# ACH Child and Family Services

Consolidated Financial Statements
and Supplementary Information
and Single Audit Reports and Schedules

December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
ACH Child and Family Services

**Opinion**

We have audited the accompanying consolidated financial statements of ACH Child and Family Services (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ACH Child and Family Services as of December 31, 2025 and 2024, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ACH Child and Family Services and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ACH Child and Family Services's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ACH Child and Family Services'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACH Child and Family Services'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 financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Uniform Grant Management Standards of the State of Texas Single Audit Circular*, respectively, are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2026, 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. The purpose of that report is 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.

Armanino LLP

Dallas, Texas

September 16, 2026

ACH Child and Family Services
Consolidated Statements of Financial Position
December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 4,852,313 | $ 7,500,431 |
| Grants and program receivables, net | 16,919,432 | 14,840,620 |
| Promises to give, net | 301,382 | 295,595 |
| Prepaid and other current assets | 1,592,259 | 928,583 |
| Investments | 127,166,848 | 113,382,085 |
| Mineral interests, net | 15,726,711 | 15,726,711 |
| Beneficial interest in trust assets | 14,041,448 | 12,695,689 |
| Notes receivable | 15,519,750 | 15,519,750 |
| Operating lease right-of-use assets | 5,438,429 | 7,242,666 |
| Finance lease right-of-use assets, net | 404,188 | 613,079 |
| Restricted cash held in trust | 406,292 | 505,025 |
| Property and equipment, net | 41,118,033 | 42,609,992 |
| Total assets | $ 243,487,085 | $ 231,860,226 |
| **LIABILITIES AND NET ASSETS** | | |
| Liabilities | | |
| Accounts payable | $ 7,254,727 | $ 6,748,669 |
| Accrued expenses | 3,976,820 | 2,565,917 |
| Deferred revenue | 2,382,540 | 1,235,530 |
| Line of credit | 7,255,444 | 9,767,099 |
| Notes payable, net | 20,501,046 | 20,323,091 |
| Operating lease liabilities | 5,484,399 | 7,286,224 |
| Finance lease liabilities | 415,575 | 627,510 |
| Total liabilities | 47,270,551 | 48,554,040 |
| Net assets | | |
| Without donor restrictions | 179,886,324 | 168,389,133 |
| With donor restrictions | 16,330,210 | 14,917,053 |
| Total net assets | 196,216,534 | 183,306,186 |
| Total liabilities and net assets | $ 243,487,085 | $ 231,860,226 |

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

ACH Child and Family Services
Consolidated Statement of Activities
For the Year Ended December 31, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Public support, government funding, revenues and investment returns | | | |
| Public support | | | |
| Contributions | $ 2,313,930 | $ 2,826,510 | $ 5,140,440 |
| Capital campaign contributions | - | 540,000 | 540,000 |
| Estates and trusts | - | 75,000 | 75,000 |
| Fundraising events | 636,204 | - | 636,204 |
| Less: direct benefit to donors | (120,750) | - | (120,750) |
| Total public support | 2,829,384 | 3,441,510 | 6,270,894 |
| Government funding, revenues and investment returns | | | |
| Program service fees | 131,534,246 | - | 131,534,246 |
| Government funding | 588,058 | - | 588,058 |
| Rental and other income | 473,826 | - | 473,826 |
| Investment income, net | 999,569 | 532,604 | 1,532,173 |
| Mineral income, net | 8,749,002 | - | 8,749,002 |
| Realized and unrealized gains on investment | 16,457,711 | 67,012 | 16,524,723 |
| Gain on disposal of assets | 4,000 | - | 4,000 |
| Change in beneficial interest in trust assets | - | 1,345,759 | 1,345,759 |
| Net assets released from restriction | 3,973,728 | (3,973,728) | - |
| Total government funding, revenues and investment returns | 162,780,140 | (2,028,353) | 160,751,787 |
| Total public support, government funding, revenues and investment returns | 165,609,524 | 1,413,157 | 167,022,681 |
| Functional expenses | | | |
| Program services | 132,373,975 | - | 132,373,975 |
| Support services | | | |
| General and administrative | 19,944,962 | - | 19,944,962 |
| Fundraising | 1,793,396 | - | 1,793,396 |
| Total support services | 21,738,358 | - | 21,738,358 |
| Total functional expenses | 154,112,333 | - | 154,112,333 |
| Change in net assets | 11,497,191 | 1,413,157 | 12,910,348 |
| Net assets, beginning of year | 168,389,133 | 14,917,053 | 183,306,186 |
| Net assets, end of year | $ 179,886,324 | $ 16,330,210 | $ 196,216,534 |

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

ACH Child and Family Services
Consolidated Statement of Activities
For the Year Ended December 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Public support, government funding, revenues and investment returns | | | |
| Public support | | | |
| Contributions | $ 1,614,940 | $ 3,049,492 | $ 4,664,432 |
| Capital campaign contributions | 265,000 | 775,000 | 1,040,000 |
| Estates and trusts | - | 75,000 | 75,000 |
| Fundraising events | 614,103 | - | 614,103 |
| Less: direct benefit to donors | (69,010) | - | (69,010) |
| Total public support | 2,425,033 | 3,899,492 | 6,324,525 |
| Government funding, revenues and investment returns | | | |
| Program service fees | 132,552,909 | - | 132,552,909 |
| Government funding | 655,901 | 5,125,453 | 5,781,354 |
| Rental and other income | 633,044 | - | 633,044 |
| Investment income, net | 800,619 | 573,711 | 1,374,330 |
| Mineral income, net | 12,890,455 | - | 12,890,455 |
| Realized and unrealized gains on investment | 11,685,782 | - | 11,685,782 |
| Gain on disposal of assets | 206,521 | - | 206,521 |
| Change in beneficial interest in trust assets | - | 933,573 | 933,573 |
| Net assets released from restriction | 10,917,919 | (10,917,919) | - |
| Total government funding, revenues and investment returns | 170,343,150 | (4,285,182) | 166,057,968 |
| Total public support, government funding, revenues and investment returns | 172,768,183 | (385,690) | 172,382,493 |
| Functional expenses | | | |
| Program services | 133,046,624 | - | 133,046,624 |
| Support services | | | |
| General and administrative | 17,792,500 | - | 17,792,500 |
| Fundraising | 1,722,739 | - | 1,722,739 |
| Total support services | 19,515,239 | - | 19,515,239 |
| Total functional expenses | 152,561,863 | - | 152,561,863 |
| Change in net assets from operations | 20,206,320 | (385,690) | 19,820,630 |
| Gain on put option (Note 11) | 4,168,060 | - | 4,168,060 |
| Change in net assets | 24,374,380 | (385,690) | 23,988,690 |
| Net assets, beginning of year | 144,014,753 | 15,302,743 | 159,317,496 |
| Net assets, end of year | $ 168,389,133 | $ 14,917,053 | $ 183,306,186 |

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

# ACH Child and Family Services
## Consolidated Statement of Functional Expenses
## For the Year Ended December 31, 2025

| | Program Services | | | | | | | Support Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Foster Care/ Adoption/ Kinship Connections | Transitions | Youth Emergency Shelter | Youth and Family Services | Residential Care | OCOK Intake Care Coordination, and Permanency | Total Program Services | General and Administrative | Fundraising | Total Support Services | Total |
| Our Community Our Kids provider payments | $ - | $ - | $ - | $ - | $ - | $ 67,871,568 | $ 67,871,568 | $ - | $ - | $ - | $ 67,871,568 |
| Salaries, taxes, and benefits | 2,847,013 | 951,933 | 1,543,815 | 2,721,617 | 7,149,901 | 32,298,547 | 47,512,826 | 13,469,834 | 1,244,206 | 14,714,040 | 62,226,866 |
| Occupancy and maintenance | 140,780 | 136,641 | 83,710 | 576,443 | 531,334 | 3,080,516 | 4,549,424 | 1,017,083 | 61,344 | 1,078,427 | 5,627,851 |
| Transportation | 88,062 | 19,466 | 10,966 | 18,735 | 71,918 | 4,111,384 | 4,320,531 | 168,673 | 2,575 | 171,248 | 4,491,779 |
| Insurance and taxes | 70,916 | 81,167 | 53,837 | 86,782 | 268,770 | 472,308 | 1,033,780 | 431,403 | 33,095 | 464,498 | 1,498,278 |
| Medical expenses | - | 228 | 485 | - | 10,264 | 3,794 | 14,771 | 62 | - | 62 | 14,833 |
| Food, clothing, and supplies | 37,400 | 48,956 | 109,692 | 35,057 | 532,396 | 403,129 | 1,166,630 | 341,830 | 25,535 | 367,365 | 1,533,995 |
| Youth activities | 193 | 3,607 | 3,223 | - | 33,071 | 15,185 | 55,279 | 1,349 | 1,272 | 2,621 | 57,900 |
| Education | - | 186 | 62 | - | 3,155 | 186 | 3,589 | - | - | - | 3,589 |
| Family assistance | 109,870 | 2,640 | - | 74,011 | 277 | 74,292 | 261,090 | 4,516 | - | 4,516 | 265,606 |
| Foster care expenses | 1,064,151 | - | - | - | - | - | 1,064,151 | - | - | - | 1,064,151 |
| Other programs and training expenses | - | 403,018 | - | - | - | 215 | 403,233 | 989 | - | 989 | 404,222 |
| Development and promotion | - | - | - | - | 35 | 11 | 46 | 9,830 | 81,033 | 90,863 | 90,909 |
| Outreach and awareness | 4,752 | 9,156 | 186 | 15,752 | 299 | 6,424 | 36,569 | 292,218 | 179,355 | 471,573 | 508,142 |
| Contract services | 202,626 | 29,744 | 50,413 | 111,405 | 200,340 | 1,251,368 | 1,845,896 | 2,282,264 | 58,604 | 2,340,868 | 4,186,764 |
| Audit and legal services | - | - | - | - | 54 | 7,919 | 7,973 | 314,338 | 2,465 | 316,803 | 324,776 |
| Staff development and travel | 84,170 | 7,516 | 18,046 | 22,533 | 66,571 | 77,258 | 276,094 | 252,313 | 12,474 | 264,787 | 540,881 |
| Board development | - | - | - | - | - | 157 | 157 | 40,058 | - | 40,058 | 40,215 |
| Project fundraising | - | - | 2,774 | - | 2,641 | - | 5,415 | 16,960 | 56 | 17,016 | 22,431 |
| Depreciation and amortization | 217,697 | 165,123 | 172,718 | 191,847 | 958,769 | 200,373 | 1,906,527 | 384,520 | 91,382 | 475,902 | 2,382,429 |
| Interest expense | - | - | - | - | - | 599 | 599 | 879,639 | - | 879,639 | 880,238 |
| Miscellaneous | - | 22 | 1,719 | - | 111 | 35,975 | 37,827 | 37,083 | - | 37,083 | 74,910 |
| | $ 4,867,630 | $1,859,403 | $2,051,646 | $3,854,182 | $ 9,829,906 | $109,911,208 | $132,373,975 | $ 19,944,962 | $ 1,793,396 | $ 21,738,358 | $ 154,112,333 |

