
**Children's Advocacy Center
Hope House**

Financial Statements

December 31, 2025

Childrens Advocacy Center - Hope House

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Independent Auditor's Report

To the Board of Directors
Childrens Advocacy Center - Hope House
Covington, Louisiana

Opinion

We have audited the accompanying financial statements of Childrens Advocacy Center - Hope House (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Childrens Advocacy Center - Hope House as of December 31, 2025, and the 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Childrens Advocacy Center - Hope House, 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Childrens Advocacy Center - Hope House's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Childrens Advocacy Center - Hope House'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.

Report on Summarized Comparative Information

We have previously audited Childrens Advocacy Center - Hope House's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 19, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of justice system funding – receiving entity, as required by the State of Louisiana, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Covington, Louisiana
June 30, 2026

Financial Statements

Childrens Advocacy Center - Hope House
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,206,812	\$ 703,691
Restricted: cash and cash equivalents	85,462	30,561
Grants receivable	114,948	93,349
	<u>1,407,222</u>	<u>827,601</u>
Noncurrent Assets		
Investments	1,369,917	1,101,322
Endowment investments	43,662	37,208
Property and equipment, net	903,010	609,594
	<u>2,316,589</u>	<u>1,748,124</u>
	<u><u>\$ 3,723,811</u></u>	<u><u>\$ 2,575,725</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 259,028	\$ 6,757
Accrued payroll and related expenses	19,578	14,878
	<u>278,606</u>	<u>21,635</u>
Net Assets		
Without donor restrictions		
Board designated endowment	43,662	37,208
Undesignated	3,316,081	2,486,321
	<u>3,359,743</u>	<u>2,523,529</u>
With donor restrictions	85,462	30,561
	<u>3,445,205</u>	<u>2,554,090</u>
	<u><u>\$ 3,723,811</u></u>	<u><u>\$ 2,575,725</u></u>

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

Childrens Advocacy Center - Hope House
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Grants	\$ 708,278	\$ -	\$ 708,278	\$ 634,759	\$ -	\$ 634,759
Local government funding	184,912	-	184,912	123,241	-	123,241
Contributions	402,159	363,968	766,127	429,000	30,561	459,561
In-kind donations	72,870	-	72,870	87,170	-	87,170
Fundraising	447,938	-	447,938	438,852	-	438,852
Investment returns	51,655	-	51,655	40,176	-	40,176
Endowment investment returns	4,120	-	4,120	3,190	-	3,190
Other income	152,770	-	152,770	3,263	-	3,263
	<u>2,024,702</u>	<u>363,968</u>	<u>2,388,670</u>	<u>1,759,651</u>	<u>30,561</u>	<u>1,790,212</u>
Net assets released from restrictions due to satisfaction of donor-imposed requirements	<u>309,067</u>	<u>(309,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,333,769</u>	<u>54,901</u>	<u>2,388,670</u>	<u>1,759,651</u>	<u>30,561</u>	<u>1,790,212</u>
Expenses						
Program services						
Children's advocacy	1,039,580	-	1,039,580	1,006,607	-	1,006,607
Supporting services						
Management and general	233,206	-	233,206	233,101	-	233,101
Fundraising	224,769	-	224,769	199,683	-	199,683
	<u>457,975</u>	<u>-</u>	<u>457,975</u>	<u>432,784</u>	<u>-</u>	<u>432,784</u>
	<u>1,497,555</u>	<u>-</u>	<u>1,497,555</u>	<u>1,439,391</u>	<u>-</u>	<u>1,439,391</u>
Operating income	<u>836,214</u>	<u>54,901</u>	<u>891,115</u>	<u>320,260</u>	<u>30,561</u>	<u>350,821</u>
Change in net assets	836,214	54,901	891,115	320,260	30,561	350,821
Net assets, beginning of year	<u>2,523,529</u>	<u>30,561</u>	<u>2,554,090</u>	<u>2,203,269</u>	<u>-</u>	<u>2,203,269</u>
Net assets, end of year	<u>\$ 3,359,743</u>	<u>\$ 85,462</u>	<u>\$ 3,445,205</u>	<u>\$ 2,523,529</u>	<u>\$ 30,561</u>	<u>\$ 2,554,090</u>

