EPISCOPAL FOUNDATION OF DALLAS

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR’S REPORT

DECEMBER 31, 2016 AND 2015

EPISCOPAL FOUNDATION OF DALLAS

DECEMBER 31, 2016 AND 2015

CONTENTS

LANE GORMAN TRUBITT LLC
Accountants & Advisors

Independent Auditor's Report

Board of Trustees
Episcopal Foundation of Dallas

We have audited the accompanying financial statements of Episcopal Foundation of Dallas (the "Foundation"), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of Episcopal Foundation of Dallas as of December 31, 2016 and 2015, 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.

Lane Gorman Trubitt, LLC

Dallas, Texas
June 6, 2017

Episcopal Foundation of Dallas
STATEMENTS OF FINANCIAL POSITION
December 31,

ASSETS

	2016	2015
Cash and cash equivalents	$ 190,141	$ 100,531
Accounts receivable	56,588	47,558
Investments	5,050,916	4,905,918
Agency funds	35,191,199	33,459,901
Furniture and equipment, net	494	1,479
Other assets	4,652	5,554
Total assets	$ 40,493,990	$ 38,520,941

LIABILITIES AND NET ASSETS

	2016	2015
LIABILITIES		
Accounts payable	$ 33,154	$ 5,481
Agency funds	35,191,199	33,459,901
Total liabilities	35,224,353	33,465,382
COMMITMENTS	-	-
NET ASSETS		
Unrestricted	5,267,887	5,053,809
Temporarily restricted	1,750	1,750
Total net assets	5,269,637	5,055,559
Total liabilities and net assets	$ 40,493,990	$ 38,520,941

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

Episcopal Foundation of Dallas
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended December 31,

	2016	2015
UNRESTRICTED NET ASSETS		
Support and revenue:		
Contributions	$ 4,700	$ 18,575
Investment income, net	379,144	73,569
Administrative fee income, net	191,265	161,227
Other income, net	8,000	17,231
Total support and revenue	583,109	270,602
Expenses:		
Programs:		
Grants	243,570	179,819
Investment management	81,361	129,400
Management and general	44,100	57,983
Total expenses	369,031	367,202
CHANGE IN NET ASSETS	214,078	(96,600)
Net assets, beginning of year	5,055,559	5,152,159
Net assets, end of year	$ 5,269,637	$ 5,055,559

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

Episcopal Foundation of Dallas
STATEMENTS OF CASH FLOWS
For the Years Ended December 31,

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 214,078	$ (96,600)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	985	1,385
Net realized and unrealized (gains) losses on investments	(226,655)	87,097
Change in operating assets and liabilities:		
Accounts receivable	(9,030)	(8,490)
Accrued investment income	-	5,170
Other assets	902	2,122
Accounts payable	27,673	(2,119)
Net cash provided by (used in) operating activities	7,953	(11,435)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(323,462)	(5,704,595)
Proceeds from sale of investments	405,119	5,724,812
Net cash provided by investing activities	81,657	20,217
Net increase in cash and cash equivalents	89,610	8,782
Cash and cash equivalents at beginning of year	100,531	91,749
Cash and cash equivalents at end of year	$ 190,141	$ 100,531

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

NATURE OF BUSINESS

Episcopal Foundation of Dallas (the "Foundation") is a Texas not-for-profit corporation. The Foundation's mission is to expand the Kingdom of God through disciplined investing for transformative ministries.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

A summary of significant accounting policies consistently applied by the Foundation in the preparation of the accompanying financial statements is as follows:

Basis of Presentation

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"). Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Temporarily restricted net assets - Net assets that are subject to donor-imposed restrictions that may or will be met by the occurrence of a specific event or the passage of time. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Permanently restricted net assets - Net assets required to be maintained in perpetuity, due to donor-imposed restrictions, with generally only the income used for general or specific purposes. There are no permanently restricted net assets at December 31, 2016 and 2015.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is limited by donor-imposed restrictions or by law. Expirations of temporary restrictions on net assets (i.e., the donor-restricted purpose has been fulfilled and/or the stipulated time period has elapsed) are recorded as reclassifications between the applicable classes of net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. The Foundation maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Foundation has not incurred any losses in these accounts and does not believe that they are exposed to any significant credit risk on cash and cash equivalents.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

Cash and Cash Equivalents (Continued)

Cash and securities maintained through a registered securities dealer are insured up to $500,000 by the Securities Investor Protection Corporation ("SIPC"). SIPC covers losses from fraud and negligence of the registered securities dealer, but not against market losses or investment return. Balances held in accounts may still at times exceed insured limits. The Foundation has not incurred any losses in these accounts, outside normal trading activities, and does not believe that they are exposed to any significant credit risk.

