

MASONICARE AT CHESTER VILLAGE
DISCLOSURE STATEMENT

FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2023

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	3
Masonicare at Chester Village, Inc. Board of Directors	3
Business Experience	3
Judicial Proceedings	4
Affiliation	4
Description of Property	5
Benefits Included in the Monthly Fee	5
Interests on Deposits Held in Escrow	5
Termination of the Chester Village Residency Agreement	5
Rights of a Surviving Spouse	5
Marriage of a Resident	6
Disposition of Personal Property	6
Tax Consequences	6
Reserve Funding-Escrow Accounts	6
Financial Statements	6
Current Rate Schedules	7
Entrance Fees and Periodic Charges	7
Actuarial Present Value of Prepaid Healthcare Obligations	7
Notice to Prospective Buyers	7
Department of Social Services Filings	7

Attachments to the Disclosure Statement for Chester Village, Inc.
Dated: September 30, 2023

Attachment A – Residency Agreement and Notice to Prospective Residents
Attachment B – Current Listing of Entry and Monthly Fees
Attachment C – Masonicare Audited Financial Statements 2023

NAME AND ADDRESS OF PROVIDER

MASONICARE AT CHESTER VILLAGE, INC.
317 WEST MAIN STREET
CHESTER, CT 06412
(860) 531-1400

Masonicare at Chester Village, Inc. (“Masonicare at Chester Village”) was incorporated in the state of Connecticut on September 13, 2017 and is a 501(c)(3) organization.

MASONICARE AT CHESTER VILLAGE BOARD OF DIRECTORS

Christopher J. Earle, Chair
Bruce R. Bellmore, Vice Chair
Newton (Bud) Buckner, Treasurer
Bonnie S. McWain, Secretary
David A. Berardesca
Kerry C. Brown
Robert J. Furce
Kevin J. Hecht
Shelby P. Jackson
John P. Lawlor
Rinaldo Magliano, Jr.
Laura S. Michnowski
Theodore J. Nelson
Edward C. Page
Joseph J. Porco
Thaddeus M. Stewart
Mark D. Winne
Jon-Paul Venoit, President & CEO Asst. Secy
Steven Beaulieu, CFO & Asst. Treasurer

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

BUSINESS EXPERIENCE

Masonicare at Chester Village is a wholly owned affiliate of Masonicare Corporation (“Masonicare”). Masonicare has provided health and health related services to older adults for over 125 years.

The daily operation of Masonicare at Chester Village is the responsibility of the Executive Director, who is supervised by and reports to Masonicare’s President and CEO.

In addition to Masonicare at Chester Village, Masonicare operates campuses in the towns of Wallingford, and Mystic, Connecticut.

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., a continuing care retirement community with 360 independent living units and 134 licensed assisted living units.

The Mystic campus offers licensed assisted living (50 general and 48 memory care units) and 81 independent living units on a rental basis.

Masonicare at Chester Village has 105 units, 90 apartments and 15 homes. All Masonicare at Chester Village residents receive priority access to the healthcare services provided at MHC as well as the other services provided throughout the continuum.

Masonicare also provides home health and hospice services throughout Connecticut by Masonicare Home Health and Hospice, and provides live-in, personal care attendant and homemaker services by Masonicare at Home.

JUDICIAL PROCEEDINGS

Neither Masonicare, Chester Village nor any of the officers or directors of Chester Village 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 is a non-profit Connecticut corporation and is tax-exempt under the provisions of Section 501 (c)(3) of the Internal Revenue Code. Masonicare is a membership corporation, whose “Voting Members” include specified current and former officers and designated persons of the Connecticut Grand Lodge of Ancient Free and Accepted Masons, and certain officers of the various Masonic Lodges throughout Connecticut. Reserved powers of the Voting Members include, among other things, appointment of certain members of the Masonicare Board of Trustees of 12 to 15 members (all of whom must be Masons or members of affiliated Masonic organizations), including three Grand Lodge officers, three ex-officio members selected from the affiliated Masonic organizations, and the remaining chosen by vote of the Voting Members.

Masonicare at Chester Village is governed by a Board of Directors, appointed by Masonicare as the sole member of the affiliate. Masonicare has certain reserved rights, including prior approval of all amendments to the certificate of incorporation and mission statement, appointment of the chair of the Board of Directors and all corporate directors,

prior approval of the annual operating budget, prior approval of the written investment policy and investment manager(s), and other powers set forth in the bylaws.

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

DESCRIPTION OF PROPERTY

Masonicare at Chester Village site consists of roughly 55 wooded acres, nestled among the rolling hills of the lower Connecticut River Valley and adjacent to the Cockaponsett State Forest. There are 105 total units at Masonicare at Chester Village, consisting of 90 apartments (one-bedroom, one-bedroom plus den, two-bedroom, two-bedroom plus den) and 15 single story cottage homes.

BENEFITS INCLUDED IN THE CHESTER VILLAGE MONTHLY FEE

A list of the services and amenities to be provided are described in the Masonicare at Chester Village Residency Agreement, a copy of which is attached at Attachment A.

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 Chester Village.

TERMINATION OF THE CHESTER VILLAGE RESIDENCY AGREEMENT

The Masonicare at Chester Village Residency Agreement requires the payment of an entrance fee. The entrance fee is payable on the date the selected unit is occupied. The conditions under which the Residency Agreement may be terminated are described in Article VII of the Residency Agreement.

RIGHTS OF SURVIVING SPOUSE

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

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

MARRIAGE OF A RESIDENT

The effect of a resident's marriage or remarriage while at Masonicare at Chester Village on the terms of the Residency Agreement is described in Article VI.C. of the Masonicare at Chester Village Residency Agreement.

DISPOSITION OF PERSONAL PROPERTY

In the event of a 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 of kin.

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

The Monthly Fee will continue to be due until the resident's personal property is removed from the unit and the keys are returned to Administration. If personal property is not removed within thirty (30) days, Masonicare at Chester Village shall have the right to remove it from the unit and store it at the expense of the resident or the resident's estate. Any personal property that is unclaimed after six months will be disposed of at the expense of the resident or resident's estate.

TAX CONSEQUENCES

Payment of the entrance fee required under the Masonicare at Chester 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

As required under Section 17b-525 of Chapter 319hh, Connecticut General Statutes, as amended, Chester Village, Inc. has placed on deposit with M&T Bank, New Haven, Connecticut, monies to be held in a 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, New Haven, Connecticut, as escrow agent.

FINANCIAL STATEMENTS

The audited financial statement for Masonicare for the fiscal year ending September 30, 2023 is set forth in Attachment C.

CURRENT RATE SCHEDULES

Masonicare at Chester Village's current rate schedules for entrance fees, monthly fees, fees for ancillary services rates are set forth in Attachment B. Current Occupancy as of September 30, 2023 was 103 (98%). Masonicare at Chester Village was 100% sold as of September 30, 2023.

ENTRANCE FEES AND PERIODIC CHARGES

All Masonicare at Chester 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. Monthly fees have increased by 4% or less annually.

Entrance fees paid by Masonicare at Chester Village residents are refundable to the resident or the residents' estate according to the prorated refund schedule described in the resident's Residency Agreement. The entrance fee is refundable over a 5-year period.

Financial assistance is available for residents unable to pay any monthly fee or other indebtedness owed to Masonicare at Chester Village under conditions described in Article V, page 15 section F of the Masonicare at Chester Village Residency Agreement.

Regarding adjustments to the monthly fee, Article V, page 14 section 4 states that increases of the monthly fees may be made at the discretion of the Masonicare at Chester Village Board of Directors.

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.

NOTICE TO PROSPECTIVE RESIDENTS

Connecticut law requires Masonicare at Chester Village to provide notice to prospective residents; see pages 8-9.

DEPARTMENT OF SOCIAL SERVICES FILINGS

All materials regarding Masonicare at Chester Village, 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. These documents are on file at the following address:

MASONICARE AT CHESTER VILLAGE
DISCLOSURE STATEMENT
SEPTEMBER 30, 2023

Page 8

Department of Social Services
55 Farmington Avenue
Hartford, CT 06106-5033

ATTACHMENT A

NOTICE TO RESIDENTS AND RESIDENCY AGREEMENT



NOTICE TO PROSPECTIVE RESIDENTS

Connecticut law requires Masonicare at Chester 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. Masonicare at Chester 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 Masonicare at Chester 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 Masonicare at Chester Village to provide, not more than sixty not 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 Masonicare at Chester Village.

Date

Resident's Name

Resident's Signature

Date

Resident's Name

Resident's Signature

Masonicare
at Chester Village



**RESIDENCY
AGREEMENT**

Table of Contents

• Glossary	Page 2
• ARTICLE I – Duration of Residency Agreement	Page 5
• ARTICLE II – Accommodations and Facilities	Page 5
• ARTICLE III – Services	Page 9
• ARTICLE IV – Health Care Services	Page 10
• ARTICLE V – Financial Arrangements	Page 12
• ARTICLE VI – Transfers / Marriages	Page 16
• ARTICLE VII – Termination Provisions	Page 20
• ARTICLE VIII – Other Residency Provisions	Page 24
• ARTICLE IX – Miscellaneous Provisions	Page 26
• EXHIBIT A – Current Fees	Page 29
• EXHIBIT B – Entry Fee Refund	Page 30
• EXHIBIT C – Flexible Dining Plans	Page 31
• EXHIBIT D – Fire Sprinkler System Notice	Page 32

GLOSSARY

Apartment	Apartment residences at Chester Village.
Application Fee	A non-refundable fee that must accompany any application to reside at Chester Village.
Chester Village Association	Chester Village's residents' council.
Chester Village Safety Standards	Procedures to promote safety of the Chester Village community published by Chester Village.
Community Rules	The Resident Handbook and policies and procedures published by Chester Village governing the Chester Village community, as may be amended from time to time.
Cottage	Free-standing residences at Chester Village.
Cottage Resident	A Resident who resides in a Cottage.
Dining Room	A dining facility operated by Chester Village serving breakfast, lunch and dinner.
Downgrade	Transferring from a more expensive residence to a less expensive residence, but excluding a transfer from a smaller residence to a larger residence.
Entry Fee	A fee paid in exchange for the rights and services provided under the Residency Agreement.
Entry Fee Refund	A refund of a portion of the Entry Fee to which a Resident may be entitled.

Executive Director	The executive leader of Masonicare at Chester Village.
Financial Disclosure Statement	A statement of a Resident's finances submitted with the application to Chester Village.
Flexible Dining Plan	A plan whereby Residents pay a set fee for a certain number of meals in the Dining Room.
Guest Suite	A suite maintained at Chester Village for use by Residents' guests.
Initial Fee	A fee applied to the Entry Fee, which is due when a Resident submits his or her application.
Masonicare	A nonprofit Connecticut corporation that provides senior living and healthcare services.
Masonicare Health Center	A skilled nursing facility operated by Masonicare and located at 22 Masonic Avenue, Wallingford, Connecticut.
Masonicare Medical Director	The Medical Director of Masonicare Health Center.
Monthly Fee	A monthly maintenance fee for occupying a Residence.
Monthly Statement	The monthly bill each Resident receives for his or her Monthly Fee plus any additional charges.
Refurbishment Fee	A fee charged to Residents transferring residences to cover the cost of refurbishing the residence left by the Resident, which may be adjusted by Chester Village from time to time in its sole discretion.
Rescission Period	The thirty day period after a Resident executes a Residency Agreement during which he or she may

rescind this Residency Agreement.