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

Childrens Advocacy Center - Hope House
Statement of Functional Expenses
For the Year Ended December 31, 2025

	Program Services	Supporting Services			
	Children's Advocacy	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related taxes	\$ 628,246	\$ 88,694	\$ 22,173	\$ 110,867	\$ 739,113
Employee benefits	80,558	11,373	2,843	14,216	94,774
Counseling services and supplies	104,759	-	-	-	104,759
Training	31,338	4,273	-	4,273	35,611
Insurance	15,437	2,179	545	2,724	18,161
Legal and professional	-	22,230	-	22,230	22,230
Administrative expenses	24,936	24,937	1,300	26,237	51,173
Supplies	6,598	15,797	109,244	125,041	131,639
Dues and subscriptions	938	14,101	-	14,101	15,039
Repairs and maintenance	16,112	2,315	868	3,183	19,295
Depreciation	33,996	4,800	1,200	6,000	39,996
Telephone	8,638	1,242	466	1,708	10,346
Utilities	11,132	1,600	600	2,200	13,332
Advertising and promotional items	-	17,700	18,422	36,122	36,122
Meals and entertainment	-	11,207	15,238	26,445	26,445
Travel	56,652	7,998	2,000	9,998	66,650
In-kind donations	20,240	2,760	49,870	52,630	72,870
	<u>\$ 1,039,580</u>	<u>\$ 233,206</u>	<u>\$ 224,769</u>	<u>\$ 457,975</u>	<u>\$ 1,497,555</u>

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

Childrens Advocacy Center - Hope House
Statement of Functional Expenses
For the Year Ended December 31, 2024

	Program Services	Supporting Services			
	Children's Advocacy	Management and General	Fundraising	Total Supporting Services	Total
Salaries and related taxes	\$ 602,528	\$ 85,063	\$ 21,266	\$ 106,329	\$ 708,857
Employee benefits	64,220	9,066	2,267	11,333	75,553
Counseling services and supplies	82,077	-	-	-	82,077
Training	45,835	6,250	-	6,250	52,085
Insurance	14,917	2,106	526	2,632	17,549
Legal and professional	-	27,723	-	27,723	27,723
Administrative expenses	29,428	29,429	1,250	30,679	60,107
Supplies	18,303	12,199	71,156	83,355	101,658
Dues and subscriptions	1,595	8,889	-	8,889	10,484
Repairs and maintenance	20,286	2,915	1,093	4,008	24,294
Depreciation	33,777	4,769	1,192	5,961	39,738
Telephone	7,574	1,089	408	1,497	9,071
Utilities	11,026	1,584	594	2,178	13,204
Advertising and promotional items	-	20,280	21,107	41,387	41,387
Meals and entertainment	-	11,242	12,720	23,962	23,962
Travel	54,801	7,737	1,934	9,671	64,472
In-kind donations	20,240	2,760	64,170	66,930	87,170
	<u>\$ 1,006,607</u>	<u>\$ 233,101</u>	<u>\$ 199,683</u>	<u>\$ 432,784</u>	<u>\$ 1,439,391</u>

