

EMPOWER HOUSE SA

Financial Statements and
Independent Auditor's Report

December 31, 2024



Calvetti Ferguson

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Independent Auditor's Report

To the Board of Directors of
Empower House SA
San Antonio, Texas

Opinion

We have audited the financial statements of Empower House SA (the "Organization"), a non-profit organization, which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance; as such, it is not a guarantee that an audit conducted in accordance with GAAS 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, misrepresentations, intentional omissions, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We are also 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.

A handwritten signature in black ink, reading "Calvetti Ferguson". The signature is written in a cursive, flowing style.

San Antonio, Texas
December 3, 2025

Financial Statements

Empower House SA

Statement of Financial Position As of December 31, 2024

Assets	
Current assets:	
Cash and cash equivalents	\$ 124,215
Grants receivable	158,655
Prepaid expenses	9,359
Total current assets	<u>292,229</u>
Noncurrent assets:	
Investments	102,503
Property and equipment, net	388,160
Finance lease right-of-use asset, net	8,138
Total noncurrent assets	<u>498,801</u>
Total Assets	<u>\$ 791,030</u>
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 56,370
Accrued liabilities	37,650
Note payable - current	7,219
Finance lease payable - current	2,721
Total current liabilities	<u>103,960</u>
Noncurrent liabilities:	
Note payable - noncurrent	135,677
Finance lease payable - noncurrent	5,752
Total noncurrent liabilities	<u>141,429</u>
Total liabilities	<u>245,389</u>
Net assets:	
Without donor restrictions:	
Undesignated	178,871
Total without donor restrictions	<u>178,871</u>
With donor restrictions:	
Purpose-restricted	366,770
Total with donor restrictions	<u>366,770</u>
Total net assets	<u>545,641</u>
Total Liabilities and Net Assets	<u>\$ 791,030</u>

The accompanying notes are an integral part of this financial statement.

Empower House SA**Statement of Activities****For the Year Ended December 31, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating support and revenues:			
Grants	\$ 642,171	\$ 1,470,447	\$ 2,112,618
Contributions	73,927	-	73,927
Miscellaneous	3,944	-	3,944
Net assets released from restrictions	1,388,214	(1,388,214)	-
Total operating support and revenues	<u>2,108,256</u>	<u>82,233</u>	<u>2,190,489</u>
Operating expenses:			
Program	1,754,434	-	1,754,434
General and administrative	437,794	-	437,794
Fundraising	16,181	-	16,181
Total operating expenses	<u>2,208,409</u>	<u>-</u>	<u>2,208,409</u>
Change in net assets before non-operating activities	<u>(100,153)</u>	<u>82,233</u>	<u>(17,920)</u>
Non-operating activities:			
Investment income, net	9,256	-	9,256
Total non-operating activities	<u>9,256</u>	<u>-</u>	<u>9,256</u>
Change in net assets after non-operating activities	<u>(90,897)</u>	<u>82,233</u>	<u>(8,664)</u>
Net assets, beginning of year (Restated)	<u>269,768</u>	<u>284,537</u>	<u>554,305</u>
Net Assets, End of Year	<u>\$ 178,871</u>	<u>\$ 366,770</u>	<u>\$ 545,641</u>

The accompanying notes are an integral part of this financial statement.

Empower House SA**Statement of Functional Expenses
For the Year Ended December 31, 2024**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Operating expenses:				
Payroll expenses:				
Salaries and related expenses	\$ 1,002,866	\$ 250,717	\$ -	\$ 1,253,583
Payroll taxes and benefits	147,383	36,846	-	184,229
Total payroll expenses	<u>1,150,249</u>	<u>287,563</u>	<u>-</u>	<u>1,437,812</u>
Professional fees	213,175	34,703	-	247,878
Direct assistance	126,626	-	-	126,626
Accounting	-	68,759	-	68,759
Incentives	51,521	-	-	51,521
Supplies	33,546	7,869	-	41,415
Maintenance	35,790	3,112	-	38,902
Equipment	26,244	1,381	-	27,625
IT and communication	22,052	1,161	-	23,213
Occupancy	19,415	1,688	-	21,103
Dues and subscriptions	-	16,238	-	16,238
Fundraising expense	-	-	16,181	16,181
Professional development	14,969	-	-	14,969
Insurance	10,620	2,655	-	13,275
Depreciation	10,586	2,646	-	13,232
Food assistance	11,651	-	-	11,651
Transportation	9,523	-	-	9,523
Interest expense	4,700	3,134	-	7,834
Property Tax	7,025	217	-	7,242
Board appreciation	-	5,509	-	5,509
Marketing	3,157	-	-	3,157
Amortization	2,713	-	-	2,713
Bank charges	-	1,152	-	1,152
Printing and postage	634	-	-	634
Miscellaneous	238	7	-	245
Total Operating Expenses	<u>\$ 1,754,434</u>	<u>\$ 437,794</u>	<u>\$ 16,181</u>	<u>\$ 2,208,409</u>

The accompanying notes are an integral part of this financial statement.

