2017 GIVING REPORT

Celebrating 10 Years of Service

Prepared by

www.texomahealth.org
A YEAR OF CELEBRATION AND GROWTH

Our 2016/17 fiscal year has been one of celebration as we marked a decade of service. It held some of our most challenging moments amidst a year of exciting achievements and events.

Reba touched us once again when she helped kick off Reba's Ranch House's 25th birthday. The joy she brings, along with her genuine care for others made the day another wonderful memory for us to cherish.

We also broke ground on the 80-acre THF Health and Wellness Park. The park is the first project of THF’s Place Based Philanthropy Initiative. Other major milestones included the creation of the Conveners Ad-Hoc Committee - responsible for building a shared partner and resource directory for mental health, conducting a mental health employer survey and forming the Texoma Behavioral Health Leadership Team that was launched this past Spring.

In addition to these developments, our good friend, Tom Porter created the Tom Porter Fund. This is our newest addition to THF’s individual and organizational funds touching the lives of others - an area of our foundation we have been looking to expand. We also launched a new website for the Reba's Ranch House (www.rebasranchhouse.org), finalized our investment Request for Proposals, expanded partnerships, provided training to nonprofits and conducted an intensive strategic planning retreat.

In the midst of all of the smiles, we shed tears and sent up daily prayers as those around us were facing some of their greatest hardships and challenges. Even in these moments, the heart of THF came through as so many of our THF family members and friends stepped in to help.

As we begin a new year, we cannot thank our partners, donors and volunteers enough for making us better every single day. We are dedicated to service and are proud to be your Foundation.

Brett H. Graham

Michelle Lemming

CHAIRMAN BRETT GRAHAM &

PRESIDENT AND CEO MICHELLE LEMMING
<table>
<thead>
<tr>
<th><strong>Fiscal Year 2016-2017</strong></th>
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</thead>
<tbody>
<tr>
<td><strong>At a Glance</strong></td>
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<table>
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<tr>
<th><strong>60M</strong></th>
<th><strong>2.5M</strong></th>
<th><strong>203K</strong></th>
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<tbody>
<tr>
<td>Total Assets as of 6.30.17</td>
<td>2.15M in Charitable Giving &amp; 396K for Reba's Ranch House</td>
<td>Donations Received</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>11M</strong></th>
<th><strong>33K</strong></th>
<th><strong>0.9%</strong></th>
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<tbody>
<tr>
<td>Endowments and Funds Investment Balance</td>
<td>Royalty and Property Note Interest Earned</td>
<td>292K in Administrative Expenses &amp; 326K in Program Services</td>
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</table>

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<tr>
<th><strong>4</strong></th>
<th><strong>5</strong></th>
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<tbody>
<tr>
<td>Foundation Employees</td>
<td>Reba's Ranch House Employees</td>
<td>Board Members</td>
</tr>
</tbody>
</table>
CORE AREAS
of Philanthropy

1
PLACE BASED
PHILANTHROPY

Creating a culture of health in communities served by the Texoma Health Foundation

Team Lead: Alex Haj
Board Team: Brett Graham, Richard Munson and Phillip Shaffer

2
GRANTS AND GIVING

Partnering with area nonprofits to improve the health and well-being of residents in THF’s four-county service area

Team Lead: Shunnay Gilmore
Board Team: Jody Lipscomb, M.D., Dan Little and William Myers

3
REBA’S RANCH HOUSE

“The House that Reba Built” A Home Away from Home for Families Est. in 1992

Team Leads: Marilyn Bice and Mitch Gray
Board Team: Brian Aispell and Leslie Matthews

4
THE ROOM FOR HOPE

A resource center for all cancer patients

Team Leads: Susan Hooper and Jeri Carosella
Board Team: Shelle Cassell and Herman Ringler

5
ENDOWMENTS AND FUNDS

Connecting donors’ passions to community needs

Team Lead: Nicole Thornhill
Board Team: Kris McKinney and Heather Burrage

6
COLLABORATIVE INITIATIVES

Facilitate, participate and support collaborative and collective efforts that leverage resources for a better tomorrow

Team Lead: Michelle Lemming
Board Team: Bill Wilson, Tim Parker, M.D., and Jim Walker
CORE AREAS

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PLACE-BASED PHILANTHROPY
$793,519
GRANTED TO THE CITY OF DENISON FOR THE TEXOMA HEALTH FOUNDATION PARK
OPENING IN 2018

80 ACRES
to include
BIKE & JOGGING TRAILS,
YOGA & MEDITATION,
SOCCER & BASEBALL FIELDS,
VOLLEYBALL COURTS & MORE

THE THF PARK IS TEXOMA HEALTH FOUNDATION'S FIRST PLACE-BASED PHILANTHROPY INITIATIVE MOBILIZING LOCAL ASSETS TO CREATE EFFECTIVE, LONG-TERM COMMUNITY CHANGE WITH A FOCUS ON CREATING A CULTURE OF HEALTH ACROSS OUR REGION.

