

**MASONIC CHARITY FOUNDATION  
OF OKLAHOMA**

**FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION**

For the Year Ended December 31, 2023  
(With Comparative Totals at December 31, 2022)

# MASONIC CHARITY FOUNDATION OF OKLAHOMA

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Masonic Charity Foundation of Oklahoma

### **Opinion**

We have audited the accompanying financial statements of Masonic Charity Foundation of Oklahoma (a nonprofit organization) (the "Foundation"), which comprise the modified cash basis statement of assets, liabilities, and net assets as of December 31, 2023, and the related statements of support, revenue collected, expenses paid and changes in net assets, functional expenses, and cash flows for the year 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 assets, liabilities, and net assets of the Foundation as of December 31, 2023, and its revenue collected, expenses paid, changes in net assets, functional expenses, and cash flows for the year then ended in accordance with the modified cash basis of accounting, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and as described in Note A.

### **Basis for Opinion**

We conducted our audit 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 the Foundation 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.

### **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note A, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 the 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.

### **Report on Summarized Comparative Information**

We have previously audited the Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 22, 2023. In our opinion, the summarized comparative information presented herein as of and for the year end December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Oklahoma City, Oklahoma  
September 30, 2024



MASONIC CHARITY FOUNDATION OF OKLAHOMA

STATEMENT OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
<b>Assets Recognized</b>		
Cash and cash equivalents	\$ 4,209,726	\$ 4,452,821
Investments	96,945,197	92,957,008
Property and equipment, net of accumulated depreciation	321,207	339,173
Other	1,270	1,277
<b>Total assets recognized</b>	<u>\$ 101,477,400</u>	<u>\$ 97,750,279</u>
<b>Liabilities and Fund Balances Recognized</b>		
Liabilities:		
Funds held on behalf of others	\$ -	\$ 1,105,057
<b>Total liabilities recognized</b>	<u>-</u>	<u>1,105,057</u>
Fund Balances::		
Unrestricted:		
Foundation general fund	9,077,883	5,195,591
Educational general fund	807,164	478,506
<b>Total unrestricted funds</b>	<u>9,885,047</u>	<u>5,674,097</u>
Restricted:		
Foundation endowment fund	87,246,624	86,625,396
Education endowment fund	4,345,729	4,345,729
<b>Total restricted funds</b>	<u>91,592,353</u>	<u>90,971,125</u>
<b>Total fund balances recognized</b>	<u>101,477,400</u>	<u>96,645,222</u>
<b>Total liabilities and fund balances recognized</b>	<u>\$ 101,477,400</u>	<u>\$ 97,750,279</u>

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

MASONIC CHARITY FOUNDATION OF OKLAHOMA

STATEMENT OF SUPPORT AND REVENUE COLLECTED AND EXPENSES PAID AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	Unrestricted			Restricted			Total	Total
	Foundation General Fund	Education General Fund	Total Unrestricted	Foundation Endowment Fund	Education Endowment Fund	Total Restricted	2023	2022
Support and revenue collected:								
Net investment return (loss)	\$ 8,360,920	\$ 466,293	\$ 8,827,213	\$ -	\$ -	\$ -	\$ 8,827,213	\$ (14,193,539)
Bequests	-	-	-	588,601	-	588,601	588,601	987,776
Voluntary contributions	-	-	-	27,557	-	27,557	27,557	23,065
Entered apprentice fees	-	-	-	5,070	-	5,070	5,070	5,715
Oil and gas royalties	940,265	-	940,265	-	-	-	940,265	1,582,661
Miscellaneous	-	-	-	-	-	-	-	1,367
<b>Total support and revenue collected</b>	<u>9,301,185</u>	<u>466,293</u>	<u>9,767,478</u>	<u>621,228</u>	<u>-</u>	<u>621,228</u>	<u>10,388,706</u>	<u>(11,592,955)</u>
Expenses paid:								
Program services expenses								
Matching funds, scholarships, and donations	4,697,894	137,550	4,835,444	-	-	-	4,835,444	4,954,327
Total program service expenses	<u>4,697,894</u>	<u>137,550</u>	<u>4,835,444</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,835,444</u>	<u>4,954,327</u>
Supporting services expenses								
Management and general	720,999	85	721,084	-	-	-	721,084	699,529
Total supporting services expenses	<u>720,999</u>	<u>85</u>	<u>721,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>721,084</u>	<u>699,529</u>
<b>Total expenses</b>	<u>5,418,893</u>	<u>137,635</u>	<u>5,556,528</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,556,528</u>	<u>5,653,856</u>
<b>Excess (deficiency) of support and revenue collected over expenses paid</b>	3,882,292	328,658	4,210,950	621,228	-	621,228	4,832,178	(17,246,811)
Fund balances at beginning of year	5,195,591	478,506	5,674,097	86,625,396	4,345,729	90,971,125	96,645,222	113,892,033
Fund balances at end of year	<u>\$ 9,077,883</u>	<u>\$ 807,164</u>	<u>\$ 9,885,047</u>	<u>\$ 87,246,624</u>	<u>\$ 4,345,729</u>	<u>\$ 91,592,353</u>	<u>\$101,477,400</u>	<u>\$ 96,645,222</u>