Residence

Your Apartment or Cottage at Chester Village.

Resident

A resident of Chester Village.

Standard Administrative Fee

A fee deducted from the Entry Fee Refund when a Resident terminates residency within 30 days of signing the Residency Agreement.

Upgrade

Transferring from a less expensive residence to a more expensive residence or from a smaller residence to a larger residence.

THIS MASONICARE AT CHESTER VILLAGE RESIDENCY AGREEMENT (the "Residency Agreement") is made as of this _____ by and between Masonicare At Chester Village, Inc., a life plan community a.k.a. a continuing care retirement community located at 317 West Main Street, Chester, Connecticut ("Chester Village") and _____. 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.

ARTICLE I

DURATION OF RESIDENCY AGREEMENT

Chester 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 move-in date.

ARTICLE II

ACCOMMODATIONS AND FACILITIES

A. Your Residence

You have selected Apartment/Cottage number, _____ to be your residence ("Residence"). You shall have a personal and non-assignable right to reside in the Residence, subject to the terms of this Residency Agreement and Chester Village Policies and Procedures. Your written address is:

_____.

B. Furnishings Provided

Chester Village furnishes each residence with some basic appliances (i.e., stove, refrigerator, garbage disposal), 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

Chester Village's Safety Standards, or applicable local, state and federal laws and codes.

C. Emergency Services

Your Residence will include a 24-hour emergency call response system that includes smoke detectors and a sprinkler system (as described in Exhibit E). It will also be equipped with an emergency pull cord in the bedrooms and bathrooms to alert staff to any emergencies that may occur. Chester Village employs security personnel for the Chester Village community as it deems necessary in its sole discretion.

D. Utilities

Electricity, air conditioning and heating are included in the Monthly Fee as are water, sewage and garbage collection. . 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. Chester 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 Chester 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 Chester 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 Chester Village. You are responsible for the cost of alterations and upgrades 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 Chester Village, unless the Executive Director of Chester Village 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 Chester Village or any part thereof. If any

mechanic's lien shall at any time be filed against real property of Chester 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, Chester Village may, but shall not be obligated to, discharge the lien. Any amount paid by Chester 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 Chester 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 Chester Village to access your Residence at any time when Chester Village in its sole discretion determines that entry is necessary to protect your health, safety or comfort or that of any other Resident of Chester Village, or the physical conditions of your Residence or other Chester Village facilities. Except in cases of emergency (as determined in Chester Village's sole discretion), Chester 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 Chester Village 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 have additional parking accommodations, the cost of which is included in the Monthly Fee.

H. Community Facilities

You are entitled to share with all Residents the use of the common areas, grounds and facilities at Chester Village. You may also reserve certain facilities for special occasions in accordance with policies and procedures established by Chester 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 Chester Village Resident Liability Insurance Policy.** You agree that Chester 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 Chester Village nor its insurer will be liable for any claims, , damage or expenses, including reasonable attorneys' fees, resulting from any injury or death to persons and any theft or 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 Chester Village or any of its officers, employees, contractors, or agents or by a material default on the part of Chester Village under this Residency Agreement.

J. Indemnification

You agree to indemnify and defend Chester 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 Chester 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 Chester Village, or any of its officers, employees, contractors, or agents, or by default on the part of Chester 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 Chester Village, Inc., Masonicare, or its affiliates. This Residency Agreement is a continuing care contract governed by Sections 17b-520 through 17b-535 of the Connecticut General Statutes and accompanying regulations.

ARTICLE III

SERVICES

A. Dining Plan

Residents are required to participate in Chester Village's Flexible Dining Plan (as described in Exhibit C). Included in your Monthly Fee are the same number of meals in the dining room as there are days in the month.

Take-out meals are available for all Residents if a Resident is unwell or unable to eat in the Dining Room. Residents may pick up take-out meals themselves, or the meals will be delivered for a service charge.

Guests are always welcome to dine with you. Please make reservations in advance for your guests. Guest meals will be billed to you as an additional charge.

B. Housekeeping and Maintenance

Chester Village provides light cleaning services every other week. You may order extra housekeeping or maintenance services for an additional charge. Chester Village provides necessary repairs, maintenance, and replacement of its property and equipment located in your Residence. We will charge you for any repairs or replacement required as a result of the negligent acts of you or your guests. 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.

Chester Village maintains all Common Areas, Grounds and Facilities, including lawns, walkways, and driveways. Landscaping and decorative plantings are provided and maintained by Chester Village as it deems appropriate. Additional landscaping and gardening may be permitted with prior authorization. Additional landscaping must be maintained by you. If the additional landscaping can no longer be maintained by you as determined by Chester Village in its sole discretion, it will be removed at your expense.

C. Transportation

Chester Village provides transportation to medical appointments within a fifteen (15) mile radius of Chester Village.

Chester Village provides for regularly scheduled transportation to grocery stores, shopping centers and other social and recreational activities. This transportation occurs on a published transportation schedule which is subject to change with prior notice.

ARTICLE IV

HEALTH CARE SERVICES

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

1. Admission to Masonicare Health Center

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

2. Ten Prepaid Inpatient Days

During the term of this Residency Agreement, you receive an Annual Allotment of ten prepaid days per calendar year of inpatient services at Masonicare Health Center 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 facility. You may use your Annual Allotment if such 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**

Chester Village offers assisted living services in Residences through the Assisted Living Services Agency (ALSA). Arrangements may be made through the

Wellness Nurse if applicable. If you wish to transfer to a different Masonicare assisted living facility and it is determined, after consultation with you, your family and/or your physician, that you meet the admissions criteria for assisted living, then your residency at Chester 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 the Masonicare assisted living facility you select. If you become a resident of another Masonicare assisted living facility, you will have access to Masonicare Health Center on the same terms and conditions as a Chester Village Resident.

C. Personal, Nursing and Medical Services

1. Wellness

Chester Village operates a Wellness Office staffed by a nurse. The Wellness Nurse's primary responsibility is to respond to well elders to ensure they obtain services for routine, non-emergent medical issues.

2. Emergency Assistance

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

3. Personal Assistance

Personal care is the sole responsibility of you and your family. If you hire private companions or aides, you are responsible for coordinating and paying for the services of such companions. Private companions or aides must register with Chester Village Wellness or Administration, wear an identification badge provided by Chester Village Administration, and abide by all policies and procedures as defined by the Chester Village Policy governing private aide services. Upon registration with Chester Village Administration, private companions and aides are provided with the Chester Village Policy Governing Private Companion Services and a private aide manual. Chester 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. If your private companion or aide is disruptive or unruly or presents any other reason which would justify Chester Village requesting, in its sole discretion,

the discontinuance of his or her services at Chester 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, Chester 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 Chester Village

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

ARTICLE V

FINANCIAL ARRANGEMENTS

A. Fees

The basic fees associated with your residency at Chester 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 Chester Village upon thirty (30) day's written notice. 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 Chester 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 Chester Village, you must also submit an Initial Fee, which is credited toward the Entry Fee. The Initial Fee is subject to change from time to time in the sole discretion of Chester Village.

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 Chester 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 Chester Village upon move-in. Details regarding the Entry Fee chosen by you are detailed in Exhibit B.

4. Monthly Fee

You agree to pay Chester Village a Monthly Fee for occupancy of your Residence.

Chester 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. Chester Village will base such adjustments on projected costs, prior year per capita costs, and economic indicators as determined by Chester Village in its sole discretion. You agree that in the event of such an adjustment by Chester 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), Chester 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 Chester Village. 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 in Masonicare Health

Center as an acute or sub-acute inpatient, or otherwise absent from Chester Village. If you fail or refuse to pay the amounts charged under the terms of this Residency Agreement and Chester 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 Chester Village.

B. Additional Services

You will be billed for any additional services either at the time the service is rendered or on your Monthly Statement. Payment for additional services shall be the same as for monthly fees, including the imposition of interest charges on delinquent amounts.

C. First Year Refund Policy

If you are unhappy at Chester 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 as set forth on Exhibit A. 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.

D. Fees Not Held in Trust

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

E. Personal Obligations of Residents

Chester 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 Chester Village.

F. Financial Assistance to Residents

1. Inability to Pay Monthly Fees

Chester 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, Chester 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 Chester Village immediately. If your financial difficulty is unanticipated or not due to your own intentional acts, the Executive Director of Chester Village will work to develop an alternative payment plan 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 established for the purpose of providing financial assistance to Residents who are having difficulty paying the Monthly Fee.

F. Financial Requirements for Residency

As part of your application to Chester 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. Chester 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 Chester Village when your assets reach a total of \$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 Chester 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 Chester Village first for guidance.

ARTICLE VI

TRANSFERS/MARRIAGE

A. Intra-Village Transfer Policy

If you elect to transfer to another residence within Chester Village, you will be charged a Refurbishment Fee at the time of the move to cover the cost of preparing the vacated residence for new occupancy.

If you Downgrade 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 available Entry Fee refund amount for your current Residence 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.

Downgrade Example A. If a widowed Resident on a five-year refund schedule, who moved in with his or her spouse two years ago, decides to move from a two-bedroom Cottage to a one-bedroom Apartment:

<u>Original Entry Fee of Cottage</u>	<u>Entry Fee of Apartment (As of this</u>
\$294,000	<u>Residency Agreement date)</u>
	\$135,000
<u>Entry Fee Refund</u>	<u>Entry Fee Adjustment</u>
\$97,020	\$44,550

Difference = +\$52,470

Therefore, a credit will be issued to the resident's monthly fee in the sum of \$52,470 minus a Refurbishment Fee.

If you Upgrade residences, the new Entry Fee will be based on the difference between the Entry Fee paid for your current residence upon move in and the current Entry Fee for the new residence at the time of your 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. In order to upgrade residences, you must satisfy the financial criteria to qualify for the new residence in the sole discretion of Chester Village.

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

<u>Original Entry Fee of Apartment</u>	<u>Current Entry Fee of Cottage</u>
\$135,000	\$248,000
<u>Entry Fee Refund</u>	
\$44,500	
Difference = -\$203,500	

Therefore, the Resident will be charged an Entry Fee of \$203,500 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 Chester Village and original Entry Fee refund schedule will not change.

B. Transfer for Health Reasons

1. Change in Health

You acknowledge and agree that Chester 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 Chester 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 facility, or another appropriate facility; or (b) if your personal physician and the Executive Director of Chester Village agree it is appropriate, to obtain necessary health care services in your current Residence.

You agree that in an emergency, if your mental or physical condition presents a danger to you or others, as determined by us in our sole discretion, we will arrange for private duty care in your Residence at your expense until other appropriate arrangements can be made.

2. Consultation

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

3. Transfer Decisions

You agree that Chester Village shall have full authority and right to transfer you from your Residence to any Masonicare facility 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 Chester Village determines, in his or her sole discretion, after the consultation described above that:

a. Chester Village does not have adequate facilities 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 Facility

If it is necessary to transfer you to an outside health facility, Chester Village will try to arrange for transfer to the facility of your choice. If you, your family or designated representative fail to choose a facility, the Executive Director of Chester 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 or services.

5. Charges During Stays at Any Healthcare Facility

If you are a short-term, temporary patient at Masonicare Health Center or at any other skilled nursing facility, you will continue to pay your Monthly Fee at Chester Village. If you become a permanent resident at another Masonicare facility or outside health care facility, this Residency Agreement will terminate with respect to you. If your spouse or roommate remains at Chester 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 a Masonicare facility or another health care facility, your residency and future financial obligations at Chester Village will terminate as of the date your Residence is vacated.

