

**MASONIC HOME AND
SCHOOL OF TEXAS**

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

**Years Ended June 30, 2013 and 2012
with Report of Independent Auditors**

MASONIC HOME AND SCHOOL OF TEXAS

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2013 and 2012

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Masonic Home and School of Texas

We have audited the accompanying financial statements of Masonic Home and School of Texas, which comprise the statements of financial position as of June 30, 2013 and 2012, 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.

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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

An Independent Member of
NEXIA
INTERNATIONAL

Opinion

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 as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Masonic Home and School of Texas 2012 financial statements, and our report dated November 2, 2012, expressed an unqualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein on the statements of functional expenses for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying budget to actual summary comparison and budget to actual expenditures detail comparison for the year ended June 30, 2013 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2013 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2013 financial statements as a whole.

A handwritten signature in black ink that reads "Whitley Penn LLP". The signature is fluid and cursive, with "Whitley" and "Penn" stacked vertically and "LLP" to the right.

Fort Worth, Texas
October 16, 2013

MASONIC HOME AND SCHOOL OF TEXAS

STATEMENTS OF FINANCIAL POSITION

	June 30,	
	2013	2012
Assets		
Cash and cash equivalents	\$ 100,114	\$ 1,154
Cash - restricted	9,686	5,796
Accounts receivable	703,572	10,606
Prepaid expenses	42,661	89,532
Accrued interest	325,996	139,767
Notes receivable	46,827	48,844
Beneficial interests in perpetual and charitable remainder trusts	12,291,717	22,369,739
Pooled investments	58,240,621	50,798,265
Non-pooled investments	14,950,357	10,259,053
Property and equipment, net of depreciation	22,685	17,968
Total assets	<u>\$ 86,734,236</u>	<u>\$83,740,724</u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 345,863	\$ 428,987
Note payable	650,085	829,434
Deferred revenue	46,827	48,844
Total liabilities	1,042,775	1,307,265
Net assets:		
Unrestricted	27,928,816	18,662,827
Temporarily restricted	7,512,397	3,442,362
Permanently restricted	50,250,248	60,328,270
Total net assets	85,691,461	82,433,459
Total liabilities and net assets	<u>\$ 86,734,236</u>	<u>\$83,740,724</u>

See accompanying notes to financial statements.

MASONIC HOME AND SCHOOL OF TEXAS

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30, 2013	2012
Changes in Unrestricted Net Assets		
Revenues and gains:		
Grand Lodge of Texas Widows and Orphans Fund	\$ 100,624	\$ 104,694
Contributions, bequests, and memorials	1,438,533	25,886
Masonic widows	281,119	264,917
Investment income, net	2,806,291	1,687,227
Investment income from beneficial interests	371,871	450,230
Fundraising income	895	2,083
Miscellaneous income	200	17,001
Realized gains on sales of investments	45,146	35,226
Unrealized gains on investments	6,571,016	2,084,879
Net assets released from restrictions	<u>243,280</u>	<u>235,000</u>
Total unrestricted revenues and gains	11,858,975	4,907,143
Expenses:		
Program - children	1,163,691	1,089,444
Program - widows	965,563	984,137
Management and general	441,031	574,975
Fundraising	22,701	22,302
Total expenses	<u>2,592,986</u>	<u>2,670,858</u>
Increase in unrestricted net assets	9,265,989	2,236,285
Changes in Temporarily Restricted Net Assets		
Revenues and gains (losses):		
Donations and grants	200,380	200,000
Investment income, net	1,057,454	931,738
Investment income from beneficial interests	53,410	44,504
Realized gains on sales of investments	146,481	8,090
Unrealized gains (losses) on investments	2,855,590	(1,332,958)
Net assets released from restrictions	<u>(243,280)</u>	<u>(235,000)</u>
Total temporarily restricted revenues and gains (losses)	<u>4,070,035</u>	<u>(383,626)</u>
Increase (decrease) in temporarily restricted net assets	4,070,035	(383,626)

See accompanying notes to financial statements.

MASONIC HOME AND SCHOOL OF TEXAS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (continued)

	Year Ended June 30,	
	2013	2012
Changes in Permanently Restricted Net Assets		
Change in value of beneficial interests	\$(10,078,022)	\$ 6,191,126
Increase (decrease) in permanently restricted net assets	<u>(10,078,022)</u>	<u>6,191,126</u>
 Increase in net assets	 3,258,002	 8,043,785
 Net assets, beginning of year	 <u>82,433,459</u>	 <u>74,389,674</u>
 Net assets, end of year	 <u>\$ 85,691,461</u>	 <u>\$82,433,459</u>

See accompanying notes to financial statements.

