

MASONIC MEDICAL RESEARCH INSTITUTE
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, 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 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 19, 2025 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.

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

March 19, 2025

MASONIC MEDICAL RESEARCH INSTITUTE

Consolidated Balance Sheets

December 31,	2024	2023
Assets		
Current assets:		
Cash	\$ 491,534	\$ 495,444
Receivables (Note 2)	2,200,507	2,302,085
Prepaid expenses and other assets	465,873	328,566
	<u>3,157,914</u>	<u>3,126,095</u>
Investments (Note 3)	14,249,748	16,206,448
Split-interest agreements (Note 4)	5,986,672	5,855,313
Property and equipment, net (Note 5)	14,284,641	15,012,669
Cash value of life insurance	1,075,508	1,138,415
Interest in Analytical Testing Center of Central New York LLC (Note 6)	1,845,936	1,931,326
	<u>\$ 40,600,419</u>	<u>\$ 43,270,266</u>
Liabilities and Net Assets		
Current liabilities:		
Short-term borrowings (Note 7)	\$ 4,363,391	\$ 6,178,308
Accounts payable	181,532	366,642
Accrued expenses	527,158	378,403
Deferred revenue	8,660	5,000
	<u>5,080,741</u>	<u>6,928,353</u>
Charitable gift annuities (Note 4)	132,364	148,977
Long-term debt (Note 8)	1,091,000	-
Net assets:		
Without donor restrictions	21,621,880	22,582,566
With donor restrictions (Note 9)	12,674,434	13,610,370
	<u>34,296,314</u>	<u>36,192,936</u>
	<u>\$ 40,600,419</u>	<u>\$ 43,270,266</u>

See accompanying notes.

MASONIC MEDICAL RESEARCH INSTITUTE

Consolidated Statements of Activities

For the years ended December 31,	2024	2023
Net assets without donor restrictions:		
Revenues, gains and support:		
Contributions:		
Masonic Brotherhood Foundation, Inc.	\$ 122,545	\$ 77,070
Legacies and bequests	1,550,621	1,392,119
Grants	5,339,596	2,481,031
Other	338,761	470,321
Employee Retention Credits (Note 2)	-	831,717
Investment earnings, net	772,842	1,007,105
Analytical Testing Center of Central New York allocations	(485,098)	(609,081)
Gain on disposal of property and equipment	9,226	-
Other income	399,112	83,087
Net assets released from restrictions	2,256,773	1,367,629
Total revenues, gains, and support	<u>10,304,378</u>	<u>7,100,998</u>
Expenses:		
Program services - research and education	7,407,715	7,088,559
Management and general	2,405,607	2,198,224
Public relations and development	1,451,742	1,133,465
Total expenses	<u>11,265,064</u>	<u>10,420,248</u>
Change in net assets without donor restrictions	<u>(960,686)</u>	<u>(3,319,250)</u>
Net assets with donor restrictions:		
Contributions	357,266	375,239
Change in value of split-interest agreements	364,981	418,665
Investment earnings, net	598,590	876,434
Net assets released from restrictions	(2,256,773)	(1,367,629)
Change in net assets with donor restrictions	<u>(935,936)</u>	<u>302,709</u>
Change in net assets	<u>(1,896,622)</u>	<u>(3,016,541)</u>
Net assets - beginning	<u>36,192,936</u>	<u>39,209,477</u>
Net assets - ending	<u>\$ 34,296,314</u>	<u>\$ 36,192,936</u>

See accompanying notes.

