

Analysis of Financial Operations
January 1 – December 31, 2023

2024 was a very good year for The Masonic Home for Children financially. We ended the year with income 23.1% (\$1.49M) over projections and operating expenses 4.5% (\$317.7K) below budget. Excluding contingent salaries/benefits and capital improvements, actual expenses were 0.11% (\$7.1K) over budgeted amounts. Income for 2024 was \$1.13M more than income in 2023 with several income areas being above 2024 budgeted amounts. The following areas, with their respective amounts were above budget projections: NC Masonic Foundation (+\$119.2K), Investment Income (+\$136.9K), Legacies (+\$1.55M), DSS Per Diems (+\$88.0K), and Recurring/Annual Giving (+\$458.2K). The following areas, with their respective amounts, were below budget: Masonic Donations (-\$114.9K), General Public Donations (-\$189.5K), Grants (-\$157.3K), Other Income (-\$6.1K), Calendar Donations (-\$87.2K), 150th Donations (-\$235.3K), and Printing Income (-\$74.3K).

Total operating expenses were \$932.0K more in 2024 than in 2023 but were 4.5% (\$317.7K) below budgeted amounts for 2024. Excluding contingent salaries/benefits and capital improvements expenses were 0.11% over budget for 2024. Performance by department was as follows:

- Administration was 15.2% or \$171.5K over budget,
- Direct Care was 2.4% or \$71.4K over budget,
- Maintenance was 6.2% or \$48.8K over budget,
- Development was 7.5% or \$49.8K below budget,
- ILP was 33.6% or \$191.4K below budget,
- Archives was 88.2% or \$32.4K below budget.
- Community Support Center was 11.6% or \$11.0K below budget.

\$1,034,715 was withdrawn from MHCO's investments with The NC Masonic Foundation during 2024. This amount totals the budgeted quarterly withdrawals with no additional withdrawals taken.

There were nine capital improvements completed during the 4th quarter of 2023. Upper campus improvements included kitchen upgrades for one home. A van was purchased for Bemis Cottage. HVAC units were replaced in the Cobb Center, the Chapel, and the gym. The fire panel was replaced in Bundy Cottage due to failure. The main cooler in the food room was replaced due to age and malfunctioning. The security camera project was started in December with the purchase of the equipment. A wide format printer was purchased for SGA. Total capital improvements for 2024 totaled \$459,101 for MHCO and \$48,806 for SGA.

The School of Graphics Arts finished 2024 with expenses exceeding revenues by \$74,303. This deficit was \$74,303 more than was projected for 2024 since the projection is a break-even on revenue compared to expenses. The 2024 deficit was \$86.1K less than the deficit of the previous year. Income was \$25.7K less than 2024 budget projections, but \$53.9K more than 2023 income totals. Expenses were higher than budget projections

by approximately 5.2% (\$48.7K) but \$32.2K lower than the previous year's expenses. Adjusting entries will need to be prepared for the Form 990T to determine if any income tax is due to be paid for 2024, but it is not expected due to the deficit in 2024.

The market value of the MHCO investment portfolio managed by the NC Masonic Foundation ended the year 10.6% (\$2.84M) more than the beginning year balance. The portfolio was increased during the year by \$511,190 in dividends. Withdrawals totaling \$1,168,520 and additions totaling \$532,185 were made in 2024. Excluding additions and withdrawals during the year, the end of year market value was 13.0% (\$3.48M) more than the end of 2023.

2024 was a very good year financially for The Masonic Home for Children. Donations from wills and estates totaled \$2.8M in 2024, exceeding our budget projections by \$1.55M. MHCO is fortunate to be named in a good number of Wills and Estates, many of whom have Masonic affiliations, but some do not. It is interesting to meet families and learn why their loved ones named our Home as a beneficiary. We must continue to make people aware of our Home, in any way possible, as their only gift to MHCO may be to name the Home in their Will. We will continue our marketing efforts to increase awareness of MHCO to encourage recurring giving as well. Recurring giving grew by approximately 10% in number of donors to 464 recurring donors at the end of 2024. We will look to energize more people to become recurring donors through our fundraising efforts in 2025.

Respectfully submitted,

LuAnne F. Clark
Chief Financial Officer