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

MASONIC CHARITY FOUNDATION OF OKLAHOMA

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)**

	Program Services	Management and General	Total 2023	Total 2022
Scholarships, grants and donations	\$ 3,428,128	\$ -	\$ 3,428,128	\$ 3,452,075
Matching funds	1,407,316	-	1,407,316	1,502,252
Salaries	-	384,276	384,276	324,875
Employment taxes and benefits	-	79,732	79,732	58,122
Repairs and maintenance	-	15,271	15,271	16,292
Insurance	-	17,190	17,190	15,725
Professional services	-	83,094	83,094	66,040
Supplies and materials	-	39,470	39,470	32,151
Telephone and other utilities	-	18,604	18,604	20,198
Member communications	-	18,874	18,874	44,087
Travel	-	2,415	2,415	2,332
Meetings	-	2,622	2,622	2,566
Training and memberships	-	1,708	1,708	799
Advertising	-	399	399	411
Bank charges	-	1,835	1,835	1,783
Depreciation	-	21,124	21,124	27,567
Other taxes	-	3,699	3,699	5,789
Private foundation taxes	-	25,000	25,000	75,000
Miscellaneous	-	5,771	5,771	5,792
Total expenses	<u>\$ 4,835,444</u>	<u>\$ 721,084</u>	<u>\$ 5,556,528</u>	<u>\$ 5,653,856</u>

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

MASONIC CHARITY FOUNDATION OF OKLAHOMA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 4,832,178	\$ (17,246,811)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	21,124	27,567
Realized and unrealized (gain) loss on investments	(8,827,213)	16,805,322
Increase (decrease) in funds held on behalf of others	<u>(1,105,057)</u>	<u>(163,713)</u>
Net cash provided (used) by operations	<u>(5,078,968)</u>	<u>(577,635)</u>
Cash flows from investing activities:		
Net proceeds (purchases) from sale of investments	4,839,031	361,950
Purchases of property and equipment	<u>(3,158)</u>	<u>(10,832)</u>
Net cash provided (used) by investing activities	<u>4,835,873</u>	<u>351,118</u>
Net increase (decrease) in cash	(243,095)	(226,517)
Cash and cash equivalents at beginning of year	<u>4,452,821</u>	<u>4,679,338</u>
Cash and cash equivalents at end of year	<u>\$ 4,209,726</u>	<u>\$ 4,452,821</u>

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



# MASONIC CHARITY FOUNDATION OF OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operation - The Masonic Charity Foundation of Oklahoma (the Foundation) is a charitable organization established by the Most Worshipful Grand Lodge of Ancient Free and Accepted Masons of the State of Oklahoma (the Grand Lodge) to accept and manage gifts and bequests made to the Foundation for the support of charitable activities of the Foundation conducted throughout Oklahoma. The Foundation's primary source of revenue is bequests and investment earnings.

Basis of Presentation - The Foundation maintains its records and prepares its financial statements on the modified cash basis of accounting. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenues are recognized when received rather than when earned, and grants made and operating expenses are recognized when paid rather than when the obligation is incurred.

The modified cash basis of accounting differs from U.S. GAAP in the following significant respects:

1. The Foundation's unconditional grants to be paid in future years are recognized when paid rather than when approved by the board of directors.
2. Accounts receivable, accounts payable, and other accrued expenses, including pension obligations, are not recognized. Revenues are recorded when collected rather than when earned, and expenses are recorded when paid rather than when an obligation has been incurred.
3. No liability is recorded for uncertain tax positions, if any, in accordance with the Financial Accounting Standards Board (FASB) guidance on uncertain tax position.
4. In addition, the Foundation was the trustee for a perpetual trust and the beneficiary of one-sixth of the trust income. This arrangement ceased in 2022, the Foundation transferred all assets related to the perpetual trust during the year ended December 31, 2023 (see Note E).

