

**Epiphany Community Health
Outreach Services, Inc.**

**Financial Statements
And Independent Auditors' Report**

December 31, 2025 and 2024

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Epiphany Community Health
Outreach Services, Inc.
Houston, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Epiphany Community Health Outreach Services, Inc. (ECHOS), (a Texas nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ECHOS 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. 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 ECHOS and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 ECHOS' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility 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 generally accepted auditing standards 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.

(continued)

In performing an audit in accordance with generally accepted auditing standards, 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 ECHOS' 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 ECHOS' 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.

Pittsford Samuels, PLLC

May 8, 2026
Houston, Texas



EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|--|---------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Cash | \$ 258,062 | \$ 97,446 |
| Contributions receivable | 115,902 | 404,123 |
| Investments | 1,156,619 | 900,959 |
| Prepaid expenses and other current assets | 45,574 | 27,712 |
| Total current assets | 1,576,157 | 1,430,240 |
| Property and equipment, net of accumulated depreciation of \$56,121 and \$37,146 | 65,151 | 84,126 |
| Right of use asset, net of accumulated amortization of \$92,453 and \$39,623 | 180,503 | 233,333 |
| Deposits | - | 5,140 |
| Total Assets | \$ 1,821,811 | \$ 1,752,839 |
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 2,022 | \$ 20,810 |
| Accrued payroll and benefits | 31,691 | 33,741 |
| Deferred event revenue | 31,000 | 10,000 |
| Current portion of operating lease liability | 51,938 | 46,160 |
| Total current liabilities | 116,651 | 110,711 |
| Long term portion of operating lease liability | 151,837 | 203,775 |
| Total Liabilities | 268,488 | 314,486 |
| NET ASSETS | | |
| Without donor restrictions | \$ 1,374,055 | \$ 1,030,140 |
| With donor restrictions | 179,268 | 408,213 |
| Total Net Assets | 1,553,323 | 1,438,353 |
| Total Liabilities and Net Assets | \$ 1,821,811 | \$ 1,752,839 |

See notes to financial statements.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2025

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-----------------------------------|---|------------------------------------|---------------------|
| SUPPORT AND REVENUE | | | |
| Contributions: | | | |
| Government grants | \$ - | \$ 615,275 | \$ 615,275 |
| Other grants | 510,321 | 322,770 | 833,091 |
| Other nonfinancial | 7,983 | - | 7,983 |
| Special events | 159,369 | - | 159,369 |
| Direct donor benefits | (32,532) | - | (32,532) |
| Other income | <u>34,619</u> | <u>-</u> | <u>34,619</u> |
| Total revenue | 679,760 | 938,045 | 1,617,805 |
| Restrictions satisfied by use | <u>1,166,990</u> | <u>(1,166,990)</u> | <u>-</u> |
| Total support and revenue | <u>1,846,750</u> | <u>(228,945)</u> | <u>1,617,805</u> |
| EXPENSES | | | |
| Program services | | | |
| Direct client services | 769,782 | - | 769,782 |
| Benefits application assistance | 364,229 | - | 364,229 |
| Other services | <u>60,264</u> | <u>-</u> | <u>60,264</u> |
| Total program services | 1,194,275 | - | 1,194,275 |
| Management and general | 197,640 | - | 197,640 |
| Fundraising | <u>110,920</u> | <u>-</u> | <u>110,920</u> |
| Total expenses | <u>1,502,835</u> | <u>-</u> | <u>1,502,835</u> |
| CHANGES IN NET ASSETS | 343,915 | (228,945) | 114,970 |
| NET ASSETS | | | |
| BEGINNING OF YEAR | <u>1,030,140</u> | <u>408,213</u> | <u>1,438,353</u> |
| END OF YEAR | <u>\$ 1,374,055</u> | <u>\$ 179,268</u> | <u>\$ 1,553,323</u> |

See notes to financial statements.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2024

