

**MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2024 AND 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
STATEMENTS OF FUNCTIONAL EXPENSES	7
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
BUDGET TO ACTUAL SUMMARY COMPARISON	31
BUDGET TO ACTUAL EXPENDITURES DETAIL COMPARISON	32



INDEPENDENT AUDITORS' REPORT

Board of Directors
Masonic Home and School of Texas
dba: Masonic Children & Family Services of Texas
Keller, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Masonic Home and School of Texas dba: Masonic Children & Family Services of Texas, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Masonic Home and School of Texas dba: Masonic Children & Family Services of Texas, as of June 30, 2024 and 2023, and the changes in 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 (GAAS). 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 Masonic Home and School of Texas dba: Masonic Children & Family Services of Texas, 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 Masonic Home and School of Texas dba: Masonic Children & Family Services of Texas's ability to continue as a going concern for one year after the date 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 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 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 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 Masonic Home and School of Texas dba: Masonic Children & Family Services of Texas'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 Masonic Home and School of Texas dba: Masonic Children & Family Services of Texas'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.

Board of Directors
Masonic Home and School of Texas
dba: Masonic Children & Family Services of Texas

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The budget to actual summary information and budget to actual expenditures detail comparison, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information, except for that portion marked “unaudited”, was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. That information has been subjected to the auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared 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, that information is fairly stated in all material respects in relation to the financial statements as a whole. The information marked “unaudited” has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



CliftonLarsonAllen LLP

Addison, Texas
December 6, 2024

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 239,123	\$ 745
Cash - Restricted	4,872	3,372
Accounts Receivable	202,499	13,658
Prepaid Expenses	114,050	175,259
Accrued Interest	203,225	421,850
Beneficial Interests in Perpetual Trusts	7,457,657	8,656,166
Pooled Investments	122,986,571	110,269,569
Nonpooled Investments	11,757,315	12,942,119
Property and Equipment, Net of Depreciation	28,604	25,726
Right of Use Asset - Operating	444,686	522,503
Total Assets	\$ 143,438,602	\$ 133,030,967
LIABILITIES AND NET ASSETS		
LIABILITIES		
Checks Issued in Excess of Bank Balance	\$ -	\$ 30,160
Accounts Payable and Accrued Liabilities	1,100,497	707,564
Deferred Revenue	17,000	21,250
Lease Liability - Operating	453,859	528,101
Total Liabilities	1,571,356	1,287,075
NET ASSETS		
Without Donor Restrictions	34,712,274	33,447,441
With Donor Restrictions	107,154,972	98,296,451
Total Net Assets	141,867,246	131,743,892
Total Liabilities and Net Assets	\$ 143,438,602	\$ 133,030,967

See accompanying Notes to Financial Statements.

**MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions, Bequests, and Memorials	\$ 104,876	\$ -	\$ 104,876
Masonic Widows	202,220	-	202,220
Donations and Grants	-	254,620	254,620
Investment Income, Net	4,411,538	10,013,505	14,425,043
Investment Income from Beneficial Interests	305,796	40,974	346,770
Change in Value of Beneficial Interests	-	(1,198,508)	(1,198,508)
Fundraising Income	101,305	-	101,305
Rental and Leases	1,057,346	-	1,057,346
Special Events	63,693	-	63,693
Net Assets Released from Restrictions	<u>252,070</u>	<u>(252,070)</u>	<u>-</u>
Total Support and Revenues	6,498,844	8,858,521	15,357,365
EXPENSES			
Program Expenses:			
Children	3,591,330	-	3,591,330
Widows	827,966	-	827,966
Management and General	485,989	-	485,989
Marketing and Fundraising	<u>328,726</u>	<u>-</u>	<u>328,726</u>
Total Expenses	<u>5,234,011</u>	<u>-</u>	<u>5,234,011</u>
INCREASE IN NET ASSETS	1,264,833	8,858,521	10,123,354
Net Assets - Beginning of Year	<u>33,447,441</u>	<u>98,296,451</u>	<u>131,743,892</u>
NET ASSETS - END OF YEAR	<u>\$ 34,712,274</u>	<u>\$ 107,154,972</u>	<u>\$ 141,867,246</u>

See accompanying Notes to Financial Statements.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions, Bequests, and Memorials	\$ 217,173	\$ -	\$ 217,173
Masonic Widows	252,224	-	252,224
Donations and Grants	-	200,000	200,000
Investment Income, Net	6,538,325	7,358,734	13,897,059
Investment Income from Beneficial Interests	330,063	63,094	393,157
Change in Value of Beneficial Interests	-	(1,208,138)	(1,208,138)
Fundraising Income	109,426	-	109,426
Rental and Leases	43,862	-	43,862
Special Events	11,091	-	11,091
Net Assets Released from Restrictions	219,969	(219,969)	-
Total Support and Revenues	<u>7,722,133</u>	<u>6,193,721</u>	<u>13,915,854</u>
EXPENSES			
Program Expenses:			
Children	3,020,241	-	3,020,241
Widows	814,572	-	814,572
Management and General	464,515	-	464,515
Marketing and Fundraising	275,128	-	275,128
Total Expenses	<u>4,574,456</u>	<u>-</u>	<u>4,574,456</u>
INCREASE IN NET ASSETS	3,147,677	6,193,721	9,341,398
Net Assets - Beginning of Year	<u>30,299,764</u>	<u>92,102,730</u>	<u>122,402,494</u>
NET ASSETS - END OF YEAR	<u>\$ 33,447,441</u>	<u>\$ 98,296,451</u>	<u>\$ 131,743,892</u>

