



**Community Homes for Adults, Inc.**

**FINANCIAL STATEMENTS**

**October 31, 2025 and 2024**

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# REPORT





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## **INDEPENDENT AUDITOR'S REPORT**

**To the Board of Directors  
Community Homes for Adults, Inc.**

### **Qualified Opinion**

We have audited the accompanying financial statements of Community Homes for Adults, Inc. (CHAI), a nonprofit organization, which comprise the statements of financial position as of October 31, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Community Homes for Adults, Inc. as of October 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Qualified Opinion**

As more fully described in Note 14 to the financial statements, CHAI has control through a majority voting interest of the Board of Directors and an economic interest in Community Homes for Adults Endowment Foundation (CHAEF), a supporting organization which is not consolidated. Accounting principles generally accepted in the United States of America require CHAEF to be consolidated with CHAI. If the financial statements of CHAEF had been consolidated with those of CHAI, total net assets for 2025 would have increased by \$17,460,365 and the total change in net assets would have increased by \$1,928,468. For 2024 total net assets would have increased by \$15,531,897 and the total change in net assets would have increased by \$2,962,622.

We conducted our audits 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 CHAI 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 qualified audit opinion.

### **Responsibilities of Management 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, considered in the aggregate, that raise substantial doubt about CHAI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

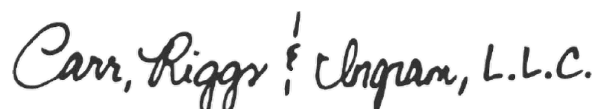
### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with 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 CHAI's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CHAI'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.



**CARR, RIGGS & INGRAM, L.L.C.**

Dallas, Texas  
February 25, 2026



# FINANCIAL STATEMENTS



**Community Homes for Adults, Inc.**  
**Statements of Financial Position**

<i>October 31,</i>	<b>2025</b>	2024
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 794,174	\$ 522,597
Accounts receivable	223,192	210,978
Promises to give, net	95,618	181,412
Investments in U.S. treasury securities, current	321,727	802,780
Prepaid expenses	83,679	62,855
<b>Total current assets</b>	<b>1,518,390</b>	1,780,622
Non-current assets		
Investments in U.S. treasury securities, noncurrent	762,260	311,006
Property and equipment, net	612,287	598,867
Other assets	6,046	6,046
Operating lease right-of-use assets, net	210,311	297,235
<b>Total noncurrent assets</b>	<b>1,590,904</b>	1,213,154
<b>Total assets</b>	<b>\$ 3,109,294</b>	\$ 2,993,776
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 144,578	\$ 102,106
Payroll liabilities	114,782	91,256
Contract liabilities	6,732	-
Current portion of operating lease liabilities	72,932	87,822
<b>Total current liabilities</b>	<b>339,024</b>	281,184
Operating lease liabilities, net of current portion	151,969	224,903
<b>Total liabilities</b>	<b>490,993</b>	506,087
Net assets		
Net assets without donor restrictions		
Undesignated net assets	1,309,232	1,292,178
Board-designated operating reserve	962,640	899,082
<b>Total net assets without donor restrictions</b>	<b>2,271,872</b>	2,191,260
Net assets with donor restrictions (Note 7)	346,429	296,429
<b>Total net assets</b>	<b>2,618,301</b>	2,487,689
<b>Total liabilities and net assets</b>	<b>\$ 3,109,294</b>	\$ 2,993,776

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

**Community Homes for Adults, Inc.**  
**Statements of Activities and Changes in Net Assets**

*For the year ended October 31,*

2025

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenues</b>			
Contributions			
Community Homes for Adults			
Endowment Foundation	\$ 666,126	\$ -	\$ 666,126
Other contributions	457,159	132,500	589,659
Client fees	3,047,778	-	3,047,778
Special event income	498,141	-	498,141
Contributions of non-financial assets	846	-	846
Investment income, net	46,274	-	46,274
Other income	10,368	-	10,368
Interest income	14,494	-	14,494
<hr/>			
Total operating support and revenues before net assets released from restrictions	4,741,186	132,500	4,873,686
Net assets released from restrictions	82,500	(82,500)	-
<hr/>			
Total operating support and revenues after net assets released from restrictions	4,823,686	50,000	4,873,686
<b>Operating Expenses</b>			
Program services	4,226,797	-	4,226,797
Management and general	182,883	-	182,883
Fundraising	333,394	-	333,394
<hr/>			
Total operating expenses	4,743,074	-	4,743,074
<hr/>			
<b>Change in Net Assets</b>	80,612	50,000	130,612
<b>Net Assets</b>			
Beginning of year	2,191,260	296,429	2,487,689
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End of year	\$ 2,271,872	\$ 346,429	\$ 2,618,301

