

DUNCASTER, INC.
DISCLOSURE STATEMENT

May 2024

This Disclosure Statement is filed with the Connecticut Department of Social Services. Filing of the Disclosure Statement does not constitute approval, recommendation, or endorsement of the Disclosure Statement by the Department of Social Services or the State of Connecticut nor does it evidence the accuracy or completeness of the information contained in the Disclosure Statement.

Financial information contained in the Disclosure Statement is based on an annual fiscal year ending December 31st. Disclosure Statements are revised annually.



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Introduction

Duncaster is a community designed for those seeking an alternative to traditional retirement living. Duncaster offers independent living in residential apartment homes and provides a variety of personal and recreational services. In addition, Duncaster provides residents the security and comfort of knowing that should they require skilled nursing (with no increase in the monthly service fee) and certain medical care, they can receive such care for either short or long periods of time at the Duncaster health center, in close proximity to family or friends.

Duncaster is owned and operated by Duncaster, Inc., a Connecticut non-stock, not-for-profit corporation, Duncaster is located at 10-80 Loeffler Road, Bloomfield, Connecticut 06002. It was incorporated on December 15, 1980, and opened in May 1984. Duncaster has one subsidiary, The Duncaster Foundation, and is not affiliated with any religious, charitable or other non-profit or for-profit organization. Duncaster is tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

Directors and Officers

The business affairs and property of Duncaster are managed by a Board of Directors. The responsibilities of the Board of Directors include general policy decisions, setting Entrance Fees and Monthly Service Fees, and general financial and operational planning for Duncaster. Residents of Duncaster are eligible to serve on the Board of Directors.

Present members of Duncaster's Board of Directors and their occupations are listed below:

<u>Name</u>	<u>Occupation</u>
Okey Agba	Executive Vice President & Chief Financial Officer – Hartford Healthcare
Frank W. Barrett	Executive Vice President, TD Bank North – Retired
Carol Barry	Duncaster Residents' Association Representative – current Duncaster Resident
Brian Clemow	Partner, Shipman & Goodwin LLP
Mark Garilli	Chief Executive Officer, West Hartford Fellowship Housing
Carol Guardo	Duncaster Residents' Association Representative – current Duncaster Resident
Annie Hildreth	Managing Director, Bank of America
Lenworth Jacobs, M.D.	Chief Academic Officer and Vice President of Academic Affairs, Hartford Hospital, Retired

David Jacobs	Chief Executive Officer, Mandell JCC of Greater Hartford
Deborah Koltenuk	Vice President, Head of Finance, Corporate Initiatives, Aetna - Retired
Kelly Papa	President and CEO, Duncaster
Sally Richter	Duncaster Residents' Association President, current Duncaster Resident
Philip Schenck	Town Manager, Bloomfield, CT - Retired
John D. Shulansky (Chair of Board)	Partner, EldersChoice of CT, LLC
Marie M. Spivey, EdD, RN, MPA Principal	System for Education, Equity & Transition, LLC,
John H. P. Wheat	Principal, Wheat & Associates
Thomas M. Wood (Treasurer)	CFO, The American School for the Deaf -- Retired
Maura Zambarano	Founder & President, WestGrey COnculting

Management

Duncaster's day-to-day operations are supervised by the following principal administrative personnel:

Kelly Papa, BSN, MSN, President and Chief Executive Officer. Ms. Papa received her bachelor's in nursing from St. Anselm College and her master's in nursing from St. Joseph College. Prior to becoming President and CEO, Kelly served as Duncaster's Vice President-Strategy and Community Life. Prior to joining Duncaster she was the Corporate Educator at Masonicare. Previous experience includes serving as a director of nursing, clinical educator, national consultant for dementia care programs, and in building leadership development programs. Kelly has researched, published on and presented at numerous national conferences on a variety of topics; including building learning organizations, staff development, person-centered care, dementia care, leading change and leadership development.

Ami Desai, MHA, ACHE, MS, NHA, Chief Operating Officer/Administrator. Ms. Desai received her MS in Physical Therapy from Maharaja Sayajerao University in India, her Masters in Health Care Administration from the University of Phoenix and her Long-Term Care Management Certification from the University of Connecticut. Prior to joining Duncaster Ms. Desai was the Director of Outpatient and Clinical Administration at the Hospital for Special Care in New Britain. Previously she was the Administrator of the

Brittany Farms Health Center in New Britain.

Duncaster Accommodations and Amenities

Duncaster is located on approximately 71 acres of land in Bloomfield, Connecticut, a suburban residential community located 6 miles from the state capital of Hartford. The Duncaster Foundation owns an additional 23.4 acres of open space. Duncaster offers 190 apartment homes. Both the residential and common areas contain equipment and features designed for safety and security.

The residential neighborhoods containing the apartments are configured around the area known as the Commons. The Commons houses dining rooms, several multi-purpose rooms, library, gathering rooms, a large meeting room, a salon, a gift store, and administrative offices. Adjacent to the Commons is the Aquatic and Fitness Center that includes a large pool, a therapy pool, physical, occupational and speech therapy rooms, exercise studio and gym. A clinic, managed by Hartford Healthcare Medical Group, includes physicians' offices and examination rooms, dental, optometric and podiatric offices. Above the Commons is a neighborhood of 19 assisted living apartment homes plus gathering and dining spaces. The Caleb Hitchcock Health Center, located at Duncaster at 10 Loeffler Road, includes 60 skilled nursing accommodations and 24 assisted living accommodations. Twelve of the skilled nursing and 24 of the assisted living accommodations are for those requiring memory care. The nursing center is primarily intended for use by persons living at Duncaster; however, non-residents who require nursing care may be admitted directly to the nursing center on a per-diem basis or on a covered Medicare or managed care stay as available. In addition, all the assisted living accommodations are offered to private pay residents who live outside of Duncaster on a fee-for-service basis when available. The square footage of the Commons building and apartment buildings is 405,000 square feet; the aquatic and fitness center is 14,000 square feet. The total square footage of the Caleb Hitchcock Health Center is 80,000 square feet.

The area surrounding Duncaster is generally residential. Duncaster provides scheduled transportation for residents to local shopping, recreational centers, physician offices and other nearby areas. Parking is available on the premises for residents and guests.

Duncaster Expansion

Duncaster is in the early stages of expanding the community through development of an additional sixty to ninety apartment homes and cottages on property adjacent to the Duncaster campus. The project is currently in the design phase with the goal to complete construction in late 2026. Duncaster has begun to offer a "Charter Member Program" for interested individuals who would like to be placed on a waiting list to reserve an apartment home once the project reaches the phase where reservations can be accepted. The Charter Member Program will require a refundable \$1,000 deposit. Once the reservation process opens, Charter Members wishing to reserve an apartment home will submit an application for residency that must be approved by Duncaster and deposit ten percent (10%) of the entrance fee established for the reserved apartment home; the \$1,000 Charter Member deposit will be credited toward the 10% entrance fee deposit.

Residency

Each prospective resident must successfully complete a financial review and a health assessment. While residency eligibility to Duncaster is not based upon religious, racial or geographic requirements, it is Duncaster's policy only to accept persons aged 62 or older, although one member of a couple may be younger than 62. Prospective residents are required to give Duncaster an initial refundable deposit of 10% of the Entrance Fee to initiate the application process. Duncaster and the prospective resident then enter into a signed contractual relationship by virtue of the Residency Agreement ("Agreement"), attached as Exhibit A, pursuant to which the resident agrees to pay Duncaster an Entrance Fee and the Monthly Service Fees, and Duncaster agrees to provide the resident with lifetime living accommodations, and with the services described below under "Provision of Services." The Agreement does not give the resident any title or interest in the real property of Duncaster, but simply gives the resident the contractual right to occupy an Apartment Home at Duncaster and to receive services provided by Duncaster.

Provision of Services

Residents are entitled under the Agreement to a wide variety of residential, personal, and medical services. Non-medical services provided by Duncaster include use of the community and recreational spaces, access to programs, dining service, housekeeping services, apartment maintenance and repairs, all utilities except telephone, cable tv and internet service, security service, payment of local real estate taxes, scheduled transportation to appointments and shopping and meal delivery service upon approval of Duncaster's Assisted Living Services Agency. Residents have a dining allowance to use as they wish.

Life Care on the Go (LCOTG) is a unique residency option available at Duncaster and similar to a timeshare concept. LCOTG residents receive the full benefits of residency, including Life Care, while still living in their current homes. LCOTG residents pay an entrance fee and annual service fee based on a one-bedroom apartment, specifically, 50% of the entrance fee and two months of the monthly service fee. In addition to access to all Duncaster programs and amenities, LCOTG residents can stay in a fully furnished apartment at no additional cost for up to two months per year. LCOTG residents undergo the same health and financial screening as all other Duncaster residents.

Monthly Service Fees may cover certain health services provided at Duncaster. Duncaster offers assessment and monitoring of residents' health needs, and assistance in coping with temporary illnesses or chronic conditions at home. Duncaster also provides short- and long-term comprehensive care at its nursing center. Residents are required to maintain Medicare Part A, and Medicare Part B insurance coverage and one supplemental health insurance policy covering hospitalization and other related costs or an insurance program with equivalent medical coverage and reimbursement, in each case, acceptable to Duncaster. Prospective residents should consult the Agreement for a more complete description of the services provided by Duncaster and for the extent to which medical services are covered by the Monthly Service Fee.

Entrance Fee and Monthly Service Fee

Prospective residents are required to pay an Entrance Fee to Duncaster. Entrance Fees and Monthly Service Fees vary on the basis of the type of Apartment Home selected. Duncaster seeks to keep the fees as low as is consistent with the need to operate Duncaster on a sound financial basis and to provide amenities and services to residents in accordance with the Agreement. Entrance Fees and Monthly Service Fees may be adjusted from time to time. Increases in Service Fees are generally made once a year and are preceded by at least thirty (30) days written notice and disclosure to residents regarding the reasons for the adjustment. A schedule setting forth Entrance Fees and Monthly Service Fees is attached as Exhibit B.

A resident's Entrance Fee and Monthly Service Fee may be adjusted if the resident marries, takes a partner or roommate, experiences the death of a spouse/partner or roommate, or transfers within Duncaster. An adjustment of Monthly Service Fees corresponds to the change in number of occupants. In addition, the single occupancy Entrance Fee paid is adjusted to the double occupancy Entrance Fee in effect at the time of the additional occupant. In the event of the death of one occupant, the Monthly Service Fee is immediately adjusted to a single rate. Consult the Agreement for a complete description of Entrance Fee and Monthly Fee stipulations.

If a resident transfers within Duncaster, adjustments, when applicable, to the Monthly Service Fees paid by that resident are made in accordance with the Agreement. Residents residing in the nursing center continue to be residents of Duncaster and receive benefits in accordance with the Agreement.

No interest will be paid on any amounts received as deposits or Entrance Fees and Duncaster retains any interest earned on such funds.

The payment of an Entrance Fee and Monthly Service Fees may make residents eligible for significant tax adjustments in the year of entrance and each succeeding year. Residents should consult with their tax attorney or accountant as to the extent of the adjustment.

Termination of the Residency Agreement

Each Agreement remains in effect during the life of Resident unless it is terminated by either Duncaster or Resident. Duncaster may terminate the Agreement for any cause which, in its judgment, is in the best interests of the other residents of Duncaster, including but not limited to: (a) failure on the part of the Resident to abide by the rules adopted by Duncaster, (b) a material misrepresentation or omission made by Resident in connection with the application process, (c) breach by Resident of any terms of the Agreement, or (d) behavior by Resident which makes Resident's continued presence seriously disruptive or a threat to the safety of that Resident or other residents. Termination occurs only with the approval of the Board of Directors of Duncaster and following written notice to Resident in accordance with the provisions of the Agreement. Resident is required to vacate Duncaster on or before the termination date specified in any such notice.

Resident may terminate the Agreement at any time, without cause, by delivering to Duncaster a written notice of termination. The written notice must specify the date upon which such termination will be effective and resident must vacate Duncaster by that date. Notice of a resident's intent to terminate the contract must be in writing. The Agreement terminates automatically upon the death of Resident. A surviving spouse who is not a resident has no rights to the Residency Agreement. A surviving spouse who is a resident retains all the rights of the Agreement. Further discussion of termination of the Agreement is found under Article IX, Sec. A-B and Article X, Sections A-F of the Agreement.

Resident's obligation to pay the Monthly Service Fee ceases based on the sections of the Agreement noted above, except in the event of the death of Resident, in which case it ceases when the resident's storage, Apartment Home, other accommodations and/or garage/carport are vacated. A portion of the Entrance Fee may be refundable in accordance with the terms of the Agreement.

Personal Property of the Resident

Resident's personal property is not affected by a temporary transfer to Duncaster's nursing center. If Resident is permanently transferred to the nursing center, or in the event of the death of Resident, the family of Resident is notified to remove Resident's personal property from Duncaster within 30 days or may pay a fee for additional days. If the property is not removed, Duncaster may remove and store it without liability for such property.

Principal Obligations, Indebtedness and Liabilities

Duncaster is obligated under the Agreement to provide long-term health and nursing care to residents.

Duncaster's liabilities consist principally of:

- i. trade accounts payable;
- ii. various accrued expenses incurred in operations;
- iii. obligations under an outstanding issue of bonds of the Connecticut Health and Educational Facilities Authority Series 2014 Revenue Refunding Bonds. The unpaid principal as of December 31, 2022 was \$12,000,000.
- iv. Obligations under an outstanding issue of bonds of the Connecticut Health and Educational Facilities Authority Series 2020 B Revenue Bonds. The unpaid principle as of December 31, 2022 was \$10,926,000.
- v. Line of Credit with People's United Bank in the amount of \$2,000,000 currently a zero balance

On December 30, 2010, Duncaster refinanced their Series 1999A and Series 2002 bonds by issuing Series 2010A Revenue Refunding Bonds. In accordance with the refunding escrow deposit agreement, the funds received from the Series 2010 bonds were deposited into an irrevocable trust as of December 31, 2010 in order to make all debt service payments and to pay off the 1999A and 2002 bonds, which occurred in February 2011 and August 2012 respectively. Duncaster has been fully released of any responsibility relating to the 1999A and 2002 bonds,

and as such, they were removed from the consolidated statement of financial position as of December 31, 2010.

On December 15, 2020 the Series 2010A bonds were refinanced and an additional \$3,000,000 for capital expenditures funded for a total Series B issuance of \$12,270,000. Duncaster has been released of any responsibility relating to the 2010A bonds and as such they were removed from the consolidated statement of financial position as of December 31, 2020.

The proceeds from the sale of the Series 2014 bonds was used, along with a short-term bank loan, which was paid off prior to December 31, 2015, to construct 12 new independent living apartment homes and 12 new memory care assisted living accommodations as well as to fund the purchase of land. The proceeds were also used to fund debt service reserves, pay bond insurance premiums and pay certain costs of issuance.

As required by the loan agreements and indenture, Duncaster has covenanted to maintain certain levels of liquidity ratios and debt service coverage ratios as well as refraining from undertaking additional financial obligations other than those permitted under the loan agreements and indenture.

For further information see:

- Exhibit C – Duncaster’s audited and certified financial statements for fiscal year ended December 31, 2023
- Exhibit D – Projected financial statements for fiscal years 2024-2026

Judicial Proceedings

Neither Duncaster, nor any Duncaster officer, director, or administrator, has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable in a civil action by final judgment in any proceeding involving alleged fraud, embezzlement, fraudulent conversion or misappropriation of property, or is subject to a currently effective or restrictive court order or has had a health care license suspended or revoked in the last five years.

Department of Social Services, Elderly Division Services, Filings

All materials required to be filed with the State of Connecticut Department of Social Services are on file with the Department of Social Services, which is located at 55 Farmington Avenue, in Hartford, Connecticut. Duncaster’s disclosure statement filings can be viewed on the Department’s web site at [Continuing Care Facility Reimbursement--Disclosure Statements \(ct.gov\)](#).

Escrow Accounts

Duncaster is required to establish and maintain on a current basis a portion of all entrance fees received in a reserve fund escrow account in an aggregate amount sufficient to cover:

- (1) all principal and interest, rental or lease payments due during the next six (6) months on account of any first mortgage loan or other long-term financing; and
- (2) the total cost of cash operations of Duncaster for a one-month period, excluding debt service and capital expenditures.

Duncaster is also required to maintain an escrow account for entrance fee deposits that must be held in the escrow account for the duration of the thirty-day grace period discussed in further detail in the Residency Agreement.

Duncaster complies with the above requirements and maintains the applicable escrow accounts at US Bank. The Bank's sworn statement verifying these accounts is attached in Exhibit F.

Notice to Prospective Resident

In accordance with Section 17b-522 of the Connecticut General Statutes governing continuing care retirement communities, Duncaster duly notifies you that:

1. A continuing care contract is a financial investment on your part and your investment may be at risk.
2. Duncaster's ability to meet its contractual obligations under such contract depends on its financial performance.
3. You should consult with an attorney or other professional experienced in matters relating to investments before signing a contract with Duncaster.
4. The Connecticut Department of Social Services does not guarantee the security of such investment.

Acknowledgment of Receipt of Disclosure Statement

Duncaster

In accordance with Sections 17b-522(b) of the Connecticut General Statutes, Duncaster is required to deliver to a prospective resident or his or her legal representative a current Disclosure Statement not more than 60 days nor less than 10 days before the execution of a continuing-care contract or the transfer of any money or other property to Duncaster by or on behalf of the prospective resident.

Acknowledgment:

I, or my legal representative, have received and reviewed a copy of the current Disclosure Statement and a copy of the Residency and Services Agreement for Duncaster prior to the execution of the contract or the transfer of any money or other property to Duncaster.

Name(s) of Resident(s): _____

Signature(s): _____

Date: _____

Signature of Legal Representative, if applicable: _____

Date: _____

Relationship to Resident(s): _____

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Recitals:

* * * * *

Duncaster owns and operates a senior living community where it provides residential living accommodations, healthcare and related services. The community is located on Loeffler Road in Bloomfield, Connecticut, and is called Duncaster in this Agreement. Capitalized terms used in this Agreement and not elsewhere defined shall have the respective meanings assigned to them in the Glossary attached to this Agreement as Exhibit 1. In consideration of the mutual promises set forth in this Agreement, Resident and Duncaster hereby agree as follows:

I. DESCRIPTION OF APARTMENT HOME

Subject to the terms and conditions of this Agreement and any addendum to this Agreement, Duncaster agrees to make Apartment Home # _____, (the "Apartment Home" or "Apartment"), at _____ Loeffler Road, Bloomfield, Connecticut 06002, available for Resident's use for life and to provide the services described in this Agreement.