C. Marriage and Cohabiting

1. Between Chester Village Residents

If you marry or choose to live with another Chester Village Resident, either Resident may terminate his or her Residency Agreement and release his or her residence. Chester 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 that residence. Chester Village will increase the Monthly Fee for the shared residence to the double occupancy rate.

2. Between A Chester Village Resident and Non-Resident

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

3. Divorce or Separation

In the event married 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, Chester Village will

not refund any of the Entry Fee for the current residence. If the second Resident chooses to remain at Chester 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 Chester 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, Chester 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 Chester Village Executive Director 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 the Residency Agreement, Chester Village will refund the appropriate portion of the Entry Fee paid, minus: 1) the Application Fee; 2) any costs incurred by Chester Village at your request as set forth in this Agreement or in an addendum signed by you; and 3) the Standard Administrative Fee. 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 Chester Village receiving written notice by registered or certified mail of your inability to take occupancy of the Residence. Chester Village will refund the appropriate portion of the Entry Fee paid, minus (i) the Application Fee, (ii) the Standard Administrative Fee; 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 Chester 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 a 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 Chester Village sent by registered or certified mail. In the event of such a termination, Chester Village will refund the appropriate portion of the Entry Fee paid, minus (i) the Application Fee, (ii) the Standard Administrative Fee; 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 Chester Village receives notice that you will not occupy the Residence.

4. Termination by Chester Village Prior to Occupancy

If your Residence is constructed as of the date of this Residency Agreement, Chester 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, Chester Village will refund the appropriate portion of the Entry Fee paid, minus (i) the Application Fee; (ii) the Standard Administrative Fee; 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 Chester Village terminates the Agreement .

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 Chester Village. You will be responsible for Monthly Fees during the notice period and

until the Residence is vacated. If you are eligible for an Entry Fee refund, it will be calculated from the date the Residence is vacated and the keys are returned to Chester Village.

2. Termination by Chester Village

Chester 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 Chester 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 Chester Village determines that either the giving of notice or the lapse of time might be detrimental to you, other Residents, or Chester Village staff, or if the Executive Director of Chester Village 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 Chester Village Policy and Procedures, including conduct by you that, in the sole discretion of the Executive Director of Chester Village, is detrimental to the health, safety, comfort, security or peaceful living of you or any of the other Residents or Chester Village staff;
- c. Your refusal of treatment or care, or refusal to be transferred to an appropriate facility 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 Chester Village staff;
- d. Material misstatements or failure to state a material fact in your Application, Financial Disclosure Statement, or Health History Statement filed with Chester Village; or
- e. Permanent transfer to another public or private institution 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 Chester Village Executive Director determines in his or her sole discretion that (a) Chester Village does not have adequate facilities or staff to provide the medical services you need; or (b) that your continued occupancy of your Residence constitutes a danger to other Residents or to yourself, or is detrimental to the peace or health of other Residents, then your residency at Chester Village will be terminated. If termination is necessary for medical reasons, you may transfer to a Masonicare facility or other facility 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 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 or Roommate

In the event of a Resident's death, and there is a surviving spouse or roommate, the Monthly Fee will be adjusted appropriately 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 spouse or roommate.

c. Payment of Entry Fee Refund

In the event of a termination due to a 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 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:

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 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 and the keys returned to Administration. If your personal property is not removed within the thirty (30) day period, Chester Village shall have the right to remove it from the Residence. Chester 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. Facility Financial Condition

The financial condition of Chester 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. Admission and Discharge of Other Residents

You agree that you have no right to determine or appeal the admission, terms of admission, placement, discharge of, or any other issues regarding, any other Resident.

C. Chester Village Association

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

D. Community Rules

For the proper management and operation of the community and the safety, health, and comfort of the Residents, Chester 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 Chester Village policies and procedures, as amended from time to time, which are incorporated by reference into this Residency Agreement. The Chester Village policies and procedures are available for your review at the Chester 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. Chester Village will charge a reasonable daily guest 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. Chester Village defines a "guest" as anyone staying overnight in a residence who has not signed this Residency Agreement. All guests are subject to the Chester Village policy and procedures and have no rights under this Residency Agreement.

F. Pet Policy

Pets are permitted in certain residences, under certain conditions, as set forth in Chester Village's Pet Policy. If you keep a pet in your Residence while you are a Resident of Chester Village, 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. 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 Chester 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 Chester 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 Chester Village as required in completing your application to Chester Village is true and complete. You understand and acknowledge that Chester Village is relying on such information. You agree at any time to update the information contained in your application upon the request of Chester 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, Chester Village determines in its sole discretion that you no longer meet the criteria for residency at Chester Village due to a change in your health or financial circumstances, Chester Village will so notify you in writing and this Residency Agreement shall automatically cancel in accordance with Article VII A.2. If Chester Village determines your application contains a material misstatement of fact or fails to state a material fact, Chester Village may cancel this Residency Agreement in accordance with Article VII A.4 or Article VII.B.2, as applicable.

C. Waiver

Chester 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 Chester 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 Chester Village takes action to enforce the terms of this Residency Agreement, Chester 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 Chester 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 Chester Village. Chester 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 Chester 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 Chester 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.

Remainder of page intentionally left blank.

EXHIBIT B

ENTRY FEE REFUND

Resident Name(s)
Residence #
Move-in Date
Entry Fee Amount

Five Year Declining Entry Fee Refund Schedule

Should you terminate your residency at Chester Village within 5 years (60 months) of taking occupancy, Chester 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 Administrative Fee*
2-12	83.25%
13-24	66.50%
25-36	49.75%
37-48	33.00%
49-60	16.25%
60+	0%

*The current Standard Administrative Fee is \$1500

EXHIBIT C

FLEXIBLE DINING PLANS

Resident Name(s)

Residence #

Move-in Date

Residents are required to participate in Chester Village's Flexible Dining Plan as described below.

1) **Standard Meal Plan**- Residents may choose the Standard Meal Plan. Residents choosing the Standard Meal Plan will receive an allocated amount of Dining Dollars per month equivalent to 1 meal per day for the entire month. This plan is included in the Monthly Fee.

2) **20 Meal Plan**- Residents may choose the 20 Meal per month plan. Residents choosing the 20 Meal Plan will receive a credit to their Monthly Fee in an amount equal to the cost of the additional ten meals included as part of the Standard Meal Plan.

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

EXHIBIT D

FIRE SPRINKLER SYSTEM NOTICE

Resident Name(s)
Residence #
Move-in Date

In accordance with P.A. 15-005, Section 57, of the Connecticut General Statutes, you are being notified that all apartment units at Chester Village are equipped with working fire sprinkler systems.

Our systems are maintained and inspected by a sprinkler contractor licensed by the State of Connecticut. The date of the most recent inspection was January 14, 2021.

Please note that our cottages and villas are not equipped with fire sprinkler systems.

ATTACHMENT B

CURRENT LISTING OF ENTRY AND
MONTHLY FEES, ANCILLARY FEES

Independent Living	Entrance Fee* 1 Person	Entrance Fee* 2 People	Monthly Fee 1 Person	Monthly Fee 2 People	Sq. Ft.
Apartment Residences					
One Bedroom	\$134,900	\$154,900	\$3,940	\$4,880	850
One Bedroom w/Den	\$157,900	\$177,900	\$4,520	\$5,460	1005
Two Bedroom	\$186,900	\$206,900	\$5,020	\$5,960	1190
Two Bedroom Deluxe	\$189,900	\$209,900	\$5,070	\$6,010	1209
Two Bedroom Custom	\$208,900	\$228,900	\$5,400	\$6,340	1337
Two Bedroom w/Den	\$238,900	\$258,900	\$5,470	\$6,410	1467
Maplewood Homes (all have an attached garage)					
One Bedroom w/Den	\$248,200	\$268,200	\$4,820	\$5,760	1253
Two Bedroom	\$294,200	\$314,200	\$5,360	\$6,300	1403
Two Bedroom w/Den	\$306,400	\$326,400	\$5,870	\$6,810	1529
Two Bedroom w/Den w/Two Car Garage	\$312,600	\$332,600	\$5,870	\$6,810	1529

Monthly fee includes utilities and one meal per day. Telephone, cable & internet not included.

*Subject to change - Five year declining refund of Entrance Fee applied.

Masonicare

at Chester Village

Ancillary Services

The Miscellaneous Charges below are effective October 1, 2023 for the following:

Food Service

Breakfast	\$8.00
Lunch	\$8.00
Dinner	\$16.00
Grab 'n Go	<i>Varies</i>
Meal Delivery to Room	\$3.00

Meal Credit

Meal credit for residents who will be away for fifteen (15) or more consecutive days will be \$8.00 per day.

Meal credit for the 20 meal plan will be \$80.00 per month.

Housekeeping

Additional Housekeeping	\$20.00/Hr. (\$5/Quarter Hour)
Rollaway Bed	\$5.00/Per Night
Guest Apartment	\$75.00

Maintenance

Maintenance Mechanic or Painter	\$20.00/Hr. (\$5/ Quarter Hour)
Key Charge	\$10.00/Key
Master Key	\$25.00/Key
Cable TV, Telephone & WIFI Bundle	\$110.00/Month
Carport	\$30.00/Month

Recreation

Recreation Out-trips	<i>Varies</i>
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Concierge Services

Concierge Services	\$8.50/15 Minutes
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Visiting Hair Stylists

Masonicare at Chester Village

Effective Date: October 1, 2022

SERVICE	PRICE
SETS & CUTS	
Shampoo Only	10.00
Shampoo & Set or Blow-Dry	29.00
Women's Haircut (with or without shampoo)	37.00
Shampoo, Cut & Set or Blow-dry	49.00
Men's Haircut	24.00
Deep Conditioning	15.00
COLORS AND PERMS	
Color & Set or Blow-Dry	70.00
Color, Cut & Set or Blow-Dry	95.00
Foil Highlights	98.00/up
Perm, Cut & Set or Blow-Dry	95.00
SPA TREATMENTS	
Manicure (<i>French + \$5.00</i>)	23.00
Polish Change	13.00
Pedicure (<i>French + \$5.00</i>)	47.00
Manicure and Pedicure Package	62.00
Paraffin Hand Treatment	11.00
Paraffin Foot Treatment	16.00
AESTHETICS	
Hair Removal Service (chin, lip or brow)	14.00

Masonicare

at Chester Village

Assisted Living Ancillary Services Fee Schedule

ASSISTED LIVING (Bundle Services)

MONTHLY RATE:

Level I - 30 Min Day	\$925
Level II - 60 Min Day	\$1,850
Level III - 90 Min Day	\$2,780
Level IV - 120 Min Day	\$3,700
Monthly Administration Fee	\$75.00
Monthly Medication Package	\$450.00

CHARGED NURSING SERVICES

PER EPISODE RATE

Nurse	\$15.00
Aide/Concierge	\$8.50

ATTACHMENT C

AUDITED FINANCIAL STATEMENTS
FOR YEAR ENDING SEPTEMBER 30, 2023

MASONICARE

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2023 and 2022

MASONICARE
CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2023 and 2022

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED BALANCE SHEETS	4
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	9
SUPPLEMENTAL INFORMATION	
CONSOLIDATING BALANCE SHEET - 2023.....	39
CONSOLIDATING BALANCE SHEET - 2022.....	41
CONSOLIDATING STATEMENT OF OPERATIONS - 2023	43
CONSOLIDATING STATEMENT OF OPERATIONS - 2022.....	44