See accompanying Notes to Financial Statements.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services			Support Services		Total
	Children	Widows	Programs Subtotal	Management and General	Marketing and Fundraising	
Payroll and Related Expenses	\$ 284,619	\$ 53,436	\$ 338,055	\$ 212,409	\$ 106,941	\$ 657,405
Employee Benefits	81,566	11,819	93,385	41,377	27,341	162,103
Total Payroll and Related Benefits	<u>366,185</u>	<u>65,255</u>	<u>431,440</u>	<u>253,786</u>	<u>134,282</u>	<u>819,508</u>
Dental Services	341,792	-	341,792	-	-	341,792
Fantastic Teeth Program	568,595	-	568,595	-	-	568,595
Parent Autism Training	755,388	-	755,388	-	-	755,388
Educational Services	232,127	-	232,127	-	-	232,127
Medical Services and Special Equipment	55,725	-	55,725	-	-	55,725
Special Needs (Food, Clothing, Shelter, Etc.)	346,486	-	346,486	-	-	346,486
Special Therapy	131,695	-	131,695	-	-	131,695
Scholarships Paid	507,663	-	507,663	-	-	507,663
Widows - Other Programs	-	65,640	65,640	-	-	65,640
Texas Masonic Retirement Center	-	620,316	620,316	-	-	620,316
Administrative Travel	1,229	233	1,462	2,360	399	4,221
Marketing Programs	73,978	-	73,978	-	84,221	158,199
Insurance/Property Liability	-	8,513	8,513	8,798	6,866	24,177
Legal and Professional	69,542	-	69,542	112,927	-	182,469
Contract Services	10,358	944	11,302	16,563	164	28,029
Office Supplies	3,396	1,072	4,468	3,983	61	8,512
Postage	-	426	426	3,290	-	3,716
Vehicle Repairs and Maintenance	2,946	457	3,403	2,120	12	5,535
Telephone Expense	2,945	635	3,580	1,557	654	5,791
Bank Charges	-	-	-	14,730	-	14,730
Rent	49,133	59,841	108,974	20,070	13,196	142,240
Ad Valorem Taxes	-	-	-	7,324	-	7,324
Computer and Network Services	62,880	3,381	66,261	14,674	7,566	88,501
Utilities	7,879	1,081	8,960	3,302	1,528	13,790
Special Events	1,388	-	1,388	-	79,268	80,656
Employee Appreciation	-	172	172	474	509	1,155
Board and Committee Related Expense	-	-	-	11,575	-	11,575
Miscellaneous Expense	-	-	-	1,193	-	1,193
Total Expenses Before Depreciation	<u>3,591,330</u>	<u>827,966</u>	<u>4,419,296</u>	<u>478,726</u>	<u>328,726</u>	<u>5,226,748</u>
Depreciation	-	-	-	7,263	-	7,263
Total Expenses	<u>\$ 3,591,330</u>	<u>\$ 827,966</u>	<u>\$ 4,419,296</u>	<u>\$ 485,989</u>	<u>\$ 328,726</u>	<u>\$ 5,234,011</u>

See accompanying Notes to Financial Statements.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Support Services		Total
	Children	Widows	Programs Subtotal	Management and General	Marketing and Fundraising	
Payroll and Related Expenses	\$ 281,872	\$ 52,740	\$ 334,612	\$ 186,896	\$ 103,596	\$ 625,104
Employee Benefits	76,772	12,121	88,893	65,255	28,766	182,914
Total Payroll and Related Benefits	358,644	64,861	423,505	252,151	132,362	808,018
Dental Services	195,552	-	195,552	-	-	195,552
Fantastic Teeth Program	455,672	-	455,672	-	-	455,672
Parent Autism Training	873,360	-	873,360	-	-	873,360
Educational Services	233,035	-	233,035	-	-	233,035
Medical Services and Special Equipment	29,941	-	29,941	-	-	29,941
Special Needs (Food, Clothing, Shelter, Etc.)	159,307	-	159,307	-	-	159,307
Special Therapy	97,814	-	97,814	-	-	97,814
Scholarships Paid	375,000	-	375,000	-	-	375,000
Widows - Other Programs	-	48,534	48,534	-	-	48,534
Texas Masonic Retirement Center	-	673,200	673,200	-	-	673,200
Administrative Travel	2,456	414	2,870	1,249	1,666	5,785
Marketing Programs	-	-	-	-	110,521	110,521
Insurance/Property Liability	64,224	13,170	77,394	13,798	4,983	96,175
Legal and Professional	-	-	-	89,465	-	89,465
Contract Services	60,671	2,537	63,208	12,560	221	75,989
Office Supplies	9,088	1,007	10,095	3,908	1,875	15,878
Postage	4,067	494	4,561	3,475	-	8,036
Vehicle Repairs and Maintenance	-	-	-	168	-	168
Telephone Expense	3,156	759	3,915	1,899	573	6,387
Bank Charges	-	-	-	9,938	-	9,938
Rent	45,935	6,128	52,063	26,293	11,248	89,604
Ad Valorem Taxes	-	-	-	9,430	-	9,430
Computer and Network Services	44,521	2,184	46,705	14,049	-	60,754
Utilities	5,340	720	6,060	3,275	-	9,335
Special Events	-	-	-	-	11,679	11,679
Employee Appreciation	1,019	385	1,404	371	-	1,775
Board and Committee Related Expense	-	-	-	7,299	-	7,299
Miscellaneous Expense	1,439	179	1,618	1,533	-	3,151
Total Expenses Before Depreciation	3,020,241	814,572	3,834,813	450,861	275,128	4,560,802
Depreciation	-	-	-	13,654	-	13,654
Total Expenses	<u>\$ 3,020,241</u>	<u>\$ 814,572</u>	<u>\$ 3,834,813</u>	<u>\$ 464,515</u>	<u>\$ 275,128</u>	<u>\$ 4,574,456</u>

See accompanying Notes to Financial Statements.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 10,123,354	\$ 9,341,398
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	7,263	13,654
Realized (Gains) Losses on Sales of Investments	49,044	(18,186)
Unrealized Gains on Investments	(10,765,221)	(10,039,762)
Decrease in Value of Beneficial Interests	1,198,508	1,208,138
Noncash Operating Lease Expense	3,575	5,598
Changes in Assets and Liabilities:		
Decrease (Increase) in Prepaid Expenses	61,209	(74,581)
Decrease in Accrued Interest	218,625	45,010
Decrease (Increase) in Accounts Receivable	(188,841)	62,450
Increase in Accounts Payable and Accrued Liabilities	392,933	283,152
Increase (Decrease) in Deferred Revenue	(4,250)	21,250
Net Cash Provided by Operating Activities	1,096,199	848,121
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(10,140)	(1,570)
Proceeds from Sales of Investments	11,948,788	11,794,180
Purchases of Investments	(12,764,809)	(12,764,809)
Net Cash Used by Investing Activities	(826,161)	(972,199)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (Decrease) in Checks Issued in Excess of Bank Balance	(30,160)	30,160
Net Cash Provided (Used) by Financing Activities	(30,160)	30,160
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	239,878	(93,918)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,117	98,035
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 243,995	\$ 4,117
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Right of Use Asset Received Under Operating Agreements Upon Adoption of ASC 842 on July 1, 2022	\$ -	\$ 522,503

See accompanying Notes to Financial Statements.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Masonic Home and School of Texas dba: Masonic Children & Family Services of Texas (the Organization) is a nonprofit organization and is an entity described in Internal Revenue Code (IRC) Section 501(c)(3), which is exempt from federal income taxes on related income under IRC Section 501(a). The Organization provides information, referral, and/or funding support for qualifying Texas children through third-party providers, scholarships for qualifying Texas children, and funding support for qualifying widows of Texas Master Masons who reside at the Texas Masonic Retirement Center in Arlington, Texas. The Organization's corporate offices are located in Keller, Texas.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic No. 958-205, *Not-For-Profit Entities: Presentation of Financial Statements*. Under FASB ASC Topic No. 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents

The Organization considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains deposits primarily in one financial institution, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any losses related to amounts in excess of FDIC and SIPC limits.

