



**Investment Committee Meeting Agenda  
Thursday, May 15, 2019 4:00 pm  
10000 N. Central Expressway, Suite 400, Dallas, Texas 75231**

Call to order: Rick Barry

Minutes from the February 20, 2019 Investment Committee meetings (p. 1)

Investment Performance Review (separate packet) Geoff Hall

- Market recap and performance (separate packet)
- Fees
- Market outlook

Financial Statement Review – Kathy McCabe

- Asset Allocation (p. 2 )
- EFD Statements of Net Assets & Activities (p. 3-4)
- EFD Actual vs Budget (p. 5)
- EFD Client Activity Summaries (p.6)

EHFD Financial Statement Review – Kathy McCabe

- EHFD Statements of Net Assets & Activities (p.7-8 )
- EFHD Grant Amount (p.9)

Informational:

Recent Investment Partner Meetings:

- St. Andrew's 4/9/19 (future potential)
- EDOD Executive Council 4/2/19
- EDOD Finance Committee 4/2/19

Upcoming Investment Partner Meetings:

- St. Augustine's 5/19/19
- St. Paul's, Waxahachie 6/15/19 (future potential)
- Parish Episcopal 10/11/19

Outstanding RFP's:

- St. Michael and All Angels
- St. James Episcopal School, Texarkana
- Holy Trinity by the Lake

Adjourn

**Episcopal Foundation of Dallas (EFD)**  
**Investment and Finance Committee Meeting Minutes**  
**February 20, 2019, 4:00 pm**  
**10000 N. Central Expressway, Suite 400 Dallas, TX 75231**

**Committee Members**

**Present:** Rick Barry, Will Beecherl, Eugenia King, Pat Carrigan, Dan Wilson, Scott Hancock and Ken Hanks

**Absent:** Philip de Bruyn, Andy Welch

**Others Attending:** Pam Jamieson, Executive Director, Kathy McCabe, Controller, Carol Misus and via telephone - Geoff Hall, Senior Investment Consultant, Vanguard

Rick Barry opened the Investment and Finance Committee meeting at 4:01 pm with a prayer.

**Regular Business:**

Rick welcomed Carol Misus to the meeting and she began by introducing Geoff Hall, our new Senior Investment Consultant who joined the meeting via telephone. Geoff is based in Phoenix, AZ and will be handling our account now that Vanguard has gone to a regional support structure. Carol then reviewed the performance from 4<sup>th</sup> quarter and the asset allocation. She gave an updated portfolio balance as of February 19, 2019 which had rebounded to about \$37.5 million. The remaining Vanguard packet materials were reviewed noting that the outlook for the next 10 years will be significantly lower than previous years. The committee should continue to monitor asset allocation, rebalance as necessary and watch costs.

Minutes from the November 15, 2018 Investment Committee meeting were not reviewed as they were already approved prior to the December Board meeting.

Controller, Kathy McCabe reviewed the current Financial Statement Packet noting the 4th quarter portfolio valuation of \$34,936,538 as of December 31, 2018. On the Client Activity Report, she noted the larger than usual end of the year withdrawals in 2018. The financial packet was accepted as presented.

A discussion around investment partner withdrawals centered on the idea that endowments are meant to be long-term. It was suggested that EFD send out a communication to our investment partners with an article about the definition of what long-term investing really means.

Kathy reviewed the grant calculation for 2019 and presented data on overall foundation spending rates. It was agreed that the grant calculation should decrease incrementally in the next three years and that the committee would review the grant calculation each year for the following year. The EFD Investment Committee recommended that the 2019 grant calculation use a factor of 4.5% instead of 5.0% in calculating the amount available to grant. The motion was duly made, seconded and unanimously approved.

The EHFD grant calculation will be reviewed at the next Investment Committee meeting.

The Episcopal Health Foundation of Dallas (EHFD) Financial Statement review was led by Kathy McCabe noting that excise tax expense increased from \$3,800 in 2017 to \$6,100 in 2018 as a result of larger than normal capital gains distributed in December. EHFD current assets were \$5,835,130 as of December 31, 2018. The EHFD financial statements were accepted as presented.

