Respite Care of San Antonio, Inc.

and

Respite Care SA Foundation

Audited Financial Statements

Year Ended June 30, 2026

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, 2026, 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, 2026, 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, 2025 were audited by us with a report date of September 11, 2025. We issued an unmodified audit opinion on those audited financial statements.

Gregory & Crutchfield, LLC
San Antonio, Texas
September 21, 2026

Respite Care of San Antonio, Inc.
and
Respite Care SA Foundation
Statements of Financial Position
June 30, 2026
(With Comparative totals for the Year Ended June 30, 2025)

	Respite Care of San Antonio, Inc.	Respite Care SA Foundation	Combined Totals June 30, 2026 (Memo Only)	Combined Totals June 30, 2025 (Memo Only)
Assets				
Cash and cash equivalents	$ 2,416,391	$ 72,789	$ 2,489,180	$ 946,151
Investments	-	6,226,238	6,226,238	5,924,633
Accounts receivable:				
Program fees	50,558	-	50,558	19,063
Allowance for credit loss-program fees	(6,487)	-	(6,487)	(29)
Government grants	494,567	-	494,567	294,124
Grants	103,472	-	103,472	-
Respite Care SA Foundation	16,973	-	16,973	11,683
Total accounts receivable	659,083	-	659,083	324,841
Employee Retention Credit receivable	-	-	-	856,400
Construction in progress	458,792	-	458,792	-
Prepaid expenses and other	167,989	-	167,989	67,688
Property & equipment-net of accumulated depreciation	2,638,330	-	2,638,330	2,654,625
Intangible assets, net	15,678	-	15,678	-
Deposits	2,500	-	2,500	-
Right-of-use asset	41,183	-	41,183	50,808
Total assets	$ 6,399,946	$ 6,299,027	$ 12,698,973	$ 10,825,146
Liabilities and Net Assets				
Liabilities				
Accounts payable / accrued expenses	$ 716,475	$ -	$ 716,475	$ 590,112
Respite Care of San Antonio, Inc.	-	16,973	16,973	11,683
Deferred revenue	537,702	-	537,702	140,000
Lease liability	41,183	-	41,183	50,808
Total liabilities	1,295,360	16,973	1,312,333	792,603
Net assets:				
Without donor restrictions	5,004,586	3,433,988	8,438,574	6,925,045
Without donor restrictions - board designated	-	1,034,287	1,034,287	1,034,287
With donor restrictions	100,000	1,813,779	1,913,779	2,073,211
Total net assets	5,104,586	6,282,054	11,386,640	10,032,543
Total liabilities and net assets	$ 6,399,946	$ 6,299,027	$ 12,698,973	$ 10,825,146

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, 2026
(With Comparative totals for the Year Ended June 30, 2025)

	Respite Care of San Antonio, Inc.	Respite Care SA Foundation	Combined Totals June 30, 2026 (Memo Only)	Combined Totals June 30, 2025 (Memo Only)
Changes in Net Assets Without Donor Restrictions				
Revenue and support:				
Contributions and grants	$ 1,901,294	$ -	$ 1,901,294	$ 2,237,421
RCSA Foundation	231,647	-	231,647	223,604
United Way	504,758	-	504,758	240,000
Federal grants	513,904	-	513,904	582,429
State and local government grants	622,797		622,797	545,251
Shelter income	3,208,892		3,208,892	1,456,133
Fundraising event (net of expenses of $41,509)	387,332	-	387,332	463,751
Program fees	582,993	-	582,993	552,837
Return on investments, net of expenses	-	518,914	518,914	584,897
Employee Retention Credit - interest income	250,932		250,932	397
Other	96,407	-	96,407	14,013
Net assets released from restrictions:	259,432	-	259,432	14,170
Total revenue and support	8,560,388	518,914	9,079,302	6,914,903
Expenses:				
Program	5,958,500	-	5,958,500	4,774,111
General and administrative	1,133,646	5,290	1,138,936	1,065,631
Fundraising	236,690	-	236,690	251,841
Awards to Respite Care of San Antonio	-	231,647	231,647	223,604
Total expenses	7,328,836	236,937	7,565,773	6,315,187
Increase (decrease) in Net Assets Without Donor Restrictions	1,231,552	281,977	1,513,529	599,716
Changes in Net Assets With Donor Restrictions				
Net assets received with donor restrictions	100,000	-	100,000	259,432
Net assets released from restrictions	(259,432)	-	(259,432)	(14,170)
Increase (decrease) in net assets with donor restrictions	(159,432)	-	(159,432)	245,262
Increase (decrease) in net assets	1,072,120	281,977	1,354,097	844,978
Net assets - beginning of fiscal year	4,032,466	6,000,077	10,032,543	9,187,565
Net assets - end of fiscal year	$ 5,104,586	$ 6,282,054	$ 11,386,640	$ 10,032,543