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|-----------------------------------|---|------------------------------------|---------------------|
| SUPPORT AND REVENUE | | | |
| Contributions: | | | |
| Government grants | \$ - | \$ 445,092 | \$ 445,092 |
| Other grants | 302,938 | 828,650 | 1,131,588 |
| Other nonfinancial | 4,434 | - | 4,434 |
| Special events | 168,737 | - | 168,737 |
| Direct donor benefits | (31,488) | - | (31,488) |
| Other income | <u>44,266</u> | <u>-</u> | <u>44,266</u> |
| Total revenue | 488,887 | 1,273,742 | 1,762,629 |
| Restrictions satisfied by use | <u>1,090,487</u> | <u>(1,090,487)</u> | <u>-</u> |
| Total support and revenue | <u>1,579,374</u> | <u>183,255</u> | <u>1,762,629</u> |
| EXPENSES | | | |
| Program services | | | |
| Direct client services | 896,610 | - | 896,610 |
| Benefits application assistance | 410,612 | - | 410,612 |
| Other services | <u>78,683</u> | <u>-</u> | <u>78,683</u> |
| Total program services | 1,385,905 | - | 1,385,905 |
| Management and general | 192,172 | - | 192,172 |
| Fundraising | <u>132,693</u> | <u>-</u> | <u>132,693</u> |
| Total expenses | <u>1,710,770</u> | <u>-</u> | <u>1,710,770</u> |
| CHANGES IN NET ASSETS | (131,396) | 183,255 | 51,859 |
| NET ASSETS | | | |
| BEGINNING OF YEAR | <u>1,161,536</u> | <u>224,958</u> | <u>1,386,494</u> |
| END OF YEAR | <u>\$ 1,030,140</u> | <u>\$ 408,213</u> | <u>\$ 1,438,353</u> |

See notes to financial statements.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2025

| | Programs | | | | | | |
|----------------------------------|------------------------------|---------------------------------------|-------------------|---------------------|---------------------------|-------------------|---------------------|
| | Direct Client Services | Benefits Application Assistance | Other Services | Total | Management And General | Fundraising | Total |
| Direct assistance | | | | | | | |
| Rent and other direct assistance | \$ 344,767 | \$ - | \$ - | \$ 344,767 | \$ - | \$ - | \$ 344,767 |
| Total direct assistance | 344,767 | - | - | 344,767 | - | - | 344,767 |
| Salaries and related benefits | 317,845 | 261,874 | 39,903 | 619,622 | 107,285 | 64,304 | 791,211 |
| Professional services | 39,990 | 30,130 | 6,439 | 76,559 | 63,814 | 10,893 | 151,266 |
| Depreciation and amortization | 29,071 | 23,955 | 3,591 | 56,617 | 9,305 | 5,883 | 71,805 |
| Equipment and software | 18,323 | 33,107 | 6,675 | 58,105 | 449 | 7,090 | 65,644 |
| Printing, postage and supplies | 3,356 | 2,693 | 1,612 | 7,661 | 411 | 20,216 | 28,288 |
| Interest Expense | 6,805 | 5,608 | 841 | 13,254 | 2,178 | 1,377 | 16,809 |
| Seminars, meals and other | 2,712 | 1,327 | 864 | 4,903 | 5,898 | 733 | 11,534 |
| Telephone and utilities | 5,564 | 4,706 | 213 | 10,483 | 623 | 254 | 11,360 |
| Insurance | 569 | 187 | 30 | 786 | 7,427 | 11 | 8,224 |
| Occupancy | 780 | 642 | 96 | 1,518 | 250 | 159 | 1,927 |
| Total expenses | <u>\$ 769,782</u> | <u>\$ 364,229</u> | <u>\$ 60,264</u> | <u>\$ 1,194,275</u> | <u>\$ 197,640</u> | <u>\$ 110,920</u> | 1,502,835 |
| Direct donor benefits | | | | | | | <u>32,532</u> |
| Total | | | | | | | <u>\$ 1,535,367</u> |

See notes to financial statements.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

