



**Investment Committee Meeting Agenda
Wednesday, November 2, 2022 4:00 pm**

Via Teams

Meeting ID: 242 543 661 497

Passcode: XkdRiP

Call to order: Andy Welch

Minutes from the September 22, 2022 and October 12, 2022 Investment Committee previously approved. (p. 1-3)

Investment Performance Review (separate packet) Chris Moore

Financial Market Review

Portfolio Performance

Fees and Expenses

Economic & Market Outlook

Financial Statement Review

Q3 2022 EFD Statements of Net Assets & Activities (p.4-5)

EFD 2022 Actual vs Budget (p.6)

Q3 2022 EFD Investment Partner Activity Summaries (p.7-8)

EHFD Financial Statement Review

Q3 2022 EHFD Statements of Net Assets & Activities (p.9-10)

EHFD 2022 Actual v Budget (p.11)

Other Business

2023 EFD Proposed Budget (p.12)

Vote to approve updated Investment Policy (p.13-16)

Notified Investment Partners about asset allocation change

Presentations at Parish Leadership Day postponed until January

Planned Giving Session at Convention for Rectors 11/4/22

Informational

New investment partner - St. Andrew's, McKinney will be transferring funds in October/November. Still waiting for St. James Episcopal School, Texarkana (~\$550k) and St. Augustine's (~\$332k) to deposit funds.

Adjourn

**Episcopal Foundation of Dallas
Investment and Finance Sub-Committee Meeting
Minutes
Thursday, September 22, 2022 3:00 p.m.
In-Person and VIA Teams Meeting**

Sub-Committee Members:

Present: Andy Welch, Ken Hanks, Pat Carrigan, Scott Hancock (via Teams), John Stetter, and Robbi Rice Dietrich

Others Attending: Pam Jamieson, Executive Director (via Teams)

Andy Welch, Chairman, opened the Investment and Finance Sub-Committee meeting at 3:02 p.m.

As a follow up to the Investment and Finance Committee meeting on August 31, 2022, a Sub-Committee was formed to further study the international exposure in all our funds (not just international funds), the returns of our international funds and recommend any adjustments to the weightings of our domestic and international sub-allocations.

The Sub-Committee received the requested follow-up materials from Vanguard (via Chris Moore our new senior investment consultant) including international exposure imbedded in our domestic funds (specifically concentrating on revenue) and other benefits and considerations of international exposures. The Sub-committee also received additional information on international investing from UBS (via Pat Carrigan) for its review.

The Sub-Committee had a thorough discussion covering equities and fixed income both domestically and internationally. Historic returns were reviewed in each category with the committee noting the underperformance of international equities over the last 20 years. Vanguard's July/August ten-year market and economic outlook was reviewed and discussed. Vanguard's outlook reflects international equities outperforming domestic equities on an annualized basis over the next ten years. The sub-committee noted that international exposures and returns are (i) more volatile (ii) have different rules of law (iii) certain countries have questionable accounting practices/disclosure rules and (iv) less liquid currencies. The sub-committee also reviewed and discussed international revenues of domestically domiciled companies.

Regarding international fixed income, the sub-committee noted and confirmed that the Vanguard International Bond Index Fund (passive) hedges its US dollar exposure (at a cost which offsets some/most of its diversification advantage), has a longer duration (than our domestic bond index fund) is more exposed to rising rates and has a higher fund expense (than our domestic bond index fund).

The Sub-Committee concluded that a follow-up meeting of the full Investment and Finance Committee and include Vanguard (Chris Moore) would be appropriate. Andy will call Vanguard (Chris Moore) and request (i) additional information they can provide regarding international equities and fixed income and (ii) Vanguard's view (consistent with their most recent market and economic outlook) of anticipated returns (annualized returns over the next ten years) and volatility of our portfolio with various weightings to international exposure.

With no further business, the meeting was adjourned at 4:25 p.m.

**Episcopal Foundation of Dallas
Investment and Finance Committee Meeting
Minutes
Wednesday October 12, 2022 3:00 p.m.
In-Person and VIA Teams Meeting**

Committee Members:

Present: Andy Welch (Committee Chairman), Ken Hanks, Pat Carrigan, Scott Hancock, Sue Gray and John Stetter

Others Attending: Pam Jamieson, Executive Director (via Teams) and Chris Moore, Vanguard Senior Investment Consultant (via Teams)

Andy Welch, Chairman, opened the Investment and Finance Committee meeting at 3:01 p.m.

As a follow up to the Investment and Finance Sub-Committee meeting on September 22, 2022, the Investment and Finance Committee met to further study our international equity and fixed income exposures and conclude if any adjustments to the weightings of our domestic and international sub-allocations are appropriate.

The Committee received the requested follow-up materials from Vanguard (via Chris Moore our new senior investment consultant) including (i) additional benefits and considerations of international exposure and (ii) Vanguard's view of annualized returns and volatility over the next ten years of our portfolio with various weighting to international exposure.

The Committee and Vanguard had a thorough discussion covering equities and fixed income both domestically and internationally. To begin the discussion, the Committee asked Chris how Vanguard would construct our portfolio if EFD was approaching Vanguard today to invest \$50MM. Chris said it would depend on whether EFD's risk tolerance has shifted. Chris pointed out our four actively managed equity funds (PRIMECAP, Windsor, International Value and International Growth and two domestic fixed income funds (short-term bond and intermediate bond) can have volatility that is different than an index. On overall basis, Chris would recommend we stay with the same allocations as we have today. Historic returns were reviewed in each category with the committee noting the underperformance of international equities over the last 20 years. The Committee agreed that exposure to international equities was appropriate for diversification. The issue is the weighting compared to domestic equities.

