



# **Episcopal Foundation of Dallas**

## **Independent Auditor's Report and Financial Statements**

December 31, 2023 and 2022



**Episcopal Foundation of Dallas**  
**December 31, 2023 and 2022**

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## **Independent Auditor's Report**

Board of Trustees  
Episcopal Foundation of Dallas  
Dallas, Texas

### ***Opinion***

We have audited the financial statements of Episcopal Foundation of Dallas, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and 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 Episcopal Foundation of Dallas, as of December 31, 2023 and 2022, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Episcopal Foundation of Dallas, 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.

### ***Emphasis of Matter (Revised)***

As described in *Note 7* to the financial statements, the statement of cash flow for the year ended December 31, 2022 has been restated to correct the 2022 statement of cash flows presentation between operating and financing activities. There is no change to net assets or change in net assets. Our opinion is not modified with respect to this matter.

### ***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 Episcopal Foundation of Dallas' ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

### ***Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 Episcopal Foundation of Dallas' 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 Episcopal Foundation of Dallas 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.

***Forvis Mazars, LLP***

**Dallas, Texas  
June 10, 2024**

**Episcopal Foundation of Dallas**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

|                                       | <b>2023</b>          | <b>2022</b>          |
|---------------------------------------|----------------------|----------------------|
| <b>Assets</b>                         |                      |                      |
| Cash and cash equivalents             | \$ 166,225           | \$ 147,149           |
| Contribution receivable               | -                    | 800                  |
| Accounts receivable                   | 46,844               | 49,772               |
| Investments                           | 14,017,740           | 12,496,973           |
| Restricted investments - agency funds | 34,068,718           | 29,882,431           |
| Right of use asset - operating lease  | 21,000               | 11,610               |
| Other assets                          | 4,693                | 4,693                |
|                                       | <u>48,325,220</u>    | <u>42,593,428</u>    |
| Total assets                          | <u>\$ 48,325,220</u> | <u>\$ 42,593,428</u> |
| <br><b>Liabilities and Net Assets</b> |                      |                      |
| <b>Liabilities</b>                    |                      |                      |
| Accounts payable                      | \$ -                 | \$ 225               |
| Operating lease liability             | 21,000               | 11,610               |
| Agency funds                          | 34,068,718           | 29,882,431           |
|                                       | <u>34,089,718</u>    | <u>29,894,266</u>    |
| Total liabilities                     | <u>34,089,718</u>    | <u>29,894,266</u>    |
| <br><b>Net Assets</b>                 |                      |                      |
| Without donor restrictions            | 14,233,752           | 12,697,412           |
| With donor restrictions               | 1,750                | 1,750                |
|                                       | <u>14,235,502</u>    | <u>12,699,162</u>    |
| Total net assets                      | <u>14,235,502</u>    | <u>12,699,162</u>    |
| Total liabilities and net assets      | <u>\$ 48,325,220</u> | <u>\$ 42,593,428</u> |

**Episcopal Foundation of Dallas**  
**Statements of Activities**  
**Years Ended December 31, 2023 and 2022**

|  | <u>2023</u>          | <u>2022</u>          |
|--|----------------------|----------------------|
| <b>Revenues and Other Support Without Donor Restrictions</b> |                      |                      |
| Contributions  | \$ 57,300            | \$ 6,325,091         |
| Investment return, net                                       | 2,115,644            | (1,183,476)          |
| Administrative fee income                                    | 169,545              | 204,654              |
| Other income   | <u>12,505</u>        | <u>16,842</u>        |
| Total revenues and other support                             | <u>2,354,994</u>     | <u>5,363,111</u>     |
| <b>Expenses</b>  |                      |                      |
| Grants   | 608,064              | 338,929              |
| Investment management - agency funds                         | <u>12,079</u>        | <u>13,114</u>        |
| Total program services                                       | <u>620,143</u>       | <u>352,043</u>       |
| Administrative support                                       | <u>198,511</u>       | <u>252,284</u>       |
| Total support services                                       | <u>198,511</u>       | <u>252,284</u>       |
| Total expenses   | <u>818,654</u>       | <u>604,327</u>       |
| <b>Change in Net Assets Without Donor Restrictions</b>       | 1,536,340            | 4,758,784            |
| <b>Net Assets, Beginning of Year</b>                         | <u>12,699,162</u>    | <u>7,940,378</u>     |
| <b>Net Assets, End of Year</b>                               | <u>\$ 14,235,502</u> | <u>\$ 12,699,162</u> |