| | Programs | | | Total | | | Total |
|--------------------------------|------------------------------|---------------------------------------|-------------------|---------------------|---------------------------|-------------------|---------------------|
| | Direct Client Services | Benefits Application Assistance | Other Services | | Management And General | Fundraising | |
| Direct assistance | | | | | | | |
| In-kind food distributed | \$ 3,491 | \$ - | \$ - | \$ 3,491 | \$ - | \$ - | \$ 3,491 |
| Other direct assistance | <u>573,296</u> | <u>35</u> | <u>40</u> | <u>573,371</u> | <u>-</u> | <u>-</u> | <u>573,371</u> |
| Total direct assistance | <u>576,787</u> | <u>35</u> | <u>40</u> | <u>576,862</u> | <u>-</u> | <u>-</u> | <u>576,862</u> |
| Salaries and related benefits | 255,212 | 249,207 | 43,746 | 548,165 | 100,063 | 90,231 | 738,459 |
| Professional services | 17,374 | 68,419 | 10,013 | 95,806 | 65,099 | 10,128 | 171,033 |
| Depreciation | 20,715 | 20,228 | 3,551 | 44,494 | 8,264 | 7,324 | 60,082 |
| Equipment and software | 2,401 | 40,354 | 10,312 | 53,067 | 3,429 | 2,855 | 59,351 |
| Printing, postage and supplies | 2,699 | 7,902 | 5,203 | 15,804 | 688 | 15,976 | 32,468 |
| Loss on asset disposal | 8,335 | 8,139 | 1,429 | 17,903 | 3,325 | 2,948 | 24,176 |
| Seminars, meals and other | 2,019 | 1,971 | 3,323 | 7,313 | 9,322 | 1,541 | 18,176 |
| Interest Expense | 7,133 | 3,759 | 384 | 11,276 | 893 | 792 | 12,961 |
| Telephone and utilities | 1,827 | 8,539 | 321 | 10,687 | 248 | 154 | 11,089 |
| Insurance | 1,369 | 1,337 | 235 | 2,941 | 546 | 485 | 3,972 |
| Occupancy | <u>739</u> | <u>722</u> | <u>126</u> | <u>1,587</u> | <u>295</u> | <u>259</u> | <u>2,141</u> |
| Total expenses | <u>\$ 896,610</u> | <u>\$ 410,612</u> | <u>\$ 78,683</u> | <u>\$ 1,385,905</u> | <u>\$ 192,172</u> | <u>\$ 132,693</u> | 1,710,770 |
| Direct donor benefits | | | | | | | <u>31,488</u> |
| Total | | | | | | | <u>\$ 1,742,258</u> |

See notes to financial statements.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

| | Increase (Decrease) In Cash | |
|---|------------------------------------|------------------|
| | <u>2025</u> | <u>2024</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 114,970 | \$ 51,859 |
| Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities: | | |
| Depreciation and amortization | 71,805 | 60,082 |
| Realized and unrealized gains on investments | 1,630 | (120) |
| Loss on disposition of property and equipment | - | 24,176 |
| Donated investments | (7,983) | (943) |
| Payment on operating lease liability | (46,160) | (23,021) |
| Changes in operating assets and liabilities | | |
| Contributions receivable | 288,221 | (350,206) |
| Prepaid and other assets | (12,722) | (18,698) |
| Accounts payable and accrued payroll | (20,838) | (9,406) |
| Deferred event revenue | <u>21,000</u> | <u>10,000</u> |
| Total Adjustments | <u>294,953</u> | <u>(308,136)</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | <u>409,923</u> | <u>(256,277)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Change in cash held for investment | (37,710) | (189,622) |
| Purchase of property and equipment | - | (55,791) |
| Proceeds from sales of investments | 942,823 | 1,040,625 |
| Purchases of investments | <u>(1,154,420)</u> | <u>(695,000)</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | <u>(249,307)</u> | <u>100,212</u> |
| NET CHANGE IN CASH | 160,616 | (156,065) |
| CASH, BEGINNING OF YEAR | <u>97,446</u> | <u>253,511</u> |
| CASH, END OF YEAR | <u>\$ 258,062</u> | <u>\$ 97,446</u> |

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Epiphany Community Health Outreach Services, Inc. (ECHOS) was formed on April 2, 2001 as a Texas nonprofit 501(c)(3) corporation and is a ministry of the Episcopal Diocese of Texas. ECHOS was created in response to the health and social service needs of those living in Southwest Houston, the area surrounding the Episcopal Church of the Epiphany. ECHOS was established to help families meet their basic needs on their path to self-sufficiency, while addressing the non-medical drivers of health. ECHOS' mission is to serve people in need by providing access to the health and social resources that can improve their lives.

ECHOS programming includes benefits application assistance, which helps families access healthcare services and benefits coverage by assisting families in submitting applications to various state and county medical and social service agencies. Direct client services include:

- Housing stability programs to keep people safely and stably housed while helping them to set goals and achieve self-sufficiency.
- Financial assistance provided to eligible clients with unmet rent and utility needs, and disaster relief.
- Benefits Application Assistance for Medicaid, SNAP, and Harris Health Financial Assistance Program for eligible families.
- ECHOS provided food only gift cards to address food insecurity.
- ECHOS also partners directly with various healthcare providers to provide central and safe health services to its clients utilizing mobile vans for services such as dental, mammograms, vision screenings, and immunizations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The financial statements of ECHOS are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

Basis of Presentation - ECHOS follows the authoritative guidance in, *Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities*, which requires the presentation of two classes of net assets (with donor restrictions and without donor restrictions) and requires disclosure of expenses by both function and nature.