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, 2026
(With Comparative Totals for the Year Ended June 30, 2025)

	Program Services					Supporting Services		Totals	
	Safety Nest Network	Residential Services	Community Respite	Child Care	Total Program Services	Management and General	Fundraising	2026 Totals	2025 Totals
Salaries, wages and benefits	$ -	$ 2,992,688	$ 664,562	$ 1,035,107	$ 4,692,357	$ 791,926	$ 220,288	5,704,571	$ 4,780,273
Independent contractors	-	149,666	37,416	62,361	249,443	-	-	249,443	229,468
Amortization	-	2,838	378	530	3,746	38	-	3,784	-
Credit losses	-	4,844	646	904	6,394	64	-	6,458	-
Depreciation	-	160,472	21,396	29,955	211,823	2,139	-	213,962	205,477
Furniture / equipment (non depr)	8,178	9,413	1,076	-	18,667	2,977	-	21,644	-
Supplies and food	10,822	166,576	34,456	35,725	247,579	-	-	247,579	156,649
Repairs and maintenance	3,196	82,058	22,176	19,017	126,447	63,109	-	189,556	162,146
Insurance	-	113,054	12,113	32,301	157,468	40,376	4,038	201,882	182,441
Interest expense	-	-	-	-	-	-	-	-	620
Office expense	586	24,391	13,663	7,850	46,490	68,532	419	115,441	76,860
Professional fees	-	5,293	697	5,500	11,490	62,319	800	74,609	55,141
Utilities	-	32,141	4,821	30,534	67,496	12,856	-	80,352	89,507
Telephone	-	10,892	723	2,510	14,125	13,158	-	27,283	25,183
Dues and conferences	-	9,336	8,423	11,632	29,391	54,278	10,198	93,867	67,562
Marketing / public relations	-	67	3,070	-	3,137	10,978	68	14,183	13,603
Travel and vehicle expense	-	25,299	2,618	6,519	34,436	212	52	34,700	19,905
Rent	-	-	20,161	11,675	31,836	8,364	-	40,200	12,000
Training and education	-	4,674	393	1,108	6,175	2,320	826	9,321	8,483
Total 2026 expenses	$ 22,782	$ 3,793,702	$ 848,788	$ 1,293,228	$ 5,958,500	$ 1,133,646	$ 236,689	7,328,836	$ 6,085,318
Total 2025 (Memo Only)	$ 343	$ 3,171,275	$ 563,170	$ 1,162,167	$ 4,896,955	$ 970,325	$ 218,038		$ 6,085,318

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, 2026
(With Comparative totals for the Year Ended June 30, 2025)

	Respite Care of San Antonio, Inc.	Respite Care SA Foundation	Combined Totals June 30, 2026 (Memo Only)	Combined Totals June 30, 2025 (Memo Only)
Cash flows from operations:				
Increase (decrease) in net assets	$ 1,072,120	$ 281,977	$ 1,354,097	$ 844,978
Adjustments to reconcile change in net assets to cash provided by (used for) operating activities:				
Depreciation and amortization	217,747	-	217,747	205,477
Amortization of right-of-use asset	9,625		9,625	-
Unrealized appreciation (depreciation) of investments	-	(210,471)	(210,471)	50,244
Employee Retention Credit receivable	856,400		856,400	-
Changes in operating assets:				
(Increase) decrease in:				
Receivables	(334,242)	-	(334,242)	58,691
Prepaid expenses and deposits	(100,301)	-	(100,301)	(21,725)
Increase (decrease) in:				
Accounts payable / accrued expenses	126,363	5,290	131,653	154,096
Deferred revenue	397,702	-	397,702	64,297
Net cash provided (used) by operations	2,245,414	76,796	2,322,210	1,356,058
Cash flow from investing activities:				
Purchases of investment securities	-	(1,635,954)	(1,635,954)	(2,594,741)
Basis of investment securities sold	-	1,544,820	1,544,820	2,084,891
Construction in progress	(458,792)	-	(458,792)	-
Property purchases (net of disposals)	(197,670)	-	(197,670)	(254,106)
Website	(19,460)	-	(19,460)	-
Deposit on property lease	(2,500)	-	(2,500)	-
Decrease in lease liability	(9,625)	-	(9,625)	-
Net cash provided (used) in investing activities	(688,047)	(91,134)	(779,181)	(763,956)
Cash flow from financing activities:				
	-	-	-	-
Net cash used in financing activities	-	-	-	-
Net increase (decrease) in cash	1,557,367	(14,338)	1,543,029	592,102
Cash - beginning of year	859,024	87,127	946,151	354,049
Cash - end of year	$ 2,416,391	$ 72,789	$ 2,489,180	$ 946,151
Supplemental disclosure of cash flow information				
Interest expense paid during the year	-	-	-	620

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, 2026

Note 1 – The Organization

Respite Care of San Antonio Incorporated ("the Organization"), a nonprofit United Way agency incorporated in Texas on June 16, 1987, provides emergency residential care for children with special needs and complex medical conditions, with their siblings, who have been removed from their homes due to abuse or neglect. The Organization also operates a high-quality preschool and offers free day-out, night-out, and weekend-out respite care seven days a week at locations across the city, along with out-of-school-time camps. Onsite medical care, behavioral healthcare, and a wraparound support for families round out its services.