*With no further business, the meeting adjourned at 5:25pm.*

**Episcopal Foundation of Dallas**

**05.07.2019**

Asset Category	Investment Policy	05.07.2019 Asset Allocation	
	<i>Target</i>	%	Total
US Equity	42%	42%	15,890,708
International Equity	28%	28%	10,448,563
Fixed Income	24%	24%	8,841,008
Real Estate	6%	6%	2,226,448
<b>TOTALS</b>	<b>100%</b>	<b>100%</b>	<b>\$37,406,727</b>

Note: The Foundations Investment Policy allows for a +/-5 percentage point variance from desired target weighting.

**EPISCOPAL FOUNDATION OF DALLAS  
STATEMENT OF NET ASSETS**

	As of 3/31/19	As of 3/31/18	As of 12/31/18
<b>Assets</b>			
Cash - Foundation operating	\$ 151,155	\$ 145,770	\$ 139,093
Cash - Vanguard Money Market	(1) \$ 187,036	\$ -	\$ -
Administrative fees receivable	43,336	46,124	40,247
Accounts Receivable (EHFD)	-	-	11,276
Contribution receivable	-	-	1,500
Investments - Foundation	(2) 5,651,913	5,795,535	5,316,480
Investments - Agency	(2) 31,517,067	33,545,220	29,270,459
Furniture and equipment, net	1,225	2,041	1,429
Oil and gas property	(3) 3,500	3,500	3,500
Deposits and prepaid expenses	3,313	4,885	3,475
Total assets	<u>\$ 37,558,545</u>	<u>\$ 39,543,075</u>	<u>\$ 34,787,459</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Payroll liabilities	\$ 2,627	\$ 2,336	\$ 6,703
Accounts payable	1,071	15,000	35
Grants payable	(4) 60,000	30,000	30,000
Due to Agency Funds	31,517,067	33,545,220	29,270,459
Total liabilities	<u>31,580,765</u>	<u>33,592,556</u>	<u>29,307,197</u>
<b>Net Assets</b>			
Without donor restrictions	5,976,030	5,948,769	5,478,512
With donor restrictions	1,750	1,750	1,750
Total net assets	<u>5,977,780</u>	<u>5,950,519</u>	<u>5,480,262</u>
Total liabilities and net assets	<u>\$ 37,558,545</u>	<u>\$ 39,543,075</u>	<u>\$ 34,787,459</u>

**Notes to Statement of Net Assets:**

- (1) The Vanguard money market account was established on 3/31/2019. Funds in the account represent the dollars needed to fund the 2019 grant program, which together with funds in the checking account approximate 1 year of operations.
- (2) See Client Activity Summary for a roll-forward of investments.
- (3) The Foundation accepted a contribution of property in 1989. Under the terms of the property assignment, the Foundation shares any receipts from the property 50%:50% with other charities. The property is conservatively valued at \$3,500. Half the value is reflected as "with donor restrictions" due to the terms of the property assignment.
- (4) Grants payable at 3/31/2019 represents two \$30k grants to Community Garden Kitchen approved in 2016 and 2018, respectively. The more recent grant is not reflected as of 12/31/2018 in accordance with GAAP, but recorded as of 3/31/2019 for internal management purposes.

