FEI Houston Scholarship Foundation

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2026 and 2025

FEI Houston Scholarship Foundation

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Independent Auditors' Report

To the Board of Directors of
FEI Houston Scholarship Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of FEI Houston Scholarship Foundation, which comprise the statements of financial position as of June 30, 2026 and 2025, and the related statements of activities and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FEI Houston Scholarship Foundation as of June 30, 2026 and 2025, 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of FEI Houston Scholarship Foundation 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 FEI Houston Scholarship Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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.

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 FEI Houston Scholarship Foundation'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 FEI Houston Scholarship Foundation'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.

Blazek & Vetterling

October 27, 2026

FEI Houston Scholarship Foundation

Statements of Financial Position as of June 30, 2026 and 2025

	2026	2025
ASSETS		
Cash	$ 147,531	$ 142,763
Contributions receivable, net	11,485	37,260
Operating investments *(Note 3)*	995,234	915,264
Contributions receivable for endowment, net	25,000	25,000
Investments restricted for endowment *(Note 3)*	235,488	169,705
Other assets	750	750
TOTAL ASSETS	$ 1,415,488	$ 1,290,742
LIABILITIES AND NET ASSETS		
Accrued liabilities	$ 809	$ 785
Net assets:		
Without donor restrictions	1,100,706	1,005,992
With donor restrictions *(Note 5)*:		
Endowment to support scholarships	260,488	194,705
Time restricted	11,485	37,260
Scholarships	42,000	52,000
Total net assets	1,414,679	1,289,957
TOTAL LIABILITIES AND NET ASSETS	$ 1,415,488	$ 1,290,742

See accompanying notes to financial statements.

FEI Houston Scholarship Foundation

Statement of Activities for the year ended June 30, 2026

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	$ 118,951	$ 80,500	$ 199,451
Net investment return	56,970	13,783	70,753
Total revenue	175,921	94,283	270,204
Net assets released from restrictions:			
Satisfaction of purpose restriction	64,275	(64,275)	
Total	240,196	30,008	270,204
EXPENSES:			
Program services – scholarships	106,000		106,000
Professional and administrative	39,482		39,482
Total expenses	145,482		145,482
CHANGES IN NET ASSETS	94,714	30,008	124,722
Net assets, beginning of year	1,005,992	283,965	1,289,957
Net assets, end of year	$ 1,100,706	$ 313,973	$ 1,414,679

See accompanying notes to financial statements.

FEI Houston Scholarship Foundation

Statement of Activities for the year ended June 30, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	$ 119,399	$ 134,500	$ 253,899
Net investment return	128,447	20,548	148,995
Total revenue	247,846	155,048	402,894
Net assets released from restrictions:			
Satisfaction of purpose restriction	68,740	(68,740)	
Total	316,586	86,308	402,894
EXPENSES:			
Program services – scholarships	78,000		78,000
Professional and administrative	38,572		38,572
Total expenses	116,572		116,572
CHANGES IN NET ASSETS	200,014	86,308	286,322
Net assets, beginning of year	805,978	197,657	1,003,635
Net assets, end of year	$ 1,005,992	$ 283,965	$ 1,289,957

See accompanying notes to financial statements.

FEI Houston Scholarship Foundation

Statements of Cash Flows for the years ended June 30, 2026 and 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 124,722	$ 286,322
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized gain on investments	(39,098)	(115,625)
Contributions restricted for endowment	(52,000)	(51,500)
Changes in operating assets and liabilities:		
Other assets		(750)
Contributions receivable	25,775	30,726
Accrued liabilities	24	21
Net cash provided by operating activities	59,423	149,194
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in cash and cash equivalents held as investments	(9,885)	(327)
Purchases of investments	(829,220)	(1,158,811)
Proceeds from sales of investments	732,450	1,035,768
Net cash used by investing activities	(106,655)	(123,370)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for endowment	52,000	26,500
NET CHANGE IN CASH	4,768	52,324
Cash, beginning of year	142,763	90,439
Cash, end of year	$ 147,531	$ 142,763

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – The FEI Houston Scholarship Foundation (the Foundation) was incorporated in 2003 as a Texas non-profit corporation that provides scholarships for Southeast Texas area college students studying accounting or finance who are in need of financial assistance.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (the Code) and is classified as a public charity under §170(b)(1)(A)(vi).

