Halo House Foundation

Financial Statements
and Independent Auditors' Report
for the years ended December 31, 2025 and 2024

Halo House Foundation

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Independent Auditors' Report

To the Board of Directors of
Halo House Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Halo House Foundation, which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Halo House Foundation as of December 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 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Halo House 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 Halo House Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 Halo House 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 Halo House Foundation'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.

Blazek & Vetterling

October 1, 2026

Halo House Foundation

Statements of Financial Position as of December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash	$ 173,355	$ 477,201
Prepaid assets	30,482	4,893
Capital campaign:		
Certificates of deposit designated for maintenance and capital projects	8,802,755	8,482,244
Cash and cash equivalents	3,959,830	1,152,664
Contributions receivable, net *(Note 3)*	684,888	1,129,902
Property and equipment, net *(Note 4)*	7,055,402	7,517,913
TOTAL ASSETS	$ 20,706,712	$ 18,764,817
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other accrued liabilities	$ 43,182	$ 19,467
Net assets:		
Without donor restrictions *(Note 2)*	13,503,933	13,843,443
With donor restrictions *(Note 5)*	7,159,597	4,901,907
Total net assets	20,663,530	18,745,350
TOTAL LIABILITIES AND NET ASSETS	$ 20,706,712	$ 18,764,817

See accompanying notes to financial statements.

Halo House Foundation

Statement of Activities for the year ended December 31, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	$ 327,704	$ 2,289,768	$ 2,617,472
Fundraising events:			
Sponsors and attendees		208,850	208,850
Direct donor benefit costs		(37,410)	(37,410)
Rental income	316,448		316,448
Interest income	343,850		343,850
Total revenue	988,002	2,461,208	3,449,210
Net assets released from restrictions:			
Amortization of contributed use of land	178,518	(178,518)	
Program support	25,000	(25,000)	
Total	1,191,520	2,257,690	3,449,210
EXPENSES:			
Program services	1,118,408		1,118,408
Management and general	207,069		207,069
Fundraising	205,553		205,553
Total expenses	1,531,030		1,531,030
CHANGES IN NET ASSETS	(339,510)	2,257,690	1,918,180
Net assets, beginning of year	13,843,443	4,901,907	18,745,350
Net assets, end of year	$ 13,503,933	$ 7,159,597	$ 20,663,530

See accompanying notes to financial statements.

Halo House Foundation

Statement of Activities for the year ended December 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	$ 368,697	$ 2,292,566	$ 2,661,263
Fundraising events:			
Sponsors and attendees	240,958		240,958
Proceeds from contributed auction items	25,340		25,340
Direct donor benefit costs	(128,852)		(128,852)
Rental income	307,312		307,312
Interest income	400,501		400,501
Total revenue	1,213,956	2,292,566	3,506,522
Net assets released from restrictions:			
Amortization of contributed use of land	173,976	(173,976)	
Program support	13,250	(13,250)	
Total	1,401,182	2,105,340	3,506,522
EXPENSES:			
Program services	1,144,024		1,144,024
Management and general	150,612		150,612
Fundraising	125,364		125,364
Total expenses	1,420,000		1,420,000
CHANGES IN NET ASSETS	(18,818)	2,105,340	2,086,522
Net assets, beginning of year	13,862,261	2,796,567	16,658,828
Net assets, end of year	$ 13,843,443	$ 4,901,907	$ 18,745,350

See accompanying notes to financial statements.

Halo House Foundation

Statements of Functional Expenses for the years ended December 31, 2025 and 2024

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2025 TOTAL EXPENSES
Salaries and related costs	$ 294,914	$ 95,627	$ 104,278	$ 494,819
Depreciation and amortization	441,646	13,947	9,298	464,891
Professional fees and contract services	25,230	77,410	69,671	172,311
Utilities	138,083	4,361	2,907	145,351
Repairs and maintenance	85,040			85,040
Transportation	60,445			60,445
Supplies and equipment	30,285	1,631	11,278	43,194
Insurance	40,342	513		40,855
Other	2,423	13,580	8,121	24,124
Total expenses	$ 1,118,408	$ 207,069	$ 205,553	1,531,030
Direct donor benefit costs				37,410
Total				$ 1,568,440

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2024 TOTAL EXPENSES
Salaries and related costs	$ 294,889	$ 79,573	$ 93,616	$ 468,078
Depreciation and amortization	437,332	13,810	9,207	460,349
Professional fees and contract services	6,710	35,891	2,130	44,731
Utilities	144,410	3,052	2,035	149,497
Repairs and maintenance	91,515			91,515
Transportation	71,059			71,059
Supplies and equipment	26,634	4,139	10,496	41,269
Insurance	63,072			63,072
Other	8,403	14,147	7,880	30,430
Total expenses	$ 1,144,024	$ 150,612	$ 125,364	1,420,000
Direct donor benefit costs				128,852
Total				$ 1,548,852

See accompanying notes to financial statements.

