

January 31, 2022

Mr. Richard Wysocki  
Department of Social Services  
25 Sigourney Street  
Hartford, CT 06106-5033

Dear Mr. Wysocki:

Attached is the 2022 Masonicare at Ashlar Village Disclosure Statement. If you have any questions, please feel free to contact me.

Sincerely,

Kimberly Magalhaes  
Executive Director

TABLE OF CONTENTS

Name and Address of Provider	1
Residential Services Board of Directors	1
Business Experience	1
Judicial Proceedings	2
Affiliation	2
Description of Property	3
Benefits Included	3
Interests on Deposits Held in Escrow	4
Termination of the Ashlar Village Contract	4
Rights of a Surviving Spouse	5
Disposition of Personal Property	5
Tax Consequences	5
Reserve Funding-Escrow Accounts	6
Financial Statements	6
Entrance Fees and Periodic Charges	6
Actuarial Present Value of Prepaid Healthcare Obligations	7
Notice to Prospective Residents	8
Department of Social Services Filing	8

Attachments to the Disclosure Statement for Ashlar Village, Inc.

Dated: September 30, 2022

Attachment A – Residency Agreement and Notice to Prospective Residents

Attachment B – Current Listing of Entry and Monthly Fees

Attachment C – Masonicare Audited Financial Statements – 2022

MASONICARE AT ASHLAR VILLAGE  
DISCLOSURE STATEMENT

FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2022

REGISTRATION UNDER CHAPTER 319hh  
CONNECTICUT GENERAL STATUTES, AS AMENDED,  
DOES NOT CONSTITUTE  
APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY  
THE STATE OF CONNECTICUT  
OR THE STATE OF CONNECTICUT DEPARTMENT OF SOCIAL SERVICES,  
NOR DOES SUCH REGISTRATION EVIDENCE THE ACCURACY OR  
COMPLETENESS OF THE INFORMATION SET OUT IN THIS  
DISCLOSURE STATEMENT

## TABLE OF CONTENTS

Name and Address of Provider	1
Residential Services Board of Directors	1
Business Experience	1
Judicial Proceedings	2
Affiliation	2
Description of Property	3
Benefits Included	3
Interests on Deposits Held in Escrow	4
Termination of the Ashlar Village Contract	4
Rights of a Surviving Spouse	5
Disposition of Personal Property	5
Tax Consequences	5
Reserve Funding-Escrow Accounts	6
Financial Statements	6
Proforma Income Statement 2021-2026	6
Entrance Fees and Periodic Charges	6
Actuarial Present Value of Prepaid Healthcare Obligations	7
Notice to Prospective Residents	8
Department of Social Services Filing	8

Attachments to the Disclosure Statement for Ashlar Village, Inc.  
Dated: September 30, 2022

Attachment A – Residency Agreement and Notice to Prospective Residents  
Attachment B – Current Listing of Entry and Monthly Fees  
Attachment C – Masonicare Audited Financial Statements – 2022

NAME AND ADDRESS OF PROVIDER

MASONICARE AT ASHLAR VILLAGE, INC.  
CHESHIRE ROAD  
WALLINGFORD, CT 06492  
(203) 679-6400

Masonicare at Ashlar Village is a 501(c)(3) company, incorporated in the State of Connecticut on February 25, 1991.

RESIDENTIAL SERVICES BOARD OF DIRECTORS

Robert Polito, Jr., Chair  
Christopher J. Earle, Vice Chair  
Newton Buckner, Treasurer  
Bonnie S. McWain, Secretary  
Bruce R. Bellmore  
Robert J. Furce  
Kevin J. Hecht  
Shelby Jackson  
Susan Koty  
Laura S. Michnowski  
Theodore J. Nelson  
Edward C. Page  
Joseph J. Porco  
Thaddeus M. Stewart  
Mark D. Winne  
Jon-Paul Venoit, President and CEO, Assistant Secretary  
Stephen Beaulieu, CFO & Assistant Treasurer

Members of the board of directors of Masonicare Ashlar Village, Inc. are appointed for a one-year term or until their respective successors are appointed and have qualified.

BUSINESS EXPERIENCE

Masonicare at Ashlar Village, Inc., is a wholly owned affiliate of Masonicare, a 501(c)(3) corporation. In 2009, Masonicare observed its 110<sup>th</sup> anniversary of providing health and health related services to elderly Masons, their wives and widows, female members of the Connecticut Order of the Eastern Star, Prince Hall Masons, and the community at large.

The daily operation of Masonicare at Ashlar Village, Inc., is the responsibility of the Executive Director who is supervised by, and reports, to the President and Chief Executive Officer for 487 units: 40 villas, 72 cottages, 243 apartments, 87 general assisted living apartments and 45 dementia assisted living apartments.

Masonicare operates campuses in the towns of Wallingford, Mystic and Chester, CT. The Wallingford campus includes Masonicare Health Center (MHC), with 260 skilled nursing beds, 86 residential care home beds and 93 independent living units and Masonicare at Ashlar Village, Inc. with 355 independent units and 132 licensed assisted living units.

MHC began operation in the late 1800's and over the years, has grown and adapted to meet the changing needs of the elderly population it serves. Ashlar Village, Inc opened in September of 1985 to expand the continuum to include independent living. The campus allows Masonicare to carry out its philosophy of providing a continuum of care for the seniors it serves, from independent living in the Village to a home for the aged, intermediate, skilled nursing, acute, psychiatric, ambulatory and home health care through MHC and Masonicare's home health care agency. All Village residents receive priority access to the continuum healthcare services provided at MHC.

#### JUDICIAL PROCEEDINGS

Neither Masonicare, Ashlar Village, Inc., nor any of the officers or directors of Ashlar Village, Inc., has been a party to any criminal, civil, or licensure action described in Section 17b-522(b) (4) of the Connecticut General Statutes.

#### AFFILIATION

Masonicare at Ashlar Village, Inc., through Masonicare, serves the members of the Grand Lodge of Connecticut, A.F. & A.M., their wives and widows, female members of the Connecticut Order of the Eastern Star, Prince Hall Masons, and the general public.

Masonicare will be responsible for the financial and contractual obligations of the Residency Agreements executed by Masonicare at Ashlar Village, Inc., its wholly owned affiliate.

Both Masonicare and Ashlar Village, Inc., are not-for-profit corporations exempt from the payment of income tax under Section 501(c) (3) of the Federal Internal Revenue Code.

#### DESCRIPTION OF PROPERTY

Masonicare at Ashlar Village site consists of 169 acres of rolling farmland in Wallingford, Connecticut. There are 487 total units at Masonicare at Ashlar Village consisting of 245 one, two, and three-bedroom apartments; 72 one and two-bedroom cottages; 40 two-bedroom villas, 87 general assisted living apartments, 45 dementia assisted living apartments, and a centralized Activities Center.

#### BENEFITS INCLUDED IN THE ASHLAR VILLAGE MONTHLY FEE

There are currently seven contract types at Masonicare at Ashlar Village and are located in the Masonicare at Ashlar Village Administration office.

1. Contracts for Pioneer residents who signed between 1984 and 1987.
2. Contracts for non-Pioneers who signed up to March 30, 1989.
3. Contracts for residents signing between April 1, 1989 and August 7, 1999.
4. Contracts signed on or after August 8, 1999.
5. Contracts signed on or after April 13, 2004.
6. Contracts signed effective March 1, 2010.
7. Contracts signed effective August 9, 2019 (See attached)

A list of the services and amenities are described in the contracts.

INTEREST ON DEPOSITS HELD IN ESCROW

Interest on deposits required to be held under escrow according to Chapter 316, Connecticut General Statutes, as amended, will be payable to the provider, Masonicare at Ashlar Village, Inc.

TERMINATION OF THE ASHLAR VILLAGE CONTRACT

The contract for residency in Masonicare at Ashlar Village requires the payment of an entrance fee. The entrance fee is payable to Ashlar Village on the date the selected unit is occupied. The conditions under which an Ashlar Village Residency Agreement may be terminated are described in the seven different types of the Residency Agreements.

1. Contracts for Pioneer residents who signed between 1984 and 1987.
2. Contracts for non-Pioneers who signed up to March 30, 1989.
3. Contracts for residents signing between April 1, 1989 and August 7, 1999.
4. Contracts signed on or after August 8, 1999.
5. Contracts signed on or after April 13, 2004.
6. Contracts signed effective March 1, 2010.
7. Contracts signed effective August 9, 2019.

There are no entry fees required for Pond Ridge.



### RIGHTS OF SURVIVING SPOUSE

A surviving spouse, who is a resident of Masonicare at Ashlar Village and a signatory to the Residency Agreement with his/her deceased spouse, is entitled to all the rights described in the Masonicare at Ashlar Village Residency Agreements.

A surviving spouse who is not a resident of Masonicare at Ashlar Village would require a new Residency Agreement or amendment to the resident's original contract, to receive care and services.

A surviving spouse who is a resident of Pond Ridge is entitled to the rights described in the Residency Agreement if the spouse requires an assisted living level of care. Surviving spouses who do not need assisted living services pay a monthly fee equivalent to a level of basic healthcare services.

### DISPOSITION OF PERSONAL PROPERTY

In the event of a Village or Pond Ridge resident's death, disposition of the resident's personal property is the responsibility of the executor or representative of the resident's estate.

In the event of the resident's permanent transfer to a nursing facility, disposition of a resident's personal property is the responsibility of the resident, his/her conservator, or next to kin.

In the event the resident's Residency Agreement is terminated by Masonicare at Ashlar Village or Pond Ridge, disposition of the resident's personal property is the responsibility of the resident.

### TAX CONSEQUENCES

Payment of the entrance fee required under the Masonicare at Ashlar Village Residency Agreement may have significant tax consequences and any person considering such a payment may wish to consult a qualified advisor.

RESERVE FUNDING-ESCROW ACCOUNTS

A. Reserve Fund Escrow Account

As required under Section 17b-525 of Chapter 319hh, Connecticut General Statutes, as amended, Ashlar Village, Inc., has placed on deposit with the M&T Bank, Albany, New York, monies to be held in Reserve Fund Escrow Account. These funds are invested in an interest-bearing instrument. Investment decisions regarding this account will be the responsibility of the M&T Bank, Albany, New York, as escrow agent.

FINANCIAL STATEMENTS

For financial reporting purposes, the balance sheet and income statement for Ashlar Village, Inc. are consolidated with those of The Masonic Charity Foundation of Connecticut. Copies of the audited and certified financial statements for fiscal year ending September 2020 are located in Attachment A.

ENTRANCE FEES AND PERIODIC CHANGES

All Masonicare at Ashlar Village residents pay an entrance fee and a monthly fee, based on the type of unit and whether the resident(s) is/are a single person or a couple. A complete history of those entrance fees and periodic charges can be found in Attachment B.

Entrance fees paid by Masonicare at Ashlar Village residents are refundable to the resident or the residents' estate according to the prorated refund schedule described in the resident's Residency Agreement. For Residency Agreements signed prior to April 1, 1989, the entrance fee is refundable over a fifteen-year period. For Residency Agreements signed on or after April 1, 1989, the entrance fee is refundable over an 8-year period.

Financial assistance is available for residents unable to pay any monthly fee or other indebtedness owed to Masonicare at Ashlar Village under conditions described in paragraph 7 of the pre April 1, 1989 Residency Agreement (page 12), and Section VIII of the post April 1, 1989 Residency Agreement (page 28), Section K, page 3, on the August 1999 Residency Agreement, Section E, page 11 of the April 13, 2004 Residency Agreement, and Article F, page 11 of the March 1, 2010 Residency Agreement.

Regarding adjustments to the monthly fee, paragraph 2 of the pre April 1, 1989 Residency Agreement (page 12) states that increases of the monthly fees may be made at the discretion of the Masonicare at Ashlar Village, Inc. Board of Trustees. The post April 1, 1989 Residency Agreement contains this same statement in Section VII (page 28). The post April 1, 1991 Residency Agreement contains this same statement in Section Z, para. 1. (page 14). The post April 13, 2004 Residency Agreement contains this same statement in Article VI, para. B, page 10. The March 1, 2010 Residency Agreement contains the same statement in Article V, para. 4, page 10. The August 9, 2019 Residency Agreement contains the same statement in Article V, para. 4, page 10.

Pond Ridge residents pay a monthly fee based on the type of unit they occupy and an Assisted Living Service Agency fee based on the level of healthcare services they require.

#### ACTUARIAL PRESENT VALUE OF PREPAID HEALTHCARE OBLIGATIONS

The cost of certain healthcare services is included in the monthly fee, and there is no prepaid healthcare allotment.

A long-term care insurance benefit that pays all or part of the cost of skilled nursing care is available to qualifying residents who joined the community prior to November 15, 2000.

Pond Ridge residents do not receive this benefit.

MASONICARE AT ASHLAR VILLAGE, INC.  
DISCLOSURE STATEMENT  
SEPTEMBER 30, 2022

PAGE 8

NOTICE TO PROSPECTIVE RESIDENTS

Connecticut law requires Masonicare at Ashlar Village to provide notice to prospective residents.

DEPARTMENT OF SOCIAL SERVICES FILING

All materials regarding Masonicare at Ashlar Village, Inc. are required to be on file with the State of Connecticut, Department of Social Services, under Section 17b-524 Chapter 316hh, Connecticut General Statutes, as amended, are on file at the following address:

Department of Social Services  
Division of Elderly Services  
25 Sigourney Street  
Hartford, CT 06106-5033

ATTACHMENT A

Residency Agreements and Notice to Prospective Buyers



# **RESIDENCY AGREEMENT**

## Table of Contents

• Glossary	Page ii
• ARTICLE I – Duration of Residency Agreement	Page 1
• ARTICLE II – Accommodations and Amenities	Page 1
• ARTICLE III – Services	Page 5
• ARTICLE IV – Health Care Services	Page 6
• ARTICLE V – Financial Arrangements	Page 9
• ARTICLE VI – Transfers / Marriages	Page 12
• ARTICLE VII – Termination Provisions	Page 16
• ARTICLE VIII – Other Residency Provisions	Page 21
• ARTICLE IX – Miscellaneous Provisions	Page 22
• EXHIBIT A – Current Fees	Page 26
• EXHIBIT B – Entry Fee Refund	Page 27
• EXHIBIT C – Utilities	Page 28
• EXHIBIT D – Flexible Dining Plans	Page 29
• EXHIBIT E – Fire Sprinkler System Notice	Page 31

## GLOSSARY

<b>Annual Allotment</b>	Annual allotment of ten pre-paid days of in-patient services at Masonicare Health Center or other Masonicare skilled nursing location, covering room, board and nursing care
<b>Annual Report</b>	The annual report of Masonicare setting forth, among other things, the financial condition of Masonicare
<b>Apartment</b>	Apartment residences at Ashlar Village
<b>Apartment Resident</b>	A Resident who resides in an Apartment
<b>Application Fee</b>	A non-refundable fee that must accompany any application to reside at Ashlar Village
<b>Ashlar Village</b>	Masonicare At Ashlar Village, Inc., a nonprofit Connecticut corporation
<b>Ashlar Village Association</b>	Ashlar Village's residents' council
<b>Ashlar Village Policy Governing Private Companion Services</b>	A policy published by Ashlar Village governing the conduct of private caregivers hired by Residents
<b>Ashlar Village Policies and Procedures</b>	Policies and Procedures published by Ashlar Village governing the Ashlar Village community
<b>Ashlar Village Safety Standards</b>	Procedures to promote safety of the Ashlar Village community published by Ashlar Village
<b>Common Areas, Ground and Amenities</b>	Areas of Ashlar Village that are available for use in common by the Ashlar Village community
<b>Cottage</b>	Free-standing residences at Ashlar Village
<b>Cottage Resident</b>	A Resident who resides in a Cottage
<b>Cost Effective Transfer</b>	Transferring from a more expensive residence to a less expensive residence, but excluding a move from a less expensive residence to a more expensive residence
<b>Dining Room and Cafe</b>	A dining facility operated by Ashlar Village serving breakfast, lunch and dinner



<b>Entry Fee</b>	A fee paid in exchange for the rights and services provided under the Residency Agreement
<b>Entry Fee Refund</b>	A refund of a portion of the Entry Fee to which a Resident may be entitled
<b>Financial Disclosure Statement</b>	A statement of a Resident's finances submitted with the application to Ashlar Village
<b>Dining Plan</b>	An option for Residents to pay a set fee for a certain number of meals in the Dining Room
<b>Designated Masonicare Fund</b>	A charitable fund with the purpose of providing financial assistance to Residents with difficulty paying the Monthly Fee
<b>Guest Suite</b>	Overnight accommodations maintained by Ashlar Village for Residents' guests
<b>Initial Fee</b>	A fee applied to the Entry Fee, which is due when a potential Resident submits his or her application to Ashlar Village
<b>Masonicare</b>	A nonprofit Connecticut corporation that provides healthcare services
<b>Masonicare Health Center</b>	A skilled nursing community operated by Masonicare
<b>Masonicare Medical Director</b>	A medical doctor who oversees care at the Masonicare Health Center
<b>Monthly Fee</b>	A monthly maintenance fee
<b>Monthly Statement</b>	The monthly bill each Resident receives for his or her Monthly Fee plus any additional charges
<b>Pet Policy</b>	A policy governing the keeping of Pets by Residents published by Ashlar Village
<b>Executive Director</b>	The leadership position at Masonicare at Ashlar Village
<b>Refurbishment Fee</b>	A fee charged to Residents transferring residences to cover the cost of refurbishing the residence left by

the Resident, which may be adjusted by Ashlar Village from time to time in its sole discretion

<b>Rescission Period</b>	The thirty day period after a Resident executes a Residency Agreement during which he or she may rescind this Residency Agreement
<b>Resident</b>	A resident of Ashlar Village
<b>Wellness Nurse</b>	A nurse who staffs the Wellness Office
<b>Wellness Office</b>	An office responsible for ensuring residents obtain services for urgent or emergency needs
<b>Upgrade</b>	Transferring from a less expensive residence to a more expensive
<b>Villa</b>	Free-standing residences at Ashlar Village
<b>Villa Resident</b>	A Resident who resides in a Villa

THIS MASONICARE AT ASHLAR VILLAGE RESIDENCY AGREEMENT (the "Residency Agreement") is made as of this \_\_\_ day of, \_\_\_ by and between Masonicare At Ashlar Village, Inc. ("Ashlar Village") and Resident's Name. If more than one person is signing this Residency Agreement, "you" refers to each of you individually and both of you together and your obligations under this Residency Agreement are joint and several. If this Residency Agreement is signed on your behalf by your legal representative, the term "you" includes your legal representative.

## **PREAMBLE**

Masonicare At Ashlar Village Inc., hereafter referred to as Ashlar Village, is a life plan community (also called a continuing care retirement community) located on Cheshire Road in Wallingford, Connecticut. Ashlar Village is a non-profit, tax-exempt corporation.

Ashlar Village is an affiliate of Masonicare and the continuum of care it offers older adults, including the Masonicare Health Center, Masonicare Home Health & Hospice, Masonicare at Chester Village, Masonicare at Mystic, Masonicare at Home and other Masonicare facilities and services.

## **ARTICLE I**

### **DURATION OF RESIDENCY AGREEMENT**

Ashlar Village agrees to furnish you lodging and services as set forth in this Residency Agreement for so long as you carry out your obligations under this Residency Agreement. This Residency Agreement shall commence as of \_\_\_\_\_, your agreed-upon agreement date.

## **ARTICLE II**

### **ACCOMMODATIONS AND AMENITIES**

#### **A. Your Residence**

You have selected (Cottage/Apartment/Villa) to be your residence. You shall have a personal and nonassignable right to reside in the residence, subject to the terms of

this Residency Agreement and Ashlar Village Policies and Procedures. Your written address is: Ashlar Village, Wallingford, CT 06492.

**B. Furnishings Provided**

Ashlar Village furnishes each residence with some basic appliances (i.e., stove, refrigerator, garbage disposal, microwave, and dishwasher), air-conditioning, carpeting, an emergency call system and smoke alarms. You must provide all other furniture and appliances. You may furnish and decorate your residence in accordance with your own individual preferences, provided your furniture and decorations do not violate Ashlar Village's Safety Standards, or applicable local, state and federal laws and codes.

**C. Emergency Services**

Your residence includes a 24-hour emergency call response system that includes individual smoke detectors and sprinkler system (as described in Exhibit E). It is equipped with an emergency pull cord to alert staff to any emergencies that may occur. Masonicare employs security personnel for the Ashlar Village community as it deems necessary in its sole discretion.

**D. Utilities**

Water, sewer, and garbage collection fees are included in the Monthly Fee. For other utility inclusions, see Exhibit C. Telephone, cable television and internet service (including their associated installation and service costs) are available at your option and expense. You are responsible for any other services not included in this Residency Agreement. Ashlar Village is not liable for any interruption of or failure in the supply of any utilities to your residence, provided the interruption or failure is not directly caused by Ashlar Village.

**E. Alterations to Your Residence**

If you wish physically to alter your residence or upgrade the standard fixtures in your residence, you must first obtain the written approval of the Executive Director of Ashlar Village or his/her designee in advance for the alterations and for any outside contractors who will complete the alterations. You agree that all alterations shall be performed in a good and workmanlike manner, and shall comply with all applicable laws and regulations. Alterations to your residence shall be completed in such a manner so as not to disturb other residents of Ashlar

Village. You are responsible for the cost of alterations and changes to your residence and the restoration of your residence to its original condition when you vacate it. All modifications, alterations or additions to your residence become the property of Ashlar Village, unless the Executive Director of Ashlar Village or his/her designee grants a special exception in writing.

You shall not allow any mechanic's lien to be created or to remain, and shall discharge any mechanic's lien which might be or become a lien, encumbrance or charge upon the real property of Ashlar Village or any part thereof. If any mechanic's lien shall at any time be filed against real property of Ashlar Village, or any part thereof, due to work you ordered, you, within thirty (30) days after notice of the filing thereof, will cause the lien to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise. If you fail to cause the lien to be so discharged within the thirty (30) day period, ten (10) days after giving written notice to you, Ashlar Village may, but shall not be obligated to, discharge the lien. Any amount paid by Ashlar Village in connection with discharging the lien (including attorneys' fees) with doing so, together with interest thereon at the rate of 1.5% per month from the date of Ashlar Village making the payment or incurring other costs and expenses will constitute an additional charge on your Monthly Statement.

