

**First Methodist Church of Fort Worth
Foundation, Inc.**

Financial Report
December 31, 2025



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Independent Auditor's Report

To the Board of Directors of
First Methodist Church of Fort Worth Foundation, Inc.

Opinion

We have audited the financial statements of First Methodist Church of Fort Worth Foundation, Inc. (the Foundation), which comprise the statements of financial position as of December 31, 2025 and 2024 and the related statements of activities and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of First Methodist Church of Fort Worth Foundation, Inc. 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 First Methodist Church of Fort Worth Foundation, Inc. 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 First Methodist Church of Fort Worth Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued or 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 First Methodist Church of Fort Worth Foundation, Inc.'s 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 First Methodist Church of Fort Worth Foundation, Inc.'s 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.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
April 17, 2026

First Methodist Church of Fort Worth Foundation, Inc.

Statements of Financial Position

December 31, 2025 and 2024

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 25	\$ 40,804
Oil and gas receivables	110,000	110,000
Contribution and other receivables	2,006	2,250
Interest and dividend receivable	435,657	329,367
Prepaid expenses	1,050	1,050
Investment securities	103,374,679	98,191,436
Mineral interests	866,383	866,383
Perpetual income interest in land not owned	1,068,000	1,068,000
	\$ 105,857,800	\$ 100,609,290
TOTAL ASSETS		
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 5,645	\$ 5,998
Assets held for others	623,394	577,781
	629,039	583,779
Total liabilities		
NET ASSETS		
Without donor restrictions		
Designated	8,255,101	8,032,002
Undesignated	90,499,982	85,975,473
With donor restrictions	6,473,678	6,018,036
	105,228,761	100,025,511
Total net assets		
TOTAL LIABILITIES AND NET ASSETS	\$ 105,857,800	\$ 100,609,290

The Notes to Financial Statements are an integral part of these statements.

First Methodist Church of Fort Worth Foundation, Inc.

Statement of Activities Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 27,338	\$ 15,000	\$ 42,338
Oil and gas royalties	811,270	-	811,270
Property rentals	179,364	-	179,364
Investment income, net	1,597,984	96,700	1,694,684
Unrealized and realized gain on investment securities	6,234,537	411,865	6,646,402
Net assets released from restrictions			
Satisfaction of program restrictions	67,923	(67,923)	-
Total revenues	8,918,416	455,642	9,374,058
EXPENSES			
Program services			
Contributions to Church	3,447,180	-	3,447,180
Supporting services			
Wages and benefits	477,984	-	477,984
Office expense	131,287	-	131,287
Ad valorem taxes	27,948	-	27,948
Fundraising	6,120	-	6,120
Other	80,289	-	80,289
Total expenses	4,170,808	-	4,170,808
Change in net assets	4,747,608	455,642	5,203,250
NET ASSETS, beginning of year	94,007,475	6,018,036	100,025,511
NET ASSETS, end of year	<u>\$ 98,755,083</u>	<u>\$ 6,473,678</u>	<u>\$ 105,228,761</u>

The Notes to Financial Statements are an integral part of this statement.

First Methodist Church of Fort Worth Foundation, Inc.

Statement of Activities – Continued

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 27,715	\$ 668	\$ 28,383
Oil and gas royalties	645,963	-	645,963
Property rentals	175,781	-	175,781
Investment income, net	1,120,208	78,529	1,198,737
Gain on sale of mineral interests	324,875	-	324,875
Unrealized and realized gain on investment securities	10,515,800	684,045	11,199,845
Net assets released from restrictions			
Satisfaction of program restrictions	60,278	(60,278)	-
Total revenues	12,870,620	702,964	13,573,584
EXPENSES			
Program services			
Contributions to Church	3,067,946	-	3,067,946
Supporting services			
Wages and benefits	438,371	-	438,371
Office expense	125,282	-	125,282
Ad valorem taxes	29,153	-	29,153
Fundraising	8,052	-	8,052
Other	52,712	-	52,712
Total expenses	3,721,516	-	3,721,516
Change in net assets	9,149,104	702,964	9,852,068
NET ASSETS, beginning of year	84,858,371	5,315,072	90,173,443
NET ASSETS, end of year	\$ 94,007,475	\$ 6,018,036	\$ 100,025,511

The Notes to Financial Statements are an integral part of this statement.