THANK YOU TO
THE CITY OF DENISON
GATEWAY VILLAGE
THF PARK PLANNING AND CONSTRUCTION COMMITTEES
GRANTS AND GIVING

$840,225

AWARDED TO AREA NONPROFITS

$172,193 PENDING CONTINGENCY AS OF 6.30.17

TOTAL OF $1,012,418 GRANTED FOR 2016/17
2016-2017 GRANTEES

AUSTIN COLLEGE
SOCIAL ENTREPRENEURSHIP FOR POVERTY ALLEVIATION (SEPA) GRANT WRITING PROGRAM

BEHAVIORAL CONCEPTS, INC.
MENTAL HEALTH SERVICES FOR CHILDREN WITH A FOCUS ON IN-HOME INTERVENTION

BOYS AND GIRLS CLUB OF DENISON
TRIPLE PLAY PROGRAM & UPGRADES TO GYM

CAMP SWEENEY
SCHOLARSHIPS FOR CHILDREN WITH DIABETES TO LEARN MANAGEMENT SKILLS NECESSARY TO LIVE LONGER, HEALTHIER LIVES

CASA OF GRAYSON COUNTY
VOLUNTEER PROGRAM SUPPORTING VICTIMS OF ABUSE AND NEGLECT

CHILD AND FAMILY GUIDANCE CENTER OF TEXOMA
LICENSED STAFF THERAPISTS AND INTERNS

D-DENT (DENTISTS FOR THE ELDERLY AND DISABLED)
FULL MOUTH RESTORATION SERVICES FOR RESIDENTS OF BRYAN AND MARSHALL COUNTIES

DENISON ISD
AFTER SCHOOL CARE FOR CHILDREN WITH DISABILITIES THROUGH THE JET PROGRAM

ECU AT SOUTHEASTERN
STAFF AND EQUIPMENT TO ADD A TRAINING SIMULATION LAB FOR THE NURSING PROGRAM

FANNIN COUNTY CHILDREN’S CENTER
MENTAL HEALTH SERVICES AND SPECIALIZED MEDICAL EXAMS FOR CHILD ABUSE VICTIMS
FANNIN HEALTH CLINIC
PRIMARY CARE SERVICES FOR THE UNDER AND UNINSURED

GRAYSON COLLEGE
SIMULATION LAB TRAINING THROUGH THE DENTAL ASSISTANT PROGRAM & FACULTY NURSING POSITIONS TO INCREASE THE NUMBER OF NURSING STUDENTS ACCEPTED AND GRADUATING FROM THE NURSING PROGRAM

GRAYSON COUNTY CHILDREN’S ADVOCACY CENTER
ONSITE THERAPY FOR ABUSED CHILDREN AND THEIR FAMILY MEMBERS

GREATER TEXOMA HEALTH CLINIC
HEALTH AND WELLNESS SERVICES FOR UNDERINSURED AND UNINSURED RESIDENTS

HOME HOSPICE OF GRAYSON COUNTY
CHARITY CARE PROGRAM FOR UNINSURED RESIDENTS IN NEED OF HOSPICE CARE & CAMP DRAGONFLY FOR CHILDREN FACING GRIEF AND LOSS

HOUSE OF ELI
AT-RISK YOUNG MEN PARENTED AND TRAINED IN ALL ASPECTS OF HEALTHY LIVING

NORTHEAST TEXAS CHILDREN’S MUSEUM
"WALK TO A HEALTHY LUNG PROGRAM" AT FANNIN COUNTY ELEMENTARY SCHOOLS

OKLAHOMA DENTAL FOUNDATION’S MOBILE SMILES UNIT
ACCESS TO DENTAL CARE IN BRYAN AND MARSHALL COUNTIES

SOUTHEASTERN FOUNDATION
OUTDOOR FITNESS STATIONS TO SUPPORT CAMPUS HEALTHY LIVING

TEXOMA BEHAVIORAL HEALTH LEADERSHIP TEAM
STAFF POSITION AND CONSULTATION TO SUPPORT START-UP
GRANTMAKING
SINCE INCEPTION

- EMS: 16%
- Mental Health: 23%
- Nursing: 22%
- Primary Care: 22%
- Diabetes: 3%
- Dental: 5%
- HIV: 1%
- Hospice: 2%
- Healthy Living: 3%
- Reg Blood Ctr: 3%
- Disaster & Nonprofit TA: <1%
REBA'S RANCH HOUSE
$395,036
REBA'S RANCH HOUSE

$395,036

HOPE. WARMTH. HOME.

PROVIDING A HOME AWAY FROM HOME FOR FAMILIES TRAVELING TO BE NEAR THEIR LOVED ONES IN AREA HOSPITALS

2,682 NIGHTS

GUESTS TRAVELED FROM 2 COUNTRIES, 12 DIFFERENT STATES AND 41 UNIQUE COUNTIES

$271,960 GIFTED TO RRH FROM THE TEXOMA HEALTH FOUNDATION + $25,909 RECEIVED THROUGH DONATIONS AND $97,167 IN INCOME THROUGH RRH ENDOWMENTS
Celebrating 25 Years of Caring

RebasRanchHouse.org
ROOM FOR HOPE
107 LIVES TOUCHED
"God is present in this room."

The Room for Hope was created to lessen the burden of those struggling with the devastation of cancer and its treatment.

The room provides encouragement and care-items to support patients and families during a very bleak time.

The drive and initiative by local Girl Scout, Maria Hayes, made the room possible for those facing cancer in Texoma and surrounding areas.
ENDOWMENTS & FUNDS

$619,327

IN INVESTMENT INCOME DISTRIBUTED TO HELP AREA RESIDENTS IN NEED
DUE TO THE LOVE AND CARE OF OTHERS

617  2  2

Residents helped with medical bills through the Ralph & Frances Porter Fund

Women received life-saving treatments and surgeries through the Breast Cancer Fund

Nursing scholarships were awarded through the Roberta Pond Fund

23  2  46

Children attended Camp Sweeney due to support from the Berry Fund & THF

Children received emergency services through the Sherman Children's Clinic

Nonprofit grants were distributed through the Reba McEntire Fund

1

Student was awarded the Dr. Max and Shirley Cham Scholarship by the Sherman Firefighter's Association

"My parents' fund created a special way that their caring spirit would live and influence others forever."