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

**Community Homes for Adults, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**(Continued)**

*For the year ended October 31,*

2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenues</b>			
Contributions			
Community Homes for Adults			
Endowment Foundation	\$ 617,435	\$ -	\$ 617,435
Other contributions	490,118	82,500	572,618
Client fees	2,929,905	-	2,929,905
Special event income	357,822	-	357,822
Contributions of non-financial assets	23,600	-	23,600
Investment income, net	43,440	-	43,440
Other income	7,987	-	7,987
Interest income	19,526	-	19,526
Total operating support and revenues before net assets released from restrictions	4,489,833	82,500	4,572,333
Net assets released from restrictions	82,500	(82,500)	-
Total operating support and revenues after net assets released from restrictions	4,572,333	-	4,572,333
<b>Operating Expenses</b>			
Program services	3,947,433	-	3,947,433
Management and general	223,042	-	223,042
Fundraising	338,300	-	338,300
Total operating expenses	4,508,775	-	4,508,775
<b>Change in Net Assets</b>	63,558	-	63,558
<b>Net Assets</b>			
Beginning of year	2,127,702	296,429	2,424,131
End of year	\$ 2,191,260	\$ 296,429	\$ 2,487,689

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

## Community Homes for Adults, Inc. Statements of Functional Expenses

For the years ended October 31,

2025

2024

	Program Services	Supporting Services			Total	Total
		Management and general expenses	Fundraising	Supporting services total		
Advertising	\$ -	\$ -	\$ 2,061	\$ 2,061	\$ 2,061	\$ 660
Audit and accounting fees	32,485	521	1,675	2,196	34,681	28,516
Bad debt	-	3,124	-	3,124	3,124	41,897
Client services and program activities	122,505	-	-	-	122,505	116,726
Client transportation	101,572	-	-	-	101,572	103,525
Contract labor	919,022	25,625	-	25,625	944,647	839,540
Depreciation	59,365	6,406	-	6,406	65,771	60,769
Dues and subscriptions	6,195	99	319	418	6,613	4,687
Employee benefits	183,982	5,438	8,683	14,121	198,103	232,848
Employee salaries and related expenses	2,304,936	92,844	237,835	330,679	2,635,615	2,522,649
Legal	-	-	-	-	-	2,009
Information technology	97,065	9,079	11,213	20,292	117,357	104,515
Insurance	65,795	6,558	3,605	10,163	75,958	65,484
Office expense	3,266	12,234	18,737	30,971	34,237	25,468
Other expenses	338	11,170	4,021	15,191	15,529	34,390
Permits and licenses	1,500	-	-	-	1,500	1,919
Recruiting, certification, training and development	856	649	1,925	2,574	3,430	6,138
Rent	119,732	6,754	4,714	11,468	131,200	125,199
Repairs and maintenance	98,660	1,832	-	1,832	100,492	59,268
Special events expense	-	-	36,908	36,908	36,908	35,049
Travel and conferences	14,343	226	728	954	15,297	9,432
Utilities	95,180	324	970	1,294	96,474	88,087
<b>Total</b>	<b>\$ 4,226,797</b>	<b>\$ 182,883</b>	<b>\$ 333,394</b>	<b>\$ 516,277</b>	<b>\$ 4,743,074</b>	<b>\$ 4,508,775</b>
% of total expenses	89%	4%	7%			