Investments

In 2015, the Investment Committee of the Foundation recommended, and the Board of Trustees approved, hiring Vanguard Institutional Advisory Services ("Vanguard") to assist the Investment Committee in reassessing the existing asset allocation and to provide guidance in selecting active and passive management vehicles consistent with the allocation. All previous investment holdings with the exception of one alternative investment were liquidated and transferred to Vanguard mutual funds during the year ended December 31, 2015. The final alternative fund was liquidated January 1, 2016.

Investments are stated at their fair value. Realized and unrealized gains and losses on investments are determined by comparison of the actual cost to the proceeds at the time of disposition or market values as of the end of the financial statement period.

Investment income or loss (including realized and unrealized gains and losses on investments and interest and dividend income, net) is included in the determination of the change in net assets and is reported as revenue in the accompanying statements of activities and changes in net assets.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that the values of the investments will change in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Investment transactions are recorded on the trade date. Realized gains and losses are determined using the first-in-first-out ("FIFO") method. Interest income is recognized on the accrual basis and dividends are recognized on the ex-dividend date.

The Foundation pays management and advisory fees related to its investments and the investments of the agency fund it manages. Advisory fees are allocated between the Foundation's investment accounts and agency funds based on the relative fair value of the funds. Mutual funds and alternative investments report performance net of management fees such that fees for those funds are not reflected as expense, but instead reduce reported investment income.

Agency Funds

The Foundation maintains funds for various Diocesan institutions in which it has no economic interest. These funds are held as agency accounts. The Foundation records agency funds at fair value and recognizes a corresponding liability of an equal amount.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

Fair Value Measurements

The Foundation reports its fair value measurements using the framework for measuring fair value established by GAAP. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments. The three levels of the fair value hierarchy under GAAP are described below:

Level 1 Inputs - Quoted prices (unadjusted) in active markets for identical assets and liabilities. Valuations of these instruments do not require a high degree of judgment since the valuations are based on readily available quoted prices in active markets.

Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs - Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgment or estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgment by management.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument.

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

Furniture and Equipment

Furniture and equipment are capitalized at cost or, if acquired by gift, at the fair market value at the date of gift. Provisions for depreciation are determined on a straight-line basis over the expected useful lives of the assets, which range from three to ten years. Total accumulated depreciation was $6,695 and $5,710 at December 31, 2016 and 2015, respectively. Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is recognized in the statements of activities and changes in net assets. Costs of betterments and improvements are capitalized, while replacements, maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred.

Contributions

Contributions are recognized as revenue in the period in which unconditional promises to give are received. Conditional promises to give are not recognized until the conditions on which they depend are substantially satisfied. Contributions of assets other than cash are recorded at estimated fair values.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

Administrative Fee Income

The Foundation charges an administrative fee to cover the expense of administering agency funds. The fee is based on the fair value of the investment accounts and is accrued quarterly and deducted from agency fund balances in the month following accrual.

Grants

Grants are recognized as expenses when approved by the Board of Trustees. Grants payable totaling $30,000 and $3,000 are included in the statements of financial position as accounts payable at December 31, 2016 and 2015, respectively.

Income Taxes

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (the “Code”), except to the extent it has unrelated business income. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. For the years ended December 31, 2016 and 2015, the Foundation had no material unrelated business income. Accordingly, no provision for income tax has been provided in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Foundation’s tax returns to determine whether the tax positions are more likely than not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more likely than not threshold would be recorded as a tax benefit or expense in the current year. A reconciliation is not provided herein, as the beginning and ending amounts of unrecognized benefits are zero, with no interim additions, reductions or settlements. The Foundation is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. However, the conclusions regarding accounting for uncertainty in income taxes will be subject to review and may be adjusted at a later date based on factors including, but not limited to, ongoing analysis of tax laws, regulations and interpretations thereof.

On May 22, 2015, the Foundation received a ruling from the Internal Revenue Service (“IRS”) which determined the Foundation meets the requirements of an integrated auxiliary of a church and as such is not required to file Form 990. Management, however, intends to continue filing Form 990 as it is widely used to evaluate not-for-profit organizations and provides transparency to clients and donors.

The Foundation recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. There were no interest or penalties for the years ended December 31, 2016 or 2015. The Foundation’s informational returns filed are generally subject to examination for three years after the later of the due date or date of filing. As a result, the Foundation is no longer subject to income tax examinations by tax authorities for years prior to fiscal year 2013.