First Methodist Church of Fort Worth Foundation, Inc.

Statements of Cash Flows

Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 5,203,250	\$ 9,852,068
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net unrealized and realized gain on investment securities	(6,646,402)	(11,199,845)
Gain on sale of mineral interests	-	(324,875)
Change in operating assets and liabilities		
Oil and gas receivables	-	15,000
Contribution and other receivables	244	(160)
Interest receivable	(106,290)	99,819
Prepaid expenses	-	(420)
Accounts payable and accrued expenses	(353)	425
Assets held for others	45,613	135,852
	(1,503,938)	(1,422,136)
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(21,601,584)	(19,363,225)
Proceeds from sale of mineral interests	-	284,376
Proceeds from sale or maturity of investments	23,064,743	20,482,260
	1,463,159	1,403,411
Net cash provided by investing activities		
Net change in cash and cash equivalents	(40,779)	(18,725)
CASH AND CASH EQUIVALENTS, beginning of year	40,804	59,529
CASH AND CASH EQUIVALENTS, end of year	\$ 25	\$ 40,804
NON-CASH INVESTING ACTIVITIES		
Mineral interests received from sale of other mineral interests	\$ -	\$ 40,499

The Notes to Financial Statements are an integral part of these statements.

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

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

Nature of Activities

The First Methodist Church of Fort Worth Foundation, Inc. (the Foundation) is organized to receive and preserve gifts and bequests that are intended to benefit First United Methodist Church of Fort Worth, Inc. (the Church) and to support and assist in carrying out the purpose and programs of the Church. Substantially all of the Foundation's support and revenues are a result of contributions from the members and supporters of the Church.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Cash Equivalents

The Foundation considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Amounts held in money market funds that are to be reinvested to investment principal are included as a part of investment securities.

Receivables

Receivables primarily consist of oil and gas royalty income receivables related to the Foundation's mineral interest. Receivables as of December 31, 2023, 2024 and 2025 were \$125,000, \$110,000 and \$110,000, respectively. The majority of the Foundation's oil and gas receivable are from recurring well operators. Receivables are typically received within 60 days of production and are stated at amounts due based on production. Accounts that are outstanding longer than the payment terms are considered past due. Credit is generally extended on a short-term basis; thus accounts receivable do not bear interest.

The Foundation recognizes an allowance for losses on accounts receivable in an amount equal to the current expected credit loss. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specifically identifiable accounts considered at risk or uncollectible. The Foundation assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific balances no longer share risk characteristics of the pool and are considered at risk or uncollectible. The expense associated with the allowance for expected credit losses is recognized in general and administrative expenses.

At December 31, 2025 and 2024, the Foundation considers all oil and gas receivables to be fully collectible; therefore, no allowance for credit losses is recorded, and there were no changes therein during the year ended December 31, 2025 or 2024.

Investment Securities

Investment securities are stated at fair value (see Note 3). Net gains and losses, which consist of realized and change in unrealized gains and losses, are reflected in the statements of activities.

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

Mineral Interests

Oil and gas mineral interests are recorded at their estimated fair value at the date of donation based on the present value of estimated future royalties from oil and gas reserves or purchase price, if purchased, and subsequently evaluated for impairment. Revenue from the mineral interests is recorded based on the production date when the performance obligation is satisfied. The fair value of the oil and gas interests at December 31, 2025 and 2024 is estimated to be in excess of the recorded value.

Perpetual Income Interest in Land Not Owned

The Foundation has recorded a perpetual income interest in land not owned related to parking lots, which were deeded to the Church. The parking lots are leased during the weekdays under lease agreements. The value of the perpetual income interest asset was estimated based on the present value of its estimated future rental income using a discount rate of 10% at the date of donation and subsequently evaluated for impairment. The fair value of the perpetual income interest asset is estimated to be in excess of the recorded value.