#### **F. Access to Residences**

You hereby irrevocably give your consent and authorize Ashlar Village to access your residence at any time when Ashlar Village in its sole discretion determines that entry to protect your health, safety or comfort or that of any other Resident of Ashlar Village, or the physical conditions of your residence or other Ashlar Village facilities. Your residence is your private domain, and except in cases of emergency (as determined in Ashlar Village's sole discretion), Ashlar Village personnel will make a reasonable attempt to obtain your permission before entering. You may not change or add additional locks to your door, but you may request that your lock be changed if circumstances make it desirable and the Executive Director of Ashlar Village or his/her designee gives his or her approval.

#### **G. Parking**

Free open-air parking is available to residents and guests. Apartment residents may reserve a parking space in a covered carport (subject to availability) for an additional charge. The Cottages and Villas have additional parking accommodations, the cost of which is included in the Monthly Fee. Cottages

include one covered carport and Villas include an attached one-car garage, the cost of which is included in the monthly fee.

## **H. Community Amenities**

You are entitled to share with all residents the use of the Common Areas, Grounds and amenities. You may also reserve certain areas for special occasions in accordance with policies and procedures established by Ashlar Village in its sole discretion.

## **I. Property Protection and Insurance**

You agree to keep your residence clean and orderly. You further agree not to permit misuse of or damage to your residence. You are responsible for providing personal property and liability insurance for yourself, your property, and your guests. **You will carry ample personal liability insurance that you obtain prior to move in per the Ashlar Village Resident Liability Insurance Policy.** You agree that Ashlar Village is not responsible for securing and safeguarding your personal property and possessions. You are responsible for keeping your residence locked and secured and for taking other reasonable precautions. Neither Ashlar Village nor its insurer will be liable for any claims, theft, damage or expenses, including reasonable attorneys' fees, resulting from any injury or death to persons and any damage to property caused by, resulting from, attributable to or in any way connected with the negligent or willful act or omission of any resident unless caused by the gross negligence or willful misconduct of Ashlar Village or any of its officers, employees, contractors, or agents or by a material default on the part of Ashlar Village under this Residency Agreement.

## **J. Indemnification**

You agree to indemnify and defend Ashlar Village, at your sole cost and expense, against all claims, expenses, damages and liabilities (including without limitation reasonable attorneys' fees) arising out of any occurrence in your residence, any breach by you of this Residency Agreement or of any representation or warranty made by you to Ashlar Village, or negligence by you or that of any of your guests, employees, contractors, or agents. Such indemnification shall not apply to any claim arising out of the negligence or willful misconduct of Ashlar Village, or any of its officers, employees, contractors, or agents, or by default on the part of Ashlar Village under this Residency Agreement.

**K. No Real Property Interest**

You understand and agree that this Residency Agreement is primarily for the provision of services. This Residency Agreement does not confer upon you any right, title or interest in any part of the personal property, real property, buildings and improvements (including your residence) owned by Ashlar Village, Inc., Masonicare Health Center, or Masonicare. This Residency Agreement is a continuing care contract governed by Sections 17b-520 through 17b-535 of the Connecticut General Statutes.

**ARTICLE III**

**SERVICES**

**A. Dining Plan**

Apartment Residents are required to participate in Ashlar Village's Dining Plan (as described in Exhibit D).

Cottage and Villa Residents are not automatically enrolled in Ashlar Village's Dining Plan and may enroll in the Dining Plan, purchase meal packages at a discounted rate, or make reservations for meals and pay per visit.

Take-out meals are available for all. Residents may pick up take-out meals themselves, or request meal be delivery for a service charge.

Guests are welcome to dine with you. Make reservations in advance when hosting guests. Guest meals will be billed to you as an additional charge.

**B. Housekeeping and Maintenance**

Ashlar Village provides light cleaning services every other week. Ashlar Village provides necessary repairs, maintenance, and replacement of its property and equipment. Except in an emergency, such services are provided during normal working hours, Monday through Friday. You are responsible for maintaining, repairing, and replacing your personal property. You may order extra housekeeping or maintenance services for an additional charge. Ashlar Village maintains all Common Areas, Grounds and amenities, including lawns, walkways,

and driveways. Landscaping and decorative plantings are provided and maintained by Ashlar Village as it deems appropriate. Additional landscaping and gardening may be permitted with prior authorization. Additional landscaping must be maintained by you. If additional landscaping can no longer be maintained by you as determined by Ashlar Village in its sole discretion, it will be removed at your expense.

### **C. Transportation**

Ashlar Village provides transportation to medical appointments within a fifteen (15) mile radius of Ashlar Village. This transportation occurs on a published transportation schedule which is subject to change with prior notice.

Ashlar Village provides regularly scheduled transportation to grocery stores, shopping centers and other social and recreational activities. Transportation is also provided to residents participating in Masonicare's health care system for medical appointments.

## **ARTICLE IV**

### **HEALTH CARE SERVICES**

#### **A. Masonicare Health Center Access and Prepaid Days**

##### **1. Admission to Masonicare Health Center**

Your residency at Ashlar Village guarantees you access to the Masonicare Health Center or any other Masonicare location when needed. You agree that if you are admitted to the Masonicare Health Center or any other Masonicare location you will sign a separate admissions agreement, describing the services to be provided and your rights and obligations at the location. You agree that in the event Masonicare Health Center or other Masonicare location does not have any availability when you are ready for admission, you will be temporarily placed in another facility by Ashlar Village until such time as a bed is available.



## 2. Ten Prepaid Days

During the term of this Residency Agreement, you receive an Annual Allotment of ten prepaid days per calendar year of in-patient services at Masonicare Health Center or another Masonicare skilled nursing location covering basic services such as, room, board and nursing care (excluding any ancillary services), subject to the restrictions set forth herein. The Annual Allotment is non-cumulative and expires on December 31 of each year. The Annual Allotment is non-refundable and is not transferable to any other entity. You may use your Annual Allotment in the event that you use in-patient services of Masonicare Health Center or another Masonicare skilled nursing location, and these services are not otherwise covered by Medicare, supplemental insurance, or other third party payments. You remain responsible for the payment of any insurance deductibles or co-payments you incur associated with Medicare or your own insurance, as well as ancillary and medical charges, and any days of care in excess of the Annual Allotment.

### **B. Assisted Living**

Ashlar Village offers assisted living apartments at Pond Ridge, which is part of Ashlar Village and adjacent to the independent living apartment buildings. If you wish to transfer to any Masonicare assisted living facility, including Pond Ridge, and it is determined, after consultation with you, your family and/or your physician, that you meet the criteria for assisted living, then your residency at Ashlar Village will be terminated, and you will enter into a new Residency Agreement describing the services, fees, and your rights and obligations as a resident of Pond Ridge or other Masonicare assisted living facility. If you become a resident of Pond Ridge or another Masonicare assisted living, you will have access to Masonicare Health Center or other Masonicare skilled nursing location on the same terms and conditions as an Ashlar Village Resident.

### **C. Available Personal, Nursing and Medical Services**

#### 1. Wellness

Ashlar Village operates a Wellness Office. The Wellness Office responds to residents to ensure they obtain services for urgent or emergent needs.

## 2. Emergency Assistance

All independent living residences at Ashlar Village have emergency pull cords in the bathrooms and bedrooms. In addition, you may purchase a remotely activated pendant or bracelet connected to the existing security system.

## 3. Health Service Coordination

You have the right to consult with or be treated by any physician of your choosing. Be advised, however, that only physicians and consulting specialists within Masonicare's system have admitting privileges to Masonicare Health Center and other Masonicare locations. You shall be fully responsible for payment of any charges for such consultation or treatment.

## 4. Personal Assistance

Personal care is the sole responsibility of you and your family. If you hire private companions or aides, you are responsible for hiring and coordinating the services of such companions. Private companions or aides must register with Ashlar Village Wellness or Administration, wear an identification badge provided by Ashlar Village Administration, and abide by all policies and procedures as defined by the Ashlar Village Policy governing private aide services. Upon registration with Ashlar Village Administration, private companions and aides are provided with the Ashlar Village Policy Governing Private Companion Services and a private aide manual. Ashlar Village reserves the right to require evidence of licensure from agencies and health care professionals not affiliated with Masonicare and to review the qualifications and experience of any non-licensed aides, assistants and companions you may employ. Ashlar Village assumes no responsibility whatsoever for the qualifications of third parties such as private duty companions or aides, or for the timeliness or quality of care or any other aspect of services provided by them. Ashlar Village reserves the right to implement a policy allowing only agencies approved by Ashlar Village, in its sole discretion, to provide assistance and companion services to Residents. If your private companion or aide is disruptive or unruly or presents any other reason which would justify Ashlar Village requesting, in its sole discretion, the discontinuance of his or her services at Ashlar Village, you agree to discontinue the services of your private companion or aide and to seek an alternate private companion or aide.

**D. Health Care Services Not Included in this Residency Agreement**

Except as specifically provided in this Residency Agreement, Ashlar Village shall not provide, pay for, or indemnify you for any medical services, including, but not limited to, medical, surgical, home care or hospital services, physical examinations, medical consultations, drugs, medications, disposable and non-disposable supplies, X-rays, medical tests, eyeglasses or refractions, hearing aids, dentistry, dentures, inlays, prescriptions, orthopedic appliances, private duty nursing care, podiatric services, physical therapy, treatment for psychiatric disorders, alcoholism, or similar items or services.

**E. Illness or Accident While Away from Ashlar Village**

If you suffer an accident or illness while away from Ashlar Village for an extended period of time, you will notify Ashlar Village as soon as possible. You will be solely responsible for the costs of all medical care you incur while away from Ashlar Village, and Ashlar Village will not have any responsibility for the payment of such costs.

**ARTICLE V**

**FINANCIAL ARRANGEMENTS**

**A. Fees**

The basic fees associated with residency at Ashlar Village include an Application Fee, an Initial Fee, an Entry Fee, and a Monthly Fee. These fees are subject to change, from time to time, in the sole discretion of Ashlar Village. The fees in effect at the time of this Residency Agreement are shown on Exhibit A attached to this Residency Agreement.

1. Application Fee

You must submit an Application Fee to Ashlar Village with your application to cover the cost of review. The Application Fee is nonrefundable and is not credited toward the Entry Fee.

2. Initial Fee

At the time you submit your application to Ashlar Village, you must also submit an Initial Fee, which is credited toward the Entry Fee.

3. Entry Fee

For the right to use your residence and to receive the services described in this Residency Agreement, you pay a one-time Entry Fee to Ashlar Village. A deposit equal to five (5%) percent of the Entry Fee is due when you select your residence. Your deposit will be placed into an escrow account with our current banking institution, in accordance with Connecticut General Statutes Section 17b-524. The balance of the Entry Fee is due to Ashlar Village upon move-in. Entry Fee options are detailed in Exhibit B.

4. Monthly Fee

You agree to pay Ashlar Village a Monthly Fee for your residence.

Ashlar Village may adjust the Monthly Fee and ancillary charges from time to time in its sole discretion upon thirty (30) days' advance written notice to you. Ashlar Village will base such adjustments on projected costs, prior year per capita costs, and economic indicators as determined by Ashlar Village in its sole discretion. You agree that in the event of such an adjustment by Ashlar Village, you will pay the adjusted fee.

Each month you will receive a monthly statement itemizing the Monthly Fee plus any additional charges, including hair salon, guest meal, etc. All charges on the monthly statement are payable within thirty (30) days of receipt. If you do not make your payment on time (within 30 days of receiving the monthly statement), Ashlar Village reserves the right to assess a late penalty of 1.5% per month until you pay the amount owed. Persistently delinquent fees may trigger the Termination Provisions of this Residency Agreement at the sole discretion of the Executive Director of Ashlar Village or his/her designee. Any account balances, including interest due to late payment that remain unpaid when this Residency Agreement is terminated shall become a lien against your assets or estate after deducting any refund owed under this Residency Agreement. You agree to pay the Monthly Fee whether you are residing in your residence, temporarily residing in Masonicare Health Center, or otherwise absent from Ashlar Village. If you fail or refuse to pay the amounts charged under the terms of this Residency Agreement

and Ashlar Village must later refer the account to an attorney or collection agency, you agree to pay all resulting charges, expenses, court costs and attorneys' fees incurred by Ashlar Village.

**B. First Year Refund Policy**

If you are unhappy at Ashlar Village, and decide to move out within your first year of residency for any reason other than ill health, we will refund your entire Entry Fee to you, minus a standard service charge. This supersedes the Entry Fee Refund Options. If you leave due to ill health within the first year, the Entry Fee Refund Schedule shall apply.

**C. Fees Not Held in Trust**

All fees paid to Ashlar Village, including entry fees, become the sole property of Ashlar Village as payment for residence and services, except to the extent that the Entry Fee is refundable under Exhibit B of this Residency Agreement.

**D. Personal Obligations of Residents**

Ashlar Village shall not be liable or responsible for any expenses, debts, or obligations incurred by you on your own account, nor shall it be obligated to furnish, supply, or give you any support, maintenance, board, or lodging while you are absent from Ashlar Village.

**E. Financial Assistance to Residents**

1. Inability to Pay Monthly Fees

Ashlar Village is a charitable, nonprofit organization and has a policy of assisting residents who are unable to pay the Monthly Fee, but who otherwise comply with the terms of this Residency Agreement. If you encounter financial difficulty and are unable to pay your Monthly Fee in whole or in part, Ashlar Village will not terminate your residency solely for that reason. If these circumstances occur, you must bring them to the attention of the Executive Director of Ashlar Village or his/her designee immediately. If your financial difficulty is unanticipated or not due to your own intentional acts, the Executive Director of Ashlar Village or his/her designee will work to develop an alternative payment plan or living arrangement on the campus with you. Your shortfall will first be deducted from any Entry Fee refund for which you may become eligible. If you are not eligible for a refund, you may then qualify to receive assistance from a designated Masonicare fund.

## **F. Financial Requirements for Residency**

As part of your application to Ashlar Village, you completed a Financial Disclosure Statement listing your total assets and income. Your Financial Disclosure Statement is retained in your personal file which is secured with Administration. Ashlar Village reserves the right to request annually an updated schedule of financial information, which you agree to provide as a condition of your continued residency. You also agree to notify the Executive Director of Ashlar Village or his/her designee when your assets decline to \$50,000 or your funds are otherwise insufficient to meet current obligations for a period of three years.

You agree to enroll in and be covered by Medicare and to have supplemental coverage appropriate to the type of Medicare coverage you carry. If you are not eligible for Medicare coverage, you agree to obtain equivalent insurance coverage acceptable to Ashlar Village. You further agree to make all reasonable efforts to conserve your financial resources in order to enable you to meet your financial obligations under this Residency Agreement. You further agree not to impair your ability to meet these obligations or injure your eligibility for benefits under Title XIX of the Social Security Act (Medicaid) by transferring assets or income, other than for ordinary living expenses. If you are unsure whether a contemplated transaction would place you in jeopardy of violating this Residency Agreement, please contact the Executive Director of Ashlar Village or his/her designee first for guidance.

## **ARTICLE VI**

### **TRANSFERS/MARRIAGE**

#### **A. Intra-Village Transfer Policy**

If you elect to transfer to another residence within Ashlar Village, you will be charged a Refurbishment Fee at the time of the move to cover the cost of preparing the new residence for new occupancy. The Refurbishment Fee may vary based on size of new residence selected.

If you chose a more cost effective transfer to a residence constructed as of the date of this Residency Agreement, the new Entry Fee will be based on the difference between (i) the Entry Fee for your current residence, adjusted to account for any

available refund in accordance with the refund method you select under Exhibit B of this Residency Agreement, and (ii) the Entry Fee for the new residence as of the date of this Residency Agreement prorated by the same percentage as that of the Entry Fee Refund to which you are entitled for your current residence.

Cost Effective Transfer Example A. If a Resident on an eight-year refund schedule, who moved in two years ago, decides to move from a two- bedroom Cottage to a one-bedroom Apartment:

<u>Original Full Entry Fee of Cottage</u> \$200,000	<u>Full Entry Fee of Apartment (As of this Residency Agreement date)</u> \$135,000
<u>Entry Fee Refund</u> \$140,000	<u>Entry Fee Adjustment</u> \$94,500
Difference = +\$45,500	

Therefore, a credit will be issued to the resident’s monthly fee in the sum of \$45,500 minus a Refurbishment Fee.

In order to upgrade residences, you must first qualify for the financial criteria of the new residence at the sole discretion of Ashlar Village.

If you Upgrade residences, the new Entry Fee will be based on the difference between the Entry Fee paid for your current residence and the current Entry Fee for the new residence at the time of transfer. The Entry Fee for your current residence will be adjusted to account for any available refund in accordance with the refund method you select under Exhibit B of this Residency Agreement. If the current Entry Fee for the new residence is greater than the Entry Fee Refund for your current residence, you will be required to pay the difference in Entry Fees.

Upgrade Example. If, after two years, a Resident on an eight-year refund schedule transfers from a one-bedroom Apartment to a two-bedroom Cottage:

<u>Original Full Entry Fee of Apartment</u> \$135,000	<u>Current Full Entry Fee of Cottage</u> \$210,000
<u>Entry Fee Refund</u> \$94,500	
Difference = -\$115,500	

Therefore, the Resident will be charged an additional Entry Fee of \$115,500 plus a Refurbishment Fee.

If you transfer residences, you agree to enter into an addendum to this Residency Agreement including, among other things, the address of the new residence and the Entry Fee for the new residence. The original date of residency at Ashlar Village, original Entry Fee Option and original Entry Fee refund schedule will not change.

## **B. Transfer for Health Reasons**

### 1. Change in Health

You acknowledge and agree that Ashlar Village is appropriate for occupancy by persons who can live independently, with assistance from a home health aide or other qualified provider, if necessary, but that Ashlar Village is not appropriate for persons who need 24-hour skilled nursing care or whose physical, mental or psychological condition otherwise results in their inability to live independently in this setting. You agree that if your health deteriorates such that you can no longer live in an independent setting, you will make appropriate arrangements (a) to transfer out of your current residence to a Masonicare assisted living or skilled nursing location, or another appropriate location; or (b) if your personal physician and the Executive Director of Ashlar Village or his/her designee agree it is appropriate, to obtain necessary services in your current residence.

### 2. Consultation

Except in cases of emergency, Ashlar Village will not transfer you from your residence for health-related or other reasons until Ashlar Village has consulted with you, your personal physician, a member of your family, or your designated representative. In cases of an emergency transfer, Ashlar Village will make reasonable efforts to hold such consultations within ten (10) days of transfer.

### 3. Transfer Decisions

You agree that Ashlar Village shall have full authority and right to transfer you from your residence to any Masonicare location or elsewhere for hospitalization or other health related services without having to obtain your further consent if you do not make appropriate arrangements for obtaining the care and services you need, and the Masonicare Medical Director or Executive Director of Ashlar



Village determines, in his or her sole discretion, after the consultation described above that:

a. Ashlar Village does not have adequate capabilities or staff to provide the nursing services or medical care that you need; or

b. Your continued occupancy of your residence constitutes a danger or health hazard to you or other Residents, or is detrimental to the peace, safety or security of other Residents.

4. Transfer to an Outside Health Care Location

If it is necessary to transfer you to an outside health care location, Ashlar Village will try to arrange for transfer to the location of your choice. If you, your family or designated representative fail to choose another location, the Executive Director of Ashlar Village or his/her designee may choose the facility in his or her sole discretion. You are responsible for all charges for outside facility transfers and services.

5. Charges During Stays at Any Healthcare Location

If you are a short-term, temporary patient at the Masonicare Health Center or at any other location, you will continue to pay your Monthly Fee at Ashlar Village. If you become a permanent resident at the Masonicare Health Center or another health care location, this Residency Agreement will terminate with respect to you. If your spouse, partner or roommate remains at Ashlar Village, his or her Monthly Fee will be adjusted to reflect single occupancy of the residence. If you lived alone prior to your permanent transfer to the Masonicare Health Center or another health care location, your residency and future financial obligations at Ashlar Village will terminate.

**C. Marriage or Cohabiting**

1. Between Ashlar Village Residents

If you choose to live with another Ashlar Village resident, either resident may terminate his or her Residency Agreement and release his or her residence. Ashlar Village will determine the appropriate refund in accordance with the terms of the applicable Residency Agreement. The terminating resident may then become a party to the other existing Residency Agreement and become a second occupant in

the that residence. Ashlar Village will increase the Monthly Fee for the shared residence to the double occupancy rate.

2. Between An Ashlar Village Resident and Non-Resident

If you r choose to live with a non-resident, and you and that individual wish to live at Ashlar Village, the potential new resident must apply and meet the financial eligibility and other criteria to live at Ashlar Village. If the potential new resident qualifies for residency, he or she must become a party to this Residency Agreement. Ashlar Village will increase the Monthly Fee to the double occupancy rate.

3. Divorce or Separation

In the event two Residents divorce or separate, or persons sharing a residence separate, and each party desires a separate residence and one party remains in the residence which is the subject of this Residency Agreement, Ashlar Village will not refund any of the Entry Fee for the current residence. If the second Resident chooses to remain at Ashlar Village, that Resident must enter into a new Residency Agreement for such residence and pay the then applicable Entry Fee. Each party will pay the applicable Monthly Fee for his or her residence.

If one party desires to terminate his or her residency at Ashlar Village and move elsewhere, the remaining party shall retain full and exclusive rights to the residence. Neither party shall be entitled to any refund of the Entry Fee.

If both such Residents desire to cancel this Residency Agreement, Ashlar Village will follow the normal refund provisions of this Residency Agreement.

## ARTICLE VII

### **TERMINATION PROVISIONS**

#### **A. Termination Prior to Occupancy**

1. Rescission Rights

You (or your legal representative in the event of your death) may rescind this Residency Agreement by notifying the Ashlar Village Executive Director or his/her designee in writing by registered or certified mail within thirty (30) days of

your execution of this Residency Agreement (the "Rescission Period"). If you choose to rescind this Residency Agreement, Ashlar Village will refund the appropriate portion of the Entry Fee paid, minus the Application Fee and minus an administrative charge, which is subject to change from time to time in the sole discretion of Ashlar Village. You are not required to move in to your residence during the Rescission Period.

