<u>11,037,984</u>
Less Accumulated Depreciation	<u>(2,529,267)</u>	<u>(2,207,556)</u>
<b>Property and Equipment, Net</b>	<u><u>\$ 9,314,843</u></u>	<u><u>\$ 8,830,428</u></u>

Depreciation expense for the years ended December 31, 2023 and 2022 was \$321,711 and \$315,330, respectively.

Right-of-use lease assets and amortization are disclosed in Note 6.

**Note 5 - Long-Term Investments**

Investments at December 31, 2023 and 2022 are stated at fair value and consist primarily of fixed income securities, mutual funds and corporate equities, as follows:

	<u>2023</u>		
	<u>Cost</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 2)</u>	<u>Unrealized Appreciation/ (Depreciation)</u>
<b>Investments</b>			
US Treasury securities	\$ 1,080,000	\$ 1,035,844	\$ (44,156)
Equity funds and other assets	2,463,809	3,004,015	540,206
<b>Totals</b>	<u><u>\$ 3,543,809</u></u>	<u><u>\$ 4,039,859</u></u>	<u><u>\$ 496,050</u></u>
	<u>2022</u>		
	<u>Cost</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 2)</u>	<u>Unrealized Appreciation</u>
<b>Investments</b>			
US Treasury securities	\$ 945,000	\$ 901,373	\$ (43,627)
Equity funds and other assets	2,681,994	2,825,228	143,234
<b>Totals</b>	<u><u>\$ 3,626,994</u></u>	<u><u>\$ 3,726,601</u></u>	<u><u>\$ 99,607</u></u>

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
 NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 5 - Long-Term Investments (continued)**

The Organization recorded a \$414,210 unrealized gain and \$720,032 unrealized loss in the fair value of investments that is included in net investment return for the years ended December 31, 2023 and 2022, respectively. Net investment return is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 236,158	\$ 96,631
Gain on sale of investments	69,681	48,518
Unrealized gain (loss) on investments	414,210	(720,032)
<b>Net Investment Return</b>	<u>\$ 720,049</u>	<u>\$ (574,883)</u>

Cash held for long-term investments by the Endowment at December 31, 2023 and 2022 were \$425,645 and \$370,033, respectively.

**Note 6 - Leases**

On February 13, 2020, the Organization executed a five-year lease for the use of copiers, ending February 12, 2025. The lease was classified as a finance lease. The Organization is required to make monthly principal and interest payments of \$677. The discount rate used to calculate the interest is 3%.

Total right-of-use assets and lease liabilities at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Finance right-of-use asset, net of amortization	\$ 8,901	\$ 16,530
Finance lease liability	\$ 9,305	\$ 17,025

Total lease costs for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Interest expense	\$ 405	\$ 633
Amortization of right-of-use assets	\$ 7,629	\$ 7,626

The future minimum lease payments under finance leases with terms greater than one year are listed below as of December 31, 2023.

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 7,955	\$ 170
2025	1,350	5
	<u>\$ 9,305</u>	<u>\$ 175</u>

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
 NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 7 - Partnering Agencies**

In accomplishing its mission, the Organization partners with various State and County agencies whose purpose is to serve the needs of the children of Fort Bend County. These partnering agencies occupy space within the Organization's facility and reimburse the Organization for expenses related to their occupancy such as utilities, repairs and maintenance based on an allocation of expenses determined by the square footage occupied. Currently, monthly reimbursements total approximately \$17,412 and \$20,055 for the years ended December 31, 2023 and 2022, respectively, and are recalculated at the end of each twelve-month agreement.

Total reimbursements from partnering agencies and licensing agreements were \$240,981 and \$240,563 for the years ended December 31, 2023 and 2022, respectively. This increase was due to new agreements, which were applied for a full annual period.

**Note 8 - Without Donor Restrictions Net Assets**

Without donor restrictions net assets include resources available for the Organization to provide a voice for abused and neglected children in Fort Bend County through the use of specially trained community volunteers and staff. The without donor restrictions net asset amounts at December 31, 2023 and 2022, were \$16,829,191 and \$16,486,684, respectively. Included in the net assets without donor restrictions are the facilities and equipment used by the Organization and Board designated endowment which are not available for operations. The without donor restrictions, undesignated (available for operations) net assets category was \$3,638,994 and \$4,142,143 at December 31, 2023 and 2022, respectively.

