

**MASONIC CHARITY FOUNDATION
OF OKLAHOMA**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

For the Year Ended December 31, 2017

MASONIC CHARITY FOUNDATION OF OKLAHOMA

TABLE OF CONTENTS

Independent Auditor's Report	1
Statements of Assets and Fund Balances – Modified Cash Basis	3
Statement of Support and Revenue Collected and Expenses Paid and Changes in Fund Balances – Modified Cash Basis	4
Notes to Financial Statements	5
Supplemental Information:	
Supplemental Edgar M. Woody Fund Statement of Support and Revenue Collected and Expenses and Changes in Fund Balances – Modified Cash Basis	13



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Masonic Charity Foundation of Oklahoma

We have audited the accompanying financial statements of Masonic Charity Foundation of Oklahoma, (a nonprofit organization) (the "Foundation"), which comprise the statement of assets and fund balances—modified cash basis as of December 31, 2017, and the related statement of support and revenue collected, expenses paid and changes in fund balances—modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note A; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances of the Foundation as of December 31, 2017, and its revenue collected, expenses paid and changes in fund balances for the year then ended in accordance with the cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the modified cash basis 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.

Report on Summarized Comparative Information

An auditor other than us previously audited the Foundation's 2016 financial statements, and they expressed an unmodified audit opinion on those audited financial statements in their report dated October 18, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, 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 States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Arlidge & Associates, P.C.

September 17, 2018

Masonic Charity Foundation of Oklahoma

Statement of Assets and Fund Balances - Modified Cash Basis December 31, 2017 (With Comparative Totals at December 31, 2016)

	<u>2017</u>	<u>2016</u>
Assets Recognized		
Cash and cash equivalents	\$ 2,737,477	\$ 2,851,773
Investments	97,733,533	89,710,021
Property and equipment, net of accumulated depreciation	300,607	305,447
Other	13,765	13,644
Total assets recognized	<u>\$ 100,785,382</u>	<u>\$ 92,880,885</u>
Fund Balances Recognized		
Fund Balances:		
Unrestricted:		
Foundation general fund	\$ 12,343,111	\$ 5,310,828
Educational general fund	488,208	111,875
Total unrestricted funds	<u>12,831,319</u>	<u>5,422,703</u>
Restricted:		
Foundation endowment fund	83,885,819	83,409,745
Education endowment fund	4,068,244	4,048,437
Total restricted funds	<u>87,954,063</u>	<u>87,458,182</u>
Total fund balances recognized	<u>\$ 100,785,382</u>	<u>\$ 92,880,885</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 Fund Balances - Modified Cash Basis
Year Ended December 31, 2017 (With Comparative Totals for the Year Ended December 31, 2016)**

	Unrestricted			Restricted			Total	Total
	Foundation General Fund	Education General Fund	Total Unrestricted	Foundation Endowment Fund	Education Endowment Fund	Total Restricted	2017	2016
Support and revenue collected:								
Interest and dividends	\$ 2,632,029	\$ 122,960	\$ 2,754,989	\$ -	\$ -	\$ -	\$ 2,754,989	\$ 2,982,928
Bequests	-	-	-	449,064	19,807	468,871	468,871	793,459
Voluntary contributions	-	-	-	20,380	-	20,380	20,380	24,963
Entered apprentice fees	-	-	-	6,630	-	6,630	6,630	5,370
Oil and gas royalties	958,359	-	958,359	-	-	-	958,359	896,923
Realized and unrealized gain (loss) on investments	7,816,455	382,692	8,199,147	-	-	-	8,199,147	4,478,365
Miscellaneous	17,185	-	17,185	-	-	-	17,185	56,209
Total support and revenue collected	<u>11,424,028</u>	<u>505,652</u>	<u>11,929,680</u>	<u>476,074</u>	<u>19,807</u>	<u>495,881</u>	<u>12,425,561</u>	<u>9,238,217</u>
Expenses paid:								
Management and general expenses	(1,137,565)	(15,319)	(1,152,884)	-	-	-	(1,152,884)	(1,106,330)
Matching funds	(1,684,949)	-	(1,684,949)	-	-	-	(1,684,949)	(1,534,789)
Other grants and donations	(595,253)	-	(595,253)	-	-	-	(595,253)	(584,070)
Scholarships	-	(114,000)	(114,000)	-	-	-	(114,000)	(119,500)
Promises Matter	(90,837)	-	(90,837)	-	-	-	(90,837)	(65,699)
Edgar M. Woody expenditures for the aged	(736,671)	-	(736,671)	-	-	-	(736,671)	(831,586)
Depreciation	(27,470)	-	(27,470)	-	-	-	(27,470)	(24,215)
Private foundation taxes	(119,000)	-	(119,000)	-	-	-	(119,000)	(26,320)
Total expenses	<u>(4,391,745)</u>	<u>(129,319)</u>	<u>(4,521,064)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,521,064)</u>	<u>(4,292,509)</u>
Excess (deficiency) of support and revenue collected over expenses paid	7,032,283	376,333	7,408,616	476,074	19,807	495,881	7,904,497	4,945,708
Fund balances at beginning of year	5,310,828	111,875	5,422,703	83,409,745	4,048,437	87,458,182	92,880,885	87,935,177
Fund balances at end of year	<u>\$ 12,343,111</u>	<u>\$ 488,208</u>	<u>\$ 12,831,319</u>	<u>\$ 83,885,819</u>	<u>\$ 4,068,244</u>	<u>\$ 87,954,063</u>	<u>\$ 100,785,382</u>	<u>\$ 92,880,885</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, 2017