II. DESCRIPTION OF SERVICES

A. Services Included in Monthly Service Fee. Services included in the Monthly Service Fee are subject to policies and procedures established by Duncaster in its published Residents' Manual, as amended from time to time by Duncaster in its sole discretion so long as such amendment does not modify the specific rights provided to Resident pursuant to this Agreement (the "Policies and Procedures"). Duncaster will provide Resident with the following services included in the Monthly Service Fee:

1. Meals in a Duncaster dining room in accordance with the following dining plan selected by Resident:
 - a. Flexible Choice Plan A - \$660 per month
 - b. Flexible Choice Plan B - \$550 per month with a \$35 credit per month
 - c. Flexible Choice Plan C - \$440 per month with a \$70 credit per month
2. Dining delivery approved by authorized personnel of Duncaster based on medical necessity for up to three (3) meals in the initial 24-hour period.
3. Utilities including heat, air conditioning, water, sewage, trash removal and electricity.
4. Wiring for phone jacks, internet access and cable television hook-ups. Resident will pay for installation and all fees associated with the telephone and internet. Additional phone or cable television hook-ups available for an additional fee.
5. One (1) telephone with voice-mail and emergency pre-programmed numbers.
6. Maintenance and repair of buildings and grounds. Maintenance and upkeep of Apartment Home, appliances and systems.

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7. Every other week light housekeeping and semi-annual heavy-duty cleaning.
 8. Every other week flat-linen service.
 9. Social, recreational and cultural activities planned by Duncaster.
 10. Uncovered parking for one (1) vehicle per Resident.
 11. Fire detection, smoke alarms and sprinklers.
 12. Emergency call-system.
 13. Appliances provided: refrigerator, stove, microwave, dishwasher and disposal, and many, but not all, Apartment Homes include a washer/dryer.
 14. Twenty-four (24) hour response service provided by personnel designated by Duncaster who will contact emergency personnel and persons you identify to be contacted in an emergency.
 15. Certain medical, nursing and rehabilitative services in Duncaster's Caleb Hitchcock Health Center (the "Health Center"), or in the event that such services are not available at Duncaster, in an alternative health care center selected by Duncaster when medically necessary and appropriate and when included in the Monthly Service Fee as described in Articles III and VII of this Agreement.
 16. Assistance with activities of daily living when considered "Social Assisted Living Services" as set forth and defined in Article VII of this Agreement.
 17. Access to and use of the Common Areas provided for the enjoyment of residents of Duncaster. Common Areas include dining rooms, library, meeting rooms, social, recreational and fitness amenities and areas located in, on or about Duncaster and intended for the common use of Duncaster residents.
 18. One storage bin.
 19. Scheduled transportation.
 20. Property taxes.
- B. Services Available at Additional Cost.** Certain services that are not set forth in Section II.A above and not included in the Monthly Service Fee are available from Duncaster. These additional services can be arranged with Duncaster and are outlined in Duncaster's Ancillary Price List, incorporated by reference into this Agreement and attached as Schedule B, as amended from time to time (the "Ancillary Price List"). Resident acknowledges and agrees that the Ancillary Price List is subject to change upon thirty (30) days' written notice to Resident and all future, revised and/or amended Ancillary Price Lists shall automatically be incorporated into and made a part of this Agreement. Examples of additional services include:

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1. Meals beyond those covered by the Resident's selected dining plan.
2. Dining delivery beyond three (3) meals in the initial twenty-four (24) hour period of medical necessity.
3. Internet service.
4. Additional housekeeping.
5. Carport and garage parking, when available.
6. Salon and barber services.
7. Guest suites when available.
8. Assistance with activities of daily living when *not* considered Social Assisted Living Services as set forth and defined in Article VII of this Agreement.
9. Certain medical, nursing and rehabilitative services to include respite care in the Health Center when medically necessary and appropriate and when *not* considered "LifeCare Services" as set forth and described in Article VII of this Agreement.
10. Additional storage bins, when available.
11. Private car/driver transportation.
12. Dog walking services.
13. Memory care services.

III. ENTRANCE AND MONTHLY FEES

- A. Entrance Fee. For the right to use the Apartment Home and to receive services described in this Agreement, Resident will pay Duncaster an Entrance Fee in the amount shown on Schedule A of this Agreement (the "Entrance Fee"). Deposits previously paid to Duncaster also are shown on Schedule A. A Processing Fee will be deducted from the Deposit if Resident fails to execute the Residency Application.
- B. Monthly Service Fee. Resident will pay starting on the Occupancy Date (defined below in Section IV.A) a monthly fee (the "Monthly Service Fee" or "Monthly Fee") determined by Duncaster and billed to Resident in accordance with the following terms and conditions:
 1. Initial Monthly Service Fee is shown on Schedule A of this Agreement.

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2. Duncaster will have the right, in its sole and absolute discretion, to increase the Monthly Fee from time to time and at any time upon at least 30-days' prior written notice to Resident.
3. Duncaster will endeavor to maintain the Monthly Service Fee at the lowest possible amount consistent with operating Duncaster on a sound financial basis and furnishing the services and amenities required under its agreements. Duncaster will endeavor, without being so obligated, to follow a policy whereby any increase in the Monthly Fee will be made once in each calendar year and only following disclosure to the residents of the reasons for the increase.
4. Upon a temporary or permanent transfer of Resident to the Health Center, the fees shall be as follows:
 - a) Temporary Transfer. Resident shall continue to pay the Monthly Service Fee plus the cost of two additional meals per day. In addition, all temporary transfers to the Health Center must be deemed medically necessary by the Medical Director for the services to be covered by your Monthly Service Fee.

For temporary stays of personal choice not deemed medically necessary by the Medical Director, Resident is responsible for the Monthly Service Fee as well as the published and applicable per-diem charge for such temporary stay. Duncaster has the right to deny Resident a temporary stay of personal choice.
 - b) Permanent Transfer. Upon permanent transfer to the Health Center, Resident shall pay the Monthly Service Fee plus the cost of two additional meals per day.

If Resident's stay in the Health Center is covered by Traditional Medicare or other equivalent insurance, Resident continues to pay the Monthly Service Fee and additional meals will be covered by Traditional Medicare or equivalent insurance.
5. Upon permanent transfer to an assisted living memory care or a skilled nursing memory care location at Duncaster, Resident shall continue to pay the Monthly Service Fee plus an "Assisted Living Memory Care Fee" or a "Skilled Nursing Memory Care Fee", as applicable, and the costs of two additional meals per day, as listed in the Ancillary Price List.
6. When Residents share an Apartment Home, and one Resident dies or is permanently transferred to a hospital or center that provides care not available at or paid for by Duncaster, the Monthly Service Fee for the remaining Resident shall be adjusted to the current single-occupancy rate.

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C. Monthly Statements. Duncaster will provide Resident with a monthly statement of charges that will include:

1. Amount of the Monthly Service Fee;
2. Credits to which the Resident may be entitled;
3. Charges for additional services rendered to Resident during the preceding month; and
4. Any other amounts due Duncaster from Resident.

All amounts, charges and fees due to Duncaster, including the Monthly Service Fee, will be due and payable within ten (10) days after Resident receives the statement of charges. Resident may be charged interest monthly on any unpaid balances at the rate set forth in this Agreement or other written document provided to Resident, as amended from time to time, which interest rate shall at the time of execution of this Agreement initially be 1% per month.

D. Away Allowances. Duncaster will credit Resident with an “away allowance” for certain unused dining. Resident must provide advance written notice and the planned absence must be for 14 or more consecutive days. The Allowance is a credit on Resident's monthly statement of charges. The same credits apply if Resident is in the hospital for 14 consecutive days or more. Resident will not be entitled to a credit for other missed dining.

IV. TERMS OF RESIDENCY

A. Apartment Home Occupancy Date. Resident will have the exclusive privilege to occupy and use the Apartment Home for the remainder of Resident's life, subject to the terms and conditions of this Agreement and any addendum. The rights and privileges granted to Resident under this Agreement do not include any right, title or interest in or to any part of the personal property, land, buildings or improvements owned or administered by Duncaster. The term “Occupancy Date” as used in this Agreement is the earlier of the date set forth on Schedule A that the Apartment Home will be available for occupancy for Resident or the date on which Resident places belongings into the Apartment Home. Resident must pay the Entrance Fee and the first Monthly Service Fee prior to the Occupancy Date. Notwithstanding the foregoing, Resident and Duncaster acknowledge and agree that if Resident has entered into and complied with all the terms and conditions of an agreement to participate in Duncaster's Relocation Plan (the “Relocation Agreement”), Resident shall pay the Entrance Fee by the date required in the Relocation Agreement.

B. Care of Apartment Home and Personal Property by Resident. Resident, at Resident's sole cost and expense, will take good care of the Apartment and, upon termination of this Agreement, at the death of Resident or otherwise, Resident or Resident's legally authorized representative will return the Apartment Home to Duncaster in as good

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condition as existed upon the Occupancy Date, subject to reasonable wear and tear. Resident, at Resident's sole cost and expense, shall be responsible for any damage or injury suffered by Duncaster, Apartment Home, other apartments or Common Areas, caused by Resident or by any guest or agent of Resident. If Resident fails to maintain the Apartment in such good condition and repair, Resident hereby irrevocably authorizes Duncaster to restore the Apartment Home to such condition and repair and will reimburse Duncaster for all expenses incurred by Duncaster in doing so. Resident will be responsible for maintenance, repair and replacement of all personal property of Resident. Resident is required to maintain adequate insurance as set forth and described in Section XI.D. of this Agreement, and a copy of the declaration page must be provided to Duncaster prior to move-in.

- C. Alterations. Resident will not make any alterations to the Apartment Home without prior written approval from Duncaster. If Resident makes approved alterations, Resident will use a contractor approved by Duncaster and will pay the cost of such alterations prior to completion. Upon termination of this Agreement, Resident will pay the cost of returning the Apartment to its condition prior to the alteration. Duncaster may, at its sole discretion, decide not to charge Resident such cost if Duncaster believes the alteration enhances the future marketability of the Apartment Home. Duncaster may make alterations to the Apartment (1) to meet requirements of any applicable statute, law or regulation of any federal, state or municipal governmental authority or (2) to reduce the risk to the health or safety of Resident or other persons or ensure the comfort and safety of Resident if Duncaster, in its sole discretion, determines that such alterations achieve such health, safety or comfort.
- D. Smoking. Duncaster is a smoke-free community. Smoking is not allowed anywhere on Duncaster property. If Resident or their guests violate this policy, there may be financial consequences, which are in addition to and not in lieu of any other rights Duncaster has under this Agreement.
- E. Use of Apartment Home. No person, other than Resident, may occupy the Apartment Home except for visits by guests of Resident of no more than 14 consecutive days unless with the express written approval of Duncaster. Resident will use the Apartment for residential purposes and not for business or professional purposes in any manner that violates zoning requirements or other federal, state or local law or regulation.
- F. Appliances and Furnishings. Duncaster will furnish the Apartment Home with a dishwasher, disposal, stove, microwave, refrigerator and telephone in good working condition. Additional appliances and furnishings within the Apartment and in adjacent alcoves will be provided by Resident at Resident's expense; shall not be such as to interfere with the health, safety or general welfare of other residents; and shall meet local, state and federal laws and regulations. Many, but not all, Apartment Homes include a washer/dryer.
- G. Voluntary Change of Apartment. Resident may change his place of residence to another Apartment Home with Duncaster's consent and in accordance with Article IX of this

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Agreement. Resident will provide Duncaster with an updated Financial Statement to receive consent.

- H. Right of Entry. Resident irrevocably consents to and authorizes (1) the immediate entry to the Apartment Home by appropriate Duncaster personnel at any time when Duncaster in its sole discretion deems such entry necessary or desirable to protect the health, safety, welfare or comfort of Resident or other resident of Duncaster or the physical conditions of the Apartment or other areas constituting Duncaster, (2) the entry to the Apartment by Duncaster housekeeping personnel at all times when housekeeping services have been scheduled, and (3) the entry to the Apartment by Duncaster personnel for any reasonable purpose at any time after ten (10) days have elapsed following the death of Resident or Resident's vacating of the Apartment for any other reason. Resident will not place any locking devices on entry doors to the Apartment other than the ones in place at the time Resident takes occupancy.
- I. Use of Common Areas. Resident's privilege to use Common Areas shall be subject at all times to the exclusive right of Duncaster to establish, modify and enforce policies and procedures with respect to Common Areas and grounds.
- J. Private Duty Personnel. Subject to written approval by Duncaster and subject to the satisfaction of the conditions set forth in this Section, Resident may hire private duty personnel to provide assistance to Resident in activities of daily living including live-in assistance ("Private Personnel"). While Resident is free to choose any Private Personnel, the use of designated Duncaster employees through the Assisted Living Department is recommended.

Resident will be solely responsible for the decision to seek help, the nature and scope of the help, the selection of appropriate persons to provide help and the payment of the fees and expenses of such persons. Duncaster hereby expressly disclaims (other than Duncaster employees rendering services on behalf of Duncaster) any responsibility for decisions related to Private Personnel on the part of Resident, for care provided by such persons, the terms of their employment or for payment of their fees and expenses.

If Resident hires Private Personnel, Resident will obtain written approval for such persons from Duncaster's Human Resources Department. As a condition of rendering services to Resident, Private Personnel (other than Duncaster employees rendering services on behalf of Duncaster) shall (1) execute an Agreement certifying that Private Personnel shall comply with all policies and procedures of Duncaster applicable to employees of Duncaster, including, without limitation, background checks and drug testing, (2) provide proof of education and training establishing that Private Personnel are qualified to render services requested by Resident; (3) execute a Release and Indemnification Agreement signed by the Private Personnel in the form set forth in the Policies and Procedures, and (4) provide proof of workers' compensation and professional liability insurance in amounts not less than those set forth in the Policies and Procedures.

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As applicable to the duties performed, Resident hereby indemnifies Duncaster and holds it harmless from any claims, actions, proceeding or damages of any kind (including reasonable attorneys' fees) resulting from any act or omission of Private Personnel hired by Resident (other than Duncaster employees rendering services on behalf of Duncaster), injury or death to any person or damage to or destruction or theft of property caused by Private Personnel hired by Resident (other than Duncaster employees rendering services on behalf of Duncaster).

Duncaster reserves the right, but does not have the obligation, to terminate Private Personnel on behalf of Resident, whether or not Private Personnel are employed by Duncaster, in the event that (1) Private Personnel fail to comply with the Policies and Procedures, (2) Private Personnel fail to provide services when scheduled, (3) Duncaster believes that the provision of services by Private Personnel is a threat to the health, safety or welfare of Resident or other resident or personnel of Duncaster, or (4) Private Personnel interfere with the peaceful enjoyment of Duncaster by other residents.

V. JOINT OCCUPANTS & CHANGE IN RESIDENT STATUS

A. Joint Occupancy.

1. If two persons sign this Agreement, the term "Resident" shall apply to each Resident (individually referred to herein as a "Joint Resident" or collectively as "Joint Residents") jointly and severally unless otherwise provided herein. Each Joint Resident remains jointly and severally liable for all fees and charges due under this Agreement.
2. If there is one Resident and Resident and a non-resident desire to live together at Duncaster, the other person is required to apply for residency and provide Duncaster with the same health, financial and other information as Duncaster requires of applicants. Duncaster may grant or withhold residency in its sole discretion.

If the non-resident is granted residency, Resident and the new resident shall enter into a new Residency Agreement to replace this Agreement, in which case both will be treated as "Residents" or "Joint Residents" under such Agreement. The double occupancy Monthly Service Fees and an additional Entrance Fee will be paid.

If the non-resident is granted dual occupancy as a non-resident, non-resident will sign a Rental Agreement and accept occupancy as a non-resident of Duncaster. No additional Entrance Fee will be required. The Resident and the new Resident or non-resident will be required to pay the applicable Monthly Service Fees.

If the non-resident is not granted residency or dual occupancy, the non-resident shall have no rights to occupy the Apartment Home.

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3. If two Residents, residing in separate Apartment Homes wish to live together, they may either release one Apartment Home and reside together in the other or release both and move into another Apartment Home as available.

If they elect to release one Apartment Home and reside together in the other, Duncaster will require that they enter into a new Residency Agreement. Duncaster will pay any refund due in accordance with the Residency Agreement applicable to the vacated Apartment at such time as the Apartment Home has been reoccupied and Duncaster has been paid a new Entrance Fee.

If they elect to release and surrender both Apartment Homes and move into another Apartment, Duncaster will require that they enter into a new Residency Agreement for the new apartment and pay Duncaster the then current applicable Entrance Fee for the new Apartment Home. The Entrance Fee paid for the Apartments being surrendered will be credited against the new Entrance Fee. Any deficit will be paid prior to occupancy and any excess will be refunded when the vacated Apartment Homes have been reoccupied and Duncaster has been paid new Entrance Fees for such.

Residents or Joint Residents will pay the applicable double occupancy Monthly Service Fees.

For changes in a Resident's status including, without limitation, changes from double to single occupancy or single occupancy to double occupancy, the corresponding and applicable Monthly Service Fee shall be calculated in accordance with Duncaster's policies and/or procedures in effect at the time of the change in a Resident's status.

B. Separation, Divorce or Death of Joint Residents.

1. If the term "Resident" or "Residents" as used in this Agreement refers to Joint Residents, then such two people shall be subject to these rules if Joint Residents separate or divorce. For purposes of this Agreement, separation refers to the decision by Residents to live apart regardless of whether they are cohabitating or legally married or not.

2. Separation or Divorce of Joint Residents.

- a) If each party desires a separate Apartment Home and one party remains in the Apartment that is the subject of the existing Residency Agreement, the remaining party shall retain all rights to the Apartment as Resident. Duncaster will not give any refund of the Entrance Fee. In addition, Joint Resident moving into the new Apartment must enter into a new Residency Agreement for such apartment and pay the then applicable Entrance Fee for such. Each Joint Resident will pay the applicable single occupancy Monthly Service Fee for his or her Apartment Home.

