



# **Dallas Life**

## **Consolidated Financial Statements With Independent Auditor's Report**

**For the year ended December 31, 2025,**  
*with summarized financial information for the year ended December 31, 2024*



18401 E Highway 24, Suite 121, Woodland Park, CO 80863 kurtissmithcpa.com

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Dallas Mission for Life d.b.a. Dallas Life  
Dallas, Texas

### **Opinion**

We have audited the consolidated financial statements of Dallas Mission for Life, d.b.a. Dallas Life ("Dallas Life"), which comprise the consolidated statement of financial position as of December 31, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dallas Life as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 Dallas Life 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 consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dallas Life's ability to continue as a going concern for one year after the date that the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 Dallas Life'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dallas Life'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.

## **Report on Summarized Comparative Information**

We have previously audited Dallas Life's December 31, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 23, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kurtis Smith, LLC*

Woodland Park, Colorado

April 16, 2026

**Dallas Mission for Life (d.b.a. Dallas Life)**  
**Consolidated Statement of Financial Position**

**As of December 31, 2025,**

*with summarized financial information as of December 31, 2024*

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,156,029	\$ 1,764,330
Accounts receivable, net	98,662	79,286
Contributions receivable, net	589,693	296,095
Inventory and supplies	183,957	104,893
Prepaid expenses and other assets	52,877	47,534
Note receivable	6,647,150	6,647,150
Investments	7,011,667	4,915,365
Beneficial interest in trust	5,835,766	-
Right-of-use assets, net	55,049	83,681
Property and equipment, net	10,249,585	10,801,161
Total assets	<u>\$ 31,880,435</u>	<u>\$ 24,739,495</u>
<b>Liabilities</b>		
Accounts payable	\$ 65,156	\$ 57,914
Accrued expenses	259,077	111,962
Refundable grant advance	1,800,000	1,800,000
Operating lease liabilities	55,049	83,681
Notes payable, net	8,645,998	8,611,282
Total liabilities	10,825,280	10,664,839
<b>Net assets</b>		
Net assets without donor restrictions	14,305,783	13,745,587
Net assets with donor restrictions	6,749,372	329,069
Total net assets	<u>21,055,155</u>	<u>14,074,656</u>
Total liabilities and net assets	<u>\$ 31,880,435</u>	<u>\$ 24,739,495</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Dallas Mission for Life (d.b.a. Dallas Life)****Consolidated Statement of Activities****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024*

	<b>2025</b>			<b>2024</b>
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Total</b>
<b>Support and revenue</b>				
Contributed support:				
Contributions	\$ 2,572,805	\$ 1,113,055	\$ 3,685,860	\$ 3,511,959
Gift-in-kind contributions	894,318	-	894,318	764,995
Total support	3,467,123	1,113,055	4,580,178	4,276,954
Revenue:				
Vending and store sales	242,015	-	242,015	405,114
Lodging revenue	880,064	-	880,064	720,350
Childcare revenue	423,088	-	423,088	319,612
Total revenue	1,545,167	-	1,545,167	1,445,076
Total support and revenue	5,012,290	1,113,055	6,125,345	5,722,030
<b>Net assets released</b>				
Restrictions released	537,462	(537,462)	-	-
<b>Expenses</b>				
Program services	5,085,849	-	5,085,849	5,111,090
Supporting activities:				
Management and general	406,985	-	406,985	451,948
Fundraising	367,798	-	367,798	698,253
Total expenses	5,860,632	-	5,860,632	6,261,291
Operating income (loss)	(310,880)	575,593	264,713	(539,261)
<b>Non-operating income and expenses</b>				
Government contributions	151,726	-	151,726	445,895
Gift of beneficial interest	-	5,835,766	5,835,766	-
Investment return, net	719,350	8,944	728,294	334,923
Total non-operating income	871,076	5,844,710	6,715,786	780,818
Change in net assets	\$ 560,196	\$ 6,420,303	\$ 6,980,499	\$ 241,557
Net assets, beginning of year	13,745,587	329,069	14,074,656	13,833,099
Net assets, end of year	\$ 14,305,783	\$ 6,749,372	\$ 21,055,155	\$ 14,074,656

The accompanying notes are an integral part of these consolidated financial statements.

