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RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011

RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION
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REPORT OF INDEPENDENT AUDITOR

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

I have audited the accompanying statements of financial position of Respite Care of San Antonio, Inc. (a non-profit organization) and Respite Care SA Foundation (a non-profit organization) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Respite Care of San Antonio, Inc.'s and Respite Care SA Foundation's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my 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, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



R. D. Harrison, CPA
Certified Public Accountant

September 14, 2011

RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION
Statements of Financial Position
June 30, 2011

	<u>Respite Care of San Antonio, Inc.</u>	<u>Respite Care SA Foundation</u>	<u>Combined Totals (Memo Only)</u>	<u>June 30, 2010 (Memo Only)</u>
ASSETS				
Cash	\$ 476,173.	\$ 253,317.	\$ 729,490.	\$ 644,610.
Investments	-	3,725,829.	3,725,829.	2,981,555.
Accounts Receivables:				
Program Fees	254,942.	-	254,942.	204,195.
United Way allocation	333,488.	-	333,488.	331,877.
Government Grants	56,969.	-	56,969.	51,294.
Respite Care of San Antonio, Inc.	-	13,586.	13,586.	223,086.
Total Accounts Receivable	<u>645,399.</u>	<u>13,586.</u>	<u>658,985.</u>	<u>810,452.</u>
Prepaid expenses	18,829.	-	18,829.	15,039.
Property and Equipment (net of accumulated depreciation of \$885,743 in 2011)	<u>2,633,084.</u>	<u>-</u>	<u>2,633,084.</u>	<u>2,650,333.</u>
TOTAL ASSETS	<u>\$ 3,773,485.</u>	<u>\$ 3,992,732.</u>	<u>\$ 7,766,217.</u>	<u>\$ 7,101,989.</u>
LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 175,155.	\$ -	\$ 175,155.	\$ 177,289.
Respite Care SA Foundation	<u>13,586.</u>	<u>-</u>	<u>13,586.</u>	<u>223,086.</u>
TOTAL LIABILITIES	188,741.	-	188,741.	400,375.
NET ASSETS				
Unrestricted	618,172.	382,137.	1,000,309.	950,067.
Temporarily restricted	333,488.	586,736.	920,224.	331,877.
Permanently restricted:				
Property and Equipment	2,633,084.	-	2,633,084.	2,427,247.
Endowment	-	3,023,859.	3,023,859.	2,992,423.
TOTAL NET ASSETS	<u>3,584,744.</u>	<u>3,992,732.</u>	<u>7,577,476.</u>	<u>6,701,614.</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,773,485.</u>	<u>\$ 3,992,732.</u>	<u>\$ 7,766,217.</u>	<u>\$ 7,101,989.</u>

See notes to financial statements.

RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION
Statements of Activities
Year ended June 30, 2011

	<u>Respite Care of San Antonio, Inc.</u>	<u>Respite Care SA Foundation</u>	<u>Combined Totals (Memo Only)</u>	<u>June 30, 2010 (Memo Only)</u>
UNRESTRICTED NET ASSETS				
Revenue and Support:				
Contributions	\$ 736,897.	\$ -	\$ 736,897.	\$ 583,457.
Federal, state and local government grants	439,635.	-	439,635.	291,113.
Special fund-raising events (net of direct expenses of \$103,478 in 2011)	344,527.	-	344,527.	278,062.
Program fees	1,283,872.	-	1,283,872.	958,571.
Interest and dividend income	514.	84,631.	85,145.	86,870.
Net asset released from restrictions:				
Restrictions satisfied	-	10,179.	10,179.	267,668.
United Way allocation for year	<u>331,877.</u>	<u>-</u>	<u>331,877.</u>	<u>322,211.</u>
Total Revenue and Support	3,137,322.	94,810.	3,232,132.	2,787,952.
Expenses:				
Program	2,891,500.	-	2,891,500.	2,359,491.
General and administrative	174,416.	45,368.	219,784.	174,211.
Fund-raising	<u>70,606.</u>	<u>-</u>	<u>70,606.</u>	<u>63,577.</u>
Total Expenses	<u>3,136,522.</u>	<u>45,368.</u>	<u>3,181,890.</u>	<u>2,597,279.</u>
INCREASE IN UNRESTRICTED NET ASSETS	800.	49,442.	50,242.	190,673.
TEMPORARILY RESTRICTED NET ASSETS				
United Way allocation for next year	333,488.	-	333,488.	331,877.
Gain on sale of investments	-	53,913.	53,913.	104,166.
Unrealized gain on investments	-	543,002.	543,002.	163,502.
Net assets released from restrictions:				
Restriction satisfied	-	(10,179)	(10,179)	(267,668)
United Way allocation for year	<u>(331,877)</u>	<u>-</u>	<u>(331,877)</u>	<u>(322,211)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	1,611.	586,736.	588,347.	9,666.
PERMANENTLY RESTRICTED NET ASSETS				
Local government grants	220,000.	-	220,000.	-
Contributions	85,843.	31,436.	117,279.	801,571.
Depreciation	<u>(100,006)</u>	<u>-</u>	<u>(100,006)</u>	<u>(79,983)</u>
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	<u>205,837.</u>	<u>31,436.</u>	<u>237,273.</u>	<u>721,588.</u>
INCREASE IN NET ASSETS	208,248.	667,614.	875,862.	921,927.
Net assets at beginning of year	<u>3,376,496.</u>	<u>3,325,118.</u>	<u>6,701,614.</u>	<u>5,779,687.</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,584,744.</u>	<u>\$ 3,992,732.</u>	<u>\$ 7,577,476.</u>	<u>\$ 6,701,614.</u>