The Foundation follows the principles of fund accounting, which reflect limitations or restrictions on the use of available resources by classifying such resources in funds associated with specified activities or objectives. The funds used by the Foundation do not necessarily present its financial information in the same manner as would be presented if the Foundation followed U.S. GAAP for (a) Accounting for contributions received and made and (b) Financial Statements of Not-for-Profit Organizations. U.S. GAAP requires not-for-profit organizations to report their activities and related net assets based on third-party restrictions. The funds used by the Foundation do consider third-party restrictions; however, the Foundation's restricted funds also consider internal restrictions placed on contributions which, under U.S. GAAP, would be considered unrestricted.

The financial statements include certain prior-year summarized comparative information in total, but not by fund classification. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2022, from which the summarized information was obtained.

The funds used by the Foundation are the Foundation General Fund, Education General Fund, Foundation Endowment Fund, and Education Endowment Fund.

**MASONIC CHARITY FOUNDATION OF OKLAHOMA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Cont’d)**

Basis of Presentation – continued - The net assets without restrictions for the Foundation include the Foundation General Fund and the Education General Fund. These funds are designed to account for resources that are expended for the overall support of the Foundation, which includes the purchases of property and equipment and the support of the Foundation's education and other charitable operations.

The net assets with restrictions for the Foundation include the Foundation Endowment Fund and the Education Endowment Fund. The Foundation Endowment Fund is comprised of resources received by gift, devise, bequest, or otherwise. The bylaws of the Foundation prohibit the expenditure of the Endowment Fund principal. The income earned, including realized and unrealized investment gains, from the restricted investments is included in the Foundation General Fund.

The Education Endowment Fund is comprised of donations that are invested for the education program's use. Income from the investments is transferred to the Education General Fund and is available to pay for awarded scholarships.

In 2006, the Foundation received proceeds from the Edgar M. Woody Trust which are subject to the following restrictions as outlined in a "Journal Entry" filed in the District Court of Oklahoma County:

- The Foundation will hold and administer the Edgar M. Woody funds as segregated restricted funds;
- Beginning in 2006 and continuing each year thereafter, the Foundation will use or distribute, for direct services to the elderly, an amount equal to five percent (5 percent) of the net market value of the Edgar M. Woody Fund as of the preceding year end;
- Distributions by the Foundation from the Edgar M. Woody Fund for direct services to the elderly shall first be made to members of the Masonic family who are fifty-five (55) years of age or older; and
- The Foundation is required to account to the District Court of Oklahoma County, Oklahoma by February 15 of each year, beginning February 15, 2007, for its administration of the Aged Fund, which will be subject to the approval of the Court.

At December 31, 2023, \$1,484,734 of Edgar M. Woody trust funds are included in the Foundation General Fund, which represents cumulative earnings of the Edgar M. Woody Trust in excess of related disbursements. The balance of the Edgar M. Woody Trust, \$12,007,456, represents the corpus balance that is included in the Foundation Endowment Fund.

Cash equivalents - The Foundation considers all highly liquid investments with an original maturity of three months or less when purchased, including cash and money market funds maintained in equity based investment accounts, to be cash equivalents.

FDIC Coverage – Cash accounts are covered by FDIC insurance up to \$250,000. On occasions, balances may exceed this coverage amount, but MCF has not experienced any losses on those deposits.

Investments - Investments consist of marketable securities and are recognized at fair value. Substantially all investments are managed by various investment managers and held under a master custodial arrangement.

**MASONIC CHARITY FOUNDATION OF OKLAHOMA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Investments continued -Marketable securities include equity and fixed income securities. Net realized and unrealized gains (losses) are reflected in the statement of support and revenue collected and expenses paid and changes in fund balance-modified cash basis.

The Foundation has elected to report the fair value of its investment in a limited partnership using the practical expedient. The practical expedient allows for the use of net asset value (NAV), either as reported by the investee fund or as adjusted by the Foundation management.