**Episcopal Foundation of Dallas**  
**Statements of Functional Expenses**  
**Years Ended December 31, 2023 and 2022**

|                                       | 2023<br>Program Services |                  |                   | 2023<br>Support   |                   |
|---------------------------------------|--------------------------|------------------|-------------------|-------------------|-------------------|
|                                       | Grants                   | Investment       | Total Program     | Administrative    | Total             |
|                                       |                          | Management       | Services          | Support           |                   |
| Grants and other assistance           | \$ 571,000               | \$ -             | \$ 571,000        | \$ -              | \$ 571,000        |
| Salaries and wages                    | 29,187                   | 9,344            | 38,531            | 119,214           | 157,745           |
| Payroll taxes                         | 2,233                    | 715              | 2,948             | 9,082             | 12,030            |
| Professional fees and services        | -                        | -                | -                 | 26,593            | 26,593            |
| Advertising and promotion             | -                        | -                | -                 | 2,850             | 2,850             |
| Office expenses                       | 382                      | 123              | 505               | -                 | 505               |
| Information technology                | 2,909                    | 931              | 3,840             | 15,973            | 19,813            |
| Occupancy                             | 1,819                    | 582              | 2,401             | 7,397             | 9,798             |
| Conferences, conventions and meetings | 70                       | 235              | 305               | 1,663             | 1,968             |
| Insurance                             | -                        | -                | -                 | 11,971            | 11,971            |
| Other                                 | 464                      | 149              | 613               | 3,768             | 4,381             |
| <b>Total expenses</b>                 | <b>\$ 608,064</b>        | <b>\$ 12,079</b> | <b>\$ 620,143</b> | <b>\$ 198,511</b> | <b>\$ 818,654</b> |

|                                       | 2022<br>Program Services |                  |                   | 2022<br>Support   |                   |
|---------------------------------------|--------------------------|------------------|-------------------|-------------------|-------------------|
|                                       | Grants                   | Investment       | Total Program     | Administrative    | Total             |
|                                       |                          | Management       | Services          | Support           |                   |
| Grants and other assistance           | \$ 295,694               | \$ -             | \$ 295,694        | \$ -              | \$ 295,694        |
| Salaries and wages                    | 35,155                   | 10,600           | 45,755            | 125,344           | 171,099           |
| Payroll taxes                         | 2,689                    | 811              | 3,500             | 9,485             | 12,985            |
| Professional fees and services        | -                        | -                | -                 | 30,937            | 30,937            |
| Advertising and promotion             | -                        | -                | -                 | 647               | 647               |
| Office expenses                       | 234                      | 70               | 304               | 823               | 1,127             |
| Information technology                | 2,597                    | 783              | 3,380             | 9,179             | 12,559            |
| Occupancy                             | 1,946                    | 587              | 2,533             | 6,864             | 9,397             |
| Conferences, conventions and meetings | 26                       | 86               | 112               | 1,253             | 1,365             |
| Insurance                             | -                        | -                | -                 | 11,623            | 11,623            |
| Other                                 | 588                      | 177              | 765               | 56,129            | 56,894            |
| <b>Total expenses</b>                 | <b>\$ 338,929</b>        | <b>\$ 13,114</b> | <b>\$ 352,043</b> | <b>\$ 252,284</b> | <b>\$ 604,327</b> |