See notes to financial statements.

RESPITE CARE OF SAN ANTONIO, INC.
Statement of Functional Expenses
Year Ended June 30, 2011

Program Services

	<u>Respite House</u>	<u>Day-Out Care</u>	<u>Day Care</u>	<u>Foster Care</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Fund- Raising</u>	<u>Total</u>	<i>June 30, 2010 (Memo Only)</i>
Salaries and Benefits	\$ 983,762.	\$ 202,420.	\$ 629,253.	\$ 86,843.	\$ 1,902,278.	\$ 63,929.	\$ 63,929.	\$ 2,030,136.	\$ 1,779,003.
Independent Contractors	317,183.	-	160,902.	1,543.	479,628.	-	-	479,628.	412,275.
Contract Services	-	48,920.	48,920.	-	97,840.	-	-	97,840.	-
Supplies and Food	85,434.	3,283.	42,136.	1,506.	132,359.	27,463.	-	159,822.	115,036.
Insurance	32,422.	2,466.	7,666.	12,637.	55,191.	6,858.	779.	62,828.	54,051.
Repairs and Maintenance	35,471.	5,381.	16,655.	14,096.	71,603.	10,245.	-	81,848.	48,829.
Postage and Printing	842.	421.	842.	421.	2,526.	11,158.	1,240.	14,924.	10,655.
Rent	-	9,000.	9,000.	9,925.	27,925.	9,389.	-	37,314.	16,474.
Dues, Licenses and Conferences	2,702.	303.	1,086.	559.	4,650.	12,102.	-	16,752.	15,635.
Utilities	22,163.	4,475.	9,206.	6,435.	42,279.	3,180.	-	45,459.	27,399.
Travel and Auto	31,943.	1,061.	989.	1,484.	35,477.	417.	-	35,894.	22,118.
Telephone	2,738.	1,185.	3,015.	-	6,938.	13,146.	-	20,084.	20,978.
Professional Fees	3,171.	652.	2,028.	2,330.	8,181.	9,027.	3,588.	20,796.	18,988.
Miscellaneous	<u>1,201.</u>	<u>9,328.</u>	<u>13,470.</u>	<u>626.</u>	<u>24,625.</u>	<u>7,502.</u>	<u>1,070.</u>	<u>33,197.</u>	<u>22,982.</u>
Total Expense	<u>\$ 1,519,032.</u>	<u>\$ 288,895.</u>	<u>\$ 945,168.</u>	<u>\$ 138,405.</u>	<u>\$ 2,891,500.</u>	<u>\$ 174,416.</u>	<u>\$ 70,606.</u>	<u>\$ 3,136,522.</u>	<u>\$ 2,564,423.</u>
<i>June 30, 2010 (Memo Only)</i>	<u>\$ 1,210,166.</u>	<u>\$ 235,146.</u>	<u>\$ 832,212.</u>	<u>\$ 81,967.</u>	<u>\$ 2,359,491.</u>	<u>\$ 141,355.</u>	<u>\$ 63,577.</u>	<u>\$ 2,564,423.</u>	

See notes to financial statements.

RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION
Statements of Cash Flows
Year Ended June 30, 2011

	<u>Respite Care of San Antonio, Inc.</u>	<u>Respite Care SA Foundation</u>	<u>Combined Totals (Memo Only)</u>	<u>June 30, 2010 (Memo Only)</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Increase (decrease) in net assets	\$ 208,248.	\$ 667,614.	\$ 875,862.	\$ 921,927.
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Restricted contributions and grants	(305,843)	(31,436)	(337,279)	(801,571)
Unrealized (gain) on investments	-	(543,002)	(543,002)	(163,502)
Depreciation	100,006.	-	100,006.	79,983.
Change in operating assets:				
(Increase) Decrease in Receivables	(58,033)	209,500.	151,467.	(233,995)
(Increase) Decrease in Prepaid expenses	(3,790)	-	(3,790)	(2,252)
Increase (Decrease) in Payables	<u>(211,634)</u>	<u>-</u>	<u>(211,634)</u>	<u>230,337.</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(271,046)	302,676.	31,630.	30,927.
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of investment securities	-	(1,371,422)	(1,371,422)	(1,462,358)
Basis of investment securities sold	-	1,170,150.	1,170,150.	1,252,672.
Property and equipment additions	<u>(82,757)</u>	<u>-</u>	<u>(82,757)</u>	<u>(1,035,371)</u>
NET CASH USED BY INVESTING ACTIVITIES	(82,757)	(201,272)	(284,029)	(1,245,057)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Restricted contributions and grants	<u>305,843.</u>	<u>31,436.</u>	<u>337,279.</u>	<u>801,571.</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>305,843.</u>	<u>31,436.</u>	<u>337,279.</u>	<u>801,571.</u>
NET INCREASE (DECREASE) IN CASH	(47,960)	132,840.	84,880.	(412,559)
CASH AT BEGINNING OF YEAR	<u>524,133.</u>	<u>120,477.</u>	<u>644,610.</u>	<u>1,057,169.</u>
CASH AT END OF YEAR	<u>\$ 476,173.</u>	<u>\$ 253,317.</u>	<u>\$ 729,490.</u>	<u>\$ 644,610.</u>

See notes to financial statements.

RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION
Notes to Financial Statements
June 30, 2011

NOTE A - ORGANIZATION

Respite Care of San Antonio, Inc. is a non-profit, United Way Agency providing respite programs for persons with developmental disabilities. The Organization was founded in 1987. It is located in San Antonio, Texas, and services clients in that immediate area. The Organization provides facility based respite and host family respite care for qualified families.

The Respite Care SA Foundation is a non-profit organization formed in 2001 to hold and invest the endowment funds of Respite Care of San Antonio, Inc. Although it has a separate governing Board of Directors, its sole purpose is to provide support to Respite Care of San Antonio, Inc.

The combined totals for the two Organizations presented in these financial statements are captioned “memo only” and are presented for informational purposes to facilitate financial analysis and comparison. The combined totals are not intended to represent a consolidation of the two Organization’s financial position, results of operations and cash flows in accordance with generally accepted accounting principles.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organizations present their financial statements in accordance with Accounting Standards Codification Topic 958-205 (ASC), “Financial Statements of Not-for-Profit Organizations”. Under ASC Topic 958-205, the Organizations are required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organizations are required to present a statement of cash flows.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affected certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Property and Equipment

Property, vehicles and equipment are stated at cost. Depreciation is provided on a straight-line basis over 40 years for the houses and 5 years for vehicles and equipment.

Contributions

The Organizations record contributions in accordance with ASC Topic 958-605, “Accounting for Contributions Received and Contributions Made”. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION
Notes to Financial Statements
June 30, 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES, continued

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments and Fair Value Measurement

The Organizations report investments at their fair values in the statement of financial position. Investment income net of expenses is reported as increases in unrestricted assets in the statement of activities; realized gains/losses and unrealized gains/losses are reported as increases/decreases in temporarily restricted assets in the statement of activities.