Cash - For purposes of the statement of cash flows, ECHOS considers cash to be the amount reported in the statement of financial position.

Contributions Receivable - Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted, to estimate the present value of future cash flows, if material. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contributions revenue. Contributions receivable at December 31, 2025 and 2024 are expected to be collected within one year.

Investments - Investments in negotiable certificates of deposit and mutual funds are reported at fair value. Cash held for long-term purposes is grouped with investments and excluded from cash for purposes of cash flow. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Property and Equipment - Property and equipment is stated at cost or donated value. ECHOS capitalizes property and equipment over \$7,500. Lesser amounts are expensed. Depreciation is provided using the straight-line method over five years to ten years. Expenditures for repairs and maintenance are charged to expense as incurred. Disposals are removed from the books and a gain or loss is recorded in the statement of functional expenses.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases - ECHOS follows the authoritative guidance for *Leases*, which requires that lease contracts which are over 12 months are recognized as lease asset under the right of use concept and as a liability on the statement of financial position.

Fair Value Measurements - The financial statements follow the authoritative guidance for *Fair Value Measurements*. The guidance establishes a single authoritative definition of fair value, set a framework for measuring fair value and requires additional disclosures about fair value measurement. In accordance with the guidance, ECHOS classifies its investments into Level 1, which refers to securities traded in an active market; Level 2, which refers to securities not traded in an active market but for which observable market inputs are readily available or Level 1 securities where there is a contractual restriction; and Level 3, which refers to securities not traded in an active market and for which no significant observable market inputs are available. ECHOS did not elect the fair value option for measuring its other eligible assets and liabilities. The carrying amount of other financial instruments (composed primarily of cash, receivables and payables) approximates fair value because of the short maturity of those instruments and the ability to liquidate in a short time frame.

Net Assets - Net assets of ECHOS are classified based on the presence or absence of donor-imposed restrictions. Net assets are composed of two groups as follows:

- *Net assets without donor restrictions* - Assets that are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation. This class also includes assets previously restricted whose restrictions have expired or been met.
- *Net assets with donor restrictions* - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions - Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Grants and contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional grants and contributions are subject to one or more barriers that must be overcome before ECHOS is entitled to receive or retain funding. Conditional grants and contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions have been met is reported as grant refundable advances. A portion of ECHOS' contribution revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when ECHOS has incurred expenditures in compliance with specific contract or grant provisions.

Contributed Nonfinancial Assets - ECHOS follows the authoritative guidance of *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ECHOS recognizes donated materials and use of facilities when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have contributed significant amounts of time in connection with ECHOS for which no amount has been recognized in the financial statements because the donated services did not meet the criteria for recognition under generally accepted accounting principles.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Events - Revenue from special events is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Special events revenue is recognized when an unconditional commitment is received from the donor. Revenue from event sponsorships is deferred and recognized when the event occurs. Direct donor benefits represents the cost of goods and services provided to attendees of the special events.

Functional Allocation of Expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which ECHOS exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefited. Salaries and related costs are allocated on the basis of estimated time and effort expended. Other expenses including depreciation and amortization, occupancy, telephone and internet, equipment and software, are allocated based on time allocations.

Long-Lived Assets - ECHOS' long-lived assets are evaluated for impairment in accordance with authoritative guidance which requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable based on expected undiscounted cash flows attributable to that asset. This review requires significant judgments both in assessing events and circumstances as well as estimating future cash flows. Should events indicate that any of the assets are impaired, the amount of such impairment will be measured as the difference between the carrying value and the fair value of the impaired asset and the impairment will be recorded in earnings during the period of such impairment. No impairment was noted during the years ended December 31, 2025 and 2024.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimated. The most significant estimates are for the collectibility of contributions receivable and for the functional allocation of expenses.

Federal Income Taxes - ECHOS is a nonprofit, tax-exempt, charitable organization, under Section 501(c)(3) of the Internal Revenue Code and has been classified as a religious organization under §170(b)(i)(A)(i) under the group exemption of the Protestant Episcopal Church in the United States of America. Therefore, no provision for federal income tax has been included in the financial statements.

Date of Management Review - ECHOS' management has evaluated subsequent events through the date the financial statements were available to be issued, which was May 8, 2026.