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

# ACH Child and Family Services
## Consolidated Statement of Functional Expenses
## For the Year Ended December 31, 2024

| | Program Services | | | | | | | Support Services | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Foster Care/ Adoption/ Kinship Connections | Transitions | Youth Emergency Shelter | Youth and Family Services | Residential Care | OCOK Intake Care Coordination, and Permanency | Total Program Services | General and Administrative | Fundraising | Total Support Services | Total |
| Our Community Our Kids provider payments | $ - | $ - | $ - | $ - | $ - | $ 73,131,185 | $ 73,131,185 | $ - | $ - | $ - | $ 73,131,185 |
| Salaries, taxes, and benefits | 2,496,835 | 769,826 | 1,421,235 | 2,487,810 | 5,737,913 | 30,611,851 | 43,525,470 | 11,659,679 | 1,162,715 | 12,822,394 | 56,347,864 |
| Occupancy and maintenance | 148,154 | 183,078 | 103,411 | 532,069 | 459,763 | 3,197,876 | 4,624,351 | 819,826 | 55,665 | 875,491 | 5,499,842 |
| Transportation | 79,461 | 14,393 | 12,290 | 17,773 | 61,736 | 3,611,659 | 3,797,312 | 158,493 | 2,126 | 160,619 | 3,957,931 |
| Insurance and taxes | 59,031 | 75,222 | 40,342 | 60,572 | 197,778 | 281,652 | 714,597 | 265,254 | 27,777 | 293,031 | 1,007,628 |
| Medical expenses | - | 336 | 1,331 | - | 9,813 | 3,915 | 15,395 | 60 | - | 60 | 15,455 |
| Food, clothing, and supplies | 41,472 | 44,600 | 107,162 | 49,022 | 536,845 | 760,502 | 1,539,603 | 278,439 | 11,312 | 289,751 | 1,829,354 |
| Youth activities | 1,004 | 11,572 | 8,556 | 437 | 41,773 | 18,249 | 81,591 | 6,903 | 788 | 7,691 | 89,282 |
| Education | - | 182 | - | - | 19,107 | 871 | 20,160 | - | - | - | 20,160 |
| Family assistance | 126,571 | 1,371 | - | 125,074 | 129 | 173,597 | 426,742 | 19,040 | - | 19,040 | 445,782 |
| Foster care expenses | 933,243 | - | - | - | - | - | 933,243 | - | - | - | 933,243 |
| Other programs and training expenses | - | 289,376 | - | - | 219 | - | 289,595 | 1,296 | - | 1,296 | 290,891 |
| Development and promotion | - | - | - | - | - | 10 | 10 | 4,258 | 135,578 | 139,836 | 139,846 |
| Outreach and awareness | 840 | 9,651 | 213 | 34,609 | 369 | 16,917 | 62,599 | 288,635 | 150,393 | 439,028 | 501,627 |
| Contract services | 113,854 | 35,334 | 58,353 | 108,535 | 231,786 | 1,551,742 | 2,099,604 | 1,716,043 | 55,397 | 1,771,440 | 3,871,044 |
| Audit and legal services | - | - | - | - | - | 9,975 | 9,975 | 317,019 | 13,758 | 330,777 | 340,752 |
| Staff development and travel | 77,813 | 8,036 | 16,518 | 34,666 | 78,505 | 99,172 | 314,710 | 201,977 | 11,254 | 213,231 | 527,941 |
| Board development | - | - | - | - | - | 87 | 87 | 23,984 | - | 23,984 | 24,071 |
| Project fundraising | - | - | - | 23 | 56,256 | 69,352 | 125,631 | 63,824 | - | 63,824 | 189,455 |
| Depreciation and amortization | 192,203 | 153,575 | 161,145 | 166,825 | 658,244 | - | 1,331,992 | 685,449 | 88,935 | 774,384 | 2,106,376 |
| Interest expense | - | - | - | - | - | - | - | 1,207,132 | - | 1,207,132 | 1,207,132 |
| Miscellaneous | - | - | - | 2,194 | - | 578 | 2,772 | 75,189 | 7,041 | 82,230 | 85,002 |
| | $ 4,270,481 | $1,596,552 | $1,930,556 | $3,619,609 | $ 8,090,236 | $113,539,190 | $133,046,624 | $ 17,792,500 | $ 1,722,739 | $ 19,515,239 | $ 152,561,863 |

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

ACH Child and Family Services
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Cash flows from operating activities | | |
| Change in net assets | $ 12,910,348 | $ 23,988,690 |
| Adjustments to reconcile change in net assets to net cash used in operating activities | | |
| Depreciation | 2,173,538 | 1,899,950 |
| Gain on put option | - | (4,168,060) |
| Realized and unrealized gains on investments | (16,524,723) | (11,685,782) |
| Amortization of loan fees | 177,955 | 196,566 |
| Change in value of beneficial interest in trust asset | (1,345,759) | (933,573) |
| Amortization of finance lease right-of-use assets | 208,891 | 206,426 |
| Imputed interest on finance lease obligations | 17,300 | 23,668 |
| Gain on disposals of property and equipment | (4,000) | (206,521) |
| Contributions restricted for long-term purposes | (540,000) | (6,165,453) |
| Changes in operating assets and liabilities | | |
| Grants and program receivables, net | (2,078,812) | 2,225,962 |
| Promises to give, net | (5,787) | 155,391 |
| Issuance of notes receivable | - | (9,678,150) |
| Prepaid and other current assets | (663,676) | (207,749) |
| Operating lease right-of-use assets | 1,874,075 | 1,726,495 |
| Accounts payable | 506,058 | 169,792 |
| Accrued expenses | 1,799,248 | 569,264 |
| Deferred revenue | 1,147,010 | (5,150,235) |
| Operating lease liability | (1,871,663) | (1,682,537) |
| Net cash used in operating activities | (2,219,997) | (8,715,856) |
| Cash flows from investing activities | | |
| Purchases of investments | (25,516,120) | (31,649,015) |
| Proceeds from sales of investments | 28,256,080 | 31,547,533 |
| Purchases of property and equipment | (681,579) | (9,461,749) |
| Proceeds from sale of property and equipment | 4,000 | 292,040 |
| Net cash provided by (used in) investing activities | 2,062,381 | (9,271,191) |
| Cash flows from financing activities | | |
| Payments on finance lease obligations | (229,235) | (250,397) |
| Contributions received restricted for investments in property and equipment | 540,000 | 6,165,453 |
| Proceeds from notes payable | - | 12,483,305 |
| Borrowings on line of credit | 61,700,000 | 60,458,803 |
| Payments on line of credit | (64,600,000) | (61,828,510) |
| Net cash provided by (used in) financing activities | (2,589,235) | 17,028,654 |
| Net decrease in cash, cash equivalents and restricted cash | (2,746,851) | (958,393) |
| Cash, cash equivalents and restricted cash, beginning of year | 8,005,456 | 8,963,849 |
| Cash, cash equivalents and restricted cash, end of year | $ 5,258,605 | $ 8,005,456 |

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

ACH Child and Family Services
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

| | 2025 | 2024 |
|---|---|---|
| Cash, cash equivalents and restricted cash consisted of the following: | | |
| Cash and cash equivalents | $ 4,852,313 | $ 7,500,431 |
| Restricted cash held in trust | 406,292 | 505,025 |
| | $ 5,258,605 | $ 8,005,456 |
| Supplemental disclosures of cash flow information | | |
| Cash paid during the year for | | |
| Interest | $ 684,982 | $ 986,898 |
| Supplemental schedule of noncash investing and financing activities | | |
| Operating lease right-of-use assets obtained in exchange for lease liability | $ 69,838 | $ 495,441 |
| Finance lease right-of-use assets obtained in exchange for lease liability | $ - | $ 41,637 |
| Payment of notes receivable through reassignment of notes payable | $ - | $ 9,771,940 |
| Payment of notes payable through assumption of notes receivable | $ - | $ (9,771,940) |

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

## 1. NATURE OF OPERATIONS

ACH Child and Family Services ("ACH") is a Texas nonprofit corporation, established in 1915, and dedicated to the prevention, intervention, and treatment of child abuse, neglect, and family separation. With over a century of experience, ACH brings needed resources and skills to children and families struggling with life's challenges. Some programs keep children and families together while others provide a healing home for children who cannot live with their families. Services offered include crisis intervention, family counseling and skill-building, traditional foster care, treatment foster care for children with therapeutic needs, kinship support for families caring for related children, adoption, transitional housing for families who have experienced domestic violence, supervised independent living services for young adults who are homeless or who are aging out of foster care, and residential group care including intensive residential treatment. The vision of ACH is to be a leading agency in the community so families thrive and children experience safety, hope, and love.

*Principles of Consolidation*

The consolidated financial statements include the accounts of ACH and the below six nonprofits of which ACH is the sole member.

The All Church Home for Children Foundation ("the Foundation") is a Texas nonprofit corporation organized to hold, manage, solicit, receive, administer, and invest assets for the exclusive use, benefit, and support of ACH in a manner that is responsive to the needs and demands of ACH.

ACH Landowner is a Texas nonprofit corporation organized to support its sole member, ACH, by providing financial and other resources to assist ACH in achieving the fulfillment of its mission. Specifically, ACH Landowner will hold, develop, and lease certain real property to ACH to be used for administration and programs.

