Respite Care of San Antonio, Inc.
and
Respite Care SA Foundation

Audited Financial Statements

Year Ended June 30, 2024

Respite Care of San Antonio, Inc.
and
Respite Care SA Foundation

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GREGORY & CRUTCHFIELD, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors of
Respite Care of San Antonio, Inc. and
Respite Care SA Foundation

Opinion

We have audited the accompanying financial statements of Respite Care of San Antonio, Inc. and Respite Care SA Foundation (both are nonprofit organizations), which comprise the statements of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Respite Care of San Antonio, Inc. and Respite Care SA Foundation as of June 30, 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. 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 Respite Care of San Antonio, Inc. and Respite Care SA Foundation 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 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 Respite Care of San Antonio, Inc. and Respite Care SA Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Respite Care of San Antonio, Inc. and Respite Care SA Foundation'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 Respite Care of San Antonio, Inc. and Respite Care SA Foundation' 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.

Other Matters

Comparative financial statement Memo Only totals presented for the prior year ended June 30, 2023 were audited by us with a report date of October 9, 2023. We issued an unmodified audit opinion on those audited financial statements.

Gregory & Crutchfield, LLC
San Antonio, Texas
September 11, 2024

Respite Care of San Antonio, Inc.
and
Respite Care SA Foundation
Statements of Financial Position
June 30, 2024
(With Comparative totals for the Year Ended June 30, 2023

	Respite Care of San Antonio, Inc.	Respite Care SA Foundation	Combined Totals June 30, 2024 (Memo Only)	Combined Totals June 30, 2023 (Memo Only)
Assets				
Cash and cash equivalents	$ 168,609	$ 185,440	$ 354,049	$ 253,857
Investments	-	5,465,027	5,465,027	5,511,093
Accounts receivable:				
Program fees	6,794	-	6,794	1,035
United Way allocation	-	-	-	240,000
Government grants	237,682	-	237,682	117,229
Grants	133,667	-	133,667	41,704
Respite Care SA Foundation	5,418	-	5,418	504,700
Total accounts receivable	383,561	-	383,561	904,668
Employee Retention Credit receivable	856,400	-	856,400	-
Prepaid expenses and other	45,963	-	45,963	77,990
Property & equipment-net of accumulated depreciation	2,605,967	-	2,605,967	2,680,134
Right-of-use asset	59,137	-	59,137	18,274
Total assets	$ 4,119,637	$ 5,650,467	$ 9,770,104	$ 9,446,016
Liabilities and Net Assets				
Liabilities				
Accounts payable / accrued expenses	$ 442,281	$ -	$ 442,281	$ 265,741
Respite Care of San Antonio, Inc.	-	5,418	5,418	504,700
Deferred revenue	75,703	-	75,703	128,356
Lease liability	59,137	-	59,137	18,274
Total liabilities	577,121	5,418	582,539	917,071
Net assets:				
Without donor restrictions	3,528,347	2,796,983	6,325,330	5,204,213
Without donor restrictions - board designated	-	1,034,287	1,034,287	1,034,287
With donor restrictions	14,169	1,813,779	1,827,948	2,290,445
Total net assets	3,542,516	5,645,049	9,187,565	8,528,945
Total liabilities and net assets	$ 4,119,637	$ 5,650,467	$ 9,770,104	$ 9,446,016

The accompanying notes are an integral part of these financial statements

Respite Care of San Antonio, Inc.
and
Respite Care SA Foundation
Statements of Activities and Changes in Net Assets
June 30, 2024
(With Comparative totals for the Year Ended June 30, 2023)