INDEPENDENT AUDITORS' REPORT

**The Board of Trustees
Masonicare**

Opinion

We have audited the accompanying consolidated financial statements of Masonicare and its subsidiaries (Masonicare), which comprise the consolidated balance sheet as of September 30, 2023 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 2023 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Masonicare as of September 30, 2023, and the consolidated results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Consolidated Financial Statements

The consolidated financial statements of Masonicare as of September 30, 2022 were audited by other auditors whose report dated January 23, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated 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 within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 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 audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 39-44 is presented for the purpose of additional analysis 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 2023 information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional 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 2023 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The 2022 supplementary information on pages 39-44 was subjected to the auditing procedures applied in the 2022 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2022 consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

Harrison, New York
December 14, 2023

MASONICARE
CONSOLIDATED BALANCE SHEETS
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<i>(in thousands)</i>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,982	\$ 5,638
Restricted cash	1,973	2,262
Accounts receivable	10,685	11,714
Customer contracts	4,805	3,667
Other receivables	2,393	1,812
Inventories	144	144
Prepaid expenses and other current assets	1,821	1,706
Interest rate swap asset, current portion	1,733	1,242
Assets whose use is limited or restricted - required for current liabilities and operating purposes	<u>7,144</u>	<u>3,502</u>
Total current assets	<u>36,678</u>	<u>31,686</u>
Assets whose use is limited or restricted:		
By Board of Trustees	105,907	94,794
Under patient asset management, trust agreements and patient escrow accounts	135	117
Under indenture agreement - held by Trustee	1,916	1,865
Under trust for estimated self-insurance liabilities	14,185	17,488
By donors with time or purpose restrictions	3,956	3,542
By donors with restrictions in perpetuity	<u>47,018</u>	<u>46,103</u>
Total assets whose use is limited or restricted	173,118	163,908
Less: Assets whose use is limited or restricted - required for current liabilities and operating purposes	<u>(7,144)</u>	<u>(3,502)</u>
Non-current assets whose use is limited or restricted	<u>165,973</u>	<u>160,406</u>
Property and equipment, net	<u>165,107</u>	<u>169,612</u>
Interest rate swap asset, net of current	<u>4,291</u>	<u>4,555</u>
Recoveries of estimated insurance liabilities insured through commercial policies	<u>1,322</u>	<u>1,313</u>
Total assets	<u>\$ 373,372</u>	<u>\$ 367,573</u>

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

MASONICARE
CONSOLIDATED BALANCE SHEETS (CONTINUED)
September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<i>(in thousands)</i>	
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current maturities of long-term debt	\$ 8,004	\$ 3,754
Accounts payable and accrued expenses	13,326	14,019
Accrued salaries and related expenses	3,848	4,258
Accrued pension and postretirement benefits, current portion	262	271
Estimated self-insurance liabilities, current portion	1,276	1,276
Estimated settlements due to third-party payers	688	1,286
Annuities payable, current portion	204	222
Deferred entry fee revenues, current portion	1,618	1,528
Deferred patient service and other revenues	502	311
Deposits	2,362	2,418
Other liabilities	1,217	1,282
Total current liabilities	33,306	30,623
Accrued pension and postretirement benefits, net of current portion	7,136	9,911
Annuities payable, net of current portion	849	941
Refundable entry fees	9,058	9,058
Deferred entry fee revenues, net of current portion	41,251	41,858
Assets held for patient asset management, trust agreements and patient escrow accounts	132	145
Asset retirement obligation	979	946
Estimated insurance liabilities insured through commercial policies	1,322	1,313
Estimated self-insurance liabilities, net of current portion	7,684	7,100
Long-term debt, net of current maturities, unamortized costs	140,019	149,512
Total liabilities	241,736	251,406
Net assets:		
Masonicare net assets without donor restrictions	42,379	28,404
Non-controlling interest in consolidated subsidiary	1,355	1,447
Net assets without donor restrictions	43,734	29,851
Net assets with donor restrictions	87,902	86,315
Total net assets	131,636	116,166
Total liabilities and net assets	\$ 373,372	\$ 367,573

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<i>(in thousands)</i>	
Operating revenues:		
Net patient service revenues	\$ 94,878	\$ 94,536
Grant revenues recognized	-	702
Resident fees	51,417	49,241
Other revenues	<u>2,926</u>	<u>2,882</u>
Total operating revenues	149,221	147,360
Operating expenses:		
Salaries and wages	69,357	67,624
Employee benefits	19,560	19,479
Supplies and other services	26,572	24,887
Professional fees	22,306	22,006
Depreciation and amortization	12,708	12,152
Interest and other fees	<u>7,032</u>	<u>7,053</u>
Total operating expenses	<u>157,536</u>	<u>153,202</u>
Total loss from operations	<u>(8,314)</u>	<u>(5,842)</u>
Net post-retirement benefit costs other than services costs (including \$ 0 and \$1,570 settlement costs in 2023 and 2022, respectively)	<u>1,721</u>	<u>2,670</u>
Non-operating income (loss) without donor restrictions:		
Contributions	2,264	2,645
Investment income	6,037	6,202
Other than temporary impairment on investments	-	(493)
Total non-operating income	<u>8,301</u>	<u>8,354</u>
Expenses over revenue	(1,735)	(158)
Holding gain (loss) on equity securities	<u>9,227</u>	<u>(20,673)</u>
Excess (deficit) of revenue over expenses before one time items	7,492	(20,831)
Provision for restructuring	(450)	-
Settlement agreement	<u>2,639</u>	<u>-</u>
Excess (deficit) of revenue over expenses before change in swap value	9,681	(20,831)
Change in fair value of interest rate swap agreement	<u>227</u>	<u>6,671</u>
Excess (deficit) of revenue over expenses	9,908	(14,160)
(Excess) deficit of revenue over expenses attributable to non-controlling interest in consolidated subsidiaries	<u>92</u>	<u>(392)</u>
Excess (deficit) of revenue over expenses of Masonicare	10,000	(14,551)
Other changes in net assets without donor restrictions:		
Change in unrealized appreciation on investments	298	(6,037)
Post-retirement changes other than net periodic benefit costs	<u>3,676</u>	<u>3,393</u>
Change in net assets without donor restrictions of Masonicare	<u>\$ 13,974</u>	<u>\$ (17,195)</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, 2023 and 2022

	<i>(in thousands)</i>						
	Without Donor Restrictions				With Donor Restrictions		
	Total	Masonicare	Non- controlling Interest	Total	Time/Purpose	Perpetual	Total
Balances, September 30, 2021	\$ 135,137	\$ 45,599	\$ 1,056	\$ 46,655	\$ 3,898	\$ 84,584	\$ 88,482
Expenses in excess of revenues	(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, and 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	116,166	28,404	1,447	29,851	\$ 2,776	\$ 83,539	86,315
Revenues in excess of expenses	9,908	10,000	(92)	9,908			-
Change in unrealized gains and losses on investments	748	298	-	298			450
Change in post-retirement benefit plans' liability to be recognized in future periods	3,676	3,676	-	3,676			-
Gifts, grants, and bequests with donor restrictions	63	-	-	-			63
Investment gains (losses) on assets with donor restrictions	1,409	-	-	-			1,409
Change in annuity obligations	(86)	-	-	-			(86)
Net assets released from restrictions	(249)	-	-	-			(249)
Change in net assets	<u>15,469</u>	<u>13,974</u>	<u>(92)</u>	<u>13,882</u>			<u>1,587</u>
Balances, September 30, 2023	<u>\$ 131,635</u>	<u>\$ 42,378</u>	<u>\$ 1,355</u>	<u>\$ 43,733</u>	<u>\$ 3,348</u>	<u>\$ 84,554</u>	<u>\$ 87,902</u>

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

MASONICARE
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
	<i>(in thousands)</i>	
Cash flows from operating activities:		
Change in net assets	\$ 15,469	\$ (8,971)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Amortization of deferred entry fee revenues	(6,702)	(7,911)
Depreciation and financing cost amortization	13,007	12,371
Amortization of net bond premium	(252)	(252)
Change in fair value of interest rate swap agreements	(227)	(6,671)
Unrealized (gains) losses on investments	(9,976)	28,174
Realized (gains) losses on investments	(4,126)	(3,135)
Other than temporary impairment on investments	-	493
Post-retirement changes other than net periodic benefit costs	(3,676)	(3,393)
Pension expense recognized due to settlement	-	1,570
Contributions with donor restrictions	(253)	(2,552)
Changes in operating assets and liabilities:		
Accounts receivable	1029	758
Customer contracts	(1,138)	84
Other receivables	(586)	(217)
Other assets	(114)	(294)
Accounts payable and accrued expenses	(693)	87
Accrued salaries and related expenses	(41)	(2,393)
Accrued pension and postretirement benefits	892	120
Estimated self-insurance liabilities	935	(713)
Estimated settlements due to third-party payers	(598)	267
Grant deferred revenues	-	(4,713)
Annuities payable	(112)	(99)
Deferred patient service and other revenues	192	210
Deposits	(56)	(45)
Other liabilities	522	(1,327)
Assets held for patient asset management, trust agreements and patient escrow accounts	(31)	78
Net cash from operating activities	<u>3,096</u>	<u>(8,474)</u>
Cash flows from investing activities:		
Proceeds from sales of investments	82,679	32,210
Purchases of investments	(78,645)	(30,523)
Purchases of property and equipment	(8,312)	(7,919)
Net cash from investing activities	<u>(4,277)</u>	<u>(6,232)</u>
Cash flows from financing activities:		
Proceeds from entrance fees	10,218	11,734
Refunds of entrance fees	(4,053)	(4,429)
Debt issuance costs	-	(187)
Long-term debt-borrowings	-	296
Long-term debt-repayments	(3,794)	(3,568)
Line of credit borrowings	3,862	1,500
Line of credit repayments	(5,250)	-
Contributions with donor restrictions	253	2,552
Net cash from financing activities	<u>1,235</u>	<u>7,899</u>
Net change in cash and cash equivalents	54	(6,807)
Cash and cash equivalents, beginning of year	<u>7,900</u>	<u>14,707</u>
Cash and cash equivalents, end of year	\$ 7,954	\$ 7,900
Supplemental disclosure of cash flow information:		
Non-cash invest activity: amounts accrued but not paid for CIP	\$ 611	\$ 181
Cash paid for interest	<u>\$ 6,974</u>	<u>\$ 6,995</u>

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

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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 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 and 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, 2023 the affiliate corporations in the System are: Masonicare Health Center (MHC, with 260 licensed skilled nursing beds, 93 independent and 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 (MHHandH, 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 \$1,355 and \$1,447 on the consolidated balance sheets as of September 30, 2023 and 2022, 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 (US 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, MHHandH, 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 2022 to conform the presentation with the 2023 presentation. These reclassifications had no effect on total net assets or the change in net assets.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Rounding

Certain columns and rows may not add up due to rounding.