Fair value measurements - The Foundation follows guidance issued by the FASB, specifically ASC Topic 820, Fair Value Measurements, which provides the framework for measuring fair value. Fair value measurements accounting guidance establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

- Level 1:** Quoted prices in active markets for identical assets or liabilities
- Level 2:** Inputs that are derived principally from or corroborated by observable market data
- Level 3:** Inputs that are unobservable and significant to the overall fair value measurement

Financial assets carried at fair value on a recurring basis are limited to the Foundation's investments and funds held on behalf of others.

Concentration of credit risk - The Foundation maintains cash in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash or cash equivalents.

Property and equipment - Expenditures for property and equipment that exceed the Foundation's capitalization policy threshold of \$5,000 are capitalized at cost and are depreciated on the straight-line basis over their estimated useful lives as follows:

Vehicles	5 years
Buildings and improvements	10-40 years
Office furniture and equipment	5-10 years

When assets are sold or retired, the costs of the assets and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in operations.

Contributed noncash assets - Royalty mineral rights interests, real estate, noncash bequests and life insurance policies are recorded at a nominal value of \$1 when received. Revenue is recognized when cash is received upon the sale or realization of such assets.

The Foundation's policy is not to sell its royalty mineral rights interests. No provision is made for depletion of mineral properties, and no asset is recognized for mineral reserves.

Income taxes - The Foundation was formed exclusively for charitable purposes as defined by Section 501 of the Internal Revenue Code of 1986. As a not-for-profit organization, the Foundation is not subject to income taxes on normal operations. It is management's belief that the Foundation continues to qualify as a

# MASONIC CHARITY FOUNDATION OF OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Cont'd)

Income taxes - continued - not-for-profit organization. During 2010, the Foundation lost its public charity status, as it failed the facts and circumstances test required by the Internal Revenue Code to be considered a publicly supported charity, and was classified as a private foundation.

As a result, the Foundation is now subject to a 1.39 percent excise tax on net investment income. In addition, a 30 percent excise tax is imposed on the Foundation if it fails to distribute significantly all of its minimum investment return to qualified beneficiaries before the end of the next tax year and a 100 percent tax if it fails to distribute its minimum investment return before the end of the second tax year. The 100 percent tax is not payable until ninety days after it is assessed by the Internal Revenue Service. If the Foundation distributes the accumulated income within ninety days after the 100 percent penalty is assessed, the penalty will be waived. During 2023, the Foundation paid \$25,000 of excise tax to the Internal Revenue Service.

Management has evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require disclosure in the financial statements. Currently, the Foundation is not subject to examination by any major tax jurisdictions. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination.

Use of estimates - The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Significant estimates - Estimates that are particularly susceptible to significant change include the valuation of investments in marketable and non-marketable securities. The Foundation's various investment securities are exposed to various risk, such as interest rate, market and credit risk. Such credit risk is considered by management to be limited due to the financial stability of the institutions managing the funds, and the dispersion both in geography and industry of the investments. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in value of investment securities will occur in the near term and in such amounts that could be material.

Subsequent events - Management has evaluated subsequent events through September 20, 2024, the date the financial statements were available to be issued.

### NOTE B - INVESTMENTS AND FAIR VALUE MEASUREMENTS

As described in Note A, the Foundation reports marketable securities and funds held on behalf of others at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used to estimate the fair value of assets and liabilities in the financial statements, including a description of the methodologies used for classification within the fair value hierarchy, are as follows:

Marketable securities - Quoted prices for equity securities are obtained from active markets such as the NYSE or NASDAQ, and as a result, equity securities are classified within Level 1 of the hierarchy. Fixed income securities including corporate bonds, U.S. government obligations, and certificates of deposit are classified within Level 2 of the hierarchy due to their proprietary nature. The fair values of these securities are based on bid prices published in financial newspapers or bid quotations received from securities dealers. The fair value of certain securities are not readily available through market sources

# MASONIC CHARITY FOUNDATION OF OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

### NOTE B - INVESTMENTS AND FAIR VALUE MEASUREMENTS (Cont'd)

Marketable securities continued - other than dealer quotations, so fair value estimates are based on quoted market prices of similar instruments, adjusted for the differences between the quoted instruments and the instruments being valued. Maturity dates of U.S. government securities and corporate bonds range from 2024 to 2050.

Funds held on behalf of others – The investments held in the Throckmorton Trust were carried at fair value which was calculated using the same methodology as marketable securities as of December 31, 2022. In 2023, the Trust is not held by the Foundation anymore, see note E for further information.