TOM PORTER
COMMUNITY COLLABORATION

ENDOWMENTS AND FUNDS

CREATING A HAPPIER AND HEALTHIER TOMORROW
CREATING A HAPPIER AND HEALTHIER TOMORROW


This work would not be possible without you.

#LIFE ACTIVATED
CREATING A CULTURE OF HEALTH ACROSS OUR REGION

"OKAY TO SAY" TEXOMA
ENDING MENTAL HEALTH STIGMA (OKAYTOSAY.ORG)

TEXOMA BEHAVIORAL HEALTH LEADERSHIP TEAM
CONNECTING CRITICAL LEADERS TO IMPROVE COMMUNICATION, ACCESS, IDENTIFY SOLUTIONS AND DEVELOP A SHARED STRATEGY FOR CHANGE

CONVENERS AD-HOC COMMITTEE
AREA LEADERS SHARING RESOURCES, CONDUCTING RESEARCH AND IMPLEMENTING SOLUTIONS TO IMPROVE MENTAL HEALTH

YOUTH AWARENESS OF MENTAL HEALTH
IMPLEMENTATION OF UT SOUTHWESTERN’S EVIDENCE BASED PROGRAM TO REDUCE THOUGHTS OF SUICIDE AND SUICIDE ATTEMPTS IN TEENS

TEXAS MENTAL HEALTH COLLABORATIVE FUND
GRANTMAKERS SHARING INFORMATION AND POOLING DOLLARS FOR GREATER IMPACT

NONPROFIT TECHNICAL ASSISTANCE
WITH THE HELP OF THE OK CENTER FOR NONPROFITS, THF IS WORKING ALONGSIDE AREA NONPROFITS AND RAISING THE BAR FOR NONPROFIT EXCELLENCE - TOGETHER
OUR WORK IN

MENTAL HEALTH

LEARNING FROM OTHERS

THANK YOU TO OUR PEERS AND MENTORS. YOU ARE MAKING US BETTER.
THE HERSH FOUNDATION
THE HOGG FOUNDATION
THE MEADOWS FOUNDATION
THE MEADOWS MENTAL HEALTH POLICY INSTITUTE
TEXAS BEHAVIORAL HEALTH NETWORK
TEXAS BEHAVIORAL HEALTH FUNDERS COLLABORATIVE
UT SOUTHWESTERN CENTER FOR DEPRESSION

THF’S FUNDING IN MENTAL HEALTH

1st 5 Years

- Access to Services 72%
- Mental Health 4%
- Nursing 24%

Last 5 Years

- Access to Services 43%
- Mental Health 38%
- Nursing 19%
$19,377

In addition to grants to local nonprofits, THF supports area events and activities with a focus on community health and wellness.

Small Sponsorships & Support
1,577 VOLUNTEER HOURS
Thank You

TO OUR FAMILY AND FRIENDS WHO HELP US FULFILL AND EXPAND OUR MISSION TO IMPROVE THE HEALTH AND WELL-BEING OF THE PEOPLE IN THE TEXOMA HEALTH FOUNDATION COMMUNITY.

Your work expands our reach.
CHAIRMAN
BRETT GRAHAM

VICE CHAIRMAN
KRIS MCKINNEY

SECRETARY - TREASURER
SHELLE CASSELL

BRIAN ASPELL
HEATHER BURRAGE
JODY LIPSCOMB, M.D.
DAN LITTLE
LESLIE MATTHEWS
WILLIAM MYERS
RICHARD MUNSON
TIM PARKER, M.D.
HERMAN RINGLER
PHILLIP SHAFFER
JIM WALKER
BILL WILSON

PAST BOARD OF DIRECTORS
CHAIRMEN: ('07) HERMAN RINGLER, ('07) KAY SKELTON, ('11) JOHN CAREY

DIRECTORS: ('07) JERRY CULPEPPER, JERDY GARY, PETER MUNSON, TONY KAAI, PHIL MCKINZIE, PHIL ROETHER, KENT BLACK, SAM GRABER, ANGELA LATHAM, M.D., KAREN ALFORD, HORACE GROFF, CLIFF WILLIAMSON ('10) JIM CRITTENDEN, DARIUS MAGGI, M.D., STEFANIE STUMPF, ('11) JARED JOHNSON, MARGIE MORRIS
OUR STAFF
THF
CEO: MICHELLE LEMMING
FINANCE AND BOOKKEEPING: CATHY HOLT
FOUNDATION RELATIONS: SHUNNAY GILMORE
MANAGER OF DEVELOPMENT: NICOLE THORNHILL

INTERNS
ALEX HAJ – AUSTIN COLLEGE LEAD INTERN

REBA’S RANCH HOUSE

DIRECTOR: MARILYN BICE

GUEST RELATIONS
JERI CAROSELLA
MITCH GRAY
SUSAN HOOPER

NIGHT MANAGER
AUSTIN LAMBERT

INTERNS
HADEN HICKMAN
TEJU KOKA
# TEXOMA HEALTH FOUNDATION

## TABLE OF CONTENTS

**YEAR ENDED JUNE 30, 2017**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDEPENDENT AUDITORS’ REPORT</td>
<td>1</td>
</tr>
<tr>
<td>FINANCIAL STATEMENTS</td>
<td></td>
</tr>
<tr>
<td>STATEMENT OF FINANCIAL POSITION</td>
<td>3</td>
</tr>
<tr>
<td>STATEMENT OF ACTIVITIES</td>
<td>4</td>
</tr>
<tr>
<td>STATEMENT OF FUNCTIONAL EXPENSES</td>
<td>5</td>
</tr>
<tr>
<td>STATEMENT OF CASH FLOWS</td>
<td>6</td>
</tr>
<tr>
<td>NOTES TO FINANCIAL STATEMENTS</td>
<td>7</td>
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</table>
INDEPENDENT AUDITORS’ REPORT