Unrestricted Cash and Cash Equivalents / Restricted Cash

Unrestricted cash and cash equivalents include investments in highly liquid debt instruments with a 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, cash 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 and cash equivalents and restricted cash to amounts reported in the consolidated statements of cash flows are as follows:

	<u>2023</u>	<u>2022</u>
Unrestricted cash and equivalents	\$ 5,982	\$ 5,638
Restricted cash:		
Loan agreement collateral requirements	150	502
Continuing care retirement community security deposits	1,823	1,760
	<u>1,973</u>	<u>2,262</u>
Total cash and equivalents	<u>\$ 7,954</u>	<u>\$ 7,900</u>

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, 2023 and 2022. Historical collections are utilized to report customer contracts at net realizable value.

Inventories

Inventories are stated at the lower of cost or net realizable value, using the first-in, first-out method.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

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 and dividends and realized gains and 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.

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 \$21,953 and \$20,911 as of September 30, 2023 and 2022, respectively. No impairment related to the investments in limited partnerships was recorded in 2023 and 2022.

As of September 30, 2023 and 2022, Masonicare had \$9,985 and \$9,973, 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 and 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 conditionally 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.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Restricted Assets *(Continued)*

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.

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

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 property 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. Useful lives assigned to assets range from 5 to 40 years.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Property and Equipment *(Continued)*

Masonicare reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. The recoverability of an asset is determined by comparing the estimated future undiscounted net cash flows expected to result from the use of the asset over its remaining useful life to the carrying amount. If indications of impairment exist, an impairment loss is recognized based on the amount by which the carrying amount of the asset exceeds fair value less costs to sell. As of September 30, 2023, there were no impairment losses recognized for long-lived assets.

Leases

Leases are presented in accordance with FASB Accounting Standards Update ("ASU") No. 2016-02, *Leases, (Topic 842)*. Under ASC Topic 842, a lease is a contract, or a part of a contract, that conveys the right to control the use of identified property, plant, or equipment (i.e., an identified asset) for a period of time in exchange for consideration. Masonicare's contracts determined to be or contain a lease include explicitly or implicitly identified assets where Masonicare has the right to substantially all of the economic benefits of the assets and has the ability to direct how and for what purpose the assets are used during the lease term. Leases are classified as either operating or financing. For operating leases, Masonicare recognizes a lease liability equal to the present value of the remaining lease payments, and a right of use asset equal to the lease liability. The discount rate used by Masonicare is the rate implicit in the lease, if that rate is readily determinable. If that rate is not readily determinable, Masonicare elected to make an accounting policy election to use the incremental borrowing rate as the discount rate.

Masonicare defines a short-term lease as any arrangement with a lease term of twelve months or less that does not include an option to purchase the underlying asset. Masonicare has made an accounting policy election not to recognize right of use assets and lease liabilities for short-term leases.

MAV and MCV Entrance Fees

MAV and MCV 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 non-refundable portion of the unamortized initial entry fees paid by residents of MAV and MCV, with amounts amortized to income on a straight-line basis over the estimated remaining residential life expectancies of the individual residents. Deferred entry fees may be returned to the residents in the event of termination of the Residency Agreement or upon the resident's death (up to 96 months for MAV residents and up to 60 months for MCV residents) 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. Refundable entry fees represent portion of the initial entry fee received by MAV and MCV which they are contractually obligated to refund to the resident in the event of termination of Residency Agreement or upon the resident's death.

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

A portion of the deferred entry fee has been classified as short-term based on historical trends of returned amounts to the residents or their estates due to termination of the Residency Agreement or residents' death.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

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 consolidated statements of operations and 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.

Contract Balances

Amounts related to resident and patient care services provided to residents, which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the report period are contract assets. Amounts received related to resident and patient care services that have not yet been provided to residents are contract liabilities. At September 30, 2023 and 2022, Masonicare had \$4,805 and \$3,667 of contract assets and had \$43,371 and \$43,697 in contract liabilities. At October 1, 2021, Masonicare had \$3,751 of contract assets and had \$43,991 in contract liabilities.

Contract balances also include accounts receivable. The balance of account receivable for Masonicare as of October 1, 2021, was \$3,751.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(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, 2023 and 2022 are as follows:

	2023					
	Program Services			Management and General	Fund Raising	Total
	Health Care	Home and Community	Residential			
Salaries and wages	\$ 25,785	\$ 22,010	\$ 12,561	\$ 8,643	\$ 358	\$ 69,357
Employee benefits	7,408	6,118	3,340	2,629	65	19,560
Supplies and other services	10,642	4,303	9,890	667	1,071	26,572
Professional fees	8,796	8,346	4,693	381	90	22,306
Depreciation and amortization	1,947	96	9,041	1,626	(2)	12,708
Interest and other fees	755	-	6,227	(249)	299	7,032
Total operating expenses	\$ 55,333	\$ 40,873	\$ 45,752	\$ 13,697	\$ 1,881	\$ 157,536

	2022					
	Program Services			Management and General	Fund Raising	Total
	Health Care	Home and Community	Residential			
Salaries and wages	\$ 24,305	\$ 22,885	\$ 11,649	\$ 8,409	\$ 376	\$ 67,624
Employee benefits	7,314	6,547	3,133	2,406	79	19,479
Supplies and other services	10,064	4,405	9,194	194	1,030	24,887
Professional fees	7,556	8,822	4,372	1,199	57	22,006
Depreciation and amortization	1,867	59	9,043	1,183	-	12,152
Interest and other fees	777	-	6,641	(672)	307	7,053
Total operating expenses	\$ 51,884	\$ 42,718	\$ 44,032	\$ 12,719	\$ 1,849	\$ 153,202

The consolidated financial statements report certain expenses that are attributable to one or more direct and/or supporting program services. Expenses, such as salaries and wages, employee benefits, supplies and other services, and other costs 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:

	2023	2022
Interest and dividends	\$ 3,687	\$ 3,579
Realized gains on sales of investments	2,906	3,135
Less: investment management fees	(555)	(513)
	\$ 6,037	\$ 6,202

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Excess (Deficit) of Revenue Over Expenses

The consolidated statements of operations and changes in net assets include excess (deficit) of revenue over expenses as the performance indicator. Changes in net assets without donor restriction, which are excluded from excess (deficit) of revenue over expenses consistent with industry practice, include the change in unrealized gains and losses on investments other than equity securities, change in fair value of interest rate swap agreement, 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 US 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.

Income Taxes

Masonicare, MHC, MCF, MAV, MHHandH, MAH, Keystone, MAM and MCV qualify as tax-exempt corporations under Section 501(c)(3) of the Internal Revenue Code (the 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, 2023 and 2022.

SLM is organized as a limited liability company and is being taxed as a partnership under the provisions of the 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, 2023 and 2022. 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 2020 onwards are eligible for examination by the IRS.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Liquidity and Funds Availability

Financial assets available for general expenditure within one year of balance sheets dated September 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 5,982	\$ 5,638
Less: Keystone cash and equivalents	(807)	(1,122)
Patient accounts receivable	10,685	11,714
Customer contracts	4,805	3,667
Other receivables	2,393	1,813
Assets restricted by Board of Trustees	105,907	94,794
Less: Board of Trustees restricted assets with liquidity restrictions	<u>(21,806)</u>	<u>(19,689)</u>
Total financial assets	<u>\$ 107,158</u>	<u>\$ 96,815</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 \$6,000 is available as of September 30, 2023.

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.

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 MHHandH, 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 and Medicare taxes. As of September 30, 2023 and 2022, \$0 and \$1,160 of deferred employer's taxes are included on the consolidated balance sheets, respectively. One-half of deferred payroll taxes were due by December 31, 2021 and the remainder was paid back by December 31, 2022.

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through December 14, 2023, which is the date that the consolidated financial statements were available to issue.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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 payment of current portion of Series F bonds payable, repayment of year end outstanding line of credit liability, annuities payable recorded as current liabilities and amounts approved by the Board of Trustees for operating purposes in the following years.

Assets whose use is limited or restricted consists of the following as of September 30:

	<u>2023</u>		<u>2022</u>	
	<u>Fair Value (**)</u>	<u>Cost</u>	<u>Fair Value (**)</u>	<u>Cost</u>
Cash, cash equivalents and interest receivable	\$ 12,370	\$ 12,370	\$ 19,540	\$ 19,540
Marketable equity securities	74,777	74,869	66,189	75,888
Fixed income securities	28,307	32,498	25,572	29,646
Perpetual interest trusts	12,925	8,520	12,090	8,520
Residual interest trusts	819	632	805	615
Real estate	6,600	7,216	6,600	7,216
Other investments	<u>37,320</u>	<u>39,893</u>	<u>33,111</u>	<u>37,098</u>
TOTAL	<u>\$ 173,118</u>	<u>\$ 175,997</u>	<u>\$ 163,908</u>	<u>\$ 178,523</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 7,435	\$ 7,435
Land improvements	28,946	28,176
Buildings	292,286	289,019
Furniture and equipment	<u>69,499</u>	<u>73,159</u>
	398,166	397,789
Less: accumulated depreciation	<u>(235,664)</u>	<u>(228,672)</u>
	162,502	169,117
Construction in progress (estimated cost to complete - \$2,637)	<u>2,605</u>	<u>495</u>
	<u>\$ 165,107</u>	<u>\$ 169,612</u>

Depreciation expense was \$12,736 and \$12,163 for the years ended September 30, 2023 and 2022, respectively. During the years ended September 30, 2023 and 2022, there were retirements of fully depreciated assets of \$5,822 and \$628, respectively.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

NOTE 5 - LONG-TERM DEBT

	September 30,	
	2023	2022
Connecticut Health & Educational Facilities Authority (CHEFA) tax-exempt Revenue Bonds:		
Series F	\$ 93,470	\$ 96,271
Net original issue premium (discount)	4,825	5,077
Subtotal	98,295	101,348
Line of Credit	4,000	5,388
Bank Credit Agreement	9,415	9,689
Obligated Group	111,710	116,425
Bank Term Loan	38,313	39,033
Non-Obligated Group	38,313	39,033
	150,023	155,458
Less: unamortized financing costs	(2,000)	(2,192)
Less: current maturities	(8,004)	(3,754)
	\$ 140,019	\$ 149,512

Obligated Group Debt

The Series F 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, MHHandH 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.

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 \$252 for both years ended September 30, 2023 and 2022. 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.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Obligated Group 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, 2023 and 2022.

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
2024	\$	3,253
2025		3,417
2026		3,570
2027		3,706
2028		3,882
Thereafter		<u>85,056</u>
Total	\$	<u>102,884</u>

Principal and interest funds, held by Trustee (U.S. Bank) under the indenture agreement, at September 30, 2023 and 2022 were \$1,916 and \$1,865, respectively.

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-Revolver 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 SOFR (Secured Overnight Funds Rate) plus 300 basis points. The agreement expires upon mutual consent of both parties. At September 30, 2023 and 2022, the interest rate on the line of credit was 8.49% and 6.19%, respectively.

On November 18, 2021, the Masonicare Obligated Group refinanced its loan with People's United Bank. The terms of the loan are SOFR plus a margin of 200 basis points. The existing SWAP arrangement has been amended and remained 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, 2023.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Obligated Group 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. 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 a new 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 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 \$1,377 and \$1,176 as of September 30, 2023 and 2022, 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, 2023 and 2022 is recorded in the accompanying consolidated statements of operations and changes in net assets of \$202 and \$1,413, respectively.

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.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

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.