**Note 9 - With Donor Restrictions Net Assets**

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

	<u>2023</u>	<u>2022</u>
<b>Subject to Expenditure for Specified Purpose</b>		
CAC Program	\$ 66,718	\$ 55,468
CASA Program	39,500	28,250
Operations	1,095,000	903,000
<b>Total</b>	<u>\$ 1,201,218</u>	<u>\$ 986,718</u>

**Note 10 - Related Party Transactions**

The Agency is an affiliate of Children’s Advocacy Centers of Texas, Inc. (a State organization). The Agency pays annual affiliation fees to the State organization. The State organization provides the Agency with advocacy, educational opportunities, membership and other supporting services. The Agency paid affiliation fees of \$27,590 and \$13,469 for the years ended December 31, 2023 and 2022, respectively.

The Endowment gifted the Agency a portion of its investment income totaling \$205,248 and \$280,505 for the years ended December 31, 2023 and 2022, respectively.

The Agency transferred \$599,051 in prior years to the Endowment to combine with their investment funds to yield a higher rate of return. This amount is eliminated in the current year financials.

These intercompany transactions are eliminated in the consolidated financial statements.



**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 11 - Employee Benefits**

The Organization has a defined contribution, salary-reduction 401(k) plan that is available to all of its full-time employees age 21 and over after three months of service. Qualified employees may contribute any portion of their pretax annual compensation to the plan (up to annual statutory limits), and the Organization makes a 50% matching contribution up to 6% of the employee's pretax annual compensation. Such matching contributions are expensed by the Organization. Total accrued matching contributions were \$55,732 and \$62,937 for the years ended December 31, 2023 and 2022, respectively.

**Note 12 - Concentrations**

The Organization is dependent on several sources of support and revenue. Grant funds from the State of Texas received directly for child advocacy and received indirectly as a contractor or sub-grantee from pass-through grants from other child advocacy agencies provide approximately forty-two percent (44%) and forty-six (42%) of the Organization's support for the years ended December 31, 2023 and 2022, respectively. These sources also make up fifty-one percent (39%) and twenty-five percent (51%) of the Organization's grants and promises to give receivables for the years ended December 31, 2023 and 2022, respectively. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and activities.

The Organization also conducts two annual fundraisers in Fort Bend County, Texas, which provide approximately nineteen percent (19%) and nineteen percent (19%) of its operating revenues for the years ended December 31, 2023 and 2022, respectively. The gross proceeds raised and direct costs of benefits to donors incurred may fluctuate from year-to-year based on economic and other factors.

**Note 13 - Contingencies**

The Organization's programs are supported through federal, state, and local grant programs that are governed by various rules and regulations. Expenses charged to the grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been made in the accompanying financial statements for such contingencies.

**Note 14 - Endowment Funds**

As of December 31, 2023 and 2022, the Board of Directors had designated \$3,866,453 and \$3,497,583, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Organization has a spending policy of appropriating for distribution each year 5% of its board-designated endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its general endowment fund to grow at an average of 5% annually.

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 14 - Endowment Funds (continued)**

This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the fund if possible.

The Organization expects its Endowment assets to perform based on market conditions and investment decisions. Returns may vary from year to year. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Board-designated endowment net assets, beginning of year	\$ 3,497,583	\$ 4,385,579
Investment income	91,676	66,541
Net appreciation/(depreciation)	(483,891)	671,514
Amounts appropriated for expenditure	<u>761,085</u>	<u>(1,626,051)</u>
 Board-designated endowment net assets, end of year	 <u>\$ 3,866,453</u>	 <u>\$ 3,497,583</u>

**Note 15 - Promises To Give**

Unconditional promises to give consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Voices for Children	\$ 539,122	\$ 598,498
Other	9,212	16,042
Less: discount, 2%	<u>(21,648)</u>	<u>(21,064)</u>
	526,686	593,476
Less: allowance for doubtful accounts	<u>(13,011)</u>	<u>(15,526)</u>
<b>Total Promises to Give</b>	<u>\$ 513,675</u>	<u>\$ 577,950</u>

The present value discount of cash flows from promises to give at December 31, 2023 and 2022 was \$21,648 and \$21,064, respectively.