Assets Held for Others

Amounts held on behalf of others are recorded at the estimated fair value that would be due if the entity chose to withdraw investments from the Foundation's management.

Contributions

The Foundation reports gifts of cash and other assets as contributions at their estimated fair value at date of receipt. This support is recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Federal Income Taxes

The Foundation is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); therefore, no provision for income taxes is included in the financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Foundation recognizes in its financial statements the financial effect of a tax position, if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. At December 31, 2025 and 2024, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

Financial Statement Presentation

The Foundation is required to report information regarding its financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues, other support, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restriction – Represent resources that are available for the support of operations of the Foundation and general support of the Church.

Net assets with donor restriction – Include contributions and investment income expendable only for time or purpose specified or approved by the donor or to be held in perpetuity.

Functional Allocation of Expenses

The costs of providing the programs and supporting service of the Foundation have been summarized on a natural basis in the statements of activities. Functional expenses have been categorized as program and supporting services based on the nature of the activity performed, and, as such, no costs have been allocated across the functional expense categories.

Subsequent Events

The Foundation has evaluated subsequent events that occurred after December 31, 2025, through April 17, 2026, the date which the financial statements were available to be issued. During this period, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

Note 2. Investment Securities

Investment securities consist of the following at December 31:

	2025		2024	
	Fair Value	Cost	Fair Value	Cost
Short-term fund investments	\$ 659,908	\$ 659,908	\$ 640,083	\$ 640,083
Domestic corporate obligations	31,810,687	31,383,676	29,373,853	29,767,394
Real estate investment trust (REIT)	750,562	307,104	784,078	307,104
Equity mutual funds	4,362,614	3,822,960	4,298,977	3,822,960
Common stock	65,790,908	19,917,015	63,094,445	21,032,217
	<u>\$ 103,374,679</u>	<u>\$ 56,090,663</u>	<u>\$ 98,191,436</u>	<u>\$ 55,569,758</u>

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

Note 3. Fair Value Measurements

The Foundation records its investments in investment securities at fair value. Fair value is defined as 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. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instrument or market and the instrument's complexity.

Generally accepted accounting principles (GAAP) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted, quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are described below:

- Level 1 Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Inputs (other than quoted market prices included within Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date. Inputs may include quoted prices for the identified instrument in an inactive market; prices for similar instruments; interest rates, credit risk, and similar data.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Fair value for these investments are determined using valuation methodologies that consider a range of factors including but not limited to the nature of the investment, market conditions, current and projected operating performance and changes in operating characteristics of the investment.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Short-term money market fund investments, real estate investment trusts (REITs) and common stock are valued at the last sales prices on the largest securities exchange in which such securities have been traded on the valuation date.

Domestic corporate obligations are valued using information from the custodian, which is based on quoted prices available from well-known brokers.

Equity mutual funds are valued at the daily closing price as reported by the fund.

The Foundation may have risk associated with its concentration of investments.

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

The following summarizes the Foundation's investment securities using the fair value hierarchy by type of investment and industry representing identified risks to the portfolio at December 31, 2025:

	Level 1	Level 2	Level 3	Total
Type of investment				
Domestic corporate obligations	\$ -	\$ 31,810,687	\$ -	\$ 31,810,687
Short-term money market fund investments	659,908	-	-	659,908
Real estate investment trust (REIT)	750,562	-	-	750,562
Equity mutual funds	4,362,614	-	-	4,362,614
Common stock	65,790,908	-	-	65,790,908
	<u>\$ 71,563,992</u>	<u>\$ 31,810,687</u>	<u>\$ -</u>	<u>\$ 103,374,679</u>
Industry				
Cash equivalents	\$ 659,908	\$ -	\$ -	\$ 659,908
Communication services	-	1,791,543	-	1,791,543
Consumer discretionary	2,598,198	2,226,985	-	4,825,183
Consumer staples	4,404,874	2,491,671	-	6,896,545
Energy	6,024,975	5,100,246	-	11,125,221
Financials	7,929,259	3,297,403	-	11,226,662
Health care	5,476,174	4,285,903	-	9,762,077
Industrials	6,717,720	4,066,855	-	10,784,575
Information technology	26,583,363	4,173,515	-	30,756,878
Materials	3,171,093	1,475,458	-	4,646,551
Mutual funds - Equity	4,362,614	-	-	4,362,614
Real estate	750,562	877,405	-	1,627,967
Retail services	2,885,252	397,741	-	3,282,993
Telecom services	-	1,625,962	-	1,625,962
Total	<u>\$ 71,563,992</u>	<u>\$ 31,810,687</u>	<u>\$ -</u>	<u>\$ 103,374,679</u>