As of June 30, 2024 and 2023, the total balance of restricted cash is \$4,872 and \$3,372, respectively. The total balance of unrestricted cash and cash equivalents is \$239,123 and \$745 as of June 30, 2024 and 2023, respectively, and the total cash, cash equivalents and restricted cash shown in the statements of cash flows is \$243,995 and \$4,117, respectively.

Investments

The Organization follows the provisions of FASB ASC Topic No. 958-320, *Not-for-Profit Entities: Investments – Debt and Equity Securities*, and FASB ASC Topic No. 958-325, *Not-for-Profit Entities: Investment – Other*, which requires investments with readily determinable fair values to be stated at their fair values with unrealized gains and losses from fluctuations in such fair values included in the statements of activities and changes in net assets of the respective period.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Investments (Continued)

The fair values of investments in equity securities and debt securities (including mutual fund shares) with readily determinable fair values are based on the quoted market price of the shares owned at June 30, 2024 and 2023.

FASB ASC Topic No. 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic No. 820 are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

Mutual funds, common stock, and money market investments are valued based on quoted market prices provided by the custodian and are classified within Level 1 of the valuation hierarchy.

Bonds are valued based on their fair value which is determined by discounting the bond's expected cash flows using a discount rate that is consistent with similar instruments and are classified within Level 2 of the valuation hierarchy.

Investments in mineral interests are carried at fair value, as determined by the financial institution administering the investments and are classified within Level 3 of the valuation hierarchy. At June 30, 2024 and 2023, the fair value was determined by using the undiscounted future cash flows for the next five years utilizing the prior 12-month cash flow. The estimates, assumptions, and methodologies used in determining the fair values of the mineral interests may differ significantly from the values that would have been used had a ready market existed and may also differ significantly from the values at which such investments may be sold, and the differences could be material.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Investments (Continued)

Investments in land are carried at fair value, as determined by an independent appraisal at the time the land was donated, and are classified within Level 3 of the valuation hierarchy. At June 30, 2024 and 2023, the fair value was determined by the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale and review of available market data.

During the years ended June 30, 2024 and 2023, the Organization invested in thirteen and ten, respectively, investment partnerships. The Organization uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Split-Interest Agreements

The Organization is the beneficiary of or holds a beneficial interest in various split-interest agreements which consist of perpetual trusts held by a third party.

Under a perpetual trust held by a third party, donors establish and fund a trust administered by an entity other than the Organization. Under the terms of the trust, the Organization has the irrevocable right to receive the income earned on the trust's assets in perpetuity, but in most cases, never receives the assets held in the trust. Under charitable remainder trusts held by a third party, donors establish and fund a trust with specific distributions to be made to beneficiaries over the life of the trust. Under the terms of the trust, the Organization is to receive all or a portion of the assets remaining in the trust when the last income beneficiary passes away. Distributions received by the Organization may be restricted by the donor.

The Organization records its beneficial interest in perpetual trusts and charitable remainder trust held by third parties and are classified within Level 3 of the valuation hierarchy, utilizing the present values of future cash flows to the Organization assuming a risk-free discount rate of 4.51% and 3.85%, based on 30-year U.S. Treasury bond yields, for the years ended June 30, 2024 and 2023, respectively. Future cash flows were based on the average cash flows to the Organization for the prior five years.

Trusts, Legacies, and Bequests

The Organization is the beneficiary under various wills and trust agreements, the total realizable amount of which cannot presently be determined. Such amounts are excluded from the accompanying financial statements until clear title is established and the ultimate realizable amount is reasonably determinable.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Property and Equipment

Purchased assets in excess of \$1,000 and with useful lives of one year or more are recorded at cost when acquired. Property and equipment are stated at cost and depreciated over the estimated useful lives of the various assets using the straight-line method. Major renewals and improvements are capitalized while expenditures for maintenance and repairs are expensed as incurred. Assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is reflected in the accompanying statements of activities and changes in net assets of the respective period. The estimated useful lives are as follows:

Furniture and Fixtures	5 to 10 Years
Automobiles	5 Years
Office Equipment	5 Years

Donated Assets and Services

Donated marketable securities and other noncash donations are recorded at their estimated fair values, as determined by management, at the date of donation.

Donated services are recognized as contributions if the services, (a) create or enhance nonfinancial assets, or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization pays for most services requiring specialized services. However, a number of individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program functions and various other activities that are not recognized as contributions in the financial statements, because the recognition criteria under U.S. GAAP were not met.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and operating lease liabilities on the Statement of Financial Position. Finance leases are included in property and equipment, and other liabilities on the Statement of Financial Position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Leases (Continued)

The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the Statement of Financial Position. The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Organization uses rates implicit in the lease, or if not readily available, a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Endowment Funds

The Organization follows FASB ASC Topic No. 958-205, *Endowments of Not-for-Profit Entities: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, and *Enhanced Disclosures for all Endowment Funds*, for the net asset classification of donor-restricted and board-designated endowment funds.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Endowment Funds (Continued)

The Organization has various endowments which provide funding for scholarships, operations, and other programs. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The fair value of certain funds with donor restrictions fell below the historical corpus of the related investments by approximately -\$0- and \$72,000 as of June 30, 2024 and 2023, respectively.

The Organization's management has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. Accordingly, the Organization classifies the original value of all endowment gifts as net assets with donor restrictions. Accumulated net earnings on endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure in accordance with any applicable donor designations and in a manner consistent with the standard of prudence prescribed by the UPMIFA.

In accordance with the UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund,
- The purposes of the Organization and the donor-restricted endowment fund,
- General economic conditions,
- The possible effect of inflation and deflation,
- The expected total return from income and the appreciation of investments,
- Other resources of the Organization, and
- The investment policies of the Organization.

The Organization's primary investment objectives are growth with income and preservation of capital. Management defines risk as the probability of not meeting these objectives. Accordingly, the Organization has adopted investment policies for endowment assets that attempt to provide a predictable stream of income to support the donor restrictions in place while seeking to maintain the purchasing power of the endowment assets.