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- b) If one party terminates residency at Duncaster and moves elsewhere, the remaining party shall retain all rights to the Apartment Home, and be obligated to pay a single occupancy Monthly Service Fee. The departing Resident shall have no rights to the Apartment Home. Neither party shall be entitled to any refund of the Entrance Fee at the time the departing Resident leaves Duncaster, provided that the remaining Resident (not the departing Resident) may be entitled to a future refund of the Entrance Fee if permitted pursuant to this Agreement.
 - c) If both Residents desire to terminate the Residency Agreement, Duncaster will follow the refund provisions of this Agreement.
3. Death of One Joint Resident. In the case of the death of a Joint Resident, the surviving party shall retain all rights to the Apartment Home, and shall be obligated to pay a single occupancy Monthly Service Fee. The legally authorized representative or estate of the deceased Joint Resident shall have no rights to the Apartment. Neither Joint Resident nor the legally authorized representative or estate of the deceased Joint Resident shall be entitled to a refund of any part of the Entrance Fee, provided that the remaining Joint Resident (and not the deceased Joint Resident or the deceased Joint Resident's legally authorized representative or estate) may be entitled to a future refund of the Entrance Fee if permitted pursuant to this Agreement. If the surviving Joint Resident desires to leave Duncaster, the termination and Entrance Fee refund provisions of the Agreement shall be applicable.

VI. TRANSPORTATION

Duncaster will provide transportation for Resident based on Duncaster's designated schedule to shopping centers, doctors and dentists within the local area as defined by Duncaster as such transportation is available. Transportation will be provided in accordance with the Policies and Procedures, which may include a fee. Duncaster reserves the right to require an aide or companion, at Resident's expense, to accompany Resident to ensure the health or safety of Resident. If Resident resides at Duncaster's Health Center, an aide will be required to accompany Resident at Resident's expense. Resident will pay for the cost of an ambulance used by Resident when it is not paid for by Resident's insurance.

VII. HEALTH CARE & OTHER SERVICES

- A. General Background / Levels of Care. Duncaster has distinct areas where medical and non-medical assistance may be provided to residents ("Levels of Care"). The Health Center has four skilled nursing neighborhoods for short and long term skilled nursing needs as well as a separate neighborhood which provides specific care for those residents requiring skilled nursing care as well as support services for memory care. Assisted living at Duncaster is comprised of three neighborhoods, of which one is for residents receiving support services for memory care and the other two for residents receiving Social Assisted Living Services (defined below). The assisted living neighborhood that provides specific support services for memory care is located in the Health Center

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building. Resident acknowledges that as the needs of the Residents of Duncaster change over time and the physical environment in which care and assistance is provided changes over time, Duncaster maintains the right to make changes to the Levels of Care while still fulfilling its service obligations to the Residents in a financially viable and prudent manner.

- B. LifeCare Services. Consistent with the terms of this Agreement, Duncaster will provide Resident with certain “LifeCare Services” while he/she is a Resident and has a medically qualified need for such care. LifeCare Services include and mean: (1) Social Assisted Living Services (defined below) and (2) skilled nursing care and other services provided by Duncaster for its Residents in its Health Center as provided and described in this Section VII.B.

1. Social Assisted Living Services.

- a) For purposes of this Agreement, Social Assisted Living Services are only those services that are: (i) set forth in the Ancillary Price List under the headings “Basic Assistance Package” and “Medication Management Package”, respectively; and (2) provided in one of Duncaster’s social assisted living neighborhoods.
- b) Duncaster’s social assisted living neighborhoods are specially designated and identified neighborhoods where Social Assisted Living Services are provided and which are exclusive of independent living Apartment Homes. For example purposes only, Duncaster’s currently designated social assisted living neighborhoods are known as “Thistle Way” and “Talcott Notch”.
- c) Resident acknowledges and agrees that it is in Duncaster’s sole, but reasonable discretion, to determine which services and/or tasks are or are not considered Social Assisted Living Services. Resident further acknowledges and agrees that for all services that are not considered by Duncaster to be Social Assisted Living Services as set forth herein, Duncaster will bill Resident for such services as set forth on Duncaster’s Ancillary Price List, as applicable.

2. Skilled nursing care and other services.

- a) If a physician prescribes skilled nursing care for Resident, Duncaster includes with this Agreement such care and services for Resident either at the Health Center or at an appropriate substitute skilled nursing center (the “Substitute Center”).
- b) Resident shall pay the Monthly Service Fee at all times Resident is in the Health Center (or substitute center as described below), even if the stay is paid under Traditional Medicare or other insurance. If space in the Health Center is temporarily unavailable, Duncaster will arrange for care to be

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provided at a Substitute Center. Duncaster will pay for the cost of Resident's care and residency at the Substitute Center, but not for costs in excess of the rate for semi-private rooms at the Substitute Center. While receiving care at a Substitute Center, Resident will pay for those items which would be charged to Resident if Resident were in the Health Center. Resident will be entitled to transfer to Duncaster's Health Center as soon as appropriate space becomes available, but if Resident fails to do so, Duncaster will not be obligated to make further payments for Substitute Center.

- c) Regardless of any of the foregoing and in the event that in the judgment of Duncaster's Medical Director such nursing care should be provided in a location other than Duncaster or a Substitute Center for the best interests of the Resident or Duncaster's other residents, staff or visitors, Duncaster will not provide such care and Duncaster shall not be financially responsible for the provision of such care.

C. Other Health Care Items and Services. The following items and services are not included with Duncaster's LifeCare Services. To the extent such items or services are provided by Duncaster, Resident acknowledges and agrees that Duncaster will bill Resident for such services as set forth on Duncaster's Ancillary Price List, as applicable.

1. Prescription Medication. Duncaster will not have any liability for any part of Resident's prescription medication costs.
2. Other Items or Services. When prescribed by a physician, other medical items or services including general medical care, and speech, physical and occupational therapy will be made available to Resident on a fee-for-service basis to the extent such items or services are available at Duncaster. Resident will pay all charges for such items not covered by insurance, and Duncaster will not have liability for any part of such charges. If Resident desires maintenance or wellness therapeutic services, Duncaster will bill Resident for such charges as set forth on Duncaster's Ancillary Price List.
3. Assistance in Activities of Daily Living in an Independent Living Apartment Home. If a physician or other authorized healthcare provider determines that Resident would benefit from such care, Duncaster will make such service available to Resident and Duncaster will bill Resident for such services as set forth on Duncaster's Ancillary Price List.
4. Items or Services Not Covered. Resident will be solely responsible for obtaining and paying for all items and services not covered by this Agreement, including, without limitation, the following items and services: (1) diagnosis and treatment of any medical condition; (2) hearing aids; (3) dentistry, dentures, and inlays; (4) orthopedic appliances and assistive devices; (5) podiatry; (6) diagnosis, therapy or drugs for psychiatric disorders or substance abuse including costs for room and board at a special treatment center or hospital; (7) oxygen; (8) eyeglasses, contact

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lenses, and routine eye care; (9) experimental treatments, medication and procedures; (10) cosmetic surgery; (11) over-the-counter products; (12) items or services rendered by physicians or allied health professionals, and (13) items or services rendered by medical centers, including hospitals and acute care centers, other than as set forth in Section VII.B.

- D. Limitations on Care. Duncaster does not provide care anywhere on its campus to persons who require diagnosis or treatment for alcohol or drug abuse or specialized psychiatric care or other diagnosis or treatment not authorized or permitted under applicable state or federal laws or regulations.
- E. Illness or Accident While Away From Duncaster. If Resident suffers an accident or illness while away from Duncaster, Resident will notify Duncaster as soon as possible. Resident will be solely responsible for the costs of all medical care incurred by Resident while away from Duncaster, and Duncaster will not have any responsibility for the payment of such costs.
- F. Temporary and Permanent Transfers.
1. Temporary Transfers. Upon determination by Duncaster's Medical Director or President that it is necessary or appropriate because of Resident's physical or mental health or other condition for Resident to transfer from the Apartment Home to Duncaster's Health Center or assisted living or other Level of Care deemed appropriate by Resident's physician, then Resident will abide by such determination and move his or her residency to such Level of Care. Duncaster will consult with Resident or Resident's legally authorized representative before or promptly after such transfer. If Resident requires care that cannot be reasonably provided in any area at Duncaster, Duncaster's Medical Director or President may require Resident to be transferred to a hospital or other health care center that provides the care required by the Resident, in which case Resident will abide by such determination and make such transfer. During a temporary stay at Duncaster's Health Center, Resident shall pay the fees set forth in Sections III.B. and VII.A of this Agreement. During all temporary transfers, Resident shall pay in addition to the Monthly Service Fee, all charges applicable to the items and services not covered by the Monthly Service Fee as set forth in this Agreement. Resident shall return to the Apartment Home when the Medical Director or Resident's physician determine that temporary care at the Health Center or other area in which Duncaster provides care is not necessary.
 2. Permanent Transfers.
 - a) In the event that Resident is transferred to Duncaster's Health Center (or Substitute Center) and stays longer than thirty (30) consecutive days and the transfer is determined permanent by the Medical Director, Duncaster may require Resident to permanently transfer to the Health Center (or Substitute Center) on a temporary basis pending transfer to the Health

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Center on a permanent basis). Duncaster may also require that Resident permanently transfer to an area in which Duncaster provides another Level of Care or to a hospital or other health care center providing care not available at Duncaster, but only upon the recommendation of the Medical Director subject to consultation with Duncaster's Transition Committee. Duncaster will consult with Resident or Resident's legally authorized representative before such transfer occurs.

If Resident is transferred to the Health Center (or Substitute Center on a temporary basis pending transfer to Duncaster's Health Center on a permanent basis) or to an area in which Duncaster provides other care, Resident shall remain a member of Duncaster and shall be entitled to all of the rights and subject to all of the obligations set forth in this Agreement, except the right to occupy the Apartment Home or maintain use of any storage bin previously assigned.

If Resident is permanently transferred to a hospital or other health care center that provides care that is not available at Duncaster, Resident or Duncaster may terminate this Agreement. Upon any such transfer of a permanent nature, the Apartment Home shall be vacated and available for assignment to another resident, unless it is already occupied by another resident who is a party to this Agreement. In the event that Resident released the Apartment, but this Agreement did not terminate due to a permanent transfer to another area at Duncaster, and Resident is later able, in the opinion of the Medical Director, to return to an Apartment Home, Duncaster will provide Resident with an apartment of the same type as the Resident's prior Apartment Home as soon as such becomes available.

- b) Resident will pay the Monthly Service Fee set forth in Sections III.B.4.b and VII.B of this Agreement, less the prepaid medical portion of the Monthly Service Fee calculated in accordance with Duncaster's policies and/or procedures and less raw food costs included in the Monthly Service Fee for the Apartment Home, for all days beyond the allowable 30 days to vacate, in addition to their full Monthly Service Fee for care and occupancy in another area of Duncaster until such time as the Apartment Home, including storage bin, is vacated of all personal belongings and Resident's vehicle is removed from Duncaster. If the Apartment is vacated less than 30 days after Duncaster determines that the transfer will be of a permanent nature and the transition date is set, or upon termination of this Agreement, Resident shall not be responsible to pay the Monthly Service Fee for the Apartment Home stipulated above during those 30 days. Upon transfer to an area in which Duncaster provides other care, the Resident shall continue to pay the fees set forth in Sections III.B. and VII.A of this Agreement and all charges applicable to care not covered by this Agreement, and Resident shall not be entitled to a refund of any portion of the Entrance Fee at this time as a result of the transfer.

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If this Agreement is terminated because Resident is permanently transferred to a hospital or other health care center that provides care that is not available at Duncaster, Resident shall be entitled to any refund owed to Resident pursuant to Article IX of this Agreement. If Resident fails to remove his or her personal belongings from the Apartment, Duncaster will have the right to remove them and store or dispose of them as it sees fit at Resident's expense and risk of loss. Resident or Resident's legally authorized representative shall permit Duncaster to enter and pass through the Apartment Home or any part thereof, at any time following ten (10) days after the transfer is determined to be permanent for any reason.

VIII. ADDITIONAL COVENANTS

- A. Duncaster intends to maintain its tax-exempt not-for-profit status.
- B. Duncaster will not terminate this Agreement if Resident is in default solely by reason of financial inability of Resident to pay the Monthly Service Fee and such inability is due to financial circumstances beyond control of Resident or others legally authorized to represent Resident. Duncaster has established resident assistance funds through the Duncaster Foundation, and at any time Resident believes Resident cannot or may in the foreseeable future not be financially able to pay the Monthly Service Fee, Resident shall make a confidential application to the President or Vice President-Finance for a subsidy. If the application presents evidence which, in Duncaster's opinion meets the requirements to receive assistance, and justifies subsidy, Duncaster may in its discretion partly or wholly subsidize Resident's Monthly Service Fee. Resident will remain liable for payment of the Monthly Service Fee, but Duncaster will take no action to collect such Monthly Service Fee from Resident if this Agreement remains in effect. Duncaster shall have the right to set off all such fees from any refund of the Entrance Fee upon termination of this Agreement or collect such fees from the estate of Resident. The estate of Resident shall be liable to Duncaster for reimbursement of the full amount of the subsidy and Resident or the estate of Resident shall cooperate in the execution and delivery of instruments and documents and shall take all action necessary to implement the provisions of this paragraph. This paragraph will apply whether or not Resident is in residence at Duncaster at time of death. As part of any application for subsidy, Resident will provide Duncaster with information as Duncaster reasonably shall request to confirm that Resident has not made any gift, transfer of assets or transfer of real or personal property in contemplation of the execution of this Agreement, nor, subsequent to the execution of this Agreement made any such gift, transfer of assets, or transfer of real or personal property, which would impair Resident's ability to satisfy Resident's financial obligations under this Agreement.
- C. Resident covenants and agrees with Duncaster that Resident will:
 - 1. Comply with all current and future Policies and Procedures.

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2. Pay when due the Entrance Fee and each month's Monthly Service Fee, as provided in this Agreement.
3. Upon application for residency, deliver to Duncaster a statement ("Medical Statement") describing Resident's current and historical medical and psychiatric history and any other additional medical information that Duncaster may request.
4. Upon application for residency and at any time requested by Duncaster, deliver to Duncaster a true and complete financial statement ("Financial Statement") and additional financial information that Duncaster may request.
5. Grant to Duncaster a right of subrogation: Should you be injured by a third party and such injury requires Duncaster to provide health care services under this Agreement, Duncaster shall be subrogated, to the extent allowed by Connecticut law, to your rights against such other third party to the extent necessary to reimburse Duncaster for the costs incurred in providing health care services under this Agreement.
6. Furnish to Duncaster reasonable evidence that Resident has not made any gift or other transfer of property in contemplation of the execution of this Agreement except for transfers disclosed on Resident's application for residency. Resident will not make any gift or transfer in the future that will impair Resident's ability to meet Resident's financial obligations under this Agreement.
7. Observe and perform all of the terms and provisions of this Agreement required on the part of Resident.

IX. REFUND OF ENTRANCE FEE

A. Prior to the Occupancy Date.

1. Termination of this Agreement Within Thirty (30) Days After Signature. If within thirty (30) days after signing this Agreement ("Grace Period"), Resident terminates this Agreement, Duncaster will refund to Resident or estate of Resident the Deposit and the amount of the Entrance Fee previously paid to Duncaster, without interest, less a processing fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee as set forth on Schedule A ("Processing Fee") and less any costs specifically incurred by Duncaster at the request of Resident and set forth in this Agreement. Notice of such intent to terminate this Agreement must be in writing and delivered by registered or certified mail during the Grace Period.
2. Termination after the Grace Period but Prior to Occupancy. If after the Grace Period Resident dies before occupying the Apartment Home, or on account of illness, injury or incapacity is precluded from occupying the Apartment, Resident may terminate this Agreement and Duncaster will refund to Resident or estate of

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Resident the Deposit and the amount of the Entrance Fee previously paid to Duncaster, without interest, less the Processing Fee and if the Occupancy Date has passed less the Monthly Service Fee for the Apartment prorated on a per-diem basis for the period beginning seven (7) days after the latter of the date the Apartment was available for occupancy or the execution of this Agreement and ending on the last day of the month in which Duncaster receives notice that Resident will not occupy the apartment. Notice of such intent to terminate this Agreement must be in writing and delivered by registered or certified mail.

3. Reduction of Refund. Duncaster shall be entitled to reduce the refund by the amount of any costs incurred for customization of the Apartment Home at the request of Resident.
4. No Interest. No interest will accrue to the benefit of Resident or Resident's estate on any amount required to be refunded under this Agreement and no interest will be paid upon termination or refund.

B. After Occupancy. Duncaster offers the option to select one of two entrance fee plans including: (i) an "80% Refundable Option" and a (ii) "2% Declining-Balance Refundable Option". Resident has selected the entrance fee plan option indicated on Schedule A to this Agreement. The provisions applicable to the option selected by Resident are set forth below in the appropriate paragraph. Resident's selection is irrevocable.

1. 80% Refundable Option – Applicable Only to Residents Who Select This Option.
 - a) If this Agreement is terminated by Resident or Duncaster after the later of the Grace Period or Occupancy of the Apartment Home ("Refund Start Date"), Duncaster will, contingent upon satisfaction of all of the conditions set forth below, refund the Entrance Fee, without interest, minus two percent (2%) of the amount of the Entrance Fee for each month of occupancy or portion thereof after the Refund Start Date, up to a maximum of ten (10) months. Resident acknowledges and agrees that the refund of the Entrance Fee contemplated by this section shall be made to the Resident, or to the estate of the Resident, only if and after: (1) a new resident has entered into a residency agreement with respect to the Apartment; and (2) the new resident has paid to Duncaster the entire entrance fee required under the new resident's residency agreement.
 - b) If this Agreement is terminated by Resident or Duncaster, or otherwise terminates, after the Refund End Date, Duncaster will refund eighty percent (80%) of the amount of the Entrance Fee, without interest. The refund shall be paid to Resident, or to estate of Resident, but only when a new resident has entered into a residency agreement with respect to the Apartment and has paid to Duncaster the entire Entrance Fee required under new resident's agreement.