	Respite Care of San Antonio, Inc.	Respite Care SA Foundation	Combined Totals June 30, 2024 (Memo Only)	Combined Totals June 30, 2023 (Memo Only)
Changes in Net Assets Without Donor Restrictions				
Revenue and support:				
Contributions and grants	$ 1,043,517	$ -	$ 1,043,517	$ 1,455,532
RCSA Foundation	233,021		233,021	-
Federal, state and local government grants	603,427	-	603,427	714,458
Shelter income	1,474,323		1,474,323	1,038,223
Loan forgiveness - Respite Care SA Foundation	-	-	-	400,000
Fundraising event (net of expenses of $44,989)	394,096	-	394,096	347,487
Program fees	477,604	-	477,604	399,873
Return on investments, net of expenses	-	799,156	799,156	516,498
Employee Retention Credit	807,977	-	807,977	-
Employee Retention Credit - interest income	48,423		48,423	-
Miscellaneous	18,586	-	18,586	8,841
Net assets released from restrictions:				
RCSA Foundation	186,667	-	186,667	445,492
United Way	240,000	-	240,000	240,000
All other net assets released from restrictions	474,412		474,412	-
Total revenue and support	6,002,053	799,156	6,801,209	5,566,404
Expenses:				
Program	5,040,549	-	5,040,549	4,382,233
General and administrative	197,513	5,640	203,153	315,000
Fundraising	203,371	-	203,371	171,129
Awards to Respite Care of San Antonio	-	233,022	233,022	186,667
Loan forgiveness - Respite Care of San Antonio	-	-	-	400,000
Total expenses	5,441,433	238,662	5,680,095	5,455,029
Increase (decrease) in Net Assets Without Donor Restrictions	560,620	560,494	1,121,114	111,375
Changes in Net Assets With Donor Restrictions				
RCSA Foundation				
All other net assets received with donor restrictions	438,231		438,231	476,667
Net assets released from restrictions:				
All other net assets released from donor restrictions	(901,079)	-	(901,079)	(240,000)
RCSA Foundation	-	-	-	(445,492)
Increase (decrease) in net assets with donor restrictions	(462,848)	-	(462,848)	(208,825)
Increase (decrease) in net assets	97,772	560,494	658,266	(97,450)
Net assets - beginning of fiscal year	3,444,390	5,084,555	8,528,945	8,626,395
Net assets - end of fiscal year	$ 3,542,162	$ 5,645,049	$ 9,187,211	$ 8,528,945

The accompanying notes are an integral part of these financial statements

Respite Care of San Antonio, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2024
(With Comparative Totals for the Year Ended June 30, 2023)

	Program Services				Supporting Services		Totals	
	Respite House	Day/Night Out Care	Child Care	Total Program Services	Management and General	Fundraising	2024 Totals	2023 Totals
Salaries, wages and benefits	$ 2,746,005	$ 305,111	$ 934,098	$ 3,985,214	$ 28,231	$ 190,611	$ 4,204,056	$ 3,443,284
Independent contractors	149,276	-	69,733	219,009	-	-	219,009	459,066
Depreciation	152,093	20,279	28,391	200,763	2,027	-	202,790	147,037
Supplies and food	87,413	15,782	28,218	131,413	-	-	131,413	142,314
Repairs and maintenance	91,189	8,190	17,647	117,026	-	-	117,026	131,761
Insurance	77,758	8,331	22,216	108,305	27,771	2,777	138,853	130,314
Interest expense	-	-	-	-	422	-	422	-
Office expense	52,329	2,203	9,175	63,707	7,597	1,572	72,876	83,679
Professional fees	45,702	-	-	45,702	115,112	1,275	162,089	82,136
Utilities	31,495	4,724	29,920	66,139	12,598	-	78,737	73,684
Telephone	18,833	864	1,639	21,336	-	-	21,336	50,625
Dues and conferences	26,186	3,188	5,616	34,990	3,755	5,993	44,738	43,227
Marketing / public relations	18,038	53	78	18,169	-	1,143	19,312	26,193
Travel and vehicle expense	12,850	866	1,560	15,276	-	-	15,276	20,556
Rent	-	-	12,000	12,000	-	-	12,000	12,000
Training and education	455	185	860	1,500	-	-	1,500	7,946
Total 2024 expenses	$ 3,509,622	$ 369,776	$ 1,161,151	$ 5,040,549	$ 197,513	$ 203,371	$ 5,441,433	$ 4,853,822
Total 2023 (Memo Only)	$ 3,003,132	$ 341,100	$ 1,038,001	$ 4,382,233	$ 300,460	$ 171,129	$ 4,853,822	

The accompanying notes are an integral part of these financial statements

Respite Care of San Antonio, Inc.
and
Respite Care SA Foundation
Statements of Cash Flow
June 30, 2024
(With Comparative totals for the Year Ended June 30, 2023

