THE OHIO MASONIC HOME FINANCIAL REPORT 2008

The economic crisis had a significant impact on the financial position of The Ohio Masonic Home and affiliated organizations.

Early in 2008, the mortgage crisis began to foreshadow a deep financial problem. The possible failure of major bond insurers like Ambac battered the investor markets for the Home's bond debt. Interest rates on the Home's variable rate bonds skyrocketed, even though the Federal Reserve lowered its rates to record lows. As a result, we decided to refinance all of our bond debt. Refinancing was obtained in February 2009 at much better interest rates.

In September, dramatic events on Wall Street shook the investment markets. Most of the 30% drop in investment value occurred in the last 4 months of 2008. The loss of investment value was the primary cause for the unprecedented $123 million decrease in the Home's net worth. Although there has been a partial recovery of investment value in 2009, this ongoing economic downturn will depress the amount of investment income available for the Home's operations for years to come.

Although good financial news was in short supply in 2008, we are glad to report several items. Donations to the Home increased from $2.7 to $4.3 million. We also saw strong financial results at our Browning and Western Reserve campuses. The Home's assets still exceed liabilities by a substantial margin. Bond indebtedness and future care obligations seem very manageable.

Standard and Poor's (S&P) downgraded the Home's credit rating in 2008 to "A," but the rating remains among the highest in our industry. This is thanks to the Home's strong balance sheet. The "negative" outlook attached to this rating, indicates S&P's concern that the Home is too dependent on investments to fund operating losses.

After many years with one audit firm, the Home decided to change auditors last year. The 2008 accounting records of The Ohio Masonic Home and affiliated organizations were audited by Howard, Wershbale & Co., Certified Public Accountants and Advisors. They rendered an unqualified audit opinion, which is the best possible opinion from an audit firm. The financial numbers shown herein are excerpted from the complete audited financial statement report, which may be viewed upon request.

Looking ahead, we are working on reducing operating losses throughout the system so we can continue to fund charitable programs like I-CARE and Masonic Financial Assistance. The acquisition of Cornerstone HealthCare at the end of 2008 was a step into the growing home health care sector and we are optimistic for its success.

David R. Stacy
Chief Financial Officer

CONSOLIDATED STATEMENTS

of Changes in Net Assets for Years Ended December 31

(shown in thousands of dollars)	2008	2007	2006	2005
Unrestricted Revenues and Support	$ 38,784	$ 36,592	$ 40,584	$ 40,298
Total Expenses	47,954	45,108	48,054	46,625
Income (Loss) From Continuing Operations	(9,170)	(8,516)	(7,470)	(6,327)
Nonoperating gains/(losses)	(35,346)	14,465	48,577	16,136
Excess (deficit) of Revenues, Support and Gains over Expenses and Losses	**(44,516)**	**5,949**	**41,107**	**9,809**
Other Changes in Net Assets	(74,258)	(3,236)	(24,623)	1,696
Change in Unrestricted Net Assets	(118,774)	2,713	16,484	11,505
Changes in Restricted and Temporarily Restricted Net Assets	(4,104)	1,308	2,103	1,140
Total Change in Net Assets	**$ (122,878)**	**$ 4,021**	**$ 18,587**	**$ 12,645**