MASONIC HOME AND SCHOOL OF TEXAS
STATEMENTS OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013 (with Comparative Totals for 2012)

	PROGRAM SERVICES		TOTAL 2013	TOTAL 2012
	CHILDREN	WIDOWS		
Payroll and related expenses	\$ 244,649	\$ 51,898	\$ 296,547	\$ 285,380
Employee benefits	2,276	667	2,943	3,468
Total salaries and related benefits	246,925	52,565	299,490	288,848
Dental services	115,944	-	115,944	174,752
Fantastic Teeth program	311,956	-	311,956	228,274
Educational services	68,185	-	68,185	121,109
Medical and special equipment	56,886	-	56,886	25,770
Medical services	4,906	-	4,906	8,784
Special needs (food, clothing, shelter, etc.)	75,459	-	75,459	47,822
Special therapy	99,528	-	99,528	72,968
Scholarships paid	41,098	-	41,098	34,644
Widows - Christmas expense	-	1,997	1,997	4,575
Texas Masonic Retirement Center	-	868,104	868,104	882,752
Administrative travel	1,501	546	2,047	1,261
Public relations	-	-	-	-
Marketing programs	-	-	-	-
Board meetings	-	-	-	-
Insurance / property liability	39,416	16,792	56,208	53,499
Legal and professional	96	-	96	-
Contract services	38,847	-	38,847	42,752
Office supplies	4,852	7,537	12,389	5,702
Postage	1,504	1,582	3,086	2,952
Repairs and maintenance	2,564	2,410	4,974	4,371
Telephone expense	8,038	1,794	9,832	9,068
Bank charges	-	-	-	-
Interest expense	-	-	-	-
Rent	34,820	4,779	39,599	41,263
Ad valorem taxes	-	-	-	-
Computer and network services	4,779	3,410	8,189	11,012
Janitorial service	2,939	686	3,625	3,093
Vehicle repairs and maintenance	-	-	-	-
Utilities	3,154	3,154	6,308	7,250
Employee appreciation	294	207	501	737
Employee development	-	-	-	323
Total expenses before depreciation	<u>1,163,691</u>	<u>965,563</u>	<u>2,129,254</u>	<u>2,073,581</u>
Depreciation	-	-	-	-
Total expenses	<u>\$ 1,163,691</u>	<u>\$ 965,563</u>	<u>\$ 2,129,254</u>	<u>\$ 2,073,581</u>

See accompanying notes to financial statements.

MASONIC HOME AND SCHOOL OF TEXAS

STATEMENTS OF FUNCTIONAL EXPENSES (continued)

Year Ended June 30, 2013 (with Comparative Totals for 2012)

	SUPPORT SERVICES			TOTAL 2012
	MANAGEMENT & GENERAL	FUND RAISING	TOTAL 2013	
Payroll and related expenses	\$ 185,835	\$ -	\$ 185,835	\$ 188,934
Employee benefits	7,848	-	7,848	6,020
Total salaries and related benefits	193,683	-	193,683	194,954
Dental services	-	-	-	-
Fantastic Teeth program	-	-	-	-
Educational services	-	-	-	-
Medical and special equipment	-	-	-	-
Medical services	-	-	-	-
Special needs (food, clothing, shelter, etc.)	-	-	-	-
Special therapy	-	-	-	-
Scholarships paid	-	-	-	-
Widows - Christmas expense	-	-	-	-
Texas Masonic Retirement Center	-	-	-	-
Administrative travel	1,425	50	1,475	1,285
Public relations	-	-	-	413
Marketing programs	-	17,390	17,390	19,920
Board meetings	8,555	-	8,555	8,417
Insurance / property liability	13,970	-	13,970	12,243
Legal and professional	145,022	-	145,022	271,503
Contract services	-	5,261	5,261	1,969
Office supplies	7,436	-	7,436	4,739
Postage	1,578	-	1,578	1,421
Repairs and maintenance	2,560	-	2,560	2,085
Telephone expense	3,804	-	3,804	3,475
Bank charges	6,483	-	6,483	7,036
Interest expense	15,522	-	15,522	19,837
Rent	11,551	-	11,551	11,876
Ad valorem taxes	8,578	-	8,578	8,030
Computer and network services	6,055	-	6,055	7,280
Janitorial service	1,125	-	1,125	1,027
Vehicle repairs and maintenance	180	-	180	736
Utilities	3,249	-	3,249	3,701
Employee appreciation	299	-	299	895
Employee development	5,130	-	5,130	2,584
Total expenses before depreciation	436,205	22,701	458,906	585,426
Depreciation	4,826	-	4,826	11,851
Total expenses	\$ 441,031	\$ 22,701	\$ 463,732	\$ 597,277

See accompanying notes to financial statements.