Under these policies, as approved by the Organization's board of directors, endowment assets are invested in a manner that is intended to minimize risk and produce results that exceed a benchmark that represents the Consumer Price Index plus five percent.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Contributions

The Organization accounts for contributions in accordance with FASB ASC Topic No. 958-605, *Not-for-Profit Entities: Revenue Recognition*. In accordance with FASB ASC Topic No. 958-605, contributions received are recorded without donor restrictions or with donor restrictions support depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets of the respective period as net assets released from restrictions. All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Certain donor restrictions may require that cash be held in separate accounts.

Functional Allocation of Expenses

The costs of providing the Organization's various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a nonprofit organization and is exempt from federal income taxes under Section 501(c)(3) of the IRC, except for net income derived from unrelated business activities, which is taxable to the Organization. There was no unrelated business income reflected in the accompanying financial statements for the years ended June 30, 2024 and 2023.

FASB ASC Topic No. 740, *Income Taxes*, prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions. Management of the Organization believes that it has not taken a tax position that, if challenged, would have a material effect on the Organization's financial statements. The Organization files Form 990 in the United States federal jurisdiction. No tax returns are currently under examination by any tax authorities. As of June 30, 2024, the Organization has not incurred any penalties or interest under FASB ASC Topic No. 740.

Adoption of Accounting Pronouncements

On January 1, 2023, the Organization adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did result in changes to the Organization's accounting policies, including the recognition of credit losses based on expected future credit losses rather than incurred credit losses. The Organization also updated its accounting policies for determining the recoverability of accounts receivable.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 239,123	\$ 745
Current Unrestricted Accounts Receivable	202,499	13,658
Accrued Interest	203,225	421,850
Investments, Pooled and Nonpooled	134,743,886	123,211,688
Distributions from Assets Held under Split-Interest Agreements	374,000	359,000
Total Financial Investments	135,762,733	124,006,941
Less Amounts Not Available for Use Within One Year:		
Investments in Nonliquid Investments	4,330,961	6,536,594
Investments in Perpetual Trusts	81,237,333	72,851,697
Total Financial Assets Not Available for Use Within One Year	85,568,294	79,388,291
Total Financial Assets Available to Meet General Expenditures Within One Year	\$ 50,194,439	\$ 44,618,650

The Organization follows Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*, which requires the Organization to disclose both qualitative and quantitative information about how the Organization manages its liquid resources.

The Organization has periodically received significant contributions with donor restrictions to be used in accordance with the associated purpose restrictions. It has also received gifts to establish endowments that will exist in perpetuity; the income from such endowments is used to fund programs. In addition, the Organization receives support without donor restrictions; such support has historically represented between 15-20% of annual program funding needs, with the remainder funded by investment income without donor restrictions and appropriated earnings from gifts with donor restrictions.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and board-designated (quasi) endowments, contributions without donor restrictions and contributions with donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, fundraising expenses and grant commitments expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Organization's fiscal year.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that long term grant commitments and obligations under endowments with donor restrictions and quasi-endowments that support mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

NOTE 3 INVESTMENTS

The majority of the Organization's investments were pooled and held by a financial institution as a master custodian, and are managed by outside investment managers. In addition, several of the Organization's designated or restricted funds have investments that are segregated and invested separately.

Investment management fees of approximately \$312,000 and \$286,000 for 2024 and 2023, respectively, are netted with investment income in the accompanying statements of activities and changes in net assets.

In order to track any restrictions on the use of the Organization's investments, a separate investment account is established and all income or loss from the pooled investments is generally allocated to these accounts based on the value of each account to the total of all accounts.

Pooled Investments

The fair value of pooled investments consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Money Market Accounts	\$ 1,168,207	\$ 1,693,668
Equity - Stocks	42,167,826	32,775,244
Equity - Mutual Funds	32,861,609	37,181,686
Fixed Income - U.S. Government and U.S. Government Agency Bonds	411,888	285,031
Fixed Income - Bond Funds	11,869,186	11,537,028
Fixed Income - Corporate Bonds	7,389,467	4,980,009
Fixed Income - Municipal Bonds	259,040	200,672
Fixed Income - Foreign Bonds	3,138,476	3,095,733
Fixed Income - Short Term Investment Grade	507,296	495,097
Other - Mutual Funds	9,175,491	8,441,079
Private Equity Funds	14,038,085	9,584,322
Total Pooled Investments	<u>\$ 122,986,571</u>	<u>\$ 110,269,569</u>

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 3 INVESTMENTS (CONTINUED)

Nonpooled Investments

The fair value of the nonpooled investments consisted of the following at June 30:

	2024	2023
Money Market Accounts	\$ 4,943,756	\$ 4,016,787
Equity - Stocks	909,484	829,375
Fixed Income - U.S. Government	53,888	40,138
Mineral Interests	4,330,961	6,536,594
Land	1,519,226	1,519,225
Total Nonpooled Investments	<u>\$ 11,757,315</u>	<u>\$ 12,942,119</u>

The total investment return from investments and mineral and royalty income for the years ended June 30 is as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment Income, Net:			
Interest and Dividend Income on Investments, Net	\$ 1,091,311	\$ 1,835,088	\$ 2,926,399
Mineral and Royalty Income, Net	745,290	37,177	782,467
Realized Gain (Loss) on Investments	110,535	(159,579)	(49,044)
Unrealized Gain on Investments	2,464,402	8,300,819	10,765,221
Total Investment Income, Net	<u>4,411,538</u>	<u>10,013,505</u>	<u>14,425,043</u>
Investment Income from Beneficial Interests	305,796	40,974	346,770
Change in Value of Beneficial Interests	-	(1,198,508)	(1,198,508)
Total	<u>\$ 4,717,334</u>	<u>\$ 8,855,971</u>	<u>\$ 13,573,305</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Investment Income, Net:			
Interest and Dividend Income on Investments, Net	\$ 896,365	\$ 1,613,841	\$ 2,510,206
Mineral and Royalty Income, Net	1,276,666	52,239	1,328,905
Realized Gain (Loss) on Investments	37,952	(19,766)	18,186
Unrealized Gain on Investments	4,327,342	5,712,420	10,039,762
Total Investment Income, Net	<u>6,538,325</u>	<u>7,358,734</u>	<u>13,897,059</u>
Investment Income from Beneficial Interests	330,063	63,094	393,157
Change in Value of Beneficial Interests	-	(1,208,138)	(1,208,138)
Total	<u>\$ 6,868,388</u>	<u>\$ 6,213,690</u>	<u>\$ 13,082,078</u>

