

MASONIC HOME AND SCHOOL OF TEXAS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2017 AND 2016

**MASONIC HOME AND SCHOOL OF TEXAS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Masonic Home and School of Texas
Hurst, Texas

Report on the Financial Statements

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, 2017 and 2016, 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.

Auditors' 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 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 Masonic Home and School of Texas as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Masonic Home and School of Texas's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 1, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying budget to actual summary comparison and budget to actual expenditures detail comparison for the year ended June 30, 2017 are presented for the purpose of additional analysis and are 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 2017 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 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 2017 financial statements as a whole.



CliftonLarsonAllen LLP

Dallas, Texas
September 28, 2017

**MASONIC HOME AND SCHOOL OF TEXAS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016**

	2017	2016
ASSETS		
Cash and Cash Equivalents	\$ 76,967	\$ 126,071
Cash - Restricted	2,636	3,576
Accounts Receivable	61,101	221,300
Prepaid Expenses	51,532	36,170
Accrued Interest	144,227	186,877
Notes Receivable	30,271	34,670
Beneficial Interests in Perpetual and Charitable Remainder Trusts	12,728,909	15,174,523
Pooled Investments	80,825,267	73,708,139
Non-Pooled Investments	7,330,053	6,721,557
Property and Equipment, Net of Depreciation	20,314	24,111
Total Assets	\$ 101,271,277	\$ 96,236,994
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 678,031	\$ 634,604
Note Payable	-	92,246
Deferred Revenue	30,271	34,670
Total Liabilities	708,302	761,520
NET ASSETS		
Unrestricted	27,204,119	25,564,472
Temporarily Restricted	22,413,417	16,519,949
Permanently Restricted	50,945,439	53,391,053
Total Net Assets	100,562,975	95,475,474
Total Liabilities and Net Assets	\$ 101,271,277	\$ 96,236,994

See accompanying Notes to Financial Statements.

**MASONIC HOME AND SCHOOL OF TEXAS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUES				
Grand Lodge of Texas Widows and Orphans Fund	\$ 89,733	\$ -	\$ -	\$ 89,733
Contributions, Bequests, and Memorials	106,369	-	-	106,369
Masonic Widows	205,167	-	-	205,167
Donations and Grants	-	194,000	-	194,000
Investment Income, Net	1,591,592	1,139,017	-	2,730,609
Investment Income from Beneficial Interests	297,398	53,329	-	350,727
Change in Value of Beneficial Interests	-	-	(2,445,614)	(2,445,614)
Realized Gains (Losses) on Investments	480,166	851,059	-	1,331,225
Unrealized Gains (Losses) on Investments	2,469,560	3,856,465	-	6,326,025
Fundraising Income	115,584	-	-	115,584
Miscellaneous Income	2,658	(2)	-	2,656
Net Assets Released from Restrictions	200,400	(200,400)	-	-
Total Support and Revenues	<u>5,558,627</u>	<u>5,893,468</u>	<u>(2,445,614)</u>	<u>9,006,481</u>
EXPENSES				
Program Expenses:				
Children	2,343,250	-	-	2,343,250
Widows	1,007,087	-	-	1,007,087
Management and General	372,727	-	-	372,727
Marketing and Fundraising	195,916	-	-	195,916
Total Expenses	<u>3,918,980</u>	<u>-</u>	<u>-</u>	<u>3,918,980</u>
INCREASE (DECREASE) IN NET ASSETS	1,639,647	5,893,468	(2,445,614)	5,087,501
Net Assets - Beginning of Year	<u>25,564,472</u>	<u>16,519,949</u>	<u>53,391,053</u>	<u>95,475,474</u>
NET ASSETS - END OF YEAR	<u>\$ 27,204,119</u>	<u>\$ 22,413,417</u>	<u>\$ 50,945,439</u>	<u>\$ 100,562,975</u>

See accompanying Notes to Financial Statements.