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 and 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 is the trustee for a perpetual trust and the beneficiary of one-sixth of the trust income. The Foundation recognizes annual distributions from the trust but does not recognize its beneficial interest in the estimated future cash flows from the trust (see Note E).

Basis of presentation - 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, 2016, 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, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CON'D)

The unrestricted funds 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 restricted funds 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, 2017, \$3,657,834 of Edgar M. Woody trust funds is 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, \$12,007,383, 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.

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

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.

MASONIC CHARITY FOUNDATION OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

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 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. At December 31, 2017, the Foundation has no assets or liabilities carried at fair value on a nonrecurring basis or liabilities carried at fair value on a recurring basis.

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 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.

MASONIC CHARITY FOUNDATION OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

As a result, the Foundation is now subject to a 1 percent or 2 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 2017, the Foundation paid \$119,000 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 17, 2018, the date the financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure.

NOTE B - INVESTMENTS AND FAIR VALUE MEASUREMENTS

As described in Note A, the Foundation reports marketable securities at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The methods and assumptions used to estimate the fair value of assets 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 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 2022 to 2046.

MASONIC CHARITY FOUNDATION OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

Investment in limited partnership - This investment is carried at fair value which is based on the NAV per share as provided by the fund manager and/or adjusted by the Foundation. The Foundation uses the management agreement, audited financial statements and underlying investment holdings to evaluate the fund manager's valuation methodology and determine if any adjustment to the NAV is necessary.

Assets measured at fair value on a recurring basis at December 31, 2017, are classified within the fair value hierarchy as follows:

	As of December 31, 2017			
	Total	Level 1	Level 2	Level 3
Assets held at fair value				
Marketable securities:				
Equity Securities:				
Materials	\$ 814,999	\$ 814,999	\$ -	\$ -
Industrials	3,002,968	3,002,968	-	-
Telecommunication	364,831	364,831	-	-
Consumer discretion	3,210,808	3,210,808	-	-
Consumer staples	1,105,448	1,105,448	-	-
Energy	2,083,266	2,083,266	-	-
Financials	4,482,950	4,482,950	-	-
Healthcare	2,559,886	2,559,886	-	-
Information technology	4,474,204	4,474,204	-	-
Utilities	231,894	231,894	-	-
Mutual funds	28,316,035	28,316,035	-	-
Fixed Income:				
U.S. government obligations	28,532,238	-	28,532,238	-
Mutual funds	4,833,969	4,833,969	-	-
Certificates of Deposit	284,486	-	284,486	-
Alternative Investments:				
Partnerships and LLC's	7,300,000	2,500,000	-	4,800,000
Mutual funds	4,995,262	4,995,262	-	-
Total Marketable Securities	96,593,244	\$ 62,976,520	\$ 28,816,724	\$ 4,800,000

Investment in limited partnership	
measured at net asset value (NAV) (a)	1,140,289
	<u>\$ 97,733,533</u>

- (a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient 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 amounts presented in the statements of assets and fund balances—modified cash basis.