**Episcopal Foundation of Dallas**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

|   | <b>2023</b>  | <b>2022<br/>(Restated-<br/>Note 7)</b> |
|---|--------------|--|
| <b>Operating Activities</b>                                       |              |  |
| Change in net assets  | \$ 1,536,340 | \$ 4,758,784                           |
| Items not requiring (providing) cash                              |              |  |
| Net realized and unrealized (gains) loss on investments           | (1,615,728)  | 1,480,417                              |
| Noncash operating lease expense                                   | 9,288        | 6,966                                  |
| Changes in  |              |  |
| Contribution receivable   | 800          | 300                                    |
| Accounts receivable   | 2,928        | 7,864                                  |
| Other assets  | -            | 7,402                                  |
| Operating lease liability   | (9,288)      | (6,966)                                |
| Accounts payable  | (225)        | (2,936)                                |
| Agency funds  | 654,856      | (7,037,681)                            |
|   | 578,971      | (785,850)                              |
| Net cash provided by (used in) operating activities               |              |  |
| <b>Investing Activities</b>                                       |              |  |
| Purchases of investments - agency funds                           | (2,824,312)  | (2,063,010)                            |
| Proceeds from sale of investments - agency funds                  | 2,169,455    | 9,091,589                              |
| Purchases of investments  | (574,815)    | (6,652,534)                            |
| Proceeds from sale of investments                                 | 669,776      | 298,629                                |
|   | (559,896)    | 674,674                                |
| Net cash provided by (used in) investing activities               |              |  |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>           | 19,076       | (111,176)                              |
| <b>Cash and Cash Equivalents, Beginning of Year</b>               | 147,149      | 258,325                                |
| <b>Cash and Cash Equivalents, End of Year</b>                     | \$ 166,225   | \$ 147,149                             |
| <b>Supplemental Disclosure of Cash Flow Information:</b>          |              |  |
| ROU asset obtained in exchange of new operating lease liabilities | 21,000       | 18,576                                 |



# Episcopal Foundation of Dallas

## Notes to Financial Statements

December 31, 2023 and 2022

### Note 1: Nature of Operations and Summary of Significant Accounting Policies

#### ***Nature of Operations***

The Episcopal Foundation of Dallas (Foundation) is a Texas not-for-profit corporation whose mission is to strengthen and support faith communities by partnering wise investments with purposeful giving. The Foundation is organized and operated with an independent Board of Trustees outside the jurisdiction of the Episcopal Diocese of Dallas (Diocese), the Episcopal Church and the Diocesan and General Conventions of the Church. The Foundation provides investment management services to Episcopal churches, schools and agencies within the Episcopal Diocese of Dallas (investment partners) and makes grants to these organizations in addition to other not-for-profits whose work is consistent with the mission of the Foundation and the Diocese. The Foundation's revenues and other support are derived principally from its own investment earnings and administrative fees charged to investment partners.

#### ***Restricted Investments – Agency Funds***

The Foundation maintains funds for various Diocesan institutions in which it has no economic interest. The Foundation invests these funds on behalf of the investment partners, and they are held as agency accounts. The Foundation records agency funds at fair value and recognizes a corresponding liability of an equal amount. Investment gains and losses related to agency funds are not presented on the statements of activities.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### ***Cash Equivalents***

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents consisted entirely of money market accounts with brokers at December 31, 2023 and 2022. The Foundation's cash account did not exceed the federally insured limit.

#### ***Restricted Cash – Agency Funds***

The Foundation received cash to be invested on behalf of investment partners that at December 31, 2021 was not transferred to the investment accounts. At December 31, 2023 and 2022, there was no uninvested cash received from investment partners.

# Episcopal Foundation of Dallas

## Notes to Financial Statements

December 31, 2023 and 2022

### ***Accounts Receivables***

Accounts receivables are stated at the amount of consideration from churches, schools and agencies of which the Foundation has an unconditional right to receive. The accounts receivable consists of administrative fee income that is transferred directly from the agency funds on a quarterly basis. Management believes no allowance for credit losses is necessary on December 31, 2023 and 2022.

### ***Investments and Net Investment Return***

Investments in equity securities having a readily determinable fair value are carried at fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments carried at fair value less external investment expenses. Realized and unrealized gains and losses are determined using the average cost method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Foundation maintains a diversified pooled investment portfolio for the benefit of the Foundation and participating investment partners. Investment income and realized and unrealized gains and losses from securities, and investment expenses in the pooled investment portfolio are allocated monthly to individual accounts based on the relationship of the fair value of each account to the total fair value of the pooled investments portfolio, as adjusted for additions to or deductions from the individual accounts.

### ***Net Assets***

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions of \$1,750 at December 31, 2023 and 2022, are subject to donor restrictions for the benefit of another Diocesan organization. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. At December 31, 2023 and 2022, the Foundation did not have net assets required to be maintained in perpetuity.

Net assets without donor restrictions include \$870,018 and \$728,964 of donor advised funds at December 31, 2023 and 2022, 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.