MASONIC HOME AND SCHOOL OF TEXAS

STATEMENTS OF CASH FLOWS

	Year Ended June 30, 2013	2012
Operating Activities		
Increase in net assets	\$ 3,258,002	\$ 8,043,785
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	4,826	11,851
Realized gains on sales of investments	(191,627)	(43,316)
Unrealized gains on investments	(9,426,606)	(751,921)
Change in value of beneficial interests	10,078,022	(6,191,126)
Non-cash contributions	(195,392)	(195,392)
Non-cash interest expense	16,043	18,798
Changes in net assets and liabilities:		
Decrease (increase) in receivables	(692,966)	489,148
Decrease (increase) in prepaid expenses	46,871	(65,739)
Increase in accrued interest	(186,229)	(38,418)
Decrease in notes receivable	2,017	2,113
Increase (decrease) in accounts payable and accrued liabilities	(83,124)	184,386
Decrease in deferred revenue	(2,017)	(2,113)
Net cash provided by operating activities	2,627,820	1,462,056
Investing Activities		
Purchase of property and equipment	(9,543)	(5,939)
Proceeds from sales of investments	6,712,908	2,783,495
Purchases of investments	(9,228,335)	(4,425,813)
Change in restricted cash	(3,890)	(1,556)
Net cash used in investing activities	(2,528,860)	(1,649,813)
Net increase (decrease) in unrestricted cash and cash equivalents	98,960	(187,757)
Unrestricted cash and cash equivalents at beginning of year	1,154	188,911
Unrestricted cash and cash equivalents at end of year	\$ 100,114	\$ 1,154
Supplemental Disclosure of Non-cash Transactions		
Non-cash contributions applied to note payable	\$ 179,349	\$ 176,594
Non-cash contributions applied to interest on note payable	\$ 16,043	\$ 18,798

See accompanying notes to financial statements.

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

A. Nature of Activities

Masonic Home and School of Texas (the “Organization”) is a not-for-profit organization and is an entity described in Internal Revenue Code (the “Code”) Section 501(c)(3), which is exempt from federal income taxes on related income under Code 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, funding support for the housing of former Masonic Home and School of Texas students and funding support for qualifying widows of Texas Masons who reside at the Texas Masonic Retirement Center in Arlington, Texas. The Organization’s corporate offices are located in Hurst, Texas.

B. Summary of Significant Accounting Policies

A summary of the Organization’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“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.

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

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 statement of activities and changes in net assets of the respective period. 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, 2013 and 2012.

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 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.

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Investments – continued

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. At June 30, 2013 and 2012, the fair value was determined by using the undiscounted future cash flows for the next five years utilizing the prior twelve-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.

At June 30, 2013 and 2012, the Organization did not hold any derivative financial instruments directly; however, it is possible from time to time that such instruments may be held indirectly through mutual fund investments.

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 and charitable remainder trusts.

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 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 trusts held by third parties, utilizing the present values of future cash flows to the Organization assuming a risk-free discount rate of 3.5% and 2.8%, based on 30-year U.S. treasury bond yields, for the years ended June 30, 2013 and 2012, respectively. Future cash flows were based on the average cash flows to the Organization for the prior four to 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

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Property and Equipment

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 statement 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 and trailers	5 years
Office equipment	5 years

Donated Assets and Services

Donated marketable securities and other non-cash 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 non-financial 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 GAAP were not met.

Net Assets

Unrestricted net assets are available for general use by the Organization.

Temporarily restricted net assets are restricted as to use and, where applicable, are transferred from temporarily restricted net assets to unrestricted net assets when expended.