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

The table below summarizes the Foundation's portfolio investments using the fair value hierarchy by type of investment and industry representing identified risks to the portfolio at December 31, 2024.

Type of investment	Level 1	Level 2	Level 3	Total
Domestic corporate obligations	\$ -	\$ 29,373,853	\$ -	\$ 29,373,853
Short-term money market fund investments	640,083	-	-	640,083
Real estate investment trust (REIT)	784,078	-	-	784,078
Equity mutual funds	4,298,977	-	-	4,298,977
Common stock	63,094,445	-	-	63,094,445
	<u>\$ 68,817,583</u>	<u>\$ 29,373,853</u>	<u>\$ -</u>	<u>\$ 98,191,436</u>

Industry	Level 1	Level 2	Level 3	Total
Cash equivalents	\$ 640,083	\$ -	\$ -	\$ 640,083
Communication services	-	857,378	-	857,378
Consumer discretionary	2,701,113	2,109,952	-	4,811,065
Consumer staples	3,461,090	3,091,102	-	6,552,192
Energy	5,325,003	1,620,585	-	6,945,588
Financials	7,291,678	3,322,954	-	10,614,632
Health care	6,303,272	4,280,813	-	10,584,085
Industrials	8,041,723	3,471,733	-	11,513,456
Information technology	24,573,548	3,480,845	-	28,054,393
Materials	2,654,643	2,189,374	-	4,844,017
Mutual funds - Equity	4,298,977	-	-	4,298,977
Real estate	784,078	-	-	784,078
Retail services	2,742,375	388,171	-	3,130,546
Telecom services	-	3,864,644	-	3,864,644
Other	-	696,302	-	696,302
	<u>\$ 68,817,583</u>	<u>\$ 29,373,853</u>	<u>\$ -</u>	<u>\$ 98,191,436</u>

The valuation techniques used to determine fair value have been consistently applied during 2025 and 2024, and there were no transfers between levels during 2025 and 2024.

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

Note 4. Related Parties

Foundation distributions made to the Church are as follows:

	2025	2024
Required cash distributions	\$ 3,335,870	\$ 2,955,825
Purpose restricted distributions	111,310	112,121
	\$ 3,447,180	\$ 3,067,946

The Foundation is classified as a Non-Functionally Integrated Type III Supporting Organization. With this designation, a distribution requirement set by the IRS must be met by the Foundation. The calculation is to distribute annually a "distributable amount" which is equal to the greater of 85 percent of adjusted change in net assets or three-and-a-half percent of the fair market value of its non-exempt use assets based on amounts from the previous year end subject to any carry forward from excess distributions in prior years. The distribution made per these requirements was \$3,335,870 and \$2,955,825 for the years ended December 31, 2025 and 2024, respectively. As of December 31, 2025, the Foundation had \$3,801,497 in excess distributions carryover to future years.