Investment Impairment – During the year ended December 31, 2023, the Foundation assessed its investment portfolio for potential impairment in accordance with ASC 320. The assessment considered various factors, including the duration and extent of the decline in fair value, the reasons for the decline, and the Foundation’s intent and ability to hold the investments until recovery. The recoverability of the investments is continuously monitored, and any indication of impairment will be promptly evaluated. The Foundation will recognize an impairment loss if it determines that the decline in fair value is other-than-temporary.

Assets measured at fair value on a recurring basis on December 31, 2023, are classified within the fair value hierarchy as follows:

	As of December 31, 2023			
	Total	Level 1	Level 2	Level 3
Assets held at fair value				
Marketable securities:				
Equity securities:				
Common stocks	\$ 39,885,096	\$ 39,885,096	\$ -	\$ -
Mutual funds	23,996,709	23,996,709	-	-
Fixed income:				
Government obligations	3,496,546	-	3,496,546	-
Non-government obligations	16,498,751	16,498,751	-	-
Pooled fixed income funds	3,749,046	-	3,749,046	-
Convertible securities:				
Preferred stock	9,319,049	-	9,319,049	-
Total assets held at fair value	\$ 96,945,197	\$ 80,380,556	\$ 16,564,641	\$ -

# MASONIC CHARITY FOUNDATION OF OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE C – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023, are summarized as follows:

Land	\$ 147,457
Building	486,996
Parking Lot	27,839
Automobiles	38,192
Furniture, fixtures, & equipment	<u>70,808</u>
	771,292
Less accumulated depreciation	<u>(450,085)</u>
	<u>\$ 321,207</u>

### NOTE D – PENSION PLAN

On January 1, 1984, the Foundation adopted a defined benefit pension plan (the Plan), which covers all employees who have attained the age of 21 and completed 12 months of service. Effective January 1, 2012, the Plan was amended. The information included hereafter describes the benefits based on the January 1, 2012, amended plan documents. Benefits under the Plan will accrue in an amount equal to 2.0 percent of the employee's average annual compensation for each year of credited service up to a maximum of 40 years. Benefits under the Plan vest 100 percent after five years of service.

As discussed in Note A, the Foundation prepares its financial statements on a modified cash basis. The Foundation does not report a pension obligation or asset. Pension expenses are based on amounts contributed to the Plan rather than on the actuarially determined amount based on services performed.

The summary plan information presented below was calculated utilizing the unit benefit nonintegrated method of actuarial valuation. The actuarial present value of the projected benefits to participants of the Plan includes one employee who retired prior to adoption of the Plan.

The projected benefit obligation and net assets available for those benefits as of the latest actuarial valuation date of December 31, 2023, are as follows:

Actuarial present value of projected plan benefits:	
Accumulated (earned) benefits	\$ 3,013,426
Expected benefits subject to future services	<u>249,721</u>
	<u>3,263,147</u>
Total plan assets	<u>\$ 3,263,520</u>

# MASONIC CHARITY FOUNDATION OF OKLAHOMA

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

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### NOTE D – PENSION PLAN (Cont'd)

As of December 31, 2023, the Plan's assets available for plan benefits were more than the accumulated (i.e., earned) plan benefits by \$249,721. The Plan's assets are invested in cash—\$170,178, government securities and corporate bonds—\$468,188, and mutual funds—\$2,480,387. In the event of unfunded benefits, including expected benefits subject to future services, the Foundation will fund said benefits based on required minimum funding outlined in the Pension Protection Act of 2006.

In determining the actuarially present value of the projected plan benefits, the following assumptions were used: (a) weighted-average discount rate of 5.15 percent and (b) rate of increase in future compensation levels of 0 percent.

During the 2023 Plan year, the Foundation did not contribute to the plan. Benefits paid, administrative-related expenses, and professional fees and commissions were approximately \$200,000, \$9,000, and \$2,000, respectively.

### NOTE E – PERPETUAL TRUST

Effective January 1, 2016 the Foundation was appointed as Successor Trustee of the Floyd Throckmorton Testamentary Charitable Trust (the Floyd Throckmorton Trust) as decreed by the District Court of Kingfisher County. The Foundation received and managed the investments of the assets of the trust and was also named as a beneficiary to receive one-sixth income interest in the Floyd Throckmorton Trust.