Permanently restricted net assets require that the principal be invested in perpetuity. Income and appreciation in the value of these funds are restricted for specified purposes and reported in the accompanying statements of activities and changes in net assets as temporarily restricted investment income as earned. Losses on the donor-restricted endowment funds reduce temporarily restricted net assets to the extent that donor-imposed temporary restrictions on the net appreciation of the funds have not been met before the loss occurs and any remaining loss reduces unrestricted net assets. The historical corpus of certain permanently restricted funds exceeded the fair value of the related investments by approximately \$335,000 and \$441,000 as of June 30, 2013 and 2012, respectively.

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Endowment Funds

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

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

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 permanently restricted net assets. Accumulated net earnings on endowment funds are classified as unrestricted or temporarily restricted net assets 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 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 composite index comprised of relevant individual indices that reflect the Organization’s asset allocations.

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. 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 as unrestricted, temporarily restricted, or permanently restricted 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets of the respective period as net assets released from restrictions. All contributions are considered to be available for unrestricted use 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 program services and support services benefited, as determined based on management's judgment.

Income Taxes

The Organization is a non-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Code, 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, 2013 and 2012.

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. At June 30, 2013, the Organization's tax returns related to the years ended June 30, 2010 through June 30, 2012 remain open to possible examination by the tax authorities. No tax returns are currently under examination by any tax authorities. As of June 30, 2013, the Organization has not incurred any penalties or interest under FASB ASC Topic No. 740.

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

B. Summary of Significant Accounting Policies – continued

Recently Issued Accounting Pronouncements

The FASB issued Accounting Standards Update (“ASU”) No. 2012-05, *Statement of Cash Flows (Topic 230): Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. The amendments in this ASU require a not-for-profit entity to classify cash receipts from the sale of donated financial assets consistently with cash donations received in the statement of cash flows if those cash receipts were from the sale of donated financial assets that upon receipt were directed without any imposed limitations for sale and were converted nearly immediately into cash. Accordingly, the cash receipts from the sale of those financial assets should be classified as cash inflows from operating activities, unless the donor restricted the use of the contributed resources to long-term purposes, in which case those cash receipts should be classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets should be classified as cash flows from investing activities by the entity. The amendments are effective prospectively for fiscal years beginning after June 15, 2013.

C. 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 \$364,000 and \$169,000 for 2013 and 2012, 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.

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

C. Investments – continued

Pooled Investments

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

	2013	2012
Money market accounts	\$ 858,976	\$ 925,923
Equity – stocks	24,984,771	21,836,488
Equity – mutual funds	6,703,280	5,912,407
Fixed income – U.S government and U.S. government agency bonds	5,253,312	3,682,824
Fixed income – bond funds	6,922,610	6,161,498
Fixed income – corporate bonds	4,419,458	5,122,195
Fixed income – municipal bonds	939,494	431,315
Fixed income – foreign bonds	-	73,028
Other – mutual funds	<u>8,158,720</u>	<u>6,652,587</u>
 Total pooled investments	 <u>\$ 58,240,621</u>	 <u>\$ 50,798,265</u>

Non-Pooled Investments

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

	2013	2012
Money market accounts	\$ 2,436,528	\$ 2,960,710
Equity – stocks	812,371	903,534
Fixed income – corporate bonds	78,855	81,720
Mineral interests	<u>11,622,603</u>	<u>6,313,089</u>
 Total non-pooled investments	 <u>\$ 14,950,357</u>	<u>\$ 10,259,053</u>

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

D. 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, 2013:

	Level 1	Level 2	Level 3	Total
Pooled Investments				
Money market accounts	\$ 858,976	\$ -	\$ -	\$ 858,976
Equity – stocks:				
Growth	6,861,580	-	-	6,861,580
Dividend/Value	6,174,396	-	-	6,174,396
Large Cap	8,350,907	-	-	8,350,907
Small/Mid Cap	3,597,888	-	-	3,597,888
Equity – mutual funds:				
International Large Cap	4,420,576	-	-	4,420,576
International Small Cap	2,282,704	-	-	2,282,704
Fixed income:				
Individual bonds:				
U.S. government and				
U.S. government				
agency bonds	-	5,253,312	-	5,253,312
Corporate bonds	-	4,419,458	-	4,419,458
Municipal bonds	-	939,494	-	939,494
Foreign bonds	-	-	-	-
Floating rate bond fund	1,753,449	-	-	1,753,449
High income bond fund	2,285,720	-	-	2,285,720
Global bond fund	2,883,441	-	-	2,883,441
Other – mutual funds:				
Natural resources fund	2,468,508	-	-	2,468,508
Real estate fund	5,690,212	-	-	5,690,212
Total pooled investments	<u>47,628,357</u>	<u>10,612,264</u>	<u>-</u>	<u>58,240,621</u>
Non-pooled Investments				
Money market accounts	2,436,528	-	-	2,436,528
U.S. large cap stocks	812,371	-	-	812,371
Corporate bonds	-	78,855	-	78,855
Mineral interests	-	-	<u>11,622,603</u>	<u>11,622,603</u>
Total non-pooled investments	<u>3,248,899</u>	<u>78,855</u>	<u>11,622,603</u>	<u>14,950,357</u>
Total investments at fair value	<u><u>\$ 50,877,256</u></u>	<u><u>\$ 10,691,119</u></u>	<u><u>\$ 11,622,603</u></u>	<u><u>\$ 73,190,978</u></u>