Maturities Non-Obligated Group	
2024	\$ 750
2025	778
2026	816
2027	851
2028	<u>35,118</u>
Total	<u>\$ 38,313</u>

The credit agreement requires SLM to maintain specified occupancy and financial covenants. SLM is in compliance with the covenants as of September 30, 2023.

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 \$4,646 and \$4,621 as of September 30, 2023 and September 30, 2022 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 \$192 and \$208 for the years ended September 30, 2023 and 2022, 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 estimated self-insurance liabilities within the consolidated balance sheets as of September 30, 2023 and 2022.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Workers' Compensation *(Continued)*

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 \$3,454 and \$4,389 as of September 30, 2023 and 2022, respectively, and are carried within assets under trust for estimated self-insurance liabilities on the consolidated balance sheets.

Masonicare employed independent actuaries to estimate the ultimate costs of the self-insured deductibles and the pre-funded large deductible policies, which approximate \$3,544 and \$3,218 as of September 30, 2023 and 2022, 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, 2023 and 2022, 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 as of September 30, 2023 and 2022, has been retained by Masonicare. Investments of Keystone total \$10,431 and \$12,799 as of September 30, 2023 and 2022, 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. Management considers the liability to be adequate as of September 30, 2023 and 2022; 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 and changes in net assets for future years when such adjustments, if any, become known.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Malpractice and General Liability *(Continued)*

Activity in the estimated liability for outstanding losses and loss-related adjustment expenses at Keystone for the years ended September 30, 2023 and 2022 is summarized as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 3,465	\$ 4,477
Less: reinsurance recoverable	<u>(675)</u>	<u>(665)</u>
Net balance, beginning of year	2,790	3,812
Incurred related to:		
Current year	1,131	559
Prior years	<u>(773)</u>	<u>(841)</u>
Total incurred	358	(282)
Paid related to:		
Current year	-	-
Prior years	<u>(120)</u>	<u>(740)</u>
Total paid	(120)	(740)
Net balance, end of year	3,028	2,790
Add: reinsurance recoverable	<u>695</u>	<u>675</u>
Balance, end of year	<u>\$ 3,723</u>	<u>\$ 3,465</u>

As a result of changes in estimates of insured events in prior years, the provision for incurred losses and loss adjustment expenses decreased by \$773 and \$841 in 2023 and 2022, 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, 2023 and 2022 respectively. Masonicare paid claims and administrative fees related to this program of \$10,667 and \$10,823 for the years ended September 30, 2023 and 2022, respectively.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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, 2023 and 2022 is presented below:

<u>2023</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Commercial</u>	<u>Self-Pay/Other</u>	<u>Total</u>
Net revenues from services to patients	\$ 38,233	\$ 21,278	\$ 21,985	\$ 13,382	\$ 94,878
<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

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.

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 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

NOTE 7 - OPERATING REVENUES *(Continued)*

Net Patient Service Revenue *(Continued)*

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 and rehab care given determined through Minimum Data Set (MDS) evaluation.

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.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

NOTE 7 - OPERATING REVENUES *(Continued)*

Net Patient Service Revenue *(Continued)*

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 MHHandH 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, 2020 for MHC and Medicaid cost reports have been settled for MHC through September 30, 2018. 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.

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 and 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.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

NOTE 7 - OPERATING REVENUES *(Continued)*

Net Patient Service Revenue *(Continued)*

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 ended September 30, 2023 and 2022, 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 ended September 30, 2023 and 2022 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.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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 ended September 30, 2023 and 2022.

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 2023 and 2022, 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 \$2,129 and \$2,094 for the years ended September 30, 2023 and 2022, respectively.

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 \$1,576 and \$2,496 for fiscal 2023 and 2022, respectively.

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 \$117 and \$165 for the years ended September 30, 2023 and 2022, respectively.

Total pension and other postretirement benefits expense for the years ended September 30, 2023 and 2022 was \$3,822 and \$4,755, respectively.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

Significant assumptions are as follows as of September 30, 2023 and 2022:

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Weighted average assumptions:				
Discount rate on Qualified Plan	5.70%	5.30%	5.85%	5.45%
Expected return on plan assets	6.50%	6.25%	N/A	N/A
Health care cost trend rate:				
Initial health care cost trend rate	N/A	N/A	6.25%	6.50%
Ultimate health care cost trend rate	N/A	N/A	5.00%	5.00%
Number of years to ultimate rate	N/A	N/A	6 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, 2023 and 2022.

	<u>Pension Benefits</u>		<u>Other Postretirement Benefits</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 23,016	\$ 34,904	\$ 2,200	\$ 2,922
Service cost	-	-	1	2
Interest cost	1,112	868	112	71
Actuarial loss (gain)	(1,260)	(6,489)	(64)	(580)
Benefits paid	(1,961)	(1,389)	(206)	(258)
Other (plan assets at fair value)		(4,878)	-	43
Benefit obligation at end of year	<u>\$ 20,907</u>	<u>\$ 23,016</u>	<u>\$ 2,043</u>	<u>\$ 2,200</u>
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 15,034	\$ 25,961	\$ -	\$ -
Actual return on plan assets	1,884	(5,398)	-	-
Employer contributions	596	737	206	215
Benefits paid	(1,961)	(1,389)	(206)	(258)
Other (plan assets at fair value)	-	(4,877)	-	43
Fair value of plan assets at end of year	<u>\$ 15,553</u>	<u>\$ 15,034</u>	<u>\$ -</u>	<u>\$ -</u>
Accrued liability	<u>\$ (5,354)</u>	<u>\$ (7,982)</u>	<u>\$ (2,043)</u>	<u>\$ (2,200)</u>

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(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, 2023 and 2022:

	Pension Benefits		Other Postretirement Benefits	
	2023	2022	2023	2022
Service cost	\$ -	\$ -	\$ 2	\$ 2
Interest cost	1,112	868	112	71
Expected return on plan assets	(429)	(885)	-	-
Amortization of prior service credit	-	-	-	-
Actuarial loss recognized	893	1,686	92	92
Recurring expense	1,576	1,669	206	165
Settlement costs	-	629	-	-
Total expense	<u>\$ 1,576</u>	<u>\$ 2,298</u>	<u>\$ 206</u>	<u>\$ 165</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, 2023. Of the \$5,430 related to the defined benefit pension plan, \$755 reflects liability gain due to assumption change (updated mortality tables); \$504 reflects liability gain due to participant experience, \$1,455 reflects asset return gain and \$2,715 reflects the actuarial gain recognized. Of the \$117 related to the post-retirement health plan, \$113 reflects interest and service costs, and \$4 reflects the actuarial loss recognized.

Amounts recorded in net assets without donor restrictions as of September 30, 2023, not yet amortized as components of net periodic benefit costs are as follows:

Unamortized actuarial loss	\$ 3,983
Amount recognized as a reduction in net assets without donor restrictions	<u>\$ 3,983</u>

The amortization of the above items expected to be recognized in net periodic costs for the year ending September 30, 2024 is \$102 for actuarial loss.

The fair values of Masonicare's pension plan assets as of September 30, 2023 and 2022, by asset category classified as Level 1, 2 and 3, as defined in Note 10, are as follows:

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
	2023	2023	2023	
Mutual and other equity funds:				
Fixed income taxable bond	\$ 4,908	\$ -	\$ -	\$ 4,908
U.S. equity	8,708	-	-	8,708
International	1,937	-	-	1,937
Total	<u>\$ 15,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,553</u>
	2022	2022	2022	
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>

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

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 \$1,239 to its defined benefit pension plan and \$269 to its postretirement health plan in fiscal year 2024.

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

	<u>Pension</u> <u>Benefits</u>	<u>Other</u> <u>Postretirement</u> <u>Benefits</u>
2024	\$ 3,570	\$ 269
2025	1,920	259
2026	2,020	246
2027	1,830	227
2028	2,000	197
Years 2029 - 2033	8,050	759

NOTE 9 - DONOR-RESTRICTED ASSETS

Masonicare's donor-restricted assets consist of funds established for a variety of purposes. As required by US GAAP, 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.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

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

	<u>2023</u>	<u>2022</u>
Investments held in perpetuity, the income from which is dedicated to support Masonicare's activities	\$ 44,257	\$ 43,961
Investment in SLM	25,594	25,594
Investments held in perpetuity, the income from which is dedicated to support annuity contractual obligations	692	717
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>12,834</u>	<u>12,090</u>
	<u>\$ 84,554</u>	<u>\$ 83,539</u>

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

	<u>2023</u>	<u>2022</u>
Residual interest trusts not available for Masonicare's purposes until the expiration of the trusts	\$ 278	\$ 270
Investments held to support annuity contractual obligations that are not available for Masonicare's purposes until the expiration of interest income	(52)	(196)
Support of MAV residents	1,471	1,463
Support for scholarship activities	<u>1,651</u>	<u>1,239</u>
	<u>\$ 3,348</u>	<u>\$ 2,776</u>

Of the \$2,766 of donor-restricted net assets held pending accomplishment of the time/purpose restriction as of September 30, 2022, \$434 reflects the unexpended accumulated earnings related to donor-restricted net assets held in perpetuity. During fiscal 2023, these time/purpose restricted net assets were increased by realized and unrealized investment earnings of \$229 and reduced by distributions of \$19, resulting in an unexpended accumulated earnings balance of \$644 as of September 30, 2023.

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, 2023, 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.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

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

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 \$978 and \$614 for the years ended September 30, 2023 and 2022, 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.

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, 2023 and 2022.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

NOTE 10 - FAIR VALUES

Masonicare follows FASB ASC 820-10, "*Fair Value Measurements and Disclosures*", which defines fair value and establishes a framework for measuring fair value 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 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).

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(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:

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<u>2023</u>				
Equity securities:				
U.S. equity securities	18,932	-	-	18,932
U.S. mutual funds	43,204	-	-	43,204
International mutual funds	18,299	-	-	18,299
Other assets	9,391	-	-	9,391
Debt securities:				
U.S. government securities	7,586	-	-	7,586
Corporate bonds	2,929	-	-	2,929
Mortgage backed securities	3,019	-	-	3,019
Taxable bond fund	14,695	-	-	14,695
Other assets	-	-	-	-
Perpetual interest trusts	-	-	12,925	12,925
Real estate	-	6,600	-	6,600
Residual interest trusts	-	819	-	819
Other invested assets	-	395	-	395
Total at fair value	<u>\$ 118,054</u>	<u>\$ 7,814</u>	<u>\$ 12,925</u>	<u>138,793</u>
Cash, cash equivalents and interest receivable				<u>12,370</u>
Total				<u>\$ 151,163</u>

	Quoted Prices in Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<u>2022</u>				
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 at fair value	<u>\$ 103,566</u>	<u>\$ 7,801</u>	<u>\$ 12,090</u>	<u>123,457</u>
Cash, cash equivalents and interest receivable				<u>19,540</u>
Total				<u>\$ 142,997</u>

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

NOTE 10 - FAIR VALUES *(Continued)*

Investments in Investment Companies, carried at cost, are excluded from the above and amount to \$21,953 and \$20,911 as of September 30, 2023 and 2022, respectively.

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

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 12,090	\$ 15,499
Net unrealized gains (losses)	835	(3,409)
	\$ 12,925	\$ 12,090

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, 2023 and 2022.

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 \$1,378 and \$1,176 fair value as of September 30, 2023 and 2022, 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 fair value as of September 30, 2023 and 2022 was \$4,646 and \$4,620, respectively, (classified as Level 2) 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 \$93,470 and \$91,565 as of September 30, 2023 and 2022, respectively. For the variable rate debt, fair value is considered to be equal to carrying value.