## 2. Automatic Cancellation

If after the Rescission Period, you pass away before taking occupancy of your residence, or you cannot occupy your residence due to illness, injury or incapacity, this Residency Agreement shall be automatically cancelled upon Ashlar Village receiving written notice by registered or certified mail of your inability to take occupancy of the residence. Ashlar Village will refund the appropriate portion of the Entry Fee paid, minus (i) the Application Fee, (ii) an administrative charge, which is subject to change from time to time in the sole discretion of Ashlar Village, and (iii) the applicable Monthly Fee, prorated on a per diem basis for the period beginning on the later of seven (7) days after the execution of this Residency Agreement or the date on which your residence was ready for occupancy and ending on the last day of the month in which Ashlar Village receives notice that you will not occupy the residence. In all other circumstances, the provisions of Article VIII Section B govern cancellation of this Residency Agreement due to the death of Resident.

## 3. Other Cancellation by Resident Prior to Occupancy

If this Residency Agreement is not terminated pursuant to Subsections A1 and A2 above, you may cancel this Residency Agreement at any time prior to taking occupancy upon written notice to the Executive Director of Ashlar Village or his/her designee sent by registered or certified mail. In the event of such a termination, Ashlar Village will refund the appropriate portion of the Entry Fee paid, minus (i) the Application Fee, (ii) an administrative charge, which is subject to change from time to time in the sole discretion of Ashlar Village, and (iii) the applicable Monthly Fee, prorated on a per diem basis for the period beginning on the later of seven (7) days after the execution of this Residency Agreement or the date on which your residence was ready for occupancy and ending on the last day of the month in which Ashlar Village receives notice that you will not occupy the residence.

## 4. Termination by Ashlar Village Prior to Occupancy

If your residence is constructed as of the date of this Residency Agreement, Ashlar Village reserves the right to cancel this Residency Agreement in its sole discretion if you do not take occupancy of your residence within sixty (60) days of your residence being ready for occupancy. In the event of such a termination, Ashlar Village will refund the appropriate portion of the Entry Fee paid, minus (i) the Application Fee, (ii) an administrative charge, which is subject to change from time to time in the sole discretion of Ashlar Village, and (iii) the applicable Monthly Fee, prorated on a per diem basis for the period beginning on the later of seven (7) days after the execution of this Residency Agreement or the date on which your residence was ready for occupancy and ending on the last day of the month in which Ashlar Village receives notice that you will not occupy the residence.

**B. Termination After Occupancy**

1. Termination by Resident

You may cancel this Residency Agreement at any time and for any reason upon thirty (30) days' advance written notice to the Executive Director of Ashlar Village or his/her designee. You will be responsible for Monthly Fees during the notice period and until the residence, carport, and storage unit is vacated. If you are eligible for an Entry Fee refund, it will be calculated from the date the residence, carport, and storage is vacated and the keys are returned to Ashlar Village.

2. Termination by Ashlar Village

Ashlar Village may cancel this Residency Agreement at any time for good and sufficient cause upon sixty (60) days' advance written notice to you. If you have not corrected the problem identified within thirty (30) days of receiving written notice thereof, you agree to leave Ashlar Village upon the termination of the Residency Agreement at the end of the 60 day notice period. If the Medical Director or the Executive Director of Ashlar Village or his/her designee determines that either the giving of notice or the lapse of time might be detrimental to you, other Residents, or Ashlar Village staff, or if the Executive Director of Ashlar Village or his/her designee determines in his or her sole discretion that the problem constituting cause for termination cannot be cured, then any notice or waiting period prior to termination shall not be required. Good and sufficient cause shall include, but is not limited to:

a. Failure to perform your obligations under this Residency Agreement, including your obligation to pay the Monthly Fee and other charges on a timely basis, and failure to appropriately conserve your financial resources as required under this Residency Agreement;

b. Failure to abide by the Ashlar Village Policy and Procedures, including conduct by you that, in the sole discretion of the Executive Director of Ashlar Village or his/her designee, is detrimental to the health, safety, comfort, security or peaceful living of you or any of the other Residents or Ashlar Village staff;

c. Your refusal of treatment or care, or refusal to be transferred to an appropriate location to receive treatment or care that, in the opinion of your personal physician, is medically required for your physical or mental health or the health and safety of other Residents or Ashlar Village staff;

d. Material misstatements or failure to state a material fact in your Application or Financial Disclosure Statement, filed with Ashlar Village; or

e. Permanent transfer to another public or private location for medical reasons.

If upon termination you are eligible for an Entry Fee refund, it will be calculated pursuant to Exhibit B of this Residency Agreement.

### 3. Termination for Medical Reasons

If the Masonicare Medical Director or the Ashlar Village Executive Director or his/her designee determines in his/her sole discretion that (a) Ashlar Village does not have adequate capabilities or staff to provide the medical services you need; or (b) that your continued occupancy of your residence constitutes a danger to other residents, to yourself, or is detrimental to the peace or health of others, then your residency at Ashlar Village will be terminated. If termination is necessary for medical reasons, you may transfer to the Masonicare Health Center or other Masonicare locations under the direction of the Medical Director.

### 4. Termination by Reason of Death

a. Sole Occupant

In the event of your death, if you are the sole occupant of your residence, this Residency Agreement will terminate on the date when the personal property in your residence/ carport/ storage has been removed and the residence is vacated. Your Monthly Fee for that month will be prorated, and, if you were eligible for an Entry Fee Refund, it will be calculated as of that date and paid over to your estate.

b. Surviving Spouse, Partner or Roommate

In the event of a Resident's death, and there is a surviving spouse, partner or roommate, the Monthly Fee will be adjusted to reflect a single occupant. No Entry Fee Refund will be calculated or remitted at this time. The interest in the Entry Fee refund will only be calculated on the termination of residency of the surviving Resident.

c. Payment of Entry Fee Refund

In the event of a termination due to Resident's death, a refund of a Resident's Entry Fee will be calculated as of the date when the personal property in your residence/ carport/ storage has been removed and the residence is vacated. If you would like the Entry Fee refund to be paid to a specific person or entity, indicate here to whom it should be paid:

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If you do not designate a specific person or entity, the refund will be paid over to your estate.

5. Vacating Residence/Removal of Property

You must vacate your residence and remove all personal property from your residence/ carport/ storage within thirty (30) days after termination of the Residency Agreement. You will be obligated to continue paying the Monthly Fee plus any additional charges on a pro-rated basis until your personal property is removed from the residence/ carport/ storage and the keys returned to Administration. If your personal property is not removed within the thirty (30) day period, Ashlar Village shall have the right to remove it from the residence. Ashlar Village will store the property for a fee for up to six (6) months and then dispose of it at your expense.

## ARTICLE VIII

### OTHER RESIDENCY PROVISIONS

#### A. Financial Condition

The financial condition of Ashlar Village is set forth in Masonicare's Annual Report. The Annual Report includes financial statements audited by an independent firm of certified public accountants, and is available for your review in the library reading areas.

#### B. Residency and Dismissal of Other Residents

You agree that you have no right to determine or appeal the residency, terms of residency, placement, dismissal of, or any other issues regarding, any other resident.

#### C. Ashlar Village Association

Residents participate in and operate a residents' council, the Ashlar Village Association. Ashlar Village Administration meets with the Ashlar Village Association monthly. The Ashlar Village Association has no legal or contractual right to direct or operate Ashlar Village or any portion thereof.

#### D. Community Rules

For the proper management and operation of the community and the safety, health, and comfort of all residents, Ashlar Village reserves the right to adopt or amend such policies and procedures as it deems necessary or desirable in its sole discretion. You agree to abide by Ashlar Village policies and procedures, as amended from time to time, which are incorporated by reference into this Residency Agreement. The Ashlar Village policies and procedures are available for your review at the Ashlar Village Administration Office.

#### E. Guest Policy

You are welcome to invite guests to your residence. Guest accommodations are also available in the Guest Suite, on a first-come, first-serve basis. Ashlar Village will charge a reasonable daily rate for use of the Guest Suite. If your guest stays in your residence and his or her stay exceeds 30 nights, you will be billed the guest

rate then in effect for the visit. Ashlar Village defines a "guest" as anyone staying overnight in a residence who has not signed this Residency Agreement. Private duty home and health care service providers will not be considered guests unless they remain in your residence overnight more than 60 days out of any 90 day period. All guests are subject to the Ashlar Village policy and procedures and have no rights under this Residency Agreement.

**F. Pet Policy**

Pets are permitted as set forth in Ashlar Village's published Pet Policy. If you keep a pet in your residence, you agree to abide by the Pet Policy and any amendments thereto. The Pet Policy is incorporated by reference into this Residency Agreement.

**G. Smoking Policy**

Smoking is prohibited indoors and outdoors. You agree to abide by the smoking policy and any amendments thereto. The smoking policy is incorporated by reference into this Residency Agreement.

**ARTICLE IX**

**MISCELLANEOUS PROVISIONS**

**A. Variance Among Residency Agreements**

You understand that Ashlar Village may enter into agreements with other residents that may contain terms different from those contained in this Residency Agreement. These differences may be a result of different economic conditions at different times or other factors. Despite any different terms in other agreements, you agree that this Residency Agreement alone sets forth your rights and obligations with respect to Ashlar Village, and that you are not a third party beneficiary of any other Residency Agreement.

**B. Accuracy of Information**

You represent and warrant that all information you have submitted or will submit to Ashlar Village as required in completing your application to Ashlar Village is true and complete. You understand and acknowledge that Ashlar Village is relying on such information. You agree at any time to update the information contained in



your application upon the request of Ashlar Village. You must update your application if it is more than six (6) months old and you have not yet taken occupancy of your residence for any reason, including construction of your residence. If, before you take occupancy of your residence, Ashlar Village determines in its sole discretion that you no longer meet the criteria for residency due to a change in your health or financial circumstances, Ashlar Village will so notify you in writing and this Residency Agreement shall automatically cancel in accordance with Article VIII A.2. If Ashlar Village determines your application contains a material misstatement of fact or fails to state a material fact, Ashlar Village may cancel this Residency Agreement in accordance with Article VIII A.4 or Article VIII.B.2, as applicable.

### **C. Waiver**

Ashlar Village's failure in any one or more instances to insist upon strict compliance by you with any of the terms of this Residency Agreement shall not waive Ashlar Village's right to insist upon your strict compliance with any of the terms of this Residency Agreement on other occasions.

### **D. Attorneys' Fees**

In the event that Ashlar Village takes action to enforce the terms of this Residency Agreement, Ashlar Village is entitled to recover attorneys' fees and all costs of any such action.

### **E. Assignment**

Your rights under this Residency Agreement are personal and cannot be assigned, transferred, inherited or devised. The Residency Agreement shall bind and inure to the benefit of Ashlar Village's successors and assigns and shall bind and inure to the benefit of your heirs, executors and administrators in accordance with its terms.

### **F. Entire Residency Agreement**

This Residency Agreement, including all exhibits, constitutes the entire Residency Agreement between you and Ashlar Village. Ashlar Village is neither liable for, nor bound in any manner by, any statements, representations or promises made by any person representing or proposing to represent Ashlar Village unless such statements, representations, or promises are set forth in the Residency Agreement. Any modification of the Residency Agreement must be in writing and signed by

you and by Ashlar Village.

**G. Partial Illegality**

If any portion of this Residency Agreement shall be determined to be illegal or not in conformity with applicable laws, such portion shall be deleted and the validity of the balance of this Residency Agreement shall not be affected.

**H. Governing Law**

This Residency Agreement shall be construed in accordance with the laws of the State of Connecticut.

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**EXHIBIT A**

**CURRENT FEES**

**Resident Name(s)** \_\_\_\_\_  
**Residence #** \_\_\_\_\_  
**Agreement Start Date** \_\_\_\_\_

Application Fee (non-refundable): \$ \_\_\_\_\_

Initial Fee: \$ \_\_\_\_\_

Deposit: \$ \_\_\_\_\_

Deposit: \$ \_\_\_\_\_

Residence Type/ Style \_\_\_\_\_

\*Entry Fee Option Selected: \_\_\_\_\_

\*\* Entry Fee \$ \_\_\_\_\_

Balance Due: \$ \_\_\_\_\_

\*\*\*Monthly Fee: \$ \_\_\_\_\_

**Notes:**

\*Entry Fee option may not be changed.

\*\*Entry Fee does not include any Options Extra that may be added.

\*\*\*Monthly Fees are subject to change. You will be given at least thirty (30) days' written notice of any changes in fees.

**EXHIBIT B**

**ENTRY FEE REFUND**

**Resident Name** \_\_\_\_\_  
**Residence #** \_\_\_\_\_  
**Entry Fee Amount** \_\_\_\_\_  
**Agreement Start Date** \_\_\_\_\_

**Eight Year Declining Entry Fee Refund Schedule**

Should you terminate your residency at Ashlar Village within 8 years (96 months) of this Agreement Start Date, Ashlar Village will refund your Entry Fee according to the following schedule:

<u>Month</u>	<u>Amount of Entry Fee Refund</u>
1 (First 30 Days)	100% minus a standard service charge
2-6	95%
7-10	90%
11-20	80%
21-30	70%
31-40	60%
41-50	50%
51-60	40%
61-70	30%
71-80	20%
81-95	10%
96+	0%

**75% Entry Fee Refund**

Those who select the 75% Refundable Entry Fee are guaranteed 75% of the Entry Fee (\$ \_\_\_\_\_), as a refund upon termination of the Agreement.

**EXHIBIT C**

**UTILITIES**

**Resident Name** \_\_\_\_\_  
**Residence #** \_\_\_\_\_  
**Agreement Start Date** \_\_\_\_\_

All residences at Ashlar Village include, water, sewer, garbage collection and Ashlar Senior TV Basic Package in the Monthly Fee.

Notch Hill Apartments and Villas also include electricity, natural gas and Ashlar Senior TV Expanded Package in the Monthly Fee.

**EXHIBIT D**

**FLEXIBLE DINING PLANS**

**Resident Name** \_\_\_\_\_  
**Residence #** \_\_\_\_\_  
**Agreement Start Date** \_\_\_\_\_

Cottage and Villa residents are not automatically enrolled in Ashlar Village’s dining program. At their option, Cottage and Villa residents may enroll in a dining plan, purchase a dining package at a discounted rate, or make reservations to dine on a specific day and pay per visit.

Apartment residents are required to participate in Ashlar Village’s dining program as described below.

1) **20 Meal Plan**- Choose the 20 Meal per month plan and receive an allocated amount of Dining Dollars per month equivalent to 20 meals in the Dining Room. Residents choosing this plan will be credited a predetermined amount on their Monthly Fee. This plan allows residents to spend Dining Dollars in the Waterside Dining Room as well as in the Duck Inn. Dining Dollars cannot be used at the bar, Village Store, Salon, for guest meals or for alcohol. Dining Dollars not used in the month cannot be carried over.

2) **25 Meal Plan** - Choose the 25 Meal per month plan and receive an allocated amount of Dining Dollars per month equivalent to 25 meals in the Dining Room. Residents choosing this plan will be credited a predetermined amount on their Monthly Fee. This plan allows residents to spend Dining Dollars in the Waterside Dining Room as well as in the Duck Inn. Dining Dollars cannot be used at the bar, Village Store, Salon, for guest meals or alcohol. Dining Dollars not used in the month cannot be carried over.

3) **Standard Meal Plan**- Choose the Standard Meal Plan and receive an allocated amount of Dining Dollars per month equivalent to 1 meal per day per month. This plan is included in the monthly fee with no added cost. This plan allows Resident to spend their Dining Dollars in the Waterside Dining Room as well as in the Duck Inn. Dining Dollars cannot be used at the bar, Village Store, Salon, for guest meals, or for alcohol. Dining Dollars not used in the month cannot be carried over.

4) **45 Meal Plan** - Choose the 45 Meal per month plan and receive Dining Dollars equivalent to 45 meals per month. Residents choosing this plan will incur an additional charge for the 15 meals above the Standard Plan. This plan allows Resident to spend their Dining Dollars in the Waterside Main Dining Room as well as in the Duck Inn. Dining Dollars cannot be used at the bar, Village Store, Salon, or for guest meals or for alcohol. Dining Dollars not used in the month cannot be carried over.

5) **60 Meal Plan** - Choose 60 Meal per month plan and receive Dining Dollars equivalent to 60 meals per month. Residents choosing this plan will be charged for the 30 meals above the Standard Plan. This plan allows Resident to spend their Dining Dollars in the Waterside Dining Room as well as in the Duck Inn. Dining Dollars cannot be used at the bar, Village Store, Salon, for guest meals or for alcohol. Dining Dollars not used in the month cannot be carried over.

6) **Villa/Cottage 10 Meal Plan** - Villa and Cottage residents, may choose a 10 meal per month plan to receive Dining Dollars per month equivalent to 10 meals in the Waterside Dining Room. This plan allows Residents to spend their Dining Dollars in the Waterside Dining Room as well as in the Duck Inn. Dining Dollars cannot be used at the bar, Village Store, Salon, or for guest meals or for alcohol. Dining Dollars not used in the month cannot be carried over. *Villa/Cottage residents may also choose any of the other dining plan options.*

**\*All Dining Plans are subject to change with 30 Days written notice.**



**EXHIBIT E**

**FIRE SPRINKLER SYSTEM NOTICE**

**Resident Name**

**Residence #**

**Agreement Start Date**

**In accordance with P.A. 15-005, Section 57, of the Connecticut General Statutes, you are being notified that all apartments at Ashlar Village and Pond Ridge are equipped with working fire sprinkler systems.**

**These systems are maintained and inspected by a sprinkler contractor license the State of Connecticut. The date of the most recent inspection was on December 6, 2022.**

**Please note that Cottages and Villas are not equipped with fire sprinkler systems.**



## NOTICE TO PROSPECTIVE RESIDENTS

Connecticut law requires Ashlar Village to provide prospective residents of our community (or legal representative) with the following statement.

1. A continuing-care contract is a financial investment and your investment may be at risk;
2. Ashlar Village's ability to meet our contractual obligations under such contract depends on our financial performance;
3. You are advised to consult an attorney or other professional experienced in matters relating to investments in continuing care; and
4. The Connecticut Department of Social Services does not guarantee the security of your investment.

## ACKNOWLEDGEMENT

I acknowledge that I have reviewed and understand the above statement as well as Ashlar Village's Residency Agreement.

\_\_\_\_\_  
Resident's Name

\_\_\_\_\_  
Resident's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident's Name

\_\_\_\_\_  
Resident's Signature

\_\_\_\_\_  
Date



## NOTICE TO PROSPECTIVE RESIDENTS

Connecticut law requires Ashlar Village to provide, not more than sixty nor less than ten days before a person occupies a continuing care facility, a revised and up-to-date disclosure statement to the prospective resident or to that person's legal representative.

If there have been no revisions to the disclosure statement since the prospect received one at a time of reserving a unit with a 5% deposit, the prospect will be so advised.

### ACKNOWLEDGEMENT

I have been informed that there have been no revisions to the original disclosure statement that I received at the time I placed a deposit on a unit at Ashlar Village.