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

D. 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, 2012:

	Level 1	Level 2	Level 3	Total
Pooled Investments				
Money market accounts	\$ 925,923	\$ -	\$ -	\$ 925,923
Equity – stocks:				
Growth	6,286,507	-	-	6,286,507
Dividend/Value	4,926,619	-	-	4,926,619
Large Cap	8,012,432	-	-	8,012,432
Small/Mid Cap	2,610,930	-	-	2,610,930
Equity – mutual funds:				
International Large Cap	3,900,682	-	-	3,900,682
International Small Cap	2,011,725	-	-	2,011,725
Fixed income:				
Individual bonds:				
U.S. government and				
U.S. government				
agency bonds	-	3,682,824	-	3,682,824
Corporate bonds	-	5,122,195	-	5,122,195
Municipal bonds	-	431,315	-	431,315
Foreign bonds	-	73,028	-	73,028
Floating rate bond fund	1,123,418	-	-	1,123,418
High income bond fund	2,266,006	-	-	2,266,006
Global bond fund	2,772,074	-	-	2,772,074
Other – mutual funds:				
Natural resources fund	2,036,702	-	-	2,036,702
Real estate fund	4,615,885	-	-	4,615,885
Total pooled investments	<u>41,488,903</u>	<u>9,309,362</u>	<u>-</u>	<u>50,798,265</u>
Non-pooled Investments				
Money market accounts	2,960,710	-	-	2,960,710
U.S. large cap stocks	903,534	-	-	903,534
Corporate bonds	-	81,720	-	81,720
Mineral interests	-	-	<u>6,313,089</u>	<u>6,313,089</u>
Total non-pooled investments	<u>3,864,244</u>	<u>81,720</u>	<u>6,313,089</u>	<u>10,259,053</u>
Total investments at fair value	<u><u>\$ 45,353,147</u></u>	<u><u>\$ 9,391,082</u></u>	<u><u>\$ 6,313,089</u></u>	<u><u>\$ 61,057,318</u></u>

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

D. Fair Value of Investments – continued

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 non-pooled investments for the years ended June 30,:

	2013	2012
Balance at beginning of year	\$ 6,313,089	\$ 3,604,321
Realized and unrealized gains	<u>5,309,514</u>	<u>2,708,768</u>
Balance at end of year	<u><u>\$ 11,622,603</u></u>	<u><u>\$ 6,313,089</u></u>

E. Beneficial Interests in Perpetual and Charitable Remainder Trusts

Under the perpetual and charitable remainder trust arrangements, the Organization has recorded the carrying value of its beneficial interest in the assets of the trusts as permanently restricted net assets. Income earned on the trusts' assets is recorded as unrestricted investment income 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 permanently restricted net asset class in the accompanying statements of activities and changes in net assets. The Organization is not the trustee on any of the trusts.

F. Property and Equipment

Property and equipment consisted of the following at June 30,:

	2013	2012
Furniture and fixtures	\$ 49,070	\$ 41,822
Automobiles and trailers	31,924	31,924
Office equipment	<u>40,530</u>	<u>38,235</u>
Total property and equipment	<u>121,524</u>	<u>111,981</u>
Less accumulated depreciation	<u>98,839</u>	<u>94,013</u>
Property and equipment, net	<u><u>\$ 22,685</u></u>	<u><u>\$ 17,968</u></u>

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

G. Note Payable

The Organization has a note payable agreement with a financial institution. According to the terms of the agreement, the financial institution is authorized to adjust the principal and interest payment amounts in order for the note payable to be paid in full by March 15, 2017. The note payable bears interest at the national prime rate as listed in the *Wall Street Journal* (3.25% at June 30, 2013) less 1.25%.