NOTE 3 - CASH

ECHOS maintains cash balances at banks which may, at times, exceed the Federally insured limits. ECHOS has not experienced any losses from maintaining cash accounts in excess of this limit. At December 31, 2025, ECHOS' cash balances did not exceed the insured limit.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments at December 31 consist of the following:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|-------------------|
| Level 1: Cash held in investment account | \$ 233,331 | \$ 195,621 |
| Level 1: Mutual funds | 99,714 | - |
| Level 2: Certificates of deposit | <u>823,574</u> | <u>705,338</u> |
| | | |
| Total | <u>\$ 1,156,619</u> | <u>\$ 900,959</u> |

The mutual funds are valued daily based on the net asset value (NAV) of the underlying holdings. The fund calculates the NAV at the close of the New York Stock Exchange valuation. The certificates of deposit at December 31, 2025 mature through January 2027 and the certificates of deposit at December 31, 2024 matured during 2025. The certificates bear interest at rates between 3.65% and 5.14%. Certificates of deposit are valued using prices obtained from independent quotation bureaus that use computerized valuation formulas which may include market-corroborated inputs for credit risk factors, interest rate and yield curves and broker quotes, to calculate fair values. These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while ECHOS believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date. Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, 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 statement of financial position and statement of activities.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31 consists of the following:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|------------------|------------------|
| Equipment | \$ 27,477 | \$ 27,477 |
| Furniture and fixtures | <u>93,795</u> | <u>93,795</u> |
| Total property and equipment, at cost | \$ 121,272 | \$ 121,272 |
| Accumulated Depreciation | <u>56,121</u> | <u>37,146</u> |
| | | |
| Property and Equipment, net | <u>\$ 65,151</u> | <u>\$ 84,126</u> |

Depreciation expenses amounted to \$18,975 and \$20,459 for the years ended December 31, 2025 and 2024, respectively.

NOTE 6 - OPERATING LEASE

ECHOS leases office space under an operating lease beginning April 1, 2024, with an initial term of 62 months. The agreement provides for minimum lease payments and variable payments based on a proportionate share of facility operating expenses as defined in the agreement. The variable payments are considered operating expenses and are not included in the measurement of the lease asset and liability.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - OPERATING LEASE (CONTINUED)

The following summarizes the line items in the statement of financial position which include amounts for the operating lease at December 31:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Operating lease included as right of use asset, net of accumulated amortization of \$92,453 and \$39,623 | \$ <u>180,503</u> | \$ <u>233,333</u> |
| Current portion of operating lease obligation | \$ 51,938 | \$ 46,160 |
| Long term portion of operating lease obligation | <u>151,837</u> | <u>203,775</u> |
| Total operating lease obligation | \$ <u>203,775</u> | \$ <u>249,935</u> |

The component of operating lease expense that is included in depreciation and amortization in the statement of activities for the year ended December 31, 2025 and 2024 is \$52,830 and \$39,623, respectively.

The following summarizes the cash flow information related to operating leases for the years ended December 31:

| | <u>2025</u> | <u>2024</u> |
|---|------------------|------------------|
| Cash paid for amounts included in the measurement of operating lease liability: | | |
| Cash flows for operating leases | \$ <u>46,160</u> | \$ <u>23,021</u> |

The maturities of operating lease liabilities at December 31, 2025 are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------|-------------------|------------------|-------------------|
| 2026 | \$ 51,938 | \$ 13,234 | \$ 65,172 |
| 2027 | 58,153 | 9,221 | 67,374 |
| 2028 | 64,841 | 4,737 | 69,578 |
| 2029 | <u>28,843</u> | <u>531</u> | <u>29,374</u> |
| Total | \$ <u>203,775</u> | \$ <u>27,723</u> | \$ <u>231,498</u> |

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2025 are restricted, subject to expenditure for a specified purpose, as follows:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Basic needs direct assistance | \$ 145,935 | \$ 50,160 |
| Benefits application assistance | - | 351,387 |
| Immigration outreach | <u>33,333</u> | <u>6,666</u> |
| Total net assets with donor restrictions | \$ <u>179,268</u> | \$ <u>408,213</u> |

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - GOVERNMENT GRANT CONTRIBUTIONS

ECHOS is a party to contracts with federal agencies. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of government grants recognized for the years ended December 31 include the following:

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|-------------------|
| U. S. Department of Treasury | \$ 367,820 | \$ 181,114 |
| U. S. Department of Housing and Urban Development | 187,455 | 54,564 |
| U. S. Department of Homeland Security | - | 184,414 |
| Harris County | 50,000 | 25,000 |
| City of Houston | <u>10,000</u> | <u>-</u> |
| Total government grants | <u>\$ 615,275</u> | <u>\$ 445,092</u> |

Grants from federal, state, and local funding sources require fulfillment of certain conditions as set forth in the grant contracts and are subject to review and audit by the awarding agencies. Such reviews and audits could result in the discovery of unallowable activities and unallowable costs. Consequently, any of the funding sources may, at their discretion, request reimbursement for expenses or return of funds as a result of non-compliance by ECHOS with the terms of the contracts. Management believes such disallowances, if any, would not be material to ECHOS' financial position or changes in net assets.