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2. 2% Declining-Balance Refundable Option – Applicable Only to Residents Who Select This Option.
 - a) If this Agreement is terminated by Resident or Duncaster, or otherwise terminates after the Refund Start Date, Duncaster will refund a portion of the Entrance Fee (as described below), without interest to Resident or, to estate of Resident, but only when a new resident has entered into a residency agreement with respect to the Apartment and has paid to Duncaster the entire Entrance Fee required under such new resident's agreement.
 - b) The portion of the Entrance Fee to be refunded will be an amount equal to (i) the entire Entrance Fee minus (ii) 2% (two percent) of the Entrance Fee for each calendar month (or portion thereof) that has elapsed after the Refund Start Date.
3. Upon Transfer to Smaller Apartment Home. If Resident, with the consent of Duncaster, transfers to an Apartment Home that is smaller than the Apartment described on Schedule A of this Agreement, and at the time of transfer the applicable entrance fee for such new apartment is less than the Entrance Fee paid pursuant to this Agreement, no refund of the Entrance Fee will be made at the time of the transfer. Any refund due at the time this Agreement is terminated will be based on the original Entrance Fee, and will be refunded in accordance with this Agreement and the refund option selected by Resident. Resident shall pay Duncaster for all restoration expenses associated with the change prior to the move and shall pay after the move the applicable Monthly Service Fee. Resident is responsible for all moving costs and for hiring movers.
4. Upon Transfer to Larger Apartment Home. If Resident, with the consent of Duncaster, transfers to an apartment that is larger than the Apartment Home described on Schedule A of this Agreement and, at the time of transfer, the applicable entrance fee payable by Resident for the larger apartment is more than the Entrance Fee paid pursuant to this Agreement, Resident will pay an additional Entrance Fee equivalent to the difference between the original Entrance Fee and the current Entrance Fee prior to moving. Any refund due at the time this Agreement is terminated will be based on the new Entrance Fee, and will be refunded in accordance with this Agreement and the refund option selected by the Resident upon execution of this Agreement. If there is no refund of the original Entrance Fee due to Resident, the new Entrance Fee shall be immediately amortized in full and there will be no refund of the original Entrance Fee or the new Entrance Fee. Resident shall pay Duncaster for all restoration expenses associated with the change prior to the move and shall pay after the move the applicable Monthly Service Fee. Resident is responsible for all moving costs and for hiring movers.

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5. Upon Transfer to Other Area at Duncaster. If Resident shall transfer or be transferred as a permanent resident to Duncaster's Health Center or to any other area at Duncaster, Resident shall not be entitled to a refund of any part of the Entrance Fee at that time.
6. Additional Conditions to Refunds. In the event of any termination of this Agreement, Duncaster will not make any required refund until such time as:
 - a) Resident surrenders the Apartment Home to Duncaster in good condition and repair, reasonable wear and tear excepted, and restored from alterations, if Duncaster so requires, as provided in Article IV, Section C of this Agreement.
 - b) Resident has paid to Duncaster all accrued and unpaid Monthly Service Fees and other accrued and unpaid charges payable by Resident under this Agreement.
 - c) Duncaster has entered into a new residency agreement with a new resident for the Apartment Home formerly occupied by Resident and the new resident has paid the entire Entrance Fee for the Apartment, except for refunds made pursuant to Sections IX.A.1 or IX.A.2 of this Agreement, or subject to Connecticut Law, after 3 years, whichever occurs first.
 - d) Resident pays Duncaster all amounts owed to it by Resident and any reasonable expenses incurred in connection with the termination, including, but not limited to:
 - i) Cost of any repair or replacement of property assigned to Resident's use, including restoration of grounds to original condition.
 - ii) Painting or other refurbishment of Resident's Apartment Home in excess of that required by normal wear and tear.
 - iii) The cumulative amount of any uncompensated services or subsidy provided to Resident by Duncaster.

Duncaster may offset any amounts owed to it by Resident against any refund due Resident or Estate.

X. TERMINATIONS

- A. Termination by Resident. Resident may terminate this Agreement at any time before occupying the Apartment Home in accordance with Section IX.A of this Agreement. After Resident occupies the Apartment Home, Resident may terminate this Agreement at any time by delivering to Duncaster written notice of termination specifying a date when

DUNCASTER RESIDENCY AND CARE AGREEMENT

the termination becomes effective. Resident will pay the Monthly Service Fee for 60 days after vacating Duncaster property.

- B. Termination by Duncaster. Duncaster may terminate this Agreement at any time before Resident occupies the Apartment Home if Resident fails to satisfy any condition of occupancy. After Resident takes occupancy, Duncaster may terminate this Agreement with the approval of its Board of Directors upon not less than thirty (30) days written notice to Resident, for any of the following reasons:
1. Resident refuses to pay any fees or charges due under this Agreement by the last day of the month in which it is due;
 2. Resident fails to observe or comply with any other terms or provisions of this Agreement or published guidelines;
 3. Any representation or warranty made by Resident in Resident's Medical or Financial Statement or in writing in connection with Resident's application for residency shall prove to have been incorrect in any material respect; and/or
 4. Duncaster, in its sole and absolute judgment, believes that (i) Resident's continued presence has become seriously disruptive to any of the other residents of Duncaster, (ii) Resident's continued presence has become a threat to the health, safety or welfare of Resident, any other resident or any personnel, (iii) Resident's continued presence is detrimental to the peaceful enjoyment of Duncaster by others, (iv) termination otherwise would be in the best interest of other residents of Duncaster, or (iii) Duncaster will be unable to provide services that meet the emotional, psychological or physical needs of Resident at a reasonable cost.
- C. Termination Upon Permanent Transfer. This Agreement may be terminated in accordance with Section VII.F. in the event Resident is transferred permanently to a hospital or other center for care that Duncaster does not provide.
- D. Termination by Death. This Agreement shall terminate at the death of Resident.
- E. Termination Date. The Termination Date is the date on which Resident's personal effects, including vehicle(s) are removed from Duncaster property, including storage areas.
- F. Effect of Termination.
1. On or before the effective date of any termination of this Agreement, Resident or his/her legally authorized representative shall surrender the Apartment Home to Duncaster in good order and repair, reasonable wear and tear excepted, and free of any alterations, if Duncaster so requires as provided in Article IV, Part C, and shall remove all of Resident's personal effects from Duncaster property. On such effective date, all of the rights of Resident and all of the obligations of Duncaster

DUNCASTER RESIDENCY AND CARE AGREEMENT

under this Agreement shall cease except that Resident (a) shall remain liable for all Monthly Service Fees and other charges accrued through the later of the effective date of termination or the date upon which all personal effects are removed from Duncaster property, including any expenses incurred by Duncaster to satisfy Resident's obligations under this Agreement, and (b) shall be entitled to any Entrance Fee refund required to be paid to Resident under Article IX.

2. Resident will continue to pay the Monthly Fee when belongings remain in Apartment Home, storage bin, assisted living apartment at Duncaster beyond 30 days following termination of this Agreement and/or will continue to pay the daily/monthly fee when belongings remain in health center/memory care accommodations beyond 48 hours of termination of this Agreement. Duncaster may remove such property and store and/or dispose of the same as it sees fit at Resident's expense and risk of loss. Resident or Resident's legally authorized representative shall permit Duncaster to enter the Apartment Home at any time following ten (10) days after termination of this Agreement for any reason.

XI. MISCELLANEOUS

- A. Non-Solicitation. Resident shall not, directly or indirectly, without the written consent of Duncaster, (1) solicit, negotiate with or enter into any agreement with any employee, agent or independent contractor of Duncaster, or (2) hire, seek to hire or assist in hiring any employee, agent or independent contractor of Duncaster.
- B. Modification of Agreement and Policies and Procedures. Duncaster reserves the right to unilaterally modify this Agreement to conform to changes in law or regulation. Duncaster also reserves the right to unilaterally modify and amend in its sole discretion Schedule B attached hereto (the Ancillary Price List) so long as it provides Resident with thirty (30) days' written notice thereof. Duncaster also reserves the right to modify and amend in its sole discretion its Policies and Procedures, including without limitation, those policies in Duncaster's published Residents' Manual, so long as such modification or amendment does not modify the rights provided to Resident pursuant to this Agreement.
- C. Indemnification and Liability.
 1. Indemnification by Resident. Resident will indemnify and defend Duncaster, at Resident's cost and expense, against all claims, expenses, damages and liabilities (including without limitation reasonable attorneys' fees and expenses and costs of investigations) arising out of any breach by Resident of this Agreement or of any representation or warranty made by Resident to Duncaster, or any negligent, reckless, intentional, willful or other act or omission of Resident or of any guest or agent of Resident.

DUNCASTER RESIDENCY AND CARE AGREEMENT

Such indemnification shall not apply to any claim arising out of the negligence or willful misconduct of Duncaster or its agents or by default on the part of Duncaster under this Agreement.

2. No Liability for Claims. Duncaster will not be liable for any claims, damages or expenses, including attorney fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with the negligent or intentional act or omission of any resident (or the guest or agent of any resident) unless caused by the gross negligence or willful misconduct of Duncaster or its agents or by a default on the part of Duncaster under this Agreement.

D. Insurance.

1. Unless otherwise consented to in writing by Duncaster and prior to taking residence at Duncaster, the Resident must be enrolled in and have each of the following types of insurance coverages: (i) Traditional Medicare Part A and Part B, or an insurance that provides a comparable payment structure as determined by Duncaster in its sole and reasonable discretion; (ii) a prescription drug plan, or an insurance that provides a comparable payment structure as determined by Duncaster in its sole and reasonable discretion; and (iii) a Supplemental Health Insurance Policy covering hospitalization, skilled nursing co-insurance and other related costs, or an insurance plan with a comparable payment structure as determined by Duncaster in its sole and reasonable discretion.
2. Unless pre-approved and consented to in writing by Duncaster, Resident shall not enroll in any medical insurance program for which Duncaster does not have a contract or is not a participant.
3. All changes to insurance plans must be reported to Duncaster within 30 days of the change and copies of Resident's new insurance card(s) with the policy information provided within this same time frame.
4. The aforementioned insurance requirements must be maintained throughout the term of this Agreement. If the Resident does not comply with the aforementioned insurance requirements at any time during the term of this Agreement, the Resident acknowledges and agrees that Duncaster shall have the right to, as permitted by applicable law, (i) bill the Resident directly for services not reimbursed by insurance, and/or (ii) increase the Monthly Service Fee.
5. For services provided by Duncaster, Resident will assign to Duncaster all benefits payable under any policy of insurance and will execute and deliver to Duncaster such instruments of assignment and other documents as Duncaster reasonably may request. Resident will pay the costs of items not covered by insurance, except as otherwise expressly provided in this Agreement. If Resident fails to maintain insurance required under this Agreement, Resident will reimburse

DUNCASTER RESIDENCY AND CARE AGREEMENT

Duncaster for all costs and expenses incurred by it that would have been reimbursed under insurance if it had been maintained.

6. Resident will maintain personal-property insurance for the purpose of insuring Resident's personal possessions against fire, theft and similar casualties in an amount at least equal to the replacement cost of such possessions, subject to a reasonable deductible. In the case where insurance has not been maintained, Duncaster is not responsible for replacement of Resident's property.
 7. Resident will maintain liability insurance, in the amount of \$300,000, covering bodily injury and property damage occurring in, on or about Duncaster. Any change in insurance shall be communicated to Duncaster. Duncaster reserves the right to verify insurance coverage at any time.
 8. Resident will maintain automobile liability insurance in the amount of \$100,000/\$300,000 and uninsured motorist insurance in the amount of \$300,000 as long as Resident owns or operates a vehicle. This coverage is necessary to ensure that Resident's assets are not depleted as a result of an uninsured claim. Resident will increase coverage to such amounts as Duncaster reasonably shall require from time to time.
 9. At Duncaster's request, Resident will provide Duncaster with copies of insurance policies or certificates of insurance evidencing compliance with the requirements set forth in this Section D.
- E. Property Taxes. Duncaster will pay all taxes assessed on any real or personal property owned by it. Resident will pay all taxes assessed on any real and personal property owned by Resident.
- F. Tax Deductions. Resident may be entitled to take Federal tax deductions as a result of residency at Duncaster including deduction of a portion of the Monthly Fee as a medical expense. Each year, Duncaster provides Resident with the percentage of the Monthly Fee that has been determined to be attributable to the cost of supporting residents in the Health Center. All deductions are subject to limitations imposed by the Internal Revenue Code. Resident should consult his or her tax advisor before utilizing any deduction.
- G. Pets. Subject to the approval of Duncaster, Resident may have one or more domestic pets in accordance with the Policies and Procedures. Exotic pets are not allowed. Resident shall pay Duncaster for any damage caused by the pet(s). Duncaster reserves the right to rescind its approval of any pet(s) if the pet(s) threaten the peaceful enjoyment of Duncaster or constitute a nuisance or threat to the health, safety or welfare of Resident, other residents or personnel.
- H. Vehicle. Resident may operate a vehicle on Duncaster property in accordance with applicable signs, markings and Policies and Procedures. Duncaster may prohibit Resident from operating a vehicle on Duncaster property in the event Resident is no

DUNCASTER RESIDENCY AND CARE AGREEMENT

longer able to drive safely or does not abide by signs and markings or Policies and Procedures. In the event Resident owns a vehicle, Resident shall maintain vehicle liability insurance covering at a minimum liability and medical expenses arising from injury to Resident or others or damage to property of Duncaſter or others. No vehicle may be parked at Duncaſter by Resident if it is not or cannot be driven. Residents who have a vehicle and no longer drive, but have the vehicle for purposes of others driving it, must park the vehicle in spots fartheſt from entries.

- I. Exoneration. Duncaſter ſhall not be reſponsible or liable for any loſs or injury ſuffered by Resident or any property of Resident cauſed by (1) any defect, latent or otherwiſe, anywhere on Duncaſter property or in any equipment installed therein, (2) theft, fire or any other caſualty or (3) another resident, unleſs cauſed by the groſs negligence or willful miſconduct of Duncaſter or any of its agents or by a default on the part of Duncaſter under this Agreement.
- J. Advanced Directives; Arrangements for Conſervator. Resident ſhall provide any advanced directive or designation of healthcare agent or attorney-in-fact to Duncaſter. Resident ſhall provide reſiſions or changes made to the advanced directive or designation to Duncaſter upon the effective date of ſuch reſiſions, changes or designation. If Resident becomes unable to care properly for himſelf or herſelf or for Resident's property and has made no designation of a perſon or legal entity to ſerve as a conſervator of Resident or of Resident's property, Resident hereby authorizes Duncaſter to propoſe, ſubject to approval by a court of competent jurisdiction as provided by law, a perſon or entity to ſerve as ſuch conſervator, and Resident releaſes and holds harmless Duncaſter from any liability from propoſing a conſervator or from any acts or omiſſions of the conſervator.
- K. Notices. Notices, when required by the terms of this Agreement, ſhall be given in writing and delivered to Duncaſter at its administrative office at 40 Loeffler Road, Bloomfield, Connecticut 06002, marked to the attention of the Preſident, and, in the caſe of the Resident, when delivered, prior to the Occupancy Date, at the address given on the Residency Application, and, after the Occupancy Date, as to either party, at ſuch other address as ſuch party ſhall ſpecify in writing to the other party.
- L. Interpretation. The captions and numbers appearing in this Agreement are inserted only as a matter of convenience and are not intended to define or limit or deſcribe the ſcope or contents of any Article or Section. This Agreement ſhall be governed by and conſtrued in accordance with the provisions of Connecticut law.
- M. Non-Assignability. This Agreement, with any attachments, ſchedules, exhibits, riders or addenda attached hereto, conſtitutes the entire agreement between Duncaſter and Resident, and ſupersedes any prior converſations or writings. Except for other modifications expreſſly ſet forth in permitted by this Agreement, no ſubſequent amendment to or modification of this Agreement ſhall be binding upon Duncaſter or Resident unleſs reduced to writing and ſigned by both parties. Neither this Agreement nor any of the rights of Resident hereunder may be assigned by Resident.

DUNCASTER RESIDENCY AND CARE AGREEMENT

- N. Benefit and Burden. Subject to the restrictions upon assignment of this Agreement by Resident, this Agreement shall be binding upon and shall inure to the benefit of Duncaſter and Resident and their reſpective ſucceſſors, aſſigns, heirs and personal representatives.
- O. Severability. If any provision of this Agreement is determined by a court, judicial or administrative tribunal of appropriate jurisdiction to be invalid or unenforceable, ſuch provision ſhall be ſevered and the balance of this Agreement ſhall remain in full force and effect.
- P. Waiver. No act of forbearance or failure of Duncaſter to inſiſt upon performance of any term of this Agreement ſhall be conſtrued as a waiver of any of the rights granted to Duncaſter or limit Duncaſter's ability to enforce all provisions of this Agreement.
- Q. Arbitration.
1. Resident agrees that any diſpute, appeal, claim or controversy of any kind between the parties hereto (collectively, a "Diſpute") ariſing out of, in connection with, or relating to this Agreement and any amendment thereof, or the breach thereof, which cannot be reſolved by mutual agreement or in ſmall claims court, ſhall be reſolved by arbitration in accordance with the procedures ſet forth in this Section XI.Q. Any arbitration conducted under this Agreement ſhall be conducted in Hartford, Connecticut, and adminiſtered by the Judicial Arbitration and Mediation Service pursuant to its Streamlined Arbitration Rules and Procedures. The arbitrator ſhall ſtate in writing the reas ons for his or her award and the legal and factual conclusions underlying the award. Such arbitration ſhall be final and binding and judgment upon the award may be entered in any ſtate or federal court located in the State of Connecticut. The arbitration ſhall be conducted before a ſingle arbitrator mutually ſelected by Duncaſter and Resident from Judicial Arbitration Mediation Service.
 2. The prevailing party in the arbitration ſhall be awarded the coſts and reasonable attorneys' fees associated with the arbitration. Each of the parties agrees that all of the negotiations and proceedings relating to a Diſpute and all testimony, transcripts and other documents relating to ſuch arbitration ſhall be treated as confidential and will not be diſclosed or otherwise divulged to any other person except as neceſſary in connection with ſuch negotiations or arbitration proceeding.
 3. If the Diſpute affects more than one resident, Duncaſter may elect to join all affected residents into a ſingle arbitration proceeding, and Resident hereby conſents to ſuch joinder.
 4. This arbitration provision binds all parties to this Agreement and their ſpouſes, heirs, representatives, executors, administrators, ſucceſſors, and aſſigns, as

DUNCASTER RESIDENCY AND CARE AGREEMENT

applicable. After termination or expiration of this Agreement, this arbitration provision shall remain in effect for the resolution of all Disputes.

DUNCASTER RESIDENCY AND CARE AGREEMENT

IN WITNESS WHEREOF, DUNCASTER and the person or persons whose names appear below have signed and delivered duplicate counterparts of this Agreement at Bloomfield, Connecticut, on the date indicated below.