Interest and principal are paid on behalf of the Organization from distributions by the Joe C. McClelland Trust, of which the financial institution is the trustee. Such distributions from the trust are transferred directly to the financial institution and therefore are non-cash transactions for purposes of the statements of cash flows. During 2013 and 2012, distributions of approximately \$195,000, were transferred directly to the financial institution from the trust for principal payments approximating \$179,000 and \$176,000, respectively, and interest payments of approximately \$16,000 and \$19,000, respectively. If distributions are insufficient to pay off the note by the maturity date, the Organization will make the required payments from other sources. The outstanding balance on the note payable at June 30, 2013 and 2012 approximated \$650,000 and \$829,000, respectively.

H. Restricted Net Assets

Temporarily and permanently restricted net assets represent contributions for which donors have imposed restrictions. The Organization's permanently restricted net assets are comprised of amounts restricted for use within the scope of the Organization's charitable purpose (see Note A). Temporarily restricted amounts were held in cash and investments in the accompanying statements of financial position at June 30, 2013 and 2012. Permanently restricted amounts were held in beneficial interests in perpetual and charitable remainder trusts and investments in the accompanying statements of financial position at June 30, 2013 and 2012.

The composition of the Organization's endowments by type as of June 30, 2013 is as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	\$ 4,666,433	\$ 37,961,041	\$ 42,627,474
Total funds	<u>\$ 4,666,433</u>	<u>\$ 37,961,041</u>	<u>\$ 42,627,474</u>

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

H. Restricted Net Assets – continued

The composition of the Organization's endowments by type as of June 30, 2012 is as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	\$ 1,674,680	\$ 37,961,041	\$ 39,635,721
Total funds	<u>\$ 1,674,680</u>	<u>\$ 37,961,041</u>	<u>\$ 39,635,721</u>

Changes in endowments by type for the year ended June 30, 2013 are as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Balance, beginning of year	\$ 1,674,680	\$ 37,961,041	\$ 39,635,721
Investment income, net	1,051,061	-	1,051,061
Net realized and unrealized gains on investments	2,994,155	-	2,994,155
Amounts appropriated for expenditure	<u>(1,053,463)</u>	<u>-</u>	<u>(1,053,463)</u>
Balance, end of year	<u>\$ 4,666,433</u>	<u>\$ 37,961,041</u>	<u>\$ 42,627,474</u>

Changes in endowments by type for the year ended June 30, 2012 are as follows:

	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Balance, beginning of year	\$ 2,927,002	\$ 37,961,041	\$ 40,888,043
Investment income, net	902,729	-	902,729
Net realized and unrealized losses on investments	(1,320,875)	-	(1,320,875)
Amounts appropriated for expenditure	<u>(834,176)</u>	<u>-</u>	<u>(834,176)</u>
Balance, end of year	<u>\$ 1,674,680</u>	<u>\$ 37,961,041</u>	<u>\$ 39,635,721</u>

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

I. Commitments and Contingencies

The Organization leases an office facility and various office equipment under non-cancelable operating leases. The office facility and equipment leases expire in various years through 2017. Total lease expense approximated \$59,000 and \$61,000 for 2013 and 2012, respectively. Future minimum lease payments consist of the following at June 30, 2013:

2014	\$ 42,000
2015	42,000
2016	33,000
2017	<u>2,000</u>
Total minimum lease payments	<u><u>\$ 119,000</u></u>

From time to time, the Organization is involved in various lawsuits and claims arising in the normal course of business. In management's opinion, there are no pending lawsuits or claims that will have a material adverse effect on the Organization's financial position or results of activities.

J. 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 twelve 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 contribute was \$17,500 and \$17,000 in 2012 and 2011, respectively, plus catch-up contributions up to a maximum of \$5,500, 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 \$9,000 and \$8,000 in 2013 and 2012, respectively, and is included in management and general expenses in the accompanying statements of activities and changes in net assets.