Note 5. Net Assets with Donor Restrictions – Purpose and Time

Net assets with donor restrictions at December 31 are:

	2025		
	Purpose Restricted	Held in Perpetuity	Total 2025
Baker Scholarship	\$ 201,900	\$ 113,079	\$ 314,979
Children's Endowment Fund	441,719	132,157	573,876
Dearden Bible Fund	13,063	-	13,063
Edwards Senior Adult Ministry Fund	123,329	-	123,329
Garden Endowment	414,313	97,298	511,611
Goostree Lectures	291,176	-	291,176
Hendrix	36,067	20,000	56,067
Houston Children's Fund	82,536	47,866	130,402
Johnston Youth Fund	179,793	-	179,793
Linguist Family Youth Fund	178,858	-	178,858
Mission Endowment Fund	1,136,378	314,022	1,450,400
REDDING Mission/Outreach	78,512	35,000	113,512
Methodist Justice Ministry	700,043	250,500	950,543
Music Endowment Fund	278,862	50,000	328,862
Jewella D Riley	203,481	30,000	233,481
Sue Sumner Confirmation Endowment	453,402	117,398	570,800
Tilley	62,351	10,000	72,351
W Longworth PC Fund	98,130	21,181	119,311
Youth Fund	197,501	-	197,501
The Children's Bible Challenge	13,763	50,000	63,763
	\$ 5,185,177	\$ 1,288,501	\$ 6,473,678

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

	2024		
	Purpose Restricted	Held in Perpetuity	Total 2024
Baker Scholarship	\$ 178,580	\$ 113,079	\$ 291,659
Children's Endowment Fund	405,700	132,157	537,857
Dearden Bible Fund	12,037	-	12,037
Edwards Senior Adult Ministry Fund	115,588	-	115,588
Garden Endowment	374,133	97,298	471,431
Goostree Lectures	268,308	-	268,308
Hendrix	32,557	20,000	52,557
Houston Children's Fund	74,351	47,866	122,217
Johnston Youth Fund	168,508	-	168,508
Linguist Family Youth Fund	165,478	-	165,478
Mission Endowment Fund	1,045,340	314,022	1,359,362
REDDING Mission/Outreach	72,342	20,000	92,342
Methodist Justice Ministry	640,383	250,500	890,883
Music Endowment Fund	258,221	50,000	308,221
Jewella D Riley	185,144	30,000	215,144
Sue Sumner Confirmation Endowment	408,573	117,398	525,971
Tilley	56,669	10,000	66,669
W Longworth PC Fund	88,764	21,181	109,945
Youth Fund	185,105	-	185,105
The Children's Bible Challenge	8,754	50,000	58,754
	<u>\$ 4,744,535</u>	<u>\$ 1,273,501</u>	<u>\$ 6,018,036</u>

The earnings from the various permanent endowments are generally restricted for use on specified Church programs.

During the years ended December 31, 2025 and 2024, the Board of Directors designated 27.5% of the oil and gas revenues received by the Foundation for addition to the corpus of the Foundation, which is based on the depleting nature of the Foundation's mineral interests. A total of \$8,255,101 and \$8,032,002 has been designated for this purpose as of December 31, 2025 and 2024, respectively.

During years ended December 31, 2025 and 2024, \$67,923 and \$60,278 were released from program restrictions, and paid to the Church for various programs or payment of investment expenses.

Note 6. Adoption of the State Uniform Prudent Management of Institutional Funds Act

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The State and the Foundation have both adopted UPMIFA. As a result of this interpretation, the Foundation classifies as net assets with donor restriction to be held in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions to be held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the organization; and,
7. The investment policies of the organization.

A reconciliation of the endowment funds beginning and ending balances for the years ended December 31, 2025 and 2024 is as follows:

	Net assets without donor restrictions	Net assets with donor restrictions - purpose	Net assets with donor restrictions - held in perpetuity	Total Endowment Net Assets
Endowment net assets, December 31, 2023	\$ -	\$ 2,490,307	\$ 1,272,833	\$ 3,763,140
Interest and dividends	-	55,887	-	55,887
Net gain (realized and unrealized)	-	486,722	-	486,722
Total investment return	-	542,609	-	542,609
Contributions	-	-	668	668
Appropriation of endowment assets for expenditure	-	(40,457)	-	(40,457)
Endowment net assets, December 31, 2024	-	2,992,459	1,273,501	4,265,960
Interest and dividends	-	69,229	-	69,229
Net gain (realized and unrealized)	-	294,814	-	294,814
Total investment return	-	364,043	-	364,043
Contributions	-	-	15,000	15,000
Appropriation of endowment assets for expenditure	-	(45,531)	-	(45,531)
Endowment net assets, December 31, 2025	\$ -	\$ 3,310,971	\$ 1,288,501	\$ 4,599,472

At December 31, 2025 and 2024, all endowment net assets were the result of donor restrictions, and there were no board designated amounts included in the endowment net assets.