Board of Directors
Texoma Health Foundation
Denison, Texas

We have audited the accompanying financial statements of Texoma Health Foundation, which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors’ 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 auditors’ 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 financial position of Texoma Health Foundation as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle
As discussed in Note 1 to the financial statements, Texoma Health Foundation early adopted a provision of Financial Accounting Standards Board Accounting Standards Update 2016-14, Presentation of Financial Statements for Not-for-Profit Entities. The new accounting standard changes the presentation and various classifications within the financial statements. Our opinion is not modified with respect to that matter.

CliftonLarsonAllen LLP
Dallas, Texas
October 26, 2017
## ASSETS

### CURRENT ASSETS

<table>
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<tr>
<th>Asset</th>
<th>Amount</th>
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<tr>
<td>Cash and Cash Equivalents</td>
<td>$2,411,262</td>
</tr>
<tr>
<td>Accrued Investment Income Receivable</td>
<td>76,463</td>
</tr>
<tr>
<td>Prepaid Expenses and Other Assets</td>
<td>23,363</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>$2,511,088</strong></td>
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### INVESTMENTS

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<th>Investment</th>
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<tr>
<td><strong>Total Investments</strong></td>
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### PROPERTY AND EQUIPMENT, NET

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amount</th>
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<tr>
<td><strong>Total Other Assets</strong></td>
<td><strong>$170,809</strong></td>
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<tbody>
<tr>
<td></td>
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</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$60,401,816</strong></td>
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## LIABILITIES AND NET ASSETS

### CURRENT LIABILITIES

<table>
<thead>
<tr>
<th>Liability</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Accounts Payable</td>
<td>$9,510</td>
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<tr>
<td>Accrued Expenses and Other Liabilities</td>
<td>8,046</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>$17,556</strong></td>
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### NET ASSETS

<table>
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<tr>
<th>Restriction</th>
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<td>Without Donor Restrictions</td>
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<td>Undesignated</td>
<td>49,386,067</td>
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<tr>
<td>Board Designated Endowment</td>
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<td><strong>Total Without Donor Restrictions</strong></td>
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<tr>
<td>With Donor Restrictions</td>
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<tr>
<td>Purpose Restrictions</td>
<td>58,618</td>
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<tr>
<td>Endowments</td>
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<tr>
<td><strong>Total With Donor Restrictions</strong></td>
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<tr>
<td><strong>Total Net Assets</strong></td>
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See accompanying Notes to Financial Statements.
## Statement of Financial Position

**JUNE 30, 2017**

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<td></td>
<td>$2,230,613</td>
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<td><strong>OTHER ASSETS</strong></td>
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<tr>
<td>Note Receivables</td>
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<tr>
<td>Farm Home</td>
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<tr>
<td>Without Donor Restrictions</td>
<td>$49,386,067</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Board Designated Endowment</td>
<td>$6,029,382</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Without Donor Restrictions</strong></td>
<td>$55,415,449</td>
<td></td>
<td></td>
</tr>
<tr>
<td>With Donor Restrictions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purpose Restrictions</td>
<td>$58,618</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowments</td>
<td>$4,910,193</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total With Donor Restrictions</strong></td>
<td>$4,968,811</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>$60,384,260</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Assets</strong></td>
<td>$60,401,816</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

## Statement of Activities

**YEAR ENDED JUNE 30, 2017**

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE, SUPPORT, AND GAINS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable Contributions</td>
<td>$167,441</td>
<td>$35,124</td>
</tr>
<tr>
<td>Investment Income, Net</td>
<td>$7,067,290</td>
<td>$693,100</td>
</tr>
<tr>
<td>Interest Income</td>
<td>6,146</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>27,075</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions</td>
<td>134,900</td>
<td>(134,900)</td>
</tr>
<tr>
<td><strong>Total Revenue, Support, and Gains</strong></td>
<td>$7,402,852</td>
<td>593,324</td>
</tr>
<tr>
<td><strong>EXPENSES AND LOSSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Services Expense</td>
<td>2,870,032</td>
<td>-</td>
</tr>
<tr>
<td>Management and General</td>
<td>292,398</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses and Losses</strong></td>
<td>3,162,430</td>
<td>-</td>
</tr>
<tr>
<td><strong>CHANGE IN NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,240,422</td>
<td>593,324</td>
</tr>
<tr>
<td>Net Assets - Beginning of Year</td>
<td>$51,175,027</td>
<td>$4,375,487</td>
</tr>
<tr>
<td><strong>NET ASSETS - END OF YEAR</strong></td>
<td>$55,415,449</td>
<td>$4,968,811</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.