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

**Community Homes for Adults, Inc.**  
**Statements of Functional Expenses**  
**(Continued)**

For the year ended October 31,

2024

	Program Services	Supporting Services			Total
		Management and general expenses	Fundraising	Supporting services total	
Advertising	\$ -	\$ -	\$ 660	\$ 660	\$ 660
Audit and accounting fees	24,697	2,464	1,355	3,819	28,516
Bad debt	-	41,897	-	41,897	41,897
Client services and program activities	116,726	-	-	-	116,726
Client transportation	103,525	-	-	-	103,525
Contract labor	812,529	27,011	-	27,011	839,540
Depreciation	59,297	1,472	-	1,472	60,769
Dues and subscriptions	4,060	405	222	627	4,687
Employee benefits	212,339	7,171	13,338	20,509	232,848
Employee salaries and related expenses	2,191,821	97,275	233,553	330,828	2,522,649
Legal	1,740	174	95	269	2,009
Information technology	90,554	8,798	5,163	13,961	104,515
Insurance	56,626	5,752	3,106	8,858	65,484
Office expense	2,534	10,100	12,834	22,934	25,468
Other expenses	125	6,479	27,786	34,265	34,390
Permits and licenses	1,919	-	-	-	1,919
Recruiting, certification, training and development	5,558	399	181	580	6,138
Rent	109,855	11,131	4,213	15,344	125,199
Repairs and maintenance	57,968	1,300	-	1,300	59,268
Special events expense	-	-	35,049	35,049	35,049
Travel and conferences	8,200	795	437	1,232	9,432
Utilities	87,360	419	308	727	88,087
<b>Total</b>	<b>\$ 3,947,433</b>	<b>\$ 223,042</b>	<b>\$ 338,300</b>	<b>\$ 561,342</b>	<b>\$ 4,508,775</b>
	% of total expenses	87%	5%	8%	

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

**Community Homes for Adults, Inc.**  
**Statements of Cash Flows**

<i>For the years ended October 31,</i>	<b>2025</b>	<b>2024</b>
<b>Operating Activities</b>		
Change in net assets	\$ 130,612	\$ 63,558
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	65,771	60,766
Gain on disposal of property and equipment	(3,800)	(3,000)
Amortization of operating lease right-of-use assets	86,924	83,328
Unrealized and realized loss (gain) on investments	(18,938)	-
Changes in operating assets and liabilities		
Accounts receivable	(12,214)	(25,416)
Promises to give	85,794	62,390
Prepaid expenses	(20,824)	(602)
Accounts payable	42,472	31,293
Payroll liabilities	23,526	-
Contract liabilities	6,732	-
Operating lease liabilities	(87,824)	(81,586)
Net cash provided by (used in) operating activities	<b>298,231</b>	190,731
<b>Investing Activities</b>		
Proceeds from disposal of property and equipment	3,800	-
(Purchases) cash out of certificates of deposit	-	363,197
Purchase of U.S. treasury securities	(758,263)	(415,231)
Proceeds from sale of U.S. treasury securities	807,000	-
Expenditures for property and equipment	(79,191)	(35,013)
Net cash provided by (used in) investing activities	<b>(26,654)</b>	(87,047)
Net change in cash and cash equivalents	<b>271,577</b>	103,684
Cash and cash equivalents at beginning of year	<b>522,597</b>	418,913
Cash and cash equivalents at end of year	<b>\$ 794,174</b>	<b>\$ 522,597</b>

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

## Community Homes for Adults, Inc. Notes to Financial Statements

### NOTE 1: DESCRIPTION OF THE ORGANIZATION

Community Homes for Adults, Inc. (CHAI) manages facilities used for the purpose of operating and maintaining group homes and other amenities for adults with intellectual disabilities. The mission of CHAI is to enable adults with intellectual disabilities to live full, rich and safe lives while meaningfully participating in the community. The goal of CHAI is to promote the development of resident self-reliance and independence.

CHAI provides a program environment which approximates as closely as possible the patterns and conditions of everyday life and helps residents participate in the regular life of the community. CHAI emphasizes assistance and supervision of residents in order to help them maximize self-reliance and independence. CHAI develops a personalized program for each resident which includes skill training in areas such as self-care, socialization, communication, money management and home skills. Additionally, auxiliary and support services are provided by prevocational and vocational programs and health care professionals as needed.