ACH Landowner II is a Texas nonprofit corporation organized to support its sole member, ACH, by providing financial and other resources to assist ACH in achieving the fulfillment of its mission. Specifically, ACH Landowner II will hold, develop, and lease certain real property to ACH to be used for administration and programs.

ACH Landowner III is a Texas nonprofit corporation organized to support its sole member, ACH, by providing financial and other resources to assist ACH in achieving the fulfillment of its mission. Specifically, ACH Landowner III will hold, develop, and lease certain real property to ACH to be used for administration and programs.

ACH Landowner IV is a Texas nonprofit corporation organized to support its sole member, ACH, by providing financial and other resources to assist ACH in achieving the fulfillment of its mission. Specifically, ACH Landowner IV will hold, develop, and lease certain real property to ACH to be used for administration and programs.

1. NATURE OF OPERATIONS (continued)

Our Community Our Kids ("OCOK") is a Texas nonprofit corporation organized to support its sole member, ACH, by providing financial and other resources to assist ACH in achieving the fulfillment of its mission. Specifically, OCOK manages foster care and case management services for children and families in a ten-county region of North Texas. The corporate structure was formed and 501(c)3 status was approved in 2023, but no transactions, assets or employees had been moved into the new entity as of December 31, 2024 due to the pending contract and license approval by the State of Texas. As of July 1, 2025, approval from the State of Texas was granted, and all applicable contracts, assets and employees were moved to this entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). As such, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The fund groups are reported in the two classes of net assets as follows:

- *Net assets without donor restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.
- *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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as donor restricted revenue when received and released from restrictions when the assets are placed in service. 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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as "net assets released from restrictions."

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidated financial statements

The accompanying consolidated financial statements include the accounts of ACH Child and Family Services, All Church Home for Children Foundation, ACH Landowner, ACH Landowner II, ACH Landowner III, ACH Landowner IV and Our Community Our Kids (collectively, the "Organization") since they are financially interrelated organizations. All intercompany transactions and balances have been eliminated in the accompanying consolidated financial statements.

Cash and cash equivalents

The Organization considers only cash in banks and cash on hand as cash and cash equivalents. These cash equivalents are financial instruments that potentially subject the Organization to concentrations of credit risk. The Organization places its cash with high credit-quality financial institutions and periodically maintains deposits in amounts that exceed Federal Deposit Insurance Corporation ("FDIC") insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

Investments and fair value measurements

Investments represent a diversified portfolio of public and private domestic and international equity securities, fixed income securities, alternative investments in marketable hedge funds, and mineral interests. Investments are reported at fair value. The values of publicly-traded fixed income and equity securities are based on quoted market prices. Fair value for shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The fair value of the mineral interests is equal to the lower of cost or estimated fair value of accumulated cost recovery. Nonmarketable securities, which include investments in hedge funds, are valued using net asset value ("NAV"), or its equivalent, provided by fund managers as a practical expedient to estimate fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. These non-marketable investments often require the estimation of fair values by the fund managers in the absence of readily determinable market values. As of December 31, 2025, the Organization had no specific plans or intentions to sell investments at amounts different than NAV. Because of the inherent uncertainty of valuing these investments, the Organization's estimate for fair value may differ significantly from the values that would have been used had a ready market for the investments existed.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels of inputs:

- *Level 1* - Quoted market prices in active markets for identical assets or liabilities.
- *Level 2* - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and fair value measurements (continued)

- *Level 3* - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The investments reported at NAV as practical expedient are not required to be categorized in the fair value hierarchy.

Dividend and interest income are accrued when earned and are presented net of fees as investment income, net on the consolidated statements of activities. Realized and unrealized gains (losses) are reported separately on the consolidated statements of activities.

Mineral interests

The Organization's investments in mineral interests were acquired primarily by contribution and recorded at the estimated fair market value at the date of receipt. Management evaluates for impairment each year and recognizes a loss when the estimated fair value is below carrying value. For the year ended December 31, 2025, management believes there was no indicator that the investments in mineral interests are impaired.

Grants and program receivables, net

The Organization's receivables consist principally of program service fees and grants from governmental agencies. The Organization utilizes the allowance method for the recognition of credit losses. Based on management's assessment of the credit history of grantors, an allowance for credit losses of $172,563 and $169,012 was deemed necessary as of December 31, 2025 and 2024, respectively. There was no bad debt expense for the year ended December 31, 2025. Bad debt expense was $7,041 for the year ended December 31, 2024. All grants and program receivables outstanding are expected to be received by December 2026.

The Organization's program service fee revenue is recognized as follows for each individual stream of revenue:

*State Contracts* - Revenue from contracts with the various agencies of the State of Texas for programs provided by the Organization such as adoption placements, monitoring the care of child placements, and providing counseling, skills training, as well as case management to children and young adult clients. Depending on the type of service, revenue is recognized by service date or date at which child placement was finalized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and program receivables, net (continued)

*OCOK Daily Rate and Exceptional Care Rate* - The Organization is paid either a blended daily rate, exceptional care rate, or a T3C service package rate by the Texas Department of Family and Protective Services ("TDFPS") on a per child, per day basis. The Organization will then pass these funds through to providers for the care of foster children. Revenue is recognized by service date of foster care.

*OCOK Purchased Family Services* - The Organization pays sub-contractors for services performed to biological parents and relative caregivers. In addition, they also provide funds to families for concrete support. This revenue is paid on a reimbursement basis and is recognized as allowable costs are incurred.

*OCOK Adoption* - The Organization is paid a per-adoption flat rate based on the date the adoption takes place. The Organization will then pass these funds through to providers for the management and facilitation of the adoption. Revenue is recognized by adoption date of foster care.

*OCOK Network Support* - Services provided include engaging the community to develop needed services and placement options for foster children, engaging with the courts and other stakeholders to improve the care for foster children in region 3W, and maintaining the technology and data capacity to track outcomes and provide compliance reporting. Revenue from these services is recognized each month as performance barriers are met.

*OCOK Resource Transfer* - Services provided include taking responsibility for foster children from region 3W, finding and maintaining placements for the children in this region, providing case management for children in care which includes working with their biological parents and the courts. Revenue is earned based on a monthly administrative fee as well as data measures tracked by the Organization. Revenue is recognized each month as these performance barriers are met.

*OCOK Rate Reconciliation Revenue* - Revenue consists of TDFPS contracted funds to reconcile the blended daily rate paid for each day of care per child with the actual costs of care. Revenue is recognized by service data similar to Daily Rate and Exceptional Care Rate revenue.

*OCOK Exceptional Care Deficit Share Revenue* - Revenue consists of a 50/50 share of the surplus or deficit between the Exceptional Care Rate paid and the cost of exceptional care provider payments. Revenue is recognized by service date similar to Daily Rate and Exceptional Care Rate revenue.

*OCOK Capacity Building Project Funds* - The Organization has cost reimbursement funding from the legislature that must be used towards building foster care capacity. Revenue is recognized as allowable costs are incurred for services the Organization spends funds on throughout the year as it relates to foster care capacity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions received and promises to give

The Organization recognizes contributions when they are received or unconditionally promised and records these amounts as net assets without donor restrictions or net assets with donor restrictions according to donor stipulations that limit the use of these assets due to time or purpose restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as a deferred revenue in the consolidated statements of financial position.

Conditional promises to give are not included as revenue or contributions receivable until such time as the barriers and right of release/return have been overcome. As of December 31, 2025 there were $1,804,490 of conditional contributions that had not yet been recognized as certain barriers had not been overcome. There were no conditional contributions for the year ended December 31, 2024.

Property and equipment

Expenditures for property and equipment are stated at cost or, if donated, at their estimated fair value at the date of donation. The Organization capitalizes property and equipment with a cost greater than $10,000 and a useful life greater than one year. Donations of significant property and equipment are recorded 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 restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation are removed from the accounts. Resulting gains or losses are included in income.

Depreciation of property and equipment is computed on the straight line basis over their estimated useful lives. Depreciation expense for the year ended December 31, 2025 and 2024 amounted to $2,173,538 and $1,899,950, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment (continued)

Depreciation of property and equipment is computed using the straight-line method over the following estimated useful lives:

| | |
|---|---|
| Buildings and improvements | 5 - 20 years |
| Furniture and fixtures | 3 - 5 years |
| Automobiles | 4 years |

Impairment of long-lived assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount at December 31, 2025 and 2024.

Deferred financing costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the straight-line method, a method which approximates the effective interest rate method. At both December 31, 2025 and 2024, deferred financing costs were $1,857,097. At December 31, 2025 and 2024, accumulated amortization of deferred financing costs were $1,288,143 and $1,110,188, respectively. Amortization expense related to the deferred financing costs was $177,955 and $196,566 for the years ended December 31, 2025 and 2024, respectively, and was recorded to interest expense in the consolidated statements of functional expenses.

Deferred revenue

During the year ended December 31, 2023, the Organization received approximately $5,600,000 of TDFPS contracted funds to finance the expansion of OCOK operations into three new counties. The funds are to be spent on start-up and ramp-up related activities and as such, are included in deferred revenue on the consolidated statements of financial position. Revenue is recognized as supporting expenditures are incurred. As of December 31, 2024, approximately $1,200,000 remained in deferred revenue.

During the year ended December 31, 2025, the Organization received approximately $6,500,000 of TDFPS contracted funds to further support OCOK operations. The funds are largely intended to off-set costs that some 24-hour Residential Child Care providers will incur and as such, are included in deferred revenue on the consolidated statements of financial position. Revenue is recognized as supporting expenditures are incurred. As of December 31, 2025, approximately $2,300,000 remained in deferred revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated goods and services

From time to time, the Organization will receive donated goods, property, or other assets. These assets are recorded in the consolidated statements of financial position at their estimated fair value at the time of the gift. Revenue from such gifts is recognized as contributions in the consolidated statements of activities for the value of the asset. There were no material gifts of property and equipment received during the years ended December 31, 2025 and 2024.

No amounts have been reflected in the consolidated financial statements for donated services since the services did not meet the criteria for recognition. However, a number of volunteers donate significant amounts of their time to the Organization.

Concentration of credit risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist primarily of receivables from program services and amounts deposited in banks in excess of the FDIC's insured limit.

Approximately 92% of total program receivables was due from one government agency as of December 31, 2025. Approximately 95% of total program receivables was due from two government agencies as of December 31, 2024.