(4)
TEXOMA HEALTH FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising and Development</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants and Other Assistance</td>
<td>$ 2,147,774</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>327,709</td>
<td>109,236</td>
<td>-</td>
</tr>
<tr>
<td>Pension Plan Contributions</td>
<td>17,271</td>
<td>5,757</td>
<td>-</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>66,694</td>
<td>22,231</td>
<td>-</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>23,324</td>
<td>7,775</td>
<td>-</td>
</tr>
<tr>
<td>Professional Services - Accounting</td>
<td>-</td>
<td>33,042</td>
<td>-</td>
</tr>
<tr>
<td>Professional Services - Contract Labor</td>
<td>32,509</td>
<td>10,836</td>
<td>43,345</td>
</tr>
<tr>
<td>Legal Fees</td>
<td>-</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>Advertising and Promotion</td>
<td>42,957</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supplies</td>
<td>39,951</td>
<td>7,610</td>
<td>-</td>
</tr>
<tr>
<td>Occupancy</td>
<td>24,912</td>
<td>4,745</td>
<td>-</td>
</tr>
<tr>
<td>Telephone</td>
<td>7,080</td>
<td>1,349</td>
<td>-</td>
</tr>
<tr>
<td>Taxes and Licenses</td>
<td>5,439</td>
<td>1,036</td>
<td>-</td>
</tr>
<tr>
<td>Conferences, Conventions, and Meetings</td>
<td>30,529</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>26,910</td>
<td>2,361</td>
<td>-</td>
</tr>
<tr>
<td>Equipment Lease and Maintenance</td>
<td>66,739</td>
<td>12,712</td>
<td>-</td>
</tr>
<tr>
<td>Membership Dues and Subscriptions</td>
<td>2,463</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>7,771</td>
<td>69,940</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>3,468</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenses by Function</td>
<td>$ 2,870,032</td>
<td>$ 292,398</td>
<td>$ -</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.

(5)
TEXOMA HEALTH FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES
Change in Net Assets $ 4,833,746
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:
  Depreciation 77,711
  Realized and Unrealized Gains on Investments (6,608,782)
  Changes in Operating Assets and Liabilities:
    Notes Receivable 19,386
    Prepaid Expenses and Other Assets (4,919)
    Accounts Payable 8,399
    Accrued Expenses and Other Liabilities 2,045
    Net Cash Used by Operating Activities (1,672,414)

CASH FLOWS FROM INVESTING ACTIVITIES
Purchases of Investments (68,551,951)
Proceeds from Sales of Investments 68,368,396
Proceeds from Sales of Land 253,978
Net Cash Provided by Investing Activities 70,423

NET DECREASE IN CASH AND CASH EQUIVALENTS (1,601,991)
Cash and Cash Equivalents - Beginning of Year 4,013,253

CASH AND CASH EQUIVALENTS - END OF YEAR $ 2,411,262

See accompanying Notes to Financial Statements.

(6)
NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization
On January 1, 2007, the Texoma Health Foundation (the Foundation) was created from the sale of the nonprofit Texoma Medical Center to Universal Health Services. The Foundation is a nonprofit publicly supported grant-making and programmatic foundation. Core programs of the Foundation include overseeing the management of Reba’s Ranch House and the Room for Hope, implementing a regional place based philanthropy initiative focused on wellness, actively supporting the development of nonprofits through education and collective impact, as well as awarding grants to qualifying entities with programs and projects that improve the health and wellbeing of the people in the Foundation's service area.

Reba’s Ranch House
Reba’s Ranch House (RRH), named after Country music, Broadway and movie star, Reba McEntire, is a hospitality house owned and operated by the Foundation. It is a home away from home for families traveling to be close to their loved ones in area hospitals. Each year the Foundation designates income from the board designated endowments of Reba’s Ranch House Endowment and the Jerdy and Anne Gary Fund (see Note 6) to support operations for the following fiscal year. In addition, contributions from donors totaling $25,909 helped to cover the cost of RHH operations for the year ended June 30, 2017. The remaining balance of funds needed for operations is designated from the Foundation’s undesignated fund. The amount of operations for RRH for the year ended June 30, 2017 consists of:

Contributions:
Unrestricted Contributions $ 25,909

Expenses:
Salaries and Wages $ 164,142
Pension Plan Contributions 7,931
Employee Benefits 31,064
Payroll Taxes 13,091
Professional Services 13,655
Advertising and Promotion 18,570
Supplies 15,727
Occupancy 24,609
Telephone 5,514
Conferences, Conventions, and Meetings 9,839
Insurance 26,910
Equipment Lease and Maintenance 64,627
Membership Dues and Subscriptions 736
Total Expenses $ 396,415

Federal Income Tax Status
The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and is classified as a public charity under Section 509(a)(1).
NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Tax Status (Continued)
The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the Internal Revenue Service (IRS). In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation’s income tax returns are subject to review and examination by federal and state authorities. The Foundation is not aware of any activities that would jeopardize its tax-exempt status. The Foundation is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes, other than the farm home.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Include net assets subject to donor-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. 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 has been fulfilled, or both.

Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.
NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents
For purposes of the statement of cash flows, the Foundation considers all unrestricted, highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

Investments
Investments are recorded at fair value. Investment return includes interest, dividends, and realized and unrealized gains and losses, less external and direct internal investment expenses. Investment return is reported in the statement of activities as an increase in net assets without donor restrictions, unless the use of the income is limited by donor-imposed restrictions. Investment return, whose use is restricted by the donor, is reported as an increase in net assets with donor restrictions.

Property and Equipment
Property and equipment are recorded at cost for purchased assets or fair market value at date of receipt for donated assets. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Buildings and improvements are depreciated over estimated useful lives of 20 to 40 years and equipment is depreciated over 5 to 15 years.