# Episcopal Foundation of Dallas

## Notes to Financial Statements

December 31, 2023 and 2022

### Contributions

Contributions are provided to the Foundation either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

| <b>Nature of the Gift</b>  | <b>Value Recognized</b>   |
|--|---|
| <i>Conditional gifts, with or without restriction</i>  |   |
| Gifts that depend on the Foundation overcoming a donor-imposed barrier to be entitled to the funds | Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met                       |
| <i>Unconditional gifts, with or without restriction</i>  |   |
| Received at date of gift – cash and other assets   | Fair value  |
| Received at date of gift – property, equipment and long-lived assets                               | Estimated fair value  |
| Expected to be collected within one year   | Net realizable value  |
| Collected in future years  | Initially reported at fair value determined using the discounted present value of estimated future cash flows technique |

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

# Episcopal Foundation of Dallas

## Notes to Financial Statements

December 31, 2023 and 2022

### ***Income Taxes***

The Foundation is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income.

The Foundation files tax returns in the U.S. federal jurisdiction.

The Foundation received a ruling from the Internal Revenue Service which determined the Foundation meets the requirements of an integrated auxiliary of a church, and as such, is not required to file Form 990.

### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program and administrative support categories based on a time study conducted for each employee, specific identification, and other methods.

### **Note 2: Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The hierarchy comprises three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities.

**Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**Episcopal Foundation of Dallas**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

***Recurring Measurements***

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis. At December 31, 2023 and 2022, investments, all of which are classified as Level 1, consist of the following:

***Investments***

|                       | <b>2023</b>          | <b>2022</b>          |
|-----------------------|----------------------|----------------------|
| Mutual funds          |                      |                      |
| Domestic equity       | \$ 7,494,642         | \$ 6,539,395         |
| International equity  | 3,054,092            | 2,851,770            |
| Domestic fixed income | <u>3,469,006</u>     | <u>3,105,808</u>     |
| Total                 | <u>\$ 14,017,740</u> | <u>\$ 12,496,973</u> |

***Restricted Investments - Agency Funds***

|                       | <b>2023</b>          | <b>2022</b>          |
|-----------------------|----------------------|----------------------|
| Mutual funds          |                      |                      |
| Domestic equity       | \$ 17,722,697        | \$ 15,171,012        |
| International equity  | 7,627,338            | 6,976,673            |
| Domestic fixed income | <u>8,718,683</u>     | <u>7,734,746</u>     |
| Total                 | <u>\$ 34,068,718</u> | <u>\$ 29,882,431</u> |

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2023.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The investments consist of mutual funds accounted for at fair value based on quoted prices in active markets in which the mutual funds are traded (Level 1 inputs) at December 31, 2023 and 2022.

# Episcopal Foundation of Dallas

## Notes to Financial Statements

December 31, 2023 and 2022

### Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

|   | <u>2023</u>          | <u>2022</u>          |
|---|----------------------|----------------------|
| Financial assets at year-end  |                      |                      |
| Cash and cash equivalents   | \$ 166,225           | \$ 147,149           |
| Contribution receivable   | -                    | 800                  |
| Accounts receivable   | 46,844               | 49,772               |
| Investments   | <u>14,017,740</u>    | <u>12,496,973</u>    |
| Total financial assets  | <u>14,230,809</u>    | <u>12,694,694</u>    |
| Donor imposed restrictions  |                      |                      |
| Restricted funds  | <u>1,750</u>         | <u>1,750</u>         |
| Financial assets available to meet cash needs for<br>general expenditures within one year | <u>\$ 14,229,059</u> | <u>\$ 12,692,944</u> |

The Foundation manages its liquidity by operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund operating needs. The Foundation's investments are subject to a spending guideline which allows the Foundation to be as generous and as consistent as possible in making grants to the community while also maintaining the value of the fund over time. Agency fund investments are not included as they are not the Foundation's financial assets. The guideline is for planning purposes and to demonstrate due diligence, and it is the intent of the Board of Trustees that investments remain without restriction and not subject to any self-imposed limits that create designated assets.

### Note 4: Related Party Transactions

Effective December 31, 2022, Episcopal Health Foundation of Dallas' (EHFD) Board of Trustees voluntarily decided to dissolve after transferring all assets to the Foundation. The Foundation recorded the unconditional, unrestricted contribution of \$6,315,341 from EHFD as a contribution on the statements of activities.