K. Related Party Transactions

Each dues-paying member of The Grand Lodge of Texas pays an annual dues amount to his subordinate lodge, which then pays an amount (the "per capita") to The Grand Lodge of Texas. Of the per capita paid to The Grand Lodge of Texas, a portion is a dedicated amount to be paid to the Organization, and The Grand Lodge of Texas then pays the dedicated amount to the Organization on behalf of the subordinate lodge. Such dedicated amounts paid by The Grand Lodge of Texas to the Organization totaled approximately \$101,000 and \$105,000 for the years ended June 30, 2013 and 2012, respectively, which is included in Grand Lodge of Texas Widows and Orphans Fund in the accompanying statements of activities and changes in net assets.

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

K. Related Party Transactions – continued

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 \$855,000 and \$870,000 for the years ended June 30, 2013 and 2012, 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, 2013 and 2012, the Organization had a payable to TMRC approximating \$68,000 and \$57,000, respectively, which is included in accounts payable and accrued liabilities in the accompanying statements of financial position.

Square and Compasses Holding (“Square and Compasses”), a 501(c)(3) Texas not-for-profit 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 \$200,000 in the years ended June 30, 2013 and 2012. Both grants were to be used for the dental outreach program and autism services.

L. Collaborative Arrangement

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) not-for-profit 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 Dallas/Fort Worth, Texas metropolitan area (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 fifty percent (50%) of the Program costs capped at \$44,000 per year.

The Organization’s portion of expenses related to the Agreement totaled approximately \$39,000 and \$42,000 for the years ended June 30, 2013 and 2012, respectively and is included in “Program – Children” expense in the accompanying statements of activities and changes in net assets.

MASONIC HOME AND SCHOOL OF TEXAS

NOTES TO FINANCIAL STATEMENTS (*continued*)

M. Concentration of Credit Risks

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 debt and equity securities.

At June 30, 2013, one donor accounted for approximately 98% of the accounts receivable balance and the Organization collected this balance subsequent to year-end. This same donor accounted for approximately 48% of the contributions, bequests, and memorials balance in the accompanying statements of activities and changes in net assets during the year ended June 30, 2013. There were no significant concentrations of accounts receivable or contributions as of or for the year ended June 30, 2012.

N. Subsequent Events

In preparing the financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through October 16, 2013, the date the financial statements were available for issuance.

SUPPLEMENTAL INFORMATION

MASONIC HOME AND SCHOOL OF TEXAS

BUDGET TO ACTUAL SUMMARY COMPARISON

YEAR ENDED JUNE 30, 2013

	BUDGET	ACTUAL	VARIANCE
			Favorable (Unfavorable)
Revenues and Other Receipts			
Bequests, estates and donations	\$ 327,600	\$ 1,638,913	\$ 1,311,313
Income from beneficial interests	449,895	425,281	(24,614)
Scholarship interest and dividends	24,702	38,111	13,409
Investment income (net of fees)	1,937,928	3,825,634	1,887,706
Grand Lodge widows / orphans fund	101,955	100,623	(1,332)
Widows social security	255,020	281,119	26,099
Fundraising income	200,000	895	(199,105)
Miscellaneous income	2,400	214	(2,186)
Revenue and other receipts	<u>3,299,500</u>	<u>6,310,790</u>	<u>3,011,290</u>
Draw from released funds	25,300	-	(25,300)
Total revenue and other receipts	<u>3,324,800</u>	<u>6,310,790</u>	<u>2,985,990</u>
Expenditures and Disbursements			
Administration & general operating	437,756	436,205	1,551
Marketing / development / fundraising	220,676	22,701	197,975
Children and family services program	1,106,607	1,163,691	(57,084)
Widows / Texas Masonic Retirement Center program	856,805	965,563	(108,758)
Furniture and equipment	12,500	-	12,500
Nonallocated / contingency	20,000	-	20,000
Total expenditures	<u>2,654,344</u>	<u>2,588,160</u>	<u>66,184</u>
Debt service (principal)	178,744	179,349	(605)
Total expenditures and disbursements	<u>2,833,088</u>	<u>2,767,509</u>	<u>65,579</u>
Excess revenues over expenditures before non-budgeted	491,712	3,543,281	3,051,569
Non - budgeted			
Depreciation expense	-	4,826	(4,826)
Excess revenues over expenditures	<u>\$ 491,712</u>	<u>\$ 3,538,455</u>	<u>\$ 3,046,743</u>