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.

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.

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 three 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.

Memo Only Totals – The June 30, 2026 and 2025 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 2026 and 2025 information in accordance with GAAP.

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

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

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. As of June 30, 2026, the bank balance exceeded the FDIC insured limit by $2,193,366. The Organization has not incurred any losses as a result of such excesses.

Allowance for Expected Credit Losses - The Organization adopted FASB's ASU No. 2016-13, Credit Losses *(Topic 326)*, or CECL, in 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 for each. 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 considers the calculated allowance for credit loss to be immaterial to the financial statements for the fiscal year ended June 30, 2026. The allowance for credit loss for service fees was $6,458 as of June 30, 2026. No allowance for credit loss was considered necessary for the other revenue types as of June 30, 2026.

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 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 one brokerage accounts managed by an investment management company. Investments are recorded on the books at fair value. Fair value and cost at June 30, 2026 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	$72,789	$72,789
Mutual Funds – Equities	1	3,606,045	2,216,475
US Treasury Bills / Notes	1	1,061,472	1,077,110
Corporate Bonds / Notes	2	1,035,876	1,042,703
Municipal Bonds	2	408,105	420,395
REIT – other investments	1	114,740	99,887
Totals		$6,299,027	$4,929,359

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 / Construction in Progress

Property and equipment are recorded at cost if purchased or fair value if contributed and consist of the following at June 30, 2026:

Land and buildings	$4,082,459
Furniture and equipment	628,055
Leasehold improvements	401,000
Vehicles	301,514
Total property and equipment	5,413,028
Less accumulated depreciation	-2,773,698
Total property and equipment, net	$2,638,330

Depreciation expense for the year ended June 30, 2026 was $213,962.

Construction in progress for the year ended June 30, 2026 was $458,792 and consists of costs incurred for ongoing capital improvements that were not yet placed into service as of June 30, 2026. Accordingly, no depreciation has been recorded on these assets.

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, 2026.

Note 5 – Lease Commitments – *continued*

During the year ended June 30, 2026, the Organization entered into a 12-month lease agreement for office space. The monthly rental rate is $3,400. Rent expense related to this lease totaled $20,400 for the year ended June 30, 2026.

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 $9,625 for the year ended June 30, 202.

The Organization leases printer and copier equipment under a 63-month operating lease, which will expire at the end of October 2029. Total lease expense for the equipment operating lease was $14,892 for the year ended June 30, 2026.

The future operating lease costs for the next five years as of June 30, 2026 are as follows:

2027	$35,292
2028	14,892
2029	14,892
2030	4,964
2031	0
Total	$70,040

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, 2026:

H-E-B	$100,000
Total net assets with donor restrictions	$100,000
Amounts released from prior year restrictions during year	$259,433

Note 8 - Concentration of Services Provided

The Organization provides the majority of its program services to persons with developmental disabilities, complex medical conditions and their families. This is considered a concentration risk. However, the Organization does not expect a significant reduction in the number of children Respite Care will serve in the 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	$2,416,391	$72,789
Investments	-	6,226,238
Accounts receivable	665,541	-
Less: net assets with donor restrictions	-100,000	-1,813,779
Total financial assets available for general use	$2,981,932	$4,485,248

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 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

Note 10- Endowment - *continued*

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, 2026 are as follows:

	With Donor Restrictions	Without Donor Restrictions			
		Board Designated Endowment	Unrealized Earnings	Realized Earnings	Total Without Donor Restrictions
Balance July 1, 2025	$1,813,779	$1,034,287	$1,144,257	$2,007,754	$4,186,298
Additions:					
Earnings:					
Interest & dividends	-	-		150,110	150,110
Realized gains	-	-		196,615	196,615
Unrealized gains	-	-	210,471	-	210,471
Investment expenses	-	-		-38,282	-38,282
G & A expenses	-	-		-5,290	-5,290
Deductions:					
Allocation to RCSA	-	-		-231,647	-231,647
Balance June 30, 2026	$1,813,779	$1,034,287	$1,354,728	$2,079,260	$4,468,275

The combined totals for the endowment funds are as follows:

Total funds with donor restrictions	$1,813,779
Total funds without donor restrictions	4,468,275
Total endowment fund net assets	$6,282,054

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.

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.