\_\_\_\_\_  
Resident's Name                      Resident's Signature                      Date

\_\_\_\_\_  
Resident's Name                      Resident's Signature                      Date

ATTACHMENT B

CURRENT LISTING OF ENTRY AND MONTHLY FEES

ATTACHMENT B

CURRENT LISTING OF ENTRY AND MONTHLY FEES

# Masonicare

at Ashlar Village

Apartment Homes	Standard Entry Fee		75% Refundable		Monthly Fee FY 2023		
<b>Bridgehouse, Knoll, Meadow Wood</b>	<b>1 Person</b>	<b>2 People</b>	<b>1 Person</b>	<b>2 People</b>	<b>1 Person</b>	<b>2 People</b>	<b>SQ. FT.</b>
1 Bedroom/1 Bath	\$118,500	\$138,500	\$189,600	\$221,600	\$ 2,827	\$ 3,405	600/665
1 Bedroom/1 Bath	\$129,000	\$149,000	\$206,400	\$238,400	\$ 3,033	\$ 3,615	739
1 Bedroom/1 Bath #2221	\$170,000	\$190,000	\$272,000	\$304,000	\$ 3,200	\$ 3,779	948
1 Bedroom Dxl #1123	\$170,000	\$190,000	\$206,400	\$238,400	\$ 3,200	\$ 3,779	930
2 Bedroom/1 Bath	\$170,000	\$190,000	\$272,000	\$304,000	\$ 3,232	\$ 3,813	930
2 Bedroom/1.5 Bath	\$196,500	\$216,500	\$314,400	\$346,000	\$ 3,648	\$ 4,233	967
2 Bedroom/2 Bath #2219 & #2211, 2120	\$250,000	\$270,000	\$400,000	\$432,000	\$ 3,779	\$ 4,386	1317-1330
2 Bedroom/1.5 Bath #3228	\$244,000	\$264,000	\$390,400	\$422,400	\$ 4,125	\$ 4,709	1200
<b>2 Bedroom/2 Bath #3203 &amp; #3313</b>	<b>\$270,000</b>	<b>\$290,000</b>	<b>\$432,000</b>	<b>\$464,000</b>	<b>\$ 3,972</b>	<b>\$ 4,551</b>	<b>1478</b>
3 Bedroom/2 Bath #2305 & #2405	\$304,000	\$324,000	\$486,400	\$418,400	\$ 4,734	\$ 5,316	1450
<b>Cottage Homes</b>	<b>1 Person</b>	<b>2 People</b>	<b>1 Person</b>	<b>2 People</b>	<b>1 Person</b>	<b>2 People</b>	<b>SQ. FT.</b>
1 Bedroom Birch Dxl #20	\$155,000	\$175,000	\$248,000	\$280,000	\$ 2,184	\$ 2,472	947
1 Bedroom Birch/1 Bath	\$150,000	\$170,000	\$240,000	\$272,000	\$ 2,184	\$ 2,472	924
2 Bedroom Pine/1 Bath	\$196,000	\$216,000	\$313,600	\$345,600	\$ 2,688	\$ 2,976	1073
2 Bedroom Contemporary/ 1.5 Bath	\$226,000	\$246,000	\$361,600	\$393,600	\$ 3,346	\$ 3,637	1228
2 Bedroom Traditional III/1.5 Bath	\$227,000	\$247,000	\$363,200	\$395,200	\$ 3,346	\$ 3,637	1251
2 Bedroom Trad III Plus/1.5 Bath #71	\$233,000	\$253,000	\$372,800	\$404,800	\$ 3,346	\$ 3,637	1410
2 Bedroom Oak/1 Bath #42 & #22	\$194,000	\$214,000	\$310,400	\$342,400	\$ 2,701	\$ 2,988	1040
2 Bedroom Oak II/2 Bath	\$232,000	\$252,000	\$371,200	\$403,200	\$ 3,377	\$ 3,663	1198
2 Bedroom Willow/2 Bath	\$235,000	\$255,000	\$376,000	\$408,000	\$ 3,412	\$ 3,704	1243
2 Bedroom Willow Dxl/2Bath #48 #12	\$260,000	\$280,000	\$416,000	\$448,000	\$ 3,524	\$ 3,815	1379/ 1363
<b>Apartment Homes, Notch Hill</b>	<b>1 Person</b>	<b>2 People</b>	<b>1 Person</b>	<b>2 People</b>	<b>1 Person</b>	<b>2 People</b>	<b>SQ. FT.</b>
2 Bedroom/2 Bath (2Ba)	\$250,000	\$270,000	\$400,000	\$432,000	\$ 4,250	\$ 4,855	1130
2 Bedroom/2 Bath (2Bb)	\$255,000	\$275,000	\$408,000	\$440,000	\$ 4,250	\$ 4,855	1148
2 Bedroom/2 Bath (2Bc)	\$265,000	\$285,000	\$424,000	\$456,000	\$ 4,250	\$ 4,855	1193
2 Bedroom w/ Den/2 bath (2BDa)	\$310,000	\$330,000	\$496,000	\$528,000	\$ 4,424	\$ 5,033	1486
2 Bedroom w/ Den/2 bath (2BDb)	\$315,000	\$335,000	\$504,000	\$536,000	\$ 4,424	\$ 5,033	1496
2 Bedroom w/ Den/2 bath (2BDc)	\$315,000	\$335,000	\$504,000	\$536,000	\$ 4,424	\$ 5,033	1504
3 Bedroom/2 Bath (3B)	\$325,000	\$345,000	\$520,000	\$552,000	\$ 4,596	\$ 5,203	1542
<b>Villa Homes</b>	<b>1 Person</b>	<b>2 People</b>	<b>1 Person</b>	<b>2 People</b>	<b>1 Person</b>	<b>2 People</b>	<b>SQ. FT.</b>
Apple	\$335,000	\$355,000	\$536,000	\$568,000	\$ 4,031	\$ 4,379	1656
Apple with walk-out	\$350,000	\$370,000	\$560,000	\$592,000	\$ 4,031	\$ 4,379	2650
Peach	\$345,000	\$365,000	\$552,000	\$584,000	\$ 4,118	\$ 4,466	1712
Peach with walk-out	\$360,000	\$380,000	\$576,000	\$608,000	\$ 4,118	\$ 4,466	2761
Pear	\$375,000	\$395,000	\$600,000	\$632,000	\$ 4,424	\$ 4,769	1817
Pear with walk-out	\$390,000	\$410,000	\$624,000	\$656,000	\$ 4,424	\$ 4,769	2747
Cherry	\$385,000	\$405,000	\$616,000	\$648,000	\$ 4,509	\$ 4,855	1872
Cherry with walk-out	\$400,000	\$420,000	\$640,000	\$672,000	\$ 4,509	\$ 4,855	2858

The Ancillary Charges listed below are effective October 1, 2022 for the following Ashlar Village services:

**FOOD SERVICE**

Guest Meal	\$20.00
Holiday Guest Meals	\$23.50
Villa/Cottage Resident Meal	\$19.00
Villa/Cottage 10-20-30 Meal Plan	\$12.00 (Per Meal)
Meal Delivery – Apartment	\$4.00
Meal Delivery – Villa/Cottage	\$4.25
Assistance to and from Dining Room	\$11.00

**Beverages:**

Cocktails	\$5.00-\$8.00 (price varies by brand)
Wine	\$5.00-\$6.00 (price varies by brand)
Beer	\$4.00-\$5.00 (price varies by brand)
Soda/Juice	\$1.50

**HOUSEKEEPING**

Additional Housekeeping	\$40.00/Hr. (\$10.00/Quarter Hour)
Rollaway Bed	\$16.00/Per Night
Guest Apartment	\$90.00/Per Night

**MAINTENANCE**

Maintenance Mechanic or Painter	\$50.00/Hr. (\$12.50/Quarter Hour)
Apartment Carport Rental	\$750.00/Year (Annual Rental) \$74.00/Month (Seasonal Rental)
Unit Transfer Refurbishment Fee	(Fees vary based on unit selected)
Unit Key Charge: (Cottage Storage)	\$5.00
Mail Box Key Charge	\$5.00
Key Card Charge	\$5.00
Senior TV	\$45.00/Month
Internet Access	\$24.00/Month
Cordmate	\$20.00/Month
Cordmate replacement	\$40.00

**MEAL CREDIT**

A meal credit is available for apartment residents who will be away for fifteen (15) or more consecutive days, provided they have given the Food Service Department written notice of their absence by using the meal credit form. The credit will be \$5.00 per person per day. The credit will be received on your statement the month following your absence. If you have any questions please feel free to contact Food Services at 203-679-6034.

# Visiting Hair Stylists

Masonicare   
at Ashlar Village

## Sets & Cuts

Shampoo Only	\$13.00
Comb-out/Touch-up	\$14.00
Shampoo + Style	\$30.00
Shampoo with Updo	\$33.00
Shampoo, Cut + Style	\$52.00
Women's Cut	\$32.00
Men's Cut	\$23.00
Men's Clipper Cut	\$21.00

## Color

Color Only	\$47.00
Temporary Color Rinse	\$ 7.00
Highlights	\$85.00 & Up

## Perms

Permanent (includes Cut + Style)	\$92.00
----------------------------------	---------

## Spa Treatments

Manicure	\$22.00
Gel Nails	\$38.00
Pedicure	\$47.00

## Aesthetics

Facials	\$ 70.00
Men's Facial Grooming	\$ 9.00

*Prices effective as of October 1, 2022 and are subject to change.*



Masonicare at Ashlar Village's assisted living neighborhood promotes an intimate environment where we encourage and help our residents maintain independence by providing a helping hand based on their individual needs. Each apartment has a spacious living area and well-appointed kitchenette. Residents have complete access to all the amenities and activities our community has to offer.

**SERVICES INCLUDED IN BASE FEE:**

- 3 nutritionally balanced meals daily
- 24/7 Security
- 24-hour emergency response system
- Housekeeping weekly
- Maintenance inside & out
- Utilities (excluding phone, cable & internet)
- Transportation to doctors' appointments - 15-mile radius
- Transportation to programs and scheduled local shopping
- Daily exercise programs
- Priority access to skilled nursing
- Caregiver support groups

**LEVELS OF CARE MAY INCLUDE:**

- Bathing & dressing/escorting & cueing
- Grooming & hygiene
- Medication management
- Personal laundry
- Safety checks
- Toileting assistance

**AMENITIES ON CAMPUS:**

- Social, recreational & therapeutic activities
- Art studio
- Convenience store/gift shop
- Fitness & wellness programs/Gym
- Game/billiard room/Pub
- Hair salon/barber shop
- Smoke detectors & sprinkler system throughout
- State-of-the-art emergency response system
- Library

APARTMENT STYLE	SQ. FT.	BASE RENT*	W/LEVEL 1 CARE*
Studio	318-325	\$4,706	\$5,698
Deluxe Studio	380	\$4,920	\$5,912
One Bedroom	460-596	\$5,018	\$6,010
One Bedroom Deluxe	627-650	\$5,933	\$6,925
Two Bedroom	660	\$6,760	\$7,752
Two Bedroom Deluxe	800	\$7,020	\$8,012
<b>Second Person Fee</b>		\$1,070	

**LEVELS OF CARE**

Medication Management	\$ 468	For individuals ONLY receiving medication management
Basic Level 1	\$ 992	Up to 15 Hours/Month
Standard Level 2	\$1,984	16 to 30 Hours/Month
Advantage Level 3	\$2,976	31 to 45 Hours/Month
Comprehensive Level 4	\$3,968	46 to 60 Hours/Month
Advanced Level 5	\$4,960	61 to 75 Hours/Month

**Specific need assistance:** Levels of Care are determined by a nursing assessment of needs.

**Couples:** Second person monthly fee \$1,070 and \$992 for each level of care the second person receives.

**Example:** One Bedroom Deluxe plus level 1 care = \$6,925 + second person fee \$1,070 + level 1 care \$992 = \$8,987

\*Effective October 2022 and subject to change.

Masonicare at Ashlar Village provides memory care for those with Alzheimer's or other forms of dementia. Our specialized memory care neighborhood provides the highest level of personal care in an assisted living environment. This level of care, combined with individualized programming for memory support, focuses on the specific needs of each resident, emphasizing self-esteem, understanding and security. Our residents' well-being is a priority. As a continuum member, you receive full community support with access to resources and designated referral sources to enable aging in place.

**APARTMENT BASE FEE \*\$6000** Includes secure neighborhood with expanded staffing.

### **LEVEL OF CARE**

Level of care is determined prior to residency through a medical evaluation meeting with the assisted living nurse. Re-evaluation occurs every 120 days.

#### **LEVEL 1 – LOW \$2750 Monthly**

May require a minimal amount of care; able to perform most daily care activities independently.

May require a minimal amount of physical assistance with most activities of daily living.

Generally, exhibit a minimal level of cognitive impairment and/or may require occasional re-direction, re-approaching, and cuing.

#### **LEVEL 2 – MODERATE \$3750 Monthly**

May require a moderate amount of care; able to perform some daily care activities independently.

May require a moderate amount of physical assistance with most activities of daily living.

Generally, exhibit a moderate level of cognitive impairment and/or may require frequent re-direction, re-approaching, and cuing.

#### **LEVEL 3 – ADVANCED \$4750 Monthly**

May require an extensive amount of care; unable to perform most daily care activities independently.

May require an extensive amount of physical assistance with most activities of daily living.

Generally, exhibit an extensive level of cognitive impairment and/or may require consistent re-direction, re-approaching, and cuing.

### **LEVEL OF CARE SERVICES MAY INCLUDE:**

- Bathing & dressing
- Escorting & cueing
- Grooming & hygiene
- Medication management
- Personal laundry
- Safety checks
- Toileting assistance
- Routine care assessments & planning

\*Effective May 2022 and subject to change.

ATTACHMENT C

MASONICARE AUDITED FINANCIAL STATEMENTS

**MASONICARE**

**CONSOLIDATED FINANCIAL STATEMENTS**

September 30, 2022 and 2021

MASONICARE  
CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021

CONTENTS

INDEPENDENT AUDITOR'S REPORT .....	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS .....	3
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS .....	5
CONSOLIDATED STATEMENTS OF CASH FLOWS .....	7
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	8
SUPPLEMENTAL INFORMATION	
CONSOLIDATING BALANCE SHEET - 2022 .....	37
CONSOLIDATING BALANCE SHEET - 2021 .....	39
CONSOLIDATING STATEMENT OF OPERATIONS - 2022 .....	41
CONSOLIDATING STATEMENT OF OPERATIONS - 2021 .....	42

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of Masonicare

***Opinion***

We have audited the consolidated financial statements of Masonicare and its subsidiaries (Masonicare), which comprise the consolidated balance sheets as of September 30, 2022 and 2021, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Masonicare as of September 30, 2022 and 2021, and the changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Masonicare 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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.

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(Continued)

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 consolidated 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 consolidated 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 consolidated 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 Masonicare'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Masonicare'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 audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating balance sheets and consolidating statements of operations are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
January 23, 2023

MASONICARE  
CONSOLIDATED BALANCE SHEETS  
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	<i>(in thousands)</i>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 5,638	\$ 12,145
Restricted cash	2,262	2,562
Accounts receivable	11,714	12,472
Customer contracts	3,667	3,751
Other receivables	1,813	1,596
Inventories	144	138
Prepaid expenses and other current assets	1,706	1,418
Interest rate swap asset current portion	1,242	-
Assets whose use is limited or restricted - required for current liabilities and operating purposes	<u>3,502</u>	<u>3,505</u>
Total current assets	31,687	37,587
Assets whose use is limited or restricted:		
By Board of Trustees	94,794	114,293
Advances of Cares Act	-	2,782
Under patient asset management, trust agreements and patient escrow accounts	117	365
Under indenture agreement - held by Trustee	1,865	1,859
Under trust for estimated self-insurance liabilities	17,488	19,550
By donors with time or purpose restrictions	3,542	4,584
By donors with restrictions in perpetuity	<u>46,103</u>	<u>47,223</u>
Total assets whose use is limited or restricted	163,908	190,656
Less: Assets whose use is limited or restricted - required for current liabilities and operating purposes	<u>(3,502)</u>	<u>(3,505)</u>
Non-current assets whose use is limited or restricted	160,406	187,151
Property and equipment, net	169,612	174,568
Interest rate swap asset, net of current	4,555	-
Recoveries of estimated insurance liabilities insured through commercial policies	<u>1,313</u>	<u>986</u>
Total assets	<u>\$ 367,573</u>	<u>\$ 400,292</u>

The accompanying notes are an integral part of these consolidated financial statements.



MASONICARE  
CONSOLIDATED BALANCE SHEETS (CONTINUED)  
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	<i>(in thousands)</i>	
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 3,754	\$ 3,589
Accounts payable and accrued expenses	14,019	14,644
Accrued salaries and related expenses	4,258	6,651
Accrued pension and postretirement benefits, current portion	271	296
Estimated self-insurance liabilities, current portion	1,276	1,276
Estimated settlements due to third-party payers	1,286	1,018
Third Party Advances	-	4,713
Annuities payable, current portion	222	225
Refundable entry fees, current portion	1,528	1,720
Deferred patient service and other revenues	311	101
Deposits	2,418	2,463
Interest rate swap liability, current portion	-	57
Other liabilities	1,282	1,072
Total current liabilities	30,623	37,826
Accrued pension and postretirement benefits, net of current portion	9,911	11,589
Annuities payable, net of current portion	941	1,037
Refundable entry fees, net of current portion	44,342	45,972
Deferred entry fee revenues	6,573	5,357
Assets held for patient asset management, trust agreements and patient escrow accounts	145	315
Asset retirement obligation	946	913
Estimated insurance liabilities insured through commercial policies	1,313	986
Estimated self-insurance liabilities, net of current portion	7,100	8,664
Interest rate swap liability, net of current portion	-	818
Long-term debt, net of current maturities, unamortized costs	149,512	151,679
Total liabilities	251,407	265,155
Net assets:		
Masonicare net assets without donor restrictions	28,404	45,599
Non-controlling interest in consolidated subsidiary	1,447	1,056
Net assets without donor restrictions	29,851	46,655
Net assets with donor restrictions	86,315	88,482
Total net assets	116,166	135,137
Total liabilities and net assets	\$ 367,573	\$ 400,292

The accompanying notes are an integral part of these consolidated financial statements.

MASONICARE  
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS  
Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
	<i>(in thousands)</i>	
Operating revenues:		
Net patient service revenues	\$ 94,536	\$ 93,095
Grant revenues recognized	702	550
Resident fees	49,241	45,725
Other revenues	2,882	5,812
Total operating revenues	<u>147,360</u>	<u>145,183</u>
Operating expenses:		
Salaries and wages	67,624	69,413
Employee benefits	19,479	19,759
Supplies and other services	24,887	24,400
Professional fees	22,006	20,983
Depreciation	12,152	12,012
Interest and other fees	7,053	7,111
Total operating expenses	<u>153,202</u>	<u>153,677</u>
Total loss from operations	(5,842)	(8,494)
Net post-retirement benefit costs other than services costs (including \$1,570 and \$629 settlement costs in 2022 and 2021, respectively)	2,670	2,434
Non-operating income without donor restrictions:		
Contributions	2,645	5,224
Investment income	6,202	10,152
Other than temporary impairment on investments	(493)	(424)
Total non-operating income	<u>8,354</u>	<u>14,953</u>
Revenues (under) over expenses	(157)	4,025
Holding (losses) gains on equity securities	<u>(20,673)</u>	<u>9,221</u>
Excess (deficit) of revenue over expenses before change in swap value	(20,831)	13,245
Change in fair value of interest rate swap agreement	6,671	(441)
Excess (deficit) of revenue over expenses	(14,160)	12,805
Excess (deficit) of revenue over expenses attributable to non-controlling interest in consolidated subsidiaries	<u>(392)</u>	<u>269</u>
Excess (deficit) of revenue over expenses of Masonicare	(14,551)	13,073
Other changes in net assets without donor restrictions:		
Change in unrealized appreciation (depreciation) on investments	(6,037)	2,557
Post-retirement changes other than net periodic benefit costs	3,393	4,870
Change in net assets without donor restrictions of Masonicare	<u>\$ (17,195)</u>	<u>\$ 20,499</u>

The accompanying notes are an integral part of these consolidated financial statements.

**MASONICARE**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)**  
Years Ended September 30, 2022 and 2021

	<i>(in thousands)</i>						
	Without Donor Restrictions			With Donor Restrictions			
	Total	Masonicare	Non- controlling Interest	Total	Time/Purpose	Perpetual	Total
Balances, September 30, 2020	\$ 111,309	\$ 25,100	\$ 1,325	\$ 26,425	\$ 3,258	\$ 81,626	\$ 84,884
Expenses in excess of revenues	12,804	13,073	(269)	12,804			-
Change in unrealized gains and losses on investments	3,697	2,556	-	2,556			1,141
Change in post-retirement benefit plans' liability to be recognized in future periods	4,870	4,870	-	4,870			-
Gifts, grants & bequests with donor restrictions	458	-	-	-			458
Investment gains (losses) on assets with donor restrictions	2,681	-	-	-			2,681
Change in annuity obligations	(162)	-	-	-			(162)
Net assets released from restrictions	(520)	-	-	-			(520)
Change in net assets	<u>23,828</u>	<u>20,499</u>	<u>(269)</u>	<u>20,230</u>			<u>3,598</u>
Balances, September 30, 2021	135,137	45,599	1,056	46,655	\$ 3,898	\$ 84,584	88,482
Revenues in excess of expenses	(14,160)	(14,551)	391	(14,160)			-
Change in unrealized gains and losses on investments	(7,501)	(6,037)	-	(6,037)			(1,464)
Change in post-retirement benefit plans' liability to be recognized in future periods	3,393	3,393	-	3,393			-
Gifts, grants & bequests with donor restrictions	2,552	-	-	-			2,552
Investment gains (losses) on assets with donor restrictions	(2,912)	-	-	-			(2,912)
Change in annuity obligations	(136)	-	-	-			(136)
Net assets released from restrictions	(207)	-	-	-			(207)
Change in net assets	<u>(18,971)</u>	<u>(17,195)</u>	<u>391</u>	<u>(16,804)</u>			<u>(2,167)</u>
Balances, September 30, 2022	<u>\$ 116,166</u>	<u>\$ 28,404</u>	<u>\$ 1,447</u>	<u>\$ 29,851</u>	<u>\$ 2,776</u>	<u>\$ 83,539</u>	<u>\$ 86,315</u>

The accompanying notes are an integral part of these consolidated financial statements.

**MASONICARE**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
Years Ended September 30, 2022 and 2021

	<u>2022</u>		<u>2021</u>
	<i>(in thousands)</i>		
<b>Cash flows from operating activities:</b>			
Change in net assets	\$	(18,971)	\$ 23,828
Adjustments to reconcile change in net assets to net cash from operating activities:			
Amortization of deferred entry fee revenues		(7,911)	(6,261)
Depreciation and financing cost amortization		12,371	12,231
Amortization of net bond premium		(252)	(252)
Change in fair value of interest rate swap agreements		(6,671)	441
Unrealized (gains) losses on investments		28,174	(12,918)
Realized (gains) losses on investments		(3,135)	(8,064)
Other than temporary impairment on investments		493	424
Post-retirement changes other than net periodic benefit costs		(3,393)	(4,870)
Pension expense recognized due to settlement		1,570	629
Contributions with donor restrictions		(2,552)	(560)
Changes in operating assets and liabilities:			
Accounts receivable		758	206
Customer contracts		84	2,004
Other receivables		(217)	(739)
Other assets		(294)	546
Accounts payable and accrued expenses		87	1,519
Accrued salaries and related expenses		(2,393)	(1,230)
Accrued pension and postretirement benefits		120	(384)
Estimated self-insurance liabilities		(713)	285
Estimated settlements due to third-party payers		267	(47)
Grant deferred revenues		(4,713)	(4,087)
Annuities payable		(99)	(60)
Deferred patient service and other revenues		210	(186)
Deposits		(45)	152
Other liabilities		(1,327)	(111)
Assets held for patient asset management, trust agreements & patient escrow accounts		78	(11)
Net cash from operating activities		<u>(8,474)</u>	<u>2,484</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales of investments		32,210	94,757
Purchases of investments		(30,523)	(96,102)
Purchases of property and equipment		(7,919)	(5,037)
Net cash from investing activities		<u>(6,232)</u>	<u>(6,382)</u>
<b>Cash flows from financing activities:</b>			
Proceeds from entrance fees		11,734	8,562
Refunds of entrance fees		(4,429)	(3,750)
Debt issuance costs		(187)	(681)
Short-term debt-repayments		-	(36,615)
Long-term debt-borrowings		296	40,000
Long-term debt-repayments		(3,568)	(3,064)
Line of credit borrowings		1,500	-
Contributions with donor restrictions		2,552	560
Net cash from financing activities		<u>7,899</u>	<u>5,014</u>
<b>Net change in cash and cash equivalents</b>		<b>(6,807)</b>	<b>1,116</b>
Cash and cash equivalents, beginning of year		<u>14,707</u>	<u>13,591</u>
<b>Cash and cash equivalents, end of year</b>		<b><u>\$ 7,900</u></b>	<b><u>\$ 14,707</u></b>
Supplemental disclosure of cash flow information:			
Non-cash invest activity: amounts accrued but not paid for CIP		<u>\$ 181</u>	<u>\$ 893</u>
Cash paid for interest		<u>\$ 6,995</u>	<u>\$ 7,054</u>

The accompanying notes are an integral part of these consolidated financial statements.

