MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA, INCORPORATED DBA: WHITESTONE

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2024 AND 2023

MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA, INCORPORATED
DBA: WHITESTONE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Masonic and Eastern Star Home of North Carolina, Incorporated
dba: Whitestone
Greensboro, North Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Masonic and Eastern Star Home of North Carolina, Incorporated dba: Whitestone (the Home), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Home as of December 31, 2024 and 2023, and the results of its operations, change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Home 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, 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 Home's ability to continue as a going concern for one year after the date the financial statements are available to be 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 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, 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 Home'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 Home'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.

CliftonLarsonAllen LLP

Charlotte, North Carolina
REPORT DATE

MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA, INCORPORATED
DBA: WHITESTONE
BALANCE SHEETS
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,679,845	$ 2,913,363
Assets Limited as to Use, Current Portion	2,364,605	1,758,550
Accounts Receivable	1,910,477	1,364,293
Allowance for Credit Losses	(682,031)	(235,805)
Accounts Receivable, Net of Allowance for Credit Losses	1,228,446	1,128,488
Accounts Receivable, Other	100,952	248,459
Prepaid Expenses and Other Assets	501,688	528,889
Total Current Assets	7,875,536	6,577,749
INVESTMENTS AND OTHER ASSETS		
Investments	8,229,237	7,769,888
Assets Limited as to Use, Net of Current Portion	14,706,188	14,258,190
Assets in Split-Interest Agreements	4,007,315	3,855,245
Deferred Costs, Net	398,872	362,914
Total Investments and Other Assets	27,341,612	26,246,237
PROPERTY AND EQUIPMENT, NET	97,716,704	101,558,804
Total Assets	$ 132,933,852	$ 134,382,790
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	$ 1,065,000	$ 1,025,000
Accounts Payable	950,970	1,671,628
Accrued Expenses	2,262,590	2,167,334
Refundable Advance Fees, Current	731,906	613,718
Total Current Liabilities	5,010,466	5,477,680
LONG-TERM DEBT	81,236,689	86,368,793
DEFERRED REVENUE AND OTHER LIABILITIES		
Deferred Revenue from Advance Fees	31,573,843	26,777,668
Refundable Advance Fees	6,940,295	5,072,193
Deposits on Unoccupied Units	251,179	682,547
Long-Term Accounts Payable	30,000	30,000
Resident Trust Funds Payable	363,161	258,318
Total Deferred Revenue and Other Liabilities	39,158,478	32,820,726
Total Liabilities	125,405,633	124,667,199
NET ASSETS		
Without Donor Restrictions	2,251,700	4,724,137
With Donor Restrictions	5,276,519	4,991,454
Total Net Assets	7,528,219	9,715,591
Total Liabilities and Net Assets	$ 132,933,852	$ 134,382,790

See accompanying Notes to Financial Statements.

MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA, INCORPORATED
DBA: WHITESTONE
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
REVENUES, GAINS AND OTHER SUPPORT		
Resident Service Revenues	$ 9,364,479	$ 6,747,751
Health Care Revenues	11,995,727	7,604,800
Amortization of Advance Fees	3,765,166	3,008,988
Total Resident Service and Health Care Revenues	25,125,372	17,361,539
Contributions	1,659,131	2,254,421
Investment Income	305,788	184,543
Other Income	139,642	391,254
Releases from Restriction	70,375	151,690
Total Revenues, Gains and Other Support	27,300,308	20,343,447
EXPENSES		
Salaries and Benefits	12,715,577	10,748,002
Contract Labor	841,605	306,973
Medical Supplies and Services	1,958,554	1,477,204
Food Supplies and Services	1,258,331	905,635
Marketing	362,102	412,163
Activities	79,154	55,790
Supplies and Other Expenses	668,200	713,589
Utilities and Communications	962,203	792,396
Repairs and Maintenance	1,283,831	1,057,274
Property and Liability Insurance	563,023	401,122
Depreciation	4,742,885	3,572,353
Amortization of Contract Acquisition Costs	36,942	19,161
Interest Expense	4,073,930	2,151,821
Management Fees	793,545	574,589
Other Operating Expenses	1,173,188	928,078
Total Expenses	31,513,070	24,116,150
OPERATING LOSS	(4,212,762)	(3,772,703)
NONOPERATING INCOME (LOSS)		
Loss on Sale of Assets	(359,402)	-
Other Nonoperating Income	743,429	-
Change in Unrealized Gains on Investments	1,356,298	1,578,588
Total Non Operating Income	1,740,325	1,578,588
Deficit of Revenues Under Expenses and Changes in Net Assets Without Donor Restrictions	$ (2,472,437)	$ (2,194,115)

See accompanying Notes to Financial Statements.

MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA, INCORPORATED
DBA: WHITESTONE
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	$ (2,472,437)	$ (2,194,115)
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	38,891	61,027
Investment Income	164,479	138,065
Change in the Value of Split-Interest Agreements	152,070	352,394
Net Assets Released from Restriction	(70,375)	(151,690)
Change In Net Assets With Donor Restrictions	285,065	399,796
CHANGE IN NET ASSETS	(2,187,372)	(1,794,319)
Net Assets - Beginning of Year	9,715,591	11,509,910
NET ASSETS - END OF YEAR	$ 7,528,219	$ 9,715,591

See accompanying Notes to Financial Statements.

MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA, INCORPORATED
DBA: WHITESTONE
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ (2,187,372)	$ (1,794,319)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	4,779,827	3,591,514
Amortization of Deferred Financing Costs	92,028	92,028
Amortization of Bond Premium	(159,132)	(159,123)
Nonrefundable Advance Fees Received	9,678,667	14,299,967
Amortization of Advance Fees	(3,765,166)	(3,008,988)
Loss on Sale of Assets	359,402	-
Provision (Write Off) of Credit Losses, Net	446,226	(245,551)
Unrealized Gains on Investments	(1,356,298)	(1,578,588)
Change in Value of Split-Interest Agreements	(152,070)	(352,394)
(Increase) Decrease in:		
Accounts Receivable	(546,184)	(23,678)
Accounts Receivable, Other	147,507	316,956
Prepaid Expenses and Other Assets	27,201	(172,804)
Increase (Decrease) in:		
Accounts Payable	(720,658)	(6,730,081)
Accounts Payable, Long Term	-	(10,000)
Accrued Expenses	95,256	(104,047)
Other Deposits and Liabilities	104,843	209,540
Net Cash Provided by Operating Activities	6,844,077	4,330,432
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(1,260,187)	(17,608,089)
Payments on Deferred Costs	(72,900)	(157,067)
Net Sales of Investments	896,949	4,397,164
Net Change in Assets Limited As To Use	(1,476,038)	(86,280)
Net Cash Used by Investing Activities	(1,912,176)	(13,454,272)
CASH FLOWS FROM FINANCING ACTIVITIES		
Refunds of Advance Fees	(2,084,628)	(717,360)
Refundable Advance Fees Received	2,953,592	1,469,700
Change In Refundable Fees and Deposits	(431,368)	(973,326)
Payments on Long-Term Debt	(5,025,000)	(9,530,009)
Net Cash Used by Financing Activities	(4,587,404)	(9,750,995)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	344,497	(18,874,835)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	12,930,624	31,805,459
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 13,275,121	$ 12,930,624

See accompanying Notes to Financial Statements.

MASONIC AND EASTERN STAR HOME OF NORTH CAROLINA, INCORPORATED
DBA: WHITESTONE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and Cash Equivalents	$ 3,679,845	$ 2,913,363
Restricted Cash Included in Assets Limited as to Use	9,595,276	10,017,261
Total Cash, Cash Equivalents, and Restricted Cash	$ 13,275,121	$ 12,930,624
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Property and Equipment Additions in Accounts Payable and Accrued Interest	$ -	$ 108,069
Cash Payment of Interest, Net of Amounts Capitalized	$ 4,194,534	$ 2,319,915

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION

Masonic and Eastern Star Home of North Carolina, Incorporated dba: Whitestone (the Home) is a nonprofit organization that principally provides housing, health care and other related services to residents through the operation of a continuing care retirement community providing general and advanced care. The Home is located in Greensboro, North Carolina. It is subject to various laws and regulations enacted by the state of North Carolina regarding its activities. The Home is a philanthropic charity of the Grand Lodge and the Grand Chapter and subordinate lodges and chapters. Each lodge and chapter solicits contributions from its members for the support of the Home.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

For purposes of reporting cash flows, the Home considers cash accounts and highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents exclude money market accounts and mutual funds held in broker or trust accounts since they represent investment proceeds that will be reinvested in allowable investments of the Home. Restricted cash is included with cash and cash equivalents in the statements of cash flows.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Pooled fund investments are reflected at fair value based on the net asset value per share of the investment, as a practical expedient. Changes in the fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying statements of operations and statements of changes in net assets. In determining realized gains and losses, the cost of investments is determined using the specific-identification method.