Five donor commitments comprised 76% of the total promises to give as of December 31, 2025. Three donor commitments comprised 90% of the total balance of promises to give as of December 31, 2024.

One donor provided 17% of total contribution revenue for the year ended December 31, 2025. Two donors provided 29% of total contribution revenue for the year ended December 31, 2024.

The Organization currently invests in a variety of fixed income, equities, open and closed-end mutual funds and investment holding companies. Management believes diversity within the portfolio avoids significant concentration of credit risk with respect to these investments.

Functional expenses

The consolidated financial statements report certain categories that are attributable to one or more program or supporting functions of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, amortization, salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated based on full time employee equivalents or square footage of shared space.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

The Organization has been recognized by the Internal Revenue Service as a nonprofit corporation exempt from federal income tax on its income, under Section 501(c)(3) of the Internal Revenue Code. The Organization does not believe there are any material uncertain tax positions and accordingly, it will not recognize any liability for unrecognized tax benefits. For the years ended December 31, 2025 and 2024, there were no interest or penalties recorded or included in the consolidated financial statements. The Organization is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations, and interpretations thereof.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses, useful lives of property and equipment, the fair value of investments, and the valuation allowance for contributions receivable. Actual results could differ from those estimates.

3. LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. In addition, the Organization received support without donor restrictions. The income without donor restrictions, revenue from certain trusts, program revenue, unrelated business income, and distributions from the Foundation are used to fund operations. The Organization considers these sources to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and program operations. Annual operations are defined as activities occurring during the Organization's fiscal year.

The Organization has access to two $15,000,000 lines of credit which are used to bridge cash flow needs in order to reduce or eliminate the need to liquidate invested assets.

The Foundation receives board-designated endowment gifts as well as restricted donor gifts that will exist in perpetuity. The investment and mineral income generated by the endowment assets supports the distributions to ACH for operations, as noted above. See Notes 7 and 14 for spending policy of beneficial interest in trust and endowment funds, respectively.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,

3. LIQUIDITY AND AVAILABILITY (continued)

- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long-term commitments and obligations will continue to be met, ensuring the sustainability of all the related entities.

The table below presents financial assets available for general operating expenditures within one year at December 31, 2025:

| | |
|---|---|
| Financial assets: | |
| Cash and cash equivalents | $ 4,852,313 |
| Grants and program receivables, net | 16,919,432 |
| Promises to give, net | 301,382 |
| Investments | 127,166,848 |
| Mineral interests, net | 15,726,711 |
| Beneficial interest in trust assets | 14,041,448 |
| Restricted cash held in trust | 406,292 |
| | 179,414,426 |
| Less amounts unavailable for general expenditure within one year: | |
| Restricted cash held in trust | (406,292) |
| Capital improvements | (169,000) |
| Other purpose restricted net assets | (303,655) |
| Family resources initiative | (551,257) |
| Promises to give, net | (81,245) |
| Restrictions perpetual in nature | (948,867) |
| Time restricted beneficial interest in trust assets | (14,041,448) |
| | (16,501,764) |
| Less amounts unavailable to management without Board's approval | |
| Board-designated endowment - operating | (143,163,192) |
| | $ 19,749,470 |

4. RESTRICTED CASH

Restricted cash consists of funds held in trust for various purposes, including transactional and management fees, capital improvements, and certain programmatic startup costs. The cash balances held in trust were $406,292 and $505,025 as of December 31, 2025 and 2024, respectively. All of these funds were held by JP Morgan Chase for the years ended December 31, 2025 and 2024 in accordance with certain debt instruments reflected in Notes 11 and 12 to the consolidated financial statements.

## 5. PROMISES TO GIVE

The Organization recognizes unconditional promises to give as support in the period the promise to give is made and reports them as contributions in the consolidated statements of activities. Contributions that are expected to be collected in future years are recorded at the net present value of the amount expected to be collected. At December 31, 2025 and 2024, all promises to give are considered fully collectible and no allowance for uncollectible contributions has been estimated. Bad debt expense is reflected in the consolidated statements of functional expenses in miscellaneous expense and is reflected separately in the consolidated statements of cash flows.

At December 31, 2025, promises to give are expected to be received as follows:

| Year ending December 31, | |
|---|---|
| 2026 | $ 220,137 |
| 2027 | 38,008 |
| 2028 | 38,008 |
| 2029 | 27,134 |
| | 323,287 |
| Less: present value discount | (21,905) |
| | $ 301,382 |

## 6. INVESTMENTS AND FAIR VALUE DISCLOSURES

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2025:

| | Level 1 | Level 2 | Level 3 | Fair Value |
|---|---|---|---|---|
| Investments | | | | |
| Cash held for investments | $ 2,881,707 | $ - | $ - | $ 2,881,707 |
| Fixed income | 7,037,937 | 11,657,291 | - | 18,695,228 |
| US equity | 41,075,695 | - | - | 41,075,695 |
| Global equity | 18,201,141 | - | - | 18,201,141 |
| | 69,196,480 | 11,657,291 | - | 80,853,771 |
| Beneficial interest in trust | - | - | 14,041,448 | 14,041,448 |
| Mineral interests | - | - | 15,726,711 | 15,726,711 |
| | $ 69,196,480 | $ 11,657,291 | $ 29,768,159 | 110,621,930 |
| Investments measured at net asset value | | | | 46,313,077 |
| | | | | $ 156,935,007 |

6. INVESTMENTS AND FAIR VALUE DISCLOSURES (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2024:

| | Level 1 | Level 2 | Level 3 | Fair Value |
|---|---|---|---|---|
| Investments | | | | |
| Cash held for investments | $ 2,070,054 | $ - | $ - | $ 2,070,054 |
| Fixed income | 6,544,350 | 11,758,871 | - | 18,303,221 |
| US equity | 36,510,114 | - | - | 36,510,114 |
| Global equity | 17,646,707 | - | - | 17,646,707 |
| | 62,771,225 | 11,758,871 | - | 74,530,096 |
| Beneficial interest in trust | - | - | 12,695,689 | 12,695,689 |
| Mineral interests | - | - | 15,726,711 | 15,726,711 |
| | $ 62,771,225 | $ 11,758,871 | $ 28,422,400 | 102,952,496 |
| Investments measured at net asset value | | | | 38,851,989 |
| | | | | $ 141,804,485 |

6. INVESTMENTS AND FAIR VALUE DISCLOSURES (continued)

Nonpublicly Traded Securities

Investments in nonpublicly traded investment holding company entities are carried at fair value which is based on the net asset value calculated as a practical expedient from an independent audit of the entities and their underlying investment securities. Following are these nonpublicly traded investments as of December 31, 2025:

| Hedge fund title | Unfunded Commitments and Redemption Terms | Fair value |
|---|---|---|
| Makena Perpetual | (a) | $ 6,232,376 |
| HPC Millennium Int'l Ltd. | (b) | 6,425,299 |
| Pointer Offshore Ltd. | (c) | 6,091,960 |
| Cascade | (d) | 5,583,096 |
| MS Hamilton Lane | (e) | 2,376,385 |
| The Weatherlow Offshore Fund | (f) | 3,340,480 |
| Kopernik | (g) | 3,620,379 |
| Goldman Sachs Vintage VIII | (h) | 1,756,211 |
| Oak Street Real Estate | (i) | 2,695,834 |
| Blackstone Tactical Opportunities Fund III | (j) | 1,410,849 |
| General Atlantic PE | (k) | 1,736,469 |
| Third Point Offshore Fund | (l) | 194,478 |
| Blackstone Tactical Opportunities Fund | (m) | 31,600 |
| Goldman Sachs Vintage IX | (n) | 957,479 |
| Platinum Equity VI | (o) | 1,350,708 |
| KKR/K-PEC Founders | (p) | 1,544,924 |
| Clearlake VIII | (q) | 79,389 |
| Selby Lane | (r) | 885,161 |
| | | $ 46,313,077 |

6. INVESTMENTS AND FAIR VALUE DISCLOSURES (continued)

Nonpublicly Traded Securities

Investments in nonpublicly traded investment holding company entities are carried at fair value which is based on the net asset value calculated as a practical expedient from an independent audit of the entities and their underlying investment securities. Following are these nonpublicly traded investments as of December 31, 2024:

| Hedge fund title | Unfunded Commitments and Redemption Terms | Fair value |
|---|---|---|
| Makena Perpetual | (a) | $ 5,476,440 |
| HPC Millennium Int'l Ltd. | (b) | 5,868,101 |
| Pointer Offshore Ltd. | (c) | 5,070,447 |
| Cascade | (d) | 4,502,872 |
| MS Hamilton Lane | (e) | 2,668,015 |
| The Weatherlow Offshore Fund | (f) | 2,751,889 |
| Kopernik | (g) | 2,199,297 |
| Goldman Sachs Vintage VIII | (h) | 1,796,917 |
| Oak Street Real Estate | (i) | 2,279,143 |
| Blackstone Tactical Opportunities Fund III | (j) | 1,911,972 |
| General Atlantic PE | (k) | 988,416 |
| Third Point Offshore Fund | (l) | 201,816 |
| Blackstone Tactical Opportunities | (m) | 152,207 |
| Goldman Sachs Vintage IX | (n) | 473,792 |
| Platinum Equity VI | (o) | 1,083,069 |
| KKR/K-PEC Founders | (p) | 1,322,865 |
| Clearlake VIII | (q) | 104,731 |
| | | $ 38,851,989 |

The Organization's alternative investment portfolio consists of the following type of funds:

(a) Unfunded capital commitments totaled $2,409,778 and $4,174,215 for 2025 and 2024, respectively.

(b) Quarterly withdrawals with 95-day notice. Withdrawals are limited to 25% of partners' capital.

(c) Semi-annual liquidity of up to 50% capital with written notice by March 15 and September 15.

(d) Quarterly withdrawals with 95-day notice.

6. INVESTMENTS AND FAIR VALUE DISCLOSURES (continued)

(e) Subject to certain lock-up and liquidity restrictions greater than 65 days. Unfunded capital commitment were $427,357 and $379,992 for 2025 and 2024, respectively. It has a 12-month initial lockup (purchased during 2017) and quarterly liquidity with 90-day notice.

(f) These funds have no lock-up restrictions, nor any liquidity restrictions greater than 65 days, if any.