MASONIC MEDICAL RESEARCH INSTITUTE

Consolidated Statements of Functional Expenses

For the years ended December 31,

	2024				2023			
	Program Services	Supporting Services			Program Services	Supporting Services		
	Research and Education	Management and General	Public Relations and Development	Total	Research and Education	Management and General	Public Relations and Development	Total
Salaries	\$ 3,031,484	\$ 1,156,255	\$ 706,153	\$ 4,893,892	\$ 2,686,492	\$ 1,097,883	\$ 519,318	\$ 4,303,693
Payroll taxes and fringe benefits	835,784	257,159	191,334	1,284,277	629,390	270,222	139,286	1,038,898
Total salaries and related expenses	3,867,268	1,413,414	897,487	6,178,169	3,315,882	1,368,105	658,604	5,342,591
Research expenses	910,036	-	-	910,036	1,060,605	-	-	1,060,605
Buildings and grounds operations	199,388	53,491	20,237	273,116	206,875	61,478	21,008	289,361
Equipment and repairs	177,883	17,442	7,386	202,711	119,827	15,178	7,156	142,161
Office expenses	103,450	93,828	83,276	280,554	111,833	85,885	80,713	278,431
Conferences, travel and meals	84,245	40,081	52,314	176,640	81,073	58,080	69,320	208,473
Professional fees and outside services	57,320	346,848	44,351	448,519	6,071	303,532	3,680	313,283
Publicity, promotion and sponsorships	2,826	4,112	218,591	225,529	645	14,676	162,985	178,306
Insurance	76,371	53,167	6,460	135,998	96,672	47,612	5,296	149,580
Depreciation	1,609,453	305,571	63,118	1,978,142	1,582,849	132,937	64,554	1,780,340
Interest	319,263	60,768	33,607	413,638	505,562	96,228	53,217	655,007
Miscellaneous	212	16,885	24,915	42,012	665	14,513	6,932	22,110
	\$ 7,407,715	\$ 2,405,607	\$ 1,451,742	\$ 11,265,064	\$ 7,088,559	\$ 2,198,224	\$ 1,133,465	\$ 10,420,248

See accompanying notes.

MASONIC MEDICAL RESEARCH INSTITUTE

Consolidated Statements of Cash Flows

For the years ended December 31,	2024	2023
Operating activities:		
Change in net assets	\$ (1,896,622)	\$ (3,016,541)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	1,978,142	1,780,340
Gain on disposal of property and equipment	(9,226)	-
Net realized and unrealized gains on investments	(604,039)	(1,220,230)
Gain on beneficial interest in split-interest agreements	(147,972)	(284,999)
(Increase) decrease in cash value of life insurance	62,907	(41,153)
Loss from interest in Analytical Testing Center of Central New York	485,098	609,081
Changes in other operating assets and liabilities:		
Receivables	101,578	(1,436,614)
Prepaid expenses and other assets	(137,307)	(67,415)
Accounts payable	(185,110)	198,043
Accrued expenses	148,755	45,471
Deferred revenue	3,660	4,904
Net operating activities	(200,136)	(3,429,113)
Investing activities:		
Property and equipment purchases	(1,251,109)	(371,681)
Proceeds from the sale of property and equipment	10,221	-
Proceeds from sales of investments	9,918,239	24,832,080
Purchases of investments	(7,357,500)	(13,199,663)
Member contributions to Analytical Testing Center of Central New York	(399,708)	(2,231,030)
Net investing activities	920,143	9,029,706
Financing activities:		
Proceeds from short-term borrowings	-	6,178,308
Payments on short-term borrowings	(1,814,917)	-
Proceeds from issuance of long-term debt	1,091,000	-
Payments on long term debt	-	(11,943,158)
Net financing activities	(723,917)	(5,764,850)
Net change in cash	(3,910)	(164,257)
Cash - beginning	495,444	659,701
Cash - ending	\$ 491,534	\$ 495,444

See accompanying notes.

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 19, 2025, 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 \$1,099,000. No tax benefits have been reported in the financial statements, since management believes the carryforwards will not be used. Accordingly, the estimated cumulative deferred tax benefit of the loss carryforwards have been offset by a valuation allowance of the same amount.