Assets Limited as to Use

Assets limited as to use include assets set aside by the board of directors to meet North Carolina General Statute operating reserve requirements, deposits held in trust, and assets held by trustees under indenture agreements. Amounts required to meet current liabilities of the Home have been classified as current assets in the balance sheets.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use (Continued)

North Carolina General Statute 58-64-33 requires that continuing care retirement communities with occupancy levels in excess of 90% maintain an operating reserve equal to 25% of total operating costs projected for the 12-month period following the most recent annual statement filed with the Department of Insurance, upon approval of the Commissioner. Continuing care retirement communities with less than 90% occupancy are required to maintain an operating reserve equal to 50% of projected total operating costs.

Total operating costs shall include budgeted operating expenses plus debt service less depreciation and amortization expense, and revenue associated with noncontractual expenses. The operating reserve can only be released upon the submittal of a detailed request from the Home and must be approved by the North Carolina Department of Insurance.

Deposits held in trust include resident trust funds held by the Home on behalf of residents. Funds are provided to the resident or used to pay bills at the direction of the resident or responsible party. The funds are recorded as both an asset and a liability. Deposits held in trust also include deposits on unoccupied units. The deposits are held in trust until the prospective resident moves into the Home's facility. These funds are also recorded as an asset and liability.

Accounts Receivable

The Home records accounts receivable at amounts expected to be collected from residents. An allowance for credit losses is established using management's judgment which includes analysis on historical payment trends, write-off experience, analysis of payor source and aging of accounts receivable, review of specific accounts, and future economic conditions and market trends. Accounts receivable that management believes to be ultimately not collectible are written off upon such determination. At December 31, 2024 and 2023, the allowance for credit losses was approximately $682,000 and $236,000, respectively.

Changes in the allowance for credit losses for the years ended December 31 we as follows:

Allowances for Credit Losses:	2024	2023
Balance, Beginning of Year	$ 235,805	$ 481,356
Provisions (Write Offs), Net	446,226	(245,551)
Balance, End of Year	$ 682,031	$ 235,805

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Costs

The costs associated with the acquisition of new contract of an expansion project are being deferred and will be amortized using the average life expectancy of the initial occupants of the facility. Amortization of these costs was approximately $37,000 and $19,000 for the years ended December 31, 2024 and 2023, respectively. Deferred financing costs relating to the financing of the facility are amortized over the life of the associated bonds. Amortization expense for the deferred financing costs was approximately $92,000 for the years ended December 31, 2024 and 2023, respectively.

Assets in Split-Interest Agreements

The Home has beneficial interest in several irrevocable, unconditional split-interest agreements, which are all administered by third parties and for which the Home has categorized as beneficial interests in perpetual trusts. The Home has the irrevocable right to receive a share of income from the assets of these trusts. These assets are stated at the fair value of the Home's net asset value per share of trust assets, which is an approximation of the present value of the estimated future distributions from the trusts and have been recorded as net assets with donor restrictions based on restrictions associated with related trust agreements. Income distributions to the Home are included in investment income in net assets without donor restrictions. The change in the value of the beneficial interest is recorded as the change in the value of split-interest agreements in net assets with donor restrictions related to their respective trusts.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. All items with a cost over $1,000 are capitalized. Depreciation is determined by the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.

The Home periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount.

Net Assets

The Home classifies its funds for accounting and reporting purposes as either without donor restrictions or with donor restrictions:

Net Assets Without Donor Restrictions – All revenue not restricted by donors, unrestricted contributions designated by the board, and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for as net assets without donor restrictions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. The investment income arising from endowment funds, if any, are accounted for in accordance with donor stipulations. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Those resources for which the restrictions are met in the same fiscal year they are received are included in net assets without donor restrictions.

Advance Fees

Fees paid by a resident upon entering into a continuing care or independent living contract are recorded as deferred revenue and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident.

Independent residents choose the option of refundability from the following three options: (a) Depreciating Zero Refund Plan, (b) Depreciating 50% Refund Plan, or (c) Depreciating 90% Refund Plan. In the Depreciating Zero Refund Plan, no refund of the entrance fee will be paid to the resident after 50 months of occupancy. In the Depreciating 50% Refund Plan, the refund will not be less than 50% of the entrance fee. In the Depreciating 90% Refund Plan, the refund will not be less than 90% of the entrance fee. In addition to the entrance fee, monthly maintenance fees are also charged based on the unit selected.