**Dallas Mission for Life (d.b.a. Dallas Life)**  
**Consolidated Statement of Functional Expenses**

**For the year ended December 31, 2025,**

*with summarized financial information for the year ended December 31, 2024*

	<b>2025</b>				
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>2024</b>
Salaries and benefits	\$ 2,220,524	\$ 264,165	\$ 59,645	\$ 2,544,334	\$ 2,541,738
Occupancy	478,637	20,366	10,184	509,187	577,343
Depreciation	808,928	34,422	17,211	860,561	868,605
Operating expenses	1,271,464	17,859	-	1,289,323	1,092,490
Cost of goods sold	101,502			101,502	243,628
Communications	42,363	9,746	167,028	219,137	671,020
Professional services	-	53,515	110,274	163,789	110,522
Interest expense	162,431	6,912	3,456	172,799	155,945
	<b>\$ 5,085,849</b>	<b>\$ 406,985</b>	<b>\$ 367,798</b>	<b>\$ 5,860,632</b>	<b>\$ 6,261,291</b>

**Dallas Mission for Life (d.b.a. Dallas Life)****Consolidated Statement of Cash Flows****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024*

	<u>2025</u>	<u>2024</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 6,980,499	\$ 241,557
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	860,561	868,605
Amortization of debt issuance costs	34,716	17,862
Investment return, net	(728,294)	(217,230)
Gift of beneficial interest	(5,835,766)	-
Changes in operating assets and liabilities:		
Accounts receivable	(19,376)	(295,512)
Contributions receivable	(293,598)	18,030
Inventory and supplies	(79,064)	(8,720)
Prepaid expenses and other assets	(5,343)	2,400
Accounts payable and accrued expenses	154,357	(30,380)
Net cash provided (used) by operating activities	<u>1,068,692</u>	<u>596,612</u>
<b>Cash flows from investing activities</b>		
Sales and distributions of investments	7,950,106	5,011,312
Purchases of investments	(9,318,114)	(4,395,538)
Investment of beneficial interest	(5,835,766)	-
Purchases of property and equipment	(308,985)	(118,343)
Net cash provided (used) by investing activities	<u>(7,512,759)</u>	<u>497,431</u>
<b>Cash flows from financing activities</b>		
Gift of beneficial interest	5,835,766	-
Net cash provided (used) by financing activities	<u>5,835,766</u>	<u>-</u>
Net change in cash and cash equivalents	(608,301)	1,094,043
<b>Cash and cash equivalents</b>		
Beginning of year	1,764,330	670,287
End of year	<u>\$ 1,156,029</u>	<u>\$ 1,764,330</u>
<b>Supplemental data</b>		
Interest paid in cash	<u>\$ 172,799</u>	<u>\$ 155,945</u>

The accompanying notes are an integral part of these consolidated financial statements.

**Dallas Mission for Life (d.b.a Dallas Life)**

**Notes to financial statements**

**For the year ended December 31, 2025,**

*with summarized financial information for the year ended December 31, 2024*

---

**1. Nature of Operations**

Dallas Mission for Life d.b.a. Dallas Life (“we”, “us”, or “our”) was formed to serve the homeless community of Dallas and the surrounding area with a mission to be a place where homeless men, women, and children can receive help and hope during their time of need, to be a path to recovery and self-sufficient living, and to be a promise that there is a way to begin again. To fulfill this mission, we have different recovery programs to meet the needs of individuals, couples, teens, children, families, those with disabilities, and the elderly. Through these recovery programs we provide vocational, educational, and spiritual growth opportunities, in addition to providing food, clothing, and shelter.

Our facilities include housing for up to 700 men, women, and children per day, kitchen and dining areas providing 3 balanced meals per day, every day of the year, chapel with daily services, library, computer training center, convenience store, and medical and dental clinics where individuals receive not only treatment but are also offered wellness classes on hygiene, nutrition, infections, and health. We assist with employment referrals, graduate equivalency diploma (G.E.D.) classes, counseling services, and more.

Contributed support is primarily received from the general public, private foundations, corporations, and Churches.

**2. Summary of Significant Accounting Policies**

**Basis of Presentation**

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. (“GAAP”). Our significant accounting policies are described below to enhance the usefulness of the consolidated financial statements to the reader.

**Basis of Consolidation**

These consolidated financial statements include the financial statements of Dallas Life and Dallas Life Support Corporation (“DLSC”). The purpose of DLSC is to own and provide financing for real estate facilities used by Dallas Life. Dallas Life is the sole member of DLSC and appoints a majority of its directors. Intercompany transactions and balances have been eliminated in the preparation of these consolidated financial statements.