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 FAIR VALUE OF INVESTMENTS

The following table details the Organization's investments at fair value by level, within the fair value hierarchy, at June 30, 2024:

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Pooled Investments					
Money Market Accounts	\$ 1,168,207	\$ -	\$ -	\$ -	\$ 1,168,207
Equity - Stocks:					
Growth	42,167,826	-	-	-	42,167,826
Dividend/Value	-	-	-	-	-
Equity - Mutual Funds:					
Small Cap	5,620,960	-	-	-	5,620,960
Mid Cap	3,156,792	-	-	-	3,156,792
Inflation Hedge Equity	11,503,433	-	-	-	11,503,433
Emerging Market	3,525,442	-	-	-	3,525,442
International Large Cap	4,810,057	-	-	-	4,810,057
International Small Cap	4,244,925	-	-	-	4,244,925
Fixed Income:					
Individual Bonds:					
U.S. Government Agency Bonds	-	411,888	-	-	411,888
Corporate Bonds	-	7,389,467	-	-	7,389,467
Municipal Bonds	-	259,040	-	-	259,040
Short-Term Investment Grade	507,296	-	-	-	507,296
High Income Bond Fund	11,869,186	-	-	-	11,869,186
Global/Foreign Bond Fund	3,138,476	-	-	-	3,138,476
Other - Mutual Funds:					
Natural Resources Fund	8,546,961	-	-	-	8,546,961
Real Estate Fund	628,530	-	-	-	628,530
Total	<u>100,888,091</u>	<u>8,060,395</u>	<u>-</u>	<u>-</u>	<u>108,948,486</u>
Private Equity Funds	-	-	-	14,038,085	14,038,085
Total Pooled Investments	<u>100,888,091</u>	<u>8,060,395</u>	<u>-</u>	<u>14,038,085</u>	<u>122,986,571</u>
Nonpooled Investments					
Money Market Accounts	4,943,756	-	-	-	4,943,756
U.S. Large Cap Stocks	909,484	-	-	-	909,484
Corporate Bonds	-	100	-	-	100
U.S. Government Bonds	-	53,788	-	-	53,788
Mineral Interests	-	-	4,330,962	-	4,330,962
Land	-	-	1,519,225	-	1,519,225
Total Nonpooled Investments	<u>5,853,240</u>	<u>53,888</u>	<u>5,850,187</u>	<u>-</u>	<u>11,757,315</u>
Beneficial Interests in Perpetual Trusts	-	-	7,457,657	-	7,457,657
Total Investments	<u>\$ 106,741,331</u>	<u>\$ 8,114,283</u>	<u>\$ 13,307,844</u>	<u>\$ 14,038,085</u>	<u>\$ 142,201,543</u>

**MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

The following table details the Organization's investments at fair value by level, within the fair value hierarchy, at June 30, 2023:

	Level 1	Level 2	Level 3	Assets Not Held at Fair Value	Total
Pooled Investments					
Money Market Accounts	\$ 1,693,668	\$ -	\$ -	\$ -	\$ 1,693,668
Equity - Stocks:					
Growth	17,561,309	-	-	-	17,561,309
Dividend/Value	15,213,935	-	-	-	15,213,935
Equity - Mutual Funds:					
Large Cap	3,308,219	-	-	-	3,308,219
Small/Mid Cap	2,683,820	-	-	-	2,683,820
Small Cap	3,020,604	-	-	-	3,020,604
Mid Cap	11,699,572	-	-	-	11,699,572
Inflation Hedge Equity	5,258,040	-	-	-	5,258,040
Emerging Market	3,057,298	-	-	-	3,057,298
International Large Cap	4,233,806	-	-	-	4,233,806
International Small Cap	3,920,327	-	-	-	3,920,327
Fixed Income:					
Individual Bonds:					
U.S. Government Agency Bonds		285,031	-	-	285,031
Corporate Bonds		4,980,009	-	-	4,980,009
Municipal Bonds		200,672	-	-	200,672
Short-Term Investment Grade	495,097	-	-	-	495,097
High Income Bond Fund	11,537,028	-	-	-	11,537,028
Global/Foreign Bond Fund	3,095,733	-	-	-	3,095,733
Other - Mutual Funds:					
Natural Resources Fund	7,851,426	-	-	-	7,851,426
Real Estate Fund	589,653	-	-	-	589,653
Total	95,219,535	5,465,712	-	-	100,685,247
Private Equity Funds	-	-	-	9,584,322	9,584,322
Total Pooled Investments	95,219,535	5,465,712	-	9,584,322	110,269,569
Nonpooled Investments					
Money Market Accounts	4,016,787	-	-	-	4,016,787
U.S. Large Cap Stocks	829,375	-	-	-	829,375
U.S. Government Bonds	-	40,138	-	-	40,138
Mineral Interests	-	-	6,536,594	-	6,536,594
Land	-	-	1,519,225	-	1,519,225
Total Nonpooled Investments	4,846,162	40,138	8,055,819	-	12,942,119
Beneficial Interests in Perpetual Trusts	-	-	8,656,166	-	8,656,166
Total Investments	<u>\$ 100,065,697</u>	<u>\$ 5,505,850</u>	<u>\$ 16,711,985</u>	<u>\$ 9,584,322</u>	<u>\$ 131,867,854</u>

Purchases, sales, transfers in and transfers out of Assets Not Held at Fair Value investments consist of the following for the years ended June 30:

	2024	2023
Transfers In	\$ 4,413,887	\$ 2,671,369
Transfers Out	(590,980)	(232,234)

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

Fair value measurements of investments in certain funds that calculate net asset value per share (or its equivalent) as of June 30, 2024 is as follows:

		Net Asset Value	Unfunded Commitments
HPS Offshore Mezzanine Partners 2019, L.P.	(a)	\$ 972,417	\$ 199,564
Golub Capital Partners Int'l 12, L.P.	(b)	976,838	100,000
CBRE US Core Partners, L.P.	(c)	2,428,902	-
HL SFV iCapital Offshore Access Fund, L.P.	(d)	773,767	496,886
Landmark Infrastructure Partners II Offshore, L.P.	(e)	522,951	513,211
HBK Multi-Strategy Fund Offshore	(f)	1,682,032	-
KKR Global Infrastructure IV	(g)	617,129	214,354
The Carlyle Group	(h)	1,999,350	-
Landmark Equity Partners XVII Offshore	(i)	556,321	1,499,565
HL SFVI iCapital Access Fd	(j)	262,500	1,237,500
Canyon Balanced HedgeFocus Fd Ltd	(k)	1,581,759	-
iCapMulti Strat Fund Verition	(l)	1,500,000	-
StepStone VC Global Partners XI	(m)	164,119	840,000
Total		<u>\$ 14,038,085</u>	<u>\$ 5,101,080</u>