(g) Monthly withdrawals with a 30-day notice.

(h) Unfunded capital commitments totaled $1,419,959 and $1,224,054 for 2025 and 2024, respectively.

(i) Unfunded capital commitments totaled $543,472 and $885,701 for 2025 and 2024, respectively.

(j) Unfunded capital commitments totaled $807,775 and $808,554 for 2025 and 2024, respectively. Quarterly liquidity with 90-day notice.

(k) Unfunded capital commitment totaled $672,717 and $1,123,006 for 2025 and 2024, respectively.

(l) The lock up restriction has expired and quarterly liquidity with a 60-day notice.

(m) Unfunded capital commitments totaled $266,090 and $266,090 for 2025 and 2024, respectively. Quarterly liquidity with 90-day notice.

(n) Unfunded capital commitments totaled $911,186 and $1,204,179 for 2025 and 2024, respectively. It has a 12-month initial lockup (purchased during 2012) and quarterly liquidity with a 90-day notice.

(o) Unfunded capital commitment totaled $868,966 and $990,359 for 2025 and 2024, respectively.

(p) Quarterly liquidity limited to 5% of total fund NAV.

(q) Unfunded capital commitment totaled $1,853,759 and $1,895,269 for 2025 and 2024, respectively.

(r) Unfunded capital commitment totaled $9,112,267 for 2025.

6. INVESTMENTS AND FAIR VALUE DISCLOSURES (continued)

The following schedule summarizes the investment return, on all investments, for the years ended December 31:

| | 2025 | 2024 |
|---|---|---|
| Dividends and interest | $ 2,532,096 | $ 2,595,301 |
| Less: investment advisory and bank fees | (999,923) | (1,220,971) |
| | 1,532,173 | 1,374,330 |
| Realized gains on investment securities | 4,841,546 | 6,414,138 |
| Unrealized gains on investment securities | 11,683,177 | 5,271,644 |
| | 16,524,723 | 11,685,782 |
| | $ 18,056,896 | $ 13,060,112 |

7. BENEFICIAL INTEREST IN TRUST ASSETS, AND MINERAL RIGHTS

The Organization has a beneficial interest in the Stonestreet Trust (the "Trust"). The Organization also holds investments in mineral interests which were acquired primarily by contribution and recorded at the estimated fair market value at the date of receipt. Management evaluates for impairment each year and recognizes a loss when the estimated fair value is below carrying value.

The Organization's net share of investment in the Trust and the net investment in mineral interests are considered Level 3 investments as a whole.

A reconciliation of the change in the fair values of Level 3 investments is as follows:

The following table sets forth a summary of changes in the fair value of Level 3 investments for the year ended December 31, 2025:

| | Beneficial Interest in Trust | Mineral Interests | Total |
|---|---|---|---|
| Balance, December 31, 2024 | $ 12,695,689 | $ 15,726,711 | $ 28,422,400 |
| Change in value | 1,345,759 | - | 1,345,759 |
| Balance, December 31, 2025 | $ 14,041,448 | $ 15,726,711 | $ 29,768,159 |

7. BENEFICIAL INTEREST IN TRUST ASSETS, AND MINERAL RIGHTS (continued)

The following table sets forth a summary of changes in the fair value of Level 3 investments for the year ended December 31, 2024:

| | Beneficial Interest in Trust | Mineral Interests | Total |
|---|---|---|---|
| Balance, December 31, 2023 | $ 11,762,116 | $ 15,726,711 | $ 27,488,827 |
| Change in value | 933,573 | - | 933,573 |
| Balance, December 31, 2024 | $ 12,695,689 | $ 15,726,711 | $ 28,422,400 |

8. NOTES RECEIVABLE

During 2019, the Organization closed on a new market tax credit arrangement resulting in a note receivable from Chase NMTC ACH Investment Fund in the amount of $5,841,600 with interest payable annually of 1%. Interest payments of the note began in December 2019. Principal and interest payments are to commence in December 2027 with the final payment due December 2056. As part of the arrangement, the notes may be paid off early at a set time in the arrangement, wherein a significant portion of the debt may be forgiven through the utilization of the new market tax credits. The note is unsecured. This note receivable originated with the issuance of certain debt instruments reflected in Note 11 to the consolidated financial statements. However, there is not a right of offset with these debt instruments.

During 2024, the Organization closed on a new market tax credit arrangement resulting in a note receivable from Chase NMTC Family Services 2 Investment Fund in the amount of $9,678,150 with interest payable annually of 1.50%. Interest payments of the note began in September 2024. Principal and interest payments are to commence in September 2031 with final payment due December 2063. As part of the arrangement, the notes may be paid off early at a set time in the arrangement, wherein a significant portion of the debt may be forgiven through the utilization of the new market tax credits. The note is unsecured. This note receivable originated with the issuance of certain debt instruments reflected in Note 11 to the consolidated financial statements. There is not a right of offset with these debt instruments.

## 9. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

| | 2025 | 2024 |
|---|---|---|
| Land | $ 6,031,051 | $ 6,031,051 |
| Buildings and improvements | 50,521,206 | 50,451,536 |
| Furniture and fixtures | 4,030,424 | 3,200,194 |
| Automobiles | 1,167,630 | 1,219,961 |
| Construction in progress | 43,860 | 262,178 |
| | 61,794,171 | 61,164,920 |
| Less: accumulated depreciation | (20,676,138) | (18,554,928) |
| | $ 41,118,033 | $ 42,609,992 |

## 10. LINE OF CREDIT

The Organization maintains two lines of credit with a financial institution which each have a maximum amount of $15,000,000 and an open-ended maturity. Interest is payable monthly at the 30-day rolling compounded average secured overnight financing rate ("SOFR") plus 0.78% per annum. The average SOFR rate for the years ended December 31, 2025 and 2024 was 5.06% and 5.19%, respectively. The lines of credit are secured by six of the Organization's sub-investment accounts with a fair value of approximately $53,800,000 at December 31, 2025 (the financial institution calculates a borrowing base of 70% to 100% on this amount based upon the type of underlying investments). There was $7,255,444 and $9,767,099 outstanding on the line of credit as of December 31, 2025 and 2024, respectively.

## 11. NEW MARKET TAX CREDIT ARRANGEMENTS

The Organization entered into new market tax credit transactions during the year ended December 31, 2017 and created a new entity, Landowner II, as a result. The NMTC program was designed to make investment capital available to businesses in qualifying low-income communities to create jobs and spur additional economic development. Privately managed investment institutions, or Community Development Entities (CDEs), make loans and capital investments in businesses in underserved areas.

On June 17, 2024, the Organization exercised its option for early repayment of certain notes payable and unwound its New Market Tax Credit arrangement from 2017 with Chase NMTC ACH Investment Fund LLC. In settlement of this arrangement, notes payable in the amount of $13,940,000 were redeemed with a settlement of a note receivable held by the Organization of $9,771,940 and forgiveness of the remaining $4,168,060 principal and $7,485 in accrued interest in accordance with the terms of the original agreement. Forgiveness of principal is included in gain on put option on the consolidated statement of activities. Forgiveness of interest is included in rental and other income on the consolidated statement of activities.

11. NEW MARKET TAX CREDIT ARRANGEMENTS (continued)

The Organization entered into new market tax credit transactions during the year ended December 31, 2019. A new entity, Landowner III, was created in 2018 in anticipation of this arrangement. The NMTC program was designed to make investment capital available to businesses in qualifying low-income communities to create jobs and spur additional economic development. Privately managed investment institutions, or Community Development Entities (CDEs), make loans and capital investments in businesses in underserved areas.

The Organization entered into a new market tax credit arrangement during the year ended December 31, 2024, resulting in a note receivable from Chase NMTC Family Services 2 Investment Fund, LLC, in the amount of $9,678,150 with interest payable quarterly at 1.65%. A new entity, Landowner IV, was created in 2024 in anticipation of this arrangement. Interest payments of the note began in September 2024. Principal and interest payments are to commence in September 2031 with final payment due December 2063. As part of the arrangement, the notes may be paid off early at a set time in the arrangement, wherein a significant portion of the debt may be forgiven through the utilization of the new market tax credits. The note is unsecured. This note receivable originated with the issuance of certain debt instruments. There is not a right of offset with the debt instruments.

Further detail of the transactions is described in Notes 8 and 12.

12. NOTES PAYABLE

ACH and an unrelated third-party lender entered into a new market tax credit transaction, wherein ACH loaned $5,841,600 and the third-party lender loaned $2,558,400, net, to Chase NMTC Family Services Investment Fund LLC during the year ended December 31, 2019. Chase NMTC then lent the funds to CDE (PeopleFund NMTC 11, LLC), who separately loaned funds to the ACH's subsidiary, Landowner III in the amount of $7,840,000. This was accomplished through two different QLICI loans as noted below. The loans have subjected ACH and Landowner III to certain restrictive covenants. Management believes they are in compliance with all covenants. Additionally, as part of this arrangement, Landowner III also received a loan from Greenworks Lending, LLC in the amount of $556,496. This amount carried a 7% interest rate and was paid in full by Landowner III during 2019.

After the seven-year NMTC period expires, it is anticipated that the CDEs will liquidate and distribute their assets to the Chase NMTC Family Services Investment Fund LLC. It is also anticipated that ACH will acquire the interests in the Chase NMTC Family Services Investment Fund LLC, and that the investment fund will be liquidated. After the exit transactions are completed, ACH will be the holder of a portion of the NMTC Loan, and such loan will be eliminated for reporting purposes because such loan will be owed by the subsidiary to ACH.

12. NOTES PAYABLE (continued)

ACH and an unrelated third-party lender entered into a new market tax credit transaction, wherein ACH loaned $9,678,150, net, to Chase NMTC Family Services 2 Investment Fund during the year ended December 31, 2024. Chase NMTC Family Services 2 Investment Fund then lent the funds to a CDE (TMF SUB-CDE 52, LLC), who separately loaned funds to ACH's subsidiary, Landowner IV in the amount of $13,230,000. This was accomplished through two different QLICI loans as noted below. The loans have subjected ACH and Landowner IV to certain restrictive covenants. Management believes there are in compliance with all covenants.