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

Childrens Advocacy Center - Hope House
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Operating income	\$ 891,115	\$ 350,821
Adjustment to reconcile operating income to net cash provided by operating activities		
Depreciation	39,996	39,738
Unrealized (gains) losses on investments	(11,108)	(8,395)
Unrealized (gains) losses on endowment investment	(3,428)	(2,514)
(Increase) decrease in:		
Grants receivable	(21,599)	40,231
Increase (decrease) in:		
Accounts payable	252,271	3,298
Accrued payroll expenses	4,700	4,992
Net cash provided by operating activities	<u>1,151,947</u>	<u>428,171</u>
Cash Flows From Investing Activities		
Sales and maturities of investments	838,309	625,996
Purchases of investments	(1,095,796)	(986,006)
Purchases of endowment investments	(3,026)	(2,251)
Purchases of property and equipment	(333,412)	(35,569)
Net cash used in investing activities	<u>(593,925)</u>	<u>(397,830)</u>
Increase (decrease) in cash and cash equivalents	558,022	30,341
Cash and cash equivalents, beginning balance	<u>734,252</u>	<u>703,911</u>
Cash and cash equivalents, ending balance	<u><u>\$ 1,292,274</u></u>	<u><u>\$ 734,252</u></u>
Reconciliation of cash and cash equivalents		
Current assets		
Cash and cash equivalents	\$ 1,206,812	\$ 703,691
Cash and cash equivalents, restricted	85,462	30,561
	<u><u>\$ 1,292,274</u></u>	<u><u>\$ 734,252</u></u>

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

Childrens Advocacy Center - Hope House

Schedule of Compensation, Benefits, and Other Payments to Executive Director

For the Year Ended December 31, 2025

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Childrens Advocacy Center - Hope House (the “Center”) is an independent nonprofit organization formed on May 31, 1994 in the State of Louisiana. The Center is dedicated to ending the cycle of child abuse in the community by providing a path to justice and a bridge to healing for child victims of abuse. The Center provides forensic interviewing, family advocacy, counseling services, and prevention outreach within St. Tammany Parish and Washington Parishes.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The supplementary schedule of justice system funding – receiving entity has been prepared on the cash basis as required by Act 87 of Louisiana’s 2020 regular legislative session.

Financial Statement Presentation

The financial statements of the Center are presented in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations* (the “Guide”).

Net Assets

Under the provisions of the Guide, the classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the statements of financial position and that the amounts of change in each of those classes of net assets be displayed in the statements of activities. In accordance with U.S. generally accepted accounting principles (U.S. GAAP), the Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net assets without donor restriction: net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of the Center, the environment in which it operates, and the purposes specified in its corporate documents.
- Net assets with donor restriction: net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Childrens Advocacy Center - Hope House

Schedule of Compensation, Benefits, and Other Payments to Executive Director

For the Year Ended December 31, 2025

Reclassifications

Certain revenue and expense accounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements. These reclassifications had no effect on net assets.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents certain categories of expenses that are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of estimates of time and effort and other natural costs are allocated on the basis of management identification based on observation and professional evaluation of the direct benefit of the cost to a particular program function or supporting function.

Cash and Cash Equivalents

For financial statement purposes, cash includes demand deposits and cash equivalents include amounts in money market funds. All highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments

Investments consist of certificates of deposit, money market funds, and pooled investments and are carried at fair value. Purchases and sales of investments are recorded on trade dates and realized gains and losses are determined on the basis of average cost of securities sold. Investment return includes interest, dividends, administrative fees, and realized and unrealized gains and losses, and is included in the statement of activities and changes in net assets as investment returns or losses in net assets without donor restrictions.

Accounts Receivable

Accounts receivable consists of fees due from a local governmental entity. Management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, the Center's relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged to the allowance for doubtful accounts. Management has deemed all balances to be collectible at December 31, 2025 and 2024; therefore, no allowance for doubtful accounts has been reported.

Property and Equipment

Property and equipment with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization on property and equipment is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	15 - 39 years
Computers and equipment	5 - 7 years
Furniture and fixtures	5 - 10 years

Repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in revenues or expenses.