**Dallas Mission for Life (d.b.a Dallas Life)****Notes to financial statements****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024*

---

**Revenue Recognition**

We earn revenue from products sold from our convenience store, vending machines, and for lodging and childcare services. Revenue is recognized when control of the promised goods is transferred in an amount that reflects the consideration we are entitled to in exchange for those goods or services (transaction price). Our convenience store and vending machines sell products to residents and employees, such as snacks, drinks, and food items. Convenience store and vending machine sales are recognized when the products are sold. We earn lodging revenue for residents seeking residence services. We recognize lodging revenue over time based on daily rates. Residents pay for lodging in short-term increments. Government agencies and other third-party payors covering lodging for certain residents generally pay after the end of each month. Revenue from childcare services is recognized over time as services are provided.

	2025	2024	2023
Contract assets	\$ 98,662	\$ 79,286	\$ 79,869
Contract liabilities	-	-	-
		<u>2025</u>	<u>2024</u>
Revenue recognized over time			
Lodging		\$ 880,064	\$ 720,350
Child Development Center		423,088	319,612
		<u>1,303,152</u>	<u>1,039,962</u>
Revenue recognized at a point in time			
Convenience store		224,315	405,114
Vending machines		17,700	-
		<u>242,015</u>	<u>405,114</u>
Total revenue and support		<u>\$ 1,545,167</u>	<u>\$ 1,445,076</u>

**Contributions and Promises to Give**

Contributions are recorded when received, which may be when cash or other assets are received or unconditionally promised. We report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

We report gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, we report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services are recorded at the fair values of the services received. GAAP requires recording the value of donated services that create or enhance nonfinancial assets or require specialized skills. We benefit from services of a substantial number of volunteers that donate their time and efforts generously.

**Dallas Mission for Life (d.b.a Dallas Life)****Notes to financial statements****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024*

---

There were no significant contributed services that met the requirements above to be recognized in our consolidated financial statements during the years ended December 31, 2025 and 2024. We also receive a significant amount of donated clothing and food. We use donated food to provide meals to residents and those in recovery programs. We record donated clothing and food at their estimated fair value. For the years ended December 31, 2025 and 2024, we received \$894,318 and \$764,995, respectively, of donated clothing and food, which is included in gift-in-kind contributions on the consolidated statements of activities.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash held in checking and money market accounts, and certificates of deposits with an original maturity of less than 90 days.

**Accounts Receivable**

Accounts receivable is comprised of amounts due primarily for lodging revenue. Credit losses are measured based on historical collection rates and current conditions affecting collection. Based on our analysis, no credit loss reserves were necessary as of December 31, 2025 and 2024.

**Contributions Receivable**

Contributions receivable consists of unconditional promises to give that are recognized when the promise is made. Such amounts are reported at their net realizable value. We provide for an allowance for doubtful accounts based on donor communication, historical collections, and other evidence.

**Inventory and Supplies**

Inventory and supplies consist of donated clothing, convenience store inventory, and other supplies used by our programs. All such inventory is recorded at its estimated fair value when donated and cost if purchased. Inventory and supplies are expensed if they become unusable or damaged.

**Property and Equipment**

Property and equipment are initially recorded at cost if purchased and fair value if donated. Purchases or donations in excess of \$5,000 are capitalized with lesser amounts expensed. Property and equipment, other than land, are depreciated using the straight-line method with useful lives ranging from 3-40 years.

**Impairment**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. When such events or changes in circumstances indicate an asset may not be recoverable, the impairment loss recognized is the amount by which the asset's net carrying value exceeds its estimated fair value. We did not observe any conditions that would necessitate an impairment review, nor did we record an impairment as of December 31, 2025 and 2024.

**Dallas Mission for Life (d.b.a Dallas Life)**

**Notes to financial statements**

**For the year ended December 31, 2025,**

*with summarized financial information for the year ended December 31, 2024*

---

**Investments**

Investments are comprised of endowment funds and unrestricted resources. Investments and investment cash are reported at fair value.

**Endowments**

We have interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of original gifts as of the gift dates of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, we classify as net assets with donor restrictions in perpetuity the (a) original value of the gifts donated to permanent endowments, (b) original value of subsequent gifts to permanent endowments, and (c) accumulated allocations required to be held in perpetuity by the gift instruments or UPMIFA.