At December 31, 2024 and 2023, the portion of advance fees subject to refund provisions amounted to approximately $7,672,000 and $5,686,000, respectively. Amounts expected to be refunded to current residents, based on the Home's experience, are approximately $732,000 and $614,000 at December 31, 2024 and 2023, respectively.

Estimated Obligation to Provide Future Services

The Home annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advance fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income.

The obligation is discounted at 5%, based on the expected long-term rate of return on government obligations. The Home computes this liability by estimating the cost per year per resident at the current level of care for each resident (skilled/intermediate care or residential care). This cost is multiplied by the future life expectancy of each resident based upon actuarially computed tables and increased for an estimated inflation factor of 3% per annum. No liability has been recorded as of December 31, 2024 and 2023.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Home is a nonprofit organization exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

The Home files as a tax-exempt organization. Management is not aware of any activities that would jeopardize the tax-exempt status of the Home. Management is not aware of any significant activities that are subject to tax on unrelated business income or excise or other taxes for the Home.

The Home follows guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance has had no impact on the Home's financial statements.

Fair Value Measurements

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

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

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

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

Subsequent to initial recognition, the Home may re-measure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as money market funds. The fair value of split-interest agreements are based on the fair value of fund investments as reported by the trustees. These are considered to be Level 3 measurements. There are no assets valued at Level 2 inputs.

Advertising

Advertising costs are expensed as incurred. Advertising expense was approximately $273,000 and $315,000 for the years ended December 31, 2024 and 2023, respectively.

Reclassification

Certain amounts included in the 2023 financial statements have been reclassified to conform with the 2024 presentation. Changes in net assets previously reported for 2023 were not affected by these reclassifications.

Subsequent Events

Management has evaluated events and transactions for potential recognition or disclosure through REPORT DATE, which is the date the financial statements were available to be issued.

NOTE 3 RESIDENT SERVICE AND HEALTH CARE REVENUES

Resident service and health care revenues are reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Home bills the residents and third-party payors several days after the services are performed. Service fees paid by residents for maintenance, meals, and other services are assessed monthly and are recognized as revenue in the period services are rendered. Revenue is recognized as performance obligations are satisfied.

The Home generates revenues, primarily by providing housing, amenities (recreational, dining, etc.) and access to health care services to its residents. The various life care contract streams of revenue are recognized as follows:

NOTE 3 RESIDENT SERVICE AND HEALTH CARE REVENUES (CONTINUED)

Entrance Fees

The nonrefundable entrance fees received are recognized as deferred revenue upon receipt of the payment under the life care contract and included in liabilities in the balance sheets until the performance obligations are satisfied. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is associated with access to future services. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the balance sheets.

Health Care Services

The Home also provides assisted and nursing care to residents who are covered by government and commercial payors. The Home is paid fixed rates from government and commercial payors. These fixed rates are billed in arrears monthly when the service is provided. The monthly fees represent the most likely amount to be received from the third- party payors.

Monthly Service Fees

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident monthly service fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, and dining along with assisted living and nursing care and these performance obligations are earned each month. Resident fee revenue for nonroutine or additional services are billed monthly in arrears and recognized when the service is provided.

Performance obligations are determined based on the nature of the services provided by the Home. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Home believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facilities receiving skilled nursing services or housing residents receiving services in the facilities. The Home considers daily services provided to residents of the skilled nursing facilities and monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter.

Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, gift shop and cafeteria meals) and the Home does not believe it is required to provide additional goods or services related to that sale.

NOTE 3 RESIDENT SERVICE AND HEALTH CARE REVENUES (CONTINUED)

Because all of its performance obligations relate to contracts with a duration of less than one year, the Home has elected to apply the optional exemption provided in FASB Accounting Standards Codification (ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The Home determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors and/or implicit price concessions provided to residents. The Home determines its estimates of contractual adjustments based on contractual agreements, its policy, and historical experience. The Home determines its estimate of implicit price concessions based on its historical collection experience.

The opening and closing contract balances were as follows:

	Accounts Receivable	Deferred Revenue From Advance Fees
December 31, 2022	$ 859,259	$ 16,207,623
December 31, 2023	1,128,488	27,391,386
December 31, 2024	1,228,446	32,305,749

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare and Medicaid

The Home participates in the Medicare program. This federal program is administered by the Centers for Medicare and Medicaid Services (CMS). The Home is paid under the Patient Driven Payment Model (PDPM) for residents who are Medicare Part A eligible and meet the coverage guidelines for skilled nursing services. Under PDPM, the basis for reimbursement is determined by the underlying complexity and clinical needs of a patient. In addition, PDPM utilizes variable adjustment factors that change reimbursement rates during the resident's length of stay.