Childrens Advocacy Center - Hope House

Schedule of Compensation, Benefits, and Other Payments to Executive Director

For the Year Ended December 31, 2025

Grants and Contributions

The Center follows ASC Subtopic 958-605, *Revenue Recognition*, to recognize cash contributions from individuals and domestic organizations. These contributions, including unconditional promises, are recognized as revenue when the donor's unconditional commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions with donor restrictions which are fulfilled in the time period in which the contribution is received are recorded as net assets without donor restrictions in the financial statements. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

In-Kind Donations

In-kind donations consist of unrestricted items and services provided by donors for the Center's daily operations and fundraising events during the current fiscal. These items are recorded as support at their estimated fair value at the date of donation. The items and services have been utilized during the current fiscal year. The amounts reflected in the accompanying financial statements as in-kind donations are offset by like amounts included in expenses.

Contributed Services

A number of volunteers have donated significant time to the Center's operations relating to children's advocacy, administrative assistance, and fundraising events. The value of donated volunteer services is not recorded to the financial statements since no objective basis is available to measure the value of such services.

Leases

The Center has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis and reported as administrative expenses. Total lease payments were \$5,947 for the year ended December 31, 2025 and \$4,722 for the year ended December 31, 2024.

Employee Retirement Benefits

The Center provides a defined contribution retirement plan (the "Plan") that is a savings plan operating under Section 401(k) of the Internal Revenue Code for all employees who are over the age of 21. The purpose of the Plan is to provide retirement benefits for participating employees. Under the Plan, the Center matches up to three percent of employee payroll of covered employees. The contributions, together with voluntary employee contributions, are invested by a third-party investment advisory company, the rights to which immediately vest with the employees. The Center reported contributions to the Plan of \$23,243 for the year ended December 31, 2025 and \$14,729 for the year ended December 31, 2024.

Childrens Advocacy Center - Hope House **Schedule of Compensation, Benefits, and Other Payments to Executive Director** **For the Year Ended December 31, 2025** ---

Advertising Costs

Advertising costs are expensed as incurred and allocated among the programs and supporting services benefited within the operating services and supplies line item on the statement of functional expenses. Advertising expenses were \$36,122 for the year ended December 31, 2025 and \$41,387 for the year ended December 31, 2024.

Income Taxes

The Center has been recognized by the Internal Revenue Service as an organization exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in these financial statements. With few exceptions, the Center is no longer subject to federal or state examinations by tax authorities for the year before 2022.

The Center follows the provisions of the *Accounting for Uncertainty in Income Taxes* topic of the FASB Codification, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Center's information tax returns. Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits or obligations identified or recorded for the years ended December 31, 2025 and 2024.

2. Liquidity and Availability

The Center has \$2,735,339 of financial assets available within one year of the statement of financial position date. The Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As part of this liquidity management, the Center invests cash in excess of daily requirement in deposit savings accounts, money market funds, and certificates of deposit.

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

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,206,812	\$ 703,691
Grants receivable	114,948	93,349
Investments	1,369,917	1,101,322
Assets limited as to use		
Board designated endowment - pooled investments	<u>43,662</u>	<u>37,208</u>
	<u><u>\$ 2,735,339</u></u>	<u><u>\$ 1,935,570</u></u>

Assets limited as to use that are considered available for general expenditures consist of pooled investments. These investments have been designated by the board for general operations and are available to be drawn upon, if necessary, to meet unexpected liquidity needs.

Childrens Advocacy Center - Hope House
Schedule of Compensation, Benefits, and Other Payments to Executive Director
For the Year Ended December 31, 2025

3. Investments

Investments are carried at fair value and are comprised of the following at December 31:

	<u>2025</u>	<u>2024</u>
Certificates of deposit	\$ 1,227,805	\$ 978,370
Pooled investments held by Northshore Community Foundation on behalf of Hope House	<u>142,112</u>	<u>122,952</u>
	<u><u>\$ 1,369,917</u></u>	<u><u>\$ 1,101,322</u></u>

The following schedule summarizes investment returns(losses) including interest and administrative fees, and its classification in the financial statements for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Unrealized gains (losses) on investments	\$ 11,108	\$ 8,395
Realized gains (losses) on investments	-	-
Interest and dividend income	42,073	34,922
Investment fees	<u>(1,526)</u>	<u>(3,141)</u>
	<u><u>\$ 51,655</u></u>	<u><u>\$ 40,176</u></u>

Custodial Credit Risk

The risk that in the event of the failure of the counterparty to a transaction the Center will not be able to recover the value of investments that are in the possession of an outside party. At December 31, 2025 and 2024, the Center's investments in certificates of deposit and external investment pools are not susceptible to custodial credit risk because its existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk

For an investment, interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Investments held for longer periods are generally subject to increased risk of value fluctuations due to interest rate changes.