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Expenses that are readily identifiable to a single program service or supporting service are charged directly to that function. However, many expenses relate to more than one function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2. INVESTMENTS

The table below sets forth, by level, investments that were accounted for at fair value as of December 31, 2016:

	Carrying Value	Measured Fair Value	Quoted Prices In Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)	Percentage of Total Investments
Mutual funds:					
Domestic equity	$ 2,216,497	$ 2,216,497	$ 2,216,497	$ -	44%
International equity	1,380,619	1,380,619	1,380,619	-	27%
Domestic fixed income	875,548	875,548	875,548	-	17%
International fixed income	294,713	294,713	294,713	-	6%
Real estate	283,539	283,539	283,539	-	6%
	5,050,916	5,050,916	5,050,916	-	100%
Total	$ 5,050,916	$ 5,050,916	$ 5,050,916	$ -	100%

The table below sets forth, by level, investments that were accounted for at fair value as of December 31, 2015:

	Carrying Value	Measured Fair Value	Quoted Prices In Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)	Percentage of Total Investments
Mutual funds:					
Domestic equity	$ 1,995,364	$ 1,995,364	$ 1,995,364	$ -	41%
International equity	1,300,811	1,300,811	1,300,811	-	27%
Domestic fixed income	853,938	853,938	853,938	-	17%
International fixed income	284,478	284,478	284,478	-	6%
Real estate	282,598	282,598	282,598	-	5%
	4,717,189	4,717,189	4,717,189	-	96%
Alternative investments	188,729	188,729	-	188,729	4%
Total	$ 4,905,918	$ 4,905,918	$ 4,717,189	$ 188,729	100%

2. INVESTMENTS (Continued)

The following methods and assumptions were used to estimate fair value. There were no changes in valuation techniques during the years ended December 31, 2016 and 2015.

Mutual funds – Valued based on quoted market prices on the active markets on which they are traded.

Alternative investments – Valued based on the net asset value as a particular expedient in estimating fair value. The net asset values are determined by the management of the funds and the Foundation's management believes that the carrying value is a reasonable estimate of the fair value as of December 31, 2015.

The schedule below summarizes the activity for the items above which have been classified as Level 3 measurements for the years ended December 31:

	2016	2015
Balance at beginning of year	$ 188,729	$ 525,073
Investment sales	(186,683)	(338,003)
Total realized and unrealized gains (losses) reported in investment income	(2,046)	1,659
Balance at end of year	$ -	$ 188,729

The alternative investments were liquidated during the years ended December 31, 2016 and 2015.

3. AGENCY FUNDS

The table below sets forth, by level, agency funds that were accounted for at fair value as of December 31, 2016:

	Carrying Value	Measured Fair Value	Quoted Prices In Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)	Percentage of Total Agency Funds
Mutual funds:					
Domestic equity	$ 15,442,976	$ 15,442,976	$ 15,442,976	$ -	44%
International equity	9,619,173	9,619,173	9,619,173	-	27%
Domestic fixed income	6,100,194	6,100,194	6,100,194	-	17%
International fixed income	2,053,352	2,053,352	2,053,352	-	6%
Real estate	1,975,504	1,975,504	1,975,504	-	6%
	35,191,199	35,191,199	35,191,199	-	100%
Total	$ 35,191,199	$ 35,191,199	$ 35,191,199	$ -	100%

3. AGENCY FUNDS (Continued)

The table below sets forth, by level, agency funds that were accounted for at fair value as of December 31, 2015:

	Carrying Value	Measured Fair Value	Quoted Prices In Active Markets (Level 1)	Significant Unobservable Inputs (Level 3)	Percentage of Total Agency Funds
Mutual funds:					
Domestic equity	$ 13,609,011	$ 13,609,011	$ 13,609,011	$ -	41%
International equity	8,871,940	8,871,940	8,871,940	-	27%
Domestic fixed income	5,824,123	5,824,123	5,824,123	-	17%
International fixed income	1,940,228	1,940,228	1,940,228	-	6%
Real estate	1,927,408	1,927,408	1,927,408	-	5%
	32,172,710	32,172,710	32,172,710	-	96%
Alternative investments	1,287,191	1,287,191	-	1,287,191	4%
Total	$ 33,459,901	$ 33,459,901	$ 32,172,710	$ 1,287,191	100%

The following methods and assumptions were used to estimate fair value. There were no changes in valuation techniques during the years ended December 31, 2016 and 2015.

Mutual funds – Valued based on quoted market prices on the active markets on which they are traded.

Alternative investments – Valued based on the net asset value as a particular expedient in estimating fair value. The net asset values are determined by the management of the funds and the Foundation's management believes that the carrying value is a reasonable estimate of the fair value as of December 31, 2015.