DUNCASTER:

By: _____

Name: _____

Title: President/CEO

Date: _____

Acknowledged and Agreed to:

RESIDENT(S):

WITNESS:

Signature

Signature

Name (Print)

Name (Print)

Date

Signature

Signature

Name (Print)

Name (Print)

Date

DUNCASTER RESIDENCY AND CARE AGREEMENT

DUNCASTER RESIDENCY AGREEMENT

SCHEDULE A

Resident name(s):
Apartment Home #: Apartment Home Style:
Refund Option: Contract Option:

90 days from taking an Apartment Home or sooner when you take keys/move in any item

Contract Date Estimate:

Contract Date Actual:

Occupancy Date (your monthly fee will start):

90 days from taking an Apartment Home or sooner when you take keys/move in any item

Entrance Fee: _____

Deposit(s) Paid: _____

Subtotal Deposits: _____

Entrance Fee Balance Due: _____

Monthly Service Fee:
 Single occupancy fee _____

 Double occupancy fee _____

NOTES:
Dining Plan Options

Single occupant

Plan A:	\$660 <i>included</i> in monthly fee
Plan B:	\$550 <i>included</i> in monthly fee plus a \$35 credit each month
Plan C:	\$440 <i>included</i> in monthly fee plus a \$70 credit each month

Double occupants

Plan A:	\$1320 <i>included</i> in monthly fee
Plan B:	\$1100 <i>included</i> in monthly fee plus a \$70 credit each month
Plan C:	\$880 <i>included</i> in monthly fee plus a \$140 credit each month

Duncaster CEO/President

Resident

 Print Name:

 Print Name:

Ancillary Pricing Rates

Ancillary Clinical Services

Physical, Occupational, and Speech Therapy (insurance billed)	Billed to Insurance (may have a copay)
Physical, Occupational, Speech Therapy (Private Pay)	\$ 50.00 per 15 minutes
Massage	Paid Directly to Provider
Podiatry Optometry Examination Audiology Examination and Hearing Aid Fittings Blood Draw	Billed by Provider
Dietitian	\$100.00 per session Paid Directly to Provider

Transportation

Medical Transportation:

Available Monday through Friday, 8:00 a.m. – 3:00 p.m.

- Lifecare Residents: Free within 20-mile radius / \$3.00 per mile for each mile beyond 20 miles
- Non-Lifecare Residents: \$3.00 per mile
- Wheelchair van: \$125 per trip
- Aide charge if one is required: \$40 per hour (Caleb aides only)
- Prescription pick-up and vaccination from pharmacy is not considered a medical appointment and will be charged at the non-medical/private rates below.

Non-Medical and Private Transportation:

- Passenger Vehicle (holds 1 – 3 passengers) \$15.00 per hour plus \$3.00/mile
- Van (no wheelchair) (Holds 4 –6 passengers) \$20.00 per hour plus \$3.00/mile
- Wheelchair van (holds up to 3 passengers) \$125.00 flat fee plus \$3.00/mile
(Wheelchair passengers require a CNA to assist)

PRICES AND SERVICES ARE SUBJECT TO CHANGE WITH A 30-DAY WRITTEN NOTICE
(Effective January 1, 2024)




Duncaster
is where to live.

Ancillary Pricing Rates

Resident Services

Trips: Cost Varies		Will be Published in Sign-up Book
Guest Suite		\$150.00 per day
Roll-A-Way Bed:	Daily	\$15.00
	Weekly rate (7 days or more)	\$70.00
	Monthly	\$150.00
Photocopy and Fax per page		\$0.35 (Black and White) for more than 25 \$0.75 (Color) for more than 10
Mail Forwarding Service		\$10.00 per mailing + postage
Notary Public: Commons Building Ext 5111		No Charge
Notary Public: Caleb Hitchcock Ext 2405		No Charge
Carport – Monthly		\$50.00
Carport – Seasonal (Monthly)		\$70.00
Electric Vehicle Charging in Car Port		\$75.00

Technology Services

Desktop support, troubleshooting, training, consultations \$20.00 per 15 minutes

PS Salon & Spa Services (SalonPS.com) Services and Pricing posted in the Salon

Fitness Trainer Services

30/60 minutes for one person	\$45.00 / \$85.00 per session
30/60 minutes for two people	\$65.00 / \$125.00 per session
Good Life Fitness	\$25.00 for 8 sessions per month

PRICES AND SERVICES ARE SUBJECT TO CHANGE WITH A 30-DAY WRITTEN NOTICE
(Effective January 1, 2024)

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Ancillary Pricing Rates

Maintenance and Facility Services

Maintenance services will be provided as part of your monthly fee to include repairs or replacement of appliances, plumbing fixtures, kitchen/bathroom cabinets, flooring, lighting and air conditioners. Personal services may be provided as staffing permits. Examples might include, but not be limited to, the following and will be chargeable.

Television or personal telephone programming Grab bar or towel bar installation Non-emergency call for aid/pendant Artwork/picture hanging Moving furniture and items to/from storage and to/from Turnover & Apartment	\$35.00 per half-hour, per person
Disposal of large items/furniture (includes labor and dumpster fees)	\$500.00 and up
Key Fob Replacement:	\$40.00 per fob
Pendant Replacement	\$200.00 per pendant
Package Deliveries: Monday through Friday from 8:00 am to 4:00 pm only.	\$5.00 per delivery

Housekeeping Services

The environmental services department provides some cleaning as well as heavy duty cleaning every 6 months. Upon request the basic list of services included will be provided. For an additional fee the following services may be requested for a flat fee:

Spot cleaning of carpets Refrigerator cleaning Washing of additional personal bedding (blankets, linens, etc.) Refusal removal of items larger than a shoe box Microwave deep cleaning Stove deep cleaning Emergency response cleaning for burnt food	\$75.00 per service
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PRICES AND SERVICES ARE SUBJECT TO CHANGE WITH A 30-DAY WRITTEN NOTICE
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Ancillary Pricing Rates

Dining Services

Residents – Commons Building	
Box Lunch	\$16.00
Picnics (Labor Day/Memorial Day/4th of July)	\$25.00 (Pricing may vary based on menu / event)
Delivery charge (meal brought to apartment upon request)	\$5.00
Grocery Items	Price as Posted
Guests – Terrace Dining Room and Courtyard Cafe	
Charged based on menu selection	Varies
Catering: consult Culinary Director for pricing	Varies
Guests – Caleb Hitchcock Health Center	
Breakfast Guest	\$13.00
Lite Fare Guest	\$11.50
Lunch Guest	\$21.00
Dinner Guest	\$25.00

In-Home Support Services

Basic Assistance Package	\$650.00 per month
Includes a certified nurses' aide visit one to 2 times per day for task as needed:	
<ol style="list-style-type: none"> 1. Make bed/turn down bed. 2. Support stockings on/off (rinse). 3. 2 safety checks, AM and PM. 4. Daily Assistance with grooming and dressing. 5. Apartment tidying and removal of trash. 6. Laundry – wash & fold. 7. Two showers weekly. 	

PRICES AND SERVICES ARE SUBJECT TO CHANGE WITH A 30-DAY WRITTEN NOTICE
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Ancillary Pricing Rates

In-Home Support Services (Continued)

Medication Management Package	\$350.00 per month
Weekly set up of medications, including: <ol style="list-style-type: none"> 1. Medication cues up to 3 times / day. 2. Medication administration including eye drops, injections, etc. 3. Medication changes. 4. Physician contact for medication related issues/concerns. 5. Updating orders. 	
Combined Basic Assistance Package with Medication Management Package	\$800.00 per month
Nurse Visit for Covid Test, Fall Assessment, Vital Signs Check, Well Visit	\$35.00 per visit
Nurse Assessment for Evaluation of Services Needed	\$60.00 per visit
Other Nurse Service Available Including A La Carte	Call Ext. 5152 for Pricing
Social Worker Services Including Case Management	\$60.00 per hour (30 minutes per month included in monthly fee)
Private Duty Aide, Non-Medical Companion Services	\$22.00 per visit
Bed Making Shower/Bath/Dressing Assistance Apply/remove and Wash Stockings Light Housekeeping Bedmaking, Meal Preparation Other Services as Needed	
Miscellaneous Fees for Residents with LifeCare Agreements	
Caleb Hitchcock and Assisted Living – 2nd and 3rd meals provided	\$25.00 per day
Cedar Memory Care Fee	\$600.00 per month
Dogwood Memory Care Fee	\$450.00 per month

PRICES AND SERVICES ARE SUBJECT TO CHANGE WITH A 30-DAY WRITTEN NOTICE

(Effective January 1, 2024)


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2024 LifeCare Plans

2% Declining Entrance Fee LifeCare Plan*

Apartment Home	Square Footage	Single Occupancy Entrance Fee	Single Occupancy Monthly Fee	Double Occupancy Entrance Fee	Double Occupancy Monthly Fee
Avon/Studio	514	\$95,000	\$3,500	N/A	N/A
Bloomfield/One Bedroom	657/669	\$131,000	\$4,200	\$196,000	\$5,775
Canton/One Bedroom	822	\$189,000	\$4,950	\$254,000	\$6,525
Cheshire/ One Bedroom/Office	837/867	\$230,000	\$5,100	\$295,000	\$6,675
Cornwall/Two Bedroom	986	\$245,000	\$5,400	\$310,000	\$6,975
Farmington/Two Bedroom	1,126	\$299,000	\$6,050	\$364,000	\$7,625
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1171/1241	\$345,000	\$6,450	\$410,000	\$8,025
Hartford/Two Bedroom	1,260	\$361,000	\$7,050	\$426,000	\$8,625
Litchfield/Two Bedroom	1336/1359	\$363,000	\$7,400	\$428,000	\$8,975
Milford/Two Bedroom	1,400	\$410,000	\$8,300	\$475,000	\$9,875
Simsbury/Two Bedroom	1,500	\$420,000	\$8,350	\$485,000	\$9,925
Suffield/Two Bedroom	1,560	\$440,000	\$9,150	\$505,000	\$10,725
Tolland/Two Bedroom w/Den	1,600	\$445,000	\$9,250	\$510,000	\$10,825
Weatogue/Three Bedroom	1,643	\$450,500	\$9,250	\$515,500	\$10,825
Weatogue II/Three Bedroom	1,783	\$475,000	\$9,250	\$540,000	\$10,825
Woodstock	1,993	\$530,000	\$9,950	\$595,000	\$11,525
Woodstock II	2,157	\$560,000	\$9,950	\$625,000	\$11,525

*Entrance fee is refundable in an amount that diminishes 2% per month of occupancy as per Residency Agreement

80% Refundable Entrance Fee LifeCare Plan**

Apartment Home	Square Footage	Single Occupancy Entrance Fee	Single Occupancy Monthly Fee	Double Occupancy Entrance Fee	Double Occupancy Monthly Fee
Avon/Studio	514	\$170,000	\$3,500	N/A	N/A
Bloomfield/One Bedroom	657/669	\$235,000	\$4,200	\$315,000	\$5,775
Canton/One Bedroom	822	\$340,000	\$4,950	\$420,000	\$6,525
Cheshire/ One Bedroom/Office	837/867	\$415,000	\$5,100	\$495,000	\$6,675
Cornwall/Two Bedroom	986	\$445,000	\$5,400	\$525,000	\$6,975
Farmington/Two Bedroom	1,126	\$540,000	\$6,050	\$620,000	\$7,625
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1171/1241	\$610,000	\$6,450	\$690,000	\$8,025
Hartford/Two Bedroom	1,260	\$653,000	\$7,050	\$733,000	\$8,625
Litchfield/Two Bedroom	1336/1359	\$655,000	\$7,400	\$735,000	\$8,975
Milford/Two Bedroom	1,400	\$740,000	\$8,300	\$820,000	\$9,875
Simsbury/Two Bedroom	1,500	\$755,000	\$8,350	\$835,000	\$9,925
Suffield/Two Bedroom	1,560	\$790,000	\$9,150	\$870,000	\$10,725
Tolland/Two Bedroom w/Den	1,600	\$805,000	\$9,250	\$885,000	\$10,825
Weatogue/Three Bedroom	1,643	\$810,000	\$9,250	\$890,000	\$10,825
Weatogue II/Three Bedroom	1,783	\$855,000	\$9,250	\$935,000	\$10,825
Woodstock	1,993	\$955,000	\$9,950	\$1,035,000	\$11,525
Woodstock II	2,157	\$1,010,000	\$9,950	\$1,090,000	\$11,525

**Entrance fee is 80% refundable as per Residency Agreement

Effective through December 31, 2024
Pricing subject to change

TAX DEDUCTIONS: Revenue Ruling 76-481; A portion of the Entrance and Monthly Fee may be considered deductible



2024 Fee for Service

80% Refundable

Apartment Home	Approx Square Footage	Single Occupancy Entrance Fee	Single Occupancy Monthly Fee	Double Occupancy Monthly Fee
Avon/Studio	514	\$105,000	\$1,920	N/A
Bloomfield/One Bedroom	660	\$170,000	\$2,630	\$3,680
Canton/One Bedroom	822	\$275,000	\$3,360	\$4,410
Cheshire/ One Bedroom/Office	840	\$350,000	\$3,520	\$4,570
Cornwall/Two Bedroom	986	\$380,000	\$3,830	\$4,880
Farmington/Two Bedroom	1,126	\$475,000	\$4,460	\$5,510
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1,190	\$545,000	\$4,880	\$5,930
Hartford/Two Bedroom	1,260	\$588,000	\$5,460	\$6,510
Litchfield/Two Bedroom	1,340	\$590,000	\$5,830	\$6,880
Milford/Two Bedroom	1,400	\$675,000	\$6,720	\$7,770
Simsbury/Two Bedroom	1,500	\$690,000	\$6,770	\$7,820
Suffield/Two Bedroom	1,560	\$725,000	\$7,560	\$8,610
Tolland/Two Bedroom w/Den	1,600	\$740,000	\$7,670	\$8,720
Weatogue/Three Bedroom	1,643	\$745,000	\$7,670	\$8,720
WeatogueII/Three Bedroom	1,783	\$790,000	\$7,670	\$8,720
Woodstock	1,993	\$890,000	\$8,560	\$9,610
Woodstock II	2,157	\$945,000	\$8,560	\$9,610

Entrance fee is 80% refundable at any time as per Residency Agreement.

Second Person Entrance Fee = \$15,000

Effective: April 1, 2024
Pricing subject to change

LifeCare On the Go

2% Declining Entrance Fee LifeCare On the Go*

Apartment Home	Square Footage	One Person Entrance Fee	One Person Annual Commitment	Two People Entrance Fee	Two People Annual Commitment
Bloomfield	657/669	\$77,600	\$9,065	\$110,100	\$11,580

*Entrance fee is refundable in an amount that diminishes 2% per month of occupancy as per Residency Agreement

Effective through December 31, 2024
Pricing subject to change

80% Refundable Entrance Fee LifeCare On the Go**

Apartment Home	Square Footage	One Person Entrance Fee	One Person Annual Commitment	Two People Entrance Fee	Two People Annual Commitment
Bloomfield	657/669	\$140,000	\$9,065	\$180,000	\$11,580

**Entrance fee is 80% refundable as per Residency Agreement

Effective through December 31, 2024
Pricing subject to change

Should you decide in the future to move to Duncaster, your entire Entrance Fee will be applied toward your residence.

LifeCare On The Go carries a six (6) month maximum annual stay (all stays are optional).

Two (2) months stay included in Annual Commitment.

Additional months beyond two (2) require payment at time of stay

Each month of stay beyond two (2) is priced at 1/2 the annual commitment

TAX DEDUCTIONS: Revenue Ruling 76-481; A portion of the Entrance and Monthly Fee may be considered deductible

Duncaster Fiscal Year Fee Increases – New Fees Take Effect Annually on January 1

Year	IL – Life Care*	Assisted Living^	Memory Care^	Skilled Nursing^	Life Care on the Go
2002	5.00%				
2003	5.00%				
2004	5.50%				
2005	5.00%				
2006	4.50%	4.50%	4.50%	4.50%	
2007	4.25%	4.25%	4.25%	4.25%	
2008	4.75%	4.75%	4.75%	4.75%	
2009	3.00%	3.00%	3.00%	3.00%	
2010	3.50%	3.50%	3.50%	3.50%	
2011	3.50%	3.50%	3.50%	3.50%	
2012	3.00%	3.00%	3.00%	3.00%	
2013	3.50%	3.50%	3.50%	3.50%	
2014	4.50%	4.50%	4.50%	4.50%	
2015	3.00%	3.00%	3.00%	3.00%	
2016	3.00%	3.00%	3.00%	3.00%	
2017	3.00%	3.00%	3.00%	3.00%	3.00%
2018	3.00%	3.00%	3.00%	3.00%	3.00%
2019	3.00%	3.00%	3.00%	3.00%	3.00%
2020	3.00%	3.00%	3.00%	3.00%	3.00%
2021	3.00%	3.00%	3.00%	3.00%	3.00%
2022	3.50%	3.50%	3.50%	3.50%	3.50%
2023	5.00%	5.00%	5.00%	5.00%	5.00%
2024	5.00%	5.00%	5.00%	5.00%	5.00%
2025	3.00%	3.00%	3.00%	3.00%	3.00%

* - Represents an increase to the monthly fees.

^ - Represents an increase to the daily market rate. Note* -- Skilled Nursing will have a 5.00% increase for any private pay admission for 2025.

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2023 AND 2022



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**DUNCASTER, INC. AND SUBSIDIARY
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INDEPENDENT AUDITORS' REPORT

Boards of Directors
Duncaster, Inc. and The Duncaster Foundation, Inc.
Bloomfield, Connecticut

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Duncaster, Inc. and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and change in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Duncaster, Inc. and Subsidiary as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Duncaster, Inc. and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Duncaster, Inc. and Subsidiary's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Boards of Directors
Duncaster, Inc. and The Duncaster Foundation, Inc.

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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Duncaster, Inc. and Subsidiary'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 Duncaster, Inc. and Subsidiary'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.

Boards of Directors
Duncaster, Inc. and The Duncaster Foundation, Inc.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities and change in net assets as of and for the years ended December 31, 2023 and 2022 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

West Hartford, Connecticut
April 29, 2024

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,464,734	\$ 535,737
Accounts Receivable, Less Allowance for Expected Credit Losses of \$526,440 in 2023 and \$363,584 in 2022	1,598,474	1,245,860
Assets Whose Use is Limited	4,720,332	4,266,238
Prepaid Expenses and Inventories	309,639	338,327
Total Current Assets	8,093,179	6,386,162
 INVESTMENTS	 32,539,104	 32,391,722
 PROPERTY AND EQUIPMENT, NET	 56,122,893	 53,807,015
 INTEREST RATE SWAP BENEFIT	 903,814	 1,115,304
 OTHER ASSETS		
Investment in Risk Retention Group	71,600	71,600
Pledges Receivable, Net	24,999	24,999
Total Other Assets	96,599	96,599
 Total Assets	 \$ 97,755,589	 \$ 93,796,802

See accompanying Notes to Consolidated Financial Statements.