Concentration of Credit Risk

The risk of loss that may occur due to the amount of investment in a single issuer. At December 31, 2025, the Center's investments are held by the Northshore Community Foundation within a pooled investment and by Edward Jones within certificates of deposit.

Childrens Advocacy Center - Hope House

Schedule of Compensation, Benefits, and Other Payments to Executive Director

For the Year Ended December 31, 2025

4. Board Designated Endowment

The Center's Board of Directors has designated an investment account as a general endowment fund to support the mission of the Center. Since the endowment resulted from an internal designation and is not donor-restricted, it is classified and reported as assets without donor restrictions.

The Center has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while maintaining the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Accordingly, over the long term, the Center expects the current spending policies to allow its endowment to grow annually. This is consistent with the Center's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The following schedule summarizes the changes in the endowment net assets for the year ended December 31:

	2025	2024
Beginning balance	\$ 37,208	\$ 32,443
Purchases of investments	3,026	2,251
Unrealized gains on investments	3,428	2,514
Ending balance	<u>\$ 43,662</u>	<u>\$ 37,208</u>

The board designated endowment was comprised of the following investments at December 31:

	2025	2024
Pooled investments held by Northshore		
Community Foundation on behalf of Hope House	<u>\$ 43,662</u>	<u>\$ 37,208</u>

The following schedule summarizes endowment investment return (loss), including interest and administrative fees, and its classification in the financial statements for the year ended December 31:

Childrens Advocacy Center - Hope House
Schedule of Compensation, Benefits, and Other Payments to Executive Director
For the Year Ended December 31, 2025

	2025	2024
Unrealized gains (losses) on investments	\$ 3,428	\$ 2,514
Interest and dividend income	1,304	1,289
Investment fees	(612)	(613)
	<u>\$ 4,120</u>	<u>\$ 3,190</u>

The investments note disclosure for custodial credit risk, interest rate risk, and concentration of credit risk at Note 3 also applies to the portion of investments held as an endowment.

5. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. The Center has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are as follows:

- Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.
- Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The investments in the Northshore Community Foundation pool represent various specific investments and various pools of funds held by Northshore Community Foundation for the benefit of the Center and other non-profit organizations. These funds are measured on a recurring basis through estimates and assumptions made by the Northshore Community Foundation. All of the Center's pooled investments held by the Northshore Community Foundation are considered level 2 investments. Certificates of deposit are valued at amortized cost which approximates fair value and are considered a level 2 investment.

Childrens Advocacy Center - Hope House **Schedule of Compensation, Benefits, and Other Payments to Executive Director** **For the Year Ended December 31, 2025**

The following table sets forth by level the Center's assets at fair value at December 31, 2025:

	Level 1	Level 2	Level 3	Total
Investments				
Certificates of deposit	\$ -	\$ 1,227,805	\$ -	\$ 1,227,805
Pooled investments	-	142,112	-	142,112
	-	1,369,917	-	1,369,917
Investments - Endowment				
Pooled investments	-	43,662	-	43,662
	\$ -	\$ 1,413,579	\$ -	\$ 1,413,579

The following table sets forth by level the Center's assets at fair value at December 31, 2024:

	Level 1	Level 2	Level 3	Total
Investments				
Certificates of deposit	\$ -	\$ 978,370	\$ -	\$ 978,370
Pooled investments	-	122,952	-	122,952
	-	1,101,322	-	1,101,322
Investments - Endowment				
Pooled investments	-	37,208	-	37,208
	\$ -	\$ 1,138,530	\$ -	\$ 1,138,530

