

**MASONIC MEDICAL RESEARCH INSTITUTE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023 and 2022**

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Masonic Medical Research Laboratory,  
dba Masonic Medical Research Institute

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the consolidated balance sheets of Masonic Medical Research Laboratory, dba Masonic Medical Research Institute (the Institute) as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as of December 31, 2023 and 2022, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for one year after the date the financial statements are issued.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024 on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Lyndon & McCormick, LLP

March 29, 2024

MASONIC MEDICAL RESEARCH INSTITUTE

**Consolidated Balance Sheets**

December 31,	2023	2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash	\$ 495,444	\$ 659,701
Receivables (Note 2)	2,302,085	865,471
Prepaid expenses and other assets	328,566	261,151
	<u>3,126,095</u>	<u>1,786,323</u>
Investments (Note 3)	16,206,448	26,618,635
Split-interest agreements (Note 4)	5,855,313	5,556,562
Property and equipment, net (Note 5)	15,012,669	16,421,328
Cash value of life insurance	1,138,415	1,097,262
Interest in Analytical Testing Center of Central New York LLC (Note 6)	1,931,326	309,377
	<u>\$ 43,270,266</u>	<u>\$ 51,789,487</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Short-term borrowings (Note 7)	\$ 6,178,308	\$ -
Current portion of long-term debt (Note 8)	-	11,943,158
Accounts payable	366,642	168,599
Accrued expenses	378,403	332,932
Deferred revenue	5,000	96
	<u>6,928,353</u>	<u>12,444,785</u>
Charitable gift annuities (Note 4)	148,977	135,225
<b>Net assets:</b>		
Without donor restrictions	22,582,566	25,901,816
With donor restrictions (Note 9)	13,610,370	13,307,661
	<u>36,192,936</u>	<u>39,209,477</u>
	<u>\$ 43,270,266</u>	<u>\$ 51,789,487</u>

See accompanying notes.

MASONIC MEDICAL RESEARCH INSTITUTE

**Consolidated Statements of Activities**

For the years ended December 31,	2023	2022
<b>Net assets without donor restrictions:</b>		
Revenues, gains and support:		
Contributions:		
Masonic Brotherhood Foundation, Inc.	\$ 77,070	\$ 56,806
Legacies and bequests	1,392,119	336,489
Grants	2,481,031	1,990,765
Other	470,321	359,329
Employee Retention Credits (Note 2)	831,717	-
Investment earnings (losses), net	1,007,105	(1,693,173)
Analytical Testing Center of Central New York allocations	(609,081)	(33,806)
Other income	83,087	9,015
Net assets released from restrictions	1,367,629	649,734
Total revenues, gains, and support	<u>7,100,998</u>	<u>1,675,159</u>
Expenses:		
Program services - research and education	7,088,559	6,343,210
Management and general	2,198,224	2,260,152
Public relations and development	1,133,465	720,139
Total expenses	<u>10,420,248</u>	<u>9,323,501</u>
<b>Change in net assets without donor restrictions</b>	<u>(3,319,250)</u>	<u>(7,648,342)</u>
<b>Net assets with donor restrictions:</b>		
Contributions	375,239	305,330
Change in value of split-interest agreements	418,665	(1,023,705)
Investment earnings (losses), net	876,434	(543,694)
Net assets released from restrictions	(1,367,629)	(649,734)
<b>Change in net assets with donor restrictions</b>	<u>302,709</u>	<u>(1,911,803)</u>
<b>Change in net assets</b>	<u>(3,016,541)</u>	<u>(9,560,145)</u>
Net assets - beginning	<u>39,209,477</u>	<u>48,769,622</u>
Net assets - ending	<u>\$ 36,192,936</u>	<u>\$ 39,209,477</u>