The Committee reviewed Vanguard's view of anticipated returns over the next ten years for domestic and international equities and fixed income. The Committee noted that international exposures and returns are (i) more volatile (ii) have different rules of law (iii) certain countries have questionable accounting practices/disclosure rules and (iv) less liquid currencies.

Regarding international fixed income, given that the Vanguard International Bond Fund hedges its US dollar exposure, on a long-term basis it appears the only advantage with international fixed income is diversification as the return differences are minimal. It was also noted that the Vanguard International Bond fund charges an expense of 11bp compared to our domestic Vanguard bond funds expenses from 3.5bp (index fund) to 10 bp (short-term and intermediate-term active funds). Chris agreed with the Committee that the primary advantage of the international bond index fund was for diversification and not for out-performance compared to domestic fixed income.

The Committee thanked Chris and continued its discussions without him present. At the conclusion of its discussions, the Committee's view was to reduce its international exposure. Regarding international fixed income, the Committee felt that given a fully-hedged

position against the US dollar (at a cost), and a longer duration it was not worth paying the extra expense of this “passive” fund compared to our domestic fixed income funds for purely diversification. Regarding international equities, the Committee felt that a reduction of 10% was appropriate. The Committee was in agreement to leave our overall asset allocation at 75% equities and 25% fixed income. It was moved, seconded and approved to shift our sub-allocations at follows:

Current Allocation

US Equity:	45%
Non-US Equity:	30%

US Fixed Income:	19%
Non-US Fixed Income:	6%

New/Revised Allocation

US Equity:	53%
Non-US Equity:	22%

US Fixed Income	25%
Non-US Fixed Income	0%

It was also approved that the percentage weightings in the remaining sub-allocations funds will remain the same; each passive equity fund (Total Stock Market Index and Total International Stock Index) to remain at 50% and each active fund (Prime Cap, Windsor, International Value and International Growth) to remain at 25%. Same percentage weightings also remain for domestic fixed income allocated among short-term, intermediate-term and total bond market index.

It is noted that these approvals impact all investment portfolios except the sub-portfolios of St. Thomas and St. Johns. The Committee will communicate with each of them to determine if they want to shift their sub-account weightings.

With no further business, the meeting was adjourned at 4:45 p.m.

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

	Notes	As of 9/30/2022	As of 9/30/2021	As of 12/31/21
Assets				
Cash - Foundation operating		\$ 152,796	\$ 142,048	\$ 138,035
Cash - Vanguard Money Market	(1)	1,014	918	111,188
Restricted cash - agency funds	(2)			9,102
Administrative fees receivables		54,160	48,625	57,636
Contribution receivable				1,100
Investments - Foundation	(3)	5,793,825	7,420,328	7,623,485
Investments - Agency	(3)	33,595,599	41,145,410	45,031,348
Furniture and equipment, net	(4)	-	151	-
Oil and gas property	(5)	3,500	3,500	3,500
Deposits and prepaid expenses		1,193	4,428	8,594
Total assets		39,602,087	\$ 48,765,408	\$ 52,983,988
Liabilities and Net Assets				
Liabilities				
Payroll liabilities		12,838	67	\$ 3,161
Grants payable		-	-	-
Due to Agency Funds		33,595,599	41,145,410	45,040,450
Total liabilities		33,608,437	41,145,477	45,043,611
Net Assets				
Without donor restrictions		5,991,900	7,618,181	7,938,627
With donor restrictions	(5)	1,750	1,750	1,750
Total net assets		5,993,650	7,619,931	7,940,377
Total liabilities and net assets		39,602,087	48,765,408	\$ 52,983,988

Notes to Statement of Net Assets:

- (1) The Money Market account is primarily a holding account for grant funding. Funds are transferred from EFD investments twice a year to spread impact of withdrawal.
- (2) \$9,102 is agency deposits which had not been transferred from checking to investments as of 12/31- as reported in audited financial statements
- (3) See Client Activity Summary for a roll forward of investments.
- (4) Furniture and Equipment is fully depreciated as of 12/31/2021.
- (5) The Oil and Gas Prop. was donated with the stipulation that EFD shares property income 50%:50% with other charities.

**EPISCOPAL FOUNDATION OF DALLAS
STATEMENT OF ACTIVITIES**

	Notes	9 Mos. Ended 9/30/2022	9 Mos. Ended 9/30/2021	Year Ended 12/31/21
Operating Revenues and Expenses				
Administrative fee income-gross		191,725	\$ 182,407	\$ 250,246
Misc Income		2,439	4,620	15,565
Total operating revenue/support		194,164	187,027	265,810
 Payroll and payroll taxes	(1)	133,777	110,079	154,428
Professional fees	(1)	30,937	19,364	31,219
Sponsorships	(1)	6,994	5,000	5,000
Office operation		28,009	31,551	51,150
Total operating expenses		199,717	165,994	241,797
Increase in net assets from operations		(5,553)	21,033	24,013
 Contributions Income - Episcopal Fund		1,000	-	6,800
 Net Investment Gains				
Interest & dividends		66,719	68,566	359,964
Realized gains		14,524	435,011	456,570
Unrealized gains		(1,742,239)	111,459	121,471
Less: Vanguard advisory fees		(5,351)	(5,655)	(7,757)
Less: Admin fees on EFD funds		(28,877)	(29,695)	(39,898)
Total net investment revenue		(1,695,224)	579,686	890,351
 Grant Expense				
Foundation grants		222,200	200,900	200,900
Trustee fund grants		2,000	1,500	1,500
Advised fund grants		22,750	5,000	5,000
Total grant expense		246,950	207,400	207,400
Total Increase (decrease) in net assets		(1,946,727)	393,319	713,764
Net assets at beginning of period		7,940,377	7,226,613	7,226,613
Net assets at end of period		\$ 5,993,650	\$ 7,619,932	\$ 7,940,377

Notes to Statement of Activities:

(1) See Actual vs. Budget Report for additional detail and budget variance notes.