Nursing facilities licensed for participation in the Medicare and Medical Assistance programs are subject to annual licensure renewal. If it is determined that a nursing facility is not in substantial compliance with the requirements of participation, CMS may impose sanctions and penalties during the period of noncompliance. Such a payment ban would have a negative impact on the revenues of the licensed nursing facility.

NOTE 3 RESIDENT SERVICE AND HEALTH CARE REVENUES (CONTINUED)

Medicare and Medicaid (Continued)

The Home's licensed nursing facility participates in the Medicaid program which is administered by the North Carolina Division of Health Benefits. Services rendered to Medicaid program beneficiaries are reimbursed using predetermined per diem rate as defined for each Medicaid provider in North Carolina. Annual cost report filings are required for Medicaid providers, which include the completion of the North Carolina Division of Health Benefit's supplemental schedules. For Continuing Care Retirement Communities, the Supplemental Schedules do not contain a cost settlement.

Other

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Home's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price were not significant in 2024 or 2023.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Home estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change.

Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2024 and 2023. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

The Home has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors: payors, service line, method of reimbursement, and timing of when revenue is recognized.

NOTE 3 RESIDENT SERVICE AND HEALTH CARE REVENUES (CONTINUED)

The composition of resident service and health care revenue by primary payor for the years ended December 31, 2024 and 2023, are as follows:

	2024	2023
Medicare	$ 1,151,829	$ 410,206
Medicaid	1,074,678	1,066,990
Private	20,117,261	14,159,760
Other Insurance	2,781,604	1,724,583
Total	$ 25,125,372	$ 17,361,539

Revenue from residents' deductibles and coinsurance are included in the categories presented above based on the primary payor.

The composition of resident service and health care revenues on the Home's lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31, 2024 and 2023, are as follows:

	2024	2023
Service Lines:		
Independent Living	$ 9,315,236	$ 6,549,686
Assisted Living	1,872,690	402,450
Home Health	49,243	198,065
Health Care Services	10,123,037	7,202,350
Amortization of Advance Fees	3,765,166	3,008,988
Total	$ 25,125,372	$ 17,361,539
Method of Reimbursement:		
Monthly Service Fees	$ 11,187,926	$ 6,952,136
Amortization of Advance Fees	3,765,166	3,008,988
Fee for Service	10,172,280	7,400,415
Total	$ 25,125,372	$ 17,361,539
Timing of Revenue and Recognition:		
Health Care Services Transferred Over Time	$ 25,125,372	$ 17,361,539

NOTE 4 INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use were comprised of the following at December 31:

	2024	2023
Cash and Cash Equivalents	$ 9,595,276	$ 10,017,261
Money Market	-	347,322
Equities	-	83,915
Mutual Funds	-	23,861
Pooled Funds Accounts	15,704,754	13,314,269
Total	$ 25,300,030	$ 23,786,628

Assets limited as to use are allocated as follows:

	2024	2023
Operating Reserve for Department of Insurance	$ 5,746,000	$ 4,167,250
Trustee Deposit Accounts Required by Long-Term Debt Agreements	9,237,745	9,695,003
Board-Designated Investments to Refund Advance Fees	776,588	676,011
Donor Designated for Benevolence Assistance	953,305	878,842
Restricted Cash for Residents	357,155	252,312
Restricted Cash for Admission Payments	-	347,322
Total	$ 17,070,793	$ 16,016,740

Investment income (loss) consists of the following for the years ended December 31:

	2024	2023
Interest and Dividends	$ 470,267	$ 322,608
Unrealized Gains	1,356,298	1,578,588
Total	$ 1,826,565	$ 1,901,196

NOTE 4 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

The table below presents the balance of assets measured at fair value on a recurring basis by level within the hierarchy at December 31:

	2024			
	Level 1	Level 2	Level 3	Total
Investments and Assets Limited as to Use:				
Assets in Split-Interest Agreements	$ -	$ -	$ 4,007,315	$ 4,007,315
Total	$ -	$ -	$ 4,007,315	$ 4,007,315

	2023			
	Level 1	Level 2	Level 3	Total
Investments and Assets Limited as to Use:				
Money Market	$ 347,322	$ -	$ -	$ 347,322
Mutual Funds	23,861	-	-	23,861
Equities	83,915	-	-	83,915
Assets in Split-Interest Agreements	-	-	3,855,245	3,855,245
Total	$ 455,098	$ -	$ 3,855,245	$ 4,310,343

Certain investments held by the Home were measured at net asset value per share (or its equivalent) as a practical expedient and have not been classified in the fair value hierarchy.