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023 AND 2022

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 1,018,000	\$ 997,000
Current Portion of Revolving Loan	25,000	25,000
Line of Credit	750,000	-
Accounts Payable and Accrued Expenses	2,873,179	2,597,013
Accrued Salaries and Wages	777,995	843,983
Current Portion of Entrance Fee Refunds Payable	3,159,576	3,780,644
Accrued Interest Payable	273,032	274,342
Entrants' Deposits	476,859	454,406
Total Current Liabilities	9,353,641	8,972,388
REVOLVING LOAN, NET OF CURRENT PORTION	-	31,250
LONG-TERM DEBT, NET OF CURRENT PORTION AND DEFERRED COSTS	19,938,929	20,873,291
REFUNDABLE AND NONREFUNDABLE ENTRANCE FEES		
Entrance Fees Refunds Payable, Net of Current Portion	18,865,742	15,533,806
Nonrefundable Fees, Net	22,137,832	21,991,167
Total Refundable and Nonrefundable Entrance Fees	41,003,574	37,524,973
Total Liabilities	70,296,144	67,401,902
NET ASSETS		
Without Donor Restrictions	4,271,744	5,402,977
With Donor Restrictions	23,187,701	20,991,923
Total Net Assets	27,459,445	26,394,900
Total Liabilities and Net Assets	\$ 97,755,589	\$ 93,796,802

See accompanying Notes to Consolidated Financial Statements.

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Operating:		
Revenues and Other Support:		
Resident Service Fee Revenue	\$ 12,481,191	\$ 12,006,130
Health Center Patient Revenue	7,503,524	7,760,554
Amortization of Entrance Fees	4,342,911	4,349,906
Assisted Living Revenue	3,031,393	3,358,413
Investment Income	515,078	277,954
Grant Income	-	558,499
Other Income	977,406	815,332
Gift Income	317,224	384,395
Net Assets Released from Restrictions	1,044,845	1,030,921
Net Revenues and Other Support	30,213,572	30,542,104
Expenses:		
Medical and Other Resident Care	9,713,319	9,383,904
General and Administrative	8,928,452	8,138,494
Buildings and Grounds	4,110,534	4,109,564
Depreciation	4,085,580	3,866,097
Dietary	3,926,367	3,766,075
Housekeeping	1,221,885	1,240,305
Interest	1,028,499	988,362
Total Expenses	33,014,636	31,492,801
Deficit of Revenues Over Expenses - Operating	(2,801,064)	(950,697)
Other Changes in Net Assets Without Donor Restrictions:		
Realized Gain (Loss)	2,743,231	(2,463)
Change in Net Unrealized Loss on Investments	(861,910)	(2,990,157)
Real Estate Tax Settlement	-	1,020,955
Change in Interest Rate Swap Benefit	(211,490)	1,328,914
Total Other Changes in Net Assets Without Donor Restrictions	1,669,831	(642,751)
Decrease in Net Assets Without Donor Restrictions	(1,131,233)	(1,593,448)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Realized Gain (Loss)	(22,911)	174,620
Change in Net Unrealized Gain (Loss) on Investments	2,703,373	(4,919,497)
Investment Income	438,597	576,214
Gift Income	121,564	319,281
Net Assets Released from Restrictions	(1,044,845)	(1,030,921)
Increase (Decrease) in Net Assets With Donor Restrictions	2,195,778	(4,880,303)
CHANGE IN NET ASSETS	1,064,545	(6,473,751)
Net Assets - Beginning of Year	26,394,900	32,868,651
NET ASSETS - END OF YEAR	\$ 27,459,445	\$ 26,394,900

See accompanying Notes to Consolidated Financial Statements.

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,064,545	\$ (6,473,751)
Adjustments to Reconcile Changes in Net Assets		
Provided by Operating Activities:		
Proceeds from Entrance Fees	9,620,396	7,697,500
Refunds of Entrance Fees and Entrance Fee Payable	(2,419,952)	(2,796,389)
Amortization of Entrance Fees	(4,342,911)	(4,349,906)
Depreciation	4,085,580	3,866,097
Provision for Credit Loss and Contractual Allowances	232,971	321,581
Amortization of Deferred Costs	83,638	83,626
Change in Interest Rate Swap Benefit	211,490	(1,328,914)
Change in Net Unrealized (Gain) Loss on Investments	(1,841,463)	7,909,654
Gain on Sale of Property and Equipment	-	(413)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	(585,585)	(403,671)
Prepaid Expenses and Inventories	28,688	148,632
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	1,056,819	(218,834)
Accrued Salaries and Wages	(65,988)	32,951
Accrued Interest Payable	(1,310)	(1,591)
Entrants' Deposits	22,453	81,057
Net Cash Provided by Operating Activities	7,149,371	4,567,629
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(7,182,111)	(6,943,080)
Sale of Property and Equipment	-	4,100
Net Sales (Purchases) of Investments	1,694,081	(384,695)
Net Cash Used by Investing Activities	(5,488,030)	(7,323,675)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(997,000)	(692,000)
Repayment of Revolving Loan	(31,250)	(18,750)
Repayment of Line of Credit	(250,000)	-
Proceeds of Revolving Loan	-	75,000
Proceeds of Line of Credit	1,000,000	-
Payments for Financing Costs	-	(50,018)
Net Cash Used by Financing Activities	(278,250)	(685,768)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,383,091	(3,441,814)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,801,975	8,243,789
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 6,185,066	\$ 4,801,975
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 946,171	\$ 906,327

See accompanying Notes to Consolidated Financial Statements.

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			
	Program Services	Management	Fundraising	Total
Salaries	\$11,776,934	\$ 1,744,918	\$ 114,581	\$13,636,433
Benefits	3,357,551	169,376	17,187	3,544,114
General and Administrative, Supplies, Insurance, and Services	2,791,480	1,833,281	-	4,624,761
Depreciation	3,942,585	142,995	-	4,085,580
Facilities, Utilities, and Maintenance	2,197,885	233,045	-	2,430,930
Dietary Food and Supplies	1,576,877	9,657	-	1,586,534
Medical Supplies and Related Support Costs	959,339	107,468	-	1,066,807
Interest	907,067	121,432	-	1,028,499
Property Taxes	956,822	34,703	-	991,525
Environmental Services and Supplies	18,675	778	-	19,453
Total Expenses	\$28,485,215	\$ 4,397,653	\$ 131,768	\$33,014,636
	2022			
	Program Services	Management	Fundraising	Total
Salaries	\$11,284,348	\$ 1,529,609	\$ 57,513	\$12,871,470
Benefits	3,079,150	144,025	8,627	3,231,802
General and Administrative, Supplies, Insurance, and Services	2,924,761	1,101,979	-	4,026,740
Depreciation	3,730,784	135,313	-	3,866,097
Facilities, Utilities, and Maintenance	2,147,280	269,919	-	2,417,199
Dietary Food and Supplies	1,560,900	10,765	-	1,571,665
Property Taxes	1,237,702	44,891	-	1,282,593
Medical Supplies and Related Support Costs	1,007,212	206,691	-	1,213,903
Interest	922,904	65,458	-	988,362
Environmental Services and Supplies	22,051	919	-	22,970
Total Expenses	\$27,917,092	\$ 3,509,569	\$ 66,140	\$31,492,801

See accompanying Notes to Consolidated Financial Statements.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 ORGANIZATION

Duncaster, Inc. (Duncaster) is a nonprofit, tax-exempt organization located in Bloomfield, Connecticut, which was formed under the Nonstock Corporation Act of the State of Connecticut in December 1980 for the purpose of owning and operating a life-care community that opened in 1984. In 1994, Duncaster formed The Duncaster Foundation, Inc. (the Foundation), a separate legal entity. The purpose of the Foundation is to benefit, assist, and further the corporate purposes of Duncaster. As Duncaster is the sole member of the Foundation, the activities of the Foundation are being consolidated with those of Duncaster (collectively, referred to as the Organization) in the accompanying consolidated financial statements. All intercompany activity has been eliminated in the accompanying consolidated financial statements.

Duncaster consisted of 60 skilled nursing beds, 24 assisted living memory care rooms and 19 social assisted living apartments as of December 31, 2023 and 2022. Duncaster also consisted of 187 and 190 independent living units as of December 31, 2023 and 2022, respectively.

	Average for the Years Ended		As of	
	12/31/23	12/31/22	12/31/23	12/31/22
Independent Living	86%	86%	88%	87%
Skilled Nursing Care	86	84	83	82
Assisted Living	83	89	86	85

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Organization, the accounts are maintained on the accrual basis of accounting and, accordingly, the accounts of the Organization are reported in the following net asset categories:

Net Assets Without Donor Restrictions – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the boards of directors.

Net Assets With Donor Restrictions – Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure and also include accumulated investment income and gains on donor-restricted endowment assets that have not been appropriated for expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Organization to expend the income earned thereon.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standards

At the beginning of 2023, the Organization adopted the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modified the measurement of expected credit losses. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Organization's consolidated financial statements but did change how the allowance for credit losses is determined.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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. It is management's opinion that the estimates applied in the accompanying consolidated financial statements are reasonable. However, actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all short-term, highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents. The Organization maintains its cash, cash equivalents, and restricted cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization believes it is not exposed to any significant credit risk on cash, cash equivalents, and restricted cash.

Accounts Receivable and Allowance for Expected Credit Losses

Accounts receivable are considered delinquent and written off when all attempts to collect from individuals or other payor sources have been exhausted. Management maintains an allowance for expected credit losses that is based on a review of significant balances and past experience. The Organization extends credit to residents without requiring collateral. Accounts receivable are net of allowance for expected credit losses of \$526,440 and \$363,584 as of December 31, 2023 and 2022, respectively.

Assets Whose Use is Limited

Assets Whose Use is Limited include assets held by trustees under bond agreements of \$1,529,355 and \$1,494,384 as of December 31, 2023 and 2022, respectively, and assets restricted as to use by the state of Connecticut of \$3,190,977 and \$2,771,854 as of December 31, 2023 and 2022, respectively.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment are recorded at cost. The Organization provides for depreciation using the straight-line method over the estimated useful lives of the various assets as follows:

Land Improvements	5 to 25 Years
Buildings and Improvements	5 to 35 Years
Furniture, Fixtures, and Equipment	3 to 25 Years
Carports	15 Years
Vehicles	3 to 5 Years

Maintenance, repairs, and renewals are charged to expense as incurred. Expenditures in excess of \$1,000 for major renewals and betterments are capitalized. The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the accompanying consolidated statements of financial position with realized and unrealized gains and losses on these investments included in the accompanying consolidated statements of activities and change in net assets as increases or decreases in net assets without donor restrictions, unless the gains and losses apply to endowment assets. The Organization recognized net unrealized gains on investments of \$1,841,463 in 2023 and net unrealized losses on investments of \$(7,909,654) in 2022.

The Organization has adopted a policy of reviewing all specific investments that have been below cost by at least 25% for at least nine months. Unless specific evidence exists to the contrary, the cost of these investments is reduced to the fair value at year-end. There were no reductions to the cost of investments in 2023 or 2022.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interest Rate Swap Agreements

In connection with the 2020 Series Revenue Refunding Bonds, the Organization entered into a swap agreement with People's Bank with a notional amount of \$12,270,000 to fix the variable rate debt at 2.25%. The agreement meets the criteria necessary to qualify as an effective hedge, and the Organization has reflected the swap agreement in the accompanying consolidated financial statements at the current market value based on the bank's floating interest rate in effect at December 31, 2023 and 2022 as compared to the fixed rate. The resulting change in the fair value of the swap agreement of \$(211,490) and \$1,328,914 for the years ended December 31, 2023 and 2022, respectively, is reflected in the accompanying consolidated statements of activities and change in net assets as change in interest rate swap benefit. See Note 7 for further information.

Contributions

In accordance with accounting principles generally accepted in the United States of America, certain governmental grants and contracts received by a nonprofit, including certain awards to fund capital expenditures, are generally considered to be contributions rather than exchange transactions, since there was not commensurate value transferred between the resource provider and the Organization. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets exists) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

The Organization reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying consolidated statements of activities and change in net assets as net assets released from restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying consolidated statements of financial position. Contributions receivable expected to be collected in more than one year are discounted to their present value.

Deferred Costs

Deferred costs represent costs incurred in connection with the issuance of the bonds and are being amortized over the term of the bonds. Deferred costs are presented as a direct deduction of the carrying amount of the debt. Amortization of debt issuance costs is included in interest expense.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization recognizes revenue at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for transferring goods or services to its customers using the following five-step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the Organization satisfies a performance obligation

See Note 11 for details on how the above five-step process is applied to the Organization's contracts with customers.

Lighting Incentive

The Organization installed energy-efficient lighting with a cost of \$215,267, of which \$86,107 was paid directly by the Organization and \$129,160 was paid out of a trust managed by a utility company. The Organization has capitalized the full cost of the energy-efficient lighting and has recognized it as a deferred gain, which is included in accrued expenses in the amounts of \$78,932 and \$86,107 as of December 31, 2023 and 2022, respectively. The deferred gain will be recognized as other income on a straight-line basis over the useful life of the lighting fixtures.

Property Tax Settlement

During 2022, the Organization settled a property tax disagreement with a local municipality that resulted in a refund of certain prior years' tax amounts. This amount has been included as Real Estate Tax Settlement on the accompanying consolidated statements of activities and changes in net assets.

Operating Measure

The Organization includes revenues and expenses from healthcare services, grants, and gifts to support health care services, and investment income in its operating measure on the accompanying consolidated statements of activities and changes in net assets.

Required Reserve

The State of Connecticut Department of Social Services (DSS) monitors Connecticut retirement communities and their compliance with existing state regulations. Among other things, DSS requires that retirement communities maintain an operating reserve equal to approximately one month's cash operating costs. Duncaster maintained an adequate operating reserve at estimated amounts as of December 31, 2023 and 2022, which are included within Assets Whose Use is Limited.

**DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been reported on a functional basis in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management based on appropriate statistics.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and Benefits	Full-Time Equivalents
Utilities, Facilities, and Environmental Services	Square Footage
Interest, Amortization, and Depreciation	Square Footage
General and Administrative	Census

Income Taxes

Duncaster and the Foundation are nonprofit organizations described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes pursuant to Section 501(a) of the IRC.

Novel Coronavirus Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus to be a public health emergency. As a result of the spread of coronavirus, economic uncertainties have arisen which have resulted in a significant impact on the Organization's operations and significant volatility in the investment markets. The duration of the uncertainties around the coronavirus and the ultimate financial effects cannot be reasonably estimated at this time.

During the year ended December 31, 2022, the Organization received grant proceeds through the Provider Relief Program (PRF) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act of \$558,499. The Organization recognized revenue under the programs of approximately \$558,499, respectively, during the year ended December 31, 2022, as included in grant income on the consolidated statements of activities and changes in net assets.

Reclassifications

Certain amounts in the prior year consolidated financial statements have been reclassified to conform to the current year presentation.

Subsequent Events

In preparing these consolidated financial statements, management has evaluated subsequent events through April 29, 2024, which represents the date the consolidated financial statements were available to be issued.

**DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

NOTE 3 CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,464,734	\$ 535,737
Assets Whose Use is Limited	<u>4,720,332</u>	<u>4,266,238</u>
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidated Statements of Cash Flows	<u>\$ 6,185,066</u>	<u>\$ 4,801,975</u>

Amounts included in Assets Whose Use is Limited represent assets held by trustees in bond agreements and entrance fee amounts temporarily restricted by the state of Connecticut.

NOTE 4 RESIDENCY AGREEMENT

In consideration for the resident's payment of an entrance fee upon occupancy, Duncaster agrees to furnish to the resident an independent living unit in the community for his or her personal occupancy for the remainder of the resident's life, unless sooner terminated under the provisions of the residency agreement.

Duncaster offers two plan types, a declining refund plan and a termination refund plan. Within each plan type, various options exist related to the period of refund decline, the percentage of termination refund, and the level of services provided.

All plans require an entrance fee. These entrance fees are allocated to a refundable and nonrefundable portion depending on the type of contract option that was selected.

In a declining refund plan, the resident's refund of the initial entrance fee declines over a set period of months based upon contractual agreements. In a termination refund plan, a percentage of the initial entrance fee is refunded to the resident upon moveout or the resident's estate upon death based on the contractual agreement.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 4 RESIDENCY AGREEMENT (CONTINUED)

As of December 31, 2023 and 2022, the numbers of each residency agreement in place are summarized as follows (includes agreements for residents in both independent living and skilled care):

	Declining Refund Plan		Termination of Refund Plan	
	1%	2%	67%	80%
2023	2	143	2	73
2022	2	150	2	67

For the duration of the resident’s lifetime or until termination of the residency agreement, Duncaster agrees to furnish to the resident one meal per day in the dining room, utility services, medical facilities, use of the common areas and facilities, and other personal services according to the terms and conditions of the applicable agreement. In return, the resident agrees to pay Duncaster a monthly service fee. This fee may be increased at the sole discretion of Duncaster with 30 days’ written notice.

Duncaster provides medical facilities and skilled nursing care in the on-site health center. Costs incurred in providing skilled nursing care are paid for by the residents through the continuing payment of the monthly service fee per the applicable agreement. Nonlife care agreement holders pay for skilled nursing services based upon established per diem rates.

Annually, Duncaster’s outside actuaries estimate the net cost of future services and use of facilities to be provided to current residents and compare that amount with the estimated future net cash inflows. Should the net cost of future services and use of facilities exceed the estimated future net cash inflows, a liability will be recorded with a corresponding charge to income. As of December 31, 2023 and 2022, no obligation was recorded.

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 – Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and the Organization has the ability to redeem the asset or liability in the near term subsequent to the measurement date.

Level 3 – Unobservable inputs are used to measure the fair value to the extent that observable inputs are not available, and the Organization does not have the ability to redeem the asset or liability in the near term subsequent to the measurement date.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value (NAV). The fair value of these investments is not included in the fair value hierarchy.

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies and investment strategies used for financial instruments measured at fair value:

Cash and Cash Equivalents: Cash, money market funds, and certificates of deposit with maturities of less than 90 days are valued at the closing price reported in the active market in which the securities are traded.

Fixed Income: Fixed income investments may have fixed or variable current income components. These investments are valued using quoted market prices in an active market in which the securities are traded.

Equity: Equity funds are valued at the quoted price of shares reported in the active market in which the funds are traded.

Alternative Investments: Interests in investment partnerships are valued using NAVs as determined by the investment manager of the fund in conjunction with the fund's third-party administrator. This NAV is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date.

Interest Rate Swaps: Interest rate swaps are valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers, or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rates, assumptions for nonperformance risk, and correlations of such inputs. Interest rate swap agreements have inputs that can generally be corroborated by market data and are, therefore, classified as Level 2.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial Instruments Measured at Fair Value (Continued)

There have been no changes in the methodologies used at December 31, 2023 and 2022.