MASONIC HOME AND SCHOOL OF TEXAS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEARS ENDED JUNE 30, 2017 AND 2016

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
SUPPORT AND REVENUES				
Grand Lodge of Texas Widows and Orphans Fund	\$ 91,815	\$ -	\$ -	\$ 91,815
Contributions, Bequests, and Memorials	1,428,994	-	38,000	1,466,994
Masonic Widows	240,259	-	-	240,259
Donations and Grants	-	160,000	-	160,000
Investment Income, Net	1,433,501	1,044,298	-	2,477,799
Investment Income from Beneficial Interests	407,789	55,322	-	463,111
Change in Value of Beneficial Interests	-	-	2,896,478	2,896,478
Realized Gains (Losses) on Investments	978,720	1,582,092	-	2,560,812
Unrealized Gains (Losses) on Investments	(7,304,190)	(2,595,207)	-	(9,899,397)
Fundraising Income	116,958	-	-	116,958
Miscellaneous Income	6,270	321	-	6,591
Net Assets Released from Restrictions	166,500	(166,500)	-	-
Total Support and Revenues	<u>(2,433,384)</u>	<u>80,326</u>	<u>2,934,478</u>	<u>581,420</u>
EXPENSES				
Program Expenses:				
Children	1,768,904	-	-	1,768,904
Widows	1,248,732	-	-	1,248,732
Management and General	391,649	-	-	391,649
Marketing and Fundraising	172,716	-	-	172,716
Total Expenses	<u>3,582,001</u>	<u>-</u>	<u>-</u>	<u>3,582,001</u>
INCREASE (DECREASE) IN NET ASSETS	(6,015,385)	80,326	2,934,478	(3,000,581)
Net Assets - Beginning of Year	<u>31,579,857</u>	<u>16,439,623</u>	<u>50,456,575</u>	<u>98,476,055</u>
NET ASSETS - END OF YEAR	<u>\$ 25,564,472</u>	<u>\$ 16,519,949</u>	<u>\$ 53,391,053</u>	<u>\$ 95,475,474</u>

See accompanying Notes to Financial Statements.

**MASONIC HOME AND SCHOOL OF TEXAS
STATEMENTS OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR 2016)**

	Program Services			Total 2016
	Children	Widows	Total 2017	
Payroll and Related Expenses	\$ 285,589	\$ 58,993	\$ 344,582	\$ 340,428
Employee Benefits	6,763	1,387	8,150	4,939
Total Payroll and Related Benefits	<u>292,352</u>	<u>60,380</u>	<u>352,732</u>	<u>345,367</u>
Dental Services	265,372	-	265,372	187,513
Fantastic Teeth Program	356,447	-	356,447	326,845
Parent Autism Training	516,125	-	516,125	264,145
Educational Services	190,907	-	190,907	187,751
Medical Services and Special Equipment	97,565	-	97,565	71,469
Special Needs (Food, Clothing, Shelter, Etc.)	51,403	-	51,403	38,602
Special Therapy	377,027	-	377,027	217,681
Scholarships Paid	17,340	-	17,340	12,361
Widows - Other	-	1,456	1,456	1,484
Texas Masonic Retirement Center	-	918,460	918,460	1,163,030
Administrative Travel	1,731	247	1,978	3,217
Insurance / Property Liability	42,092	16,472	58,564	60,925
Contract Services	47,461	203	47,664	48,878
Office Supplies	9,721	1,263	10,984	13,661
Postage	4,479	456	4,935	4,802
Repairs and Maintenance	7,470	922	8,392	8,413
Telephone Expense	2,835	636	3,471	3,698
Rent	27,322	3,262	30,584	30,542
Computer and Network Services	22,354	2,400	24,754	18,277
Utilities	9,037	730	9,767	6,991
Employee Appreciation	1,510	200	1,710	1,984
Employee Development	2,700	-	2,700	-
Total Expenses Before Depreciation	<u>2,343,250</u>	<u>1,007,087</u>	<u>3,350,337</u>	<u>3,017,636</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 2,343,250</u>	<u>\$ 1,007,087</u>	<u>\$ 3,350,337</u>	<u>\$ 3,017,636</u>

See accompanying Notes to Financial Statements.

MASONIC HOME AND SCHOOL OF TEXAS
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2017 (WITH COMPARATIVE TOTALS FOR 2016)