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 1 - GENERAL**

Organization: Masonicare is a not-for-profit Connecticut corporation and a tax-exempt organization under the provisions of Section 501(c)(3) of the Internal Revenue Code. Masonicare (MC) is the parent holding company and support organization for its affiliate corporations (collectively referred to as Masonicare or the System). Masonicare, organized in 1995 for the benefit of providing long-range strategic and financial planning, policy development and support services for its affiliates, provides a continuum of healthcare services, residential living services, and home & community-based services primarily focused on older adults. The System provides services statewide to all, with a mission to enhance quality of life through an exceptional continuum of person-centered care. The predecessor organization (The Masonic Charity Foundation of Connecticut) was founded in 1889. As of September 30, 2022 the affiliate corporations in the System are: Masonicare Health Center (MHC, with 260 licensed skilled nursing beds, 93 independent & 86 assisted living units, and 43 available geriatric psychiatric beds), The Masonic Charity Foundation of Connecticut, Inc. (MCF, philanthropic support), Masonicare at Ashlar Village (MAV, with 355 continuing care retirement community and 134 assisted living units), Masonicare Home Health and Hospice (MHH&H, provider of licensed in-home health care and hospice services), Masonicare at Home (MAH, provider of unlicensed in-home services), Keystone Indemnity Company, Ltd. (Keystone, a captive insurance company), Masonicare at Mystic (MAM), Senior Living by Masonicare (SLM, with 179 independent and assisted living units) and Masonicare at Chester Village (MCV, with 105 continuing care retirement community units).

SLM is a strategic partnership formed in 2014 by MAM and Mystic Senior Living Associates, LLC (MSLA), an unaffiliated for-profit entity. The partnership is a Connecticut Limited Liability Company to provide assisted living (including memory care assisted living) and independent living to the elderly in Mystic, CT. MAV currently owns 88.4% of SLM through its 100% owned subsidiary, MAM, with the remaining 11.6% owned by MSLA. MAM was formed in 2014 as a Connecticut non-stock 501(c)(3) corporation for the purposes of serving as manager of SLM, and received approval from the Internal Revenue Service of its tax-exempt status in 2015. MAM recorded the non-controlling interest in SLM of \$1,447 and \$1,056 on the consolidated balance sheets as of September 30, 2022 and 2021, respectively.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Reporting: The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Principles of Consolidation: The consolidated financial statements include the accounts of Masonicare, MHC, MCF, MAV, MHH&H, MAH, Keystone, MAM, SLM and MCV. Intercompany accounts and transactions have been eliminated in consolidation.

Reclassifications: Certain reclassifications have been made to the amounts reported for fiscal 2021 to conform the presentation with the 2022 presentation. These reclassifications had no effect on total net assets or the change in net assets.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Unrestricted Cash & Cash Equivalents / Restricted Cash: Unrestricted cash & cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less from the date of acquisition, excluding amounts whose use is limited or restricted. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to \$250 per customer, per bank. Amounts in excess of the FDIC limits are uninsured. Most of Masonicare's banking activity is maintained with several regional banks and, from time-to-time, exceeds FDIC limits. It is Masonicare's policy to monitor these banks' financial strength on an ongoing basis.

Restricted cash primarily consists of required continuing care retirement community security deposits at MAV and MCV, loan collateral requirements related to SLM and MCV debt.

The reconciliation of unrestricted cash & cash equivalents and restricted cash to amounts reported in the consolidated statements of cash flows are as follows:

	<u>2022</u>	<u>2021</u>
Unrestricted cash & equivalents	\$ 5,638	\$ 12,145
Restricted cash:		
Loan agreement collateral requirements	502	502
Continuing care retirement community security deposits	1,760	1,757
Escrowed under MAN Purchase & Sale Agreement	-	302
	2,262	2,562
 Total cash & equivalents	 \$ 7,900	 \$ 14,707

Accounts Receivable: The accounts receivable balance represents the unpaid amounts billed to patients/residents and third-party payers for services performed under contracts. Historical collections are utilized to report receivables for patient care services and resident fees at net realizable value. Masonicare does not accrue interest on any of its accounts receivable.

Customer Contracts: The customer contracts balance represents amounts due for services performed under contracts which have not yet been billed to patients/residents or third-party payers as of September 30, 2022 and 2021. Historical collections are utilized to report customer contracts at net realizable value.

Inventories: Inventories are stated at the lower of cost or fair market value, using the first-in, first-out method.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities and mutual funds are measured at fair value in the consolidated balance sheets. Assets received as donations or bequests are recorded as contributions on the date received at the estimated fair value. Investment income or loss (including interest & dividends and realized gains & losses on investments, net of fees) is included in expenses in excess of revenues. Realized investment gains and losses on marketable equity securities sold are determined on a specific identification basis.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Masonicare invests in several limited partnerships (the Investment Companies). Some of these investments are in the form of both a master and feeder fund structure. The Investment Companies invest primarily in securities of publicly traded companies, securities of privately held distressed companies, real estate ventures and other financial instruments including a variety of derivative products such as call and put options, warrants and convertible securities. These Investment Companies are not traded on an exchange and do not provide Masonicare with the ability to redeem shares on a daily basis. There is generally no secondary market for trading interests in the Investment Companies. Instead, the net asset value serves as the basis for the investor's periodic (i.e. monthly or quarterly) subscription and redemption activity pursuant to the terms of each Investment Companies' governing documents. In accordance with FASB ASC 958-10, "Consolidation" and AAG HCO-1, "Omnibus Changes to Consolidation and Equity Method Guidance for Not-for-Profit Organizations", Masonicare reports the carrying values of the Investment Companies at cost, which amounted to \$20,911 and \$21,360 as of September 30, 2022 and 2021, respectively. No impairment related to the investments in limited partnerships was recorded in 2022 and 2021.

As of September 30, 2022 and 2021, Masonicare had \$9,973 and \$9,000, respectively, of unfunded commitments owed to the Investment Companies.

Restricted Assets: Assets whose use is limited or restricted include assets set aside by the Board of Trustees (the Board) for future capital purposes, over which the Board retains control and may, at its discretion, subsequently use for other purposes; assets restricted by donors; patient assets & patient escrow accounts; assets held in trust for estimated self-insurance liabilities; and assets held in trust under a State of Connecticut Health and Educational Facilities Authority (CHEFA) Indenture Agreement.

Net assets with donor restrictions include annuities and residual interest trusts; these net assets may be utilized only in accordance with the purposes established by the donor or by the passage of time. Net assets with donor restrictions also include funds subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity.

Annuity funds are held conditional upon Masonicare paying stipulated amounts or the income earned on contributed amounts to designated individuals. A liability has been determined based on the present value of future payments for the expected lives of each annuitant; such payments terminate upon death of the beneficiary. Upon termination, the remaining principal becomes part of Masonicare's net assets with donor restrictions held in perpetuity.

The income earned on donor-restricted funds is generally available for operations of Masonicare and is recorded as revenue in the consolidated statements of operations, unless restricted by the donor or to pay future annuity obligations at which time the income is added to the appropriate net asset with donor restrictions balance. Administration of Masonicare's restricted funds is subject to the general provisions of the Uniform Management of Institutional Funds Act (UMIFA) as updated by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Under the provisions of this law, a governing board may appropriate for expenditure for the uses and purposes for which a donor-restricted perpetual fund is established, so much of the net appreciation as is deemed prudent based on standards established by UMIFA and UPMIFA.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

While a governing board must exercise ordinary business care in the appropriation of such appreciation, the general provisions of UMIFA and UPMIFA do not mandate that institutions retain gains on donor-restricted assets in perpetuity. Accordingly, institutions that are subject to general UMIFA and UPMIFA provisions report gains on donor-restricted assets held in perpetuity as donor-restricted net assets with a time/purpose restriction until those amounts are appropriated for expenditure by the Board of Trustees. However, if a specific gift instrument explicitly requires the re-investment of appreciation, or a portion thereof, such reinvested amounts shall be classified within donor-restricted net assets held in perpetuity.

Patient assets and escrow accounts are managed by Masonicare through asset management agreements and are utilized to pay for care and other services rendered by Masonicare. Patient assets are pooled together and each patient is credited with income earned monthly based on a percentage of patient assets to total assets in the pool.

Assets whose use is limited or restricted, with the exception of patient assets, are pooled for investment purposes. Each participating fund's equity in the pool is represented by pool units based on fair value. Investment income and gains and losses from sales of pooled investments are apportioned among the invested funds based on earnings per pool unit.

Property and Equipment, Net: Property and equipment are stated at cost or, in the case of donated property, at the fair value at the date of the gift, less accumulated depreciation. Major improvements and betterments to existing plant and equipment are capitalized. Expenditures for maintenance and repairs, which do not extend the lives of the applicable assets, are charged to expense as incurred. Upon disposition or retirement of property and equipment, the cost and related accumulated depreciation are eliminated from the respective accounts, and resulting gains and losses are included in the results of operations.

Depreciation expense is computed on a straight-line half-year basis over the asset's estimated useful life, using a full month convention beginning in the month the asset is placed in service. Useful lives assigned to assets range from 5 to 40 years.

MAV and MCV Entrance Fees: MAV residents are provided living accommodations, other facilities and services and certain medical care in exchange for payment of entrance fees and monthly service charges. Deferred entry fee revenue represents the amount of unamortized initial entry fees paid by residents of MAV, with amounts amortized to income on a straight-line basis over the estimated remaining residential life expectancies of the individual residents. Refundable entry fees are refundable in the event of termination of the Residency Agreement or upon the resident's death (up to 96 months) at a declining rate based on length of stay as provided by the Residency Agreements. Residential life expectancies are determined annually by reference to appropriate actuarial tables.

Based upon MAV's existing fee structure and management's expectation that future monthly service charges will be reflective of related operating costs, MAV is not required to record a liability for its obligation to provide future services and facilities to current residents.

All acquired Residency Agreements provide for specified levels of refunds, which are reflected in refundable entry fees in the accompanying consolidated balance sheets; there was no deferred entry fee revenue from non-refundable contracts recorded by MCV.

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(Continued)



MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

All post-acquisition Residency Agreements include certain medical care as part of the payment of entry fees and monthly service charges; deferred entry fee revenue represents the amount of unamortized initial fees paid by such residents of MCV, with amounts amortized to income on a straight-line basis over the estimated remaining residential life expectancies of the individual residents. Refundable entry fees are refundable in the event of termination of the Residency Agreement or upon the resident's death (up to 60 months) at a declining rate based on length of stay as provided by the Residency Agreements. Residential life expectancy is determined annually by reference to appropriate actuarial tables.

Based upon MCV's existing fee structure and management's expectation that future monthly service charges will be reflective of related operating costs, MCV is not required to record a liability for its obligation to provide future services and facilities to its current residents.

Deferred Patient Service and Other Revenue: Deferred patient service revenue represents the amount of unamortized Medicare billings for home care services under the prospective payment methodology. Deferred patient service revenue is amortized to income on a straight-line basis over an expected 30-day treatment period. Deferred other revenue represents pre-billing of certain fees associated with MHC, MAV, SLM and MCV that are not earned until the subsequent month.

Net Assets: Net assets are classified as without donor restrictions or with donor restrictions. Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the System, and include undesignated net assets and net assets that are Board-designated. Net assets with donor restrictions are net assets subject to stipulations imposed by donors, and include restrictions that are temporary in nature and will be met by actions of the System or by the passage of time, or restrictions that are perpetual in nature due to a stipulation that the funds be maintained in perpetuity.

Contributions received with donor restrictions are recorded as a gift, grant or bequest with donor restriction in the statement of changes in net assets. When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Donor restricted gifts that are received for which their restricted purpose is met during the same year are reported as net assets with donor restrictions and then reflected as net assets released from restrictions and reclassified as net assets without donor restrictions.

Operating Revenues: Operating revenues include net patient service revenues, resident fees and other revenues. Net patient service revenue is reported at the amount that reflects the consideration Masonicare expects to receive for providing patient care services as the performance obligations are satisfied. Resident fee revenue is reported when services are rendered and amounts billed are due from residents in the period in which the services are provided. Other revenue consists primarily of fees for discretionary services, which is recognized as services are provided and is generally billed in arrears. See Note 7, Operating Revenues.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Functional Expenses:** Masonicare provides health and social care services to the aging population, primarily residents of Connecticut. Expenses related to providing these services for the years ended September 30, 2022 and 2021 are as follows:

	Program Services			Management & General	Fund Raising	2022	2021
	Health Care	Home & Community	Residential				
Salaries and wages	\$ 24,301	\$ 22,885	\$ 11,649	\$ 8,409	\$ 376	\$ 67,620	\$ 69,412
Employee benefits	7,314	6,547	3,133	2,406	79	19,479	19,759
Supplies and other services	10,066	4,405	9,194	194	1,030	24,889	24,400
Professional fees	7,557	8,822	4,372	1,199	57	22,007	20,983
Depreciation and amortization	1,869	59	9,043	1,183	-	12,154	12,012
Interest and other fees	777	-	6,641	(672)	307	7,053	7,111
Total operating expenses	<u>\$ 51,884</u>	<u>\$ 42,718</u>	<u>\$ 44,032</u>	<u>\$ 12,719</u>	<u>\$ 1,849</u>	<u>\$ 153,202</u>	<u>\$ 153,677</u>

The consolidated financial statements report certain expenses that are attributable to one or more direct and/or supporting program services. Expenses are allocated as necessary based upon reasonable allocation methodologies consistently applied.

**Non-operating income without donor restrictions:** Non-operating income includes certain contributions received without donor restrictions and investment income from assets without donor restrictions. Investment income from assets without donor restrictions is comprised of the following for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 3,579	\$ 2,580
Realized gains on sales of investments	3,135	8,064
Less: investment management fees	(513)	(492)
	<u>\$ 6,202</u>	<u>\$ 10,152</u>

**Excess (Deficit) of Revenue Over Expenses:** The consolidated statements of operations and changes in net assets include expenses in excess of revenues as the performance indicator. Changes in net assets without donor restriction, which are excluded from expenses in excess of revenues consistent with industry practice, include the change in unrealized gains and losses on investments other than equity securities, certain adjustments to the post-retirement liability, and the change attributable to the non-controlling interest in consolidated subsidiaries.

**Use of Estimates:** The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the estimated net realizable value of receivables from patients and third-party payers, settlement of third-party reimbursement cost reports with Medicare and Medicaid, valuation of investments, useful lives of buildings and equipment and other estimates included in actuarial calculations for deferred entry fee revenue, pension expense, postretirement healthcare costs and estimated self-insurance liabilities. Actual results could differ from those estimates.

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Income Taxes: Masonicare, MHC, MCF, MAV, MHH&H, MAH, Keystone, MAM and MCV qualify as tax-exempt corporations under Section 501(c)(3) of the Internal Revenue Code. The Code provides for taxation of unrelated business income under certain circumstances. The System has no material unrelated business income, with immaterial income tax expense for the System for the years ended September 30, 2022 and 2021.

SLM is organized as a limited liability company and is being taxed as a partnership under the provisions of the Internal Revenue Code. SLM's taxable income or loss is reported by its members individually. The liability for payment of federal and state income tax on SLM's earnings is the responsibility of its members rather than that of SLM. As MAM is an 88.4% owner of SLM and qualifies as a tax-exempt corporation under Section 501(c)(3) of the Internal Revenue Code, the earnings allocated to MAM by SLM are non-taxable.

Masonicare accounts for uncertain tax positions in accordance with certain provisions of FASB ASC 740, which provides a framework for how companies should recognize, measure, present and disclose uncertain tax positions in their consolidated financial statements. Under FASB ASC 740, Masonicare may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

Masonicare did not record any unrecognized tax benefits for the years ended September 30, 2022 and 2021. Masonicare anticipates that it will not have a change in unrecognized tax benefits during the next twelve months that would have a material impact on the consolidated financial statements.

All U.S. federal tax years from fiscal 2019 onwards are eligible for audit by the IRS.

Liquidity and Funds Availability: Financial assets available for general expenditure within one year of the most recent balance sheet date consist of the following:

Cash & Cash Equivalents	\$ 5,638
Less: Keystone cash & equivalents	(1,122)
Patient accounts receivable	11,714
Assets restricted by Board of Trustees	94,794
Less: Board of Trustees restricted assets with liquidity restrictions	<u>(19,689)</u>
Total financial assets	<u>\$ 91,335</u>

The assets restricted by Board of Trustees above is classified as a non-current asset in the consolidated balance sheets, with management's intention to use the liquidation of any such assets only if necessary to support operations. In addition, the System has certain donor-restricted assets where the income on such assets is unrestricted. Such income is not reflected in the table above. Certain Keystone assets may be available to support general expenditures, pending Board and regulatory approvals.

The System maintains a \$10,000 revolving line of credit with a bank, of which \$4,612 is available as of September 30, 2022.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Covid-19: The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) became law on March 27, 2020. This Federal response to the market volatility and instability resulting from the coronavirus pandemic includes provisions to support individuals and businesses in the form of loans, grants, and tax changes, among other types of relief. The CARES Act adds \$175 billion to the "Public Health and Social Services Emergency Fund" to reimburse eligible health care providers for health care related expenses or lost revenues attributable to coronavirus that are outside of routine payments they will receive for direct patient care. The State of Connecticut Department of Social Services (DSS) made funding available to support Medicaid recipients in skilled nursing facilities in the form of rate relief funding for a period of time and subsequently in the form of grant payments. The State of Connecticut also passed-through CARES Act moneys (CT pass-through) in the form of reimbursement of self-insured unemployment costs (at 50%) and reimbursement of certain resident and employee testing costs (at 100%).

During fiscal 2021, Masonicare received the following moneys from advances from Cares Act \$162 from the State of CT and \$3,968 for the cost of testing and self-insured unemployment costs. This money was intended to be used to cover lost revenue and additional cost increases related to its response to coronavirus. These funds come with terms and conditions certifications. During fiscal 2022, Masonicare received \$30 for self-insured unemployment costs.

Masonicare received during April 2020 Medicare accelerated payment advances of \$1,900 for MHC and \$6,900 for MHH&H, all of which has been returned as of September 30, 2022.

As allowed by the CARES Act, Masonicare has deferred the payment of certain deposits for the employer's portion of social security & Medicare taxes. As of September 30, 2022 and 2021, \$1,160 and \$3,417 of deferred employer's taxes are included on the consolidated balance sheets, respectively. One-half of deferred payroll taxes was due by December 31, 2021 and the remainder is due by December 31, 2022.

Subsequent Events: Subsequent events have been evaluated through January 23, 2023, the date the consolidated financial statements were issued.

Masonicare is party to the action captioned Masonicare Corporation v. Cerner Corporation, U.S. District Court for the District of Connecticut, Civil Action No. 3:21-cv-00829, in which Masonicare asserts claims and Cerner asserts counterclaims relating to a contract for an electronic health record system, executed in March 2016.

On December 9, 2022, Masonicare and Cerner executed a Settlement Agreement under the terms of which the litigation will be dismissed with prejudice and the parties agreed to mutual releases for all claims that were raised or could have been raised in the litigation.

**NOTE 3 - ASSETS WHOSE USE IS LIMITED OR RESTRICTED**

Assets whose use is limited or restricted and classified as current assets consist of funds required for interest payable on bonds, annuities payable recorded as current liabilities and amounts approved by the Board of Trustees for operating purposes in the following years.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 3 - ASSETS WHOSE USE IS LIMITED OR RESTRICTED (Continued)**

Assets whose use is limited or restricted consists of the following as of September 30, 2022 and 2021:

	<u>2022</u>		<u>2021</u>	
	<u>Fair Value (**)</u>	<u>Cost</u>	<u>Fair Value (**)</u>	<u>Cost</u>
Cash, cash equivalents and interest receivable	\$ 19,540	\$ 19,540	\$ 21,710	\$ 21,710
Marketable equity securities	66,189	75,888	70,930	66,886
Fixed income securities	25,572	29,646	38,922	31,961
Perpetual interest trusts	12,090	8,520	15,499	8,520
Residual interest trusts	805	615	791	615
Real estate	6,600	7,216	6,600	7,216
Other investments	33,111	37,098	36,204	36,787
<b>TOTAL</b>	<u>\$ 163,908</u>	<u>\$ 178,523</u>	<u>\$ 190,656</u>	<u>\$ 173,693</u>

\*\* Included in the above fair value are alternative investments that are carried at cost. The total cost of these investments amounted to \$20,905 and \$21,360 as of September 30, 2022 and 2021 respectively.

**NOTE 4 - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 7,435	\$ 7,435
Land improvements	28,176	28,168
Buildings	289,019	281,095
Furniture and equipment	73,159	71,912
	<u>397,789</u>	<u>388,610</u>
Less: accumulated depreciation	(228,672)	(217,137)
	169,117	171,473
Construction in progress (estimated cost to complete - \$598)	495	3,095
	<u>\$ 169,612</u>	<u>\$ 174,568</u>

Depreciation expense was \$12,163 and \$11,855 for the years ended September 30, 2022 and 2021, respectively. During the year ended September 30, 2022, there were retirements of fully depreciated assets of \$628.

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 5 - LONG-TERM DEBT**

	<u>2022</u>	<u>2021</u>
Connecticut Health & Educational Facilities Authority (CHEFA) tax-exempt Revenue Bonds:		
Series F	\$ 96,271	\$ 98,935
Net original issue premium (discount)	<u>5,077</u>	<u>5,329</u>
Subtotal	101,348	104,264
Line of Credit	5,388	3,888
Bank Credit Agreement	<u>9,689</u>	<u>9,604</u>
<b>Obligated Group</b>	<u>116,425</u>	<u>117,756</u>
Bank Term Loan	<u>39,033</u>	<u>39,724</u>
<b>Non-Obligated Group</b>	<u>39,033</u>	<u>39,724</u>
	155,458	157,480
Less: unamortized financing costs	(2,192)	(2,212)
Less: current maturities	<u>(3,754)</u>	<u>(3,589)</u>
	<u>\$ 149,512</u>	<u>\$ 151,679</u>

Obligated Group Debt

The Series F and Series G bonds issued by CHEFA under separate Trust Indentures each dated as of November 1, 2016 were loaned to the Obligated Group (Masonicare, MHC, MCF, MAV [excluding MAM and SLM], MAH, MHH&H pursuant to separate Loan Agreements each dated as of November 1, 2016. Proceeds were used, together with other available funds, to: refund all of the then outstanding Series C and Series E bonds; fund ongoing capital expenditures at the Obligated Group's facilities; pay Series C Interest Rate Swap Agreement (Series C Swap Agreement) termination fees with respect to swaps entered into in connection with the Series C bonds; and pay costs of issuance and other financing costs with respect to the issuance of the Series F and G bonds.