The following is a summary of the source of fair value measurements for assets and liabilities that are measured at fair value as of December 31:

Description	2023			Assets Measured at NAV (a)	Total
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3		
Assets:					
Investments:					
Cash and Cash Equivalents	\$ 4,605,575	\$ -	\$ -	\$ -	\$ 4,605,575
Fixed Income Investments	6,974,742	-	-	-	6,974,742
Equity Investments	20,901,963	-	-	-	20,901,963
Alternative Investments	-	-	-	56,824	56,824
Total Investments	32,482,280	-	-	56,824	32,539,104
Interest Rate Swap Benefit	-	903,814	-	-	903,814
Less: Cash and Cash Equivalents	4,605,575	-	-	-	4,605,575
Total Assets Measured at Fair Value	\$ 27,876,705	\$ 903,814	\$ -	\$ 56,824	\$ 28,837,343
Description	2022			Assets Measured at NAV (a)	Total
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3		
Assets:					
Investments:					
Cash and Cash Equivalents	\$ 128,442	\$ -	\$ -	\$ -	\$ 128,442
Fixed Income Investments	4,807,040	-	-	-	4,807,040
Equity Investments	27,385,237	-	-	-	27,385,237
Alternative Investments	-	-	-	71,003	71,003
Total Investments	32,320,719	-	-	71,003	32,391,722
Interest Rate Swap Benefit	-	1,115,304	-	-	1,115,304
Less: Cash and Cash Equivalents	128,442	-	-	-	128,442
Total Assets Measured at Fair Value	\$ 32,192,277	\$ 1,115,304	\$ -	\$ 71,003	\$ 33,378,584

- (a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

There were no unfunded commitments for investments measured at NAV at December 31, 2023 and 2022.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment at cost consists of the following as of December 31:

	2023	2022
Land and Improvements	\$ 6,288,374	\$ 6,121,239
Buildings and Improvements	121,445,153	117,293,470
Furniture, Fixtures, and Equipment	5,438,331	5,106,514
Carports	515,151	505,501
Vehicles	498,072	494,984
Subtotal	<u>134,185,081</u>	<u>129,521,708</u>
Less: Accumulated Depreciation	81,105,353	77,048,783
Subtotal	<u>53,079,728</u>	<u>52,472,925</u>
Construction in Progress	3,043,165	1,334,090
Net Property and Equipment	<u>\$ 56,122,893</u>	<u>\$ 53,807,015</u>

Depreciation expense totaled \$4,085,580 and \$3,866,097 for the years ended December 31, 2023 and 2022, respectively.

Construction in Progress

Duncaster is currently planning an expansion of its independent living units. As of December 31, 2023 and 2022, the expansion project is in early phases and represents approximately \$2,780,000 and \$347,000, respectively, of construction in progress. Other projects as of December 31, 2023 and 2022 include roofing and room repairs of approximately \$81,000 and \$373,000, respectively, and general room renovations of approximately \$30,000 and \$607,000, respectively. There are no current commitments or contingencies related to the projects.

NOTE 7 LONG-TERM DEBT

Long-term debt consists of the following as of December 31:

<u>Description</u>	2023	2022
2020 Revenue Refunding Bonds:		
Series 2020- variable rate debt due December 1, 2032 fixed via a swap agreement at 2.25% through December 1, 2032	\$ 9,929,000	\$ 10,926,000
2014 Revenue Refunding Bond:		
Series 2014 - 5% term bond due 2025 to 2044	12,000,000	12,000,000
Subtotal	<u>21,929,000</u>	<u>22,926,000</u>
Less: Unamortized Debt Issuance Costs	(972,071)	(1,055,709)
Less: Current Portion	<u>(1,018,000)</u>	<u>(997,000)</u>
Long-Term Debt, Net of Current Portion and Unamortized Debt Issuance Costs	<u>\$ 19,938,929</u>	<u>\$ 20,873,291</u>

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 7 LONG-TERM DEBT (CONTINUED)

Principal payments on the Series 2020 Bonds and Series 2014 Bonds for the next five years and thereafter are as follows:

<u>Year Ending December 31,</u>	<u>Series 2020</u>	<u>Series 2014</u>	<u>Total</u>
2024	\$ 1,018,000	\$ -	\$ 1,018,000
2025	1,041,000	-	1,041,000
2026	1,067,000	100,000	1,167,000
2027	1,087,000	100,000	1,187,000
2028	1,117,000	100,000	1,217,000
Thereafter	4,599,000	11,700,000	16,299,000
Total	<u>\$ 9,929,000</u>	<u>\$ 12,000,000</u>	<u>\$ 21,929,000</u>

Under the Series 2020 and Series 2014 Bond Agreements, the Organization is required to maintain certain reserve funds as follows:

Debt Service Fund – Duncaster is required to maintain a debt service fund into which monthly deposits must be made in order to fund principal and interest payments on the portion of the bonds as they come due. As of December 31, 2023, there was \$1,529,355 within this fund.

The fund makes up the Assets Whose Use is Limited under bond agreements in Note 2.

Under state law, the Organization is required to maintain certain reserve funds as follows:

Operation and Maintenance Account – Duncaster is required to maintain one month’s budgeted operating expenses in this account as described in Note 2.

Entry Fee Proceeds Account – Duncaster is required to deposit all entrance fees into the entry fee proceeds account as received. Upon the later of the expiration of the applicable statutory rights of the purchaser to rescind (30 days) or the date of occupancy, the balance in the account is available for operations.

The reserve funds are all included within Assets Whose Use is Limited on the consolidated statements of financial position.

The 2020 and 2014 Bond Agreements require the Organization to comply with certain financial and nonfinancial covenants.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 8 REVOLVING LOAN

In January 2022, the Organization entered into an agreement with the State of Connecticut Health and Educational Facilities Authority (CHEFA) for a revolving loan of \$75,000. The revolving loan is due January 14, 2025 and has a 0% interest rate. The revolving loan is collateralized by the Organization's business assets. As of December 31, 2023 and 2022, the outstanding balance is \$25,000 and \$56,250, respectively.

Principal payments on the Revolving Loan are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2024	<u>\$ 25,000</u>
Total	<u>\$ 25,000</u>

NOTE 9 LINE OF CREDIT

In January 2022, the Organization entered into an agreement with M&T Bank for a line of credit of \$2,000,000. Interest accrues at the prime rate. The line of credit is collateralized by the Organization's business assets. The outstanding balance is \$750,000 and \$-0- as of December 31, 2023 and 2022, respectively.

NOTE 10 DEFERRED GAIN ON SALE OF ASSET

Deferred gain on sale of asset represents the gain from land that Duncaster sold to the Foundation for \$1,000,000. The gain of \$706,641 is the difference between the sale price and the net book value of the land when it was sold. As the Foundation is a related party, recognition of the gain is not permitted. This gain is eliminated in consolidation.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 11 REVENUE FROM CONTRACTS WITH CUSTOMERS

Performance Obligations

At contract inception, the Organization assessed the services promised in its contracts with customers and identifies a performance obligation for each promise to transfer to the customer a service (or bundle of services) that is distinct. To identify the performance obligations, the Organization considers all of the services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility(ies) receiving skilled nursing services or residents receiving services in the facility(ies). The Organization measures the performance obligation from admission into the facility to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge. The Organization determined that the following distinct services represent separate performance obligations:

- Resident Service Revenue
- Health Center Patient Revenue
- Assisted Living Services Revenue

The Organization's specific revenue recognition policies are as follows:

Resident Service Revenue

Under the Organization's independent living agreements, the Organization provides senior living services to residents for a stated monthly service fee. Resident agreements are for a term of 30 days, with options. Revenue is recognized on a monthly basis upon the provision of the related service.

The Organization's independent living agreements require the resident to pay an upfront entrance fee prior to moving into the community, which is partially refundable in certain circumstances. The nonrefundable portion of the entrance fee is recorded as deferred revenue and amortized over the estimated actuarial life of the resident. This amount is considered a contract liability under Accounting Standards Codification (ASC) 606. The refundable portion of a resident's entrance fee is recorded as a liability and refundable upon the resale and re-occupancy of the unit. The refundable portion of the fee is not amortized and is included in refundable entrance fees. The refundable portion of the entrance fees is not considered part of contract liabilities under ASC 606.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 11 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Performance Obligations (Continued)

Health Center Patient Revenue

The Organization recognizes health center patient revenue at estimated net realizable amounts from patients, third-party payors, and others for services rendered on a per diem basis. Rates charged for health center services rendered, other than private-pay patients and third-party payors, are regulated by Medicare. Duncaster does not participate in the Medicaid program. Revenue under certain third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement. Changes in estimates of prior year settlements were not significant in 2023 or 2022. Management believes that all applicable government reimbursement principles have been properly applied and that no material adjustments will occur as result of an audit.

Laws and regulations governing the Medicare program are complex and subject to interpretation. Management believes that the Organization is in compliance with the licensure, accreditation, government healthcare program participation requirements, and other Medicare fraud and abuse legislation, and with other government regulatory and statutory laws and provisions. While no material regulatory inquiries have been initiated by government agencies, compliance with such laws and regulations can be subject to future government review and can lead to other new statutory and regulatory interpretations, as well as other regulatory actions unknown or unasserted at this time. The healthcare 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, government healthcare program participation requirements (which are a precondition to the receipt of reimbursement for patient services), the Medicare False Claims Act, the Stark Anti-Referral Act, the Anti-Kickback legislation, and other Medicare fraud and abuse legislation. Government activity has increased with respect to investigations that have led to allegations concerning possible violations by healthcare providers of those statutes and regulations. Violations of those laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as the imposition of significant obligations on the part of the provider to repay patient services previously illegally billed and received.

Assisted Living Services Revenue

Under the assisted living agreements, the Organization provides senior living services to residents for a stated daily service fee for private-pay patients. The Organization's assisted living agreements are for a term of 30 days, with resident fees billed monthly for room and board. Residents are charged on a fee schedule for any additional ancillary services. Revenue is recognized on a monthly basis for room and board fees and a daily basis for ancillary services provided.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 11 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

Performance Obligations (Continued)

Other Income

Other income represents revenue from services from amenities and convenience services provided to residents and guests. This revenue is recognized on a daily basis upon the provision of the respective service.

The Organization has elected the practical expedient under ASC 606 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component, due to the Organization'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 payor pays for that service will be one year or less. However, the Organization does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Organization has applied the practical expedient provided by ASC 340-40-25-4, and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Organization otherwise would have recognized is one year or less in duration.

The composition of resident and patient care revenues by primary payor for the years ended December 31, 2023 and 2022 are as follows:

	Resident Service Fee Revenue		Health Center Patient Revenue		Assisted Living Revenue	
	2023	2022	2023	2022	2023	2022
Lifecare Residents	\$ 2,481,191	\$ 2,006,130	\$ 1,690,195	\$ 1,343,149	\$ 1,230,192	\$ 1,506,072
Private	-	-	2,990,162	2,833,161	1,801,201	1,852,341
Medicare	-	-	2,514,308	3,064,127	-	-
Other Third-Party Payors	-	-	308,869	520,117	-	-
Total	\$ 2,481,191	\$ 2,006,130	\$ 7,503,524	\$ 7,760,554	\$ 3,031,393	\$ 3,358,413

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 12 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditure are as follows:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 1,464,734	\$ 535,737
Investments	32,539,104	32,391,722
Accounts Receivable, Net	1,598,474	1,245,860
Assets Whose Use is Limited	<u>4,720,332</u>	<u>4,266,238</u>
Total Financial Assets Available Within One Year	40,322,644	38,439,557
Less: Amounts Unavailable for General Expenditures		
Within One Year, Due to:		
Assets Whose Use is Limited	(4,720,332)	(4,266,238)
Restricted by Donors With Purpose Restrictions	(10,702,353)	(8,544,929)
Restricted by Donors in Perpetuity	<u>(12,485,348)</u>	<u>(12,446,994)</u>
Total Amounts Unavailable for General Expenditure		
Within One Year	<u>(27,908,033)</u>	<u>(25,258,161)</u>
 Total Financial Assets Available to Management for General Expenditures Within One Year	 <u>\$ 12,414,611</u>	 <u>\$ 13,181,396</u>

Liquidity Management

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 13 NET ASSETS

Net Assets With Donor Restrictions

The following is the composition of the Organization's net assets with donor restrictions at December 31:

	<u>2023</u>	<u>2022</u>
Restricted in Perpetuity:	\$ 12,485,348	\$ 12,446,994
Other Net Assets With Donor Restrictions:		
Resident Assistance Fund	1,041,140	860,126
Employees	11,456	2,858
Other Initiatives	3,246,787	2,962,510
Capital Projects Fund	3,735	3,735
Endowment Investment Returns	<u>6,399,235</u>	<u>4,715,700</u>
Total	<u>\$ 23,187,701</u>	<u>\$ 20,991,923</u>

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 NET ASSETS (CONTINUED)

Net Assets With Donor Restrictions (Continued)

Net assets with donor restrictions were released from restrictions by incurring expenses satisfying the following purpose or time restrictions:

	2023	2022
Resident Assistance Fund	\$ 48,287	\$ 123,357
Employees	137,154	95,000
Other Initiatives	176,733	187,853
Appropriation of Endowment Assets for Expenditure	682,671	624,711
Total Net Assets Released	<u>\$ 1,044,845</u>	<u>\$ 1,030,921</u>

Endowment

The Organization's endowment is held by the Foundation and consists of numerous funds established for a variety of purposes, mainly designated by donor restrictions. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The board of directors of the Foundation has interpreted the Connecticut Prudent Management of Institutional Funds Act (CTPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanent endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by CTPMIFA. In accordance with CTPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (a) the duration and preservation of the fund; (b) the purposes of the Foundation and the donor-restricted endowment fund; (c) general economic conditions; (d) the possible effect of inflation and deflation; (e) the expected total return from income and the appreciation of investments; (f) other resources of the Foundation; and (g) the investment policies of the Foundation.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 NET ASSETS (CONTINUED)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to diversify the assets in order to reduce the risk of wide swings in market value from year to year or of incurring large losses that could occur from concentrated positions while achieving results over the long term that compare favorably with those of other endowments and foundations, professionally managed portfolios, and other appropriate indexes. Actual returns in any given year may vary.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide an expected stream of funding to programs supported by its endowment. Annual spending from Foundation funds, including distributions to support operations, is limited to an amount up to but not in excess of 5% of the average market value of the prior five years, measured as a percentage of the total of the endowment fund. Funds that are restricted to certain uses pursuant to donor stipulation are subject to appropriation and expenditure for the relevant specified uses. Upon appropriation of net assets, the funds appropriated are classified as unrestricted pending their expenditure.

Endowment Net Assets

Endowment net asset composition by type of fund as of December 31, 2023 and 2022 is as follows:

	<u>With Donor Restrictions</u>	
	<u>2023</u>	<u>2022</u>
Donor-Restricted Endowment Funds:		
Original Donor-Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	\$ 12,485,348	\$ 12,446,994
Endowment Investment Returns	6,399,235	4,715,700
Total	<u>\$ 18,884,583</u>	<u>\$ 17,162,694</u>

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 13 NET ASSETS (CONTINUED)

Endowment Net Assets (Continued)

Changes in endowment investments for the years ended December 31, 2023 and 2022 are as follows:

	<u>With Donor Restrictions</u>
Endowment - December 31, 2021	\$ 20,923,351
Investment Losses	(3,165,928)
Contributions	29,983
Appropriation of Endowment Assets for Expenditure	<u>(624,712)</u>
Endowment - December 31, 2022	17,162,694
Investment Gains	2,366,206
Contributions	38,354
Appropriation of Endowment Assets for Expenditure	<u>(682,671)</u>
Endowment - December 31, 2023	<u>\$ 18,884,583</u>

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted CTPMIFA to permit spending from underwater endowments in accordance with prudence measures required under law. There were no such deficiencies as of December 31, 2023 and 2022.

NOTE 14 PENSION PLAN

The Organization adopted a 401(k) plan on April 1, 2010. The 401(k) plan covers all employees who meet the plan's eligibility requirements. Eligibility requirements are defined as attainment of age 21, 1 year of service, and 1,000 hours worked during that year. Terminated employees will not receive a profit sharing contribution. Under the plan, employees who meet the age requirements can make contributions pursuant to a salary reduction program. The Organization will make a discretionary matching contribution equal to a uniform percentage of the salary deferral to employees who meet the length of service and age requirements. For the years ended December 31, 2023 and 2022, the Organization made a matching contribution of \$.50 for each dollar contributed to the plan by employees, up to the first 4% of their salary. The Organization may also elect to make a discretionary profit sharing contribution. Employees are 100% vested in their own contributions to the plan. Employees will become vested in any contribution Duncaster makes over a five-year vesting period.

Pension expense for the plans for the years ended December 31, 2023 and 2022 was \$345,461 and \$451,038, respectively.

DUNCASTER, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 15 HEALTH CARE INDUSTRY

Regulatory Environment

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, government healthcare program participation requirements, reimbursement for patient services, and Medicare fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Organization is in compliance with fraud and abuse regulations as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, 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.

NOTE 16 NONCASH OPERATING AND INVESTING ACTIVITIES

During the years ended December 31, 2023 and 2022, the Organization purchased property and equipment for \$281,967 and \$1,062,620, respectively, by incurring accounts payable for the same amount.

NOTE 17 CONTINGENCY

The Organization is occasionally party to asserted and unasserted claims arising from the course of operations. Management is of the opinion that the outcome of any such claims will not have a material impact on the Organization's financial position or results of operations or cash flows.