EPISCOPAL FOUNDATION OF DALLAS
STATEMENT of ACTUAL VS. BUDGET

	Note s	2022	YTD at 9/30/2022		
		Annual	Actual	Budget	Variance over (under) Budget
Operating Revenue and Expenses					
Revenue					
Administrative fee income - gross	(1)	\$ 228,800	\$ 191,725	\$ 171,600	\$ 20,125
Interest Income		2,100	91	\$ 1,575	(1,484)
Other Income (EHFD)	(8)	10,000	2,348	\$ 7,500	(5,152)
Operating Revenue		\$ 240,900	\$ 194,165	\$ 180,675	\$ 13,490
Expenses					
Payroll					
Executive Director		\$ 88,476	\$ 66,357	\$ 66,357	\$ 0
Grant Administrator	(2)	14,000	17,488	\$ 10,500	6,988
Controller / Accounting Manager	(3)	35,000	39,159	\$ 26,250	12,909
Other payroll related	(4)	0	1,330	\$ -	1,330
Employer's payroll taxes		10,517	9,443	\$ 7,888	1,556
Total Payroll Expenses		\$ 147,993	\$ 133,777	\$ 110,995	\$ 22,782
Professional Fees					
Audit	(5)	\$ 21,600	\$ 25,584	\$ 16,200	\$ 9,384
Tax return preparation		3,750	0	\$ 2,813	(2,813)
Website & Computer Tech		2,500	0	\$ 1,875	(1,875)
Legal Fees	(6)	5,000	5,353	\$ 3,750	1,603
Marketing		10,000	0	\$ 7,500	(7,500)
Development		750	0	\$ 563	(563)
Total Professional Fees		\$ 43,600	\$ 30,937	\$ 32,700	\$ (1,763)
Sponsorships		\$ 8,000	\$ 6,994	\$ 6,000	\$ 994
Office Expense					
Rent		\$ 9,150	\$ 7,074	\$ 6,863	\$ 211
Insurance-D&O/Liability		11,000	11,508	\$ 8,250	3,258
Telephone/Fax/Internet		600	450	\$ 450	(0)
Computer Expense		5,125	6,031	\$ 3,844	2,188
Development		500	0	\$ 375	(375)
Depreciation	(7)	2,500	0	\$ 1,875	(1,875)
Professional Development		2,000	560	\$ 1,500	(940)
Office Supplies		1,200	330	\$ 900	(570)
Marketing materials		500	21	\$ 375	(354)
Insurance-Worker's Comp		250	157	\$ 188	(31)
Property Taxes		100	0	\$ 75	(75)
Board Luncheon		1,000	866	\$ 750	116
Meetings		1,000	234	\$ 750	(516)
Convention		200	50	\$ 150	(100)
Memorials & special gifts		500	195	\$ 375	(180)
Postage & Delivery		0	140	\$ -	140
Miscellaneous		500	393	\$ 375	18
Total Office Expense		\$ 36,125	\$ 28,009	\$ 27,094	\$ 916
Operating Expense		\$ 235,718	\$ 199,717	\$ 176,789	\$ 22,929
Operating Surplus (Deficit)		\$ 5,182	\$ (5,553)	\$ 3,887	\$ (9,439)

- (1) Budget estimate based on \$41.6 mil est. avg. investments.
- (2) Increase due to additional hours for Foundant training and implementation. EHFD reimbursed \$2,347 (Other Income).
- (3) Increase due to severance pay and additional accounting hours for transition to new Acctg. Mgr.
- (4) Filing fees related to prior year payroll tax returns - non-recurring expense
- (5) Increase is due to additional time spent by auditors for revenue recognition disclosure
- (6) Costs associated with EFD/EHFD merger.
- (7) Assets were fully depreciated as of 12/31/21. 2022 Depreciation expense should be zero, unless assets are added.
- (8) EHFD partial reimbursement for EFD staff time/payroll expense spent on EHFD administration/operations. Total reimburseable payroll will be accounted for at year end.