The Series F bonds [Serial Bonds due at various dates through 2034 at rates from 2.0% to 5.0% and Term Bonds due at several dates from 2030 through 2043 at rates from 4.0% to 5.0%] were issued in the amount of \$110,030 at a net premium. The net premium on the Series F bonds is amortized using the effective interest method over the life of the related debt issue, and amounted to \$213 and \$252 for the years ended September 30, 2022 and 2021. The Series F bonds maturing after July 1, 2026 are subject to optional redemption prior to maturity commencing July 1, 2026 at a Redemption Price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date set for redemption.

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 5 - LONG-TERM DEBT** (Continued)

Under the Series F Trust Indenture, the Obligated Group is required to make monthly deposits with the Trustee to fund scheduled future principal and interest payments. The loan agreements place limits on additional borrowings and require the Obligated Group to maintain certain financial covenants; the Obligated Group was in compliance with these covenants for the years ended September 30, 2022 and 2021.

The maturities of obligated group long-term debt, excluding the line of credit, in each of the succeeding five years and thereafter are as follows:

Maturities Obligated Group	
2023	\$ 3,075
2024	3,253
2025	3,417
2026	3,571
2027	3,706
Thereafter	<u>88,938</u>
Total	<u>\$ 105,960</u>

Funds held by Trustees under the indenture agreement are as follows:

	<u>2022</u>	<u>2021</u>
Principal and interest funds, held by U.S. Bank	\$ 1,865	\$ 1,859
	<u>\$ 1,865</u>	<u>\$ 1,859</u>

On September 1, 2021, Supplemental Master Indenture No.3 was executed between the current members of the Obligated Group, MCV, and U.S. Bank National, the master Trustee. Under this agreement, MCV was admitted to the Obligated Group on September 30, 2021. There were no changes to the terms and conditions of the existing Non-Revolving Line of Credit issued to MCV. The Line of Credit was deemed a permitted encumbrance and was made part of the Obligated Group Debt.

Masonicare has a revolving line of credit agreement with a bank for \$10,000. Advances under the line of credit bear interest at the higher of a 6.0% interest rate or the LIBOR rate plus 175 basis points. The agreement expires upon mutual consent of both parties.

On November 18, 2021, the Masonicare Obligated Group refinanced its loan with People's United Bank. The terms of the loan are SOFR (Secured Overnight Funds Rate) plus a margin of 200 basis points. The existing SWAP arrangement has been amended but will stay in effect to its original termination date of December 21, 2022. Simultaneous to the refinancing, Masonicare entered into a forward SWAP that begins on December 21, 2022 at the notational amount of the debt. The SWAP carries a fixed rate of 3.66% effective on that date.

The credit agreement requires the obligated group to maintain specified financial covenants; Masonicare Obligated Group is in compliance with the covenants as of September 30, 2022.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 5 - LONG-TERM DEBT (Continued)**

In connection with the credit agreement, the obligated group has entered into an interest rate swap agreement to synthetically fix the variable interest payment on an initial notional value of \$4,000 (subject to adjustment in accordance with a schedule up to a maximum value of \$8,844). MCV makes fixed payments to the swap agreement counterparty at a rate of 2.4% and receives variable payments from the counterparty equal to 1-month LIBOR. The change in the difference between these rates is recorded as an increase or decrease of interest expense, with the cumulative change in the fair value of the MCV Swap Agreement (an asset of \$1,176 and a liability of \$237 as of September 30, 2022 and 2021, respectively) recorded in the accompanying consolidated balance sheets. Management has not designated the MCV Swap Agreement as a hedging instrument; accordingly, the change in fair value of the MCV Swap Agreement for the fiscal years ended September 30, 2022 and 2021 is recorded in the accompanying consolidated statements of operations and changes in net assets of \$1,413 and \$197, respectively. This swap ended on December 21, 2022 and was replaced with a new swap described below, which will end on November 18, 2031.

In connection with the credit agreement the obligated group has entered into an interest rate swap agreement starting December 21, 2022 to synthetically fix the variable interest payment on an initial notional value of \$9,636. MCV will make fixed payments to the swap agreement counterparty at a rate of 1.67% and receives variable payments from the counterparty equal to one-month SOFR.

The use of an interest rate swap to manage exposure to changes in the interest rate on the MCV variable rate debt exposes Masonicare to additional risks related to this derivative instrument. These risks, and Masonicare's risk management practices to mitigate these risks, are as follows:

Market risk represents the potential adverse effect on the fair value and cash flow of a derivative instrument due to changes in interest rates or rate spreads. Market risk is managed through ongoing monitoring of interest rate exposure based on set parameters regarding the type and degree of market risk that Masonicare will accept.

Credit risk is the risk that the counterparties on a derivative instrument may be unable to perform their obligation during the term of the contract. When the fair value of a derivative contract is positive, the counterparties owe Masonicare, which creates credit risk. Credit risk is managed by setting stringent requirements for qualified counterparties at the date of the execution of a derivative transaction and requiring counterparties to post collateral in the event of a credit rating downgrade or if the fair value of the derivative instrument exceeds a negotiated threshold.

Termination risk represents the risk that Masonicare may be required to make a significant payment to the counterparties, if the derivative contract is terminated early. Termination risk is assessed at the onset by performing a statistical analysis of the potential for a significant termination payment under various scenarios designed to encompass expected interest rate changes over the life of the proposed contract.

Non-Obligated Group Debt

On April 28, 2021, SLM entered into a \$40,000 term loan with a bank. The credit facility bears interest at LIBOR plus 275 basis points. The term loan has a maturity date of April 28, 2028 with principal and interest due at the beginning of each month amortized over a thirty-year schedule. Utilizing the nominal rate as of April 2021 of 4.105% the maturities of this debt are listed in the table below.

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(Continued)



MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 5 - LONG-TERM DEBT (Continued)**

Maturities Non-Obligated Group		
2023	\$	719
2024		750
2025		778
2026		816
2027		851
Thereafter		35,178
Total	\$	<u>39,092</u>

The credit agreement requires SLM to maintain specified occupancy and financial covenants. SLM is in compliance with the covenants as of September 30, 2022.

In connection with the credit agreement, SLM has entered into an interest rate swap agreement (SLM Swap Agreement) to synthetically fix the variable interest payment on an initial notational value of \$40,000. SLM makes fixed payments to the swap agreement counterparty at a rate of 4.105% and receives variable payments equal to 1-month LIBOR. The change in the difference between these rates is recorded as an increase or decrease of interest expense, with the cumulative change in the fair value of SLM Swap Agreement (an asset of \$4,621 and a liability of \$638 as of September 30, 2022 and September 30, 2021 respectively).

Unamortized Financing Costs

Financing costs have been deferred and are being amortized using the effective interest method over the term of the related financing agreement.

Recurring amortization expense was \$20 and \$420 for the years ended September 30, 2022 and 2021, respectively.

**NOTE 6 - SELF-INSURANCE LIABILITIES**

Workers' Compensation: Masonicare is self-insured for the deductible portion of workers' compensation claims. During fiscal 2009, Masonicare was notified that the State of Connecticut would no longer permit the self-insurance of workers' compensation claims, and effective March 1, 2009 has obtained commercial insurance coverage for such claims. The workers' compensation trust will continue to cover the costs of the deductible portion of claims arising through the date of the change (\$250 per claim through December 31, 2004 and \$350 through February 28, 2009). During 2009, Masonicare obtained a surety bond to secure the future obligations of the self-insured deductible program, with \$300 in collateral (held in trust at J.P Morgan Chase Bank N.A.) included in assets under trust for self-insurance liabilities within the consolidated balance sheets as of September 30, 2022 and 2021, respectively.

Beginning March 1, 2009, Masonicare has purchased a pre-funded large deductible policy from a commercial carrier with a deductible limit of \$350 per claim and a \$4,300 aggregate limit (\$4,200 through March 1, 2010). Masonicare is required to pre-fund a loss escrow account with the commercial carrier; amounts held in escrow by the commercial carrier total \$4,389 and \$3,676 as of September 30, 2022 and 2021, respectively, and are carried within assets under trust for estimated self-insurance liabilities on the consolidated balance sheets.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 6 - SELF-INSURANCE LIABILITIES** (Continued)

Masonicare employed independent actuaries to estimate the ultimate costs of the self-insured deductibles and the pre-funded large deductible policies, which approximate \$3,218 and \$3,750 as of September 30, 2022 and 2021, respectively. These liabilities (included in estimated self-insurance liabilities within the accompanying consolidated balance sheets) have been discounted at a rate of 3% as of September 30, 2022 and 2021, and in management's opinion provide an adequate reserve for loss contingencies.

Malpractice and General Liability: Masonicare is self-insured for its long-term care professional and general liability exposure through Keystone, a wholly-owned subsidiary domiciled in Connecticut. Keystone provides claims-made coverage of \$10,000 per claim with an annual aggregate of \$14,000 for general liability insurance and \$13,000 per claim with an annual aggregate of \$16,000 for professional liability insurance, subject to reinsurance. The liability for incurred but not reported claims of \$417 and \$437 as of September 30, 2022 and 2021, respectively, has been retained at Masonicare. Investments of Keystone total \$12,799 and \$15,574 as of September 30, 2022 and 2021, respectively, and are carried within assets under trust for estimated self-insurance liabilities on the consolidated balance sheets.

Masonicare has employed independent actuaries to estimate the ultimate costs of the settlement of claims under the program. Accrued professional and general liability reserves are expected rate of 3% as of September 30, 2022 and 2021. Management considers the liability to be adequate as of September 30, 2022 and 2021; however, no assurance can be given that the ultimate settlement of losses may not vary materially from the liability recorded. Future adjustment to the amounts recorded resulting from the continual review process, as well as differences between estimates and ultimate payments, will be reflected in the consolidated statements of operations of future years when such adjustments, if any, become known.

Activity in the estimated liability for outstanding losses and loss-related adjustment expenses at Keystone for the years ended September 30, 2022 and 2021 is summarized as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 4,477	\$ 4,429
Less: reinsurance recoverable	<u>(665)</u>	<u>(625)</u>
Net balance, beginning of year	3,812	3,804
Incurred related to:		
Current year	559	1,022
Prior years	<u>(841)</u>	<u>(895)</u>
Total incurred	(282)	127
Paid related to:		
Current year	-	(1)
Prior years	<u>(740)</u>	<u>(118)</u>
Total paid	(740)	(119)
Net balance, end of year	2,790	3,812
Add: reinsurance recoverable	<u>675</u>	<u>665</u>
Balance, end of year	<u>\$ 3,465</u>	<u>\$ 4,477</u>

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 6 - SELF-INSURANCE LIABILITIES (Continued)**

As a result of changes in estimates of insured events in prior years, the provision for incurred losses and loss adjustment expenses decreased by \$841 and \$895 in 2021 and 2020, respectively, as a result of favorable development in professional liability reserves from original expectations.

Medical and Dental Insurance: Masonicare self-insures liabilities related to medical coverage on its employees and dependents (covered members) up to \$150 per covered member, and has procured a stop loss policy for coverage in excess of \$150 per covered member. Masonicare has estimated the value of incurred but not reported liabilities of the self-insured medical and dental benefit plans of \$1,276 for years ended September 30, 2022 and 2021 respectively. Masonicare paid claims and administrative fees related to this program of \$10,823 and \$9,476 for the years ended September 30, 2022 and 2021, respectively.

**NOTE 7 - OPERATING REVENUES**

Net patient service revenue: A summary of net patient service revenue by payer type for the fiscal years ended September 30, 2022 and 2021 is presented below:

<u>2022</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Commercial</u>	<u>Self-Pay/Other</u>	<u>Total</u>
Net revenues from services to patients	\$ 39,356	\$ 22,855	\$ 20,059	\$ 12,266	\$ 94,536
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<u>2021</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Commercial</u>	<u>Self-Pay/Other</u>	<u>Total</u>
Net revenues from services to patients	\$ 37,564	\$ 25,164	\$ 15,360	\$ 15,007	\$ 93,095
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Patient care service revenue is reported at the amount that reflects the consideration Masonicare expects to receive for providing patient care services. These amounts are due from third-party payers (including government programs and commercial health insurers), patients and others; and may include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and/or investigations. Generally, Masonicare bills the third-party payers, patients and others after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 7 - OPERATING REVENUES (Continued)**

Performance obligations are determined based on the nature of the services provided by Masonicare. Revenue for performance obligations satisfied over time is recognized based on actual services performed in relation to total expected (or actual) services or is recognized as services are performed depending on the payer and the type of service performed. Masonicare believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the satisfaction of the obligation. Generally, performance obligations satisfied over time relate to patients receiving skilled nursing home care services, inpatient hospital care services, and home care services (including care of the sick and hospice care). Masonicare measures the performance obligation from admission (into the skilled nursing facility, the hospital or the home care service) to the point when Masonicare is no longer required to provide services to that patient, which is generally at the time of discharge (from the skilled nursing facility, the hospital or the home care service). Revenue for performance obligations satisfied at a point in time (hospital outpatient services) is recognized when such services are provided.

Because all of its performance obligations relate to contracts with a duration of less than one year, Masonicare has elected not 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 unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient hospital services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

Masonicare determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured/underinsured patients in accordance with Masonicare's policy, and/or implicit price concessions provided to uninsured/underinsured patients. Masonicare determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policy, and historical experience. The System determines its estimate of implicit price concessions based on its historical collection experience from that category of payer.

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

Medicare Services rendered to Medicare program beneficiaries are reimbursed under a variety of reimbursement methodologies:

Geriatric medical psychiatric beds of MHC are reimbursed on an Inpatient Psychiatric Facility Prospective Payment System, which considers patient diagnosis along with clinical and functional factors such as a length of stay and comorbidity.

Skilled nursing care beds of MHC are reimbursed using the PDPM methodology, which considers patient diagnosis with the level of clinical & rehab care given determined through Minimum Data Set (MDS) evaluation.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 7 - OPERATING REVENUES (Continued)**

Home health services are reimbursed using the home health resource groups (HHRG) PDGM methodology. Under home health PDGM, an agency receives a fixed amount of reimbursement which covers all services (with a limited number of exceptions) provided to a patient for a specific treatment episode of 60 days consisting of two 30-day billing periods. The reimbursement rate is developed based on the clinical, functional and service needs specific to the individual patient. The prospective rate is wage-adjusted based on where the service is provided (as opposed to where the benefit agency is located), and is subject to a variety of final claim adjustments which can modify the payment based on actual utilization and level of clinical and functional severity reported at the end of the episode.

Hospice services are reimbursed on a per diem basis based on level of care.

Outpatient services (non-home health) are reimbursed either on a rate per case outpatient prospective payment Ambulatory Payment Classification (APC) system, or on a cost basis or a blend of cost and fee schedules.

Medicaid Services rendered to Medicaid program beneficiaries are reimbursed under a variety of reimbursement methodologies:

Skilled nursing care beds of MHC are reimbursed by an acuity based system.

Home health services are reimbursed based on a fixed fee for service rates.

Hospice services are reimbursed on a per diem basis.

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

MHC and MHH&H must file annual Medicare cost reports and MHC must file annual Medicaid cost reports. Masonicare (as the corporate parent) files a home office cost report with Medicare in order to define the cost of services to each of the other cost reporting entities. Although there is no direct reimbursement for the home office, the allocated costs to the other cost reporting entities are incorporated into their respective Medicare cost reports.

As a result of audits by the Medicare and Medicaid intermediaries, the cost reports may be subject to audit adjustments and retroactive settlements. Masonicare has recorded provisions for future audits and related estimated settlement amounts. No material adjustments are expected to result from future audit settlements. Medicare cost reports have been settled through September 30, 2015 for MHC. The Medicaid cost reports for MHC September 30, 2016, respectively. Settlements with third-party payers (including commercial payers) 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.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 7 - OPERATING REVENUES (Continued)**

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, governmental health care program participation requirements, reimbursement for patient services, and Medicare & Medicaid fraud and abuse. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. While there can be no assurance that regulatory authorities will not challenge the System's compliance with these laws and regulations, Management believes that Masonicare is in compliance with fraud and abuse regulations as well as other applicable governmental laws and regulations.

Patients who are covered by third-party payer arrangements may be responsible for related deductibles and coinsurance, which vary in amount. The System also provides services to uninsured patients, and offers those uninsured patients a discount, either by policy or by law, from standard charges. The System estimates the transaction price for patients with deductibles and coinsurance, and from those who are uninsured, 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 patient service revenue in the period of the change. For the years ending September 30, 2022 and 2021, no significant adjustments to revenue were recognized due to changes in the estimates of implicit price concessions for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense. Bad debt expense for the years ending September 30, 2022 and 2021 was not significant.

Consistent with the System's mission, care is provided to patients regardless of their ability to pay. Therefore, the System has determined it has provided implicit price concessions to uninsured patients and patients with other uninsured balances (for example, copays and deductibles). The implicit price concessions included in estimating the transaction price represent the difference between amounts billed to patients and the amounts the System expects to collect based on its collection history with those patients. Patients who meet the System's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts determined to qualify as charity care are not reported as revenue.

Masonicare has elected the portfolio approach and does not adjust the promised amount of consideration from patients and third-party payers for the effects of a financing component due to Masonicare's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less. However, Masonicare does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract. Masonicare has applied the portfolio approach and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the System otherwise would have recognized is one year or less in duration.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 7 - OPERATING REVENUES (Continued)**

Resident fees: Resident fees consists primarily of monthly fees for basic housing and certain support services and fees associated with additional housing and expanded support requirements such as assisted living care, memory care, and ancillary services. Basic housing and certain support services revenue is recorded when services are rendered and amounts billed are due from residents in the period in which the rental and other services are provided. Residency agreements are generally short term in nature with durations of one year or less and are typically terminable by either party, under certain circumstances, upon providing 30 days' notice, with resident fees billed monthly in advance. The System has contract liabilities for deferred fees paid by residents prior to the month housing and support services are to be provided.

The System determines the transaction price based on standard charges for goods and services provided and/or concessions provided to residents, determining its variable consideration based on its historical collection experience. The System considers the resident's ability and intent to pay the amount of consideration upon admission; subsequent changes resulting from a resident's ability to pay are recorded as bad debt expense, which is insignificant for the years ending September 30, 2022 and 2021.

Other revenue: Other revenue consists primarily of fees for discretionary services (such as medical alert system rental, daily living activities, beautician/barber, laundry, television, guest meals, pets and parking), rental income and day care tuition. Such revenue is recognized as services are provided and is generally billed in arrears.

**NOTE 8 - PENSION AND OTHER POST-RETIREMENT BENEFITS**

For fiscal 2022 and 2021, Masonicare offers to substantially all of its employees a defined contribution retirement plan with various investment options. Masonicare provides a "safe-harbor" (immediately vested) 3% contribution for eligible plan participants (beginning after the first year of service with at least 1,000 hours of service) based upon eligible compensation as defined. Also, as part of this retirement plan, Masonicare matches \$0.25 for every dollar contributed into the savings plan up to 4% of eligible compensation as defined (beginning after the first month of service). The employer match is subject to a 3-year graduated vesting schedule (0%-50%-100%) based upon at least 1,000 hours of service. Total defined contribution pension expense was \$2,094 and \$2,184 for the years ended 2022 and 2021, respectively, and is included within employee benefits on the consolidated statement of operations.

Masonicare has a frozen defined benefit pension plan, with all participants 100% vested in their account balances. Benefits will be fully payable upon retirement as defined or upon plan termination. Pension cost for the defined benefit retirement plan was \$2,496 and \$2,287 for fiscal 2022 and 2021, respectively, and is included within employee benefits on the consolidated statement of operations.

Masonicare also has a postretirement health plan for certain eligible employees who were hired prior to January 1, 2000 if they retire after attaining specified age and service requirements while they worked for Masonicare. The cost of such benefits is accrued during an employee's years of service. Generally, Masonicare pays a portion of the plan costs and the retirees pay premiums based on age and years of service at retirement. Postretirement health plan cost was \$165 and \$137 for the years ended September 30, 2022 and 2021, respectively, and is included within employee benefits on the consolidated statement of operations.

Total pension and other postretirement benefits expense for the years ended September 30, 2022 and 2021 was \$4,755 and \$4,607, respectively.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 8 - PENSION AND OTHER POST-RETIREMENT BENEFITS (Continued)**

Significant assumptions are as follows as of September 30, 2022 and 2021:

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Weighted average assumptions:				
Discount rate on Qualified Plan	5.30%	2.70%	5.45%	2.55%
Expected return on plan assets	6.25%	6.00%	N/A	N/A
Health care cost trend rate:				
Initial health care cost trend rate	N/A	N/A	6.50%	6.75%
Ultimate health care cost trend rate	N/A	N/A	5.00%	5.00%
Number of years to ultimate rate	N/A	N/A	7 years	7 years

The discount rate is the rate at which obligations could be effectively settled and is based on high-grade bond yields after allowing for call and default risk. The expected rate of return on assets for the defined benefit pension plan is determined by adding expected inflation to expected long-term returns.

The following table sets forth the funded status of the postretirement benefit plans and the related amounts recognized in Masonicare's consolidated financial statements as of September 30, 2022 and 2021.