**EPISCOPAL FOUNDATION OF DALLAS  
STATEMENT OF ACTIVITIES**

	Quarter-Ended 3/31/19	Quarter-Ended 3/31/18	Year-Ended 12/31/18
<b>Operating Revenues and Expenses</b>			
Administrative fee income-gross	\$ 50,646	\$ 54,166	\$ 208,204
Miscellaneous Income	36	-	11,017
<b>Total operating revenue and support</b>	<b>50,682</b>	<b>54,166</b>	<b>219,221</b>
Payroll and payroll taxes	31,044	31,070	147,198
Professional fees	162	7,779	28,424
Sponsorships	(1) 6,500	-	2,000
Office Operation	(2) 6,353	9,772	28,793
<b>Total operating expenses</b>	<b>44,059</b>	<b>48,621</b>	<b>206,415</b>
Increase in net assets from operations	6,623	5,545	12,806
<b>Contributions income - Episcopal Fund</b>	<b>100</b>	<b>-</b>	<b>110,495</b>
<b>Net Investment Gains</b>			
Interest & dividends	20,597	17,776	245,382
Realized gains	30,947	6,466	68,684
Unrealized gains (losses)	488,047	(52,464)	(692,704)
Less: Vanguard advisory fees	(1,486)	(1,574)	(6,281)
Less: Administrative fees on EFD funds	(7,310)	(8,042)	(31,926)
<b>Total investment revenue</b>	<b>530,795</b>	<b>(37,838)</b>	<b>(416,845)</b>
<b>Grant Expense</b>			
Foundation grants	(3) 30,000	-	187,500
Trustee fund grants	-	4,000	4,000
Advised fund grants	10,000	12,000	33,506
<b>Total grant expense</b>	<b>40,000</b>	<b>16,000</b>	<b>225,006</b>
<b>Total Increase (Decrease) in net assets</b>	<b>497,518</b>	<b>(48,293)</b>	<b>(518,550)</b>
<b>Net assets at beginning of period</b>	<b>5,480,262</b>	<b>5,998,812</b>	<b>5,998,812</b>
<b>Net assets at end of period</b>	<b>\$ 5,977,780</b>	<b>\$ 5,950,519</b>	<b>\$ 5,480,262</b>

**Notes to Statement of Activity:**

- (1) Sponsorships represents charitable gifts to nonprofit organizations which share similar funding priorities with the Foundation and the Diocese, and which help heighten awareness of the Foundation.
- (2) See Statement of Actual vs Budget for additional detail.
- (3) See Note 5 on the Statement of Net Assets.

EPISCOPAL FOUNDATION OF DALLAS  
STATEMENT of ACTUAL VS. BUDGET

	Notes	YTD at 03/31/2019		
		Actual	Budget	Variance over (under) Budget
<b>Operating Revenue and Expenses</b>				
<b>Revenue</b>				
Administrative fee income - gross		\$ 50,646	\$ 50,875	\$ (229)
Other Income (EHFD)		36		36
<b>Operating Revenue</b>		<b>\$ 50,682</b>	<b>\$ 50,875</b>	<b>\$ (193)</b>
<b>Expenses</b>				
<b>Payroll</b>				
Executive Director		18,750	18,750	-
Grant Administrator		713	1,000	(287)
Controller		9,375	9,375	-
Employers Payroll Taxes		2,206	2,450	(244)
<b>Total Payroll Expenses</b>		<b>\$ 31,044</b>	<b>\$ 31,575</b>	<b>\$ (531)</b>
<b>Professional Fees</b>				
Audit		-	-	-
Tax return preparation		-	-	-
Website & Computer Tech		162	750	(588)
Legal Fees		-	1,125	(1,125)
Marketing		-	500	(500)
Development		-	875	(875)
<b>Total Professional Fees</b>		<b>\$ 162</b>	<b>\$ 3,250</b>	<b>\$ (3,088)</b>
<b>Sponsorships</b>		<b>\$ 6,500</b>	<b>\$ 6,500</b>	<b>\$ -</b>
<b>Office Expense</b>				
Rent		1,814	1,800	14
Insurance-D&O/Liability		1,242	1,300	(58)
Telephone/Fax/Internet		150	150	-
Computer Expense		533	600	(67)
Development		230	950	(720)
Depreciation		204	325	(121)
Professional Development		175	225	(50)
Office Supplies		613	375	238
Marketing materials		-	625	(625)
Insurance-Worker's Comp		160	175	(15)
Postage and Delivery		-	-	-
Stationery, bus. cards, etc.		-	-	-
Property Taxes		-	-	-
Board Luncheon		1,036	800	236
Meetings		128	500	(372)
Convention		-	-	-
Memorials & special gifts		-	125	(125)
Miscellaneous		68	125	(57)
<b>Total Office Expense</b>		<b>\$ 6,353</b>	<b>\$ 8,075</b>	<b>\$ (1,722)</b>
<b>Operating Expense</b>		<b>\$ 44,059</b>	<b>\$ 49,400</b>	<b>\$ (5,341)</b>
<b>Operating Surplus (Deficit)</b>		<b>\$ 6,623</b>	<b>\$ 1,475</b>	<b>\$ 5,148</b>