CHAI provides an encompassing nursing program. The nurses monitor the everyday mental and physical health of residents and they communicate regularly with residents, doctors, guardians, the pharmacy and CHAI staff to make sure all their care is managed. CHAI has a full time Medical Aide to transport the residents to all their doctor appointments and who works with the nurses, their guardians and doctors to make sure they remain healthy.

In addition to serving the residents of the group homes, CHAI operates an Individual Skills and Socialization (ISS) program at the Jewish Community Center (JCC). The program runs each weekday from 8am to 2pm and provides a myriad of activities. The JCC offers the participants a work out facility, indoor and outdoor pool, art studio, teaching kitchen and interaction with the seniors, preschoolers and campers. The participants regularly go "offsite" to attend programs at the Dallas Museum of Art, volunteer at a homeless shelter and no kill animal shelter as well as go to the movies or out to lunch. They learn money management, socialization and mindfulness skills.

CHAI also has a robust volunteer program where volunteers (depending on their skills) come into the group home and develop friendships with the residents. They watch sports, paint nails, play basketball, lead book clubs, and much more. Groups in the community also play an important role in providing a meaningful life for CHAI residents. School groups, corporate groups, synagogues, and community volunteers include CHAI residents in year around events.

CHAI also provides support to individuals with intellectual disabilities that live with their families, making sure the individual is well cared for and following all the guidelines from the State of Texas. CHAI provides socialization opportunities for them as well.

## Community Homes for Adults, Inc. Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

#### ***Use of Estimates***

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

CHAI considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

#### ***Accounts Receivable***

Accounts receivable represent outstanding client fees owed to CHAI from their client, the client's family or a third party which are expected to be collected within twelve months and are presented in the statements of financial position net of any allowance for credit losses.

#### ***Allowance for Credit Losses***

Management evaluates its accounts receivable on an ongoing basis by analyzing client relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. No allowance for credit losses was necessary at October 31, 2025 and 2024.

## Community Homes for Adults, Inc. Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### *Promises to Give*

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

#### *Investments in U.S. Treasury Securities*

CHAI reports investments in U.S. treasury securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

#### *Property and Equipment*

Property and equipment are carried at cost as of the date of acquisition or at fair market value as of the date of donation, less accumulated depreciation and amortization. Depreciation is provided in amounts sufficient to allocate the cost of depreciable assets over their estimated useful lives on a straight-line basis. CHAI's policy is to expense repairs and maintenance and all items under \$2,000. Repairs and maintenance expense for the years ended October 31, 2025 and 2024 were approximately \$100,000 and \$59,000, respectively.

#### *Income Taxes*

CHAI is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code according to the United States Internal Revenue Service (IRS) determination letter dated August 25, 1971, except to the extent that it has unrelated business income. For the years ended October 31, 2025 and 2024, unrelated business income did not result in any material net taxable income; therefore no provision for income tax has been provided in the accompanying financial statements.

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Net Assets***

CHAI reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. However, if a restriction is fulfilled in the same fiscal period in which the contribution is received, CHAI reports the support as net assets without donor restrictions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of CHAI, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

***Donated Assets***

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

***Donated Services***

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CHAI. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

## Community Homes for Adults, Inc. Notes to Financial Statements

### NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### ***Revenue Recognition***

Client fees revenue and payments under various contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Client fees revenue is reported at the amount that reflects the consideration CHAI expects to be entitled for providing services to the client. These amounts are due from clients, third-party payers (including managed care payers and government programs), and others, and include variable consideration for retroactive revenue adjustments due to settlement of reviews and audits. CHAI bills the clients and third-party payers after the services are performed. Client fees revenue is recognized as performance obligations are satisfied, which substantially occurs at a point in time when the related service is completed.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

#### ***Leases***

CHAI leases certain office space, office equipment and a property currently in use as a group home under lease agreements. Management determines if an agreement is a lease and whether the lease is an operating or finance lease at inception. In evaluating contracts to determine if they qualify as a lease, management considers factors such as if CHAI has obtained substantially all of the rights to the underlying asset through exclusivity, if CHAI can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights.