Episcopal Foundation Client Activity Summary - Third Quarter 2022

	Market Value 6/30/2022	Net Deposits/ Withdrawals	Interest & Dividends	Adm Fees	Money Mgr Fees	Realized Gains/ (Losses)	Unrealized Gains/ (Losses)	Market Value 9/30/2022
<u>VANGUARD ACCOUNTS</u>								
Vanguard - St. Thomas (60:40)	302,824.07	-	1,165.08	(416.38)	(80.33)	(47.66)	(18,367.57)	285,077.21
Vanguard - SJES (50:50)	2,338,739.55	-	9,818.37	(3,215.77)	(620.36)	(212.08)	(136,407.14)	2,208,102.57
Vanguard - POOLED (75:25)	39,501,276.18	(68,115.09)	131,896.55	(54,314.29)	(10,477.88)	(11,057.16)	(2,592,964.36)	36,896,243.95
TOTAL VANGUARD INVESTMENTS	42,142,839.80	(68,115.09)	142,880.00	(57,946.44)	(11,178.57)	(11,316.90)	(2,747,739.07)	39,389,423.73
<u>AGENCY ACCOUNTS</u>								
Frank Hughes Estate	928,121.03	(13,384.00)	3,065.01	(1,276.17)	(246.19)	(258.61)	(59,450.59)	856,570.48
Amistad Mission	1,573,094.11	-	5,256.23	(2,163.01)	(417.27)	(440.46)	(103,403.72)	1,471,925.88
Episcopal Health Foundation of Dall	6,246,531.74	-	20,871.72	(8,588.99)	(1,656.92)	(1,749.02)	(410,601.41)	5,844,807.12
Alice L. Bomar Trust fund	38,779.29	-	130.16	(53.32)	(10.29)	(10.87)	(2,603.19)	36,231.78
Church of the Incarnation Pension T	2,090,674.53	-	6,985.63	(2,874.68)	(554.56)	(585.39)	(137,425.68)	1,956,219.85
Our Merciful Saviour Episcopal Chur	77,322.63	-	258.37	(106.32)	(20.51)	(21.65)	(5,082.63)	72,349.89
Annie Harris Norton Fund	5,089.24	-	17.01	(7.00)	(1.35)	(1.43)	(334.53)	4,761.94
St. Albans Scholarship Fund	13,966.31	(950.00)	46.66	(19.20)	(3.70)	(3.91)	(918.05)	12,118.11
St. John's Episcopal School	3,275,302.33	-	10,943.86	(4,503.54)	(868.79)	(917.08)	(215,294.47)	3,064,662.31
St. John's Episcopal School - Opera	2,338,739.55	-	9,818.37	(3,215.77)	(620.36)	(212.08)	(136,407.14)	2,208,102.57
St. Mark's Irving	211,878.09	-	707.95	(291.33)	(56.20)	(59.32)	(13,927.32)	198,251.87
St. Peter's	252,881.58	-	844.96	(347.71)	(67.08)	(70.81)	(16,622.59)	236,618.35
Parish Episcopal School Fund	1,669,178.71	-	5,577.28	(2,295.12)	(442.76)	(467.37)	(109,719.62)	1,561,831.12
Good Shepherd Episcopal Church	67,991.28	-	227.18	(93.49)	(18.03)	(19.05)	(4,469.25)	63,618.64
Petrash Scholarship Fund	15,880.50	-	53.06	(21.84)	(4.21)	(4.45)	(1,043.87)	14,859.19
The Santiago Foundation	854,142.28	-	2,853.97	(1,174.45)	(226.56)	(239.16)	(56,145.08)	799,211.00
St. Augustine's Episcopal Church	123,340.66	(25,000.00)	412.12	(169.59)	(32.72)	(34.53)	(8,107.51)	90,408.43
St. Matthew's Cathedral Revolving F	718.23	-	2.40	(0.99)	(0.19)	(0.20)	(47.21)	672.04
St. Matthew's Cathedral Endowment	3,489,235.54	(28,110.00)	11,611.62	(4,797.70)	(925.53)	(975.33)	(227,500.19)	3,238,538.41
Holy Nativity	103,551.74	-	346.00	(142.38)	(27.47)	(29.00)	(6,806.74)	96,892.15
ECR - Building Fund	285,048.98	-	952.44	(391.94)	(75.61)	(79.81)	(18,737.03)	266,717.03
St. Luke Restricted	1,140,908.59	9,328.91	3,827.78	(1,568.75)	(302.63)	(320.00)	(75,611.57)	1,076,262.33
St. Luke McLaurin Fund	138,459.62	(10,000.00)	439.41	(190.38)	(36.73)	(37.95)	(8,283.36)	120,350.61
St. Thomas the Apostle	302,824.07	-	1,165.08	(416.38)	(80.33)	(47.66)	(18,367.57)	285,077.21
<u>DIOCESAN ACCOUNTS</u>								
E.D. Farmer Foundation	2,296,601.27	-	7,673.70	(3,157.83)	(609.18)	(643.05)	(150,961.81)	2,148,903.10
Endowment of the Episcopate	2,374,189.31	-	7,932.95	(3,264.51)	(629.76)	(664.77)	(156,061.89)	2,221,501.33
St. Paul Memorial Fund	386,719.59	-	1,292.16	(531.74)	(102.58)	(108.28)	(25,420.12)	361,849.03
Corporation of the Diocese	2,345,505.29	-	7,837.10	(3,225.07)	(622.16)	(656.74)	(154,176.40)	2,194,662.02
The Mausoleum Perpetual Care Fund	125,502.07	-	419.34	(172.57)	(33.29)	(35.15)	(8,249.59)	117,430.81
Memorial Scholarship Fund	659,538.54	-	2,203.73	(906.87)	(174.95)	(184.67)	(43,353.25)	617,122.53
Ministry with the Aging, Inc. / Bruton	0.00	-	-	-	-	-	-	0.00
Elizabeth Austin Miller Fund	199,364.68	-	666.14	(274.13)	(52.88)	(55.81)	(13,104.78)	186,543.22
Junker Fund	150,014.68	-	501.25	(206.27)	(39.79)	(42.01)	(9,860.87)	140,366.99
Price Fund	117,114.37	-	391.32	(161.03)	(31.07)	(32.79)	(7,698.24)	109,582.56
William B. Clayton Fund	238,886.03	-	798.20	(328.47)	(63.37)	(66.89)	(15,702.62)	223,522.88
Hiram and LaVerne McCurry Fund	372,594.03	-	1,244.97	(512.32)	(98.83)	(104.32)	(24,491.61)	348,631.92
Bishop Moore Endowment	48,374.18	-	161.63	(66.51)	(12.83)	(13.54)	(3,179.77)	45,263.16
Estate of Estelle Smith	529,320.80	-	1,768.63	(727.82)	(140.40)	(148.21)	(34,793.68)	495,279.32
Lawrence Blake Scholarship Trust	808,798.13	-	2,702.46	(1,112.10)	(214.54)	(226.46)	(53,164.49)	756,783.00
The Gathering	54,611.27	-	182.47	(75.09)	(14.49)	(15.30)	(3,589.74)	51,099.12
<u>EPISCOPAL FOUNDATION ACCOUNTS</u>								
The Episcopal Fund	4,778,149.85	-	15,965.40	(6,569.95)	(1,267.42)	(1,337.88)	(314,080.73)	4,470,859.27
The Julie and Louis Beecherl Truste	678,411.41	-	2,266.80	(932.82)	(179.95)	(189.95)	(44,593.82)	634,781.67
Beecherl Advised Fund	311,361.75	-	1,040.36	(428.12)	(82.59)	(87.18)	(20,466.65)	291,337.57
J. C. Brown Memorial Scholarship A	338,532.03	-	1,131.14	(465.48)	(89.80)	(94.79)	(22,252.63)	316,760.47
Bishop Stanton Advised Fund	85,589.89	-	285.98	(117.69)	(22.70)	(23.97)	(5,626.06)	80,085.45
AGENCY ACCOUNTS	35,950,794.87	(68,115.09)	122,190.32	(49,432.38)	(9,536.11)	(9,583.13)	(2,340,719.18)	33,595,599.30
ISCOPAL FOUNDATION ACCOUNTS	6,192,044.93	-	20,689.68	(8,514.06)	(1,642.46)	(1,733.77)	(407,019.89)	5,793,824.43
TOTAL	42,142,839.80	(68,115.09)	142,880.00	(57,946.44)	(11,178.57)	(11,316.90)	(2,747,739.07)	39,389,423.73