Fair value measurements of investments in certain funds that calculate net asset value per share (or its equivalent) as of June 30, 2023 is as follows:

		Net Asset Value	Unfunded Commitments
HPS Offshore Mezzanine Partners 2019, L.P.	(a)	\$ 903,852	\$ 255,262
Golub Capital Partners Int'l 12, L.P.	(b)	966,037	100,000
CBRE US Core Partners, L.P.	(c)	2,541,897	-
HL SFV iCapital Offshore Access Fund, L.P.	(d)	833,641	425,180
Landmark Infrastructure Partners II Offshore, L.P.	(e)	145,652	798,211
HBK Multi-Strategy Fund Offshore	(f)	1,589,167	-
KKR Global Infrastructure IV	(g)	562,596	434,327
The Carlyle Group	(h)	-	2,000,000
Landmark Equity Partners XVII Offshore	(i)	400,348	1,599,652
HL SFVI iCapital Access Fd	(j)	105,000	1,895,000
Canyon Balanced HedgeFocus Fd Ltd	(k)	1,536,132	-
Total		<u>\$ 9,584,322</u>	<u>\$ 7,507,632</u>

- (a) Limited Partner investments are locked up for the commitment period with no ability for redemption until the commitment period is terminated.
- (b) Limited Partners may only redeem their interest with the permission of the General Partner.
- (c) Limited Partners may redeem their interest on a quarterly basis with a 60-day notice period.
- (d) No notice period or restriction on redemption frequency.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

- (e) Limited Partner investments are locked up until the Partnership is wound up.
- (f) Each investor is permitted to withdraw up to 25% of its capital account balance as of the end of the last day of any calendar quarter.
- (g) The investment period is six years from the date of the initial investment. The fund life is 12 years from the date of the initial investment.
- (h) The fund has a 10-year life, with a one-year extension at the discretion of the GP and thereafter with the consent of the LP advisory committee or a majority in interest of the limited partners.
- (i) The fund has a 10-year life with no right of redemption.
- (j) The fund has up to the 15-year term after the final capital call. No right of redemption.
- (k) Redemption limit is 25% per quarter.
- (l) Redemption limit is 25% per quarter.
- (m) The fund has a 15-year life with 3 one-year extensions. No right of redemption.

NOTE 5 BENEFICIAL INTERESTS IN PERPETUAL TRUSTS

The Organization is the beneficiary of several perpetual trusts. Under terms of the agreements, the Organization is an income beneficiary ranging from 16.7% to 30% of the perpetual trusts.

Fair value of the beneficial interests in perpetual trusts is recorded at the present value of a perpetuity of the five-year average of distributions received. The discount rate used in all calculations is the 30-year U.S. Treasury Bond rate of 4.51% and 3.85% on June 30, 2024 and June 30, 2023, respectively. The present value of estimated future payments is recalculated annually based on the 30-year U.S. Treasury Bond rate as of year-end.

Under the perpetual trusts, the Organization has recorded the carrying value of its beneficial interest in the assets of the trusts as net assets with donor restrictions. Income earned on the trusts' assets is recorded as investment income without donor restrictions from beneficial interests in the accompanying statements of activities and changes in net assets, unless otherwise restricted by the donor. Subsequent changes in the carrying values of the trusts' assets are reflected as changes in the value of beneficial interests in the net asset with donor restrictions class in the accompanying statements of activities and changes in net assets. The Organization is not the trustee on any of the trusts.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2024	2023
Furniture and Fixtures	\$ 66,430	\$ 56,288
Automobiles	39,567	39,567
Office Equipment	48,711	48,711
Total Property and Equipment	154,708	144,566
Less: Accumulated Depreciation	(126,104)	(118,840)
Property and Equipment, Net	\$ 28,604	\$ 25,726

NOTE 7 ENDOWMENT NET ASSETS

Net assets with donor restrictions represent contributions for which donors have imposed restrictions. Certain of the Organization's net assets with donor restrictions are comprised of amounts restricted for use within the scope of the Organization's charitable purpose (see Note 1). Other portions of the restricted amounts were held in cash and investments or beneficial interests in perpetual trusts in the accompanying statements of financial position at June 30, 2024 and 2023.

The compositions of the Organization's endowments by type as of June 30 are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 42,499,381	\$ 42,499,381
Accumulated Investment Gains	-	38,520,937	38,520,937
Total	\$ -	\$ 81,020,318	\$ 81,020,318
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-Restricted Endowment Funds:			
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ -	\$ 42,499,381	\$ 42,499,381
Accumulated Investment Gains	-	30,122,867	30,122,867
Total	\$ -	\$ 72,622,248	\$ 72,622,248

**MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 7 ENDOWMENT NET ASSETS (CONTINUED)

Changes in endowments by type for the years ended June 30 are as follows:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 72,622,248	\$ 72,622,248
Investment Return, Net	-	9,978,426	9,978,426
Appropriation of Endowment Assets			
Pursuant to Spending Policy	-	(1,580,356)	(1,580,356)
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 81,020,318</u>	<u>\$ 81,020,318</u>
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	\$ -	\$ 66,710,170	\$ 66,710,170
Investment Return, Net	-	7,372,884	7,372,884
Appropriation of Endowment Assets			
Pursuant to Spending Policy	-	(1,460,806)	(1,460,806)
Endowment Net Assets - End of Year	<u>\$ -</u>	<u>\$ 72,622,248</u>	<u>\$ 72,622,248</u>

As of June 30, 2024, the Organization had the following donor-restricted endowment net asset composition by fund:

	Original Gift	Accumulated Gains (Losses)	Fund Total
Restricted Endowment Fund	\$ 35,092,866	\$ 33,303,978	\$ 68,396,844
Special Assets	1,266,051	16,453	1,282,504
Masonic Scholarship Fund	1,141,473	683,482	1,824,955
Fred A. Land Scholarship Fund	10,547	14,774	25,321
Long Scholarship Fund	250,000	617,582	867,582
Roberts Family Scholarship Fund	12,000	35,469	47,469
Rockabrand Scholarship Fund	57,404	53,140	110,544
Smith Scholarship Fund	25,000	53,497	78,497
Sam & Rose Dear Money Market Fund	103,189	6,270	109,459
Skinner Trust	258,000	234,328	492,328
McClelland Memorial	4,282,851	3,501,964	7,784,815
Total	<u>\$ 42,499,381</u>	<u>\$ 38,520,937</u>	<u>\$ 81,020,318</u>