Effective December 28, 2022, the Foundation relinquished its appointment as Trustee and its one-sixth interest of the Trust, transferring each to the now sole Successor Trustee, the Guthrie Scottish Rite Charitable and Educational Foundation as decreed by the District Court of Kingfisher County.

During the 2022 fiscal year, the trust funds were subject to the following restrictions as outlined in the Last Will and Testament of Floyd Throckmorton and subsequent related court orders:

- The Foundation will pool the assets of the Floyd Throckmorton Trust with the other assets of the Foundation as segregated restricted funds;
- On an annual basis the Foundation will distribute to the named beneficiaries a combined aggregate amount equal to 4 percent of the net market value of the Floyd Throckmorton Trust as of the preceding year end, unless the Court shall order that the Trustee only be required to distribute an amount equal to all dividends, interest, royalties, bonuses and other income received during the preceding year, less expenses of administration, of the Floyd Throckmorton Trust by application of the majority of the beneficiaries.

During the year ended December 31, 2023, the Floyd Throckmorton Trust assets held by the Foundation were fully transferred to the Guthrie Scottish Rite Charitable and Educational Foundation. At December 31, 2022 the fair value of Floyd Throckmorton Trust assets were still held by the Foundation, including those held for the benefit of others, which totaled \$1,105,057.

**MASONIC CHARITY FOUNDATION OF OKLAHOMA**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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**NOTE F - COMMITMENTS**

Effective June 30, 2008, the Foundation entered into an employment agreement with an officer of the Foundation. The agreement stipulates an annual base salary, which may be adjusted annually for (a) cost of living adjustments based on Bureau of Labor Statistics Southwest Statistical Summary Consumer Price Index for All Urban Consumers and (b) annual evaluation based on performance at the board of directors' discretion. The board of directors approved an amendment to the agreement in October 2023 with an effective date of January 1, 2024. This five-year agreement is renewable annually and is historically renewed every year. The remaining commitment under the term of this amended agreement is approximately \$1,031,677 as of December 31, 2023.

**NOTE G – LIQUIDITY**

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures are due. The Foundation’s cash flows are largely cyclical based on historical trends in grant making, education endowment funds, and other substantial programmatic outflows allowing the Foundation to pool or reinvest excess cash based on these known cycles. Management and the Board of Directors of the Foundation reinvest excess cash in accordance with the targets in the investment policy.

The following table provides information about the Foundation’s liquidity:

Total financial assets	\$ 101,154,923
Restricted:	
Foundation Endowment	(87,246,624)
Education Endowment	<u>(4,345,729)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 9,562,570</u>

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**MASONIC CHARITY FOUNDATION OF OKLAHOMA**

**SUPPLEMENTAL EDGAR M. WOODY FUND STATEMENT OF SUPPORT AND REVENUE  
COLLECTED AND EXPENSES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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	<u>2023</u>
Support and revenue collected:	
Interest and dividends	\$ 381,876
Oil and gas royalties	86,019
Realized and unrealized gains (losses) on investments	<u>886,876</u>
Total support and revenue collected	<u>1,354,771</u>
 Expenses	
Management and general expenses	58,812
Edgar M. Woody expenditures for the aged	<u>911,018</u>
Total expenses	<u>969,830</u>
 Excess of support and revenue collected over expenses	384,941
 Fund balances at beginning of year	<u>13,107,249</u>
Fund balances at end of year	<u><u>\$ 13,492,190</u></u>

**MASONIC CHARITY FOUNDATION OF OKLAHOMA**

**SUPPLEMENTAL FLOYD THROCKMORTON TRUST STATEMENT OF SUPPORT AND REVENUE  
COLLECTED AND EXPENSES AND CHANGES IN TOTAL ASSETS - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

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	<u>2023</u>
Support and revenue collected:	
Interest and dividends	\$ 3,282
Oil and gas royalties	4,080
Realized and unrealized gains (loss) on investments	<u>45,301</u>
Total support and revenue collected	<u>52,663</u>
 Expenses	
Management and general expenses	<u>2,987</u>
Total expenses	<u>2,987</u>
 Excess of support and revenue collected over expenses	49,676
 Transfer out	(1,154,733)
 Total assets at beginning of year	<u>1,105,057</u>
 Total assets at end of year	<u><u>\$ -</u></u>