After the seven-year NMTC period expires, it is anticipated that the CDEs will liquidate and distribute their assets to the Chase NMTC Family Services 2 Investment Fund LLC. It is also anticipated that ACH will acquire the interests in the Chase NMTC Family Services 2 Investment Fund LLC, and that the investment fund will be liquidated. After the transactions are completed, ACH will be the holder of a portion of the NMTC Loan and such loan will be eliminated for reporting purposes because such loan will be owed by the subsidiary to ACH.

The Organization was obligated on the following notes payable as of December 31:

| | 2025 | 2024 |
|---|---|---|
| Landowner III | | |
| PeopleFund NMTC 11 Loan A, interest accrued monthly, paid annually at 1.007% until December 1, 2027, then principal and interest is due annually until maturity at December 1, 2058. | $ 5,841,600 | $ 5,841,600 |
| PeopleFund NMTC 11 Loan B, interest accrued monthly, paid annually at 1.007% until December 1, 2027, then principal and interest is due annually until maturity at December 1, 2058. | 1,998,400 | 1,998,400 |
| | 7,840,000 | 7,840,000 |
| Landowner IV | | |
| CNMC Sub-CDE CDE Loan A, interest accrued monthly, paid quarterly at 1.645% until June 1, 2031, then principal and interest is due quarterly until maturity at December 31, 2063. | 9,678,150 | 9,678,150 |
| CNMC Sub-CDE CDE Loan B interest accrued monthly, paid quarterly at 1.645% until June 1, 2031, then principal and interest is due quarterly until maturity at December 31, 2063. | 3,551,850 | 3,551,850 |
| | 13,230,000 | 13,230,000 |
| Total | 21,070,000 | 21,070,000 |
| Deferred costs | (568,954) | (746,909) |
| | $ 20,501,046 | $ 20,323,091 |

12. NOTES PAYABLE (continued)

The future maturities of the notes payable are as follows:

| Year ending December 31, | |
|---|---|
| 2027 | $ 134,234 |
| 2028 | 135,607 |
| 2029 | 150,206 |
| 2030 | 151,743 |
| Thereafter | 20,498,210 |
| | $ 21,070,000 |

All of the above notes are secured by the deed of trust on certain buildings across the Organization's property.

13. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31:

| | 2025 | 2024 |
|---|---|---|
| Subject to passage of time | | |
| Time restricted | $ 315,983 | $ 295,595 |
| Beneficial interest in Stonestreet Trust | 14,041,448 | 12,695,689 |
| | 14,357,431 | 12,991,284 |
| Subject to purpose restrictions: | | |
| Capital projects | - | 790,000 |
| Program operations | 303,655 | 111,902 |
| Family resources initiative | 551,257 | - |
| Backup generators | 169,000 | 75,000 |
| | 1,023,912 | 976,902 |
| Perpetual in nature | | |
| Endowment | 948,867 | 948,867 |
| | $ 16,330,210 | $ 14,917,053 |

13. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions released from restriction during the year were as follows:

| | 2025 | 2024 |
|---|---|---|
| SAF/Care house project | $ 125,000 | $ 7,484,548 |
| Kinship connections | 1,026,519 | 1,228,481 |
| Stonestreet Trust | 531,120 | 514,176 |
| Shelter operations | 217,127 | 574,064 |
| Residential programs | 254,512 | 120,000 |
| LIFE program | 223,017 | 291,292 |
| Backup generators | 75,000 | - |
| Wedgwood transitional living | 164,166 | 408,480 |
| SAF operations | - | 150,000 |
| Security cameras | 650,000 | - |
| Capital projects | 140,000 | - |
| AI companion application | 200,000 | - |
| Kinship navigator | 83,426 | - |
| Other restrictions | 151,341 | 146,878 |
| | 3,841,228 | 10,917,919 |
| Time restrictions | 132,500 | - |
| | $ 3,973,728 | $ 10,917,919 |

14. ENDOWMENT

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified within net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

1) The duration and preservation of the fund.

2) The purpose of the Organization and the donor-restricted endowment fund.

14. ENDOWMENT (continued)

3) General economic conditions.

4) The possible effect of inflation and deflation.

5) The expected total return from income and the appreciation of investments.

6) Other resources of the Organization.

7) The investment policies of the Organization.

*Board-Designated Endowments* - The board of directors had designated $143,163,192 and $132,287,998 at December 31, 2025 and 2024, respectively, of net assets without donor restrictions as a general endowment 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.

*Donor-Designated Endowments* - For the years ended December 31, 2025 and 2024, the Organization's endowment consists of three funds totaling $948,867 established to assist in funding residential activities.

*Return Objectives and Risk Parameters* - The Organization has a spending policy of appropriating for distribution each year 5% of the rolling average of the previous three audited calendar years' investment corpus. The Organization also has a spending policy of appropriating for distribution each year 75% of the rolling average of the previous three audited calendar years' net mineral income. In establishing these policies, 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 a net average of 2.5% annually without considering undistributed net mineral income. 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.

*Strategies Employed for Achieving Objectives* - 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.

Accordingly, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 7.5% annually. Actual returns in any given year may vary from this amount. 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.

14. ENDOWMENT (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2025 is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets, December 31, 2024 | $ 132,287,998 | $ 948,867 | $ 133,236,865 |
| Investment income, net of fees | 788,536 | - | 788,536 |
| Mineral income, net of expenses | 8,749,002 | - | 8,749,002 |
| Realized and unrealized gains on investments | 16,457,711 | 67,012 | 16,524,723 |
| Contributions | 311,339 | - | 311,339 |
| Other expenses | (2,541) | - | (2,541) |
| Amounts appropriated for expenditure | (15,428,853) | (67,012) | (15,495,865) |
| Endowment net assets, December 31, 2025 | $ 143,163,192 | $ 948,867 | $ 144,112,059 |

Changes in endowment net assets for the fiscal year ended December 31, 2024 is as follows:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Balance, December 31, 2023 | $ 122,561,728 | $ 948,867 | $ 123,510,595 |
| Investment return | | | |
| Investment income, net of fees | 595,416 | - | 595,416 |
| Mineral income, net of expenses | 12,890,455 | - | 12,890,455 |
| Realized and unrealized gains on investments | 11,627,302 | 58,480 | 11,685,782 |
| Contributions | 15,821 | - | 15,821 |
| Amounts appropriated for expenditure | (15,402,724) | (58,480) | (15,461,204) |
| Balance, December 31, 2024 | $ 132,287,998 | $ 948,867 | $ 133,236,865 |

From time to time, certain endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). At December 31, 2025 and 2024, there are no underwater endowments noted.

15. EMPLOYEE BENEFIT PLAN

The Organization sponsors a 401(k) plan for all qualified employees. The Organization matches employee contributions at a rate of $1.00 for each employee dollar up to 3% of the employee's salary and then an additional $0.50 for each employee dollar up to an additional 2% of the employee's salary. Employer contributions to the plan amounted to $1,343,239 and $1,152,030 during the years ended December 31, 2025 and 2024.

16. LEASES

ACH maintains multiple operating leases for general office space for their services throughout the Dallas - Fort Worth area that have maturity dates ranging from October 2027 through April 2029. Additionally, ACH is liable to both Landowner III and Landowner IV under certain leases related to its new market tax credit arrangements described in Note 11. In the event that the new market tax credit arrangements successfully unwind, ACH will have the option to cease intercompany lease payments. These leases call for monthly payments ranging from $2,085 to $36,276. At December 31, 2025 and 2024, the operating lease right-of-use ("ROU") assets amounted to $5,438,429 and $7,242,666, respectively. At December 31, 2025 and 2024, the operating lease liabilities amounted to $5,484,399 and $7,286,224, respectively. Operating lease expense totaled $2,210,662 and $2,167,982 for the years ended December 31, 2025 and 2024, respectively.

ACH also had certain leases for general office space with terms less than 12 months for which ACH had elected to recognize in program services expense on the straight-line basis. Short-term lease cost for the year ended December 31, 2025 and 2024 was $36,000 and $33,900, respectively.

ACH maintains financing leases for copiers and postage machines which expire through August 2029. At December 31, 2025 and 2024, the finance lease ROU assets amounted to $404,188 and $613,079, respectively. At December 31, 2025 and 2024, and finance lease liabilities amounted to $415,575 and $627,510, respectively. Finance lease expenses totaled $226,191 and $230,094 for the years ended December 31, 2025 and 2024, respectively.

The components of lease costs and additional lease information as of December 31, 2025 are as follows:

| | Finance | Operating |
|---|---|---|
| Finance lease cost: | | |
| Amortization of ROU asset | $ 208,891 | $ - |
| Interest on lease liabilities | 17,300 | - |
| | $ 226,191 | $ - |
| Operating lease cost | $ - | $ 2,210,662 |
| Other information: | | |
| Weighted average remaining lease term | 2.03 years | 2.7 years |
| Weighted average discount rate | 3.51% | 5.33% |

16. LEASES (continued)

The components of lease costs and additional lease information as of December 31, 2024 are as follows:

| | Finance | Operating |
|---|---|---|
| Finance lease cost: | | |
| Amortization of ROU asset | $ 206,426 | $ - |
| Interest on lease liabilities | 23,668 | - |
| | $ 230,094 | $ - |
| Operating lease cost | $ - | $ 2,167,982 |
| Other information: | | |
| Weighted average remaining lease term | 2.99 years | 3.66 years |
| Weighted average discount rate | 3.45% | 5.33% |

A summary of future minimum lease payments required under the above lease is as follows:

| Year ending December 31, | Finance | Operating | Total |
|---|---|---|---|
| 2026 | $ 227,016 | $ 2,231,311 | $ 2,458,327 |
| 2027 | 190,775 | 2,176,281 | 2,367,056 |
| 2028 | 8,319 | 1,444,730 | 1,453,049 |
| 2029 | 2,932 | 20,259 | 23,191 |
| | 429,042 | 5,872,581 | 6,301,623 |
| Less: imputed interest | (13,467) | (388,182) | (401,649) |
| | $ 415,575 | $ 5,484,399 | $ 5,899,974 |

17. COMMITMENTS AND CONTINGENCIES

From time to time, the Organization may be involved in claims and legal actions arising in the ordinary course of business. Management does not believe that there are any claims or assessments currently outstanding which are more likely than not to be sustained by the claimant upon litigation or mediation.

The Organization has pledged a portion of the board designated investment assets as collateral for the amount outstanding on the line of credit discussed in Note 10. Management does not believe there is any significant risk of default on the line of credit.