Episcopal Foundation Partner Activity Summary-Year to Date 9/30/22

	Market Value 12/31/21	Net Deposits/ Withdrawals	Interest & Dividends	Adm Fees	Money Mgr Fees	Realized Gains/ (Losses)	Unrealized Gains/ (Losses)	Market Value 9/30/2022
VANGUARD ACCOUNTS								
Vanguard - St. Thomas (60:40)	363,207.78	(4,166.00)	3,599.67	(882.89)	(256.52)	861.35	(77,286.18)	285,077.21
Vanguard - SJES (50:50)	2,751,227.21	-	29,753.62	(10,566.73)	(1,961.27)	222.98	(560,573.24)	2,208,102.57
Vanguard - POOLED (75:25)	49,540,398.38	(1,758,910.00)	426,997.71	(183,750.88)	(34,479.71)	93,994.45	(11,188,006.00)	36,896,243.95
TOTAL VANGUARD INVESTMENTS	52,654,833.37	(1,763,076.00)	460,351.00	(195,200.50)	(36,697.50)	95,078.78	(11,825,865.42)	39,389,423.73
AGENCY ACCOUNTS								
Frank Hughes Estate	1,185,136.80	(71,814.00)	10,059.08	(4,429.85)	(818.49)	2,232.90	(263,795.96)	856,570.48
Amistad Mission	1,898,497.61	-	16,846.56	(7,236.64)	(1,342.19)	3,619.30	(438,458.76)	1,471,925.88
Episcopal Health Foundation of Dallas	7,755,541.55	(193,147.21)	67,509.45	(29,308.52)	(5,432.77)	14,826.46	(1,765,181.84)	5,844,807.12
Alice L. Bomar Trust fund	48,426.18	(1,566.19)	416.37	(180.63)	(33.08)	89.17	(10,920.04)	36,231.78
Church of the Incarnation Pension Trust	2,425,409.83	94,122.08	22,354.30	(9,483.28)	(1,783.79)	4,809.04	(579,208.33)	1,956,219.85
Our Merciful Saviour Episcopal Church	93,317.28	-	828.07	(355.71)	(65.97)	177.90	(21,551.68)	72,349.89
Annie Harris Norton Fund	6,141.97	-	54.50	(23.41)	(4.34)	11.71	(1,418.49)	4,761.94
St. Albans Scholarship Fund	16,855.31	(950.00)	149.57	(64.24)	(11.91)	32.13	(3,892.75)	12,118.11
St. John's Episcopal School	4,078,402.00	(110,448.00)	35,390.62	(15,402.86)	(2,855.73)	7,631.05	(928,054.77)	3,064,662.31
St. John's Episcopal School - Operating	2,751,227.21	-	29,753.62	(10,566.73)	(1,961.27)	222.98	(560,573.24)	2,208,102.57
St. Mark's Irving	207,814.70	45,000.00	2,258.16	(908.85)	(169.01)	440.22	(56,183.35)	198,251.87
St. Peter's	305,191.57	-	2,708.17	(1,163.32)	(215.77)	581.82	(70,484.12)	236,618.35
Parish Episcopal School Fund	2,725,673.91	(669,000.00)	18,374.76	(8,656.46)	(1,598.85)	4,581.01	(507,543.25)	1,561,831.12
Good Shepherd Episcopal Church	82,055.69	-	728.11	(312.78)	(58.00)	156.41	(18,950.79)	63,618.64
Petrash Scholarship Fund	19,165.48	-	170.06	(73.06)	(13.55)	36.53	(4,426.27)	14,859.19
The Santiago Foundation	1,030,826.49	-	9,147.18	(3,929.28)	(728.76)	1,965.15	(238,069.78)	799,211.00
St. Augustine's Episcopal Church	148,854.40	(25,000.00)	1,320.87	(567.40)	(105.24)	283.78	(34,377.98)	90,408.43
St. Matthew's Cathedral Revolving Fund	866.83	-	7.68	(3.30)	(0.61)	1.64	(200.20)	672.04
St. Matthew's Cathedral Endowment Fund	4,273,211.46	(84,330.00)	37,478.96	(16,179.09)	(2,998.66)	8,110.57	(976,754.83)	3,238,538.41
Holy Nativity	124,972.04	-	1,108.94	(476.36)	(88.35)	238.23	(28,862.35)	96,892.15
ECR - Building Fund	344,013.00	-	3,052.64	(1,311.29)	(243.21)	655.82	(79,449.93)	266,717.03
St. Luke Restricted	1,402,834.61	(14,684.59)	12,303.66	(3,404.80)	(990.34)	2,635.25	(322,431.46)	1,076,262.33
St. Luke McLaurin Fund	164,200.81	(7,655.72)	1,452.79	(403.75)	(116.84)	317.36	(37,444.04)	120,350.61
St. Thomas the Apostle	363,207.78	(4,166.00)	3,599.67	(882.89)	(256.52)	861.35	(77,286.18)	285,077.21