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 34,904	\$ 37,064	\$ 2,922	\$ 2,951
Service cost	-	-	2	3
Interest cost	868	857	71	65
Actuarial loss (gain)	(6,489)	616	(580)	159
Benefits paid	(1,389)	(1,464)	(258)	(256)
Other (plan assets at fair value)	(4,878)	(2,169)	43	-
Benefit obligation at end of year	<u>\$ 23,016</u>	<u>\$ 34,904</u>	<u>\$ 2,200</u>	<u>\$ 2,922</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 25,961	\$ 23,524	\$ -	\$ -
Actual return on plan assets	(5,398)	4,146	-	-
Employer contributions	737	1,924	215	256
Benefits paid	(1,389)	(1,464)	(258)	(256)
Other (plan assets at fair value)	(4,877)	(2,169)	43	-
Fair value of plan assets at end of year	<u>\$ 15,034</u>	<u>\$ 25,961</u>	<u>\$ -</u>	<u>\$ -</u>
Accrued liability	<u>\$ (7,982)</u>	<u>\$ (8,943)</u>	<u>\$ (2,200)</u>	<u>\$ (2,922)</u>

(Continued)



MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 8 - PENSION AND OTHER POST-RETIREMENT BENEFITS (Continued)**

Components of net periodic benefit costs are as follows for the years ended September 30, 2022 and 2021:

	Pension Benefits		Other Postretirement Benefits	
	2022	2021	2022	2021
Service cost	\$ -	\$ -	\$ 2	\$ 3
Interest cost	868	857	71	65
Expected return on plan assets	(1,002)	(885)	-	-
Amortization of prior service credit	-	-	-	-
Actuarial loss recognized	1,060	1,686	92	69
Recurring expense	926	1,658	\$ 165	\$ 137
Settlement costs	1,570	629		
Total expense	<u>\$ 2,496</u>	<u>\$ 2,287</u>		

Postretirement changes other than net periodic benefit costs of \$3,393 were recorded in the consolidated statements of changes in net assets without donor restrictions for the year ended September 30, 2022. Of the \$3,393, \$2,721 is related to the pension benefits and \$672 is related to the other post-retirement benefits.

Amounts recorded in net assets without donor restrictions as of September 30, 2022, not yet amortized as components of net periodic benefit costs are as follows:

Unamortized actuarial loss	\$ 7,659
Amount recognized as a reduction in net assets without donor restrictions	<u>\$ 7,659</u>

The amortization of the above items expected to be recognized in net periodic costs for the year ended September 30, 2023 is \$107 for actuarial loss.

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 8 - PENSION AND OTHER POST-RETIREMENT BENEFITS (Continued)**

The fair values of Masonicare's pension plan assets as of September 30, 2022 and 2021, by asset category classified as Level 1, 2 and 3, as defined in Note 13, are as follows:

<u>2022</u>	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Mutual and other equity funds:				
Fixed income taxable bond	\$ 5,240	\$ -	\$ -	\$ 5,240
U.S. equity	8,005	-	-	8,005
International	1,789	-	-	1,789
Total	<u>\$ 15,034</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,034</u>
<u>2021</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Mutual and other equity funds:				
Fixed income taxable bond	\$ 8,270	\$ -	\$ -	\$ 8,270
U.S. equity	13,935	-	-	13,935
International	3,756	-	-	3,756
Total	<u>\$ 25,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,961</u>

The investment objectives for the defined benefit pension plan is to obtain a favorable relative return for the entire fund, consistent with preservation of capital emphasizing some income generation and long-term growth. While some risk is warranted pursuing long-term growth of capital, consistent annual returns with low volatility in investment performance are desirable.

Masonicare expects to contribute approximately \$596 to its defined benefit pension plan and \$278 to its postretirement health plan in fiscal year 2022. The costs and related obligations of the supplemental executive retirement plan are included within the pension benefit tables set forth above.

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

	<u>Pension Benefits</u>	<u>Other Postretirement Benefits</u>
2023	\$ 4,050	\$ 278
2024	\$ 2,030	\$ 268
2025	\$ 1,980	\$ 254
2026	\$ 2,000	\$ 233
2027	\$ 1,840	\$ 204
Thereafter	\$ 8,820	\$ 795

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 9 - DONOR-RESTRICTED ASSETS**

Masonicare's donor-restricted assets consist of funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with donor-restricted funds are classified and reported based on the nature of the donor restrictions, either held in perpetuity or held pending the end of the donor-stipulated time restriction or the accomplishment of the restriction.

Masonicare has interpreted the relevant laws as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted fund held in perpetuity absent explicit donor stipulations to the contrary. The remaining portion of the donor-restricted fund that is not classified as a net asset held in perpetuity is classified as a donor-restricted net asset held pending accomplishment of the time/purpose restriction until appropriated for expenditure by the Board of Trustees. Masonicare considers the following factors in making a determination to appropriate or accumulate donor-restricted funds held in perpetuity: (1) the duration and preservation of the fund; (2) the purposes of Masonicare and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of Masonicare; and (7) the investment policies of Masonicare.

Donor-restricted net assets held in perpetuity consist of the following as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Investments held in perpetuity, the income from which is dedicated to support Masonicare's activities	\$ 43,961	\$ 41,393
Investment in SLM*	25,594	25,594
Investments held in perpetuity, the income from which is dedicated to support annuity contractual obligations	717	922
Investments held in perpetuity, the income from which is dedicated to support MHH&H activities	1,177	1,177
Fair value of perpetual trusts	<u>12,090</u>	<u>15,499</u>
	<u>\$ 83,539</u>	<u>\$ 84,584</u>

\*See Spending Policy section of Note 9 for more information

Donor-restricted net assets held pending accomplishment of the time/purpose restriction are available for the following purposes as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Residual interest trusts not available for Masonicare's purposes until the expiration of the trusts	\$ 270	\$ 262
Investments held to support annuity contractual obligations that are not available for Masonicare's purposes until the expiration of interest income	(196)	262
Support of MAV residents	1,463	1,450
Support for scholarship activities	<u>1,239</u>	<u>1,925</u>
	<u>\$ 2,776</u>	<u>\$ 3,898</u>

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 9 - DONOR-RESTRICTED ASSETS (Continued)**

Of the \$3,899 of donor-restricted net assets held pending accomplishment of the time/purpose restriction as of September 30, 2021, \$799 reflects the unexpended accumulated earnings related to donor-restricted net assets held in perpetuity. During fiscal 2022, these time/purpose restricted net assets were decreased by realized and unrealized investment earnings of \$347 and reduced by distributions of \$18, resulting in an unexpended accumulated earnings balance of \$434 as of September 30, 2022.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted funds held in perpetuity may fall below the level that the donor or relevant law requires Masonicare to retain as a fund of perpetual duration. Deficiencies of this nature are reported in donor-restricted net assets held in perpetuity. As of September 30, 2022, there was one fund below the level required by donor or law in the amount of \$616.

Return Objectives and Risk Parameters: Masonicare's investment and spending policies attempt to provide a predictable stream of funding to programs supported by its donor-restricted assets held in perpetuity while seeking to maintain the purchasing power of the restricted assets.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, Masonicare's investment and spending policies for its donor-restricted assets held in perpetuity attempt to provide preservation of capital, growth after inflation, capital appreciation and compliance with bond covenants. In addition, the objectives include adequate liquidity with limited volatility.

Spending Policy: During fiscal year 2014, MCF's Board of Directors and Masonicare's Board of Trustees approved the appropriation of \$12,594 of donor-restricted assets held in perpetuity for the purpose of loaning these funds to MAV which in turn loaned these funds to MAM to capitalize SLM. During fiscal year 2015, MCF's Board of Directors and Masonicare's Board of Trustees approved the additional appropriation of \$13,000 of donor-restricted assets held in perpetuity for the same purpose. These transactions have resulted in the effectuation of four intercompany loan agreements- two agreements between MCF and MAV and another two agreements between MAV and MAM. Both intercompany loan agreements in the amount of \$12,594 and \$13,000 bear interest at a rate equivalent to the Applicable Federal Rate as published in Revenue Rulings of the Internal Revenue Service from time to time, until paid in full, and mature on May 15, 2028 and April 29, 2029. Repayment shall be interest only until maturity. MAM utilized these monies to invest in SLM, which has constructed an independent and assisted living facility in Mystic, CT in order to further continue the mission of Masonicare. The new facility was completed and commenced operations during year ended September 30, 2017. Interest expense paid on the note was \$614 and \$431 for the years ended September 30, 2022 and 2021, respectively.

Masonicare's Spending Policy is to support Masonicare's strategic plan initiatives and operational objectives by making available up to a maximum of 23.5% annually of the 3 year rolling average of the unrestricted portfolio's market value measured annually as of May 31st. The annual percentage allocation may only exceed 0% in years that the unrestricted investment portfolio's market value has not incurred a decline from the prior year market value as measured as of May 31st. To comply with this Spending Policy, the Investment Committee provides recommendations of the annual percentage allocation to the Board of Trustees based on its evaluation of management's proposal for how the appropriated funds will be utilized including consideration of the projected impact on the investment portfolio. Management presents its proposals at the beginning of each year's internal budget process. Additional requests may be submitted by management to the Investment Committee for evaluation at other times during the year due to timing or extraordinary circumstances for recommendation to the Board of Trustees. The Board of Trustees also approves additional amounts to be withdrawn from funds which are restricted to certain uses pursuant to donor stipulation that are subject to appropriation and expenditure for the relevant specified uses.

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 9 - DONOR-RESTRICTED ASSETS** (Continued)

MCF's investment portfolio allocation policy for long-term returns (Spending Policy) provides for the appropriation of funds from principal and or earnings to support annual operational losses of Masonicare. Subsequent to September 2009 and primarily due to unfavorable investment returns within the global equity markets, MCF's Board of Directors and Masonicare's Board of Trustees has also approved the expenditure of up to \$20 million of invested assets to ensure compliance with Masonicare's bond covenants. None of the \$20 million appropriated has been expended as of September 30, 2022 and 2021.

**NOTE 10 - FAIR VALUES**

Masonicare adopted FASB ASC 820-10, "*Fair Value Measurements and Disclosures*", which defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States and expands disclosures about fair value measurements.

FASB ASC 820 does not require any new fair value measurements but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information. The new definition of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability, which is referred to as the exit price. The standards provide guidance on how to measure fair value, when required, under existing accounting standards and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels (Level 1, 2 and 3).

Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets that Masonicare has the ability to access at the measurement date.

Level 2 - Observable inputs (other than quoted prices included in Level 1) for the asset or liability based on data not quoted in active markets but corroborated by market data available to Masonicare.

Level 3 - Unobservable inputs reflecting Masonicare's estimates of the assumptions that market participants could use in pricing the asset or liability (including assumptions about risk).

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(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

**NOTE 10 - FAIR VALUES (Continued)**

Management determines the appropriate classification of its investments in all securities at the time of purchase and re-evaluates such determination at each balance sheet date. Masonicare has classified its investments in available for sale securities as Level 1, 2 and 3, as follows:

<u>2022</u>	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Cash, cash equivalents and interest receivable	\$ 19,546	\$ -	\$ -	\$ 19,546
Equity securities:				
U.S. equity securities	14,612	-	-	14,612
U.S. mutual funds	41,069	-	-	41,069
International mutual funds	14,790	-	-	14,790
Other assets	7,654	-	-	7,654
Debt securities:				
U.S. government securities	7,685	-	-	7,685
Corporate bonds	3,431	-	-	3,431
Mortgage backed securities	2,674	-	-	2,674
Taxable bond fund	11,411	-	-	11,411
Other assets	240	-	-	240
Perpetual interest trusts	-	-	12,090	12,090
Real estate	-	6,600	-	6,600
Residual interest trusts	-	805	-	805
Other invested assets	-	396	-	396
Total	<u>\$ 123,112</u>	<u>\$ 7,801</u>	<u>\$ 12,090</u>	<u>\$ 143,003</u>

<u>2021</u>	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Cash, cash equivalents and interest receivable	\$ 21,710	\$ -	\$ -	\$ 21,710
Equity securities:				
U.S. equity securities	13,838	-	-	13,838
U.S. mutual funds	50,878	-	-	50,878
International mutual funds	19,661	-	-	19,661
Other assets	7,199	-	-	7,199
Debt securities:				
U.S. government securities	7,983	-	-	7,983
Corporate bonds	4,812	-	-	4,812
Mortgage backed securities	3,241	-	-	3,241
Taxable bond fund	16,688	-	-	16,688
Other assets	-	-	-	-
Perpetual interest trusts	-	-	15,499	15,499
Real estate	-	6,600	-	6,600
Residual interest trusts	-	791	-	791
Other invested assets	-	397	-	397
Total	<u>\$ 146,009</u>	<u>\$ 7,788</u>	<u>\$ 15,499</u>	<u>\$ 169,296</u>

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 10 - FAIR VALUES** (Continued)

Investments in Investment Companies, carried at cost, are excluded from the above and amount to \$20,905 and \$21,360 as of September 30, 2022 and 2021, respectively.

A roll-forward of the investments classified as Level 3, within the fair value hierarchy, are as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 15,499	\$ 13,085
Interest and dividends	-	-
Contributions	-	-
Fees	-	-
Net unrealized gains, losses	<u>(3,409)</u>	<u>2,414</u>
	<u>\$ 12,090</u>	<u>\$ 15,499</u>

Masonicare's financial instruments recorded at Level 1 fair value are primarily investments or financial instruments with underlying investments traded actively on exchanges and price quotes for these shares are readily available. The fair value of Masonicare's Level 2 and Level 3 investments are determined by management after considering prices received from third-party pricing services.

The following methods and assumptions were used by Masonicare in estimating the fair value of its other financial instruments:

Cash and Cash Equivalents: The carrying amount reported in the consolidated balance sheets for cash and cash equivalents approximates its fair value.

Receivables and Payables: The fair value of receivables and payables approximates the carrying amount reported in the consolidated balance sheets as of September 30, 2022 and 2021.

Real Estate: Real estate is carried at appraised value.

Residual Interest Trusts: Primarily corporate bonds, with fair value determined based on defined sector, benchmark yields, yield to maturity and considering any adjustment required related to corporate action(s).

Interest Rate Swap Liability: The Obligated Group Swap Agreement was entered into during 2021. The \$1,176 and \$(237) fair value as of September 30, 2022 and 2021, respectively, of the interest rate swap asset and liability (classified as Level 2) was based on information provided by the swap provider, and considers the underlying notional debt principal amounts and the current interest rates paid by the parties under the terms of the swap contract. The SLM Swap Agreement was entered into during 2021. The \$4,620 was the fair value as of September 30, 2022, of the interest rate swap liability (classified as Level 2) was based on information provided by the swap provider, and considers the underlying notional debt principal amounts and the current interest rates paid by the parties under the terms of the swap contract.

Long-Term Debt: Fair values of Masonicare's long-term debt are based on current traded value. The fair value of the CHEFA Series F Bonds, determined using quoted market prices at the valuation date, was approximately \$91,565 and \$111,129 as of September 30, 2022 and 2021, respectively. For the variable rate debt, fair value is considered to be equal to carrying value.

(Continued)

MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 11 - COMMITMENTS, CONTINGENCIES AND OTHER OBLIGATIONS**

Leases

In February 2016, the FASB issued a new standard, ASU 2016-02 "Leases (Topic 842)" (ASC 842) related to leases to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheets. The most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of the financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted ASC 842 as of October 1, 2019 using the cumulative effect transition approach. The cumulative effect transition approach provides a method for recording existing leases at adoption and not restating comparative periods, rather the effect of the change is recorded at the beginning of the year of adoption. In addition, the Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification.

The standard did not have a material impact on the Company's balance sheets and the Company's statements of operations and changes in net assets.

At the inception of an arrangement, management determines whether the arrangement is or contains a lease based on the unique facts and circumstances present. Operating leases are included in right-of-use assets, current portion of operating lease liabilities and operating lease liabilities in the balance sheets.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the leases do not provide an implicit rate, the Company has elected to use the practical expedient provided by ASC 842 and utilized relationship of blended annual rates with rates from executed debt instruments in the determination of interest rates for net present value calculations. The Company uses the implicit rate when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Most leases with a term greater than one-year are recognized on the balance sheets as ROU assets and lease liabilities. The Company has elected not to recognize on the balance sheets leases with terms of one year or less.

Masonicare leases certain real estate and equipment under several non-cancelable leases. Future minimum rental payments under non-cancelable leases with initial terms in excess of one year are as follows:

Minimal Rental Payments		
2022	\$	500
2023		532
2024		380
2025		139
Total	\$	<u>1,551</u>

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(Continued)



MASONICARE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
September 30, 2022 and 2021  
(in thousands)

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**NOTE 11 - COMMITMENTS, CONTINGENCIES AND OTHER OBLIGATIONS** (Continued)

Rent expense was approximately \$453 and \$931 for the years ended September 30, 2022 and 2021, respectively.

Asset Retirement Obligation

During March 2005, the FASB issued Interpretation No. 47, which clarifies the term "conditional asset retirement obligation" as used in FASB ASC 410-20, "*Asset Retirement Obligations*". FASB ASC 410-20 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets such as facilities containing asbestos, when the amount of the liability can be reasonably estimated. Management has evaluated the fair market value of its Asset Retirement Obligation (ARO), relating to its various facilities, with an ARO liability of \$946 and \$913 established as of September 30, 2022 and 2021, respectively. Management will continue to evaluate its exposure to asbestos removal and adjust the ARO for the fair value of the associated costs.

**MASONICARE**  
**CONSOLIDATING BALANCE SHEET**  
 September 30, 2022  
*(Dollars in thousands)*

	MC	MHC	MCF	MAV	MAH	MHHH	MCV	Elims	Ob Grp	Keystone	MAM	SLM	Elims	Total
<b>Assets</b>														
Current assets:														
Cash and cash equivalents	\$ 2,181	\$ 28	\$ 237	\$ 1	\$ -	\$ 3	\$ 598	\$ -	\$ 3,048	\$ 1,122	\$ 266	\$ 1,202	\$ -	\$ 5,638
Restricted cash	-	-	-	766	-	-	1,496	-	2,262	-	-	-	-	2,262
Accounts receivable	-	6,858	-	171	670	3,529	18	-	11,247	-	-	467	-	11,714
Customer contracts	-	1,899	-	-	-	1,768	-	-	3,667	-	-	-	-	3,667
Other receivables	3,147	16	3	305	3	36	585	(3,457)	638	5,132	-	-	(3,957)	1,813
Inventories	83	40	-	21	-	-	-	-	144	-	-	-	-	144
Prepaid expenses and other current assets	831	331	12	94	-	220	-	-	1,488	98	22	99	-	1,706
Interest rate swap asset, current portion	-	-	-	-	-	-	200	-	200	-	-	1,042	-	1,242
Assets whose use is limited or restricted - required for current liabilities & operating purposes	3,280	-	222	-	-	-	-	-	3,502	-	-	-	-	3,502
Total current assets	9,522	9,172	473	1,357	672	5,557	2,897	(3,457)	26,195	6,351	287	2,810	(3,957)	31,687
Intercompany	(327)	(6)	(25)	(210)	-	4	967	-	402	-	(343)	(60)	-	-
Assets whose use is limited or restricted: By Board of Trustees	1	-	94,793	25,594	-	-	-	-	120,388	-	-	-	(25,594)	94,794
Under patient asset management, trust agreements and patient escrow accounts	-	117	-	-	-	-	-	-	117	-	-	-	-	117
Under indenture agreement - held by Trustees	1,865	-	-	-	-	-	-	-	1,865	-	-	-	-	1,865
Under trust for estimated self-insurance liabilities	4,689	-	-	-	-	-	-	-	4,689	12,799	-	-	-	17,488
By donors with time or purpose restrictions	-	-	3,542	-	-	-	-	-	3,542	-	-	-	-	3,542
By donors restrictions with perpetuity	-	-	71,896	-	-	-	-	(25,594)	46,103	-	-	-	-	46,103
Total assets whose use is limited or restricted	6,555	117	170,031	25,594	-	-	-	(25,594)	176,703	12,799	-	-	(25,594)	163,908
Less: Assets whose use is limited or restricted - required for current liabilities & operating purposes	(3,280)	-	(222)	-	-	-	-	-	(3,502)	-	-	-	-	(3,502)
Non-current assets whose use is limited or restricted	3,275	117	169,809	25,594	-	-	-	(25,594)	173,201	12,799	-	-	(25,594)	160,406
Property and equipment, net	10,504	21,154	60	67,526	33	261	18,722	-	118,261	-	-	51,350	-	169,612
Interest rate swap asset, net of current Recoveries of estimated insurance liabilities insured through commercial policies	-	-	-	-	-	-	976	-	976	-	-	3,579	-	4,555
Investment in subsidiaries	1,313	-	-	-	-	-	-	-	1,313	-	-	-	-	1,313
Total assets	\$ 50,868	\$ 30,496	\$ 170,318	\$ 123,113	\$ 706	\$ 5,622	\$ 23,562	\$ (84,477)	\$ 320,349	\$ 19,150	\$ 28,790	\$ 57,660	\$ (58,396)	\$ 367,573

See accompanying Independent Auditor's Report.