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2024	2023
Subject to Expenditure for Specified Purpose:		
Scholarships	\$ 252,070	\$ 229,449
Subject to the Passage of Time:		
Future Operations	18,424,927	16,788,588
Endowments:		
Subject to NFP Endowment Spending Policy and Appropriation:		
Restricted Endowment Fund	33,303,978	26,293,942
Special Assets	16,453	(72,051)
Masonic Scholarship Fund	683,482	478,382
Fred A. Land Scholarship Fund	14,774	11,990
Long Scholarship Fund	617,582	522,245
Roberts Family Scholarship Fund	35,469	30,251
Rockabrand Scholarship Fund	53,140	40,030
Smith Scholarship Fund	53,497	44,869
Sam & Rose Dear Money Market Fund	6,270	3,823
Skinner Trust	234,328	177,573
McClelland Memorial	3,501,964	2,591,813
Total	38,520,937	30,122,867
Not Subject to Spending Policy or Appropriation:		
Endowment to be maintained in perpetuity	42,499,381	42,499,381
Beneficial interests in perpetual trusts	7,457,657	8,656,166
Total	49,957,038	51,155,547
Total Net Assets with Donor Restrictions	\$ 107,154,972	\$ 98,296,451

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	2024	2023
Expiration of Time Restrictions	\$ 252,070	\$ 219,969

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 COMMITMENTS AND CONTINGENCIES

Operating Lease Agreements

The Organization leases space in Keller Texas for administrative purposes under noncancellable operating lease agreement for 127-month beginning on June 1, 2019. Masonic also leases equipment under a noncancelable operating lease agreement that ended in August 2024. The Organization entered into new noncancelable operating lease agreement on August 1, 2024, for 60 months with the monthly payment of \$346.

The following tables provide quantitative information concerning the Organization's lease for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating Lease Costs	\$ 92,050	\$ 92,050
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 88,475	\$ 86,452
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 598,216
Weighted Average Remaining Lease Term:		
Operating Leases	5.5 Years	6.5 Years
Weighted Average Discount Rate:		
Operating Leases	2.92%	2.92%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of June 30, 2024:

<u>Year Ending June 30.</u>	<u>Operating Leases</u>
2025	\$ 86,374
2026	88,022
2027	89,540
2028	90,552
2029	91,058
Thereafter	45,528
Total Lease Payments	491,074
Less: Imputed Interest	(37,215)
Present Value of Lease Liabilities	<u>\$ 453,859</u>

Total lease expense approximated \$92,050 and \$92,050 for the years ended June 30, 2024 and 2023, respectively.

**MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 10 CASH OR DEFERRED ARRANGEMENT (401(K) PLAN)

The Organization sponsors a 401(k) deferred compensation plan in conjunction with The Grand Lodge of Texas, A.F. & A.M. (The Grand Lodge of Texas). Employees are eligible to participate once they have completed 12 months of service and credited with 1,000 hours of service. Employees may choose to contribute a percentage of their gross salaries through a salary reduction arrangement. The maximum amount an employee could annually contribute was \$23,000 and \$22,500 respectively, in 2024 and 2023, plus catch-up contributions up to a maximum of \$7,000, in each year if eligible. The Organization may make a discretionary matching contribution of 50% of the aggregate salary reduction contribution to the extent the aggregate contribution does not exceed 5% of compensation.

The Organization may also choose to make a discretionary profit sharing contribution to the plan.

The Organization's expense under the plan totaled approximately \$16,000 and \$25,000 for the years ended June 30, 2024 and 2023, respectively.

NOTE 11 RELATED PARTY TRANSACTIONS

Certain widows of Texas Masons reside at the Texas Masonic Retirement Center (TMRC) in Arlington, Texas. These widows are admitted into TMRC through the Organization's application process. Expenses of approximately \$620,000 and \$680,000 for the years ended June 30, 2024 and 2023, respectively, were paid to TMRC on behalf of the widows. Any overpayment or underpayment of funds is remitted to the Organization or submitted to TMRC after the TMRC annual audit is completed. At June 30, 2024, the Organization had a payable to TMRC of \$53,842. At June 30, 2023, the Organization had a payable to TMRC of \$54,888.

Square and Compasses Holding (Square and Compasses), a 501(c)(3) Texas nonprofit corporation, holds the proceeds from the sale of the Masonic Home and School of Texas childcare campus and retains the rights to the mineral interests from the former campus. Square and Compasses was organized to distribute a portion of its income, at least annually, to the Organization and/or the Texas Masonic Charities Foundation. The Organization was awarded \$250,000 and \$200,000 in the years ended June 30, 2024 and 2023, respectively. Both grants were to be used for the dental and autism programs.

At June 30, 2024 and 2023, the Organization had -\$0- and \$432, respectively, due to employees.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 12 COLLABORATIVE ARRANGEMENTS

On July 1, 2008, the Organization established a formal collaborative arrangement (the Agreement) with Presbyterian Children's Homes and Services (PCHAS). PCHAS is a 501(c)(3) nonprofit organization operating child and family programs in Texas and Louisiana. PCHAS provides crisis intervention and family preservation services such as in-home family assessments, parent and life-skills training and support, and family and individual counseling.

The purpose of the Agreement is to assist Texas families in addressing issues before a crisis results in out-of-home placement of children. Under the Agreement, PCHAS agreed to establish a Child and Family Program in the state of Texas (the Program), operate and oversee the Program, and employ a Texas-licensed social worker with a Master's degree in social work, or its equivalent, as a Child and Family Specialist for the Program. The Organization provides office space and reimbursement to PCHAS for up to 50% of the Program costs for the years ended June 30, 2024 and 2023.

The Organization's portion of expenses related to the Agreement totaled approximately \$61,000 and \$55,000 for the years ended June 30, 2024 and 2023, respectively, and is included in "Program Expenses: Children" in the accompanying statements of activities and changes in net assets.

NOTE 13 CONCENTRATIONS OF CREDIT RISK

Investments consist primarily of marketable corporate stocks, mutual funds, corporate bonds, government securities, real estate investment trusts, money market funds, and mineral interests. The fair values of all these investments are subject to fluctuations due to different market environments and any resulting change could be material. Most of these investments are subject to market risks customarily associated with such debt and equity securities.

There were no significant concentrations of accounts receivable or contributions as of or for the years ended June 30, 2024 and 2023.

MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 14 FUNCTIONAL ALLOCATION METHODOLOGY

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, marketing programs, admin travel, office supplies, postage, insurance, contract services, utilities, rent, computer network services and others. Rent and electric are allocated by square footage of departments and legal, audit and tax expenses are considered as administrative expenses. In booking invoices, unless a specific department is identifiable on the invoice, the expense is allocated primarily by the cost driver. The cost driver has been evaluated and determined by account or vendor in the budgeting process and the invoice booked consistent with the way it was planned in the budget. The three main types of drivers would be Full Time Equivalents by department, percentage of square footage allocated by department or by general usage of the item by the department.

NOTE 15 SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through December 6, 2024, the date the financial statements were available for issuance.

**MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
BUDGET TO ACTUAL SUMMARY COMPARISON
YEAR ENDED JUNE 30, 2024**

	<u>Unaudited Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues and Other Receipts			
Bequests, Estates, and Donations	\$ 402,150	\$ 359,496	\$ (42,654)
Income from Beneficial Interests	359,000	346,770	(12,230)
Investment Income (Net of Fees)	3,266,694	3,623,694	357,000
Scholarship Interest and Dividends	60,045	85,172	25,127
Income from Widow's Property	15,000	96,479	81,479
Widows Income	177,774	105,741	(72,033)
Fundraising Income	218,153	164,998	(53,155)
Miscellaneous Income	12,000	-	(12,000)
Total Revenues and Other Receipts	<u>4,510,816</u>	<u>4,782,350</u>	<u>271,534</u>
Expenditures and Disbursements			
Administration and General Operating	439,159	478,726	(39,567)
Marketing/Development/Fundraising	285,025	328,726	(43,701)
Children and Family Services Programs	3,093,519	3,083,667	9,852
Scholarships	500,000	507,663	(7,663)
Widows Programs	668,425	827,966	(159,541)
Furniture and Equipment	12,500	-	12,500
Total Expenditures and Disbursements	<u>4,998,628</u>	<u>5,226,748</u>	<u>(228,120)</u>
Revenues Over Expenditures before Reconciling Items	<u>\$ (487,812)</u>	(444,398)	<u>\$ 43,414</u>
Reconciling Items to the Financial Statements			
Nonbudgeted Depreciation Expense		(7,263)	
Rental and Leases		1,057,346	
Unrealized Gains on Investments		10,765,221	
Realized Losses on Investments		(49,044)	
Change in Value of Beneficial Interests		<u>(1,198,508)</u>	
Total		<u>10,567,752</u>	
Total Revenues Over Expenditures		<u>\$ 10,123,354</u>	

**MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
BUDGET TO ACTUAL EXPENDITURES DETAIL COMPARISON
YEAR ENDED JUNE 30, 2024**

	Unaudited Budget	Actual	Variance Favorable (Unfavorable)
Administration and General Operating Expenses			
Payroll and Related Expenses	\$ 202,788	\$ 212,409	\$ (9,621)
Employee Benefits	45,211	41,377	3,834
Contract Services	12,877	16,563	(3,686)
General and Furnishings	1,029	373	656
Board and Committee Related Expense	8,000	11,575	(3,575)
Bank Fees and Interest Expense	11,320	14,730	(3,410)
Property Tax	9,000	7,324	1,676
Attorneys	66,000	53,153	12,847
Auditors	31,260	59,774	(28,514)
Repairs and Maintenance	1,000	840	160
Office Supplies	3,735	3,610	125
Technology	9,459	15,953	(6,494)
Telephone	2,334	1,557	777
Insurance	8,483	8,806	(323)
Other Expenses	1,080	1,660	(580)
Employee Licenses and Development	1,350	-	1,350
Postage	3,612	3,290	322
Rent	16,495	20,070	(3,575)
Utilities	2,376	3,302	(926)
Travel and Mileage	1,750	2,360	(610)
Total Administration and General Operating Expenses	439,159	478,726	(39,567)
Marketing/Development/Fundraising			
Marketing/Development/Fundraising	285,025	328,726	(43,701)
Children and Family Services Programs			
Children and Family Program Services	988,282	1,107,825	(119,543)
Fantastic Teeth Program	521,725	568,595	(46,870)
Parent Autism Training	952,674	755,388	197,286
Scholarships	500,000	507,663	(7,663)
Payroll and Related Expenses	284,452	284,619	(167)
Employee Benefits	83,744	81,566	2,178
Contract Services	56,688	69,542	(12,854)
General and Furnishings	2,400	222	2,178
Office Supplies	9,750	7,620	2,130
Technology	52,638	65,826	(13,188)
Telephone	4,515	2,945	1,570
Insurance	72,607	73,978	(1,371)
Other Expenses	2,527	2,516	11
Employee Licenses and Development	1,350	-	1,350
Postage	3,612	3,396	216
Rent	48,286	49,133	(847)
Utilities	5,669	7,879	(2,210)
Special Events	-	1,388	(1,388)
Travel and Mileage	2,600	1,229	1,371
Total Children and Family Services Programs	3,593,519	3,591,330	2,189

**MASONIC HOME AND SCHOOL OF TEXAS
DBA: MASONIC CHILDREN & FAMILY SERVICES OF TEXAS
BUDGET TO ACTUAL EXPENDITURES DETAIL COMPARISON (CONTINUED)
YEAR ENDED JUNE 30, 2024**

	Unaudited Budget	Actual	Variance Favorable (Unfavorable)
Widows Program			
Texas Masonic Retirement Center	\$ 523,019	\$ 614,556	\$ (91,537)
Widows Allowance	7,200	5,760	1,440
Special Occasion	1,800	1,075	725
Other Widows Program	50,000	64,565	(14,565)
Payroll and Related Expenses	51,797	53,436	(1,639)
Employee Benefits	12,806	11,819	987
Contract Services	529	944	(415)
General and Furnishings	686	28	658
Office Supplies	1,065	752	313
Technology	2,155	3,838	(1,683)
Telephone	909	635	274
Insurance	8,403	8,531	(128)
Other Expenses	393	464	(71)
Postage	425	426	(1)
Rent	5,998	59,841	(53,843)
Utilities	765	1,063	(298)
Travel and Mileage	475	233	242
Total Widows Program/Texas Masonic Retirement Center	668,425	827,966	(159,541)
Furniture and Equipment			
General and Furnishings	-	-	-
Equipment - Office	-	-	-
Total Furniture and Equipment	-	-	-
 Total Expenditures and Other Cash Disbursements before Nonbudgeted Items	\$ 4,986,128	5,226,748	\$ (240,620)
Reconciling Items to the Financial Statements			
Nonbudgeted Depreciation Expense		7,263	
Furniture and Equipment Capitalized		-	
 Total Expenditures and Other Disbursements		\$ 5,234,011	



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.