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:

	2024	2023
Contributions:		
Grants	\$ 610,955	\$ 649,908
Others	589,625	749,960
Employee Retention Credits	831,717	831,717
Other receivables	168,210	70,500
	<u>\$ 2,200,507</u>	<u>\$ 2,302,085</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. 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:

	2024	2023
Cash and cash equivalents	\$ 202,909	\$ 74,802
Mutual funds	3,899,954	2,617,544
Equity securities	6,780,694	9,378,076
U.S. government securities	3,366,191	4,136,026
	<u>\$ 14,249,748</u>	<u>\$ 16,206,448</u>

The following summarizes investment return and its classification in the statements of activities for the years ended December 31, 2024 and 2023:

	2024	
	Without Donor Restrictions	With Donor Restrictions
Dividends and interest	\$ 387,358	\$ 280,076
Net realized gains	652,481	824,970
Net unrealized losses	(366,956)	(506,456)
Distributions from other perpetual trust assets	99,959	-
	<u>\$ 772,842</u>	<u>\$ 598,590</u>
	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>

4. Split-Interest Agreements:

	2024	2023
Charitable gift annuities	\$ 334,080	\$ 332,777
Beneficial interest in charitable remainder trusts	3,767,985	3,646,556
Other perpetual trust assets	1,884,607	1,804,907
Pooled income funds	-	71,073
	<u>\$ 5,986,672</u>	<u>\$ 5,855,313</u>

Liabilities associated with the above charitable gift annuity assets totaled \$132,364 and \$148,977 at December 31, 2024 and 2023. Distributions received from the agreements totaled \$263,811 and \$265,806 in 2024 and 2023.

5. Property and Equipment:

	2024	2023
Land	\$ 8,500	\$ -
Buildings and improvements	18,704,294	18,699,499
Equipment	9,594,290	8,362,027
Furniture and fixtures	189,832	189,832
Vehicles	20,271	43,326
	<u>28,517,187</u>	<u>27,294,684</u>
Less accumulated depreciation	14,232,546	12,282,015
	<u>\$ 14,284,641</u>	<u>\$ 15,012,669</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, 2024 and 2023 is summarized below:

	2024	2023
Total assets	\$ 1,096,875	\$ 1,400,721
Total liabilities	\$ 378,923	\$ 112,280
Total equity	\$ 717,952	\$ 1,288,441
Total revenue	\$ 699,935	\$ 20,615
Total expenses	\$ 1,670,132	\$ 1,238,776
Excess of expenses over revenue	\$ (970,197)	\$ (1,218,161)
Member contributions	\$ 399,708	\$ 2,231,030

7. Short-Term Borrowings:

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 (5.75% and 6.75% at December 31, 2024 and 2023), and the line is secured by pledged investments totaling \$6,813,572 and \$8,109,029 at December 31, 2024 and 2023. Amounts outstanding at December 31, 2024 and 2023 totaled \$4,363,391 and \$6,178,308.

8. Long-Term Debt:

In 2024, the Institute obtained life insurance policy loans totaling \$1,091,000. The loans carry interest rates ranging from 4.78% to 6.50%, require interest only payments, and are secured by the related insurance policies.

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. During 2023, the Institute repaid all outstanding amounts and the line was closed.

9. Net Assets with Donor Restrictions:

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

	<u>2024</u>	<u>2023</u>
Subject to expenditure for research or other purposes	\$ 1,876,156	\$ 3,224,570
Subject to the passage of time	3,991,701	3,946,529
Other perpetual trust assets	1,884,607	1,804,907
Subject to the Institute's spending policy and appropriation:		
Investment in perpetuity (including amounts above the original gift value of \$3,067,271), which, once appropriated, is expendable to support research (see Note 10)	4,921,970	4,634,364
Total net assets with donor restrictions	\$ 12,674,434	\$ 13,610,370

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-trusted 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 related to the donor-restricted endowment are reported as increases 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, 2024 and 2023 is as follows:

	<u>2024</u>	<u>2023</u>
Endowment assets – beginning balance	\$ 4,634,364	\$ 4,703,319
Investment gains, net of custodian fees	469,238	430,686
Transfers	-	60,000
Appropriated	(181,632)	(559,641)
Endowment assets – ending balance	\$ 4,921,970	\$ 4,634,364

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 \$314,054 and \$277,236 in 2024 and 2023.