E.D. Farmer Foundation	2,771,666.37	-	24,594.72	(10,564.96)	(1,959.49)	5,283.89	(640,117.43)	2,148,903.10
Endowment of the Episcopate	2,865,303.95	-	25,425.64	(10,921.89)	(2,025.69)	5,462.40	(661,743.08)	2,221,501.33
St. Paul Memorial Fund	663,609.87	(175,000.00)	4,710.97	(2,305.21)	(425.88)	1,312.70	(130,053.42)	361,849.03
Corporation of the Diocese	3,280,732.45	(400,000.00)	26,420.20	(11,992.65)	(2,220.48)	6,363.16	(704,640.66)	2,194,662.02
The Mausoleum Perpetual Care Fund	151,462.90	-	1,344.03	(577.35)	(107.08)	288.73	(34,980.42)	117,430.81
Memorial Scholarship Fund	795,967.87	-	7,063.11	(3,034.06)	(562.73)	1,517.43	(183,829.09)	617,122.53
Elizabeth Austin Miller Fund	240,604.40	-	2,135.03	(917.13)	(170.10)	458.70	(55,567.68)	186,543.22
Junker Fund	181,046.07	-	1,606.54	(690.11)	(127.99)	345.14	(41,812.66)	140,366.99
Price Fund	151,936.53	(10,000.00)	1,276.80	(553.32)	(102.54)	282.23	(33,257.14)	109,582.56
William B. Clayton Fund	288,300.97	-	2,558.28	(1,098.94)	(203.83)	549.61	(66,583.21)	223,522.88
Hiram and LaVerne McCurry Fund	449,667.22	-	3,990.19	(1,714.03)	(317.90)	857.25	(103,850.81)	348,631.92
Bishop Moore Endowment	58,380.65	-	518.05	(222.53)	(41.27)	111.31	(13,483.05)	45,263.16
Estate of Estelle Smith	638,813.82	-	5,668.59	(2,435.01)	(451.62)	1,217.83	(147,534.29)	495,279.32
Lawrence Blake Scholarship Trust	976,102.63	-	8,661.58	(3,720.68)	(690.08)	1,860.83	(225,431.28)	756,783.00
The Gathering	65,907.91	-	584.83	(251.22)	(46.60)	125.64	(15,221.44)	51,099.12
EPISCOPAL FOUNDATION ACCOUNTS								
The Episcopal Fund	5,888,566.07	(108,686.37)	51,521.91	(22,307.19)	(4,133.99)	11,250.87	(1,345,352.03)	4,470,859.27
The Julie and Louis Beecherl Trustee's	821,933.99	(3,000.00)	7,267.48	(3,125.26)	(579.62)	1,564.19	(189,279.11)	634,781.67
Beecherl Advised Fund	375,768.73	-	3,334.42	(1,432.34)	(265.66)	716.36	(86,783.94)	291,337.57
J. C. Brown Memorial Scholarship Advi	427,604.86	(16,750.00)	3,673.14	(1,608.23)	(298.12)	793.34	(96,654.52)	316,760.47
Bishop Stanton Advised Fund	109,611.60	(6,000.00)	921.70	(403.89)	(73.58)	199.39	(24,169.77)	80,085.45
AGENCY ACCOUNTS	45,031,348.12	(1,628,639.63)	393,632.35	(166,323.59)	(31,346.53)	80,554.63	(10,083,626.05)	33,595,599.30
EPISCOPAL FOUNDATION ACCOUNTS	7,623,485.25	(134,436.37)	66,718.65	(28,876.91)	(5,350.97)	14,524.15	(1,742,239.37)	5,793,824.43
TOTAL	52,654,833.37	(1,763,076.00)	460,351.00	(195,200.50)	(36,697.50)	95,078.78	(11,825,865.42)	39,389,423.73

Episcopal Health Foundation of Dallas
Statement of Net Assets

	As of 9/30/2022	As of 9/30/2021	As of 12/31/2021
Assets			
North Dallas Bank - checking account	\$ 339,504	\$ 7,699	\$ 2,796
Vanguard - money market	4,040	2,581	166,161
Prepaid excise tax	357	2,390	-
Prepaid D&O insurance		1,640	339
Other		95	-
Investments at market value	5,844,807	7,609,516	7,755,542
Total assets	\$ 6,188,709	\$ 7,623,921	\$ 7,924,838
Liabilities and Net Assets			
Liabilities			
Grants payable	\$ 332,000		
Estimated excise tax liability	662	7,027	1,427
Total liabilities	332,662	7,027	\$ 1,427
Net Assets			
Total unrestricted net assets	5,856,047	7,316,893	7,923,411
Total liabilities and net assets	\$ 6,188,709	\$ 7,323,920	\$ 7,924,838