## 18. SUBSEQUENT EVENTS

In March 2026, the Organization exercised its option for early repayment of certain notes payable and unwound its New Market Tax Credit arrangement from 2019 with Chase NMTC Family Services Investment Fund LLC. In settlement of this arrangement, notes payable in the amount of $7,840,000 were redeemed with a settlement of a note receivable held by the Organization in the amount of $5,841,600 and forgiveness of the remaining $1,998,400 in accordance with the terms of the original agreement.

OCOK has entered into an agreement with the Texas Department of Family Protective Services to add eight (8) counties to its Single Source Continuum Contractor ("SSCC") contract effective November 1, 2026. Those counties are Collin, Grayson, Fannin, Hunt, Rockwall, Ellis, Kaufman, and Navarro.

The Organization has evaluated subsequent events through September 16, 2026 which is the date that consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors
ACH Child and Family Services

We have audited the consolidated financial statements of ACH Child and Family Services as of and for the years ended December 31, 2025 and 2024 and our report thereon dated September 16, 2026, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The information on pages 40 - 41 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Armanino LLP

Dallas, Texas

September 16, 2026

# ACH Child and Family Services
# Consolidating Statement of Financial Position
# December 31, 2025

ASSETS

| | ACH Child and Family Services | Our Community Our Kids | All Church Home for Children Foundation | ACH Landowner | ACH Landowner II | ACH Landowner III | ACH Landowner IV | Eliminating Entries | Total | 2024 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | $ 2,377,174 | $ 1,165,278 | $ 825,609 | $ 69,223 | $ 35,091 | $ 267,775 | $ 112,163 | $ - | $ 4,852,313 | $ 7,500,431 |
| Grants and program receivables, net | 1,806,146 | 16,256,320 | - | - | - | - | - | (1,143,034) | 16,919,432 | 14,840,620 |
| Promises to give, net | 301,382 | - | - | - | - | - | - | - | 301,382 | 295,595 |
| Other receivables | 1,417,732 | - | - | - | - | 25,000 | - | (1,442,732) | - | - |
| Prepaid and other current assets | 1,172,983 | 409,725 | 9,551 | - | 457,384 | - | - | (457,384) | 1,592,259 | 928,583 |
| Investments | - | - | 127,166,848 | - | - | - | - | - | 127,166,848 | 113,382,085 |
| Mineral interests, net | - | - | 15,726,711 | - | - | - | - | - | 15,726,711 | 15,726,711 |
| Beneficial interest in trust assets | 14,041,448 | - | - | - | - | - | - | - | 14,041,448 | 12,695,689 |
| Economic interest in affiliates | 5,538,595 | 727,789 | - | 128,392 | 10,098,517 | 1,050,681 | 6,655,793 | (24,199,767) | - | - |
| Notes receivable | 15,519,750 | - | - | - | - | - | - | - | 15,519,750 | 15,519,750 |
| Operating lease right-of-use assets | 916,545 | 4,521,884 | - | - | - | - | - | - | 5,438,429 | 7,242,666 |
| Finance lease right-of-use assets, net | 26,811 | 377,377 | - | - | - | - | - | - | 404,188 | 613,079 |
| Restricted cash held in trust | - | - | - | - | - | 23,316 | 382,976 | - | 406,292 | 505,025 |
| Property and equipment, net | 7,182,754 | 390,489 | - | 7,904,101 | 5,990,141 | 6,254,732 | 13,395,816 | - | 41,118,033 | 42,609,992 |
| Total assets | $ 50,301,320 | $ 23,848,862 | $ 143,728,719 | $ 8,101,716 | $ 16,581,133 | $ 7,621,504 | $ 20,546,748 | $ (27,242,917) | $ 243,487,085 | $ 231,860,226 |

LIABILITIES AND NET ASSETS

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Liabilities | | | | | | | | | | |
| Accounts payable | $ 1,083,113 | $ 8,757,380 | $ - | $ 457,384 | $ - | $ - | $ - | $ (3,043,150) | $ 7,254,727 | $ 6,748,669 |
| Accrued expenses | 1,579,085 | 2,397,735 | - | - | - | - | - | - | 3,976,820 | 2,565,917 |
| Deferred revenue | - | 2,382,540 | - | - | - | - | - | - | 2,382,540 | 1,235,530 |
| Line of credit | 1,618,705 | 5,636,739 | - | - | - | - | - | - | 7,255,444 | 9,767,099 |
| Notes payable, net | - | - | - | - | - | 7,822,180 | 12,678,866 | - | 20,501,046 | 20,323,091 |
| Operating lease liabilities | 935,494 | 4,548,905 | - | - | - | - | - | - | 5,484,399 | 7,286,224 |
| Finance lease liabilities | 27,631 | 387,944 | - | - | - | - | - | - | 415,575 | 627,510 |
| Total liabilities | 5,244,028 | 24,111,243 | - | 457,384 | - | 7,822,180 | 12,678,866 | (3,043,150) | 47,270,551 | 48,554,040 |
| Net assets | | | | | | | | | | |
| Without donor restrictions | 29,675,949 | (262,381) | 142,779,852 | 7,644,332 | 16,581,133 | (200,676) | 7,867,882 | (24,199,767) | 179,886,324 | 168,389,133 |
| With donor restrictions | 15,381,343 | - | 948,867 | - | - | - | - | - | 16,330,210 | 14,917,053 |
| Total net assets | 45,057,292 | (262,381) | 143,728,719 | 7,644,332 | 16,581,133 | (200,676) | 7,867,882 | (24,199,767) | 196,216,534 | 183,306,186 |
| Total liabilities and net assets | $ 50,301,320 | $ 23,848,862 | $ 143,728,719 | $ 8,101,716 | $ 16,581,133 | $ 7,621,504 | $ 20,546,748 | $ (27,242,917) | $ 243,487,085 | $ 231,860,226 |

# ACH Child and Family Services
## Consolidating Statement of Activities
## For The Year Ended December 31, 2025

| | ACH Child and Family Services | Our Community Our Kids | All Church Home for Children Foundation | ACH Landowner | ACH Landowner II | ACH Landowner III | ACH Landowner IV | Eliminating Entries | Total | 2024 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Public support, government funding, revenues and investment returns | | | | | | | | | | |
| Public support | | | | | | | | | | |
| Contributions | $ 5,140,440 | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ 5,140,440 | $ 4,664,432 |
| Capital campaign contributions | 540,000 | - | - | - | - | - | - | - | 540,000 | 1,040,000 |
| Estates and trusts | 75,000 | - | - | - | - | - | - | - | 75,000 | 75,000 |
| Fundraising events | 636,204 | - | - | - | - | - | - | - | 636,204 | 614,103 |
| Less: direct benefit to donors | (120,750) | - | - | - | - | - | - | - | (120,750) | (69,010) |
| Total public support | 6,270,894 | - | - | - | - | - | - | - | 6,270,894 | 6,324,525 |
| Revenue and investment returns | | | | | | | | | | |
| Program service fees | 68,286,738 | 68,228,524 | - | - | - | - | - | (4,981,016) | 131,534,246 | 132,552,909 |
| Government funding | 588,058 | - | - | - | - | - | - | - | 588,058 | 5,781,354 |
| Rental and other income | 1,609,690 | 850 | 87 | 31,741 | - | 155,000 | 204,000 | (1,527,542) | 473,826 | 633,044 |
| Investment income, net | 677,897 | - | 788,449 | - | - | 58,676 | 7,151 | - | 1,532,173 | 1,374,330 |
| Net income from affiliates | 15,816,702 | - | - | - | - | - | - | (15,816,702) | - | - |
| Mineral income, net | - | - | 8,749,002 | - | - | - | - | - | 8,749,002 | 12,890,455 |
| Realized and unrealized gains on investment | - | - | 16,524,723 | - | - | - | - | - | 16,524,723 | 11,685,782 |
| Gain on disposal of assets | 4,000 | - | - | - | - | - | - | - | 4,000 | 206,521 |
| Change in beneficial interest in trust assets | 1,345,759 | - | - | - | - | - | - | - | 1,345,759 | 933,573 |
| Total revenue and investment returns | 88,328,844 | 68,229,374 | 26,062,261 | 31,741 | - | 213,676 | 211,151 | (22,325,260) | 160,751,787 | 166,057,968 |
| Total public support, government funding, revenues and investment returns | 94,599,738 | 68,229,374 | 26,062,261 | 31,741 | - | 213,676 | 211,151 | (22,325,260) | 167,022,681 | 172,382,493 |
| Functional expenses | | | | | | | | | | |
| Program services | 73,458,530 | 64,437,258 | - | 293,863 | 71,944 | 193,872 | 432,718 | (6,514,210) | 132,373,975 | 133,046,624 |
| Supporting services | | | | | | | | | | |
| General and administrative | 14,961,629 | 4,054,497 | 74,542 | 206,946 | 128,897 | 160,342 | 358,109 | - | 19,944,962 | 17,792,500 |
| Fundraising | 1,704,800 | - | - | - | 88,596 | - | - | - | 1,793,396 | 1,722,739 |
| Total supporting services | 16,666,429 | 4,054,497 | 74,542 | 206,946 | 217,493 | 160,342 | 358,109 | - | 21,738,358 | 19,515,239 |
| Total functional expenses | 90,124,959 | 68,491,755 | 74,542 | 500,809 | 289,437 | 354,214 | 790,827 | 6,514,210 | 154,112,333 | 152,561,863 |
| Change in net assets from operations | 4,474,779 | (262,381) | 25,987,719 | (469,068) | (289,437) | (140,538) | (579,676) | (15,811,050) | 12,910,348 | 19,820,630 |
| Gain on put option (Note 11) | - | - | - | - | - | - | - | - | - | 4,168,060 |
| Change in net assets | 4,474,779 | (262,381) | 25,987,719 | (469,068) | (289,437) | (140,538) | (579,676) | (15,811,050) | 12,910,348 | 23,988,690 |
| Net assets, beginning of year | 40,582,513 | - | 133,236,865 | 8,113,400 | 16,880,092 | (60,138) | 8,447,558 | (23,894,104) | 183,306,186 | 159,317,496 |
| Distributions between ACH and Affiliates | - | - | (15,495,865) | - | (9,522) | - | - | 15,505,387 | - | - |
| Net assets, end of year | $ 45,057,292 | $ (262,381) | $ 143,728,719 | $ 7,644,332 | $ 16,581,133 | $ (200,676) | $ 7,867,882 | $ (24,199,767) | $ 196,216,534 | $ 183,306,186 |