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 contribution revenue. An allowance for uncollectible receivables is provided when it is believed balances may not be collected in full. At June 30, 2026, contributions receivable of $36,485 are due to be received within one year.

Investments are reported at fair value. Realized gains and losses on securities sold are determined using the specific identification method and original cost. Purchases and sales of marketable securities are reported on a trade-date basis. Unrealized gains and losses on investments arise from increases or decreases in fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses. Interest and dividends are recognized as earned.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. 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 are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the Foundation is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Scholarships – The Foundation provides needs-based academic scholarships annually to accounting or finance students attending accredited colleges and universities in Southeast Texas. Scholarship recipients are also selected based on their academic achievements and extracurricular activity records in their respective schools. Scholarships are recognized as expense at fair value when the Foundation approves an unconditional commitment to a recipient.

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 the organization exists. Professional and administrative activities represent the management and general types of expenses for the Foundation and are not directly identifiable with specific program or fundraising activities. All of the Foundation's expenses are directly attributable to either program activities or professional and administrative.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30 comprise the following:

	2026	2025
Financial assets:		
Cash	$ 147,531	$ 142,763
Investments	1,230,722	1,084,969
Contributions receivable	36,485	62,260
Total financial assets	1,414,738	1,289,992
Less financial assets not available for general expenditure:		
Financial assets restricted for endowment, net of appropriations for coming year	(260,488)	(194,705)
Other donor-restricted assets not expected to be satisfied in the coming year	(14,000)	(30,000)
Total financial assets available for general expenditure	$ 1,140,250	$ 1,065,287

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its program services of providing scholarships, as well as the conduct of services undertaken to support those activities, to be general expenditures.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All of the Foundation's investments are measured using Level 1 inputs, which are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.

Assets measured at fair value using Level 1 inputs at June 30 are as follows:

	2026	2025
Investments:		
Common stock	$ 846,306	$ 565,979
Mutual funds:		
Fixed-income	363,884	318,636
Equity		189,707
Cash and cash equivalents	20,532	10,647
Total assets measured at fair value	$ 1,230,722	$ 1,084,969

Valuation methods used for assets measured at fair value are as follows:

- *Common stock* is valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds* are valued at the reported net asset value of shares held.

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 the Foundation believes its valuation methods are 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 4 – CONTRIBUTIONS BY TYPES OF DONOR

Contributions without donor restrictions and net assets released from restrictions consisted of the following:

	2026	2025
FEI Houston members and leadership	$ 64,505	$ 50,752
Foundations	44,000	48,000
FEI Houston Chapter	43,895	55,720
Corporate sponsors	8,876	21,171
Other individuals	21,950	12,496
Total	$ 183,226	$ 188,139

NOTE 5 – ENDOWMENT

The Foundation's endowment includes an individual fund that was established with donor-restricted contributions to support scholarship programs. The endowment is subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA), which provides guidelines for prudent spending in the absence of explicit donor stipulations. These funds are being administered in accordance with explicit donor stipulations. The amount specified by donors to be maintained in perpetuity is not reduced by investment losses or by approved distributions from the endowment.

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 TUPMIFA requires the Foundation to maintain in perpetuity. Such deficiencies are reported in *net assets with donor restrictions*. There were no such deficiencies at June 30, 2026 or 2025.

Changes in the endowment fund are as follows:

	WITH DONOR RESTRICTIONS		
	SUBJECT TO SPENDING POLICY AND APPROPRIATION	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Endowment net assets, June 30, 2024	$ 13,456	$ 109,201	$ 122,657
Contributions		51,500	51,500
Net investment return	20,548		20,548
Endowment net assets, June 30, 2025	34,004	160,701	194,705
Contributions		52,000	52,000
Net investment return	13,783		13,783
Endowment net assets, June 30, 2026	$ 47,787	$ 212,701	$ 260,488

NOTE 6 – RELATED PARTY TRANSACTIONS

Financial Executives of Houston, Inc. (FEI Houston) established the Foundation. FEI Houston has provided funds and resources to the Foundation, including contributed funds, services, and volunteer time.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 27, 2026, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.