MASONIC MEDICAL RESEARCH INSTITUTE

**Consolidated Statements of Functional Expenses**

For the years ended December 31,

	2023				2022			
	Program Services	Supporting Services		Total	Program Services	Supporting Services		Total
	Research and Education	Management and General	Public Relations and Development		Research and Education	Management and General	Public Relations and Development	
Salaries	\$ 2,686,492	\$ 1,097,883	\$ 519,318	\$ 4,303,693	\$ 2,370,845	\$ 1,068,666	\$ 363,059	\$ 3,802,570
Payroll taxes and fringe benefits	629,390	270,222	139,286	1,038,898	599,948	285,737	97,647	983,332
Total salaries and related expenses	3,315,882	1,368,105	658,604	5,342,591	2,970,793	1,354,403	460,706	4,785,902
Research expenses	1,060,605	-	-	1,060,605	894,869	-	-	894,869
Buildings and grounds operations	206,875	61,478	21,008	289,361	201,935	51,375	7,050	260,360
Equipment and repairs	119,827	15,178	7,156	142,161	90,581	19,758	1,730	112,069
Office expenses	111,833	85,885	80,713	278,431	82,771	86,658	54,025	223,454
Conferences, travel and meals	81,073	58,080	69,320	208,473	112,019	46,788	29,187	187,994
Professional fees and outside services	6,071	303,532	3,680	313,283	10,631	380,196	46,389	437,216
Publicity, promotion and sponsorships	645	14,676	162,985	178,306	18,134	5,804	82,918	106,856
Insurance	96,672	47,612	5,296	149,580	69,453	54,123	2,461	126,037
Depreciation	1,582,849	132,937	64,554	1,780,340	1,524,509	154,169	18,970	1,697,648
Interest	505,562	96,228	53,217	655,007	362,496	95,132	12,022	469,650
Gain on disposal of property and equipment	-	-	-	-	-	(11,000)	-	(11,000)
Miscellaneous	665	14,513	6,932	22,110	5,019	22,746	4,681	32,446
	\$ 7,088,559	\$ 2,198,224	\$ 1,133,465	\$ 10,420,248	\$ 6,343,210	\$ 2,260,152	\$ 720,139	\$ 9,323,501

See accompanying notes.

**Consolidated Statements of Cash Flows**

For the years ended December 31,	2023	2022
<b>Operating activities:</b>		
Change in net assets	\$ (3,016,541)	\$ (9,560,145)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,780,340	1,697,648
Gain on disposal of property and equipment	-	(11,000)
Net realized and unrealized (gains) loss on investments	(1,220,230)	3,087,358
(Gain) loss on beneficial interest in split-interest agreements	(284,999)	1,376,555
Increase in cash value of life insurance	(41,153)	(17,504)
Loss from interest in Analytical Testing Center of Central New York	609,081	33,806
Changes in other operating assets and liabilities:		
Receivables	(1,436,614)	2,933,954
Prepaid expenses and other assets	(67,415)	(103,159)
Accounts payable	198,043	(516,049)
Accrued expenses	45,471	45,172
Deferred revenue	4,904	(12,505)
<b>Net operating activities</b>	<b>(3,429,113)</b>	<b>(1,045,869)</b>
<b>Investing activities:</b>		
Property and equipment purchases	(371,681)	(1,550,621)
Proceeds from sales of investments	24,832,080	15,916,292
Purchases of investments	(13,199,663)	(13,019,845)
Member contributions to Analytical Testing Center of Central New York	(2,231,030)	(343,183)
<b>Net investing activities</b>	<b>9,029,706</b>	<b>1,002,643</b>
<b>Financing activities:</b>		
Net proceeds from short-term borrowings	6,178,308	-
Payments on long term debt	(11,943,158)	-
<b>Net financing activities</b>	<b>(5,764,850)</b>	<b>-</b>
Net change in cash	(164,257)	(43,226)
Cash - beginning	659,701	702,927
Cash - ending	\$ 495,444	\$ 659,701

## Notes to Consolidated Financial Statements

---

### 1. Summary of Significant Accounting Policies:

#### Organization:

Masonic Medical Research Laboratory, dba Masonic Medical Research Institute (the Institute) is a nonprofit organization located in Utica, New York, dedicated to improving the health and quality of life for all humankind. The Institute's primary mission is to conduct high-quality, basic biomedical research aimed at generating knowledge and information necessary for development of the medical cures and treatments of tomorrow.

The accompanying financial statements include the accounts of the Institute and its controlled subsidiary Three Pillars Innovation, Inc. (TPI). All significant intercompany accounts and transactions have been eliminated in the accompanying financial statements.