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>Duncaster, Inc.</u>	<u>The Duncaster Foundation, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 1,464,734	\$ -	\$ -	\$ 1,464,734
Accounts Receivable, Net	1,598,474	-	-	1,598,474
Assets Whose Use is Limited	4,720,332	-	-	4,720,332
Due from Foundation	668,935	-	(668,935)	-
Prepaid Expenses and Inventories	309,639	-	-	309,639
Total Current Assets	8,762,114	-	(668,935)	8,093,179
INVESTMENTS	10,234,353	22,304,751	-	32,539,104
PROPERTY AND EQUIPMENT, NET	55,430,786	1,398,748	(706,641)	56,122,893
INTEREST RATE SWAP BENEFIT	903,814	-	-	903,814
OTHER ASSETS				
Investment in Risk Retention Group	71,600	-	-	71,600
Pledges Receivable, Net	-	24,999	-	24,999
Total Other Assets	71,600	24,999	-	96,599
Total Assets	\$ 75,402,667	\$ 23,728,498	\$ (1,375,576)	\$ 97,755,589

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	<u>Duncaster, Inc.</u>	<u>The Duncaster Foundation, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ 1,018,000	\$ -	\$ -	\$ 1,018,000
Current Portion of Revolving Loan	25,000	-	-	25,000
Line of Credit	750,000	-	-	750,000
Accounts Payable and Accrued Expenses	2,873,179	-	-	2,873,179
Accrued Salaries and Wages	777,995	-	-	777,995
Due to Duncaster	-	668,935	(668,935)	-
Entrance Fee Refunds Payable	3,159,576	-	-	3,159,576
Accrued Interest Payable	273,032	-	-	273,032
Entrants' Deposits	476,859	-	-	476,859
Total Current Liabilities	<u>9,353,641</u>	<u>668,935</u>	<u>(668,935)</u>	<u>9,353,641</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	19,938,929	-	-	19,938,929
DEFERRED GAIN ON SALE OF ASSET	706,641	-	(706,641)	-
REFUNDABLE AND NONREFUNDABLE				
ENTRANCE FEES				
Entrance Fees Refunds Payable, Net of				
Current Portion	18,865,742	-	-	18,865,742
Nonrefundable Fees, Net	22,137,832	-	-	22,137,832
Total Refundable and Nonrefundable Entrance Fees	<u>41,003,574</u>	<u>-</u>	<u>-</u>	<u>41,003,574</u>
Total Liabilities	71,002,785	668,935	(1,375,576)	70,296,144
NET ASSETS				
Without Donor Restrictions	4,399,882	(128,138)	-	4,271,744
With Donor Restrictions	-	23,187,701	-	23,187,701
Total Net Assets	<u>4,399,882</u>	<u>23,059,563</u>	<u>-</u>	<u>27,459,445</u>
Total Liabilities and Net Assets	<u>\$ 75,402,667</u>	<u>\$ 23,728,498</u>	<u>\$ (1,375,576)</u>	<u>\$ 97,755,589</u>

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>Duncaster, Inc.</u>	<u>The Duncaster Foundation, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 535,737	\$ -	\$ -	\$ 535,737
Accounts Receivable, Net	1,245,860	-	-	1,245,860
Assets Whose Use is Limited	4,266,238	-	-	4,266,238
Due from Foundation	473,176	-	(473,176)	-
Prepaid Expenses and Inventories	338,327	-	-	338,327
Total Current Assets	<u>6,859,338</u>	<u>-</u>	<u>(473,176)</u>	<u>6,386,162</u>
INVESTMENTS	12,380,981	20,010,741	-	32,391,722
PROPERTY AND EQUIPMENT, NET	53,114,908	1,398,748	(706,641)	53,807,015
INTEREST RATE SWAP BENEFIT	1,115,304	-	-	1,115,304
OTHER ASSETS				
Investment in Risk Retention Group	71,600	-	-	71,600
Pledges Receivable, Net	-	24,999	-	24,999
Total Other Assets	<u>71,600</u>	<u>24,999</u>	<u>-</u>	<u>96,599</u>
Total Assets	<u>\$ 73,542,131</u>	<u>\$ 21,434,488</u>	<u>\$ (1,179,817)</u>	<u>\$ 93,796,802</u>

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS	<u>Duncaster, Inc.</u>	<u>The Duncaster Foundation, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ 997,000	\$ -	\$ -	\$ 997,000
Current Portion of Revolving Loan	25,000	-	-	25,000
Accounts Payable and Accrued Expenses	2,597,013	-	-	2,597,013
Accrued Salaries and Wages	843,983	-	-	843,983
Due to Duncaster	-	473,176	(473,176)	-
Entrance Fee Refunds Payable	3,780,644	-	-	3,780,644
Accrued Interest Payable	274,342	-	-	274,342
Entrants' Deposits	454,406	-	-	454,406
Total Current Liabilities	<u>8,972,388</u>	<u>473,176</u>	<u>(473,176)</u>	<u>8,972,388</u>
REVOLVING LOAN, NET OF CURRENT PORTION	31,250	-	-	31,250
LONG-TERM DEBT, NET OF CURRENT PORTION	20,873,291	-	-	20,873,291
DEFERRED GAIN ON SALE OF ASSET	706,641	-	(706,641)	-
REFUNDABLE AND NONREFUNDABLE ENTRANCE FEES				
Entrance Fees Refunds Payable, Net of Current Portion	15,533,806	-	-	15,533,806
Nonrefundable Fees, Net	21,991,167	-	-	21,991,167
Total Refundable and Nonrefundable Entrance Fees	<u>37,524,973</u>	<u>-</u>	<u>-</u>	<u>37,524,973</u>
Total Liabilities	68,108,543	473,176	(1,179,817)	67,401,902
NET ASSETS				
Without Donor Restrictions	5,433,588	(30,611)	-	5,402,977
With Donor Restrictions	-	20,991,923	-	20,991,923
Total Net Assets	<u>5,433,588</u>	<u>20,961,312</u>	<u>-</u>	<u>26,394,900</u>
Total Liabilities and Net Assets	<u>\$ 73,542,131</u>	<u>\$ 21,434,488</u>	<u>\$ (1,179,817)</u>	<u>\$ 93,796,802</u>

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Duncaster, Inc. (Without Donor Restrictions)	The Duncaster Foundation, Inc. (Without Donor Restrictions)	The Duncaster Foundation, Inc. (With Donor Restrictions)	Eliminations	Total
REVENUES AND OTHER SUPPORT					
Resident Service Fee Revenue	\$ 12,481,191	\$ -	\$ -	\$ -	\$ 12,481,191
Health Center Patient Revenue	7,503,524	-	-	-	7,503,524
Amortization of Entrance Fees	4,342,911	-	-	-	4,342,911
Assisted Living Revenue	3,031,393	-	-	-	3,031,393
Investment Income	515,078	-	438,597	-	953,675
Other Income	977,406	-	-	-	977,406
Gift Income	276,452	40,772	121,564	-	438,788
Contributions from The Duncaster Foundation, Inc.	762,535	-	-	(762,535)	-
Net Assets Released from Restrictions	-	1,044,845	(1,044,845)	-	-
Net Revenues and Other Support	<u>29,890,490</u>	<u>1,085,617</u>	<u>(484,684)</u>	<u>(762,535)</u>	<u>29,728,888</u>
EXPENSES					
Medical and Other Resident Care	9,713,319	-	-	-	9,713,319
General and Administrative	8,507,843	420,609	-	-	8,928,452
Buildings and Grounds	4,110,534	-	-	-	4,110,534
Depreciation and Amortization	4,085,580	-	-	-	4,085,580
Dietary	3,926,367	-	-	-	3,926,367
Housekeeping	1,221,885	-	-	-	1,221,885
Interest	1,028,499	-	-	-	1,028,499
Contributions to Duncaster, Inc.	-	762,535	-	(762,535)	-
Total Expenses	<u>32,594,027</u>	<u>1,183,144</u>	<u>-</u>	<u>(762,535)</u>	<u>33,014,636</u>
LOSS FROM OPERATIONS	(2,703,537)	(97,527)	(484,684)	-	(3,285,748)
NET REALIZED GAIN (LOSS) ON INVESTMENTS	<u>2,743,231</u>	<u>-</u>	<u>(22,911)</u>	<u>-</u>	<u>2,720,320</u>
NET INCOME (LOSS)	39,694	(97,527)	(507,595)	-	(565,428)
CHANGE IN NET UNREALIZED GAIN (LOSS) ON INVESTMENTS	(861,910)	-	2,703,373	-	1,841,463
CHANGE IN INTEREST RATE SWAP BENEFIT	<u>(211,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(211,490)</u>
CHANGE IN NET ASSETS	(1,033,706)	(97,527)	2,195,778	-	1,064,545
Net Assets - Beginning of Year	<u>5,433,588</u>	<u>(30,611)</u>	<u>20,991,923</u>	<u>-</u>	<u>26,394,900</u>
NET ASSETS - END OF YEAR	<u>\$ 4,399,882</u>	<u>\$ (128,138)</u>	<u>\$ 23,187,701</u>	<u>\$ -</u>	<u>\$ 27,459,445</u>

DUNCASTER, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Duncaster, Inc. (Without Donor Restrictions)	The Duncaster Foundation, Inc. (Without Donor Restrictions)	The Duncaster Foundation, Inc. (With Donor Restrictions)	Eliminations	Total
REVENUES AND OTHER SUPPORT					
Resident Service Fee Revenue	\$ 12,006,130	\$ -	\$ -	\$ -	\$ 12,006,130
Health Center Patient Revenue	7,760,554	-	-	-	7,760,554
Amortization of Entrance Fees	4,349,906	-	-	-	4,349,906
Assisted Living Revenue	3,358,413	-	-	-	3,358,413
Investment Income	277,954	-	576,214	-	854,168
Grant Income	558,499	-	-	-	558,499
Other Income	815,332	-	-	-	815,332
Gift Income	340,592	43,803	319,281	-	703,676
Contributions from The Duncaster Foundation, Inc.	691,098	-	-	(691,098)	-
Net Assets Released from Restrictions	-	1,030,921	(1,030,921)	-	-
Net Revenues and Other Support	<u>30,158,478</u>	<u>1,074,724</u>	<u>(135,426)</u>	<u>(691,098)</u>	<u>30,406,678</u>
EXPENSES					
Medical and Other Resident Care	9,383,904	-	-	-	9,383,904
General and Administrative	7,724,257	414,237	-	-	8,138,494
Buildings and Grounds	4,109,564	-	-	-	4,109,564
Depreciation and Amortization	3,866,097	-	-	-	3,866,097
Dietary	3,766,075	-	-	-	3,766,075
Housekeeping	1,240,305	-	-	-	1,240,305
Interest	988,362	-	-	-	988,362
Contributions to Duncaster, Inc.	-	691,098	-	(691,098)	-
Total Expenses	<u>31,078,564</u>	<u>1,105,335</u>	<u>-</u>	<u>(691,098)</u>	<u>31,492,801</u>
LOSS FROM OPERATIONS	(920,086)	(30,611)	(135,426)	-	(1,086,123)
NET REALIZED GAIN (LOSS) ON INVESTMENTS	<u>(2,463)</u>	<u>-</u>	<u>174,620</u>	<u>-</u>	<u>172,157</u>
NET INCOME (LOSS)	(922,549)	(30,611)	39,194	-	(913,966)
CHANGE IN NET UNREALIZED LOSS ON INVESTMENTS	(2,990,157)	-	(4,919,497)	-	(7,909,654)
REAL ESTATE TAX CREDIT INCOME	1,020,955	-	-	-	1,020,955
CHANGE IN INTEREST RATE SWAP BENEFIT	<u>1,328,914</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,328,914</u>
CHANGE IN NET ASSETS	(1,562,837)	(30,611)	(4,880,303)	-	(6,473,751)
Net Assets - Beginning of Year	<u>6,996,425</u>	<u>-</u>	<u>25,872,226</u>	<u>-</u>	<u>32,868,651</u>
NET ASSETS - END OF YEAR	<u>\$ 5,433,588</u>	<u>\$ (30,611)</u>	<u>\$ 20,991,923</u>	<u>\$ -</u>	<u>\$ 26,394,900</u>

Duncaster, Inc.
Projected Statement of Revenue and Expense
(dollars in thousands)

	Actual	Projected		
	2023	2024	2025	2026
REVENUES AND OTHER SUPPORT:				
Non-Healthcare Resident Revenue	12,481	13,704	14,115	14,538
Health center/AL patient revenues	10,536	11,784	12,092	12,455
Amortization of entrance fees	4,342	4,662	4,847	4,992
Other/Grant income	1,253	1,161	1,191	1,227
Gifts/Duncaster Foundation Dist	763	811	874	900
Investment income/Gain Loss	515	609	500	500
Total revenues and other support	29,890	32,731	33,619	34,613
EXPENSES:				
Medical and other resident care	9,713	9,231	9,262	9,540
General and administration	8,508	8,719	9,231	9,544
Depreciation and amortization	4,086	4,315	4,367	4,498
Dietary	3,926	4,022	4,130	4,254
Buildings and grounds	4,111	4,704	4,451	4,585
Housekeeping	1,222	1,291	1,322	1,362
Interest	1,028	920	856	830
Total expenses	32,594	33,202	33,619	34,613
INCOME FROM OPERATIONS	(2,704)	(471)	-	-
Net Realized Gain/(Loss) on Investments	2,743	764		
NET INCOME/(LOSS)	39	293	-	-
CHANGE IN UNREALIZED GAIN (LOSS)+	(862)	(425)	-	-
Change in Interest Rate Swap Obligation+	(211)	35	-	-
Change in Future Services Obligation+	-	-	-	-
CHANGE IN NET ASSETS	(1,034)	(97)	-	-
NET ASSETS, beginning of year	5,434	4,400	4,303	4,303
NET ASSETS, end of the period	4,400	4,303	4,303	4,303

+No budget or projected values are possible for FSO or change in SWAP value or unreal change in investments value

Duncaster, Inc.
Projected Statement of Cash Flows
(dollars in thousands)

	Actual			
	2023	2024	2025	2026
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	1,064	(97)	-	-
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Net proceeds from entrance fees and EF payable	7,200	7,733	7,389	7616
Change in net unrealized (gain) loss on investments	(1,841)	(425)	0	0
Change in future services obligation	0	0	0	0
Amortization of entrance fees	(4,343)	(4,662)	(4,847)	(5,089)
Depreciation and amortization	4,170	4,315	4,367	4,585
Provision for bad debt	233	100	100	100
Write off of old project costs	-	-	-	-
Change in Interest Rate Swap Obligation	211	35	-	-
(Increase) decrease in operating assets:				
Accounts and other receivables	(586)			
Prepaid expenses and other current assets	29			
Due from Foundation				
Annuity related investments				
Other Long-term assets				
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses	991			
Accrued interest payable	(1)			
Entrants' Deposits	22	80	80	80
Amortization of long term debt				
Annuities payable				
Net cash provided by operating activities	<u>7,149</u>	<u>7,079</u>	<u>7,089</u>	<u>7,292</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of property and equipment, net	(7,182)	(3,591)	(4,100)	(4,000)
Transfer from investments to operations	-			
(Purchase) sale of investments, net	1,695	764		
Interest cost capitalized during construction period				
Proceeds from sale of PP&E	-			
Net (increase) decrease in Assets with Limited Use				
Net cash used in investing activities	<u>(5,487)</u>	<u>(2,827)</u>	<u>(4,100)</u>	<u>(4,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of long term debt	(997)	(1,010)	(1,018)	(1,041)
Short-term capital loan	(31)			
Repayment of Line of Credit	(250)	(750)		
Proceeds from Line of Credit	1,000			
Proceeds of long term debt net of prmts of issuance costs				
Initial Entrance fees				
Decrease in entrant's deposits				
Net cash provided by financing activities	<u>(278)</u>	<u>(1,760)</u>	<u>(1,018)</u>	<u>(1,041)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,383</u>	<u>2,492</u>	<u>1,971</u>	<u>2,251</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>4,802</u>	<u>6,185</u>	<u>8,677</u>	<u>10,648</u>
CASH AND CASH EQUIVALENTS, end of year	<u>6,185</u>	<u>8,677</u>	<u>10,648</u>	<u>12,899</u>

Actuarial/Financial Assumptions:

1. Average age of members

2023	86
2024	86
2025	86
2026	86

2. Healthcare utilization rates of IL Residents (# and %)

2023	65	31%
2024	65	31%
2025	63	31%
2026	63	31%

3. Occupancy rates (all sources):

	IL	AL	SN
2023	89%	88%	90%
2024	91%	93%	88%
2025	93%	90%	90%
2026	93%	90%	90%

4. Number of healthcare admissions (all sources):

2023	190
2024	223
2025	223
2026	223

5. Days of care, IL residents in SNF and AL:

2023	16,000
2024	17,500
2025	17,500
2026	17,500

6. Number of permanent transfers

	AL	SN
2023	10	10
2024	11	8
2025	11	8
2026	11	8

7. Resident turnover

2023	14%
2024	14%
2025	14%
2026	14%

Duncaster, Inc.

Variations from FY23 financial projections

Revenue and expenses

- The projections for the health center/assisted living/independent living revenues were based on an expected reasonable rebound from 2020 when the community essentially shut down to admissions. Significant delays in the supply chain also prevented us from being able to renovate apartments in a timely manner, significantly impacting independent living occupancy. Increases in labor rates for new hires due to both staffing shortages and competition for staff in the marketplace resulted in higher than anticipated operating expenses.

Cash Flow

- Our cash flow continued to be lower than expected reduced due to lack of entrance fees generated from new move-ins into independent living. We also had several residents who passed away in higher levels of care whose estates were due refunds with no incoming entrance fees to offset those dollars.
- The cash flow statement in our audited financials in consolidated with the Duncaster Foundation. As a result it cannot be compared to the projected amount filed.

Duncaster, Inc.

Escrow Agent

U.S. Bank
225 Asylum Street, #23
Hartford, CT 06103

(860) 241-6800

Escrow Fund Earnings

There are minimal returns on escrowed funds due to restrictions on the investment vehicles available. Any income earned remains in the escrow fund (s) and would be utilized to meet escrow dollar requirements.

Investment decisions are made by the Escrow Agent and are limited to US Treasury notes and other low-risk/no-risk government cash –equivalent investments.

Investment of General Reserves

Duncaster reserves are invested based on its investment policy which is approved by the Board of Directors. Our investment advisor, Fiducient, recommends changes to the portfolio and investment policy. The Finance Committee of the Board recommends/sets policy and approves all recommended investment decisions based on an asset allocation detailed in the policy, comprised of a percentage split between equities and fixed income options.

Statement of Escrow Agent

The undersigned, U.S. Bank National Association, as escrow agent (the "Escrow Agent") hereby affirms and swears that it holds, as escrow agent for Duncaster, Inc., accounts for entrance fee deposits and for debt service and operating reserves as described in Sections 17b-524 and 17b-525 of the Connecticut General Statutes, as amended to date.

IN WITNESS WHEREOF, the undersigned Escrow Agent has caused this Statement to be executed by its duly authorized officer as the 2nd day of October, 2024.

By: 

Name: William Kotkosky

Title: Assistant Vice President

STATE OF CONNECTICUT)

) ss:

COUNTY OF HARTFORD)

Personally appeared William Kotkosky, the Assistant Vice President of U.S. Bank, National Association, being the duly authorized signer of the foregoing instrument acknowledged the same to be the free act and deed of such officer.



SUSAN P. MCNALLY
Notary Public, State of Connecticut
My Commission Expires March 31, 2025