The schedule below summarizes the activity for agency funds for the years ended December 31:

	2016	2015
Investment income	$ 2,615,572	$ 486,184
Expenses	(225,624)	(210,770)
Agency fund additions	1,910,668	37,393,425
Agency fund distributions	(2,569,318)	(38,936,466)
Net agency fund activity	1,731,298	(1,267,627)
Agency funds at beginning of year	33,459,901	34,727,528
Agency funds at end of year	$ 35,191,199	$ 33,459,901

The schedule below summarizes the activity for the items above which have been classified as Level 3 measurements for the years ended December 31:

	2016	2015
Balance at beginning of year	$ 1,287,191	$ 3,633,527
Investment sales	(1,272,937)	(2,357,648)
Total realized and unrealized gains (losses)	(14,254)	11,312
Balance at end of year	$ -	$ 1,287,191

4. INVESTMENT INCOME

Investment income consists of the following for the years ended December 31:

	2016	2015
Interest and dividend income, net	$ 152,489	$ 160,666
Net realized and unrealized gains (losses) on investments	226,655	(87,097)
Total investment income	$ 379,144	$ 73,569

5. NET ASSETS

Temporarily restricted net assets of $1,750 at December 31, 2016 and 2015 are restricted for the benefit of another Diocesan institution.

Unrestricted net assets include $625,558 and $596,333 of donor advised funds at December 31, 2016 and 2015, respectively. Although grant recommendations are accepted from the donors or other advisors of these funds, the ultimate discretion regarding their use lies with the Board of Trustees.

6. RELATED PARTY TRANSACTIONS

Agency funds include $5,872,425 and $5,772,829 held on behalf of a not-for-profit organization that has the same Board of Trustees as the Foundation at December 31, 2016 and 2015, respectively. The not-for-profit organization incurred administrative fees with the Foundation of $32,434 and $26,950 for the years ended December 31, 2016 and 2015, respectively. A receivable for administrative fees and services was outstanding from this organization in the amount of $16,075 and $7,938 at December 31, 2016 and 2015, respectively.

7. CONCENTRATION OF FEE INCOME

Approximately 45% and 53% of the Foundation's administrative fee income was generated from three and four individual agency funds for the years ended December 31, 2016 and 2015, respectively. Of those percentages, approximately 17% was generated from the related organization identified in Note 6 for the years ended December 31, 2016 and 2015.

8. RECENT ACCOUNTING PRONOUNCEMENTS

In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-15 - Presentation of Financial Statements – Going Concern (Topic 205-40): Disclosure of Uncertainties about an entity's Ability to Continue as a Going Concern. The amendments in this update provide guidance about management's responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern and provide related footnote disclosures. Substantial doubt about the entity's ability to continue as a going concern exists when relevant conditions and events, considered in the aggregate, indicate that it is probable that the entity will be unable to meet its obligations as they become due within one year after the date that the financial statements are issued. When conditions are identified that raise substantial doubt, management should consider whether its plans that are intended to mitigate those relevant conditions or events will alleviate the substantial doubt. If conditions raise substantial doubt about the entity's ability to continue as a going concern, but the substantial doubt is alleviated as a result of management's plans, the entity should disclose the following: (1) principal conditions or events that raised substantial doubt about the entity's ability to continue as a going concern, (2) management's evaluation of the significance of those conditions in relation to the entity's ability to meet its obligations and (3) management's plans that alleviated substantial doubt about the entity's ability to continue as a going concern. If substantial doubt is not alleviated as a result of management's plans, the entity should include a statement in the footnotes indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued. The amendments in this ASU are effective for the annual period ending after December 15, 2016 and for annual periods and interim periods thereafter. The Foundation's adoption of this standard as of December 31, 2016 did not have a material impact on the Foundation's financial statements.

8. RECENT ACCOUNTING PRONOUNCEMENTS (Continued)

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share*, which removes the requirement to categorize, within the fair value hierarchy table, the investments for which fair value is measured using the net asset value per share practical expedient. Instead, an entity is required to include those investments as a reconciling item, so that the total fair value amount of investments in the disclosure is consistent with the fair value investment balance on the statements of financial position. In addition, the requirement to make certain disclosures for all investments eligible to be assessed at fair value with the net asset value per share practical expedient has been removed. Instead, such disclosures are restricted only to investments that the entity has elected to measure using the practical expedient. ASU No. 2015-07 is effective for reporting periods beginning after December 15, 2015 and early adoption is permitted. The ASU is to be applied retrospectively in all periods presented in an entity's financial statements. The Foundation's adoption of this standard as of December 31, 2016 did not have a material impact on the Foundation's financial statements.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. The objective of this ASU is to improve the current net asset classification requirements and the information presented in financial statements and notes about a not-for-profit's liquidity, financial performance, and cash flows. The key provisions include net asset classes, investment return, expenses, liquidity and availability of resources, and statement of cash flows. The amendments in this ASU are effective for fiscal years beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments is permitted. The Foundation is currently assessing the impact that this standard will have on its financial statements.

9. SUBSEQUENT EVENTS

Subsequent to year-end, one agency fund account totaling approximately $5,900,000 was liquidated and distributed to the client.

Management has evaluated subsequent events through June 6, 2017, which is the date the financial statements were available to be issued.