Expenditures for maintenance and repairs and minor renewals and betterments that do not improve or extend the life of the respective assets are expensed as incurred. All other expenditures over $2,500 for renewals and betterments are capitalized.

Impairment of Long-Lived Assets
On an ongoing basis, the Foundation reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Foundation recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of June 30, 2017, management believes that no impairment existed.

Note Receivables
Note receivables represent amounts that are due from estates and real estate liens. At June 30, 2017, the allowance was $0- as there are no doubts to collectability.

Farm Home
In 2007, the Foundation inherited 481 acres and 2 farm homes in Grayson County, Texas as a result of the sale of Texoma Medical Center. The Foundation subsequently sold 1 farm home and carved out certain tracts of land which were also sold. In 2012, the Foundation created a life lease agreement with the tenant of one of the farm homes per donor wishes. The farm home is not tax exempt, and the Foundation pays all property tax and insurance on an annual basis.
NOTE 1  ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and Revenue Recognition
Revenue is recognized when earned. Contributions are recognized when cash, securities or
other assets, an unconditional promise to give, or notification of a beneficial interest is
received. Conditional promises to give are not recognized until the conditions on which they
depend have been substantially met. Contributions received with donor stipulations that limit
their use are recorded as restricted support.

Donated Services and In-Kind Contributions
Volunteers contribute significant amounts of time to program services, administration, and
fundraising and development activities; however, the financial statements do not reflect the
value of these contributed services because they do not meet recognition criteria prescribed
by U.S. GAAP. Contributed goods are recorded at fair value at the date of donation. No
significant contributions of such goods or services were received during the year ended
June 30, 2017.

Grants
Grants made, including unconditional promises to give, are recognized as expenses in the
period made at their fair values. Conditional promises to give are recognized when they
become unconditional, that is, when conditions are substantially met. Grants are generally
unconditional and recognized as expenses of the Foundation in the period made or
approved.

Advertising Costs
Advertising costs are expensed as incurred and approximated $43,000 for the Foundation,
RRH and the Room for Hope during the year ended June 30, 2017.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized on a
functional basis in the statement of activities. The statement of functional expenses presents
the natural classification detail of expenses by function. Accordingly, certain costs have been
allocated among the programs and supporting services benefited.

Financial Instruments and Credit Risk
The Foundation holds financial instruments, including cash, and a variety of investment
funds. Financial instruments are exposed to various risks such as interest rate, credit, and
overall market volatility. Due to the level of risk associated with certain investments, it is
reasonably possible that changes in the values of the instruments will occur in the near term
and that such changes could materially affect account balances and the statement of
activities. The Foundation believes it places its cash and cash equivalents with high-quality
credit institutions. At times such investments may be in excess of the Federal Deposit
Insurance Corporation (FDIC) insurance limits.
NOTE 1 ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Foundation categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement. Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

- **Level 1** – Inputs that utilize (unadjusted) quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

- **Level 2** – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

- **Level 3** – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

Additionally, from time to time, the Foundation may be required to record at fair value other assets on a nonrecurring basis in accordance with U.S. GAAP. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets. Nonfinancial assets measured at fair value on a nonrecurring basis would include nonfinancial assets and nonfinancial liabilities measured at fair value in the second step of a goodwill impairment test, other real estate owned, and other intangible assets measured at fair value for impairment assessment.

The Foundation also adopted the policy of valuing certain financial instruments at fair value. This accounting policy allows entities the irrevocable option to elect fair value for the initial and subsequent measurement of certain financial assets and liabilities on an instrument-by-instrument basis. The Foundation has not elected to measure any existing financial instruments at fair value, however, may elect to measure newly acquired financial instruments at fair value in the future.
NOTE 1  ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements
During the year ended June 30, 2017, the Foundation early adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements for Not-For-Profit Entities. This new accounting standard changes the presentation and various classifications within the financial statements. The early adoption of this accounting standard did not have an impact on the Foundation’s financial position or changes in its net assets.

Subsequent Events
In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through October 26, 2017, the date the financial statements were available to be issued.

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$295,573</td>
</tr>
<tr>
<td>Cash - Reba McEntire Fund</td>
<td>249,812</td>
</tr>
<tr>
<td>Investment Cash</td>
<td>1,650,689</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>215,188</td>
</tr>
<tr>
<td><strong>Total Cash and Cash Equivalents</strong></td>
<td><strong>2,411,262</strong></td>
</tr>
<tr>
<td>Accrued Investment Income Receivable</td>
<td>76,463</td>
</tr>
<tr>
<td><strong>Total Assets Available for General Expenditure</strong></td>
<td><strong>$2,487,725</strong></td>
</tr>
</tbody>
</table>

The investments include endowment funds which consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use accordingly to the spending policy. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of $6,029,382 is subject to an annual spending rate of 100% of the calendar year interest and dividends as described in Note 6. Although the Foundation does not intend to spend from this board-designated endowment, these amounts could be made available if necessary.