Our endowment funds are comprised of those with donor restrictions and board designated funds (without donor restrictions). Investment gains are recorded in net assets without donor restrictions if there are no donor restrictions on the income and in net assets with donor restrictions if the donors placed a restriction on the income. If there are capital losses on donor restricted income, those losses will go first against the endowment funds with donor restrictions and then be recorded in the unrestricted net asset category. All future gains will go first to cover these previously recorded losses before returning to the originally intended net asset category.

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 us to retain as a fund of perpetual duration. As of December 31, 2025 and 2024, there were no deficiencies of this nature.

We have adopted investment and spending policies designed to provide a future stream of funding to programs supported by the endowments while seeking to maintain the purchasing power of such endowment assets. Under this policy, the endowment assets will be invested in a manner that is intended, over the long-term, to provide sufficient growth to offset inflation. The actual return in any given year may vary from these amounts.

**Beneficial Interest in Trust**

Beneficial interest in trust represents funds contributed to us but held and administered by an outside trustee. We receive a specified portion of the annual income on the underlying assets in the trust, which is restricted for use in our programs. Our interest in this trust is classified in Level 2 of the fair value hierarchy.

**Leases**

For leases with terms greater than 12 months, we record the initial related assets and obligations at the present value of lease payments over the lease term. Leases are classified as operating or finance leases. Lease expense for operating leases is recognized on a level basis over the term of the leases.

## **Dallas Mission for Life (d.b.a Dallas Life)**

### **Notes to financial statements**

**For the year ended December 31, 2025,**

*with summarized financial information for the year ended December 31, 2024*

---

#### **Net Assets**

The consolidated financial statements report amounts by class of net assets:

- *Net assets without donor restrictions* are currently available for operations under the direction of the board of directors.
- *Net assets with donor restrictions* are stipulated by donors for specific operating purposes or for the acquisition of property and equipment. These include donor restrictions requiring the net assets to be held in perpetuity or for a specified term.

#### **Use of Estimates**

We use estimates and assumptions in preparing financial statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from the estimates that were used in preparing the financial statements. The most significant use of estimates relates to useful lives assigned to property and equipment for purposes of depreciation and review of property and equipment for impairment.

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

The costs of providing the various program services and supporting activities have been summarized in the consolidated statements of activities and functional expenses. Accordingly, certain costs, such as depreciation and payroll, have been allocated among program services and supporting activities. We allocate salaries and benefits, and professional services based on the approximate time spent. Other expenses are allocated based on a percentage of time or resources used.

#### **Income Taxes**

Dallas Life and Dallas Life Support Corporation are entities exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and are not private foundations under Section 509(a) of the Code.

#### **Fair Value Measurements**

GAAP defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements.

Fair value is defined as the exit price we would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy that prioritizes and ranks inputs in valuation techniques used to measure fair value. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Dallas Mission for Life (d.b.a Dallas Life)**

**Notes to financial statements**

**For the year ended December 31, 2025,**

*with summarized financial information for the year ended December 31, 2024*

---

Level 1 – Inputs using quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs, other than Level 1 prices, such as quoted prices in active markets for similar assets and liabilities in markets that are not active, or unobservable inputs that are corroborated by market data.

Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. This includes discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the classification of assets and liabilities within the fair value hierarchy. Because of the long-term nature of certain assets and liabilities measured at fair value as well as differences in the availability of market prices and market liquidity over their terms, inputs for some assets and liabilities may fall into any one of the three levels in the fair value hierarchy. GAAP requires us to classify these assets and liabilities in the lowest level in the hierarchy for which inputs are significant to the fair value measurement. A portion of that measurement may be determined using inputs from a higher level in the hierarchy.

**Subsequent Events**

Subsequent events have been evaluated for potential recognition or disclosure through April 16, 2026, which is the date the financial statements were available to be issued.