**Episcopal Foundation Client Activity Summary - First Quarter 2019**

	Market Value 12/31/2018	Deposits	Withdrawals	Interest & Dividends	Adm Fees	Money Mgr Fees	Realized Gains/ (Losses)	Unrealized Gains/ (Losses)	Market Value 3/31/2019
Vanguard	34,586,938.57			134,100.34	(47,557.04)	(9,667.39)	197,525.29	3,176,098.70	37,168,980.08
<b>TOTAL MANAGERS</b>	<b>34,586,938.57</b>	<b>202,614.06</b>	<b>(1,075,038.25)</b>	<b>134,100.34</b>	<b>(47,557.04)</b>	<b>(9,667.39)</b>	<b>201,491.09</b>	<b>3,176,098.70</b>	<b>37,168,980.08</b>
<b><u>AGENCY ACCOUNTS</u></b>									
Frank Hughes Estate	923,212.49	-	(12,837.00)	3,535.50	(1,269.42)	(258.05)	5,302.64	84,445.02	1,002,131.18
Amistad Mission	1,198,541.46	-	-	4,641.90	(1,647.99)	(335.00)	6,973.62	110,021.29	1,318,195.28
Episcopal Health Foundation of Dallas	5,835,130.84	-	(312,000.00)	22,599.25	(8,023.30)	(1,630.98)	33,951.23	535,641.53	6,105,668.57
Alice L. Bomar Trust fund	33,180.35	-	(802.19)	126.00	(45.62)	(9.27)	188.75	3,026.93	35,664.95
Church of the Incarnation Pension Trust	1,279,965.51	85,000.00	(8,164.06)	5,197.14	(1,759.95)	(357.76)	7,860.41	119,304.32	1,487,045.61
Our Merciful Saviour Episcopal Church	66,059.22	-	-	255.84	(90.83)	(18.46)	384.36	6,063.97	72,654.10
Annie Harris Norton Fund	3,877.51	-	-	15.02	(5.33)	(1.08)	22.56	355.94	4,264.62
St. Albans Scholarship Fund	10,640.92	-	-	41.21	(14.63)	(2.97)	61.92	976.79	11,703.24
St. John's Episcopal School	4,337,040.62	-	-	16,797.20	(5,963.43)	(1,212.25)	25,234.72	398,122.88	4,770,019.74
St. Mark's Irving	165,687.10	50,000.00	-	797.80	(227.82)	(46.31)	1,232.81	16,386.36	233,829.94
Blank									
Parish Episcopal School Fund	3,043,767.82	-	-	11,788.40	(4,185.18)	(850.76)	17,709.91	279,405.65	3,347,635.84
Good Shepherd Episcopal Church	51,802.57	-	-	200.63	(71.23)	(14.48)	301.41	4,755.26	56,974.16
Petrash Scholarship Fund	13,273.65	-	-	51.41	(18.25)	(3.71)	77.23	1,218.47	14,598.80
The Santiago Foundation	682,839.50	-	-	2,644.62	(938.90)	(190.86)	3,973.05	62,681.91	751,009.32
St. Augustine's Episcopal Church	110,417.05	-	-	427.64	(151.82)	(30.86)	642.45	10,135.84	121,440.30
St. Matthew's Cathedral Revolving Fund	138,920.78	-	(88,000.00)	381.93	(191.02)	(38.83)	539.52	11,575.42	63,187.80
St. Matthew's Cathedral Endowment Fund	1,290,077.90	65,975.00	(278,250.00)	4,946.66	(1,773.86)	(360.59)	7,419.00	118,083.75	1,206,117.86
Holy Nativity	248,086.35	-	-	960.83	(341.12)	(69.34)	1,443.47	22,773.33	272,853.52
ECR - Building Fund	205,119.14	-	-	794.42	(282.04)	(57.33)	1,193.48	18,829.11	225,596.78
<b><u>DIOCESAN ACCOUNTS</u></b>									
E.D. Farmer Foundation	773,801.19	-	-	2,996.91	(1,063.98)	(216.29)	4,502.30	71,031.84	851,051.97