TPI, a for-profit corporation, was established in 2022 as a holding company to invest in various entrepreneurial ventures with the goal of creating sustainable cash flow to the Institute.

#### Subsequent Events:

The Institute has evaluated events and transactions for potential recognition or disclosure through March 29, 2024, the date the financial statements were available to be issued.

#### Cash:

Cash in financial institutions may exceed insured limits at various times during the year and subject the Institute to concentrations of credit risk.

#### Investments:

Investments represent marketable securities stated at fair value on a recurring basis as determined by quoted prices in active markets. Investment securities are exposed to interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying financial statements.

#### Split-Interest Agreements:

The Institute receives contributions in the form of split-interest agreements which consist primarily of charitable gift annuities, charitable remainder trusts, and beneficial interests in perpetual trusts. The assets are invested in marketable securities and are stated at fair value as determined by quoted prices in active markets. Distributions from the trusts are made periodically, and represent unrestricted investment income.

The Institute administers a charitable gift annuity plan whereby donors may contribute assets in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of contributed assets is considered to be a charitable contribution for income tax purposes for the donor. The difference between the amount provided for the gift annuity and the liability for future payments, determined on an actuarial basis, is recognized as a contribution with donor restrictions at the date of the gift. Upon the death of the annuitant (or last joint annuitant), the remaining net assets are available for use by the Institute. State mandated reserves related to charitable gift annuity agreements are maintained at the required level.

The Institute is a remainder beneficiary in charitable trusts administered by other trustees. Pursuant to the agreements, assets are recorded at the present value of the estimated future benefits to be received based on the life expectancy of the income beneficiaries using appropriate discount rates. Subsequent changes in value are recorded as change in value of split-interest agreements in the statements of activities.

The Institute is a beneficiary of perpetual trusts administered by independent organizations. Under the terms of the trusts, the Institute has irrevocable rights to receive portions of the income earned on the trust assets in perpetuity.

#### Property and Equipment:

Property and equipment is stated at cost or fair market value at the date of donation, net of accumulated depreciation. Depreciation is computed by the straight-line method over estimated service lives.

### Net Assets:

The Institute reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions include those whose use has been limited by donors to a specific time period, purpose, or those to be maintained in perpetuity by the Institute.

### Contributions:

Contributions, including unconditional promises to give, are reported at fair value at the date the contribution is made. Contributions are recorded as restricted if they are received with donor stipulations that limit their use. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met within the same year as received are reported as contributions without donor restrictions in the accompanying statements of activities.

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an appropriate interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue.

The Institute also receives grants from governments and nonprofit organizations. These conditional contributions are recognized as revenue when allowable expenditures are incurred or other grantor conditions are met. The grant awards and reimbursements are subject to various compliance and financial audits by the funding source. Management believes no significant adjustments to recognized amounts are necessary.

### Functional Expense Allocation:

The Institute's costs of providing its various programs and activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those costs include depreciation, which is allocated on an estimated square footage basis, and certain other expenses allocated based on employee time and effort.

### Tax Status:

The Institute is a 501(c)(3) corporation generally exempt from income taxes under Section 501(a) of the Internal Revenue Code.

TPI is taxed as a C-corporation and files separate federal and state corporation tax returns. TPI has estimated net operating loss carryforwards of approximately \$565,000. No tax benefits have been reported in the financial statements.

### Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

## 2. Receivables:

	2023	2022
Contributions:		
Grants	\$ 649,908	\$ 291,753
Others	749,960	571,990
Employee Retention Credits	831,717	-
Other receivables	70,500	1,728
	<u>\$ 2,302,085</u>	<u>\$ 865,471</u>

During 2023, the Institute determined it qualified for federal government assistance of \$831,717 through Employee Retention Credit (ERC) provisions under the Consolidated Appropriation Act of 2021 in response to the COVID-19 pandemic, declared by the World Health Organization in February 2020. Although management believes all ERC eligibility requirements have been met, the Institute's payroll tax returns which claimed the ERCs, are subject to audit for a period of five years.