First Methodist Church of Fort Worth Foundation, Inc.

Notes to Financial Statements

Return Objectives and Risk Parameters

The Foundation's Board has adopted an Investment Policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets may include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board designated funds. This implies growing the corpus in real terms while at the same time protecting the assets from serious volatility. The Investment Policy expressly prohibits short selling, margin trading, securities lending, private placements, commodity trading, futures and options contracts, derivatives of any type, thinly traded and non-marketable securities.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Board relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation strategy that places a greater emphasis on equity-based investments to achieve its long-term return objectives within the guidelines of its investment policy.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In these circumstances, net assets without donor restrictions will be used to satisfy the deficiency. There were no deficiencies of this nature that are reported in net assets without donor restrictions as of December 31, 2025 or 2024.

Note 7. Lease Income

The Foundation signed an option to extend a lease agreement to lease certain real property to unrelated parties for five years starting on October 1, 2020, which was extended for another five years in October 2025. There are no additional options for the lease to be extended, lease payments are fixed as stated in the lease agreement and the lessor does not have the ability to purchase the parking lot at expiration of the lease. Rental income under the operating lease was \$179,364 and \$175,781 for years ended December 31, 2025 and 2024, respectively.

The future minimum rentals on non-cancellable leases follow:

<u>Year Ending December 31,</u>	
2026	\$ 197,938
2027	201,896
2028	205,934
2029	210,053
2030	177,952

Note 8. Lease Agreements

The Foundation leases office space on a month-to-month lease. In the normal course of business, it is expected that these leases will be renewed or replaced.

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Notes to Financial Statements

The Foundation has elected to apply the short-term lease exemption to office space leases. In 2025 and 2024, the Foundation had only one lease within this class of underlying assets that qualify for the exemption. The short-term lease cost recognized and disclosed for those leases in 2025 and 2024 is \$24,000 with no remaining lease payments due.

Lease expense incurred for the years ended December 31, 2025 and 2024, which also include storage and parking expenses, were \$29,385 and \$39,957, respectively and are included in office expense on the statements of activities.

Note 9. Retirement Plan

The Foundation sponsors a defined contribution retirement plan that includes all Foundation employees who meet the eligibility requirements as defined by the plan. The Foundation contributes 8% of each employee's compensation to the plan. Retirement expense approximated \$35,700 and \$25,500 for the years ended December 31, 2025 and 2024, respectively, and is included in wages and benefits in the accompanying statement of activities.

Note 10. Liquidity

As a not-for-profit entity, the Foundation receives significant funding in the form of contributions and investment earnings, which may be restricted for a certain amount of time or to be used in a particular manner. The Foundation must maintain sufficient resources to meet those responsibilities to its contributors. Thus, financial assets may not be available for general expenditure within one year. As part of managing its financial assets, the Foundation ensures sufficient resources are available when obligations come due.

The following reflects the Foundation's financial assets as of December 31, 2025 and 2024, including amounts not available within one year of the statement of financial position date. Amounts not available include donor-imposed restricted contributions.

	2025	2024
Financial assets		
Cash and cash equivalents	\$ 25	\$ 40,804
Oil and gas receivables	110,000	110,000
Contribution and other receivables	2,006	2,250
Interest receivable	435,657	329,367
Investment securities	103,374,679	98,191,436
Total financial assets, year end	103,922,367	98,673,857
Less		
Board designations	(8,255,101)	(8,032,002)
Net assets with donor restrictions	(6,473,678)	(6,018,036)
Total financial assets not available to be used within one year	(14,728,779)	(14,050,038)
Total financial assets available to meet general expenditures within one year	\$ 89,193,588	\$ 84,623,819