**3. Contributions Receivable**

Contributions receivable consisted of the following, at:

	December 31,	
	2025	2024
Unconditional contributions receivable before unamortized discount	\$ 642,500	\$ 296,095
Less amortized discount	(52,807)	-
	589,693	296,095
Less allowance for doubtful accounts	-	-
	589,693	296,095
Pledges are due to be collected as follows:		
Less than one year	\$ 342,500	\$ 296,095
One to four years	300,000	-
	<u>\$ 642,500</u>	<u>\$ 296,095</u>

**Dallas Mission for Life (d.b.a Dallas Life)****Notes to financial statements****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024***4. Note Receivable**

We have a note receivable due from DML Investment Fund, LLC (“DML Fund”) at December 31, 2025 in the amount of \$6,647,150 (“DML Loan”). The loan accrues interest at an annual rate of 1% and requires quarterly interest payments. Quarterly principal and interest payments of \$117,626 begin on March 10, 2028 until the maturity date of March 31, 2043. This loan is secured by the membership interests of DML Fund. Interest income was \$66,471 for the years ended December 31, 2025 and 2024. No credit loss was necessary at December 31, 2025 and 2024.

This note receivable is part of the New Market Tax Credit (“NMTC”) program described in Note 12.

**5. Fair Value Measurements**

The following table presents our assets that are measured at fair value categorized in accordance with the fair value hierarchy as of December 31, 2025:

	Level 1	Level 2	Level 3	Balance
Investment cash	\$ 304,423	\$ -	\$ -	\$ 304,423
Fixed income assets	1,304,166	-	-	1,304,166
Stocks	1,576,724	-	-	1,576,724
Mutual funds and ETFs	3,288,188	-	-	3,288,188
Investments, at fair value	\$ 6,473,501	\$ -	\$ -	\$ 6,473,501
Investments at NAV (a)				538,166
Total investments at fair value				<u>\$ 7,011,667</u>

The following table presents our assets that are measured at fair value categorized in accordance with the fair value hierarchy as of December 31, 2024:

	Level 1	Level 2	Level 3	Balance
Equities and mutual funds	\$ 4,598,911	\$ -	\$ -	\$ 4,598,911
Money market accounts	316,454	-	-	316,454
Investments, at fair value	\$ 4,915,365	\$ -	\$ -	\$ 4,915,365
Investments at NAV (a)				-
Total investments at fair value				<u>\$ 4,915,365</u>

(a) In accordance with FASB ASC Subtopic 820-10, certain investments that are measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

**Dallas Mission for Life (d.b.a Dallas Life)****Notes to financial statements****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024*

Information about investments in private companies (funds) measured at NAV is as follows as of December 31, 2025:

Description	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Private equity fund	\$ 301,659	\$ -	Quarterly	30 days
Private equity fund	236,507	-	Quarterly	30 days
Total	<u>\$ 538,166</u>	<u>\$ -</u>		

Private equity funds represent investments in non-public companies (“PE Funds”) that seeks to generate current income through a portfolio of predominantly senior secured loans to U.S. middle and upper middle-market companies. The NAV amounts for these investments are provided by the PE Funds.

Investment income is comprised of the following for the years ended December 31:

	2025	2024
Net gain on equities and mutual funds	\$ 388,556	\$ 3,854
Interest income on endowment funds	3,898	4,327
Interest income on general assets	269,369	260,271
Interest income on note receivable	66,471	66,471
Total investment income	<u>\$ 728,294</u>	<u>\$ 334,923</u>

**6. Endowments**

Our endowments are comprised of an endowment with donor restrictions and funds set aside by the Board of Directors to function as endowments commonly referred to as “funds functioning as an endowment” (“FFE”). Net assets associated with endowment funds, including funds functioning as an endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The endowment net asset composition by type of fund as of December 31, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Children’s endowment:			
Historical gift value	\$ -	\$ 100,000	\$ 100,000
Appreciation	-	18,798	18,798
Total Children’s endowment	-	118,798	118,798
Board endowment	6,892,869	-	6,892,869
Total endowments	<u>\$ 6,892,869</u>	<u>\$ 118,798</u>	<u>\$ 7,011,667</u>

**Dallas Mission for Life (d.b.a Dallas Life)****Notes to financial statements****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024*

---

Changes in endowment net assets for the year ended December 31, 2025 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments, January 1, 2025	\$ 4,805,511	\$ 109,854	\$ 4,915,365
Transfers	1,696,095	-	1,696,095
Investment income	391,263	8,944	400,207
Endowments, December 31, 2025	<u>\$ 6,892,869</u>	<u>\$ 118,798</u>	<u>\$ 7,011,667</u>

The endowment net asset composition by type of fund as of December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Children's endowment:			
Historical gift value	\$ -	\$ 100,000	\$ 100,000
Appreciation	-	9,854	9,854
Total Children's endowment	-	109,854	109,854
Board endowment	4,805,511	-	4,805,511
Total endowments	<u>\$ 4,805,511</u>	<u>\$ 109,854</u>	<u>\$ 4,915,365</u>