12. Related Party Transactions:

The Institute receives voluntary contributions from New York State Masons through Masonic Brotherhood Foundation, Inc. (the Foundation). In addition, other Masonic organizations throughout New York State contribute directly to the Institute. During the years ended December 31, 2024 and 2023, the Institute received contributions of \$122,545 and \$77,070 for operations through the Foundation.

In addition, at December 31, 2024 and 2023, the Foundation held in a custodial account \$919,166 and \$799,425 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 2024 and 2023 totaled \$33,443 and \$29,601.

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, 2024. Annual expenses totaling \$5,000 and \$35,696 were incurred for the years ended December 31, 2024 and 2023. The Grand Lodge also manages contributions (including estate gifts) received by the Foundation to benefit the Institute and assesses a fee for processing such items. Fees charged in 2024 and 2023 totaled \$12,251 and \$43,859 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 \$211,341 and \$167,436 for 2024 and 2023 and amounts totaling \$17,390 and \$49,728 are included in accounts payable on the accompanying balance sheets at December 31, 2024 and 2023.

13. Cash Flows Information:

Net cash flows from operating activities reflect cash payments for interest totaling \$413,638 and \$655,007 for the years ended December 31, 2024 and 2023.

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash	\$ 491,534	\$ 495,444
Receivables	2,200,507	2,302,085
Investments	14,249,748	16,206,448
Less: investments restricted to expenditure for research or other purposes	(1,876,156)	(3,224,570)
Less: investments subject to the Institute's spending policy and appropriation	(4,921,970)	(4,634,364)
Less: investments held as collateral for debt	(6,813,572)	(8,109,029)
	<u>\$ 3,330,091</u>	<u>\$ 3,036,014</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, 2024

<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	\$ 265,455 ¹
U.S. Department of Health and Human Services:			
Passed through University of Louisville Research Foundation, Inc.:			
Family Smoking Prevention and Tobacco Control Act Regulatory Research	93.077	163818	105,382
Direct award:			
Cardiovascular Diseases Research	93.837	146810	715,590
Passed through The Brigham and Women's Hospital, Inc.:			
Cardiovascular Diseases Research	93.837	167905	38,188
Passed through Medical University of South Carolina:			
Cardiovascular Diseases Research	93.837	170060	41,774
Direct award:			
Lung Diseases Research	93.838	158816	142,148
Direct awards:			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	079085	183,789 ²
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	801535	190,028
			373,817
Passed through Vanderbilt University Medical Center:			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	0809014	34,604
Direct award:			
Allergy and Infectious Diseases Research	93.855	170051	395,537 ³
Passed through University of Florida:			
Allergy and Infectious Diseases Research	93.855	170075	49,901
Passed through Northwestern University:			
Allergy and Infectious Diseases Research	93.855	170075	162,904
Passed through Vanderbilt University Medical Center:			
Biomedical Research and Research Training	93.859	126062	3,360
Passed through University of Louisville Research Foundation, Inc.:			
Aging Research	93.866	084688	81,259
Total Expenditures of Federal Awards			\$ 2,409,919

¹ Includes subrecipient award of \$26,267

² Includes subrecipient award of \$80,932

³ Includes subrecipient award of \$55,472

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 and nonprofit organizations, 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, 2024, and the related consolidated statements of activities, functional expenses, and cash flows, for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated March 19, 2025.

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.

Symons & McCormick, LLP

March 19, 2025

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, 2024. 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, 2024.

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 19, 2025

Schedule of Findings and Questioned Costs

For the year ended December 31, 2024

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>\$ 2,409,919</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.