	Respite Care of San Antonio, Inc.	Respite Care SA Foundation	Combined Totals June 30, 2024 (Memo Only)	Combined Totals June 30, 2023 (Memo Only)
Cash flows from operations:				
Increase (decrease) in net assets	$ 97,772	$ 560,494	$ 658,266	$ (97,450)
Adjustments to reconcile change in net assets to cash provided by (used for) operating activities:				
Depreciation	202,790	-	202,790	147,037
Unrealized appreciation (depreciation) of investments	-	(400,248)	(400,248)	(329,159)
Employee Retention Credit receivable	(856,400)		(856,400)	-
Changes in operating assets:				
(Increase) decrease in:				
Receivables	521,107	-	521,107	43,003
Prepaid expenses and deposits	32,027	-	32,027	24,878
Increase (decrease) in:				
Accounts payable / accrued expenses	176,540	(499,282)	(322,742)	(16,122)
Deferred revenue	(52,653)	-	(52,653)	128,356
Net cash provided (used) by operations	121,183	(339,036)	(217,853)	(99,457)
Cash flow from investing activities:				
Purchases of investment securities		(909,302)	(909,302)	(1,605,309)
Basis of investment securities sold		1,355,616	1,355,616	1,401,682
Forgiveness of note receivable			-	400,000
Property purchases (net of disposals)	(128,269)	-	(128,269)	(59,081)
Net cash used in investing activities	(128,269)	446,314	318,045	137,292
Cash flow from financing activities:				
Forgiveness of loan	-	-	-	(400,000)
Net cash used in financing activities	-	-	-	(400,000)
Net increase (decrease) in cash	(7,086)	107,278	100,192	(362,165)
Cash - beginning of year	175,695	78,162	253,857	616,022
Cash - end of year	$ 168,609	$ 185,440	$ 354,049	$ 253,857
Supplemental disclosure of cash flow information				
Interest expense paid during the year	422	-	422	-

The accompanying notes are an integral part of these financial statements

Respite Care of San Antonio Incorporated
and
Respite Care SA Foundation
Notes to Financial Statements
June 30, 2024

Note 1 – The Organization

Respite Care of San Antonio Incorporated ("the Organization") is a nonprofit, United Way Agency providing respite programs for persons with intellectual and developmental disabilities, or with complex medical conditions. The Organization was incorporated under the laws of the State of Texas on June 16, 1987. The Organization provides onsite and offsite respite care and wrap-around supports for families.

The Respite Care SA Foundation ("the Foundation") is a nonprofit organization formed in 2001 to hold and invest the endowment funds of Respite Care of San Antonio Incorporated. The Foundation has a governing board of directors that is separate from the board of directors of Respite Care of San Antonio Incorporated. The Foundation's sole purpose is to provide financial support to Respite Care of San Antonio Incorporated.

Note 2 – Summary of Significant Accounting Policies

Accounting Basis – 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 (GAAP). Net assets, support and revenue, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions or assets restricted solely through actions of the Board of Directors are reported as net assets without donor restrictions. The Organization reports donor-restricted support whose restrictions are met in the same reporting period as unrestricted support.

Net assets with Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met by actions of the Organization and Foundation and/or the passage of time are reported as net assets with donor restrictions. For donor-restricted support whose restrictions are not met within the same reporting period, the net assets with donor restrictions are reclassified to net assets without donor restrictions when a restriction expires and reported in the Statement of Activities as net assets released from donor restrictions.

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

Property and Equipment – Property and equipment is valued at historical cost or estimated fair market value at date of donation. Expenditures for betterments and all furniture and equipment greater than $5,000 that materially extend the useful life of an asset are capitalized. Depreciation is recorded using the straight-line method over the estimated useful lives of the related asset, which is generally 40 years for houses and 3 to 10 years for vehicles, equipment and furniture and improvements.

Note 2 – Summary of Significant Accounting Policies - *continued*

Tax Exempt Status – The Organization and the Foundation are tax-exempt organizations under Internal Revenue Code Section 501(c)(3). Therefore, no provision for income taxes has been provided in these financial statements.

Management is not aware of any tax positions that would have a significant impact on its financial position. The Organization's and Foundation's Form 990 information returns for the last four years remain subject to examination. The Organization and Foundation are exempt from the Texas Franchise tax.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash on hand, demand deposits held by financial institutions including any cash accounts held within brokerage accounts.

Fair Value Measurements – The Foundation reports its investments at their fair values in the statement of financial position. Investment income, net of expenses, is reported as increases in net assets without donor restrictions in the statement of activities.

Fair values for the Foundation's investments are determined using the following methodology which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to value fair value. The hierarchy gives the highest priority to adjusting quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

Level 1 – Inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology include: (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the assets or liability and (4) inputs that are derived principally from or corroborated by observable market data by correlation of other means. If the asset or liability has specified (contractual) terms, 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.

Donated Services – The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its programs. For these types of donated services, no amounts have been recognized in the accompanying Statement of Activities because the criteria for recognition of such volunteer effort under GAAP have not been satisfied.

Revenue Recognition – Revenue is recognized when earned. Contributions are reported when an unconditional promise to give or other asset is received.