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
 NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 15 - Promises To Give (continued)**

Unconditional promises to give are estimated to be collected as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 188,425	\$ 230,297
In one to five years	325,250	347,653
<b>Total</b>	<u>\$ 513,675</u>	<u>\$ 577,950</u>

During the years ended December 31, 2023 and 2022, the value of contributed services (in-kind) meeting the requirement for recognition in the financial statements was \$34,528 and \$32,933, respectively.

**Note 16 - Capital Campaign**

In September 2018, the Organization launched a campaign to raise capital for construction and remodeling and growth in operational costs. During the year, the Organization received \$210,520 in contributions and has \$221,312 in pledges of contributions for future years. The present value discount of cash flows from the capital campaign pledges at December 31, 2023 and 2022 are \$2,735 and \$2,456, respectively.

Capital campaign pledges are due as follows:

	<u>2023</u>	<u>2022</u>
Amounts due in:		
Less than one year	\$ 112,077	\$ 102,915
One to five years	111,970	82,652
Less: discount, 2%	<u>(2,735)</u>	<u>(2,456)</u>
<b>Total</b>	<u>\$ 221,312</u>	<u>\$ 183,111</u>

**Note 17 - Functionalized Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require an allocation on a reasonable basis that is consistently applied. A percentage of general and administrative expenses are allocated to the respective programs based on the estimated percentage of general and administrative hours charged to the Organization's programs.

**Note 18 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of cash and cash equivalents, receivables for grants, promises to give, capital campaign, and endowment spending-rate distributions.

**FORT BEND COUNTY CHILD ADVOCATES, INC., AND  
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
 NOTES TO CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS (continued)**

**Note 18 - Liquidity and Availability (continued)**

The balances as of December 31, 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,459,282	\$ 3,728,495
Grants receivable	57,117	298,537
Promises to give, due in one year	188,425	230,297
Capital campaign, due in one year	112,077	102,915
Endowment spending-rate distributions	193,323	174,879
	<u>\$ 4,010,224</u>	<u>\$ 4,535,123</u>

The board-designated endowment of \$3,866,453 is subject to an annual spending rate of 5% as described in Note 14. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board’s annual budget approval and appropriation), these amounts could be made available if necessary.

**Note 19 - Prior Period Adjustment**

In reviewing the lease agreements for the implementation of ASU 2016-02 Leases (Topic 842), the lease agreement related to the copiers has been treated as a finance lease. As such, the capital lease resulted in a prior period adjustment of (\$358) in 2022. The net assets beginning balance as of January 1, 2022 before the prior period adjustment was \$17,836,740. The restated balance reflected in the statement of activities is \$17,836,382.

No prior period adjustments were made in 2023.

**Note 20 - Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of this report, the date on which the financial statements were available to be issued. There were none to report as of said date.

## **SUPPLEMENTAL INFORMATION**

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
 SCHEDULE OF TEXAS CASA, INC. - VOCA FUNDS  
 For the Year Ended December 31, 2023 (with comparative totals for 2022)**

<u>Grantor/Program Title</u>	<u>Grant Period</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>2023 Current Year Expenditures</u>	<u>2022 Prior Year Expenditures</u>
VOCA - CASA	10/01/2023 - 09/30/2024	2024-66	\$ 210,113	\$ 50,129	\$ -
	10/01/2021 - 09/30/2022	2022-66	158,381	-	132,181
Coronavirus State Fiscal Recovery Fund (Victims of Crime - SB 8)	10/01/2022 - 09/30/2023	2023-66	184,557	144,091	40,466
VOCA Courtesy	10/01/2023 - 09/30/2024	2024-66	150,000	32,578	-
	10/01/2022 - 09/30/2023	2023-66	150,000	106,659	38,029
	10/01/2021 - 09/30/2022	2022-66	155,000	-	121,492
<b>Total Expenditures for VOCA - CASA Grant Funds</b>				<u>\$ 333,457</u>	<u>\$ 332,168</u>

This schedule is required by Texas CASA, Inc. grant requirements.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
 SCHEDULE OF TEXAS CASA, INC. - CVC/OAG GRANT AWARDS  
 For the Year Ended December 31, 2023 (with comparative totals for 2022)**

<u>Grantor/Program Title</u>	<u>Grant Period</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>2023 Current Year Expenditures</u>	<u>2022 Prior Year Expenditures</u>
CVC/OAG FUND	9/1/2023 - 8/31/2024	2024-66	\$ 119,839	\$ 34,145	\$ -
	9/1/2022 - 8/31/2023	2023-66	125,027	87,026	38,001
	9/1/2021 - 8/31/2022	2022-66	196,424	-	155,326
<b>Total Expenditures for CVC/OAG Grant Funds</b>				<u>\$ 121,171</u>	<u>\$ 193,327</u>

This schedule is required by Texas CASA, Inc. grant requirements.