This evaluation may require significant judgment. To date all leases have been determined to be operating leases. Leases meeting applicable criteria are included in operating lease right-of-use (ROU) assets and operating lease liabilities in CHAI's statement of financial position.

ROU assets represent CHAI's right to use underlying assets for the lease term, and lease liabilities represent CHAI's obligation to make lease payments arising from the leases. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease terms. Certain leases provide that the lease payments may be increased annually based on the fixed rate terms or adjustable terms such as the Consumer Price Index. Future base rent escalations that are not contractually quantifiable as of the lease commencement date are not included in the lease liability. In determining the discount rate used to measure the right-of-use asset and lease liability, CHAI uses rates implicit in the lease, or if not readily available, management uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Functional Allocations of Expenses***

The expenses of CHAI are reported in the accompanying statements of activities by their functional and natural classifications. Functional classification is a method of reporting expenses according to the purpose for which costs are incurred. Natural classification is a method of grouping expenses according to the kinds of economic benefits received in incurring those expenses. The majority of CHAI's expenses can be directly assigned to their functional classifications. Some expenses must be allocated because they benefit more than one functional classification such as salaries and related costs which are allocated on the basis of estimates of time and effort.

***Reclassifications***

Certain reclassifications were made to prior year balances to conform with current year presentation.

***Subsequent Events***

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 25, 2026. See Note 12 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements

**NOTE 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY**

CHAI maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as CHAI's expenditures come due. The following reflects CHAI's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>October 31,</i>	<b>2025</b>	<b>2024</b>
Total assets at year end	\$ 3,109,294	\$ 2,993,776
Less non-financial assets		
Prepaid expenses	(83,679)	(62,855)
Other assets	(6,046)	(6,046)
Operating lease right-of-use assets, net	(210,311)	(297,235)
Property and equipment, net	(612,287)	(598,867)
Total financial assets available within one year	<b>2,196,971</b>	<b>2,028,773</b>
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Investments in U.S. treasury securities, noncurrent	(762,260)	(311,006)
Net assets with donor restrictions	(346,429)	(296,429)
Board designated net assets	(962,640)	(899,082)
Total financial assets available to management for general expenditures within one year	<b>\$ 125,642</b>	<b>\$ 522,256</b>

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)**

CHAI is principally supported by its fees charged for the services it provides. In addition, CHAI invests cash in excess of daily requirements in highly liquid interest-bearing accounts. In the event of an unanticipated liquidity need, CHAI would draw from its operating reserve or seek additional support from its supporting organization discussed in Note 14 or from other sources.

**NOTE 4: PROMISES TO GIVE**

To determine the net realizable value of contributions, an allowance for uncollectible pledges receivable is provided based upon management’s judgment, including such factors as prior collection history, type of contribution, the credit standing of applicable donors and nature of fundraising activity. If actual collection results differ significantly from expectations, contributions in a subsequent period may be adjusted accordingly.

Promises to give consist of the following:

<i>October 31,</i>	<b>2025</b>	<b>2024</b>
Receivable in less than one year	\$ 97,618	\$ 183,412
Receivable in one to five years	-	-
Total promises to give	<b>97,618</b>	183,412
Allowance for uncollectible promises to give	<b>(2,000)</b>	(2,000)
Promises to give, net	<b>\$ 95,618</b>	<b>\$ 181,412</b>

Unconditional promises to give are reflected at the present value of future cash flows using the treasury discount rate.

As of October 31, 2025, \$62,500 of the balance of unconditional promises to give is also restricted for the purpose of nursing-related expenses. As of October 31, 2024, \$55,000 of the balance of unconditional promises to give is also restricted for the purpose of nursing-related expenses and \$25,000 of the balance is also restricted for the Utay Maintenance Fund.