NOTE 9 - CONTRIBUTED NONFINANCIAL ASSETS

The following nonfinancial contributions and grants were recognized during the years ended December 31:

| Contributed Nonfinancial Assets | Monetized or Utilized in Programs/Activities | Donor Restrictions | Valuation Techniques and Inputs | 2025 | 2024 |
|---------------------------------------|--|--------------------|--|----------------|----------------|
| Stock | Sold and monetized | None | Fair market value at date of donation | \$7,823 | \$943 |
| Food | Utilized for direct client assistance | None | Most recent Feeding America Product Valuation Survey | - | 3,491 |
| Total contributed nonfinancial assets | | | | <u>\$7,823</u> | <u>\$4,434</u> |

NOTE 10 - OTHER INCOME

Other income for the years ended December 31 consists of the following:

| | <u>2025</u> | <u>2024</u> |
|--|------------------|------------------|
| Dividends and interest | \$ 34,457 | \$ 44,146 |
| Realized and unrealized gains (losses) | (1,630) | 120 |
| Other | <u>1,792</u> | <u>-</u> |
| Total | <u>\$ 34,619</u> | <u>\$ 44,266</u> |

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

ECHOS regularly monitors the liquidity required to meet its operational needs and other contractual commitments. ECHOS' sources of liquidity include its cash balances, investments and contributions receivable. In addition to its financial assets available to meet ECHOS' general expenditures over the next twelve months, ECHOS has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. ECHOS operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. The following table reflects the financial assets available for general expenditures over the next twelve months:

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|-------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 258,062 | \$ 97,446 |
| Contributions receivable | 115,902 | 404,123 |
| Investments | <u>1,156,619</u> | <u>900,959</u> |
| Total financial assets | 1,530,583 | 1,402,528 |
| Less financial assets unavailable for general expenditures | | |
| Certificate of deposit maturing in over 12 months | 110,885 | - |
| Donor restricted | <u>179,268</u> | <u>408,213</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 1,240,430</u> | <u>\$ 994,315</u> |

NOTE 12 - INCOME TAX UNCERTAINTIES

ECHOS has reviewed its current income tax return, as well as all open tax years. ECHOS did not have any unrecognized tax positions or benefits from tax positions that do not meet the more likely than not criterion. Accordingly, there was no effect on ECHOS' financial condition or results of operations for the years ended December 31, 2025 or 2024. The Federal tax returns of ECHOS for the previous three years are subject to examination by the Internal Revenue Service.

NOTE 13 - RISKS AND UNCERTAINTIES

ECHOS operates in an environment subject to ongoing economic, governmental, and funding-related uncertainties that may affect future operations, program demand, and funding availability. Changes in economic conditions, inflationary pressures, housing costs, healthcare access, public benefits eligibility requirements, and governmental appropriations may increase demand for ECHOS' services while also impacting the availability and timing of grant and donor funding. ECHOS has support from foundations and individuals who have been able in the past to respond quicker than government funding, mitigating the funding gap.

A significant portion of ECHOS' funding is derived from government grants and private foundation support, which are subject to annual appropriations, contractual renewal, and compliance requirements. Management regularly monitors liquidity, funding concentrations, and operational needs and believes ECHOS is well-positioned to respond to changing economic and community conditions.

While management cannot predict the ultimate impact of future economic or policy developments, management believes ECHOS maintains adequate financial resources and operational oversight to continue fulfilling its mission and serving clients effectively.

EPIPHANY COMMUNITY HEALTH OUTREACH SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 14 - CONCENTRATIONS

Contributions receivable for the year ended December 31, 2025 is comprised of only 4 donors. Contributions receivable for the year ended December 31, 2024 is comprised 74% of one donor. For the year ended December 31, 2025 and 2024, two donors made up 23% of total contributions and one donor made up 38% of total contributions, respectively.

NOTE 15 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 8, 2026, which is the date the financial statements were available to be issued. Based on the evaluation, no adjustments to the accompanying financial statements were required.