SINGLE AUDIT REPORTS AND SCHEDULES

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
ACH Child and Family Services

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of ACH Child and Family Services (the "Organization"), which comprise the consolidated statements of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the consolidated financial statements, and have issued our report thereon dated September 16, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

Armanino LLP

Dallas, Texas

September 16, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
ACH Child and Family Services

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited ACH Child and Family Services (the "Organization")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

**Auditor's Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

**Report on Internal Control Over Compliance**

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

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

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

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

Armanino LLP

Dallas, Texas

September 16, 2026

# ACH Child and Family Services
## Schedule of Expenditures of Federal and State Awards
## For the Year Ended December 31, 2025

| Federal/State Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal/State AL Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|---|---|---|---|
| Expenditures of Federal Awards | | | | |
| U.S. Department of Health and Human Services | | | | |
| Direct awards | | | | |
| Basic Center Programs for Runaway and Homeless Youth/Shelter | 93.623 | 90CY7493/02 | $ 81,809 | $ - |
| Basic Center Programs for Runaway and Homeless Youth/Shelter | 93.623 | 90CY7493/03 | 65,251 | - |
| | | | 147,060 | - |
| Pass-through program from Texas Department of Health and Human Services | | | | |
| Family and Youth Success (FAYS) Program | 93.556 | HHS001198800018 | 129,204 | - |
| Promoting Safe and Stable Families | 93.556 | HHS000790000062 | 15,000 | - |
| Promoting Safe and Stable Families | 93.556 | HHS001601600030 | 6,000 | - |
| Foster Care Title IV-E | 93.658 | HHS001307700002 | 5,835,539 | 4,264,195 |
| Guardianship Assistance | 93.090 | HHS001307700001 | 12,846 | 12,846 |
| Guardianship Assistance | 93.090 | HHS001307700002 | 252,511 | 252,504 |
| Promoting Safe and Stable Families | 93.556 | HHS001307700001 | 1,398,921 | 1,352,635 |
| Promoting Safe and Stable Families | 93.556 | HHS001307700002 | 1,560,666 | 1,470,600 |
| Temporary Assistance for Needy Families (Cluster) | 93.558 | HHS001307700001 | 6,576,962 | 6,576,962 |
| Temporary Assistance for Needy Families (Cluster) | 93.558 | HHS001307700002 | 7,822,302 | 7,795,026 |
| Foster Care Title IV-E | 93.658 | HHS001307700001 | 5,713,583 | 4,297,262 |
| Adoption Assistance | 93.659 | HHS001307700001 | 226,928 | 181 |
| Social Services Block Grant | 93.667 | HHS001307700001 | 13,731 | - |
| Social Services Block Grant | 93.667 | HHS001307700002 | 52,484 | 2 |
| Prep for Adult Living | 93.674 | HHS001307700001 | 95,674 | 95,674 |
| Prep for Adult Living | 93.674 | HHS001307700002 | 97,822 | 97,822 |
| Medical Assistance Program | 93.778 | HHS001307700001 | 224,693 | - |
| Medical Assistance Program | 93.778 | HHS001307700002 | 343,925 | 88,156 |
| Adoption Assistance | 93.659 | HHS001307700001 | 207,927 | - |
| Foster Care Title IV-E | 93.658 | HHS001512100005 | 38,231 | - |
| | | | 30,624,949 | 26,303,865 |
| Total U.S. Department of Health and Human Services | | | 30,772,009 | 26,303,865 |
| U.S. Department of Housing and Urban Development | | | | |
| Pass-through program from Tarrant County Community Development Division: | | | | |
| Emergency Solutions Grants Program | 14.231 | E24-UC-48-0001 | 6,311 | - |
| Emergency Solutions Grants Program | 14.231 | E25-UC-48-0001 | 219 | - |
| Total U.S. Department of Housing and Urban Development | | | 6,530 | - |

The accompanying notes to the Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

# ACH Child and Family Services
## Schedule of Expenditures of Federal and State Awards
## For the Year Ended December 31, 2025

| Federal/State Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal/State AL Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|---|---|---|---|
| U.S. Department of Justice | | | | |
| Pass-through program from Texas Office of the Governor: | | | | |
| Criminal Justice Division (CJD) Victims of Crime Act | 16.575 | 3252206 | 108,776 | - |
| Total U.S. Department of Justice | | | 108,776 | - |
| Total expenditures under 93.623 | | | 147,060 | - |
| Total expenditures under 93.556 | | | 3,109,791 | - |
| Total expenditures under 93.658 | | | 11,587,353 | 8,561,457 |
| Total expenditures under 93.090 | | | 265,357 | 265,350 |
| Total expenditures under 93.558 | | | 14,399,264 | 14,371,988 |
| Total expenditures under 93.659 | | | 434,855 | 181 |
| Total expenditures under 93.667 | | | 66,215 | 2 |
| Total expenditures under 93.674 | | | 193,496 | 193,496 |
| Total expenditures under 93.778 | | | 568,618 | 88,156 |
| Total expenditures under 14.231 | | | 6,530 | - |
| Total expenditures under 16.575 | | | 108,776 | - |
| | | | 30,887,315 | 23,480,630 |
| Total Expenditures of Federal Awards | | | 30,887,315 | 26,303,865 |

The accompanying notes to the Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

ACH Child and Family Services
Schedule of Expenditures of Federal and State Awards
For the Year Ended December 31, 2025

| Federal/State Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal/State AL Number | Pass-Through Entity Identifying Number | Total Federal Expenditures | Passed Through to Subrecipients |
|---|---|---|---|---|
| Expenditures of State Awards | | | | |
| State Awards | | | | |
| Pass-through program from Texas Department of Criminal Justice | | | | |
| Texas Office of the Governor - Criminal Justice Division (CJD) Victims of Crime Act | | 3252208 | 25,691 | - |
| Total Texas Department of Criminal Justice | | | 25,691 | - |
| Pass-through program from Texas Department of Family and Protective Services: | | | | |
| 24 Hour Awake Supervision | | 24867169 | 33,765 | - |
| 24 Hour Awake Supervision | | 24867188 | 45,143 | - |
| 24 Hour Awake Supervision | | 24783961 | 37,599 | - |
| 24 Hour Awake Supervision | | 24883424 | 37,475 | - |
| Total Texas Department of Family and Protective Services | | | 153,982 | - |
| Pass-through program from Texas Department of Health and Human Services: | | | | |
| Single Source Continuum Contract | | HHS001307700001 | 45,646,963 | 21,321,884 |
| Single Source Continuum Contract | | HHS001307700002 | 51,748,845 | 27,767,715 |
| Family and Youth Success (FAYS) Program | | HHS001198800018 | 1,714,308 | - |
| Foster Care Child Placing Agency | | HHS001511701305 | 8,872 | - |
| In State Adoption | | HHS000790000062 | 5,000 | - |
| In State Adoption | | HHS001601600030 | 2,000 | - |
| Supervised Independent Living | | HHS001512100005 | 75,434 | - |
| Total Texas Department of Health and Human Services | | | 99,201,422 | 49,089,599 |
| Total Expenditures of State Awards | | | 99,381,095 | 49,089,599 |
| Total Expenditures of Federal and State Awards | | | $ 130,268,410 | $ 75,393,464 |

The accompanying notes to the Schedule of Expenditures of Federal and State Awards are an integral part of this schedule.

ACH Child and Family Services
Notes to Schedule of Expenditures of Federal and State Awards
December 31, 2025

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of ACH Child and Family Services (the "Organization") under programs of the federal and state government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Single Audit Circular*. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and the *State of Texas Single Audit Circular*, wherein certain types of expenditures are not allowable or limited as to reimbursement. Pass-through entity identifying numbers are presented where available and applicable.

3. SUBRECIPIENTS AND CONTRACTORS

During the year, the Organization operated as the monitoring and administrative agent of a large contract for the Texas Department of Health and Human Services. The Organization also operated as the monitoring and administrative agent of a contract for the Texas Department of Family and Protective Services. Responsibilities under these contracts included the monitoring of contracting agencies with which its program places foster children. Of the federal and state expenditures in the attached schedules, $75,393,464 was provided to these contracting foster agencies and family service providers for the year ended December 31, 2025.

4. STATE AWARDS

State awards received by the Organization during the year consisted of federal pass through funds commingled with state general revenue funds from the state of Texas or state funds only. The Organization did not receive any state awards during the year that consisted of federal pass through funds only.

5. INDIRECT COST RATE

The Organization has elected to use the 15 percent de minimis indirect cost rate on selected contracts as agreed upon with those grantors. For its remaining federal and state contracts, it continues to use the rates negotiated individually with its grantors for that specific contract.

6. NON-CASH ASSISTANCE

The Organization has not received any non-cash assistance, insurance provided by a federal or state agency, or federal or state loans and/or loan guarantees.

ACH Child and Family Services
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

*Financial Statements*

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted? | No |

*Federal and State Awards*

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) and *State of Texas Single Audit Circular*? | No |
| Identification of major programs: | |

| Name of Federal Program or Cluster | AL Number |
|---|---|
| Temporary Assistance for Needy Families | 93.558 |
| Medical Assistance Program | 93.778 |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs | $1,000,000 |

ACH Child and Family Services
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

SECTION I- SUMMARY OF AUDITOR'S RESULTS **(continued)**

Identification of major programs:

| Name of State Program or Cluster | Grant Identifying Number |
|---|---|
| Single Source Continuum Contract | HHS001307700001 |
| Single Source Continuum Contract | HHS001307700002 |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs | $2,981,433 |
| Auditee qualified as low-risk auditee? | Yes |

ACH Child and Family Services
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

SECTION II - SUMMARY OF FINANCIAL STATEMENT FINDINGS

There are no financial statement findings to be reported.

SECTION III - SUMMARY OF FEDERAL AND STATE AWARD FINDINGS AND QUESTIONED COSTS

There are no federal and state award findings to be reported.

ACH Child and Family Services
Summary Schedule of Prior Audit Findings
For the Year Ended December 31, 2025

There were no prior year findings.