Episcopal Health Foundation of Dallas
Statement of Activities

	6 mos Ended 9/30/2022	6 mos Ended 9/30/2021	Year Ended 12/31/2021
Investment income and expense			
Interest and dividends	\$ 68,969	\$ 67,961	\$ 366,584
Realized gains on sales on securities	14,826	418,584	440,692
Unrealized gains on investments	(1,765,182)	122,891	133,215
Investment management fees	(34,741)	(336,296)	(48,833)
	<u>\$ (1,716,128)</u>	<u>\$ 273,140</u>	<u>\$ 891,658</u>
Net investment income			
Grants and operating expenses			
Foundation grants	\$ 332,000	\$ 316,500	\$ 316,500
Contract services (1)	2,348	6,688	6,688
Excise tax expense	722	-	4,404
Accounting fees	3,068	-	2,860
Legal Fees (2)	1,523		-
Insurance - D&O (3)	3,824	2,066	3,461
Computer & website (4)	3,907	320	349
Meetings	162	123	123
Misc	186	33	3,346
Total grants and expenses	<u>\$ 347,741</u>	<u>\$ 325,730</u>	<u>\$ 337,731</u>
Increase (decrease) in net assets	(2,063,869)	(52,590)	553,928
Net assets at beginning of period	<u>7,919,916</u>	<u>7,369,483</u>	<u>7,369,483</u>
Net assets at end of period	<u><u>\$ 5,856,047</u></u>	<u><u>\$ 7,316,893</u></u>	<u><u>\$ 7,923,411</u></u>

(1) EHFD Grant Administrator's additional payroll for implementing new software

(2) EHFD portion of legal fees related to merger

(3) The annual D&O expense was fully expensed when paid in 2022, instead of recording a portion as "prepaid expense."

(4) EHFD portion of new Foundant grant software expense

EPISCOPAL HEALTH FOUNDATION OF DALLAS
2022 ACTUAL VS. BUDGET

		<i>YTD as of 9/30/2022</i>		
	Notes	Actual	Budget	over (under) Budget
Contract Services		2,348	10,000	(7,652)
Tax Return Preparation		3,068	2,950	118
Excise tax		722	5,500	(4,778)
Insurance - D&O		3,824	3,000	824
Computer		3,907	3,500	407
Legal Fees		1,523	5,000	(3,477)
Meetings		162	150	12
Memorials \$ Gifts		-	100	(100)
Misc.		186	100	86
Total Office Expense		15,740	30,300	(7,026)

	Budget 2022	Projection 2022	Proposed 2023*	Increase (Decrease) to 2022 Projection	Page 1 Notes for 2023
Administrative Fee Income	\$228,800	\$245,885	\$230,000	(\$15,885)	\$41.9 m x .0055 (as of 9/30/2022)
Interest Income	\$2,100	\$91	\$100	\$9	
Other income (EHFD reimbursement)	10,000	15,000	-	(\$15,000)	
				\$0	
TOTAL REVENUE	\$240,900	\$260,976	\$230,100	(\$30,876)	
Executive Director	88,476	88,476	88,476	\$0	
Grant Administrator	14,000	17,488	14,000	(\$3,488)	2022 reflects actual for grant work & accounting manager training
Controller	35,000	47,909	35,000	(\$12,909)	Controller at 20 hours
Employers payroll tax	10,517	11,771	10,517	(\$1,254)	7.65%
TOTAL COMPENSATION EXPENSE	147,993	165,644	147,993	(\$17,651)	
				\$0	
Audit	21,600	25,584	23,760	(\$1,824)	Projection includes charges for audit of revenue disclosure
Tax return preparation	3,750	-	-	\$0	
Website & computer technology	2,500	1,000	1,000	\$0	Includes TEK and Camna
Legal fees	5,000	5,353	500	(\$4,853)	Assumes the use of outside professional
Marketing	10,000	-	10,000	\$10,000	Reflects strategic plan initiatives
Development	750	-	750	\$750	Assumes the use of outside professional
TOTAL PROFESSIONAL FEES	43,600	31,937	36,010	\$4,073	
Sponsorships	8,000	7,000	-	(\$7,000)	Discuss with full board value of continued sponsorships - move to marketing
Rent	9,150	9,448	9,925	\$477	2023=\$774.x6 + \$838.x6 (8.2% increase)
Insurance-D&O/Liability	11,000	11,508	12,600	\$1,092	Reflects only EFD and 10% increase per agent in 2023
Telephone	600	600	600	\$0	\$50/month
Computer expense	5,125	8,000	12,500	\$4,500	2023 includes Egnyte Data sharing, Converting to Quickbooks online, 100% Foundant, New Financial accounting software, Constant Contact & web hosting
Development	500	-	500	\$500	
Depreciation	2,500	-	-	\$0	
Professional development	2,000	600	2,000	\$1,400	Includes local conferences
Office supplies	1,200	500	500	\$0	Includes postage and misc office expenses
Marketing Materials	500	-	500	\$500	
Insurance-worker's comp	250	157	200	\$43	
Property taxes	100	-	-	\$0	
Board luncheon	1,000	866	1,000	\$134	25 attendees @ \$40/person inclusive
Meetings	1,000	400	500	\$100	Snacks, grant lunch, Conference rooms (5@\$100)
Convention	200	50	200	\$150	
Memorials & special gifts	500	195	500	\$305	
Miscellaneous	500	400	500	\$100	
TOTAL OFFICE EXPENSE	36,125	39,724	42,025	\$2,301	
				\$0	
TOTAL OPERATING EXPENSE	235,718	244,305	226,028	(\$18,277)	
				\$0	
OPERATING SURPLUS (DEFICIT)	5,182	16,671	4,072	(\$12,599)	