NOTE 4 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

The following table summarizes investments measured at fair value based on net asset value per share:

	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Income Fund	$ 5,078,121	N/A	As Needed	One Month
Stock Fund	10,626,633	N/A	As Needed	One Month
Total	$ 15,704,754			

	2023			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Income Fund	$ 4,317,773	N/A	As Needed	One Month
Stock Fund	8,996,496	N/A	As Needed	One Month
Total	$ 13,314,269			

The following table summarizes the valuation techniques and unobservable inputs of assets valued at Level 3:

	Fair Value		Principal Valuation	Unobservable
Instrument	2024	2023	Technique	Inputs
Assets in Split-Interest Agreements	$ 4,007,315	$ 3,855,245	FMV of Trust Investments	Timing of Distributions

The Home's investments potentially subject it to concentrations of credit risk. The Home maintains various types of investments that encompass many different companies with varied industrial and geographical characteristics designed to limit exposure to any one industry, company or geographical location. However, as most of the Home's investments are traded in public markets, they are subject to general fluctuations in the market's overall performance. The Home retains investment managers who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Home invests.

NOTE 5 PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of December 31:

	2024	2023
Land and Improvements	$ 2,480,981	$ 2,484,581
Buildings and Improvements	121,650,698	123,245,801
Equipment	2,389,461	2,614,090
Furniture and Fixtures	4,290,123	4,205,668
Vehicles	349,585	372,161
Construction In Progress	309,229	171,741
Total	131,470,077	133,094,042
Less: Accumulated Depreciation	(33,753,373)	(31,535,238)
Total	$ 97,716,704	$ 101,558,804

Capitalized interest totaled approximately $2,888,000 for the year ended December 31, 2023. There was no interest capitalized during the year ended December 31, 2024.

Construction in progress at December 31, 2024 and 2023 relates to general renovations at the Home's facilities.

NOTE 6 LONG-TERM DEBT

The following is a summary of long-term debt as of December 31:

	2024	2023
Public Finance Authority:		
Retirement Facilities First Mortgage Revenue Refunding Bonds (Whitestone Project), Series 2017:		
Term Bonds Due 2027, Yielding 3.66%	$ 1,155,000	$ 1,510,000
Term Bonds Due 2037, Yielding 4.22%	5,270,000	5,270,000
Term Bonds Due 2052, Yielding 4.40%	14,955,000	14,955,000
Retirement Facilities First Mortgage Revenue Bonds (Whitestone), Series 2020:		
Term Bonds Due 2027, Yielding 3.50%	-	4,000,000
Term Bonds Due 2030, Yielding 4.00%	4,640,000	5,310,000
Term Bonds Due 2045, Yielding 5.25%	19,865,000	19,865,000
Term Bonds Due 2055, Yielding 5.25%	34,930,000	34,930,000
Subtotal	80,815,000	85,840,000
Less: Current Portion	(1,065,000)	(1,025,000)
Less: Unamortized Deferred Financing Costs	(2,902,809)	(2,135,853)
Plus: Unamortized Bond Premium	4,389,498	3,689,646
Long-Term Portion	$ 81,236,689	$ 86,368,793

Scheduled principal repayments on long-term debt for the next five years and thereafter are summarized as follows:

Year Ending December 31,	Amount
2025	$ 1,065,000
2026	1,110,000
2027	1,155,000
2028	1,205,000
2029	1,260,000
Thereafter	75,020,000
Total	$ 80,815,000

During 2017, the Home entered into a financing arrangement with the Public Finance Authority under which the Authority issued tax-exempt Series 2017 Revenue Refunding Bonds of $23,855,000. The bonds were issued to refund the series 2011 bonds. These bonds are collateralized by a deed of trust on the Home, as well as a security interest in pledged assets.

NOTE 6 LONG-TERM DEBT (CONTINUED)

During 2020, the Home entered into a financing arrangement with the Public Finance Authority under which the Authority issued tax-exempt Series 2020-A First Mortgage Revenue Bonds of $60,105,000, Series 2020 B-1 First Mortgage Revenue Bonds of $4,000,000, and Series 2020 B-2 First Mortgage Revenue Bonds of $9,190,000. The bonds were issued to pay for an expansion project to create an additional 67 independent living units, 24 additional assisted living units, as well as to relocate 12 memory care beds and make improvements to the health center. The bonds were also used to fund debt service reserve funds and pay a portion of interest on the bonds, and to pay certain costs of issuance. These bonds are collateralized by a deed of trust on the Home, as well as a security interest in pledged assets.