## 3. Investments:

	2023	2022
Cash and cash equivalents	\$ 74,802	\$ 1,053,981
Mutual funds	2,617,544	3,668,205
Equity securities	9,378,076	20,772,775
U.S. government securities	4,136,026	1,123,674
	<u>\$ 16,206,448</u>	<u>\$ 26,618,635</u>

The following summarizes investment return and its classification in the consolidated statements of activities:

	2023	
	Without Donor Restrictions	With Donor Restrictions
Dividends and interest	\$ 333,294	\$ 228,575
Net realized gains	1,213,443	507,171
Net unrealized gains (losses)	(641,072)	140,688
Distributions from other perpetual trust assets	101,440	-
	<u>\$ 1,007,105</u>	<u>\$ 876,434</u>

  

	2022	
	Without Donor Restrictions	With Donor Restrictions
Dividends and interest	\$ 566,316	\$ 195,364
Net realized gains	145,407	37,657
Net unrealized losses	(2,506,336)	(776,715)
Distributions from other perpetual trust assets	101,440	-
	<u>\$ (1,693,173)</u>	<u>\$ (543,694)</u>

#### 4. Split-Interest Agreements:

	2023	2022
Charitable gift annuities	\$ 332,777	\$ 292,359
Beneficial interest in charitable remainder trusts	3,646,556	3,513,775
Other perpetual trust assets	1,804,907	1,683,390
Pooled income funds	71,073	67,038
	<u>\$ 5,855,313</u>	<u>\$ 5,556,562</u>

Liabilities associated with the above charitable gift annuity assets totaled \$148,977 and \$135,225 at December 31, 2023 and 2022. Distributions received from the agreements totaled \$265,806 and \$191,563 in 2023 and 2022.

#### 5. Property and Equipment:

	2023	2022
Buildings and improvements	\$ 18,699,499	\$ 18,642,999
Equipment	8,362,027	8,049,961
Furniture and fixtures	189,832	189,832
Vehicles	43,326	43,326
	<u>27,294,684</u>	<u>26,926,118</u>
Less accumulated depreciation	<u>12,282,015</u>	<u>10,504,790</u>
	<u>\$ 15,012,669</u>	<u>\$ 16,421,328</u>

#### 6. Interest in Analytical Testing Center of Central New York LLC:

TPI is a 50% member of Analytical Testing Center of Central New York LLC (ATCCNY), a limited liability company operating a cannabis testing laboratory in New York State. TPI's membership in ATCCNY is accounted for on the equity method.

Financial position and results of operations of ATCCNY for the year ended December 31, 2023 and 2022 is summarized below:

	2023	2022
Total assets	\$ 1,400,721	\$ 290,071
Total liabilities	\$ 112,280	\$ 14,499
Total equity	\$ 1,288,441	\$ 275,572
Total revenue	\$ 20,615	\$ -
Total expenses	\$ 1,238,776	\$ 67,611
Excess of expenses over revenue	\$ (1,218,161)	\$ (67,611)
Member contributions	\$ 2,231,030	\$ 343,183

#### 7. Short-Term Borrowings:

Beginning in July 2023, the Institute has available a margin priority investment line of credit, with maximum borrowings based on advance rate maximum loan percentages, security types, and market values, as defined in the agreement. Interest on this line is payable at the Wall Street Journal Broker Call rate less 50 basis points (6.75% at December 31, 2023), and the line is secured by pledged investments totaling \$8,109,029 at December 31, 2023. Amounts outstanding at December 31, 2023 totaled \$6,178,308.

#### 8. Long-Term Debt:

Through 2023, the Institute had available a \$12,000,000 bank revolving line note to finance renovations of its building completed in 2020. The note carried interest at 1% below prime and was secured by specific Institute investments valued at \$16,183,000 at December 31, 2022. During 2023, the Institute repaid all outstanding amounts and the line was closed. At December 31, 2022, \$11,943,158 was outstanding.

