Episcopal Foundation of Dallas

Independent Auditor's Report and Financial Statements

December 31, 2025 and 2024

Episcopal Foundation of Dallas
Contents
December 31, 2025 and 2024

Independent Auditor's Report 1

Financial Statements

Statements of Financial Position 3

Statements of Activities 4

Statements of Functional Expenses 5

Statements of Cash Flows 6

Notes to Financial Statements 7

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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, 2025 and 2024, 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, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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.

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 2, 2026

Episcopal Foundation of Dallas
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	$ 241,479	$ 237,577
Contribution receivable	100	-
Accounts receivable	75,199	45,735
Investments	16,866,109	14,805,492
Restricted investments – agency funds	38,205,855	33,261,779
Right of use asset – operating lease	6,600	13,800
Other assets	3,500	3,500
Total Assets	$ 55,398,842	$ 48,367,883
LIABILITIES AND NET ASSETS		
Liabilities		
Operating lease liability	$ 6,600	$ 13,800
Agency funds	38,205,855	33,261,779
Total Liabilities	38,212,455	33,275,579
Net Assets		
Without donor restrictions	17,184,637	15,090,554
With donor restrictions	1,750	1,750
Total Net Assets	17,186,387	15,092,304
Total Liabilities and Net Assets	$ 55,398,842	$ 48,367,883

Episcopal Foundation of Dallas
Statements of Activities
Years Ended December 31, 2025 and 2024

	2025	2024
Revenues and Other Support Without Donor Restrictions		
Contributions	$ 113,650	$ 61,100
Investment return, net	2,659,863	1,459,791
Administrative fee income, net	197,625	188,956
Other income	3,698	9,647
Total Revenues and Other Support	2,974,836	1,719,494
Expenses		
Grants	650,778	648,230
Investment management – agency funds	11,520	10,824
Total Program Services	662,298	659,054
Administrative support	218,455	203,638
Total Support Services	218,455	203,638
Total Expenses	880,753	862,692
Change in Net Assets Without Donor Restrictions	2,094,083	856,802
Net Assets, Beginning of Year	15,092,304	14,235,502
Net Assets, End of Year	$ 17,186,387	$ 15,092,304

Episcopal Foundation of Dallas
Statements of Functional Expenses
Years Ended December 31, 2025 and 2024

	Program Services			Support Services	
	Grants	Investment Management	Total Program Services	Administrative Support	Total
2025					
Grants and other assistance	$ 630,100	$ -	$ 630,100	$ -	$ 630,100
Salaries and wages	16,553	8,738	25,291	131,905	157,196
Payroll taxes	1,214	754	1,968	9,675	11,643
Professional fees and services	-	-	-	30,205	30,205
Advertising and promotion	-	-	-	9,763	9,763
Office expenses	246	153	399	2,461	2,860
Information technology	1,833	1,138	2,971	14,606	17,577
Occupancy	751	466	1,217	5,983	7,200
Conferences, conventions, and meetings	81	271	352	2,015	2,367
Insurance	-	-	-	11,842	11,842
Total expenses	$ 650,778	$ 11,520	$ 662,298	$ 218,455	$ 880,753
2024					
Grants and other assistance	$ 631,133	$ -	$ 631,133	$ -	$ 631,133
Salaries and wages	13,635	8,287	21,922	126,364	148,286
Payroll taxes	1,015	726	1,741	9,405	11,146
Professional fees and services	-	-	-	24,875	24,875
Advertising and promotion	-	-	-	7,315	7,315
Office expenses	151	108	259	1,394	1,653
Information technology	1,616	1,155	2,771	14,976	17,747
Occupancy	656	469	1,125	6,076	7,201
Conferences, conventions, and meetings	24	79	103	1,326	1,429
Insurance	-	-	-	11,907	11,907
Total expenses	$ 648,230	$ 10,824	$ 659,054	$ 203,638	$ 862,692

Episcopal Foundation of Dallas
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	$ 2,094,083	$ 856,802
Items not requiring (providing) cash		
Net realized and unrealized gains on investments	(1,694,346)	(758,599)
Noncash operating lease expense	6,600	7,200
Changes in		
Contribution receivable	(100)	-
Accounts receivable	(29,464)	1,109
Other assets	-	1,193
Operating lease liability	(6,600)	(7,200)
Agency funds	1,435,160	(1,698,165)
Net Cash Provided by (Used in) Operating Activities	1,805,333	(1,597,660)
Investing Activities		
Purchases of restricted investments – agency funds	(3,160,822)	(1,925,773)
Proceeds from sale of restricted investments – agency funds	1,725,662	3,623,939
Purchases of investments	(1,108,517)	(792,729)
Proceeds from sale of investments	742,246	763,575
Net Cash Provided by (Used in) Investing Activities	(1,801,431)	1,669,012
Increase in Cash and Cash Equivalents	3,902	71,352
Cash and Cash Equivalents, Beginning of Year	237,577	166,225
Cash and Cash Equivalents, End of Year	$ 241,479	$ 237,577

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The Episcopal Foundation of Dallas (Foundation) is a Texas nonprofit 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 nonprofits 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.