Changes in endowment net assets for the year ended December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowments, January 1, 2024	\$ 5,192,607	\$ 105,527	\$ 5,298,134
Distributions	(600,000)	-	(600,000)
Investment income	212,904	4,327	217,231
Endowments, December 31, 2024	<u>\$ 4,805,511</u>	<u>\$ 109,854</u>	<u>\$ 4,915,365</u>

**Dallas Mission for Life (d.b.a Dallas Life)**  
**Notes to financial statements**  
**For the year ended December 31, 2025,**  
*with summarized financial information for the year ended December 31, 2024*

---

**7. Property and Equipment**

Property and equipment, consisted of the following at:

	December 31,	
	2025	2024
Land	\$ 242,659	\$ 242,659
Buildings and improvements	17,012,947	16,760,127
Equipment, furniture, and fixtures	508,757	447,544
Vehicles	194,373	184,840
	<u>17,958,736</u>	<u>17,635,170</u>
Accumulated depreciation	<u>(7,709,151)</u>	<u>(6,834,009)</u>
	<u>\$ 10,249,585</u>	<u>\$ 10,801,161</u>

Depreciation expense was \$860,561 and \$868,605 for the years ended December 31, 2025, and 2024, respectively.

**8. Refundable Grant Advance**

We received a grant of \$1,800,000 (“Grant”) in 2020 from the Federal Home Loan Bank of San Francisco in accordance with the Affordable Housing Program. The terms of the Grant require that it be used for investment in our facilities and that we comply with related terms and conditions. The Grant was provided in the form of a promissory note with no stated interest rate that is secured by real estate and matures on October 1, 2035. We are not required to repay the promissory note if we comply with the terms and conditions of the Grant in accordance with the Affordable Housing Program and related agreements. The promissory note does not amortize and does not require periodic installment payments. We did not impute interest for the promissory note as the substance of this transaction is a contribution. We accounted for this as a conditional contribution in accordance with GAAP. Although we anticipate compliance with all applicable terms and conditions, the conditional nature of the Grant requires that it be treated as a liability in its entirety until such point that it becomes unconditional on October 1, 2035.

**Dallas Mission for Life (d.b.a Dallas Life)****Notes to financial statements****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024***9. Notes Payable**

Notes payable consists of the following at:

	December 31,	
	2025	2024
Dallas Life Support Corporation:		
Note payable with quarterly interest payments until December 31, 2027, followed by principal and interest payments of \$89,103. Unpaid principal and interest is due in December 2049. Interest is fixed at 1.53% and is secured by the assets of Dallas Life. This is part of the NMTC program described in Note 12.	\$ 6,647,150	\$ 6,647,150
Note payable with quarterly interest payments until December 31, 2027, followed by principal and interest payments of \$29,964. Unpaid principal and interest is due in December 2049. Interest is fixed at 1.53% and is secured by the assets of Dallas Life. This is part of the NMTC program described in Note 12.	2,377,850	2,377,850
Total notes payable	9,025,000	9,025,000
Unamortized debt issuance costs, net	(379,002)	(413,718)
Notes payable, net	<u>\$ 8,645,998</u>	<u>\$ 8,611,282</u>

Interest expense was \$172,799 and \$155,945 for the years ended December 31, 2025 and 2024, respectively. Future maturities are as follows:

Year Ending December 31,	Amount
2026-2030	\$ -
Thereafter	9,025,000
	<u>\$ 9,025,000</u>

**10. Leases**

ASC 842 requires that lease right-of-use assets and lease liabilities be recorded in the statement of financial position. We lease a few office equipment items such as printers and copiers. We also lease land for parking pursuant to a month-to-month lease agreement. We did not record a right-of-use asset or lease liability for this contract as either party can terminate the lease with no significant penalties. Lease expense for the years ended December 31, 2025, and 2024 is summarized as follows:

	2025	2024
Operating leases	\$ 34,416	\$ 34,416
Short-term leases	16,812	11,871
	<u>\$ 51,228</u>	<u>\$ 46,287</u>

**Dallas Mission for Life (d.b.a Dallas Life)****Notes to financial statements****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024*

---

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities as of December 31, 2025:

Year Ending	Amounts
2026	\$ 31,896
2027	26,581
2028	-
	58,477
Less Imputed Interest	(3,428)
	<u>\$ 55,049</u>

**11. Net Assets**

Net assets consisted of the following at:

	December 31,	
	2025	2024
Net assets without donor restrictions:		
Undesignated	\$ 7,412,914	\$ 8,940,076
Funds functioning as endowments	6,892,869	4,805,511
	<u>14,305,783</u>	<u>13,745,587</u>
Net assets with donor restrictions:		
Beneficial interest	5,835,766	-
Purpose and time restricted	794,808	219,215
Endowment accumulated earnings	18,798	9,854
Endowment restricted in perpetuity	100,000	100,000
	<u>6,749,372</u>	<u>329,069</u>
	<u>\$ 21,055,155</u>	<u>\$ 14,074,656</u>

**12. New Market Tax Credit Transactions**

In November 2020, we entered into a financial arrangement to help fund the cost of the renovations of our building facilities with the New Market Tax Credit program. Under this arrangement, DLSC received two loans totaling \$9,025,000 from Urban Development Fund 59, LLC ("UDF Loans"). Refer to Note 9 for the terms of the loan agreements. In conjunction with this financing arrangement, Dallas Life provided a loan of \$6,647,150 to DML Fund, an unaffiliated investment structure.

As part of the NMTC program, there is an option agreement that provides us with the option and may require that we purchase equity interests in the DML Fund for \$1,000 plus fees and certain indemnities. The option agreement could be exercised in November 2027. This provides for a process to net the UDF Loans with the DML Loan and for us to recognize the net amount as income. The NMTC program has conditions and program requirements that may affect this process.

**Dallas Mission for Life (d.b.a Dallas Life)****Notes to financial statements****For the year ended December 31, 2025,***with summarized financial information for the year ended December 31, 2024***13. Financial Liquidity**

The following reflects our financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of these dates:

	December 31,	
	2025	2024
Financial assets:		
Cash and cash equivalents	\$ 1,156,029	\$ 1,764,330
Accounts receivable, net	98,662	79,286
Contributions receivable, net	589,693	296,095
Note receivable	6,647,150	6,647,150
Investments	7,011,667	4,915,365
Beneficial interest in trust	5,835,766	-
Financial assets, at year-end	<u>21,338,967</u>	<u>13,702,226</u>
Less those not available for general expenditure within one year, due to:		
Note receivable, due in more than one year	(6,647,150)	(6,647,150)
Funds functioning as an endowment	(6,892,869)	(4,805,511)
Beneficial interest	(5,835,766)	-
Restrictions by donors with purpose restriction	(794,808)	(219,215)
Endowment accumulated earnings	(18,798)	(9,854)
Restrictions by donors in perpetuity for endowment	(100,000)	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,049,576</u>	<u>\$ 1,920,496</u>

As part of our liquidity management, we have a policy to structure our financial assets to be available as general expenditures, liabilities, and other obligations come due. We have an informal policy to retain three months of operating expenses in cash and cash equivalents.

**14. Retirement Plan**

We offer a defined contribution plan. Full-time employees are eligible to participate in the plan after one year of service and may contribute amounts subject to IRS limitations. We match 5% to 7.5% of eligible compensation for different classes of employees. Employer contributions for the years ended December 31, 2025 and 2024, were \$30,680 and \$33,431, respectively.

**Dallas Mission for Life (d.b.a Dallas Life)**

**Notes to financial statements**

**For the year ended December 31, 2025,**

*with summarized financial information for the year ended December 31, 2024*

---

**15. Government Contributions**

In October 2022, we applied for an Employee Retention Tax Credit in the amount of \$551,888, excluding interest. We had received \$445,895 through December 31, 2024 and collected the last amount of \$151,726 in 2025. We accounted for these collections as contributions and are reflected as government contributions in our consolidated statements of activities.

**16. Risks and Uncertainties**

**Concentrations of Credit Risk**

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash and cash equivalents. We maintain cash deposits with banks that, at times, may exceed federally insured limits. We periodically assess the financial condition of our financial institutions.

For the years ended December 31, 2025 and 2024, approximately 10% and 25% of our contributions were received from one donor, respectively. We would need to adjust our operations or find alternative sources of support if these contributions were not provided by this donor.

**Contingencies**

We are subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of our activities. We do not believe that there are any matters that would have a material adverse effect on our financial condition.