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
SCHEDULE OF TEXAS CASA, INC. - FUNCTIONAL EXPENSES  
For the Years Ended December 31, 2023 and 2022**

	<b>2023 Current Year Expenditures</b>		
	<b>Program</b>	<b>General and Administrative</b>	<b>Total</b>
<b>Payroll</b>			
Salaries	\$ 884,447	\$ 245,088	\$ 1,129,535
Employee benefits	155,129	53,782	208,911
Payroll taxes	55,060	13,765	68,825
Payroll services	7,866	1,966	9,832
<b>Total Payroll</b>	<b>1,102,502</b>	<b>314,601</b>	<b>1,417,103</b>
<b>Other</b>			
Contracted services	103,241	-	103,241
Depreciation	95,968	-	95,968
Dues and license fees	3,852	963	4,815
E-mail and website expenses	15,273	-	15,273
Equipment and software	39,352	-	39,352
Insurance	15,748	3,937	19,685
Lease interest	104	26	130
Lease amortization	1,953	488	2,441
Meals	1,977	-	1,977
Miscellaneous	5,123	4	5,127
Office supplies	5,524	-	5,524
Outreach	1,525	381	1,906
Postage	1,108	-	1,108
Printing	2,997	749	3,746
Professional fees	7,184	-	7,184
Program supplies	53,000	3,893	56,893
Program fees	4,282	-	4,282
Promotion	125	33	158
Repairs and maintenance	27,896	6,974	34,870
Telephone	-	-	-
Training	2,716	-	2,716
Travel	39,939	-	39,939
Utilities	20,645	5,161	25,806
<b>Total Other</b>	<b>449,532</b>	<b>22,609</b>	<b>472,141</b>
<b>Total Functional Expenses for Texas CASA</b>	<b>\$ 1,552,034</b>	<b>\$ 337,210</b>	<b>\$ 1,889,244</b>

This schedule is required by Texas CASA, Inc. grant requirements.



**FORT BEND COUNTY CHILD ADVOCATES, INC. AND  
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.  
SCHEDULE OF TEXAS CASA, INC. - FUNCTIONAL EXPENSES  
For the Years Ended December 31, 2023 and 2022**

	2022 Prior Year Expenditures		
	Program	General and Administrative	Total
<b>Payroll</b>			
Salaries	\$ 752,839	\$ 288,334	\$ 1,041,173
Employee benefits	147,239	36,809	184,048
Payroll taxes	49,436	12,359	61,795
Payroll services	6,926	1,732	8,658
<b>Total Payroll</b>	<b>956,440</b>	<b>339,234</b>	<b>1,295,674</b>
<b>Other</b>			
Contracted services	54,882	-	54,882
Depreciation	72,584	-	72,584
Dues and license fees	1,101	275	1,376
E-mail and website expenses	12,549	-	12,549
Equipment and software	21,222	-	21,222
Insurance	11,869	2,967	14,836
Lease interest	-	-	-
Lease amortization	-	-	-
Meals	1,582	-	1,582
Miscellaneous	3,368	25	3,393
Office supplies	8,022	-	8,022
Outreach	5,954	1,489	7,443
Postage	1,130	-	1,130
Printing	1,746	437	2,183
Professional fees	5,858	-	5,858
Program supplies	36,706	2,885	39,591
Program fees	4,012	-	4,012
Promotion	44	8	52
Repairs and maintenance	28,648	7,162	35,810
Telephone	-	-	-
Training	10,508	-	10,508
Travel	45,864	-	45,864
Utilities	23,729	-	23,729
<b>Total Other</b>	<b>351,378</b>	<b>15,248</b>	<b>366,626</b>
<b>Total Functional Expenses for Texas CASA</b>	<b>\$ 1,307,818</b>	<b>\$ 354,482</b>	<b>\$ 1,662,300</b>