MASONIC HOME AND SCHOOL OF TEXAS

BUDGET TO ACTUAL EXPENDITURES DETAIL COMPARISON

YEAR ENDED JUNE 30, 2013

	BUDGET	ACTUAL	VARIANCE
			Favorable (Unfavorable)
Administration and General Operating Expenses			
Payroll and related expenses	\$ 191,222	\$ 185,835	\$ 5,387
Employee benefits	5,254	7,848	(2,594)
Contract services	2,500	-	2,500
General and furnishings	667	-	667
Board and committee related expense	16,000	8,555	7,445
Bank fees	7,970	6,483	1,487
Interest Expense	16,648	15,522	1,126
Property tax	8,030	8,578	(548)
Attorneys	92,335	99,235	(6,900)
Auditors	43,250	45,787	(2,537)
Vehicle repair and maintenance	2,400	180	2,220
Office supplies	2,375	4,053	(1,678)
Technology and equipment maintenance	8,998	8,615	383
Telephone	3,787	3,804	(17)
Insurance	12,667	13,970	(1,303)
Other expenses	2,283	3,682	(1,399)
Employee licenses and development	2,700	5,130	(2,430)
Postage	1,383	1,578	(195)
Rent	12,341	11,551	790
Utilities and security	2,367	3,249	(882)
Janitorial contract services / supplies	979	1,125	(146)
Travel	1,600	1,425	175
Total administration and general operating expenses	437,756	436,205	1,551
Marketing / Development / Fundraising			
Marketing / development / fundraising	220,676	22,701	197,975

MASONIC HOME AND SCHOOL OF TEXAS

BUDGET TO ACTUAL EXPENDITURES DETAIL COMPARISON (continued)

YEAR ENDED JUNE 30, 2013

	BUDGET	ACTUAL	VARIANCE
			Favorable (Unfavorable)
Children and Family Services Programs			
Children and family program services	\$ 400,000	\$ 420,909	\$ (20,909)
Fantastic Teeth program	223,905	311,956	(88,051)
MHS scholarships	50,000	41,098	8,902
Payroll and related expenses	242,480	244,649	(2,169)
Employee benefits	1,502	2,276	(774)
Contract services	57,500	38,847	18,653
General and furnishings	667	-	667
Office supplies	5,675	3,946	1,729
Technology and equipment maintenance	22,429	7,343	15,086
Telephone	8,077	8,038	39
Insurance	36,508	39,416	(2,908)
Other expenses	5,316	1,295	4,021
Employee licenses and development	150	-	150
Postage	3,304	1,504	1,800
Rent	37,283	34,820	2,463
Utilities and security	7,152	3,154	3,998
Janitorial contract services / supplies	2,959	2,939	20
Travel	1,700	1,501	199
Total children and family services programs	1,106,607	1,163,691	(57,084)
Widows Program / Texas Masonic Retirement Center			
Texas Masonic Retirement Center	744,000	854,804	(110,804)
Widows allowance	15,120	13,300	1,820
Other widows expenses	4,100	1,997	2,103
Payroll and related expenses	59,755	51,898	7,857
Employee benefits	832	667	165
Contract services	1,200	-	1,200
General and furnishings	667	-	667
Office supplies	950	3,093	(2,143)
Technology and equipment maintenance	3,599	5,819	(2,220)
Telephone	1,935	1,794	141
Insurance	15,316	16,792	(1,476)
Other expenses	1,553	4,652	(3,099)
Employee licenses and development	150	-	150
Postage	553	1,582	(1,029)
Rent	4,936	4,779	157
Utilities and security	947	3,154	(2,207)
Janitorial contract services / supplies	392	686	(294)
Travel	800	546	254
Total widows program / Texas Masonic Retirement Center	856,805	965,563	(108,758)

MASONIC HOME AND SCHOOL OF TEXAS

BUDGET TO ACTUAL EXPENDITURES DETAIL COMPARISON (continued)

YEAR ENDED JUNE 30, 2013

	BUDGET	ACTUAL	VARIANCE
			Favorable (Unfavorable)
Furniture and Equipment			
General and furnishings	\$ 6,500	\$ -	\$ 6,500
Equipment - office	6,000	-	6,000
Total furniture and equipment	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Nonallocated / Contingency			
Other	20,000	-	20,000
Debt Service	<u>178,744</u>	<u>179,349</u>	<u>(605)</u>
Total expenditures and other cash disbursements before non-budgeted items	2,833,088	2,767,509	65,579
Non-budgeted			
Depreciation expense	-	4,826	(4,826)
Total expenditures and other disbursements	<u>\$ 2,833,088</u>	<u>\$ 2,772,335</u>	<u>\$ 60,753</u>