Note 2 – Summary of Significant Accounting Policies - *continued*

Contributions – The Organization reports gifts of cash and other assets as restricted support if they are received with donor restrictions that limit the use of the donated assets. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), such assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Fee for Services Revenue – The Organization's provides respite care services for fees. Fees may vary depending on the type of services provided and may also be based on the ability to pay per the Organization's requirements or guidelines.

Functional Expenses – The costs of providing the services and other activities of the Organization have been summarized on a functional basis in the Statement of Activities. Functional expenses are allocated on the basis of estimates by management. These estimates are based primarily on the nature of the expense concerned and percentages of time allocated to program services, fundraising, and general and administrative.

Concentrations of Credit Risk – Financial instruments that potentially subject the Organization and the Foundation to concentrations of credit risk consist principally of cash and investments. At varying times during the year the Organization maintains cash balances that exceeded the Federal Deposit Insurance Corporation's (FDIC) $250,000 insured limits. The Organization has not incurred any losses as a result of such excesses.

Adoption of ASU No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326) – The Organization adopted FASB's ASU No. 2016-13, Credit Losses *(Topic 326)*, or CECL, at the beginning of 2023 using the modified retrospective approach. The Organization utilizes historical pooling of actual bad debt by the revenue type (contributions, grants, program services) for the previous three years. The percentage is then applied to the current period revenue types to develop an expected credit loss. If the expected credit loss is insignificant, no entry is recorded for the period. The adoption of CECL did not have a material impact as of July 1, 2023. Financial assets held by the Organization subject to the expected credit losses model prescribed by CECL include grants receivable, contributions receivable and service fees receivable (collectively called "accounts receivable" by the Organization). Management believes that no allowance for expected credit losses is necessary as of June 30, 2024.

Leases – The Organization adopted FASB Accounting Standards Update 2016-02 *Leases – Topic 842* in a prior year. Under this accounting pronouncement, a lessee is required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. See *Note 5 – Lease Commitments* below.

Memo Only Totals – The June 30, 2024 and 2023 totals in the accompanying financial statements are captioned "Memo Only" to indicate that they are presented only to facilitate financial analysis and comparison and are not intended to present consolidated totals or other information necessary for the fair presentation of 2024 and 2023 information in accordance with GAAP.

Note 3 – Investments in Equity Securities / Mutual Funds / Insured Cash Funds

The Foundation held various equity securities, mutual funds, US Treasury bills / notes, corporate notes / bonds and municipal bonds in two different brokerage accounts managed by two different investment management companies. Investments are recorded on the books at fair value. Fair value and cost at June 30, 2024 are as follows: Investment return includes dividends, interest income, capital gains distributions and realized and / or unrealized gains or losses.

Category	Fair Value Hierarchy	Fair Value	Cost
Cash equivalent funds	1	$185,440	$185,440
Equity Securities	1	2,464,166	1,540,473
Mutual Funds – Equities	1	1,011,496	639,979
Mutual Funds – Bonds	1	387,461	406,823
US Treasury Bills / Notes	1	246,920	250,198
Corporate Bonds / Notes	2	659,194	692,569
Municipal Bonds	2	695,790	740,483
Totals		$5,650,467	$4,455,965

Level 2 fair values are obtained from independent pricing services using security term, interest rate and credit rating. Securities listed above are not FDIC insured but the US Treasury Bills and Notes are backed by the full faith and credit of the United States government.

Note 4 – Property and Equipment

Property and equipment are recorded at cost if purchased or fair value if contributed and consist of the following at June 30, 2024:

Land and buildings	$3,895,784
Furniture and equipment	519,831
Leasehold improvements	384,000
Vehicles	160,609
Total property and equipment	4,960,224
Less accumulated depreciation	-2,354,258
Total property and equipment, net	$2,605,966

Depreciation expense for the year ended June 30, 2024 was $202,791.

Note 5 – Lease Commitments

The Organization has a month-to-month verbal agreement to pay rent to Christ Episcopal Church for space used for the Organization's child care program. The monthly rental rate is $1,000 per month and $12,000 in rent was paid for the year ended June 30, 2024.