Under the terms of the bonds, the Home is required to maintain certain deposits with the trustees. Such deposits are included with assets limited as to use of the Home. The Master Trust Indenture Agreement for the bonds include certain covenants and restrictions. As of December 31, 2024, management is not aware of noncompliance with these covenant requirements.

NOTE 7 LIQUIDITY AND AVAILABILITY

The following reflects the Home's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing that could be drawn upon if the governing board approves that action.

	2024	2023
Cash and Cash Equivalents	$ 3,679,845	$ 2,913,363
Investments	8,229,237	7,769,888
Accounts Receivable, Net	1,228,446	1,128,488
Accounts Receivable, Other	100,952	248,459
Less: Purpose Restricted Net Assets	(311,681)	(257,543)
Total Financial Assets Available to Meet Liquidity Needs	$ 12,926,799	$ 11,802,655

The Home is substantially supported by resident service and health care revenues. As part of the Home's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Home invests cash in excess of daily requirements in various investments held in assets limited as to use and as board-designated funds. These funds may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	2024	2023
Subject to Expenditures for Specified Purpose:		
Resident Council	$ 798	$ 366
Sunshine Fund, Special Activities for Residents	39,747	19,363
Longdon Chapel Fund	271,136	237,814
Total	311,681	257,543
Split Interest Agreements	4,007,315	3,855,245
Subject to the Home's Spending Policy and Appropriation:		
Benevolent Fund	957,523	878,666
Total Net Assets With Donor Restrictions	$ 5,276,519	$ 4,991,454

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or appropriation of approximately $70,000 and $152,000 during 2024 and 2023, respectively.

NOTE 9 ENDOWMENTS

The Home's endowments consist of a board-designated operating reserve fund and donor-restricted endowment funds to provide benevolent care to residents in need. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Laws and regulations allow the governing board to appropriate portions of an endowment fund as is prudent considering the following relevant factors: the duration and preservation of the endowment fund, the purposes of the Home and the endowment fund, general economic conditions, the possible effect of inflation or deflation, the expected total return from income and the appreciation of investments, the Home's other resources and investment policy. Under the Home's endowment spending policy, distributions will be permitted to the extent that they do not exceed a level that would erode the endowment's real assets over time.

NOTE 9 ENDOWMENTS (CONTINUED)

Changes in endowment net assets and composition by type of fund consist of the following:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Endowment Net Assets	$ 3,665,999	$ 878,666	$ 4,544,665
Investment Returns:			
Investment Income	15,123	-	15,123
Net Appreciation	224,380	131,157	355,537
Total Investment Return	239,503	131,157	370,660
Appropriation of Endowment	-	(52,300)	(52,300)
Ending Net Assets	$ 3,905,502	$ 957,523	$ 4,863,025

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Beginning Endowment Net Assets	$ 3,348,274	$ 788,761	$ 4,137,035
Investment Returns:			
Investment Income	98,903	-	98,903
Net Appreciation	218,822	138,065	356,887
Total Investment Return	317,725	138,065	455,790
Appropriation of Endowment	-	(48,160)	(48,160)
Ending Net Assets	$ 3,665,999	$ 878,666	$ 4,544,665

NOTE 10 FUNCTIONAL EXPENSES

The classification of functional expenses is as follows at December 31, 2024 and 2023:

	2024			
	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	$ 9,536,683	$ 3,147,105	$ 31,789	$ 12,715,577
Contract Labor	841,605	-	-	841,605
Medical Supplies and Services	1,958,554	-	-	1,958,554
Food Supplies and Services	1,069,581	188,750	-	1,258,331
Supplies and Other Expenses	300,690	367,510	-	668,200
Utilities and Communications	577,322	384,881	-	962,203
Repairs and Maintenance	513,532	770,299	-	1,283,831
Property and Liability Insurance	-	563,023	-	563,023
Depreciation	2,830,954	1,911,931	-	4,742,885
Amortization of Contract Acquisition Costs	36,942	-	-	36,942
Interest Expense	2,444,358	1,629,572	-	4,073,930
Management Fees	-	793,545	-	793,545
Other Operating Expenses	234,638	929,164	9,386	1,173,188
Marketing Expense	72,420	289,682	-	362,102
Activities Expense	79,154	-	-	79,154
Total Expenses	$ 20,344,859	$ 10,685,780	$ 41,175	$ 31,513,070