Deficit covered by Trustees Fund

*2023 Budget includes absorption of some EHFD expenses and loss of \$10,000 in revenue.
Offset by EHFD savings on tax prep, D&O insurance, & excise tax. EFD will pay 100% of Foundant software



EPISCOPAL FOUNDATION OF DALLAS

Investment Policy Statement

Organizational Summary

The Episcopal Foundation of Dallas is organized as a Texas non-profit corporation and is qualified as a Section 501(c)(3) exempt organization.

The Foundation is a separate, independent entity, organized and operating outside of the jurisdiction of the Episcopal Diocese of Dallas, The Episcopal Church and the Diocesan and General Conventions of the Church with its own independent Board of Trustees

Investment Objectives

The Board of Trustees of the Foundation is responsible for implementing the following investment objectives:

- A. Preservation of the assets through an investment return sufficient to offset inflation.
- B. Enhancement, where possible, of the assets through an investment return sufficient to achieve payout objectives and to preserve the real value of the corpus.

Definition of Responsibilities

The Board of Trustees has the final authority with respect to the invested assets of the Foundation and for the Investment Policy Guidelines adopted for the supervision of such assets.

The Board of Trustees shall appoint an Investment and Finance Committee ("Committee") of 10 members or less who will be responsible for the supervision of the investment portfolio of the Foundation, subject to the Investment Policy.

The Committee assists the Board of Trustees in carrying out its duties as follows:

- Develops and reviews the Foundation's investment policies.
- Ensures that the investment policies are disciplined and consistent.
- Allocates assets among investment managers and investment styles, including selection of acceptable asset classes, allowable ranges of holdings by asset class and individual investment managers as a percent of assets, the definition of acceptable securities within each asset class, and investment performance expectations.
- Communicates investment policies to the investment managers. The Committee will review investment performance at least quarterly to assure the policy is being followed and progress is being made toward achieving the objectives.
- Evaluates managers and total fund performance at least annually.
- Evaluates custodians, investment managers and consultants.
- Reports to the Board of Trustees quarterly.

Investment Policy Guidelines

The following guidelines have been established for investments. The standards and ratios are based upon current circumstances and may be revised by the Committee at any time.

ASSET ALLOCATION AND POLICY: Assets shall be invested with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters, would use in investing the assets of like character and kind.

Assets shall be structured to meet the liquidity requirements of the Foundation.

Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee to be the most appropriate, given the Fund's long-term objectives and short-term constraints. Portfolio assets ("Portfolio") will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

Asset Class	Sub-Asset Class	Target Allocation
Equity		75%
	Domestic (U.S.)	53 ⁴⁵ %
	International (Non-U.S.)	22 ³⁰ %
Fixed Income		25%
	Investment Grade Domestic	25 ¹⁹ %
	Investment Grade Int'l	0 ⁶ %
Alternatives		0%
Cash		0%

REBALANCING POLICIES: It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio will be re-balanced to its target normal asset allocation under the following circumstances:

- A. Utilize incoming cash flow (contributions) or outgoing money movements (disbursements) of the portfolio to realign the current weightings closer to the target weightings for the portfolio.
- B. The portfolio will be reviewed quarterly to determine the deviation from target weightings. During each quarterly review, if any Asset Class (defined as Equity, Fixed Income, Alternatives, or Cash) within the portfolio is +/-5 percentage points from its target weighting, the portfolio will be rebalanced.
- C. The investment manager may provide a rebalancing recommendation at any time.

- D. The investment manager shall act within a reasonable period of time to evaluate deviation from these ranges and promptly notify the Committee.

Prohibited Investments and Practices

Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:

- A. Purchasing securities on margin or executing short sales.
- B. Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
- C. Purchasing or selling derivative securities for speculation or leverage.
- D. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of their portfolios.

Portfolio Monitoring and Performance Expectations

The Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:

- A. The Portfolio's composite investment performance (net of fees) will be judged against the following standards:
 - 1. The Portfolio's absolute long-term real return objective.
 - 2. A composite benchmark consisting of the following unmanaged market indices weighted according to the expected target asset allocations stipulated by the Portfolio's investment guidelines.
 - a) U.S. Equity: CRSP US Total Market Index or a similar broad domestic equity index
 - b) Non-U.S. Equity: FTSE Global All Cap ex US Index or a similar broad international equity index
 - c) Investment Grade Fixed Income: Barclays Capital US Aggregate Float Adjusted Index and/or Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD hedged)
 - d) Alternatives - TBD
 - e) Cash: Citigroup 3-Month T-Bill Index
- B. The performance of investment managers hired on behalf of the Portfolio will be judged against the following standards:
 - 1. A market-based index appropriately selected or tailored to the investment managers agreed-upon investment objective and the normal investment characteristics of the investment manager's portfolio.
 - 2. The performance of other investment managers having similar investment objectives.

- C. In keeping with the Portfolio's overall long-term financial objective, the Committee will evaluate Portfolio and investment manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.
- D. Investment reports shall be provided by the investment manager(s) on a (calendar) quarterly basis or as more frequently requested by the Committee. Each investment manager is expected to be available to meet with the Committee once per year to review portfolio structure, strategy, and investment performance.
- E. The Board of Trustees will review the Foundation's investment policy annually.