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 5: PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

<i>October 31,</i>	Estimated Lives (in years)	<b>2025</b>	2024
Buildings and improvements	15-39	\$ 1,124,659	\$ 1,124,659
Furniture fixtures and equipment	5-10	160,936	157,036
Vehicles	5	363,526	322,328
Total depreciable property and equipment		<b>1,649,121</b>	1,604,023
Less accumulated depreciation and amortization		<b>(1,311,787)</b>	(1,280,109)
Total depreciable property and equipment, net		<b>337,334</b>	323,914
Land		<b>274,953</b>	274,953
Total property and equipment, net		<b>\$ 612,287</b>	\$ 598,867

**NOTE 6: INVESTMENTS IN U.S. TREASURY SECURITIES**

Investments in U.S. treasury securities consisted of the following:

<i>October 31, 2025</i>	Cost	Fair Value
U.S. treasury securities	<b>\$ 1,066,711</b>	<b>\$ 1,083,987</b>
<i>October 31, 2024</i>	Cost	Fair Value
U.S. treasury securities	\$ 1,094,058	\$ 1,113,786

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS**

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

<i>October 31,</i>	<b>2025</b>	<b>2024</b>
Subject to the passage of time	\$ 20,000	\$ 20,000
Subject to expenditure for specified purpose		
Nurse employment	50,000	-
Carmen & Ludwig Michael Maintenance Fund	166,750	166,750
Utay Maintenance Fund	25,000	25,000
Lois Toub House Maintenance Fund	22,179	22,179
Total subject to expenditure for specified purpose	<b>263,929</b>	213,929
Subject to the passage of time and expenditure for specified purpose		
Nurse employment	62,500	55,000
Jewish Life Initiatives	-	7,500
Total subject to the passage of time and expenditure for specified purpose	<b>62,500</b>	62,500
Total net assets with donor restrictions	<b>\$ 346,429</b>	\$ 296,429

Net assets were released from donor restrictions by incurring expense satisfying the restricted purpose or by occurrence of the passage of time or other events specific by the donors for the years ended:

<i>For the years ended October 31,</i>	<b>2025</b>	<b>2024</b>
Expiration of time restrictions	\$ 20,000	\$ 20,000
Expiration of time restrictions and expenditure for specified purpose		
Nurse employment	55,000	62,500
Jewish Life Initiatives	7,500	-
Total expiration of time restrictions and expenditure for specified purpose	<b>62,500</b>	62,500
Total net assets released from donor restrictions	<b>\$ 82,500</b>	\$ 82,500

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 8: REVENUE**

CHAI is a provider of Home and Community-Based Services (HCS), a program funding providers of services for people with intellectual disabilities. It allows people with these intellectual disabilities to receive service in the community rather than in state institutions. It is a federal Medicaid program (not entitlement) with state matched funds and has agreements with other third-party payers that provide payments to CHAI at established rates.

***Contract Assets and Liabilities***

Contract assets and liabilities related to revenue from contracts with customers consists of the following:

<i>October 31,</i>	<b>2025</b>	2024
<b>Contract assets</b>		
Accounts receivable, beginning of year	\$ 210,978	\$ 185,562
Accounts receivable, end of year	\$ 223,192	\$ 210,978
<b>Contract liabilities</b>		
Prepaid client fees, beginning of year	\$ -	\$ -
Prepaid client fees, end of year	\$ 6,732	\$ -

***Disaggregated Revenue***

<i>For the years ended October 31,</i>	<b>2025</b>	2024
<b>Client fee revenue recognized at a point in time</b>		
Residential care	\$ 2,455,961	\$ 2,303,626
Room and board	426,982	446,247
Recreational and other revenue	164,835	180,032
<b>Total client fee revenue</b>	<b>3,047,778</b>	2,929,905
<b>Revenue and support from other sources</b>	<b>1,825,908</b>	1,642,428
<b>Total operating support and revenues</b>	<b>\$ 4,873,686</b>	\$ 4,572,333

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 9: CONTRIBUTIONS OF NON-FINANCIAL ASSETS**

All donated space, services, and goods were utilized by CHAI’s program and supporting services. There were no donor-imposed restrictions associated with the contributed space, services, or goods at October 31, 2025 or October 31, 2024.