**MASONICARE**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
**September 30, 2022**  
*(Dollars in thousands)*

	<u>MC</u>	<u>MHC</u>	<u>MCF</u>	<u>MAV</u>	<u>MAH</u>	<u>MHHH</u>	<u>MCV</u>	<u>Elims</u>	<u>Ob.Grp.</u>	<u>Keystone</u>	<u>MAM</u>	<u>SLM</u>	<u>Elims</u>	<u>Total</u>
<b>Liabilities and Net Assets (Deficit)</b>														
Current liabilities:														
Current maturities of long-term debt	\$ 2,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234	\$ -	\$ 3,034	\$ -	\$ -	\$ 719	\$ -	\$ 3,754
Accounts payable and accrued expenses	3,514	5,178	108	1,380	107	2,683	339	-	13,310	52	-	657	-	14,019
Accrued salaries and related expenses	726	1,423	20	338	220	1,279	80	-	4,086	-	172	-	-	4,258
Accrued pension and postretirement benefits, current portion	271	-	-	-	-	-	-	-	271	-	-	-	-	271
Estimated self-insurance liabilities, current portion	1,276	-	-	-	-	-	-	-	1,276	-	-	-	-	1,276
Estimated settlements due to third-party payers	-	550	-	-	-	735	-	-	1,286	-	-	-	-	1,286
Advances in Cares Act	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Annuities payable, current portion	-	-	222	-	-	-	-	-	222	-	-	-	-	222
Refundable entry fees, current portion	-	-	-	1,528	-	-	-	-	1,528	-	-	-	-	1,528
Deferred patient service and other revenues	-	(4)	-	-	-	315	-	-	311	-	-	-	-	311
Deposits	14	196	-	1,197	-	-	81	-	1,499	-	-	919	-	2,418
Interest rate swap liability, current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term debt classified as payable in one year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities and intercompany transactions	861	224	1,312	(1,193)	-	55	4	-	1,263	-	19	-	-	1,282
<b>Total current liabilities</b>	<b>9,463</b>	<b>7,567</b>	<b>1,661</b>	<b>3,250</b>	<b>328</b>	<b>5,067</b>	<b>749</b>	<b>-</b>	<b>28,085</b>	<b>52</b>	<b>191</b>	<b>2,295</b>	<b>-</b>	<b>30,623</b>
Accrued pension and postretirement benefits, net of current portion	9,911	-	-	-	-	-	-	-	9,911	-	-	-	-	9,911
Annuities payable, net of current portion	-	-	941	-	-	-	-	-	941	-	-	-	-	941
Refundable entry fees, net of current portion	-	-	32,648	-	-	11,695	-	-	44,342	-	-	-	-	44,342
Deferred entry fee revenues	-	-	-	3,067	-	-	3,506	-	6,573	-	-	-	-	6,573
Assets held for patient asset management, trust agreements and patient escrow accounts	-	-	-	-	-	-	-	-	145	-	-	-	-	145
Asset retirement obligation	-	-	-	-	-	-	-	-	946	-	-	-	-	946
Estimated insurance liabilities insured through commercial policies	1,313	-	-	-	-	-	-	-	1,313	-	-	-	-	1,313
Estimated self-insurance liabilities, net of current portion	3,635	-	-	-	-	-	-	-	3,635	3,465	-	-	-	7,100
Interest rate swap liability, net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term debt, net of current maturities, unamortized costs	107,032	-	-	25,594	-	-	12,066	(29,050)	115,642	-	25,594	37,826	(29,550)	149,512
<b>Total liabilities</b>	<b>131,354</b>	<b>8,658</b>	<b>2,603</b>	<b>64,559</b>	<b>328</b>	<b>5,067</b>	<b>28,016</b>	<b>(29,050)</b>	<b>211,594</b>	<b>3,516</b>	<b>25,785</b>	<b>40,121</b>	<b>(29,550)</b>	<b>251,407</b>
Net assets (deficit):														
Masonicare net assets without donor restrictions	(80,486)	21,778	81,400	58,554	378	755	(4,454)	(55,427)	22,500	15,633	3,005	16,111	(28,845)	28,404
Non-controlling interest in consolidated subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net assets without donor restrictions	(80,486)	21,778	81,400	58,554	378	755	(4,454)	(55,427)	22,500	15,633	3,005	17,559	(28,845)	29,851
Temporarily restricted	-	-	2,776	-	-	-	-	-	2,776	-	-	-	-	2,776
Permanently restricted	-	-	83,539	-	-	-	-	-	83,539	-	-	-	-	83,539
Net assets with donor restrictions	-	-	86,315	-	-	-	-	-	86,315	-	-	-	-	86,315
<b>Total net assets (deficit)</b>	<b>(80,486)</b>	<b>21,778</b>	<b>167,715</b>	<b>58,554</b>	<b>378</b>	<b>755</b>	<b>(4,454)</b>	<b>(55,427)</b>	<b>108,814</b>	<b>15,633</b>	<b>3,005</b>	<b>17,559</b>	<b>(28,845)</b>	<b>116,166</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 50,868</b>	<b>\$ 30,436</b>	<b>\$ 170,318</b>	<b>\$ 123,113</b>	<b>\$ 706</b>	<b>\$ 5,822</b>	<b>\$ 23,562</b>	<b>\$ (84,477)</b>	<b>\$ 320,348</b>	<b>\$ 19,150</b>	<b>\$ 28,790</b>	<b>\$ 57,680</b>	<b>\$ (58,396)</b>	<b>\$ 367,573</b>

See accompanying Independent Auditor's Report.

**MASONICARE**  
**CONSOLIDATING BALANCE SHEET**  
 September 30, 2021  
*(Dollars in thousands)*

	<u>MC</u>	<u>MHC</u>	<u>MCE</u>	<u>MAV</u>	<u>MAH</u>	<u>MHHH</u>	<u>MCV</u>	<u>Elims</u>	<u>Ob.Grp.</u>	<u>Keystone</u>	<u>MAM</u>	<u>SLM</u>	<u>Elims</u>	<u>Total</u>
<b>Assets</b>														
Current assets:														
Cash and cash equivalents	\$ 3,864	\$ 6	\$ 133	\$ 1	\$ -	\$ -	\$ 5,537	\$ -	\$ 9,546	\$ 856	\$ 9	\$ 1,734	\$ -	\$ 12,145
Restricted cash	302	-	-	766	-	-	1,484	-	2,562	-	-	-	-	2,562
Accounts receivable	-	6,635	-	175	1,200	4,038	89	-	12,137	-	-	335	-	12,472
Customer contracts	-	865	-	-	-	2,886	-	-	3,751	-	-	-	-	3,751
Other receivables	4,108	13	18	404	-	(49)	-	(4,457)	38	5,122	-	393	(3,957)	1,596
Inventories	77	40	-	21	-	-	-	-	138	-	-	-	-	138
Prepaid expenses and other current assets	572	257	2	123	1	255	2	-	1,212	84	23	99	-	1,418
Assets whose use is limited or restricted - required for current liabilities & operating purposes	3,280	-	225	-	-	-	-	-	3,505	-	-	-	-	3,505
<b>Total current assets</b>	<b>12,204</b>	<b>7,817</b>	<b>378</b>	<b>1,490</b>	<b>1,201</b>	<b>7,133</b>	<b>7,122</b>	<b>(4,457)</b>	<b>32,889</b>	<b>6,062</b>	<b>31</b>	<b>2,562</b>	<b>(3,957)</b>	<b>37,667</b>
Intercompany	5,611	(9)	-	(198)	-	4	462	-	5,869	-	(5,337)	(632)	-	-
Assets whose use is limited or restricted:														
By Board of Trustees	2,748	-	1,347	25,594	-	-	-	-	139,886	-	-	-	(25,594)	114,293
Advances of Cares Act	-	1,347	-	-	-	1,435	-	-	2,782	-	-	-	-	2,782
Under patient asset management, trust agreements and patient escrow accounts	-	365	-	-	-	-	-	-	365	-	-	-	-	365
Under indenture agreement - held by Trustees	1,659	-	-	-	-	-	-	-	1,659	-	-	-	-	1,659
Under trust for estimated self-insurance liabilities	3,976	-	-	-	-	-	-	-	3,976	15,574	-	-	-	19,550
By donors with time or purpose restrictions	-	-	-	4,584	-	-	-	-	4,584	-	-	-	-	4,584
By donors restrictions with perpetuity	-	-	72,817	-	-	-	-	(25,594)	47,223	-	-	-	-	47,223
<b>Total assets whose use is limited or restricted</b>	<b>8,582</b>	<b>1,711</b>	<b>188,947</b>	<b>25,594</b>	<b>-</b>	<b>1,435</b>	<b>-</b>	<b>(25,594)</b>	<b>200,675</b>	<b>15,574</b>	<b>-</b>	<b>-</b>	<b>(25,594)</b>	<b>190,656</b>
<b>Less: Assets whose use is limited or restricted - required for current liabilities &amp; operating purposes</b>	<b>(3,280)</b>	<b>-</b>	<b>(225)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,505)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,505)</b>
<b>Non-current assets whose use is limited or restricted</b>	<b>5,302</b>	<b>1,711</b>	<b>188,721</b>	<b>25,594</b>	<b>-</b>	<b>1,435</b>	<b>-</b>	<b>(25,594)</b>	<b>197,170</b>	<b>15,574</b>	<b>-</b>	<b>-</b>	<b>(25,594)</b>	<b>187,151</b>
Property and equipment, net	10,676	20,809	70	69,066	34	194	19,135	-	119,985	-	-	54,583	-	174,568
Recoveries of estimated insurance liabilities insured through commercial policies	986	-	-	-	-	-	-	-	986	-	-	-	-	986
Investment in subsidiaries	26,581	-	-	28,846	-	-	-	(55,427)	-	-	28,846	-	(28,846)	-
<b>Total assets</b>	<b>\$ 51,361</b>	<b>\$ 30,329</b>	<b>\$ 189,170</b>	<b>\$ 124,797</b>	<b>\$ 1,235</b>	<b>\$ 8,766</b>	<b>\$ 26,720</b>	<b>\$ (65,477)</b>	<b>\$ 356,800</b>	<b>\$ 21,636</b>	<b>\$ 23,540</b>	<b>\$ 56,612</b>	<b>\$ (56,396)</b>	<b>\$ 400,292</b>

See accompanying Independent Auditor's Report.

**MASONICARE**  
**CONSOLIDATING BALANCE SHEET (CONTINUED)**  
 September 30, 2021  
*(Dollars in thousands)*

	<u>MC</u>	<u>MHC</u>	<u>MCF</u>	<u>MAV</u>	<u>MAH</u>	<u>MHHH</u>	<u>MCV</u>	<u>Elims</u>	<u>Ob Grp</u>	<u>Keystone</u>	<u>MAM</u>	<u>SLM</u>	<u>Elims</u>	<u>Total</u>
<b>Liabilities and Net Assets (Deficit)</b>														
Current liabilities:														
Current maturities of long-term debt	\$ 2,665	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234	\$ -	\$ 2,899	\$ -	\$ -	\$ 690	\$ -	\$ 3,589
Accounts payable and accrued expenses	5,184	3,488	60	1,613	88	3,078	372	-	13,882	30	-	732	-	14,644
Accrued salaries and related expenses	952	2,298	42	569	310	2,039	160	-	6,370	-	281	-	-	6,651
Accrued pension and postretirement benefits, current portion	296	-	-	-	-	-	-	-	296	-	-	-	-	296
Estimated self-insurance liabilities, current portion	1,276	-	-	-	-	-	-	-	1,276	-	-	-	-	1,276
Estimated settlements due to third-party payers	-	492	-	-	-	526	-	-	1,016	-	-	-	-	1,016
COVID-19 advances	-	819	-	-	-	3,894	-	-	4,713	-	-	-	-	4,713
Annuities payable, current portion	-	-	225	-	-	-	-	-	225	-	-	-	-	225
Refundable entry fees, current portion	-	-	-	1,720	-	-	-	-	1,720	-	-	-	-	1,720
Deferred patient service and other revenues	-	-	-	-	-	101	-	-	101	-	-	-	-	101
Deposits	14	196	-	1,245	-	-	102	-	1,558	-	-	905	-	2,463
Interest rate swap liability, current portion	-	-	-	-	-	-	16	-	16	-	-	41	-	57
Long-term debt classified as payable in one year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities and intercompany transactions	712	333	-	24	-	3	-	-	1,072	-	-	-	-	1,072
<b>Total current liabilities</b>	<b>11,099</b>	<b>7,628</b>	<b>327</b>	<b>5,172</b>	<b>397</b>	<b>9,640</b>	<b>885</b>	<b>-</b>	<b>35,147</b>	<b>30</b>	<b>281</b>	<b>2,367</b>	<b>-</b>	<b>37,826</b>
Accrued pension and postretirement benefits, net of current portion	11,589	-	-	-	-	-	-	-	11,589	-	-	-	-	11,589
Annuities payable, net of current portion	-	-	1,037	-	-	-	-	-	1,037	-	-	-	-	1,037
Refundable entry fees, net of current portion	-	-	-	32,648	-	-	13,324	-	45,972	-	-	-	-	45,972
Deferred entry fee revenues	-	-	-	3,384	-	-	1,973	-	5,357	-	-	-	-	5,357
Assets held for patient asset management, trust agreements and patient escrow accounts	-	315	-	-	-	-	-	-	315	-	-	-	-	315
Asset retirement obligation	-	913	-	-	-	-	-	-	913	-	-	-	-	913
Estimated insurance liabilities insured through commercial policies	986	-	-	-	-	-	-	-	986	-	-	-	-	986
Estimated self-insurance liabilities, net of current portion	4,187	-	-	-	-	-	-	-	4,187	4,477	-	-	-	8,664
Interest rate swap liability, net of current portion	-	-	-	-	-	-	221	-	221	-	-	597	-	818
Long-term debt, net of current maturities, unamortized costs	108,517	-	-	25,594	-	-	12,114	(30,050)	116,175	-	25,594	39,461	(29,550)	151,679
<b>Total liabilities</b>	<b>136,378</b>	<b>8,855</b>	<b>1,364</b>	<b>66,797</b>	<b>397</b>	<b>9,640</b>	<b>28,516</b>	<b>(30,050)</b>	<b>221,899</b>	<b>4,507</b>	<b>25,875</b>	<b>42,425</b>	<b>(29,550)</b>	<b>285,155</b>
Net assets (deficit):														
Masonicare net assets without donor restrictions	(75,017)	21,473	99,323	57,999	897	(873)	(1,797)	(55,427)	46,519	17,129	(2,335)	13,131	(28,845)	45,599
Non-controlling interest in consolidated subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,056	-	1,056
Net assets without donor restrictions	(75,017)	21,473	99,323	57,999	897	(873)	(1,797)	(55,427)	46,519	17,129	(2,335)	14,187	(28,845)	46,655
Temporarily restricted	-	-	3,899	-	-	-	-	-	3,899	-	-	-	-	3,899
Permanently restricted	-	-	84,584	-	-	-	-	-	84,584	-	-	-	-	84,584
Net assets with donor restrictions	-	-	88,482	-	-	-	-	-	88,482	-	-	-	-	88,482
<b>Total net assets (deficit)</b>	<b>(75,017)</b>	<b>21,473</b>	<b>187,805</b>	<b>57,999</b>	<b>897</b>	<b>(873)</b>	<b>(1,797)</b>	<b>(55,427)</b>	<b>135,001</b>	<b>17,129</b>	<b>(2,335)</b>	<b>14,187</b>	<b>(28,845)</b>	<b>135,137</b>
<b>Total liabilities and net assets (deficit)</b>	<b>\$ 61,361</b>	<b>\$ 30,329</b>	<b>\$ 189,170</b>	<b>\$ 124,797</b>	<b>\$ 1,294</b>	<b>\$ 8,766</b>	<b>\$ 26,720</b>	<b>\$ (85,477)</b>	<b>\$ 356,900</b>	<b>\$ 21,636</b>	<b>\$ 23,540</b>	<b>\$ 56,612</b>	<b>\$ (58,396)</b>	<b>\$ 400,292</b>

See accompanying Independent Auditor's Report.

**MASONICARE**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
 Year Ended September 30, 2022  
*(Dollars in thousands)*

	MC	MHC	MCF	MAV	MHHH	MAH	MCV	Elims	Ob. Grp.	Keystone	MAM	SLM	Elims	Total
<b>Operating revenues:</b>														
Net patient service revenues	\$ 50,646	\$ -	\$ -	\$ 38,980	\$ 5,138	\$ -	\$ (228)	\$ -	\$ 94,536	\$ -	\$ -	\$ -	\$ -	\$ 94,536
Grant revenues recognized	467	-	-	230	3	-	-	-	702	-	-	-	-	702
Resident fees	2,554	-	-	28,349	3	7,239	-	-	38,145	-	-	11,097	-	49,241
Other revenues	639	787	207	827	405	316	(483)	-	2,711	435	563	171	(989)	2,882
Total operating revenues	640	54,465	207	29,776	38,616	5,144	7,555	(711)	136,092	435	563	11,268	(989)	147,360
<b>Operating expenses:</b>														
Salaries and wages	8,410	24,302	377	6,187	19,226	3,651	1,943	-	64,115	-	-	3,508	-	67,624
Employee benefits	2,406	7,314	79	1,691	5,670	876	551	-	18,588	-	-	891	-	18,479
Supplies and other services	1,384	10,066	1,030	5,086	4,243	1,62	1,955	(483)	23,453	(273)	-	2,142	(435)	24,887
Professional fees	1,219	7,557	57	2,702	8,672	149	751	(228)	20,678	209	-	919	-	22,006
Depreciation and amortization	1,183	1,869	(1)	4,208	58	1	1,387	(715)	8,704	-	-	3,448	-	12,152
Interest and other fees	671	777	307	3,866	2,284	291	459	(715)	5,385	-	614	1,682	(628)	7,053
Management fee	(7,471)	3,053	43	949	2,284	291	288	(553)	-	-	565	563	(553)	-
Total operating expenses	7,802	54,937	1,892	24,729	40,154	5,139	7,335	(1,427)	140,560	(64)	1,177	13,154	(1,626)	153,202
(Loss) income from operations	(7,161)	(472)	(1,685)	4,447	(537)	5	221	715	(4,468)	499	(614)	(1,887)	628	(5,842)
Net post-retirement benefit costs other than service costs (including \$1,570 settlement costs)	774	1,636	21	180	41	3	16	-	2,670	-	-	-	-	2,670
Non-operating income (expense) without donor restrictions:														
Contributions	-	-	2,645	-	-	-	-	-	2,645	-	-	-	-	2,645
Intercompany investment income	54	-	614	614	-	-	-	(715)	567	61	-	-	(628)	6,202
Investment income (loss)	8	-	4,391	1,101	2	-	-	-	5,501	701	-	-	-	(493)
Other than temporary impairment on investments	-	-	(493)	-	-	-	-	-	(493)	-	-	-	-	-
Total non-operating income (expense)	62	-	7,157	1,716	2	-	(715)	-	8,219	762	-	-	(628)	8,354
Excess of revenues (under) over expenses before one-time items	(7,873)	(2,108)	5,451	5,982	(577)	2	206	-	1,082	1,261	(614)	(1,887)	-	(156)
Holding losses on equity securities	-	-	(18,759)	-	-	-	-	-	(18,759)	(1,915)	-	-	-	(20,673)
Excess of revenues (under) over expenses before change in fair value of interest rate swap agreement	(7,873)	(2,108)	(13,308)	5,982	(577)	2	206	-	(17,677)	(653)	(614)	(1,887)	-	(20,831)
Change in fair value of interest rate swap agreement	-	-	-	-	-	-	1,413	-	1,413	-	-	5,258	-	6,671
Excess of revenues (under) over expenses	(7,873)	(2,108)	(13,308)	5,982	(577)	2	1,619	-	(16,264)	(653)	(614)	3,372	-	(14,160)
Excess of revenues (under) over expenses attributable to non-controlling interest in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(392)	-	(392)
Excess of revenues (under) over expenses of Masonicare	(7,873)	(2,108)	(13,308)	5,982	(577)	2	1,619	-	(16,264)	(653)	(614)	2,980	-	(14,551)

See accompanying Independent Auditor's Report.

**MASONICARE**  
**CONSOLIDATING STATEMENT OF OPERATIONS**  
Year Ended September 30, 2021  
*(Dollars in thousands)*

	MC	MHC	MCE	MAV	MHHH	MAH	MCV	Elims	Ob.Grp.	Keystone	MAM	SLM	Elims	Total
<b>Operating revenues:</b>														
Net patient service revenues	\$ 47,136	\$ -	\$ -	\$ 38,936	\$ 7,295	\$ -	\$ (273)	\$ 93,095	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,095
Grant revenues recognized	550	-	-	-	-	-	-	550	-	-	-	-	-	550
Resident fees	2,364	-	26,227	6,912	6	6	35,210	10,514	-	-	-	-	-	45,725
Other revenues	482	926	522	1,934	1,012	26	803	5,198	334	334	565	792	(1,066)	5,812
Total operating revenues	482	50,978	522	28,161	38,948	7,327	7,415	(789)	134,044	334	565	11,306	(1,066)	145,163
<b>Operating expenses:</b>														
Salaries and wages	8,821	24,438	385	5,778	20,220	4,804	1,775	-	66,071	-	-	3,342	-	69,418
Employee benefits	2,286	7,492	76	1,639	6,043	983	474	-	18,994	-	-	765	-	19,759
Supplies and other services	1,364	10,165	10,300	4,636	4,209	214	1,657	(517)	22,760	336	-	2,005	(501)	24,400
Professional fees	720	5,870	72	3,608	8,027	111	1,291	(273)	19,426	228	-	1,328	-	20,983
Depreciation and amortization	1,124	2,001	-	3,765	80	1	1,401	-	8,472	-	-	3,540	-	12,012
Interest and other fees	569	795	314	3,779	-	-	505	(437)	5,526	-	431	1,591	(437)	7,111
Management fee	(7,362)	2,940	42	1,022	2,293	373	281	(411)	-	-	585	1,411	(665)	-
Total operating expenses	7,322	53,701	1,929	24,169	40,972	6,586	7,385	(1,226)	140,839	364	986	12,982	(1,503)	153,677
(Loss) income from operations	(6,840)	(2,723)	(1,408)	3,993	(1,024)	741	30	437	(6,795)	(30)	(431)	(1,676)	437	(6,494)
Net post-retirement benefit costs other than service costs (including \$629 settlement costs)	720	1,477	20	64	41	3	10	-	2,434	-	-	-	-	2,434
Non-operating income (expense) without donor restrictions:														
Contributions	-	-	5,224	-	-	-	-	-	5,224	-	-	-	-	5,224
Intercompany investment income	6	-	431	431	-	-	-	(437)	431	6	-	-	(437)	-
Investment income (loss)	-	1	7,979	944	1	-	-	8,925	1,227	-	-	-	-	10,152
Other than temporary impairment on investments	-	-	(424)	-	-	-	-	(424)	-	-	-	-	-	(424)
Total non-operating income (expense)	6	1	13,211	1,374	1	-	-	(437)	14,156	1,234	-	-	(437)	14,953
Excess of revenues (under) over expenses before one-time items	(7,554)	(4,200)	11,783	5,203	(1,063)	738	20	-	4,927	1,204	(431)	(1,676)	-	4,024
Holding gains on equity securities	-	-	8,304	-	-	-	-	-	8,304	917	-	-	-	9,221
Excess of revenues (under) over expenses before change in fair value of interest rate swap agreement	(7,554)	(4,200)	20,087	5,203	(1,063)	738	20	-	13,231	2,121	(431)	(1,676)	-	13,245
Change in fair value of interest rate swap agreement	-	-	-	-	-	-	187	-	187	-	-	(638)	-	(441)
Excess of revenues (under) over expenses	(7,554)	(4,200)	20,087	5,203	(1,063)	738	217	-	13,428	2,121	(431)	(2,314)	-	12,804
Excess of revenues (under) over expenses attributable to non-controlling interest in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	269	-	269
Excess of revenues (under) over expenses of Masonicare	(7,554)	(4,200)	20,087	5,203	(1,063)	738	217	-	13,428	2,121	(431)	(2,045)	-	13,073

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