Note 5 – Lease Commitments – *continued*

On July 1, 2022, the Organization adopted the provisions of the FASB issued ASU No. 2018-01, *Leases (Topic 842)* which was a new accounting pronouncement regarding lease accounting. Under this ASU, the Organization, as a lessee, is required to recognize on the statement of financial position the assets and liabilities for operating leases with lease terms of more than 12 months. On July 1, 2022 the Organization recorded the discounted present value of lease payments for each remaining lease. The Organization elected to use the optional transition method of Topic 842 allowing for the application of the new lease standard to all leases that exist at the adoption date (July 1, 2022), with the cumulative effect of initially applying the new leases standard (if any) recognized as an adjustment to net assets as of the adoption date. The total reduction of the discounted right-of-use asset and lease liability – operating lease balances was $59,137 for the year ended June 30, 2024.

The Organization leases printer and copier equipment under two 5-year operating leases, which expired at the end of June 2024. Total lease expense for the equipment operating lease was $18,274 for the year ended June 30, 2024. The Organization returned the equipment at the end of the lease and entered into a new 63-month lease with another company near the end of their fiscal year. There was no lease expense paid for the year ended June 30, 2024 under the new lease contract.

The future operating lease costs for the next five years as of June 30, 2024 are as follows:

2025	$14,892
2026	14,892
2027	14,892
2028	14,892
2029 and after	18,615
Total	$78,183

Note 6 - Dependence on Major Funding Sources

The Organization receives a major part of its revenue under contracts with federal, state and local governments and other nonprofit agencies.

Note 7 – Net Assets with Donor Restrictions

The Organization's net assets with donor restrictions consisted of the following as of June 30, 2024:

Impact San Antonio	11,819
ARPA / Coronavirus State & Local Fiscal Recovery Fund (COSA)	2,350
Total net assets with donor restrictions	$14,169
Amounts released from restrictions during year	$901,079

Note 8 - Concentration of Services Provided

The Organization provides the majority of its program services to persons with developmental disabilities and their families. This is considered a concentration risk. However, the Organization does not expect a significant reduction in the persons respite care in the near future.

Note 9 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	Respite Care of San Antonio, Inc.	Respite Care SA Foundation
Cash and cash equivalents	$168,609	$185,440
Investments		5,465,027
Accounts receivable	383,561	-
Employee Retention Credit receivable	856,400	-
Less: net assets with donor restrictions	-14,170	-1,813,779
Total financial assets available for general use	$1,394,400	$3,836,688

Note 10- Endowment

Respite Care SA Foundation accounts for its Endowment in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). This requires the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Foundation classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment and the original value of subsequent gifts to the permanent endowment. Cash earnings net of expenses, gains and losses from the sale of endowment investments, and the unrealized gains and losses from the appreciation or depreciation in the fair value of endowment investments are classified as net assets without donor restrictions until those amounts are allocated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to allocate or accumulate the earnings on endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general various funds, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation has adopted investment and spending policies for endowment assets that attempt to subject the fund to low investment risk and provide current income. The Foundation also seeks to build endowment assets through additional contributions.

The Foundation has established a revised investment and spending policy. On March 31 of each year, the allocation for the following year's spending is calculated on a 12-quarter rolling average

Note 10- Endowment - *continued*

of the investment portfolio's market value. The amount to be spent to support ongoing operations or help bridge a potential shortfall in income needed to cover normal operating expenses will be up to 4% of that average. An additional 2% to 3% may be made available with the Foundation's Board approval.

The changes in the individual endowment fund accounts for the year ended June 30, 2024 are as follows:

	With Donor Restrictions	----------Without Donor Restrictions----------			
		Board Designated Endowment	Unrealized Earnings	Realized Earnings	Total Without Donor Restrictions
Balance July 1, 2023	$1,813,779	$1,034,287	$794,253	$1,442,236	$3,270,776
Additions:					
Earnings:					
Interest & dividends	-	-		122,619	122,616
Realized gains	-	-		306,042	306,042
Unrealized gains	-	-	400,248	-	400,248
Investment expenses	-	-		-29,754	-29,754
G & A expenses	-	-		-5,640	-5,640
Deductions:					
Allocation to RCSA	-	-		-233,022	-233,022
Balance June 30, 2024	$1,813,779	$1,034,287	$1,194,501	$1,602,482	$3,831,270

The combined totals for the endowment funds are as follows:

Total funds with donor restrictions	$1,813,779
Total funds without donor restrictions	3,831,270
Total endowment fund net assets	$5,645,049

Note 11 – Litigation

The Organization's management is not aware of any threatened or pending claims against it.

Note – 12 Subsequent Events

Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events, if any, are disclosed in a separate footnote to these financial statements.

Note 13 – Current Economic Environment

The impact of current economic events, including increasing inflation and interest rates, supply chain constraints, availability of capital and labor, and geopolitical events, remains uncertain. Any related financial impact cannot be reasonably estimated at this time.