The components of donated space, services and goods contributed to CHAI consists of the following for the year ended October 31, 2025 or October 31, 2024:

<i>For the year ended October 31, 2025</i>	Donated space	Donated services	Donated goods	Total
Program services				
Group homes	\$ -	\$ -	\$ 846	\$ 846
Supporting services				
Fundraising	-	-	-	-
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 846</b>	<b>\$ 846</b>

<i>For the year ended October 31, 2024</i>	Donated space	Donated services	Donated goods	Total
Program services				
Group homes	\$ -	\$ -	\$ 23,600	\$ 23,600
Supporting services				
Fundraising	-	-	-	-
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 23,600</b>	<b>\$ 23,600</b>

Donated space is valued at the fair value of similar properties available in commercial real estate listings. Donated services are valued using the most recent Bureau of Labor Statistics’ average hourly wage for counselors in CHAI’s metropolitan area. Donated goods are valued at the wholesale prices that would be received for selling similar products.

**NOTE 10: CONCENTRATIONS**

CHAI maintains cash deposits with financial institutions at October 31, 2025 and 2024 in excess of federally insured limits of \$95,000 and \$0, respectively.

Two donors are responsible for the contributions receivable at October 31, 2025 and 2024. The majority of CHAI’s operations are within the North Texas area. Therefore, results of operations and collectability of receivables are subject to economic conditions of the area.

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 11: PENSION PLAN**

CHAI has a defined contribution pension plan under United States Internal Revenue Code Section 403(b) for employees meeting minimum age and service requirements. Contributions to the plan by CHAI are wholly at management's discretion, and for the years ended October 31, 2025 and 2024, there were no contributions by CHAI.

**NOTE 12: LEASES**

In the normal course of business, CHAI enters into various operating leases for CHAI's central office, office equipment and a property currently in use as a group home. Certain office equipment operating leases were deemed insignificant and are included in leases qualifying for the short term lease exception under ASC 842 *Leases*.

The components of lease expense were as follows:

<i>For the years ended October 31,</i>	<b>2025</b>	<b>2024</b>
Operating lease cost	\$ <b>86,924</b>	\$ 83,328
Short-term lease cost	\$ <b>44,276</b>	\$ 41,871

Other information related to leases were as follows:

<i>For the years ended October 31,</i>	<b>2025</b>	<b>2024</b>
Operating leases		
Right-of-use assets obtained in exchange for lease obligations	\$ -	\$ -
Weighted average remaining lease term	<b>2.91 years</b>	3.71 years
Weighted average discount rate	<b>4.21%</b>	4.21%
Supplemental Cash Flow Information		
Lease liability arising from recognition of operating lease right-of-use-assets	\$ -	\$ -
Cash paid for amounts included in the measurement of lease liabilities for operating cash flows from operating leases	\$ <b>99,272</b>	\$ 96,630

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 12: LEASES (Continued)**

Future minimum lease payments under non-cancellable operating leases as of October 31, 2025 are as follows:

*For the years ending October 31,*

2026	\$	80,914
2027		81,556
2028		76,895
Total future minimum lease payments		239,365
Less imputed interest		(14,464)
Present value of lease liabilities		\$ 224,901

Subsequent to year end, during November 2025, CHAI executed a lease renewal agreement for one of its group homes for use in its operations. Future minimum lease payments relating to the renewal, not included in the table above, are approximately \$24,000 for the years ending October 31, 2026 and 2027, \$25,200 for the year ending October 31, 2028 and \$26,400 for the years ending October 31, 2029 and 2028.

**NOTE 13: RELATED PARTY TRANSACTIONS**

CHAI received donations from its board members and their immediate household families for each of the years ended October 31, 2025 and 2024, totaling approximately \$95,000 and \$75,000, respectively. CHAI also receives certain client fees from board members and their families related to care of relatives. These client fees are not significant.

**NOTE 14: COMMUNITY HOMES FOR ADULTS ENDOWMENT FOUNDATION SUMMARIZED AND CONSOLIDATING FINANCIAL STATEMENT INFORMATION**

The Community Homes for Adults Endowment Foundation (CHAEF), a Texas nonprofit organization, was incorporated in 1992 as a separate corporation and operates as a supporting organization of CHAI within the meaning of the Internal Revenue Code. CHAEF was organized specifically for the purpose of receiving and raising funds for endowment purposes, investing those funds, and distributing funds to organizations engaged in operating and maintaining group homes and other facilities, under Jewish auspices, and to provide services on a non-sectarian basis for adults with cognitive disabilities in North Texas.

