

The Ohio Masonic Home Financial Report 2006

David R. Stacy
Chief Financial Officer



The Ohio Masonic Home Chief Financial Officer Dave Stacy enjoys the freedom of riding his bicycle on the roads. “It’s an exhilarating feeling,” he said.

Dave bought his road bike in 2004. “My first thought was a motorcycle,” he said, “but a bicycle is a lot cheaper and provides me a sense of peace and tranquility that a motorcycle just can’t match. (Actually, my wife put her foot down on the motorcycle thing.)”

Dave lives in Kettering and is a member of the Dayton Cycling Club. He logs most of his miles by riding home from work about once a week in good weather. Occasionally, he participates in organized rides. “I like to do organized rides around the local area,” he said. “Nothing competitive, but they provide a sense of accomplishment.”

Some rides, like the “Young’s Dairy Charity Ride,” involve raising funds for charity. “I like being able to get out on my bike, get some exercise and support a charitable organization, all at the same time.”

In addition to his bicycling and his work at The Ohio Masonic Home, Dave is an active member of his church and leads a weekly Bible study group for residents of the Springfield Masonic Community. “It is one of the most satisfying things I do. We have become close friends and that helps me in my job as finance officer,” he said.

The financial position of The Ohio Masonic Home and affiliated organizations improved by \$19 million in 2006. The Net Assets increased to \$343 million, which is a very solid financial position. This is attributable to the strength of the Home’s investments and contributions. For the year, contributions totaled nearly \$5 million. Because of this, the operating subsidiaries of the Home were able to provide nearly \$9 million of uncompensated services during the year.

Revenues and Support held steady due to increased contributions. Resident services revenue dropped because nursing units were closed on the Springfield campus. Expenses did not keep pace with the revenue reduction. This, combined with lower than expected growth in occupied units and higher utility and interest rates, resulted in larger losses in 2006.

The losses are the focus of a strategic repositioning of the operations. In August, Standard and Poor’s downgraded The Home’s rating from AA- to A+. This is still a very good rating and The Home’s obligations are very manageable.

The accounting records of The Ohio Masonic Home and affiliated organizations were audited by Battelle & Battelle, LLP, Certified Public Accountants, of Dayton, Ohio. ♦

Consolidated Balance Sheets

as of December 31, 2006

(shown in thousands of dollars)

	2006	2005	2004	2003
<i>Assets</i>				
Cash and Cash Equivalents, Receivables, Inventories and Prepaid Expenses	\$ 3,110	\$ 4,241	\$ 3,738	\$ 5,306
Assets held for sale	-	1,630	2,373	-
Investments (at market)	336,687	316,145	301,145	281,253
Beneficial interest in trusts	7,666	7,417	7,068	7,443
Bond Issuance Costs, Net	2,439	2,577	2,715	2,853
Assets limited as to use	2,171	1,287	2,204	2,600
Intangible assets	1,158	1,513	1,369	1,802
Property and equipment, net	85,565	89,594	91,791	97,250
Total Assets	\$ 438,796	\$ 424,404	\$ 412,403	\$ 398,507
<i>Liabilities and Net Assets</i>				
Accounts Payable, Accrued Expenses and Other Liabilities	\$ 5,422	\$ 7,129	\$ 7,935	\$ 8,668
Long Term Debt	70,145	72,270	74,300	76,245
Resident Deposits and Deferred Revenues	13,940	13,743	13,114	10,879
Obligation to Provide Future Care	6,210	6,770	5,208	17,417
Total Liabilities	95,717	99,912	100,557	113,209
Net Assets	343,079	324,492	311,846	285,298
Total Liabilities and Net Assets	\$ 438,796	\$ 424,404	\$ 412,403	\$ 398,507

Consolidated Statements of Changes in Net Assets

for Year Ended December 31, 2006

(shown in thousands of dollars)

	2006	2005	2004	2003
Total Revenues and Support	\$ 40,584	\$ 40,298	\$ 41,461	\$ 40,089
Total Expenses	48,054	46,625	46,902	47,627
Income (Loss) From Continuing Operations	(7,470)	(6,327)	(5,441)	(7,538)
Nonoperating gains/(losses)	48,630	15,910	16,346	(8,402)
Excess (deficit) of Revenues, Support and Gains over Expenses and Losses	41,160	9,583	10,905	863
Other Changes in Net Assets	(24,675)	1,923	1,164	43,524
Change in Unrestricted Net Assets	16,485	11,506	12,069	44,387
Changes in Restricted and Temporarily Restricted Net Assets	2,103	1,140	1,719	1,325
Total Change in Net Assets	\$ 18,588	\$ 12,646	\$ 13,788	\$ 45,712

Investments and Beneficial Interest in Trusts

2002	\$243.7
2003	\$288.7
2004	\$308.2
2005	\$323.6
2006	\$344.4

Investments performed well as the markets showed continued growth.

Obligation to Provide Financial Assistance

2002	\$9.5
2003	\$17.4
2004	\$5.2
2005	\$6.8
2006	\$6.2

Obligation to provide future services is the estimated amount of unreimbursed costs of services to residents.

Net Assets

2002	\$252.3
2003	\$285.3
2004	\$311.8
2005	\$324.5
2006	\$343.1

Net Assets, the excess of assets over liabilities, increased to \$324 million at the end of 2005.

Bond Debt

2002	\$78.1
2003	\$76.2
2004	\$74.3
2005	\$72.3
2006	\$70.1

The amount of debt decreased to \$72.3 million, which is 17% of Total Assets.

Total Revenue and Support

	Operating Revenue	Bequests & Contributions	Total Revenues
2002	\$39.1	\$2.3	\$41.4
2003	\$42.4	\$2.7	\$45.1
2004	\$39.2	\$4.0	\$43.1
2005	\$38.5	\$3.4	\$41.9
2006	\$37.2	\$4.6	\$41.8