CONSOLIDATED BALANCE SHEETS

as of December 31

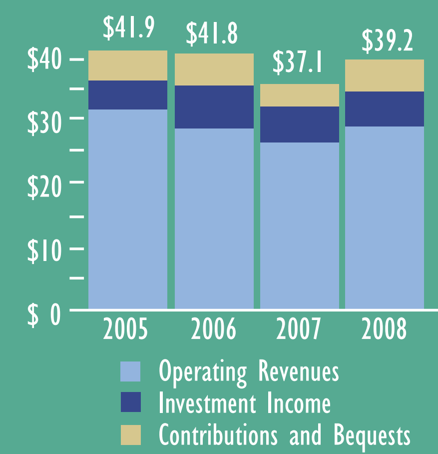
(shown in thousands of dollars)	2008	2007	2006	2005
Assets				
Cash and Cash Equivalents, Receivables, Inventories and Prepaid Expenses	$ 3,600	$ 3,239	$ 3,110	$ 4,241
Assets held for sale	-	-	-	1,630
Investments (at market)	231,968	352,650	336,687	316,145
Beneficial interest in trusts	5,789	7,942	7,666	7,417
Bond Issuance Costs, Net	2,163	2,301	2,439	2,577
Assets limited as to use	2,298	976	2,171	1,287
Intangible assets	-	427	1,158	1,513
Property and equipment, net	67,949	70,700	85,565	89,594
Total Assets	**$ 313,767**	**$ 438,235**	**$ 438,796**	**$ 424,404**
Liabilities and Net Assets				
Accounts Payable, Accrued Expenses and Other Liabilities	$ 7,960	$ 6,120	$ 5,422	$ 7,129
Long Term Debt and Loan Payable	65,411	66,895	70,145	72,270
Resident Deposits and Deferred Revenues	11,854	12,421	13,940	13,743
Obligation to Provide Future Care	4,320	5,700	6,210	6,770
Total Liabilities	89,545	91,136	95,717	99,912
Net Assets	**224,222**	**347,099**	**343,079**	**324,492**
Total Liabilities and Net Assets	**$ 313,767**	**$ 438,235**	**$ 438,796**	**$ 424,404**

FINANCIAL STRENGTH

This chart shows unrestricted, temporarily restricted and permanently restricted sources of revenue and support. The overall increase was driven by growth in resident services as well as in contributions and bequests.

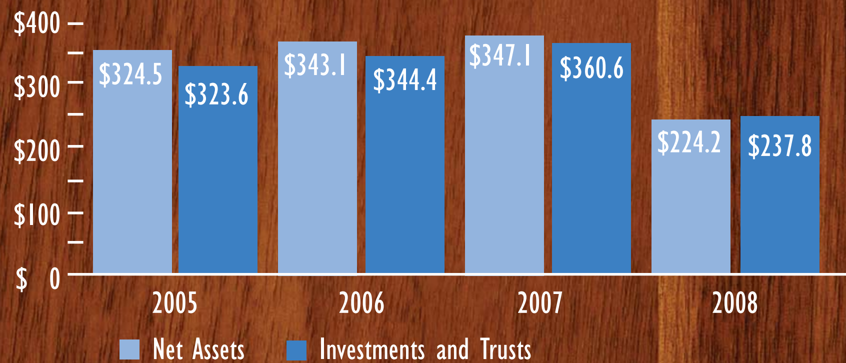
TOTAL REVENUES AND SUPPORT

$ in millions



NET ASSETS and INVESTMENTS AND TRUSTS

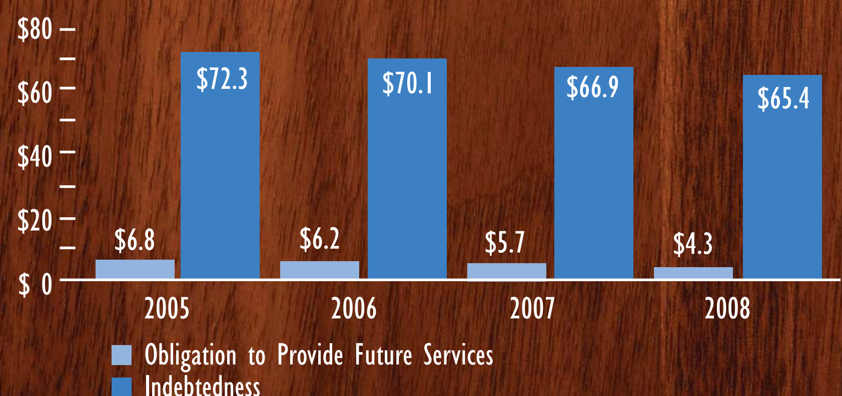
$ in millions



Net Assets, the excess of total assets over total liabilities, decreased to $224 million at the end of 2008. This was due largely to the decline in the investment markets, which caused the Home's Investments (including Beneficial Interests in Trusts) to fall to $238 million during 2008.

INDEBTEDNESS and OBLIGATION TO PROVIDE FUTURE SERVICES

$ in millions



The total amount of debt, including bond debt and a term note, decreased to $65.4 million at the end of 2008. The obligation to Provide Future Services decreased because the long term estimates of services rendered in excess of resident resources declined.