Endowment of the Episcopate	2,022,181.87	-	-	7,831.84	(2,780.50)	(565.22)	11,765.89	185,628.16	2,224,062.04
St. Paul Memorial Fund	718,749.94	-	-	2,783.69	(988.28)	(200.90)	4,181.99	65,978.35	790,504.79
Corporation of the Diocese	2,928,907.50	-	(175,000.00)	11,343.54	(4,027.25)	(818.66)	17,041.61	268,861.92	3,046,308.66
The Mausoleum Perpetual Care Fund	107,881.05	-	-	417.83	(148.34)	(30.15)	627.70	9,903.05	118,651.14
Memorial Scholarship Fund	593,091.24	-	-	2,297.01	(815.50)	(165.77)	3,450.85	54,443.39	652,301.22
Ministry with the Aging, Inc. / Bruton	236,229.14	-	-	914.91	(324.82)	(66.03)	1,374.48	21,684.89	259,812.57
Elizabeth Austin Miller Fund	162,252.41	-	-	628.40	(223.10)	(45.35)	944.06	14,894.13	178,450.55
Junker Fund	114,296.32	-	-	442.67	(157.16)	(31.95)	665.02	10,491.94	125,706.84
Price Fund	103,826.72	-	(2,985.00)	394.37	(142.76)	(29.02)	588.47	9,525.42	111,178.20
William B. Clayton Fund	182,007.44	-	-	704.90	(250.26)	(50.87)	1,058.99	16,707.55	200,177.75
Hiram and LaVerne McCurry Fund	322,061.27	-	-	1,247.33	(442.83)	(90.02)	1,873.89	29,563.92	354,213.56
Bishop Moore Endowment	36,856.31	-	-	142.75	(50.68)	(10.30)	214.44	3,383.26	40,535.78
Estate of Estelle Smith	576,507.34	-	-	2,232.80	(792.70)	(161.14)	3,354.36	52,921.05	634,061.71
Lawrence Blake Scholarship Trust	712,560.00	-	-	2,759.72	(979.77)	(199.17)	4,145.97	65,410.14	783,696.89
The Gathering	41,608.36	-	-	161.15	(57.21)	(11.63)	242.10	3,819.47	45,762.24
<b><u>EPISCOPAL FOUNDATION ACCOUNTS</u></b>									
The Episcopal Fund	4,179,483.58	1,639.06	(187,000.00)	16,193.58	(5,746.78)	(1,168.23)	24,330.92	383,674.78	4,411,406.91
The Julie and Louis Beecherl Trustee's Fund	520,978.67	-	-	2,017.73	(716.35)	(145.62)	3,031.26	47,823.75	572,989.44
Beecherl Advised Fund	246,319.03	-	(10,000.00)	953.98	(338.69)	(68.85)	1,433.18	22,611.09	260,909.74
J. C. Brown Memorial Scholarship Advised Fund	292,879.50	-	-	1,134.31	(402.71)	(81.86)	1,704.10	26,885.16	322,118.50
Bishop Stanton Advised Fund	76,818.91	-	-	297.52	(105.63)	(21.47)	446.97	7,051.67	84,487.97
<b>AGENCY ACCOUNTS</b>	<b>29,270,458.88</b>	<b>200,975.00</b>	<b>(878,038.25)</b>	<b>113,503.22</b>	<b>(40,246.88)</b>	<b>(8,181.36)</b>	<b>170,544.66</b>	<b>2,688,052.25</b>	<b>31,517,067.52</b>
<b>EPISCOPAL FOUNDATION ACCOUNTS</b>	<b>5,316,479.69</b>	<b>1,639.06</b>	<b>(197,000.00)</b>	<b>20,597.12</b>	<b>(7,310.16)</b>	<b>(1,486.03)</b>	<b>30,946.43</b>	<b>488,046.45</b>	<b>5,651,912.56</b>
<b>TOTAL</b>	<b>34,586,938.57</b>	<b>202,614.06</b>	<b>(1,075,038.25)</b>	<b>134,100.34</b>	<b>(47,557.04)</b>	<b>(9,667.39)</b>	<b>201,491.09</b>	<b>3,176,098.70</b>	<b>37,168,980.08</b>