As part of the Foundation’s liquidity management plan, they invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.
NOTE 3 INVESTMENTS AND INVESTMENT RETURN

Investments consist of amounts held by a brokerage firm are invested in the following at June 30, 2017:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Market</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equities</td>
<td>$28,844,650</td>
<td>$28,150,170</td>
</tr>
<tr>
<td>Foreign Equities</td>
<td>7,428,448</td>
<td>7,337,690</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>10,341,884</td>
<td>10,355,078</td>
</tr>
<tr>
<td>Gold Trust - iShares</td>
<td>676,491</td>
<td>690,247</td>
</tr>
<tr>
<td>Corporate Bonds and Notes</td>
<td>4,621,625</td>
<td>4,642,900</td>
</tr>
<tr>
<td>Federal Agencies</td>
<td>841,352</td>
<td>843,606</td>
</tr>
<tr>
<td>Mortgage Backed Securities</td>
<td>1,932,921</td>
<td>1,944,240</td>
</tr>
<tr>
<td>Treasury Inflation Notes</td>
<td>226,742</td>
<td>228,303</td>
</tr>
<tr>
<td>U.S. Government Notes and Bonds</td>
<td>575,193</td>
<td>570,141</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$55,489,306</td>
<td>$54,762,375</td>
</tr>
</tbody>
</table>

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Net investment return consists of the following for the year ended June 30, 2017:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Dividends</td>
<td>$1,347,519</td>
</tr>
<tr>
<td>Realized Gains</td>
<td>1,215,797</td>
</tr>
<tr>
<td>Unrealized Gains</td>
<td>5,392,985</td>
</tr>
<tr>
<td>Less: Investment Management and Custodial Fees</td>
<td>(195,911)</td>
</tr>
<tr>
<td><strong>Total Investment Income, Net</strong></td>
<td>$7,760,390</td>
</tr>
</tbody>
</table>
NOTE 4  FAIR VALUE MEASUREMENTS

The Foundation uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how the Foundation measures fair value, refer to Note 1. The following table presents the fair value hierarchy for the balances of the assets of the Foundation measured at fair value on a recurring basis as of June 30, 2017:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Equities</td>
<td>$28,844,650</td>
<td>$</td>
<td>$</td>
<td>$28,844,650</td>
</tr>
<tr>
<td>Foreign Equities</td>
<td>7,428,448</td>
<td>-</td>
<td>-</td>
<td>7,428,448</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>10,341,884</td>
<td>-</td>
<td>-</td>
<td>10,341,884</td>
</tr>
<tr>
<td>Gold Trust - iShares</td>
<td>676,491</td>
<td>-</td>
<td>-</td>
<td>676,491</td>
</tr>
<tr>
<td>Corporate Bonds and Notes</td>
<td>-</td>
<td>4,621,625</td>
<td>-</td>
<td>4,621,625</td>
</tr>
<tr>
<td>Federal Agencies</td>
<td>-</td>
<td>841,352</td>
<td>-</td>
<td>841,352</td>
</tr>
<tr>
<td>Mortgage Backed Securities</td>
<td>-</td>
<td>1,932,921</td>
<td>-</td>
<td>1,932,921</td>
</tr>
<tr>
<td>Treasury Inflation Notes</td>
<td>226,742</td>
<td>-</td>
<td>-</td>
<td>226,742</td>
</tr>
<tr>
<td>U.S. Government Notes and Bonds</td>
<td>575,193</td>
<td>-</td>
<td>-</td>
<td>575,193</td>
</tr>
<tr>
<td>Total</td>
<td>$48,093,408</td>
<td>$7,395,898</td>
<td>$-</td>
<td>$55,489,306</td>
</tr>
</tbody>
</table>

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security’s credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency securities that are traded by dealers or brokers in active over-the-counter markets. Securities valued using Level 2 inputs include corporate debt securities, municipal bonds, and private collateralized mortgage obligations. The Foundation does not have any securities valued using Level 3 inputs.
NOTE 5  PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2017:

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Improvements</td>
<td>$109,410</td>
</tr>
<tr>
<td>Buildings and Improvements</td>
<td>$2,583,779</td>
</tr>
<tr>
<td>Equipment</td>
<td>$87,139</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$2,780,328</strong></td>
</tr>
</tbody>
</table>

Less: Accumulated Depreciation  

<table>
<thead>
<tr>
<th>Category</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Property and Equipment, Net</td>
<td>($549,715)</td>
</tr>
<tr>
<td><strong>Total Property and Equipment, Net</strong></td>
<td><strong>$2,230,613</strong></td>
</tr>
</tbody>
</table>

Depreciation and amortization expense totaled $77,711 for the year ended June 30, 2017.

NOTE 6  NET ASSET CLASSIFICATION

The net assets of the Foundation consist of approximately five individual endowment funds established by donors to provide annual funding for specific activities and general operations. The net assets of the Foundation also include certain unrestricted net assets designated for endowment by the board of directors. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Board Designated Endowment**

Board designated endowment net assets consists of endowment funds established by the board of directors to be maintained in perpetuity. The Foundation’s investment policies will invest the corpus of this endowment of which 100% of the annual calendar year interest and dividend earnings are expendable to support activities of the Foundation, while the net appreciation and depreciation, both realized and unrealized, will be placed back into the corpus.

Board designated endowment net assets consist of the following at June 30, 2017:

<table>
<thead>
<tr>
<th>Endowment Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reba’s Ranch House Endowment</td>
<td>$4,259,747</td>
</tr>
<tr>
<td>Education Fund</td>
<td>1,488,800</td>
</tr>
<tr>
<td>Frietsch Fund - Endowment</td>
<td>2,020</td>
</tr>
<tr>
<td>Jerdy and Anne Gary Fund - Endowment</td>
<td>47,325</td>
</tr>
<tr>
<td>Dr. Watkins Fund - Dialysis</td>
<td>88,972</td>
</tr>
<tr>
<td>Roberta Pond Fund - Nursing</td>
<td>142,518</td>
</tr>
<tr>
<td><strong>Total Board Designated Endowments</strong></td>
<td><strong>$6,029,382</strong></td>
</tr>
</tbody>
</table>

In addition, the Foundation also manages the Reba McEntire Fund (see Note 2). The balance of this fund as of June 30, 2017 was $249,812. Contributions made to this fund totaled $135,347 and grant assistance awarded from this fund was $345,959 for the year ended June 30, 2017.