MASONIC CHARITY FOUNDATION OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

The Foundation's investment in a limited partnership which is presented at NAV per share is fully invested in a single fund which invests in entities established to act as real estate investment vehicles. The Foundation has the ability to redeem its investment at NAV with written notice 30 days prior to the last business day of each quarter. As of December 31, 2017, the Foundation has no unfunded commitments related to its investment in the limited partnership.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017, are summarized as follows:

Land	\$ 147,457
Building	381,870
Parking Lot	25,319
Automobiles	38,781
Furniture, fixtures, & equipment	<u>53,464</u>
	646,891
Less accumulated depreciation	<u>346,284</u>
	<u>\$ 300,607</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 expense is 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.

MASONIC CHARITY FOUNDATION OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE D – PENSION PLAN (Cont'd)

The projected benefit obligation and net assets available for those benefits as of the latest actuarial valuation date of December 31, 2017, are as follows:

Actuarial present value of projected plan benefits:	
Accumulated (earned) benefits	\$ 3,029,567
Expected benefits subject to future services	360,681
	<u>\$ 3,390,248</u>
 Total plan assets	 <u>\$ 2,980,945</u>

As of December 31, 2017, the Plan's assets available for plan benefits were less than the accumulated (i.e., earned) plan benefits by \$48,622. The Plan's assets are invested in cash—\$63,573, government securities—\$1,144,553 and mutual funds—\$1,772,819. Unfunded benefits, including expected benefits subject to future services, will be funded by the Foundation 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 5.61 percent and (b) rate of increase in future compensation levels of 0 percent.

During the 2017 Plan year, the Foundation contributed \$148,970. Benefits paid, administrative-related expenses, and professional fees and commissions were approximately \$175,000, \$9,000, and \$11,000 for 2017, 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 manages the investments of the assets of the trust and is also named as a beneficiary to receive a one-sixth income interest in the Floyd Throckmorton Trust.

The trust funds are 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.

MASONIC CHARITY FOUNDATION OF OKLAHOMA

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE E – PERPETUAL TRUST (Cont'd)

At December 31, 2017 the fair value of Floyd Throckmorton Trust assets held by the Foundation, including those held for the benefit of others totaled \$826,220. The fair value at the time the assets were transferred to the Foundation was \$539,904 and the change in fair value from the time of transfer until year end was \$286,316. At December 31, 2017 the Foundation's beneficial interest (one-sixth) in the Floyd Throckmorton Trust totaled \$137,703. As discussed in Note A, the Foundation recognizes distributions from the trust when received but does not recognize its beneficial interest in the trust's future cash flows.

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 September 2016 with an effective date of January 1, 2017. The remaining commitment under the term of this amended agreement is approximately \$763,120 as of December 31, 2017.

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 Year Ended December 31, 2017

Support and revenue collected:		
Interest and dividends	\$	430,160
Oil and gas royalties		108,784
Realized and unrealized gains on investments		<u>1,382,400</u>
Total support and revenue collected		<u>1,921,344</u>
 Expenses		
Management and general expenses		61,343
Matching funds		73,175
Edgar M. Woody expenditures for the aged*		<u>837,847</u>
Total expenses		<u>972,365</u>
 Excess of support and revenue collected over expenses		948,979
 Fund balances at beginning of year		<u>14,716,238</u>
Fund balances at end of year	\$	<u><u>15,665,217</u></u>

*To reconcile Edgar M. Woody expenditures for the aged (above) to the Statement of Support and Revenue Collected and Expenses Paid and Changes in Fund Balances - Modified Cash Basis

Statement of Support and Revenue Collected and Expenses Paid and Changes in Fund Balances - Modified Cash Basis:	
Edgar M. Woody expenditures for the aged	736,671
Other grants and donations	50,000
Promises Matter	<u>51,176</u>
Total Edgar M. Woody expenditures for the aged (above)	<u><u>837,847</u></u> *