Empower House SA

Statement of Cash Flows For the Year Ended December 31, 2024

Cash flows from operating activities:	
Change in net assets	\$ (8,664)
Adjustments to reconcile change in net assets to net cash provided by operations:	
Depreciation	13,232
Amortization	2,713
Net realized and unrealized gain on investments	(8,229)
Changes in operating assets and liabilities	
Grants receivable	89,000
Prepaid expenses	(560)
Accounts payable	29,885
Accrued liabilities	(3,189)
Net cash provided by operating activities	<u>114,188</u>
Cash flows from investing activities:	
Purchase of property and equipment	(79,734)
Purchase of investments	(842)
Net cash used in investing activities	<u>(80,576)</u>
Cash flows from financing activities:	
Payments on note payable	(5,170)
Payments on finance lease obligation	(2,378)
Net cash used in financing activities	<u>(7,548)</u>
Net change in cash flows	26,064
Cash and cash equivalents, beginning of year	<u>98,151</u>
Cash and Cash Equivalents, End of Year	<u>\$ 124,215</u>
Supplemental cash flow information:	
Interest paid	\$ 7,834
Right-of-use asset obtained through finance lease	\$ 14,241

The accompanying notes are an integral part of this financial statement.

Note 1 – Nature of Activities

Empower House SA (the “Organization”) is a Texas 501(c)(3) not-for-profit corporation. The Organization is a resource for providing information, leadership development, civic activities involvement, and Latina voter awareness for girls, women, and families in the active pursuit of their own physical, emotional, and social well-being. The mission of the Organization is to provide transformative community health services, youth development programs and advocacy opportunities that empower women and girls of color. Empower House envisions a world where all women and girls are empowered to transform themselves, their families and their communities.

The Organization transforms communities through women and girls by providing access to vital health services, quality education and advocacy. The Organization has two major programs: The Empower Youth Program supports positive development for youth ages 11 – 18 through social emotional learning, academic support, restorative justice, mental health counseling and other wrap-around services. The Community Health Program strengthens families by increasing access to preventative health services and enhancing the knowledge and awareness of health issues in our community.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

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 – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions that are more restrictive than the Organization’s mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Note 2 – Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases*. This pronouncement provides new guidance regarding lease accounting for reporting periods beginning after December 15, 2021, whereby a lessee will be required to recognize on the statement of financial position the assets and liabilities for leases with lease terms of more than twelve months. The Organization adopted this pronouncement using the effective date method on January 1, 2024.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid savings and securities with a maturity of three months or less to be cash equivalents.

Investments

The Organization’s investments are carried at estimated fair values. Purchased securities are reported at market value. All dividends, interest, and realized and unrealized gains and losses are included investment income, net in the accompanying statement of activities.

Property and Equipment, net

Purchased property and equipment are stated at cost. Donated assets are recorded at estimated market value at the date of donation. The Organization capitalizes all asset acquisitions in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of five to thirty-nine years.

Lease

The Organization may have lease agreements that contain both lease and non-lease components as defined by FASB Accounting Standards Codification (“ASC”) 842. The Organization has elected the practical expedient, by class of underlying asset, to account for the lease and non-lease components as a single lease component. The underlying asset is a copier recognized as a right-of-use asset in the statement of financial position.

As the Organization’s lease does not provide an implicit rate, management has elected to use a risk-free rate based on the information available at commencement date when determining the present value of lease payments. The risk-free rate is the rate of a zero-coupon U.S. Treasury instrument for the same period of time as the lease term.

Contributions and Grants

The Organization records contributions and grants in accordance with ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Contributions and grants are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets or funds. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Note 2 – Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As of December 31, 2024, tax years that remain subject to examination by taxing authorities begin with 2021.

Functional Allocation of Expenses

The costs of providing various programs and activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include payroll expenses, which are allocated on the basis of estimates of time and effort, as well as professional fees, supplies, insurance, and other operating expenses, which are allocated on the basis of square footage or some other reasonable basis.

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2024 was \$3,157.

Note 3 – Grants Receivable

Grants receivable primarily represent amounts due from City of San Antonio and United Way grants. The ultimate determination of amounts to be received under these programs is generally based upon allowable costs reported to and audited by the grantee. Until such audits have been completed and final settlement reached, there exists a contingency with respect to the amount receivable from the grant agencies in excess of allowable costs. Management is of the opinion that no material adjustments will result from such an audit. All grants receivable are considered to be fully collectible; therefore, no allowance is recorded. Grants receivable was \$158,655 at December 31, 2024.

Note 4 – Fair Value of Financial Instruments

The Organization follows the provisions of ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets or liabilities and have the highest priority.
- Level 2 valuations are based on quoted prices in markets that are not active.
- Level 3 valuations are based on inputs that are unobservable and supported by little or no market activity.