MASONICARE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Years Ended September 30, 2023 and 2022

(in thousands)

NOTE 11 - COMMITMENTS, CONTINGENCIES AND OTHER OBLIGATIONS

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 value of its Asset Retirement Obligation (ARO), relating to its various facilities, with an ARO liability of \$979 and \$946 established as of September 30, 2023 and 2022, respectively. Management will continue to evaluate its exposure to asbestos removal and adjust the ARO for the fair value of the associated costs.

Medical Records and Billing Software Settlement

In December 2017, Masonicare implemented new Medical Records and Billing software (provided by a software vendor) as part of its plan to convert all service lines to a fully integrated health record for services to all System-wide patients and residents. The Software implementation did not proceed according to Masonicare's plan. The matter was litigated and on January 10, 2023, a settlement agreement was reached by Masonicare and the software vendor. During the year ended September 30, 2023, Masonicare recognized the vendor settlement in the accompanying consolidated statement of operations and changes in net assets.

Legal Matters

Masonicare is involved in various legal actions arising in the normal course of business. Although the ultimate outcome is not determinable at this time, management, after taking into consideration advice of legal counsel, believes that the resolution of these pending matters will not have a material adverse effect, individually or in the aggregate, upon the consolidated balance sheets and the related consolidated statements of operations and changes in net assets and cash flows.

* * * * *

SUPPLEMENTARY INFORMATION

MASONICARE
CONSOLIDATING BALANCE SHEET
September 30, 2023
(Dollars in thousands)

	MC	MHC	MCF	MAV	MAH	MHHH	MCV	Elims	Ob.Gp.	Keystone	MAM	SLM	Elims	Total
ASSETS														
Current assets:														
Cash and cash equivalents	\$ 1,572	\$ 1	\$ 56	\$ 1	\$ -	\$ 3	\$ 531	\$ -	\$ 2,164	\$ 807	\$ 184	\$ 2,827	\$ -	\$ 5,982
Restricted cash	-	6,402	-	826	-	2,487	1,146	-	1,973	-	-	-	-	1,973
Accounts receivable	-	1,749	-	243	1,011	3,056	104	-	10,248	-	-	437	-	10,685
Customer contracts	3,297	394	13	1,339	(427)	38	-	(4,457)	4,805	5,152	-	-	(2,957)	4,805
Other receivables	83	40	-	21	-	-	-	-	188	144	-	-	-	2,393
Inventories	915	228	15	97	6	262	85	-	1,609	99	15	99	-	1,821
Prepaid expenses and other current assets	-	-	-	-	-	-	309	-	309	-	-	1,424	-	1,733
Interest rate swap asset, current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assets whose use is limited or restricted - required for current liabilities and operating purposes	6,940	-	204	-	-	-	-	-	7,144	-	-	-	-	7,144
Total current assets	12,806	8,815	289	2,527	590	5,847	2,175	(4,457)	28,592	6,057	198	4,787	(2,957)	36,678
Intercompany	(844)	(15)	(25)	(210)	-	1	1,541	-	349	-	(207)	(142)	-	-
Assets whose use is limited or restricted:														
By Board of Trustees	1	-	105,898	25,594	-	6	-	-	131,500	-	-	-	(25,594)	105,807
Under patient asset management, trust agreements and patient escrow accounts	1,916	135	-	-	-	-	-	-	135	-	-	-	-	135
Under indenture agreement - held by Trustees	3,754	-	-	-	-	-	-	-	1,916	-	-	-	-	1,916
Under trust for estimated self-insurance liabilities	-	-	-	-	-	-	-	-	3,754	10,431	-	-	-	14,185
By donors with time or purpose restrictions	-	-	-	3,956	-	-	-	-	3,956	-	-	-	-	3,956
By donors restrictions with perpetuity	-	-	-	72,611	-	-	-	(25,594)	47,018	-	-	-	-	47,018
Total assets whose use is limited or restricted	5,672	135	182,467	25,594	-	6	-	(25,594)	185,280	10,431	-	-	(25,594)	173,118
Less: Assets whose use is limited or restricted - required for current liabilities & operating purposes	(6,940)	-	(204)	-	-	-	-	-	(7,144)	-	-	-	-	(7,144)
Non-current assets whose use is limited or restricted	(1,268)	135	182,262	25,594	-	6	-	(25,594)	181,136	10,431	-	-	(25,594)	185,973
Property and equipment, net	9,884	22,616	207	65,139	1	175	18,729	-	116,752	-	-	48,355	-	185,107
Interest rate swap asset, net of current	-	-	-	-	-	-	1,069	-	1,069	-	-	3,222	-	4,291
Recoveries of estimated insurance liabilities insured through commercial policies	1,322	-	-	-	-	-	-	-	1,322	-	-	-	-	1,322
Investment in subsidiaries	28,581	-	-	28,846	-	-	-	(55,427)	-	-	28,846	-	(28,846)	-
Total assets	48,381	31,551	182,734	121,895	592	6,031	23,514	(85,477)	329,221	16,489	28,837	56,222	(57,386)	373,372

MASONICARE
CONSOLIDATING BALANCE SHEET (CONTINUED)
September 30, 2023
(Dollars in thousands)

	<u>M/C</u>	<u>M/HC</u>	<u>M/CF</u>	<u>MAV</u>	<u>MAH</u>	<u>M/HH</u>	<u>M/CV</u>	<u>Elims</u>	<u>Ob/Grp</u>	<u>Keystone</u>	<u>MAM</u>	<u>SLM</u>	<u>Elims</u>	<u>Total</u>
LIABILITIES AND NET ASSETS (DEFICIT)														
Current liabilities:														
Current maturities of long-term debt	\$ 6,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313	\$ -	\$ 7,253	\$ -	\$ -	\$ 750	\$ -	\$ 8,004
Accounts payable and accrued expenses	2,660	5,099	87	1,771	100	2,322	618	-	12,657	45	-	625	-	13,326
Accrued salaries and related expenses	730	1,370	17	325	93	1,161	63	-	3,757	-	91	-	-	3,848
Accrued pension and postretirement benefits, current portion	262	-	-	-	-	-	-	-	262	-	-	-	-	262
Estimated self-insurance liabilities, current portion	1,276	-	-	-	-	-	-	-	1,276	-	-	-	-	1,276
Estimated settlements due to third-party payers	-	553	-	-	-	134	-	-	688	-	-	-	-	688
Annuities payable, current portion	-	-	204	-	-	-	-	-	204	-	-	-	-	204
Deferred entry fee revenues, current portion	-	-	-	1618	-	-	-	-	1618	-	-	-	-	1618
Deferred patient service and other revenues	-	(4)	-	-	-	506	-	-	502	-	-	-	-	502
Deposits	14	217	-	1,169	-	-	48	-	1,448	-	-	915	-	2,362
Other liabilities	901	92	1,312	(1,166)	-	56	3	-	1,198	-	19	-	-	1,217
Total current liabilities	12,782	7,326	1,619	3,716	193	4,180	1,045	-	30,862	45	110	2,289	-	33,306
Accrued pension and postretirement benefits, net of current portion	7136	-	-	-	-	-	-	-	7,136	-	-	-	-	7,136
Annuities payable, net of current portion	-	-	849	-	-	-	-	-	849	-	-	-	-	849
Refundable entry fees	-	-	-	2,762	-	-	6,296	-	9,058	-	-	-	-	9,058
Deferred entry fee revenues, net of current portion	-	-	-	33,104	-	-	8,147	-	41,251	-	-	-	-	41,251
Assets held for patient asset management, trust agreements and patient escrow accounts	-	132	-	-	-	-	-	-	132	-	-	-	-	132
Asset retirement obligation	-	979	-	-	-	-	-	-	979	-	-	-	-	979
Estimated insurance liabilities insured through commercial policies	1,322	-	-	-	-	-	-	-	1,322	-	-	-	-	1,322
Estimated self-insurance liabilities, net of current portion	3,960	-	-	-	-	-	-	-	3,960	3,723	-	-	-	7,684
Long-term debt, net of current maturities, unamortized costs	98,519	-	-	25,594	-	-	11,750	(30,050)	105,813	-	25,594	37,163	(28,550)	140,019
Total liabilities	123,720	8,437	2,468	65,176	193	4,180	27,238	(30,050)	201,362	3,768	25,704	39,452	(28,550)	241,736
Net assets (deficit):														
Masonicare net assets without donor restrictions	(75,339)	23,113	92,364	56,719	399	1,851	(3,724)	(55,427)	39,957	12,721	3,133	15,414	(28,845)	42,379
Non-controlling interest in consolidated subsidiary	-	-	-	-	-	-	-	-	-	-	-	1,355	-	1,355
Net assets without donor restrictions	(75,339)	23,113	92,364	56,719	399	1,851	(3,724)	(55,427)	39,957	12,721	3,133	16,769	(28,845)	43,734
Time/purpose restrictions	-	-	3,348	-	-	-	-	-	3,348	-	-	-	-	3,348
Perpetual restrictions	-	-	84,554	-	-	-	-	-	84,554	-	-	-	-	84,554
Net assets with donor restrictions	-	-	87,902	-	-	-	-	-	87,902	-	-	-	-	87,902
Total net assets (deficit)	(75,339)	23,113	180,266	56,719	399	1,851	(3,724)	(55,427)	127,859	12,721	3,133	16,769	(28,845)	131,636
Total liabilities and net assets (deficit)	\$ 48,381	\$ 31,551	\$ 182,734	\$ 121,895	\$ 592	\$ 6,031	\$ 23,514	\$ (65,477)	\$ 329,221	\$ 16,489	\$ 28,837	\$ 56,222	\$ (57,396)	\$ 373,372

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

	<u>MC</u>	<u>M:HC</u>	<u>MCF</u>	<u>MAV</u>	<u>MAH</u>	<u>M:HH</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>
ASSETS														
Current assets:														
Cash and cash equivalents	\$ 2,181	\$ 28	\$ 237	\$ 766	\$ -	\$ 3	\$ 598	\$ -	\$ 3,048	\$ 1,122	\$ 266	\$ 1,202	\$ -	\$ 5,638
Restricted cash	-	-	-	171	670	3,529	1,496	-	2,262	-	-	467	-	2,262
Accounts receivable	-	6,858	-	-	-	1,768	-	-	11,246	-	-	-	-	11,774
Customer contracts	-	1,899	-	-	-	36	585	(3,457)	3,667	-	-	-	(3,957)	3,667
Other receivables	3,147	16	3	305	3	-	-	-	637	5,132	-	-	-	18,12
Inventories	83	40	-	21	-	-	-	-	144	-	-	-	-	444
Prepaid expenses and other current assets	831	331	12	94	-	220	-	-	1,487	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 and operating purposes	-	-	222	-	-	-	-	-	3,502	-	-	-	-	3,502
Total current assets	9,521	9,172	473	1,357	672	5,567	2,897	(3,457)	26,164	6,351	287	2,810	(3,957)	31,687
Intercompany	(927)	(6)	(25)	(210)	-	4	967	-	402	-	(343)	(60)	-	-
Assets whose use is limited or restricted:														
By Board of Trustees	1	-	84,793	25,564	-	-	-	-	120,388	-	-	-	(25,564)	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	-	-	71,686	-	-	-	-	(25,564)	46,103	-	-	-	-	46,103
Total assets whose use is limited or restricted	6,555	117	170,031	25,564	-	-	-	(25,564)	176,703	12,799	-	-	(25,564)	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	25,564	-	-	-	(25,564)	173,201	12,799	-	-	(25,564)	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	-	-	-	-	-	-	976	-	976	-	-	3,579	-	4,555
Recoveries of estimated insurance liabilities insured through commercial policies	1,313	-	-	-	-	-	-	-	1,313	-	-	-	-	1,313
Investment in subsidiaries	26,581	-	-	28,846	-	-	-	(55,427)	-	-	28,846	-	(28,846)	-
Total assets	\$ 50,867	\$ 30,436	\$ 170,318	\$ 123,113	\$ 706	\$ 5,822	\$ 23,562	\$ (84,477)	\$ 320,347	\$ 18,150	\$ 28,790	\$ 57,660	\$ (58,396)	\$ 367,573