	Support Services			Total 2016
	Management and General	Marketing and Fundraising	Total 2017	
Payroll and Related Expenses	\$ 198,430	\$ -	\$ 198,430	\$ 206,485
Employee Benefits	8,221	-	8,221	8,214
Total Payroll and Related Benefits	206,651	-	206,651	214,699
Administrative Travel	1,712	-	1,712	1,460
Marketing Programs	-	195,916	195,916	171,857
Board Meetings	15,474	-	15,474	14,751
Insurance / Property Liability	13,460	-	13,460	15,621
Legal and Professional	78,625	-	78,625	87,670
Contract Services	614	-	614	1,308
Office Supplies	3,702	-	3,702	5,071
Postage	4,086	-	4,086	4,036
Repairs and Maintenance	4,540	-	4,540	2,793
Telephone Expense	(464)	-	(464)	1,206
Bank Charges	8,710	-	8,710	8,662
Interest Expense	1,616	-	1,616	4,725
Rent	8,155	-	8,155	7,536
Ad Valorem Taxes	3,474	-	3,474	3,129
Computer and Network Services	8,935	-	8,935	8,441
Utilities	1,946	-	1,946	1,722
Employee Appreciation	585	-	585	584
Employee Development	2,781	-	2,781	1,096
Total Expenses Before Depreciation	364,602	195,916	560,518	556,367
Depreciation	8,125	-	8,125	7,998
Total Expenses	<u>\$ 372,727</u>	<u>\$ 195,916</u>	<u>\$ 568,643</u>	<u>\$ 564,365</u>

See accompanying Notes to Financial Statements.

**MASONIC HOME AND SCHOOL OF TEXAS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 5,087,501	\$ (3,000,581)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	8,125	7,998
Realized Gains on Sales of Investments	(1,331,225)	(2,560,812)
Unrealized (Gains) Losses on Investments	(6,326,025)	9,899,397
(Increase) Decrease in Value of Beneficial Interests	2,445,614	(2,896,478)
Noncash Contributions	(97,999)	(195,392)
Noncash Interest Expense	2,253	5,556
Changes in Assets and Liabilities:		
(Increase) Decrease in Receivables	160,199	(149,472)
Increase in Prepaid Expenses	(15,362)	(31,488)
(Increase) Decrease in Accrued Interest	42,650	(5,575)
Decrease in Notes Receivable	4,399	5,990
Increase in Accounts Payable and Accrued Liabilities	43,427	163,551
Decrease in Deferred Revenue	(4,399)	(5,990)
Net Cash Provided by Operating Activities	19,158	1,236,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(4,328)	(2,980)
Proceeds from Sales of Investments	6,044,673	5,374,432
Purchases of Investments	(6,109,547)	(6,583,458)
Change in Restricted Cash	940	(2,139)
Net Cash Used by Investing Activities	(68,262)	(1,214,145)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(49,104)	22,559
Cash and Cash Equivalents - Beginning of Year	126,071	103,512
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 76,967	\$ 126,071
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Noncash Contributions Applied to Note Payable	\$ 92,246	\$ 189,836
Noncash Contributions Applied to Interest on Note Payable	\$ 2,253	\$ 5,556
Noncash Contributions of Personal Property	\$ 3,500	\$ -

See accompanying Notes to Financial Statements.

MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 NATURE OF ACTIVITIES

Masonic Home and School of Texas (the Organization) is a nonprofit 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.

NOTE 2 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 (U.S. GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Cash and Cash Equivalents

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

As of June 30, 2017 and 2016, the total balance of restricted cash is \$2,636 and \$3,576, respectively.

MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 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 statements 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, 2017 and 2016.

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

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

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

MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

Investments in mineral interests are carried at fair value, as determined by the financial institution administering the investments and are classified within Level 3 of the valuation hierarchy. At June 30, 2017 and 2016, the fair value was determined by using the undiscounted future cash flows for the next five years utilizing the prior 12-month cash flow. The estimates, assumptions, and methodologies used in determining the fair values of the mineral interests may differ significantly from the values that would have been used had a ready market existed and may also differ significantly from the values at which such investments may be sold, and the differences could be material.

At June 30, 2017 and 2016, 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 in most cases, never receives the assets held in the trust. Under charitable remainder trusts held by a third party, donors establish and fund a trust with specific distributions to be made to beneficiaries over the life of the trust. Under the terms of the trust, the Organization is to receive all or a portion of the assets remaining in the trust when the last income beneficiary passes away. Distributions received by the Organization may be restricted by the donor.

The Organization records its beneficial interest in perpetual trusts and charitable remainder trusts held by third parties, utilizing the present values of future cash flows to the Organization assuming a risk-free discount rate of 2.84% and 2.30%, based on 30-year U.S. Treasury bond yields, for the years ended June 30, 2017 and 2016, respectively. Future cash flows were based on the average cash flows to the Organization for the prior five years.