## 9. Net Assets with Donor Restrictions:

Net assets with donor restrictions are for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for research or other purposes	\$ 3,224,570	\$ 3,117,194
Subject to the passage of time	3,946,529	3,803,758
Other perpetual trust assets	1,804,907	1,683,390
Subject to the Institute's spending policy and appropriation:		
Investment in perpetuity (including amounts above the original gift value of \$3,067,271 at December 31, 2023 and \$3,007,271 in 2022), which, once appropriated, is expendable to support research (see Note 10)	4,634,364	4,703,319
<b>Total net assets with donor restrictions</b>	<b>\$ 13,610,370</b>	<b>\$ 13,307,661</b>

## 10. Endowment Assets:

The Institute's restricted endowment assets arise from donor-restricted endowments invested in perpetuity. The Institute has adopted investment and spending policies for endowment assets that attempt to provide returns sufficient to address the purposes of the assets over the long-term. The Institute seeks to distribute up to 5% of total endowment market value annually, while maintaining the purchasing power of the endowment assets over the long-term.

The Institute has interpreted the New York Prudent Management of Institutional Funds Act (NYPMIFA) as requiring the preservation of the fair value of the original donor restricted endowment gift as of the gift date, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as perpetual endowment (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of a donor gift instrument at the time the accumulation is added to the fund.

Investment earnings of non-trusteed perpetual endowment funds are monitored and appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by NYPMIFA. In accordance with NYPMIFA, the Institute considers the following factors to appropriate or accumulate donor-restricted endowment funds:

- Duration and preservation of the fund
- Purposes of the Institute and the fund

- General economic conditions
- Possible effects of inflation and deflation
- Expected total return from income and appreciation of investments
- Other Institute resources
- When circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the Institute
- Investment policy of the Institute

Investment gains (losses) related to the donor-restricted endowment are reported as increases (decreases) to net assets with donor restrictions until appropriated and expended in accordance with the Institute's spending policy. The Institute's restricted endowment assets activity for the years ended December 31, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Endowment assets – beginning balance	\$ 4,703,319	\$ 5,031,446
Investment gains (losses), net of custodian fees	430,686	(328,127)
Transfers	60,000	-
Appropriated	(559,641)	-
<b>Endowment assets – ending balance</b>	<b>\$ 4,634,364</b>	<b>\$ 4,703,319</b>

## 11. Retirement Plan:

The Institute sponsors a defined-contribution retirement plan covering substantially all full-time employees. The plan allows for discretionary employer matching contributions of up to 10% of salaries. The Institute's contributions to the plan totaled \$277,236 and \$226,925 in 2023 and 2022.

## 12. Related Party Transactions:

The Institute receives voluntary contributions of New York State Masons through Masonic Brotherhood Foundation, Inc. In addition, other Masonic organizations throughout New York State contribute directly to the Institute. During the years ended December 31, 2023 and 2022, the Institute received contributions of \$77,070 and \$56,806 for operations through Masonic Brotherhood Foundation, Inc.

In addition, at December 31, 2023 and 2022, Masonic Brotherhood Foundation, Inc. held in a custodial account \$799,425 and \$709,574 of bequests on behalf of the Institute. Pursuant to accounting guidance, the investments remain as part of the foundation's net assets with all investment income disbursed to the Institute for its operations. Accordingly, such bequests are not recorded in the Institute's financial statements. Disbursements of investment income made to the Institute for 2023 and 2022 totaled \$29,601 and \$24,437.

The Institute is party to an agreement with Grand Lodge of Free and Accepted Masons of the State of New York (the Grand Lodge). The Grand Lodge provides services to promote the Institute’s fundraising objectives for an annual fee of \$1 per Grand Lodge member through December 31, 2023. Annual expenses totaling \$35,696 and \$29,440 were incurred for the years ended December 31, 2023 and 2022. The Grand Lodge also manages contributions (including estate gifts) received by the Masonic Brotherhood Foundation, Inc. to benefit the Institute and assesses a fee of 10% for processing such items. Fees charged in 2023 and 2022 totaled \$43,859 and \$8,396 and are included in publicity, promotion and sponsorships on the accompanying statements of functional expenses.

The Institute’s facilities are located on land owned by Masonic Care Community (MCC). The Institute pays a \$1 annual fee to the trustees of MCC for use of this land. Utilities and ground maintenance expenses related to the facilities are charged by MCC and totaled \$167,436 and \$188,959 for 2023 and 2022 and amounts totaling \$49,728 and \$27,248 are included in accounts payable on the accompanying balance sheets at December 31, 2023 and 2022.

### 13. Cash Flows Information:

Net cash flows from operating activities reflect cash payments for noncapitalized interest totaling \$655,007 and \$469,650 for the years ended December 31, 2023 and 2022.