EHFD incurred administrative fees with the Foundation of \$37,345 for the year ended December 31, 2022.

As of December 1, 2023, The Foundation moved offices and entered into an agreement with one of the Foundation's investment partners for a 3-year lease. This amounted to a monthly payment of \$600 for 36 months, with the total amount for the lease being \$21,600.

# Episcopal Foundation of Dallas

## Notes to Financial Statements

December 31, 2023 and 2022

### Note 5: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

#### ***Investments***

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

#### ***Administrative Fee Income***

Approximately 15% of the Foundation's administrative fee income came from one investment partner for the years ended December 31, 2023 and 2022.

#### ***Contributions***

Approximately 99% of total contribution revenue was from one donor for the year ended December 31, 2022, as described in *Note 4*. There were no donor concentrations during the year ended December 31, 2023.

### Note 6: Revenue from Contracts with Churches, Schools and Agencies

#### ***Administrative Fee Income***

The Foundation manages investments on behalf of churches, schools and agencies within the agencies within the Episcopal Diocese of Dallas (investment partners). The Foundation is entitled to a 0.55% investment management fee on the value of the funds invested. Performance obligations are determined based on the nature of the services provided by the Foundation in accordance with the contract. Revenue for performance obligations satisfied over time is recognized ratably over the year based on time elapsed. The Foundation believes this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

#### ***Contract Balances***

The Foundation had receivables from churches, schools and agencies at December 31, 2023 and 2022, for \$46,844 and \$49,772, respectively. At December 31, 2023 and 2022, the Foundation had no contract liabilities.

# Episcopal Foundation of Dallas

## Notes to Financial Statements

December 31, 2023 and 2022

### ***Performance Obligations and Transaction Price Allocated to Remaining Performance Obligations***

The performance obligations for these contracts are generally completed over time for as long as the funds are invested and managed by the Foundation. The Foundation assesses the investment management fee at the end of each quarter as services are provided to the churches, schools and agencies.

### ***Significant Judgments***

The Foundation determines the transaction price based on standard charges for services provided in accordance with the Foundation's policy. There are no implicit or explicit price concessions provided to churches, schools and agencies.

### ***Disaggregation of Revenue***

For the year ended December 31, 2023 and 2022, the Foundation recognized revenue over time from investment management fees charged to churches, schools, and affiliates of \$169,545 and \$204,654, respectively.



# Episcopal Foundation of Dallas

## Notes to Financial Statements

December 31, 2023 and 2022

### Note 7: Restatement

A restatement was made to the presentation of the Foundation's statement of cash flows for the year ended December 31, 2022. The restatement was to properly present net cash receipts and disbursements from agency transactions and to correct a clerical error in the purchases of investments and proceeds from sales of investments. The restatement did not have an impact on the change in net assets. The results of the restatement are as follows:

| Statement of Cash Flows                          | <u>2022, As<br/>Previously<br/>reported</u> | <u>Prior period<br/>adjustment</u> | <u>2022, As<br/>Restated</u> |
|--|---|------------------------------------|------------------------------|
| <b>Operating Activities</b>                      |   |                                    |                              |
| Changes in                                       |   |                                    |                              |
| Agency funds                                     | \$ (15,158,019)                             | \$ 8,120,338                       | \$ (7,037,681)               |
| Net cash used in operating activities            | (8,906,188)                                 | 8,120,338                          | (785,850)                    |
| <b>Investing Activities</b>                      |   |                                    |                              |
| Purchases of investments - agency funds          | (8,416,915)                                 | 6,353,905                          | (2,063,010)                  |
| Proceeds from sale of investments - agency funds | 10,858,022                                  | (1,766,433)                        | 9,091,589                    |
| Purchases of investments                         | (298,629)                                   | (6,353,905)                        | (6,652,534)                  |
| Proceeds of sales of investments                 | 6,652,534                                   | (6,353,905)                        | 298,629                      |
| Net cash provided by investing activities        | \$ 8,795,012                                | \$ (8,120,338)                     | \$ 674,674                   |

### Note 8: Subsequent Events

Subsequent events have been evaluated through June 10, 2024, which is the date the financial statements were available to be issued.