Trusts, Legacies, and Bequests

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

**MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 2 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 statements of activities and changes in net assets of the respective period. The estimated useful lives are as follows:

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

Donated Assets and Services

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

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

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 fair value of certain permanently restricted funds fell below the historical corpus of the related investments by approximately \$219,000 and \$208,000 as of June 30, 2017 and 2016, respectively.

MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 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 Funds 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 U.S. 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
JUNE 30, 2017 AND 2016

NOTE 2 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 statements of activities and changes in net assets of the respective period as net assets released from restrictions. All contributions are considered to be available 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 nonprofit 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, 2017 and 2016.

FASB ASC Topic No. 740, *Income Taxes*, prescribes a comprehensive model for the financial statement recognition, measurement, presentation, and disclosure of uncertain tax positions. Management of the Organization believes that it has not taken a tax position that, if challenged, would have a material effect on the Organization's financial statements. The Organization files Form 990 in the United States federal jurisdiction. No tax returns are currently under examination by any tax authorities. As of June 30, 2017, 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
JUNE 30, 2017 AND 2016

NOTE 3 INVESTMENTS

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

Investment management fees of approximately \$267,000 and \$271,000 for 2017 and 2016, respectively, are netted with investment income in the accompanying statements of activities and changes in net assets.

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

Pooled Investments

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

	<u>2017</u>	<u>2016</u>
Money Market Accounts	\$ 819,641	\$ 547,001
Equity - Stocks	16,444,257	13,639,484
Equity - Mutual Funds	33,198,446	27,196,785
Fixed Income - U.S. Government and U.S. Government Agency Bonds	4,369,761	4,755,301
Fixed Income - Bond Funds	11,678,975	12,063,650
Fixed Income - Corporate Bonds	3,047,945	2,693,671
Fixed Income - Municipal Bonds	658,821	696,009
Fixed Income - Foreign Bonds	1,920,732	602,164
Other - Mutual Funds	8,686,689	11,514,074
Total Pooled Investments	<u>\$ 80,825,267</u>	<u>\$ 73,708,139</u>

Non-Pooled Investments

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

	<u>2017</u>	<u>2016</u>
Money Market Accounts	\$ 2,593,553	\$ 2,063,489
Equity - Stocks	676,788	772,412
Fixed Income - Bonds	100	100
Mineral Interests	4,059,612	3,885,556
Total Non-Pooled Investments	<u>\$ 7,330,053</u>	<u>\$ 6,721,557</u>

MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 4 FAIR VALUE OF INVESTMENTS

The following table details the Organization's investments at fair value by level, within the fair value hierarchy, at June 30, 2017:

	Level 1	Level 2	Level 3	Total
Pooled Investments				
Money Market Accounts	\$ 819,641	\$ -	\$ -	\$ 819,641
Equity - Stocks:				
Growth	8,363,375	-	-	8,363,375
Dividend/Value	8,080,882	-	-	8,080,882
Equity - Mutual Funds:				
Large Cap	9,615,592	-	-	9,615,592
Small/Mid Cap	5,274,063	-	-	5,274,063
Mid Cap	9,301,108	-	-	9,301,108
International Large Cap	6,005,146	-	-	6,005,146
International Small Cap	3,002,537	-	-	3,002,537
Fixed Income:				
Individual Bonds:				
U.S. Government and U.S. Government Agency Bonds	-	4,369,761	-	4,369,761
Corporate Bonds	-	3,047,945	-	3,047,945
Municipal Bonds	-	658,821	-	658,821
Foreign Bonds	-	1,920,732	-	1,920,732
High Income Bond Fund	9,702,982	-	-	9,702,982
Global Bond Fund	1,975,993	-	-	1,975,993
Other - Mutual Funds:				
Natural Resources Fund	5,467,789	-	-	5,467,789
Real Estate Fund	3,218,900	-	-	3,218,900
Total Pooled Investments	<u>70,828,008</u>	<u>9,997,259</u>	<u>-</u>	<u>80,825,267</u>
Non-Pooled Investments				
Money Market Accounts	2,593,553	-	-	2,593,553
U.S. Large Cap Stocks	676,788	-	-	676,788
Bonds	-	100	-	100
Mineral Interests	-	-	4,059,612	4,059,612
Total Non-Pooled Investments	<u>3,270,341</u>	<u>100</u>	<u>4,059,612</u>	<u>7,330,053</u>
Total Investments at Fair Value	<u>\$ 74,098,349</u>	<u>\$ 9,997,359</u>	<u>\$ 4,059,612</u>	<u>\$ 88,155,320</u>

MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 4 FAIR VALUE OF INVESTMENTS (CONTINUED)

The following table details the Organization's investments at fair value by level, within the fair value hierarchy, at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Pooled Investments				
Money Market Accounts	\$ 547,001	\$ -	\$ -	\$ 547,001
Equity - Stocks:				
Growth	6,838,242	-	-	6,838,242
Dividend/Value	6,801,243	-	-	6,801,243
Equity - Mutual Funds:				
Large Cap	8,278,135	-	-	8,278,135
Small/Mid Cap	4,286,875	-	-	4,286,875
Mid Cap	7,826,714	-	-	7,826,714
International Large Cap	4,384,299	-	-	4,384,299
International Small Cap	2,420,762	-	-	2,420,762
Fixed Income:				
Individual Bonds:				
U.S. Government and U.S. Government Agency Bonds	-	4,755,301	-	4,755,301
Corporate Bonds	-	2,693,671	-	2,693,671
Municipal Bonds	-	696,009	-	696,009
Foreign Bonds	-	602,164	-	602,164
High Income Bond Fund	6,141,956	-	-	6,141,956
Global Bond Fund	5,921,693	-	-	5,921,693
Other - Mutual Funds:				
Natural Resources Fund	4,169,430	-	-	4,169,430
Real Estate Fund	7,344,644	-	-	7,344,644
Total Pooled Investments	<u>64,960,994</u>	<u>8,747,145</u>	<u>-</u>	<u>73,708,139</u>
Non-Pooled Investments				
Money Market Accounts	2,063,489	-	-	2,063,489
U.S. Large Cap Stocks	772,412	-	-	772,412
Bonds	-	100	-	100
Mineral Interests	-	-	3,885,556	3,885,556
Total Non-Pooled Investments	<u>2,835,901</u>	<u>100</u>	<u>3,885,556</u>	<u>6,721,557</u>
Total Investments at Fair Value	<u>\$ 67,796,895</u>	<u>\$ 8,747,245</u>	<u>\$ 3,885,556</u>	<u>\$ 80,429,696</u>

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

	2017	2016
Balance - Beginning of Year	\$ 3,885,556	\$ 10,256,460
Realized and Unrealized Gains (Losses)	174,056	(6,370,904)
Balance - End of Year	<u>\$ 4,059,612</u>	<u>\$ 3,885,556</u>

**MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 5 BENEFICIAL INTERESTS IN PERPETUAL AND CHARITABLE REMAINDER TRUSTS

The Organization is the beneficiary of several perpetual and charitable remainder trusts. Under terms of the agreements, the Organization is an income beneficiary ranging from 1/6 to 30% of the perpetual trusts and a 100% income and remainder beneficiary of a charitable remainder trust that terminates July 9, 2017. At that time, the charitable remainder trust will distribute 100% of its assets to the Organization.

Fair value of the beneficial interests in perpetual trusts is recorded at the present value of a perpetuity of the five-year average of distributions received. Fair value of the beneficial interest in the charitable remainder trust is recorded using the present value of cash flows of the five-year average of distributions received plus the present value of future payment based on the fair market value of the trust as of June 30, 2017. The discount rate used in all calculations is the 30-year U.S. Treasury Bond rate of 2.84% on June 30, 2017. The present value of estimated future payments is recalculated annually based on the 30-year U.S. Treasury Bond rate as of year-end.

Under the perpetual 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.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2017	2016
Furniture and Fixtures	\$ 51,782	\$ 51,782
Automobiles	31,924	31,924
Office Equipment	58,497	54,168
Total Property and Equipment	142,203	137,874
Less: Accumulated Depreciation	121,889	113,763
Property and Equipment, Net	\$ 20,314	\$ 24,111

NOTE 7 LONG-TERM DEBT

The Organization had a note payable agreement with a financial institution that was paid off during 2017. According to the terms of the agreement, the financial institution was authorized to adjust the principal and interest payment amounts to repay the note in full by March 15, 2017. The note payable bore interest at the national prime rate as listed in *The Wall Street Journal* (3.50% at June 30, 2016) less 1.25%.

**MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 7 LONG-TERM DEBT (CONTINUED)

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 noncash transactions for purposes of the statements of cash flows. During 2017 and 2016, distributions of approximately \$94,000 and \$195,000, respectively, were transferred directly to the financial institution from the trust for principal payments amounting to approximately \$92,000 and \$190,000, respectively, and interest payments of approximately \$2,000 and \$5,000, 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, 2017 and 2016 approximated \$-0- and \$92,000, respectively.

NOTE 8 ENDOWMENT 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 1). Temporarily restricted amounts were held in cash and investments in the accompanying statements of financial position at June, 30, 2017 and 2016. 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, 2017 and 2016.

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

	2017		
	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-Restricted			
Endowment Funds	\$ 14,944,074	\$ 38,216,530	\$ 53,160,604
Total Funds	\$ 14,944,074	\$ 38,216,530	\$ 53,160,604
	2016		
	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-Restricted			
Endowment Funds	\$ 10,225,033	\$ 38,216,530	\$ 48,441,563
Total Funds	\$ 10,225,033	\$ 38,216,530	\$ 48,441,563

**MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 8 ENDOWMENT NET ASSETS (CONTINUED)

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

	2017		Total Net Endowment Assets
	Temporarily Restricted	Permanently Restricted	
Balance - Beginning of Year	\$ 10,225,033	\$ 38,216,530	\$ 48,441,563
Investment Income, Net	1,135,797	-	1,135,797
Net Realized and Unrealized Gain on Investments	4,695,245	-	4,695,245
Contributions	-	-	-
Amounts Appropriated for Expenditure	(1,112,001)	-	(1,112,001)
Balance - End of Year	<u>\$ 14,944,074</u>	<u>\$ 38,216,530</u>	<u>\$ 53,160,604</u>

	2016		Total Net Endowment Assets
	Temporarily Restricted	Permanently Restricted	
Balance - Beginning of Year	\$ 11,238,504	\$ 38,178,530	\$ 49,417,034
Investment Income, Net	1,041,458	-	1,041,458
Net Realized and Unrealized Loss on Investments	(1,012,043)	-	(1,012,043)
Contributions	-	38,000	38,000
Amounts Appropriated for Expenditure	(1,042,886)	-	(1,042,886)
Balance - End of Year	<u>\$ 10,225,033</u>	<u>\$ 38,216,530</u>	<u>\$ 48,441,563</u>

Permanently restricted net assets consisted of the following at June 30:

	2017	2016
Donor-Restricted Endowment Funds	\$ 38,216,530	\$ 38,216,530
Beneficial Interests in Perpetual and Charitable Remainder Trusts	12,728,909	15,174,523
Total	<u>\$ 50,945,439</u>	<u>\$ 53,391,053</u>

**MASONIC HOME AND SCHOOL OF TEXAS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Organization leases an office facility and various office equipment under noncancelable operating leases. The office facility and equipment leases expire in various years through 2019. Total lease expense approximated \$45,000 and \$42,000 per year during fiscal 2017 and 2016, respectively. Future minimum lease payments consist of the following:

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 47,133
2019	40,462
Total Minimum Lease Payments	<u>\$ 87,595</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 activities.

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

The Organization sponsors a 401(k) deferred compensation plan in conjunction with The Grand Lodge of Texas, A.F. & A.M. (The Grand Lodge of Texas). Employees are eligible to participate once they have completed 12 months of service and credited with 1,000 hours of service. Employees may choose to contribute a percentage of their gross salaries through a salary reduction arrangement. The maximum amount an employee could contribute was \$18,000 annually, in 2017 and 2016, plus catch-up contributions up to a maximum of \$6,000 in each year if eligible. The Organization may make a discretionary matching contribution of 50% of the aggregate salary reduction contribution to the extent the aggregate contribution does not exceed 5% of compensation. The Organization may also choose to make a discretionary profit sharing contribution to the plan.

The Organization's expense under the plan totaled approximately \$16,400 and \$13,200 per year in 2017 and 2016, respectively.