Fair values for the Organization's investments are determined using the methodology and hierarchy established by ASC Topic 820-10 Fair Value Measurement. The hierarchy established by the ASC prioritizes the inputs for valuation. The three levels of input are:

- Level 1 – Unadjusted quoted price in active markets for identical assets and liabilities.
- Level 2 – Observable inputs other than quoted prices that can be applied either directly or indirectly. These inputs may include quoted prices for similar assets, interest rates, prepayment speeds, credit risk, yield curves, default risk and similar data.
- Level 3 – Unobservable inputs, to the extent observable inputs are not available, representing the Organization's assumptions about assumptions a market participant would use in valuing the investment and would be based upon the best information available.

All of the Organization's investments are valued using Level 1 inputs.

Income Taxes

The Organizations are qualified as tax-exempt under § 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes.

Cash and Cash Equivalents

Respite Care of San Antonio, Inc. considers all highly liquid investments with original maturities of three months or less to be cash equivalents for cash flow purposes.

Date of Management Review

Subsequent events have been evaluated through September 14, 2011, which is the date the financial statements were available to be issued.

RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION
Notes to Financial Statements
June 30, 2011

NOTE B - SIGNIFICANT ACCOUNTING POLICIES, continued

Memorandum Totals

The June 30, 2011 and 2010 totals are captioned "Memo Only" to indicate that they are presented only to facilitate financial analysis and comparison and are not intended to present all information necessary for a fair presentation of 2011 and 2010 information in accordance with generally accepted accounting principles.

NOTE C - DONATED GOODS AND SERVICES

Space for the Respite Care of San Antonio, Inc.'s twice-weekly "Mother's Day Out" program is made available at a discounted rent by Our Lady of Guadalupe Catholic Church. Spaces for the "Friday Night Out" programs and for the Saturday "Family Day Out" programs are made available at a discounted rent by Christ Episcopal Church and rent-free by ARC of San Antonio.

Space for the five day per week "Day Care" program is made available at a discounted rent by Christ Episcopal Church. Space for the Summer Respite Camp was made available at a discounted rent by Our Lady of Guadalupe Catholic Church. No amounts have been recognized in the statements for the market value of this rental space. A large number of volunteers, including members of the board, have given significant amounts of their time to both organizations' programs, special events and management. No amounts have been recognized in the statements for such donated services since no objective basis is available to measure their value.

NOTE D - INVESTMENTS

Respite Care SA Foundation's investments are stated at fair value. Cost and fair value at June 30, 2011 are as follows:

	<u>Cost</u>	<u>Fair Value</u>
Equity Securities	\$ 1,872,369.	\$ 2,414,511.
Corporate Bonds	258,311.	263,497.
Municipal Bonds	<u>1,007,714.</u>	<u>1,047,821.</u>
	<u>\$ 3,138,394.</u>	<u>\$ 3,725,829.</u>

During the year ended June 30, 2011 the following gains were realized on investment transactions:

Proceeds	\$ 1,224,063.
Basis	<u>1,170,150.</u>
Gain	<u>\$ 53,913.</u>

Subsequent to year end, at September 14, 2011, the fair value of the Organization's investments had declined by approximately \$300,000.

RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION
Notes to Financial Statements
June 30, 2011

NOTE E – FUNCTIONAL EXPENSES

Respite Care SA Foundation's general and administrative expenses for the year ended June 30, 2011 were professional fees of \$34,868, insurance expenses of \$ 500, and employee benefits of \$10,000.

NOTE F – PROPERTY AND EQUIPMENT

The Organization's property and equipment consists of the following:

Davidson Respite House	\$ 1,758,368.
Tracy Wolff Family Respite Home	421,324.
Respite Family Foster Home	346,910.
Najim Family Respite Home	652,228.
Equipment	216,823.
Vehicles	<u>123,174.</u>
Total	<u>\$ 3,518,827.</u>

NOTE G – TEMPORARILY RESTRICTED EQUITY

Respite Care of San Antonio, Inc.'s Temporarily Restricted Equity at June 30, 2011 consisted of the \$333,488 fiscal 2012 United Way allocation included in accounts receivable.

NOTE H – 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 Organization classifies as permanently restricted net assets 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 are recorded as unrestricted net assets. Gains and losses from the sale of endowment investments as well as the unrealized gains and loss from the appreciation or depreciation in the fair value of endowment investments are classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate temporarily restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies. To date no appropriation of temporarily restricted net assets has been made.

RESPITE CARE OF SAN ANTONIO, INC.
AND
RESPITE CARE SA FOUNDATION
Notes to Financial Statements
June 30, 2011

NOTE H – ENDOWMENT, continued

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