CHAI received cash contributions from CHAEF in the amounts of \$666,000 and \$617,000, respectively, during the years ended October 31, 2025 and 2024. CHAEF will continue to make contributions as needed on an ongoing basis to support operations and to cover government agency funding reductions and for unanticipated emergency expenditures. CHAI provides CHAEF with office space and administrative services. The value of such services and facility space is not material and has not been reflected in the accompanying financial statements.

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**NOTE 14: COMMUNITY HOMES FOR ADULTS ENDOWMENT FOUNDATION SUMMARIZED AND CONSOLIDATING FINANCIAL STATEMENT INFORMATION (Continued)**

CHAI has control through its ability to select a majority of CHAEF's Board of Directors and has an economic interest in CHAEF. Accounting principles generally accepted in the United States of America require consolidated financial statements of CHAI and CHAEF.

If the financial statements of CHAI had been consolidated with those of CHAEF for the years ended October 31, 2025 and 2024, summarized consolidating financial information would be presented as follows:

<i>For the year ended October 31,</i>	<b>2025</b>			
	CHAI	CHAEF	Eliminations	Total
Total assets	\$ 3,109,294	\$ 17,462,165	\$ -	\$ <b>20,571,459</b>
Total liabilities	\$ 490,993	\$ 1,800	\$ -	\$ <b>492,793</b>
Net assets	2,618,301	17,460,365	-	<b>20,078,666</b>
Total liabilities and net assets	\$ 3,109,294	\$ 17,462,165	\$ -	\$ <b>20,571,459</b>
Total operating support and revenue	\$ 4,873,686	\$ 2,603,559	\$ (666,126)	\$ <b>6,811,119</b>
Total operating expenses	4,743,074	675,091	(666,126)	<b>4,752,039</b>
Change in net assets	130,612	1,928,468	-	<b>2,059,080</b>
Net assets, beginning of year	2,487,689	15,531,897	-	<b>18,019,586</b>
Net assets, end of year	\$ 2,618,301	\$ 17,460,365	\$ -	\$ <b>20,078,666</b>
<i>For the year ended October 31,</i>	<b>2024</b>			
	CHAI	CHAEF	Eliminations	Total
Total assets	\$ 2,993,776	\$ 15,531,897	\$ -	\$ <b>18,525,673</b>
Total liabilities	\$ 506,087	\$ -	\$ -	\$ <b>506,087</b>
Net assets	2,487,689	15,531,897	-	<b>18,019,586</b>
Total liabilities and net assets	\$ 2,993,776	\$ 15,531,897	\$ -	\$ <b>18,525,673</b>
Total operating support and revenue	\$ 4,572,333	\$ 3,588,734	\$ (617,435)	\$ <b>7,543,632</b>
Total operating expenses	4,508,775	626,112	(617,435)	<b>4,517,452</b>
Change in net assets	63,558	2,962,622	-	<b>3,026,180</b>
Net assets, beginning of year	2,424,131	12,569,275	-	<b>14,993,406</b>
Net assets, end of year	\$ 2,487,689	\$ 15,531,897	\$ -	\$ <b>18,019,586</b>

**NOTE 15: FAIR VALUE MEASUREMENTS**

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

*Level 1:* Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

*Level 2:* Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
  - observable; or
  - can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at October 31, 2025 and 2024.

*U.S. treasury securities:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although CHAI believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

**Community Homes for Adults, Inc.**  
**Notes to Financial Statements**

**Note 15: FAIR VALUE MEASUREMENTS (Continued)**

Assets and liabilities measured at fair value on a recurring basis consists of the following:

<i>October 31, 2025</i>	Level 1	Level 2	Level 3	Total
U.S. treasury securities	\$ 1,083,987	\$ -	-	<b>\$ 1,083,987</b>
Total investments at fair value	\$ 1,083,987	\$ -	-	<b>\$ 1,083,987</b>

<i>October 31, 2024</i>	Level 1	Level 2	Level 3	Total
U.S. treasury securities	\$ 1,113,786	\$ -	-	\$ 1,113,786
Total investments at fair value	\$ 1,113,786	\$ -	-	\$ 1,113,786