NOTE 11 RELATED PARTY TRANSACTIONS

Each dues-paying member of The Grand Lodge of Texas pays an annual dues amount to his subordinate lodge, which subsequently pays an amount (the per capita) calculated on the number of members in good standing of that lodge 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 \$90,000 and \$92,000 for the years ended June 30, 2017 and 2016, respectively, and is reported as 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
JUNE 30, 2017 AND 2016

NOTE 11 RELATED PARTY TRANSACTIONS (CONTINUED)

Certain widows of Texas Masons reside at the Texas Masonic Retirement Center (TMRC) in Arlington, Texas. These widows are admitted into TMRC through the Organization's application process. Expenses of approximately \$911,000 and \$1,153,000 for the years ended June 30, 2017 and 2016, 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, 2017 and 2016, the Organization had a payable to TMRC approximating \$52,000 and \$87,000, 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 nonprofit corporation, holds the proceeds from the sale of the Masonic Home and School of Texas childcare campus and retains the rights to the mineral interests from the former campus. Square and Compasses was organized to distribute a portion of its income, at least annually, to the Organization and/or the Texas Masonic Charities Foundation. The Organization was awarded \$194,000 and \$160,000 in the years ended June 30, 2017 and 2016, respectively. Both grants were to be used for the dental and autism programs.

NOTE 12 COLLABORATIVE ARRANGEMENTS

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

The purpose of the Agreement is to assist Texas families in addressing issues before a crisis results in out-of-home placement of children. Under the Agreement, PCHAS agreed to establish a Child and Family Program in the 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 50% of the Program costs capped at \$44,000 and \$46,800, respectively, per year for the years ended June 30, 2017 and 2016.

The Organization's portion of expenses related to the Agreement totaled approximately \$44,000 and \$46,800 for the years ended June 30, 2017 and 2016, 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
JUNE 30, 2017 AND 2016

NOTE 13 CONCENTRATIONS OF CREDIT RISK

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

There were no significant concentrations of accounts receivable or contributions as of or for the years ended June 30, 2017 and 2016.

NOTE 14 SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated all subsequent events and transactions for potential recognition or disclosure through September 28, 2017, the date the financial statements were available for issuance.

**MASONIC HOME AND SCHOOL OF TEXAS
BUDGET TO ACTUAL SUMMARY COMPARISON
YEAR ENDED JUNE 30, 2017**

	Unaudited Budget	Actual	Variance Favorable (Unfavorable)
Revenues and Other Receipts			
Bequests, Estates, and Donations	\$ 190,190	\$ 300,369	\$ 110,179
Income from Beneficial Interests	410,699	350,727	(59,972)
Scholarship Interest and Dividends	39,417	41,919	2,502
Investment Income (Net of Fees)	3,257,891	2,688,690	(569,201)
Grand Lodge Widows/Orphans Fund	88,484	89,733	1,249
Widows Income	212,095	205,167	(6,928)
Fundraising Income	148,446	115,584	(32,862)
Miscellaneous Income	2,400	2,656	256
Total Revenues and Other Receipts	<u>4,349,622</u>	<u>3,794,845</u>	<u>(554,777)</u>
Expenditures and Disbursements			
Administration and General Operating	434,343	364,602	69,741
Marketing /Development/Fundraising	209,950	195,916	14,034
Children and Family Services Program	2,240,873	2,343,250	(102,377)
Widows/Texas Masonic Retirement Center Program	1,197,161	1,007,087	190,074
Furniture and Equipment	12,500	-	12,500
Total Expenditures	<u>4,094,827</u>	<u>3,910,855</u>	<u>183,972</u>
Debt Service (Principal)	<u>92,246</u>	<u>92,246</u>	<u>-</u>
Total Expenditures and Disbursements	<u>4,187,073</u>	<u>4,003,101</u>	<u>183,972</u>
Excess (Deficit) Revenues Over Expenditures before Reconciling Items	<u>\$ 162,549</u>	(208,256)	<u>\$ (370,805)</u>
Reconciling Items to the Financial Statements			
Nonbudgeted Depreciation Expense		(8,125)	
Noncash Contributions Applied to Note Payable		92,246	
Unrealized Gains on Investments		6,326,025	
Realized Gains on Investments		1,331,225	
Change in Value of Beneficial Interests		<u>(2,445,614)</u>	
Total		<u>5,295,757</u>	
Total Revenues Over Expenditures		<u>\$ 5,087,501</u>	