Empower House SA

Notes to the Financial Statements December 31, 2024

Note 4 – Fair Value of Financial Instruments (continued)

The Organization's current assets and liabilities as presented in the statement of financial position are Level 1. The Organization does not have Level 2 or Level 3 assets or liabilities. The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

The fair values of investments are based on quoted market prices for those or similar investments. The following table represents assets measured at fair value as reported in the statement of financial position at December 31, 2024 by level within the fair value measurement hierarchy:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Cash	\$ 1,498	\$ -	\$ -	\$ 1,498
Equities	81,815	-	-	81,815
Fixed income securities	19,190	-	-	19,190
Total	<u>\$ 102,503</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 102,503</u>

Investment income totaled \$10,495 for the year ended December 31, 2024. Investment income is reported net of fees of \$1,239 for the year ended December 31, 2024.

Note 5 – Property and Equipment

Property and equipment were as follows at December 31, 2024:

Buildings and improvements	\$ 336,089
Land	52,760
Furniture and equipment	<u>69,480</u>
	458,329
Less: accumulated depreciation	<u>(70,169)</u>
Total	<u>\$ 388,160</u>

Depreciation expense was \$13,232 for the year ended December 31, 2024.

Note 6 – Right-of-Use Finance Lease

The Organization leases a copier under a finance lease agreement that expires in December 2027 with a monthly payment of \$249. The right-of-use leased equipment was carried at cost of \$14,241 less accumulated amortization of \$6,103 at December 31, 2024. The balance of the equipment lease payable was \$8,473 at December 31, 2024. Interest expense related to this lease totaled \$365 for the year ended December 31, 2024.

Empower House SA

Notes to the Financial Statements December 31, 2024

Note 6 – Right-of-Use Finance Lease (continued)

The related future minimum lease payments under this right-of-use finance lease are as follows:

<u>Years Ending December 31,</u>	
2025	\$ 2,988
2026	2,988
2027	2,988
	<u>8,964</u>
Less: Interest (3.69%)	<u>(491)</u>
Total	<u>\$ 8,473</u>

The following summarizes the weighted average remaining lease term and discount rate for the year ended December 31, 2024:

Weighted average remaining lease term (years):	
Finance lease	3
Weighted average discount rate:	
Finance lease	3.69%

Note 7 – Note Payable

In August 2019, the Organization entered into a loan agreement for the Donaldson property mortgage. The loan is for \$176,000 at an interest rate of 4.16% and ends on July 21, 2039. Monthly payments are \$1,081 and began in August 2019. As of December 31, 2024, the loan balance was \$142,896.

Principal maturities of this loan are as follows:

<u>Years Ending December 31,</u>	
2025	\$ 7,219
2026	7,525
2027	7,844
2028	8,176
2029	8,523
Thereafter	<u>103,609</u>
Total	<u>\$ 142,896</u>

Note 8 – Net Assets with Donor Restrictions

Purpose-restricted net assets were as follows at December 31, 2024:

2025 Operations	\$ 159,067
Capacity Building	97,500
Health Equity	68,547
Empower Youth	<u>41,656</u>
Total	<u>\$ 366,770</u>

Empower House SA

Notes to the Financial Statements December 31, 2024

Note 9 – Lease Agreement with City of San Antonio

Beginning in September 2016, the Organization entered into a lease agreement with the City of San Antonio (the “City”) for the commercial space at 801 North Olive Street, San Antonio, Texas for its long-term use. Under the rental agreement, the Organization will pay no direct rent but has agreed to provide needed services to the community, as well as to be responsible for interior maintenance of the building and the payment of quarterly utility costs.

The Organization is also required to maintain certain levels of insurance and to list the City as additionally insured. No in-kind revenue or expenses have been recorded for the rent, as both parties considered this a mutual transaction based on the agreement.

In April 2024, the Organization entered into a 10-year extension with the City beginning May 1, 2024. It is important to note that there are no other provisions in the current lease extension agreement allowing for additional rental extension options without approval vote of the City Council.

Note 10 – Liquidity and Availability of Financial Resources

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-stipulated restrictions.

Cash and cash equivalents	\$	124,215
Investments		102,503
Grants receivable		<u>158,655</u>
Total financial assets		385,373
Donor restrictions		<u>(366,770)</u>
Financial assets available to meet cash needs for expenditures within one year	\$	<u>18,603</u>

The Organization’s primary sources of cash flows during the year are contributions and grants. These revenue sources provide a consistent inflow of cash throughout the year to meet normal operating expenses.

Note 11 – Prior Period Restatement

During the year ended December 31, 2024, an evaluation of the Organization’s cash, grant receivables, and property and equipment revealed an overstatement of \$20,504 in cash and cash equivalents, and understatements of \$22,500 in grant receivables and \$17,746 in property and equipment, as of December 31, 2024. Correction of these misstatements resulted in a decrease of \$20,504 in cash and cash equivalents, an increase of \$22,500 in grants receivables, an increase of \$17,746 in property and equipment, a decrease of \$2,758 in net assets without donor restrictions, and an increase of \$22,500 in net assets with donor restrictions as of December 31, 2023.

Note 12 – Subsequent Events

The Organization has evaluated subsequent events through December 3, 2025, the date on which the financial statements presented herein were available to be issued.