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, 2025 and 2024. The Foundation's cash account did not exceed the federally insured limit.

Restricted Cash – Agency Funds

At times, the Foundation receives cash to be invested on behalf of investment partners. At December 31, 2025 and 2024, there was no uninvested cash received from investment partners.

Accounts Receivable

Accounts receivable 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 consist 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 at December 31, 2025 and 2024.

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.

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.

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, 2025 and 2024 are subject to donor restrictions for the benefit of another Diocesan organization. The restrictions are temporary in nature, as they will be met by the passage of time or other events specified by the donor. At December 31, 2025 and 2024, the Foundation did not have net assets required to be maintained in perpetuity.

Net assets without donor restrictions include $1,190,434 and $957,119 of donor-advised funds at December 31, 2025 and 2024, 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.

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:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
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.e.*, the donor-imposed barrier is met
Unconditional gifts, with or without restriction	
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 that are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

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

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 received a ruling from the Internal Revenue Service that 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.

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the statements of financial position measured at fair value on a recurring basis. Investments, all of which are classified as Level 1, consist of the following at December 31:

Investments

	2025	2024
Mutual funds		
Domestic equity	$ 9,021,132	$ 7,997,916
International equity	3,767,019	3,193,010
Domestic fixed income	4,077,958	3,614,566
Total	$ 16,866,109	$ 14,805,492

Investment return – net consists of the following for the years ended December 31:

	2025	2024
Investment income	$ 993,967	$ 728,627
Expenses	(28,450)	(27,435)
Realized gains	138,156	410,859
Unrealized gains	1,556,190	347,740
Investment return, net	$ 2,659,863	$ 1,459,791

Restricted Investments – Agency Funds

	2025	2024
Mutual funds		
Domestic equity	$ 19,812,717	$ 17,449,057
International equity	8,796,742	7,394,496
Domestic fixed income	9,596,396	8,418,226
Total	$ 38,205,855	$ 33,261,779

Agency fund activity – net consists of the following for the years ended December 31:

	2025	2024
Investment income	$ 6,022,738	$ 3,490,735
Expenses	(251,161)	(250,690)
Agency fund additions	940,391	268,000
Agency fund distributions	(1,767,892)	(4,314,984)
Net agency fund activity	4,944,076	(806,939)
Agency funds, beginning of year	33,261,779	34,068,718
Agency funds, end of year	$ 38,205,855	$ 33,261,779

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2025.

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, 2025 and 2024.

Note 3. Liquidity and Availability

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

	2025	2024
Financial assets at year-end		
Cash and cash equivalents	$ 241,479	$ 237,577
Contribution receivable	100	-
Accounts receivable	75,199	45,735
Investments	16,866,109	14,805,492
Total financial assets	17,182,887	15,088,804
Donor-imposed restrictions		
Restricted funds	1,750	1,750
Financial assets available to meet cash needs for general expenditures within one year	$ 17,181,137	$ 15,087,054

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 that 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. At December 31, 2025 and 2024, the Board of Trustees' fund included $807,712 and $716,612, respectively, which is included in investments on the statements of financial position.

Note 4. Related-Party Transactions

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

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 statements of financial position.

Administrative Fee Income

Approximately 27% and 26% of the Foundation's administrative fee income came from one investment partner for the years ended December 31, 2025 and 2024, respectively.

Contributions

Approximately 88% and 81% of total contribution revenue was from one donor for the years ended December 31, 2025 and 2024, respectively.

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, 2025 and 2024 for $52,533 and $45,735, respectively. At December 31, 2025 and 2024, the Foundation had no contract liabilities.

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 years ended December 31, 2025 and 2024, the Foundation recognized revenue over time from investment management fees charged to churches, schools, and agencies of $197,625 and $188,956, respectively.

Note 7. Subsequent Events

Subsequent events have been evaluated through June 2, 2026, which is the date the financial statements were available to be issued.