	2023			
	Program Services	Management and General	Fundraising	Total
Salaries and Benefits	$ 8,061,001	$ 2,660,131	$ 26,870	$ 10,748,002
Contract Labor	306,973	-	-	306,973
Medical Supplies and Services	1,477,204	-	-	1,477,204
Food Supplies and Services	679,226	226,409	-	905,635
Supplies and Other Expenses	393,471	320,118	-	713,589
Utilities and Communications	475,438	316,958	-	792,396
Repairs and Maintenance	422,910	634,364	-	1,057,274
Property and Liability Insurance	-	401,122	-	401,122
Depreciation	2,143,412	1,428,941	-	3,572,353
Amortization of Contract Acquisition Costs	-	19,161	-	19,161
Interest Expense	1,291,093	860,728	-	2,151,821
Management Fees	-	574,589	-	574,589
Other Operating Expenses	175,181	745,890	7,007	928,078
Marketing Expense	82,433	329,730	-	412,163
Activities Expense	55,790	-	-	55,790
Total Expenses	$ 15,564,132	$ 8,518,141	$ 33,877	$ 24,116,150

The financial statements report certain categories of expenses that are attributable to one or more supporting services of the Home. Those expenses are allocated using a ratable portion of the labor hours performed by the management team.

NOTE 11 RELATED PARTY TRANSACTIONS

The Home is affiliated with the Grand Lodge of North Carolina, A.F. and A.M. (Grand Lodge) and the Grand Chapter of North Carolina, Order of the Eastern Star (Grand Chapter), and the Home's board of directors includes officers of and is elected by the Grand Lodge and the Grand Chapter.

The North Carolina Masonic Foundation, Incorporated (the Masonic Foundation) is a private, charitable foundation established by the Grand Lodge to fund its philanthropic endeavors. The Masonic Foundation is the sole member of the North Carolina Masonic and Eastern Star Home Foundation, LLC (the MESH Foundation LLC), a limited liability company organized for the purpose of providing financial support directly to the Home on behalf of deserving individual members of the Masonic and Eastern Star Fraternity and their qualified relations who reside at or receive services through the Home.

The Home also receives other substantial support from the Grand Chapter and other Masonic bodies, which is summarized as follows:

	2024	2023
Grand Chapter of The Eastern Star of North Carolina	$ 326,224	$ 204,521
North Carolina Masonic Foundation	-	125,000
MESH Foundation LLC	786,820	803,858
Grand Chapter of North Carolina Order of the Eastern Star	50,000	-
Other Masonic Bodies	93,792	140,650

NOTE 12 MANAGEMENT AGREEMENT

The Home has a management agreement with Life Care Services, LLC to manage, operate, and maintain the Home's retirement community. The Home or Life Care Services, LLC could terminate this agreement without cause six months after formal notice is given. The Home agreed to pay Life Care Services, LLC a monthly management fee of $47,500 and an annual application service provider fee of $10,000 throughout the term of the contract. In 2020, this agreement was renewed effective September 1, 2021, for an additional five years. The renewal agreement was also updated so that the monthly management fee is 3.8% of revenues of the Home as defined in the agreement.

NOTE 13 RETIREMENT PLAN

The Home and Grand Lodge maintain a defined contribution participant-directed, multiemployer 401(k) plan. The plan covers all employees who are at least 18 years of age with at least six months of service. The Home will make yearly matching contributions determined at its discretion. Contributions were approximately $80,000 and $304,000 for the years ended December 31, 2024 and 2023, respectively.

The Home also maintains a multiemployer deferred compensation plan, under Internal Revenue Code Section 457, with the Grand Lodge. No contributions were made to this plan during 2024 or 2023.

NOTE 14 CONCENTRATIONS OF CREDIT RISK

The Home maintains its cash in financial institutions insured by the Federal Deposit Insurance Corporation (the FDIC). Deposit accounts, at times, may exceed federally insured limits.

The Home's investments potentially subject it to market risk and concentrations of credit risk. The Home maintains various types of investments that encompass many different companies with varied industry and geographical characteristics designed to limit exposure to any one industry, company or geographical location. However, as most of the Home's investments are traded in public markets, they are subject to general fluctuations in the market's overall performance. The Home retains investment managers who perform periodic evaluations of the relative credit standing of the companies and financial institutions in which the Home invests.

The Home grants credit without collateral to its residents and is insured under third-party payor agreements. The mix of receivables from residents and third-party payors:

	2024	2023
Medicare	40 %	43 %
Medicaid	27	23
Private and Other Insurance	33	34
Total	100 %	100 %