EPISCOPAL HEALTH FOUNDATION OF DALLAS  
STATEMENT OF NET ASSETS

	Notes	As of 3/31/2019	As of 3/31/2018	As of 12/31/2018
<b>Assets</b>				
Cash - checking account		\$ 6,914	\$ 6,599	\$ 20,817
Vanguard - money market	(1)	312,000	-	-
Prepaid excise tax		3,632	3,686	3,727
Prepaid D&O insurance		2,602	2,460	615
Prepaid other		95	130	-
Investments at market value		6,105,669	6,564,545	5,835,131
<b>Total assets</b>		<b>\$ 6,430,912</b>	<b>\$ 6,577,420</b>	<b>\$ 5,860,290</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable		\$ -	\$ -	\$ 11,277
Estimated excise tax liability		7,502	4,277	6,562
<b>Total liabilities</b>		<b>7,502</b>	<b>4,277</b>	<b>17,839</b>
<b>Net Assets</b>				
<b>Total net assets without donor restrictions</b>		<b>6,423,410</b>	<b>6,573,143</b>	<b>5,842,451</b>
<b>Total liabilities and net assets</b>		<b>\$ 6,430,912</b>	<b>\$ 6,577,420</b>	<b>\$ 5,860,290</b>

(1) The Vanguard money market account was established on 3/31/2019. Funds in the account represent the dollars needed to fund the 2019 grant program, which together with funds in the checking account approximate 1 year of operations.



EPISCOPAL HEALTH FOUNDATION OF DALLAS  
STATEMENT OF ACTIVITIES

	Notes	Quarter Ended 3/31/2019	Quarter Ended 3/31/2018	Year Ended 12/31/2018
<b>Investment income and expense</b>				
Interest and dividends		\$ 22,599	\$ 20,131	\$ 273,476
Realized gains on sales on securities		33,951	7,316	78,273
Unrealized gains (losses) on investments		535,642	(59,885)	(756,203)
Investment management fees		(9,654)	(10,872)	(43,271)
Net investment income		<u>582,538</u>	<u>(43,310)</u>	<u>(447,725)</u>
<b>Grants and operating expenses</b>				
Foundation grants		\$ -	\$ -	\$ 304,500
Contract services		-	-	10,973
Excise tax expense		940	331	6,170
Accounting fees		-	-	2,250
Insurance - D&O		615	672	2,517
Website		-	-	474
Meetings		-	-	312
Bank fees		15	15	50
Misc		9	1	50
Total grants and expenses		<u>1,579</u>	<u>1,019</u>	<u>327,296</u>
Increase (decrease) in net assets		580,959	(44,329)	(775,021)
Net assets at beginning of period		<u>5,842,451</u>	<u>6,617,472</u>	<u>6,617,472</u>
Net assets at end of period		<u>\$ 6,423,410</u>	<u>\$ 6,573,143</u>	<u>\$ 5,842,451</u>

Episcopal Health Foundation of Dallas  
Calculation of Amount Available for 2019 Grants

		<u>Market Value</u>
2016	Q1	5,810,767
2016	Q2	5,867,623
2016	Q3	6,137,413
2016	Q4	5,872,425
2017	Q1	6,179,651
2017	Q2	6,405,201
2017	Q3	6,481,315
2017	Q4	6,612,856
2018	Q1	6,564,545
2018	Q2	6,619,443
2018	Q3	6,499,584
2018	Q4	5,835,131
12-Quarter Average		\$ 6,240,496

Available Grants at 5%

\$ 312,025