(15)
NOTE 6  NET ASSET CLASSIFICATION (CONTINUED)

Net Assets With Donor Restrictions
Net assets with donor restrictions are restricted for the following purposes:

Subject to Expenditure for Specified Purpose:
- Children's Fund: $27,691
- Breast Cancer Project: 27,732
- Room for Hope: 3,195
  Total Subject to Expenditure for Specified Purpose: 58,618

Endowments:
- Subject to the Foundation's Endowment Spending Policy and Appropriation:
  - The Porter Fund - Medical Assistance: 3,904,654
  - Franks Scholarship Fund: 376,227
  - Franks Organ Transplant Fund: 378,768
  - The Berry Fund - Diabetes: 201,496
  - Dr. Max and Shirley Cham Fund - EMT Scholarships: 49,048
  Total Endowments: 4,910,193

Total Net Assets With Donor Restrictions: $4,968,811

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the year ended June 30, 2017:

Satisfaction of Purpose Restrictions:
- THF Park Project: $350
- Children's Fund: 2,116
- Breast Cancer Project: 19,540
  Total Satisfaction of Purpose Restrictions: 22,006

Endowment Spending-Rate Distributions and Appropriations:
- The Porter Fund - Medical Assistance: 100,786
- Franks Scholarship Fund: 8,335
- The Berry Fund - Diabetes: 3,773
  Total Endowment Spending-Rate Distributions and Appropriations: 112,894

Total Net Assets Released from Restriction: $134,900
NOTE 7 ENDOWMENTS

Interpretation of Relevant Law
The state of Texas adopted Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2007. The board of directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. At June 30, 2017, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider 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 Foundation 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 Foundation
- The investment policies of the Foundation

Return Objectives and Risk Parameters
The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to preserve and grow capital, strive for consistent absolute returns, preserve purchasing power by striving for long-term returns which either match or exceed the set payout, fees and inflation without putting the principal value at imprudent risk, and diversify investments consistent with commonly accepted industry standard to minimize the risk of large losses.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that meets the system’s long-term rate of return objectives, while avoiding undue risk from imprudent concentration in any single asset class or investment vehicle.

Spending Policy
The Foundation’s spending policy is consistent with its objective of preservation of the fair value of the original gift of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.
NOTE 7  ENDOWMENTS (CONTINUED)

As of June 30, 2017, the Foundation had the following endowment net asset composition by type of fund:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board-Designated Endowment</td>
<td>6,029,382</td>
<td>$</td>
</tr>
<tr>
<td>Donor-Restricted Endowment:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor</td>
<td>-</td>
<td>1,768,000</td>
</tr>
<tr>
<td>Accumulated investments gains</td>
<td>-</td>
<td>3,142,193</td>
</tr>
<tr>
<td>Total</td>
<td>$ 6,029,382</td>
<td>$ 4,910,193</td>
</tr>
</tbody>
</table>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2017, there were no underwater endowments.

Change in endowment net assets for the year ended June 30, 2017 is as follows:

<table>
<thead>
<tr>
<th>Without Donor Restrictions</th>
<th>With Donor Restrictions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Net Assets - Beginning of Year</td>
<td>5,618,541</td>
<td>$ 4,317,187</td>
</tr>
<tr>
<td>Investment Return:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income, Net of Fees</td>
<td>98,506</td>
<td>79,912</td>
</tr>
<tr>
<td>Net Realized and Unrealized Gains</td>
<td>743,259</td>
<td>613,188</td>
</tr>
<tr>
<td>Total Investment Return</td>
<td>841,765</td>
<td>693,100</td>
</tr>
<tr>
<td>Contributions</td>
<td>-</td>
<td>12,800</td>
</tr>
<tr>
<td>Appropriation of Endowment Assets Pursuant to Spending-Rate Policy</td>
<td>(430,924)</td>
<td>(112,894)</td>
</tr>
<tr>
<td>Endowment Net Assets - End of Year</td>
<td>$ 6,029,382</td>
<td>$ 4,910,193</td>
</tr>
</tbody>
</table>
NOTE 8 BENEFIT PLANS

The Foundation has a profit sharing 401(k) benefit plan for eligible participants (the Plan). Participants who have attained the age of 21 and completed one year of service may voluntarily defer a percentage of their salary to the Plan. The terms of the Plan allow the Organization to make discretionary contributions based upon an annual election. The Foundation made discretionary employer contributions of approximately $23,000 for the year ended June 30, 2017.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Park Project
The Foundation has partnered with the City of Denison and Gateway Village to develop a multi-use health and wellness park. The park is the Foundation’s first place-based philanthropy initiative. The Foundation has agreed to a $7,935,192 grant to the city to be used to finance this project contingent on the city meeting certain marketing, development and construction milestones. Terms of the grant consist of 10 equal annual grant payments of $793,519 to be paid to the city’s finance department as the conditions and milestones of the agreement are satisfied from the period of January 2016 to January 2025.

Unasserted Claims
The Foundation is subject to various legal proceedings and claims which arise in the ordinary course of operations. In the opinion of management, the amount of any liability, if any, with respect to these actions would not materially affect the financial position or changes in its net assets of the Foundation.
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