### 14. Financial Assets Available for Operations:

The Institute obtains financial assets generally through grants, contributions and fundraising efforts. The financial assets are acquired throughout the year to help meet the Institute’s cash needs for general expenditures. The Institute’s financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consist of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash	\$ 495,444	\$ 659,701
Receivables	2,302,085	865,471
Investments	16,206,448	26,618,635
Less: investments restricted to expenditure for research or other purposes	(3,224,570)	(3,117,194)
Less: investments subject to the Institute’s spending policy and appropriation	(4,634,364)	(4,703,319)
Less: investments held as collateral for debt	(8,109,029)	(16,182,975)
	<u>\$ 3,036,014</u>	<u>\$ 4,140,319</u>

### 15. Risks and Uncertainties:

The Institute is involved in legal proceedings which, in the opinion of management, will not have a material adverse impact upon the financial position of the Institute.

MASONIC MEDICAL RESEARCH INSTITUTE

**Supplementary Information**  
**Schedule of Expenditures of Federal Awards**

For the year ended December 31, 2023

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Expenditures</u>
Research and Development Cluster:			
U.S. Department of Defense:			
Direct award:			
Military Medical Research and Development	12.420	LR200032	\$ 227,781 <sup>1</sup>
U.S. Department of Veteran Affairs:			
Direct award:			
Intergovernmental Personnel Act	64.XXX	n/a	2,124
Direct awards:			
Cardiovascular Diseases Research	93.837	140187	124,259
Cardiovascular Diseases Research	93.837	146810	751,535
			875,794
Passed through The Brigham and Women's Hospital, Inc.:			
Cardiovascular Diseases Research	93.837	115141	61,156
Passed through Regents of the University of Michigan:			
Blood Diseases and Resources Research	93.839	144550	38,932
Direct awards:			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	079085	206,124 <sup>2</sup>
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	801535	178,120
			384,244
Passed through Vanderbilt University Medical Center:			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	0809014	45,646
Direct award:			
Allergy and Infectious Diseases Research	93.855	170051	283,091 <sup>3</sup>
Passed through the University of Florida:			
Allergy and Infectious Diseases Research	93.855	170075	146,424
Passed through Vanderbilt University Medical Center:			
Biomedical Research and Research Training	93.859	126062	30,354
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,095,546</b>

<sup>1</sup> Includes subrecipient award of \$24,679

<sup>2</sup> Includes subrecipient award of \$121,764

<sup>3</sup> Includes subrecipient award of \$38,982

**Notes to Schedule of Expenditures of Federal Awards**

---

**1. Summary of Significant Accounting Policies:**

**Basis of Presentation:**

The accompanying schedule of expenditures of federal awards (SEFA) presents the activity of all federal award programs administered by Masonic Medical Research Laboratory, dba Masonic Medical Research Institute (the Institute), an entity defined in Note 1 to the Institute's basic consolidated financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the SEFA.

Expenditures are calculated as required by the Uniform Guidance or the applicable program and do not constitute actual program disbursements.

**Basis of Accounting:**

The Institute uses the accrual basis of accounting for each federal program, consistent with the consolidated financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the Institute's financial reporting system.

**Indirect Costs:**

The Institute has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Rather, the Institute applies an indirect cost rate as permitted by the grant agreements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Directors  
Masonic Medical Research Laboratory,  
dba Masonic Medical Research Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Masonic Medical Research Laboratory, dba Masonic Medical Research Institute (the Institute), which comprise the consolidated balance sheet as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 29, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

March 29, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Directors  
Masonic Medical Research Laboratory,  
dba Masonic Medical Research Institute

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the compliance of Masonic Medical Research Laboratory, dba Masonic Medical Research Institute (the Institute) with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended December 31, 2023. The Institute's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Institute complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Institute's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Institute's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Symden & McCormick, LLP*

March 29, 2024

**Schedule of Findings and Questioned Costs**

For the year ended December 31, 2023

---

**Section I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
Research and Development Cluster	<u>\$ 2,095,546</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

**Section II. Financial Statement Findings**

No findings were reported.

**Section III. Federal Award Findings and Questioned Costs**

No findings were reported.