Halo House Foundation

Statements of Cash Flows for the years ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 1,918,180	$ 2,086,522
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Capital campaign contributions	(2,436,208)	(2,282,566)
Depreciation and amortization	464,891	460,349
Changes in operating assets and liabilities:		
Prepaid assets	(25,589)	(2,890)
Accounts payable and other accrued liabilities	23,715	3,249
Net cash provided (used) by operating activities	(55,011)	264,664
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,380)	(71,676)
Maturities of certificates of deposit	15,135,425	16,562,459
Purchases of certificates of deposit	(15,455,936)	(16,962,963)
Net cash used by investing activities	(322,891)	(472,180)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for capital campaign	2,881,222	1,152,664
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,503,320	945,148
Cash and cash equivalents, beginning of year	1,629,865	684,717
Cash and cash equivalents, end of year	$ 4,133,185	$ 1,629,865
Reconciliation of cash and cash equivalents:		
Cash	$ 173,355	$ 477,201
Capital campaign cash and cash equivalents	3,959,830	1,152,664
Total cash and cash equivalents	$ 4,133,185	$ 1,629,865

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Halo House Foundation (the Foundation) is a Texas nonprofit corporation. The mission of the Foundation is to help save the lives of cancer patients battling leukemia, lymphoma or myeloma by providing them with fully furnished temporary housing at a very low cost while they are undergoing active treatment for their cancer in Texas Medical Center member institutions. The Foundation owns and operates a facility with 29 one-bedroom apartments and 4 two-bedroom apartments in the Texas Medical Center (TMC) in Houston, Texas. Each apartment is fully furnished and includes a washer/dryer, cable TV and WiFi, pots and pans, linens, and towels. A 12-hour per day/5-day per week shuttle service is provided free of charge to guests so that they may easily travel from their apartment to TMC for treatment. Other amenities include a state-of-the-art Fitness Center, Community Center, Chapel, and beautiful meditative gardens.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §170(b)(1)(A)(vi).

Cash concentration – Bank deposits exceed the federally insured limit per depositor per institution.

Cash and cash equivalents include demand deposits and highly liquid financial instruments with original maturities of three months or less.

Certificates of deposit are bank time deposits and are reported at face value plus accrued interest.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Contributions receivable that are expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full. The adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and donor-by-donor analysis of balances.

Property and equipment are reported at cost, if purchased, or at fair value at the date of gift, if donated. The Foundation capitalizes property and equipment that have a cost or fair value of $10,000 or greater and an estimated useful life of more than one year. Depreciation and amortization is calculated using the straight-line method over the estimated useful lives of the assets, which range from 8 to 35 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows. Amortization of discounts is included in contribution revenue. An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full. Conditional contributions are subject to one or more barriers that must be overcome before the Foundation is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Fundraising events revenue is the total amount paid by attendees of an event and includes elements of both contributions and exchange transactions. Revenue is recognized when the event occurs. Items donated to be auctioned to raise funds at fundraising events are valued using the auction price received. Direct donor benefit costs represent the cost of goods and services provided to attendees of events.

Rental income is recognized in the period of occupancy.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation of building and improvements and occupancy costs are allocated based on square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets consisting of cash of $173,355 at December 31, 2025 and $477,201 at December 31, 2024 are available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers expenditures related to its ongoing activities of providing fully furnished housing for cancer patients being treated in TMC member institutions, as well as the conduct of services undertaken to support those activities, to be general expenditures. Cash and contributions receivable, which are restricted by donors for capital campaign purposes, are not available for general expenditures. The Board of Directors (the Board) has designated a portion of its resources without donor restrictions to be used for maintenance and future capital projects. While the Board does not intend to use these financial assets for general expenditures in the next 12 months, these funds remain available to be spent at the discretion of the Board.

NOTE 3 – CAPITAL CAMPAIGN CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	2025	2024
Contributions receivable	$ 690,493	$ 1,160,651
Discount to present value at 4.27%	(5,605)	(30,749)
Contributions receivable, net	$ 684,888	$ 1,129,902

Contributions receivable at December 31, 2025 are expected to be collected as follows:

2026	$ 554,137
2027	136,356
Total contributions receivable	$ 690,493

At December 31, 2025 and 2024, 87% and 95% of contributions receivable, respectively, are due from three donors.

At December 31, 2025, the Foundation has $2,500,000 of conditional contributions from two foundations. The contributions will be recognized when the conditions, which include raising matching capital campaign contributions and initiating construction on additional apartments, are met.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2025	2024
Apartment building	$ 4,619,086	$ 4,619,086
Contributed use of land	3,817,231	3,817,231
Major equipment, landscape, and grounds	1,074,516	1,074,516
Appliances	469,786	469,786
Furnishings and office equipment	286,288	286,288
Construction in progress	74,056	71,676
Total property and equipment, at cost	10,340,963	10,338,583
Accumulated depreciation and amortization	(3,285,561)	(2,820,670)
Property and equipment, net	$ 7,055,402	$ 7,517,913

In 2017, the Foundation entered into a lease for the use of land on which the apartment complex was constructed for a nominal cost. The initial term of the lease is 20 years with contingent options to renew for up to 30 additional years. If at any time the Foundation ceases to use the property for providing low-cost housing primarily to cancer patients, the Foundation would be required to pay a market lease rate. The Foundation intends to continue using the property for the specified purpose for at least 20 years. The present value of the contributed use of land for the initial lease term was estimated using a risk-free interest rate of 2.58% and is being amortized over 20 years.

In 2024, the Foundation entered into a conditional lease for the use of land to construct an additional apartment complex. The use of land is contingent upon the Foundation reaching certain capital campaign fundraising goals.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2025	2024
Unamortized contributed use of land	$ 2,440,823	$ 2,619,341
Capital campaign for additional apartments	4,718,774	2,282,566
Total net assets with donor restrictions	$ 7,159,597	$ 4,901,907

NOTE 6 – EMPLOYEE RETIREMENT PLAN

The Foundation provides retirement benefits to its employees through a Simple IRA plan. Employees receive a matching contribution up to 3% per year of eligible earnings. The Foundation's contributions to the plan were $9,536 and $11,530 for the years ended December 31, 2025 and 2024, respectively.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 1, 2026, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.