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

	MC	MHC	MCE	MAV	MAH	MHHH	MCV	Elims	Obj.Grd.	Keystone	MAM	SLM	Elims	Total
LIABILITIES AND NET ASSETS (DEFICIT)														
Current liabilities:														
Current maturities of long-term debt	\$ 2,800	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234	\$ -	\$ 3,034	\$ -	\$ -	\$ 719	\$ -	\$ 3,754
Accounts payable and accrued expenses	3,574	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
Annuities payable, current portion	-	-	222	-	-	-	-	-	222	-	-	-	-	222
Deferred entry fee revenues, current portion	-	-	-	1,528	-	-	-	-	1,528	-	-	-	-	1,528
Deferred patient service and other revenues	-	(4)	-	-	-	315	-	-	311	-	-	-	-	311
Deposits	14	186	-	1,187	-	-	91	-	1,499	-	-	919	-	2,418
Other liabilities	861	224	1,312	(1,193)	-	55	4	-	1,263	-	19	-	-	1,282
Total current liabilities	9,463	7,567	1,661	3,250	328	5,067	749	-	28,065	52	181	2,295	-	30,624
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	-	-	-	2,762	-	-	6,296	-	9,058	-	-	-	-	9,058
Deferred entry fee revenues	-	-	-	32,953	-	-	8,905	-	41,858	-	-	-	-	41,858
Assets held for patient asset management, trust agreements and patient escrow accounts	-	145	-	-	-	-	-	-	145	-	-	-	-	145
Asset retirement obligation	-	946	-	-	-	-	-	-	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
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
Total liabilities	131,354	8,658	2,603	64,559	328	5,067	28,016	(29,050)	211,534	3,516	25,785	40,121	(29,550)	251,407
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	-	-	-	-	-	-	-	-	-	-	-	1,447	-	1,447
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
Time/purpose restrictions	-	-	2,776	-	-	-	-	-	2,776	-	-	-	-	2,776
Perpetual restrictions	-	-	83,539	-	-	-	-	-	83,539	-	-	-	-	83,539
Net assets with donor restrictions	-	-	86,315	-	-	-	-	-	86,315	-	-	-	-	86,315
Total net assets (deficit)	(80,486)	21,778	167,715	58,554	378	755	(4,454)	(55,427)	108,814	15,633	3,005	17,559	(28,845)	116,166
Total liabilities and net assets (deficit)	\$ 50,868	\$ 30,436	\$ 170,318	\$ 123,113	\$ 706	\$ 5,822	\$ 23,562	\$ (84,477)	\$ 320,348	\$ 18,150	\$ 28,790	\$ 57,680	\$ (58,986)	\$ 367,574

MASONICARE
CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended September 30, 2023
(Dollars in thousands)

	JMC	MHC	MCE	MAY	MHHH	MAH	MCV	ELMS	OR.G.P.	KEYSTONE	MAM	SLM	ELMS	TOTAL
Operating revenues:														
Net patient service revenues	\$ -	\$ 52,235	\$ -	\$ -	\$ 37,782	\$ 5,068	\$ -	\$ (217)	\$ 84,878	\$ -	\$ -	\$ -	\$ -	\$ 84,878
Resident fees	-	2,741	-	28,798	-	2	7,817	-	38,188	-	-	12,258	-	51,417
Other revenues	581	854	249	1,041	498	-	328	(483)	3,088	503	827	242	(1,514)	2,928
Total operating revenues	581	55,830	249	29,839	38,280	5,070	7,845	(880)	137,104	503	827	12,501	(1,514)	148,221
Operating expenses:														
Salaries and wages	8,643	25,785	358	6,982	18,508	3,504	1,975	-	85,753	-	-	3,804	-	86,357
Employee benefits	2,829	7,408	85	1,914	5,378	739	582	-	18,718	-	-	844	-	19,560
Supplies and other services	1,847	10,642	1,071	5,440	4,115	188	2,184	(458)	24,937	386	-	2,258	(887)	28,572
Professional fees	386	8,796	80	2,780	8,187	148	838	(221)	21,025	218	-	1,085	-	22,308
Depreciation and amortization	1,828	1,947	(2)	4,551	95	1	1,129	-	9,347	-	-	3,381	-	12,708
Interest and other fees	1,068	755	298	4,158	-	-	510	(1,317)	5,474	-	878	1,558	(878)	7,032
Management fee	(7,748)	3,259	42	1,030	2,178	278	336	-	(828)	-	828	827	(827)	-
Total operating expenses	6,251	58,582	1,823	28,868	38,471	4,857	7,584	(1,887)	144,527	582	1,804	13,315	(2,492)	157,538
(Loss) income from operations	(7,880)	(2,762)	(1,674)	2,973	(181)	213	381	1,317	(7,423)	(79)	(977)	(814)	878	(8,314)
Net post-retirement benefit cost/other than service costs	505	1,080	13	91	25	3	4	-	1,721	-	-	-	-	1,721
Non-operating income (loss) without donor restrictions:														
Contributions	-	-	2,284	-	-	-	-	-	2,284	-	-	-	-	2,284
Intercompany investment income	5,133	-	878	978	-	-	-	(1,317)	5,772	112	-	-	(5,878)	(94)
Investment income (loss)	107	-	4,270	1,071	-	-	-	-	5,448	883	-	-	-	6,131
Other than temporary impairment on investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total non-operating income (expense)	5,240	-	7,512	2,049	-	-	-	(1,317)	13,484	785	-	-	(5,878)	8,301
Expenses over revenue	(2,955)	(3,842)	5,825	4,931	(208)	210	377	-	4,340	718	(977)	(814)	(5,000)	(1,735)
Holding gain on equity securities	-	-	8,169	-	-	-	-	-	8,169	1,058	-	-	-	9,227
Deficit of revenues over expenses before one-time items	(2,855)	(3,842)	13,984	4,931	(208)	210	377	-	12,508	1,774	(977)	(814)	(5,000)	7,482
Provision for restructuring	124	328	-	-	-	-	-	-	450	-	-	-	-	450
Settlement agreement	2,639	-	-	-	-	-	-	-	2,638	-	-	-	-	2,638
Excess (deficit) of revenues over expenses before change in swap value	(440)	(4,188)	13,984	4,931	(208)	210	377	-	14,688	1,774	(977)	(814)	(5,000)	9,681
Change in fair value of interest rate swap agreement	-	-	-	-	-	-	202	-	202	-	-	25	-	227
Excess of revenues (under) over expenses	(440)	(4,188)	13,984	4,931	(208)	210	578	-	14,900	1,774	(977)	(788)	(5,000)	9,908
Excess of revenues (under) over expenses attributable to non-controlling interest in consolidated subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	92
Excess of revenues (under) over expenses of Masonicare	\$ (440)	\$ (4,188)	\$ 13,984	\$ 4,931	\$ (208)	\$ 210	\$ 578	\$ -	\$ 14,900	\$ 1,774	\$ (977)	\$ (887)	\$ (5,000)	\$ 10,000

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

	MC	MHC	MCE	MAV	MHHH	MAH	MCV	ELMS	OBGRD	KEYSTONE	MAM	SLJM	ELMS	TOTAL
Operating revenues:														
Net patient service revenues:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Grant revenues recognized	1	487	-	-	38,980	5,138	-	(228)	94,536	-	-	-	-	94,536
Resident fees	-	2,554	-	28,348	3	3	7,238	-	38,145	-	-	11,087	-	49,241
Other revenues	839	187	207	827	408	-	316	(483)	2,711	435	583	171	(989)	2,892
Total operating revenues	640	54,465	207	28,176	39,016	5,144	7,555	(711)	136,062	435	583	11,286	(989)	147,360
Operating expenses:														
Salaries and wages	8,410	24,302	377	6,187	18,226	3,661	1,843	-	64,115	-	-	3,509	-	87,624
Employee benefits	2,408	7,314	79	1,691	5,870	876	551	-	18,598	-	-	881	-	19,478
Supplies and other services	1,384	10,086	1,030	5,096	4,243	182	1,855	(463)	23,453	(273)	-	2,142	(435)	24,887
Professional fees	1,278	7,557	57	2,702	8,972	148	751	(228)	20,878	209	-	919	-	22,006
Depreciation and amortization	1,183	1,869	(1)	4,208	58	1	1,387	-	6,704	-	-	3,448	-	12,152
Interest and other fees	671	777	307	3,866	-	-	458	(715)	5,385	-	614	1,882	(628)	7,053
Management fee	(7,477)	3,053	43	948	2,264	281	288	-	(593)	-	583	583	(583)	-
Total operating expenses	7,802	54,937	1,992	24,729	40,154	5,139	7,335	(1,427)	140,560	(64)	1,177	13,154	(1,628)	153,202
(Loss) income from operations	(7,161)	(472)	(1,065)	4,447	(537)	5	221	715	(4,498)	488	(614)	(1,867)	628	(5,842)
Net post-retirement benefit costs other than service costs (including \$1570 settlement costs)	774	1,638	21	180	41	\$	15	-	2,870	-	-	-	-	2,870
Non-operating income (loss) without donor restrictions:														
Contributions	-	-	2,845	-	-	-	-	-	2,845	-	-	-	-	2,845
Intercompany investment income	54	-	614	614	-	-	-	(715)	567	61	-	-	(628)	-
Investment income (loss)	8	-	4,391	1,101	2	-	-	-	5,501	701	-	-	-	6,202
Other than temporary impairment on investments	-	-	(493)	-	-	-	-	-	(483)	-	-	-	-	(483)
Total non-operating income (expense)	62	-	7,151	1,715	2	-	-	(715)	6,218	762	-	-	(628)	8,354
Expenses over revenue	(7,873)	(2,108)	5,451	5,982	(577)	2	208	-	1,082	1,261	(614)	(1,867)	-	(158)
Holding gain on equity securities	-	-	(18,758)	-	-	-	-	-	(18,758)	(1,915)	-	-	-	(20,673)
Deficit of revenues over expenses before one-time items	(7,873)	(2,108)	(13,308)	5,982	(577)	2	208	-	(17,677)	(653)	(614)	(1,867)	-	(20,831)
Excess (deficit) of revenues over expenses before change in swap value	(7,873)	(2,108)	(13,308)	5,982	(577)	2	208	-	(17,677)	(653)	(614)	(1,867)	-	(20,831)
Change in fair value of interest rate swap agreement	-	-	-	-	-	-	1,413	-	1,413	-	-	5,258	-	8,671
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	-	-	-	-	-	-	-	-	-	-	-	(382)	-	(382)
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)