**MASONIC HOME AND SCHOOL OF TEXAS
BUDGET TO ACTUAL EXPENDITURES DETAIL COMPARISON
YEAR ENDED JUNE 30, 2017**

	Unaudited Budget	Actual	Variance Favorable (Unfavorable)
Administration and General Operating Expenses			
Payroll and Related Expenses	\$ 194,858	\$ 198,430	\$ (3,572)
Employee Benefits	8,202	8,221	(19)
Contract Services	456	614	(158)
General and Furnishings	667	170	497
Board and Committee Related Expense	16,000	15,474	526
Bank Fees and Interest Expense	10,689	10,326	363
Property Tax	3,500	3,474	26
Attorneys	120,000	54,235	65,765
Auditors	26,000	24,390	1,610
Vehicle Repairs and Maintenance	2,000	1,779	221
Office Supplies	3,393	3,205	188
Technology and Equipment Maintenance	8,923	10,744	(1,821)
Telephone	1,951	(464)	2,415
Insurance	16,174	13,460	2,714
Other Expenses	1,041	912	129
Employee Licenses and Development	2,975	2,781	194
Postage	3,800	4,086	(286)
Rent	8,155	8,155	-
Utilities and Security	1,988	1,946	42
Janitorial Contract Services/Supplies	821	953	(132)
Travel and Mileage	2,750	1,711	1,039
Total Administration and General Operating Expenses	434,343	364,602	69,741
Marketing/Development/Fundraising			
Marketing/Development/Fundraising	209,950	195,916	14,034

**MASONIC HOME AND SCHOOL OF TEXAS
BUDGET TO ACTUAL EXPENDITURES DETAIL COMPARISON (CONTINUED)
YEAR ENDED JUNE 30, 2017**

	Unaudited Budget	Actual	Variance Favorable (Unfavorable)
Children and Family Services Programs			
Children and Family Program Services	\$ 875,000	\$ 982,276	\$ (107,276)
Fantastic Teeth Program	346,915	356,447	(9,532)
Parent Autism Training	530,115	516,125	13,990
MHS Scholarships	15,000	17,340	(2,340)
Payroll and Related Expenses	289,420	285,589	3,831
Employee Benefits	4,350	6,763	(2,413)
Contract Services	51,000	47,461	3,539
General and Furnishings	667	-	667
Office Supplies	10,250	9,629	621
Technology and Equipment Maintenance	18,698	27,436	(8,738)
Telephone	5,288	2,835	2,453
Insurance	43,555	42,092	1,463
Other Expenses	3,343	1,602	1,741
Employee Licenses and Development	525	2,700	(2,175)
Postage	3,800	4,479	(679)
Rent	29,787	27,322	2,465
Utilities and Security	7,260	9,037	(1,777)
Janitorial Contract Services/Supplies	3,000	2,386	614
Travel and Mileage	2,900	1,731	1,169
Total Children and Family Services Programs	2,240,873	2,343,250	(102,377)
Widows Program/Texas Masonic Retirement Center			
Texas Masonic Retirement Center	1,091,636	910,848	180,788
Widows Allowance	13,440	7,611	5,829
Special Occasion	2,500	1,456	1,044
Other Widows Expenses	500	-	500
Payroll and Related Expenses	55,193	58,993	(3,800)
Employee Benefits	589	1,387	(798)
Contract Services	1,500	203	1,297
General and Furnishings	667	-	667
Office Supplies	1,357	1,153	204
Technology and Equipment Maintenance	3,479	3,062	417
Telephone	961	636	325
Insurance	19,216	16,472	2,744
Other Expenses	416	310	106
Employee Licenses and Development	-	-	-
Postage	400	456	(56)
Rent	3,262	3,262	-
Utilities and Security	793	730	63
Janitorial Contract Services/Supplies	328	261	67
Travel and Mileage	925	247	678
Total Widows Program/Texas Masonic Retirement Center	1,197,162	1,007,087	190,075

**MASONIC HOME AND SCHOOL OF TEXAS
BUDGET TO ACTUAL EXPENDITURES DETAIL COMPARISON (CONTINUED)
YEAR ENDED JUNE 30, 2017**

	<u>Unaudited Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Furniture and Equipment			
General and Furnishings	\$ 6,000	\$ -	\$ 6,000
Equipment - Office	6,500	-	6,500
Total Furniture and Equipment	<u>12,500</u>	<u>-</u>	<u>12,500</u>
 Debt Service	 <u>92,246</u>	 <u>92,246</u>	 <u>-</u>
 Total Expenditures and Other Cash			
Disbursements before Nonbudgeted Items	<u>\$ 4,187,074</u>	4,003,101	<u>\$ 183,973</u>
 Reconciling Items to the Financial Statements			
Nonbudgeted Depreciation Expense		8,125	
Noncash Contributions Applied to Note Payable		<u>(92,246)</u>	
 Total Expenditures and Other Disbursements		<u>\$ 3,918,980</u>	