6. Property and Equipment

Property and equipment consist of the following at December 31:

	2025	2024
Assets not being depreciated		
Land	\$ 57,013	\$ 57,013
Construction in progress	309,067	3,500
	366,080	60,513
Assets being depreciated		
Building and improvements	655,654	639,624
Computers and equipment	93,308	81,493
Furniture and fixtures	59,511	59,511
	808,473	780,628
Less: accumulated depreciation	(271,543)	(231,547)
	536,930	549,081
	\$ 903,010	\$ 609,594

Depreciation expense for the years ended December 31, 2025 and 2024 was \$39,996 and \$39,738, respectively.

Childrens Advocacy Center - Hope House

Schedule of Compensation, Benefits, and Other Payments to Executive Director

For the Year Ended December 31, 2025

The construction-in-progress balances consist of progress payments made towards the new building at 217 W. 28th Avenue in Covington, Louisiana.

7. Net Assets with Donor Restrictions

Net assets with donor restrictions include cash and is restricted for the following purposes at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for a specified purpose		
New building - Covington location	<u>\$ 85,462</u>	<u>\$ 30,561</u>

The Center is not required to hold the restricted cash in a separate, distinct account.

8. Related Party Transactions

In January 2024, the Center's Board of Directors voted to accept a new board member, Benjamin Jakins, who is the owner of BridgeNet Technology. The company provides the Center with information technology equipment and supplies at cost and information technology services at no charge. The Center compensated BridgeNet Technology \$2,690 for the year ended December 31, 2025 and \$13,815 for the year ended December 31, 2024 for computers, phones, and networking.

Ana Lucia Conte, owner of Northlake Cleaning Solutions, provides bi-weekly janitorial services for the Center. Ms. Conte is the mother-in-law of the Center's Executive Director. Per management, Ms. Conte provided the lowest bid for the services and approval was provided by the Board Treasurer. The Center compensated Ms. Conte \$8,331 for the year ended December 31, 2025 and \$7,987 for the year ended December 31, 2024. The compensation represents janitorial services provided for both the Center's Covington and Bogalusa offices.

9. Concentrations of Credit Risk

Financial instruments that potentially subject the Center to significant concentrations of credit risk consist of cash and cash equivalents. The Center maintains cash and certificate of deposit balances in financial institutions which may, at time, exceed Federal Deposit Insurance Corporation (FDIC) limits. The Center has not experienced any losses in these accounts and does not believe it is exposed to any significant custodial credit risk related to these accounts. The Center implemented a policy to allocate deposits to minimize the likelihood of deposits exceeding the FDIC limits.

10. Subsequent Events

Management has evaluated subsequent events through June 30, 2026, which is the date the financial statements were available to be issued.

Supplementary Information

Childrens Advocacy Center - Hope House
Schedule of Justice System Funding – Receiving Entity
For the Year Ended December 31, 2025

<u>Receipts From</u>	<u>First Six Month Period Ended 06/30/25</u>	<u>Second Six Month Period Ended 12/31/25</u>	<u>Total Receipts</u>
St. Tammany Parish Sheriff's Office Bail Bond Fees	<u>\$ 54,717</u>	<u>\$ 55,288</u>	<u>\$ 110,005</u>

Schedule is required by Act 87 of Louisiana's 2020 Regular Legislative Session and is presented on a cash basis.

Childrens Advocacy Center - Hope House
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2025

Louisiana Revised Statute (R.S.) 24:513 A. (3) requires virtually every local auditee report that is submitted to the Louisiana Legislative Auditor to include a schedule of compensation, benefits, and other payments to the agency head that were disbursed from public funds.

Agency Head: Thomas Mitchell

Position: Executive Director

*Agency Head's compensation was not disbursed from public funds.