

**DUNCASTER, INC.**  
**DISCLOSURE STATEMENT**

**May 1, 2021**

All materials required to be filed with the department are on file, and contained within. The address of the Department is:

<http://www.ct.gov/dss/cwp/view.asp?A=4655&Q=548606>

This Disclosure Statement is filed with the Connecticut Department of Social Services, Elderly Services Division. Filing of the Disclosure Statement does not constitute approval, recommendation, or endorsement of the Disclosure Statement by the Department of Social Services, Elderly Services Division, 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. New Disclosure Statements are published 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.

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 is not affiliated with any religious, charitable or other non-profit or for-profit organization. It 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>
Frank W. Barrett (Treasurer)	Executive Vice President, TD Bank North – Retired
Brian Clemow	Partner, Shipman & Goodwin LLP
Thomas Corrigan	Duncaster Residents' Association President, current Duncaster Resident
Nancy G. Dean	President/CEO/Co-Founder – Trust Co. of Connecticut –Retired
John Downes Sr.	President & Chairman of the Board -The Downes Group – Retired
Robert L. Fisher	Duncaster Residents' Association Representative, current Duncaster resident
Lenworth Jacobs, M.D.	Chief Academic Officer and Vice President of Academic Affairs, Hartford Hospital, Retired
R. Frederic Knauft	Physician, private practice
Deborah Koltenuk	Vice President, Head of Finance, Corporate Initiatives, Aetna - Retired

Michael A. O'Brien	President and CEO, Duncaster
Susan Aller	Duncaster Residents' Association Representative – current Duncaster Resident
Noreen A. Shugrue (Secretary)	Research Associate, UConn Center on Aging
John D. Shulansky (1 <sup>st</sup> Vice Chair)	Partner, EldersChoice of CT, LLC
Marie M. Spivey, EdD, RN, MPA	System for Education, Equity & Transition, LLC, Principal
Daniel C. Tracy (Chair of the Board)	CPA, Arthur Anderson & Co. - Retired
John H. P. Wheat	Principal, Wheat & Associates
Thomas M. Wood	CFO, The American School for the Deaf -- Retired

### Management

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

Michael A. O'Brien, MHA, FACHE, President and Chief Executive Officer. Mr. O'Brien received his BA from Fairfield University and a Masters in Health Administration from St. Louis University. Prior to joining Duncaster, he was the President of the Connecticut Alliance for Long-Term Care and previously was a Vice President at Waterbury Hospital.

Ami Desai, MHA, ACHE, MS, NHA , Vice President-Health Services/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 64 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 31 acres of open space. It offers 193 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 bank, 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.

### 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.

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 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, 2020 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, 2020 was \$12,270,000.

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, 2020

- Exhibit D – Projected financial statements for fiscal years 2021-2023

### Judicial Proceedings

There are no proceedings or cases pending against Duncaster at this time, and the directors and administration of Duncaster are not aware that any action, suit, or proceeding before a court or any government body has been instituted or threatened against Duncaster.

### Department of Social Services, Elderly Division Services, Filings

On file at the State of Connecticut Department of Social Services, 25 Sigourney Street, Hartford, CT, are Duncaster's Annual Filings and Disclosure Statements. Current regulations effective October 1, 2015, eliminate the requirement for the Annual Filing but additional information is now required to be included in the Disclosure Statement. The legislation is Public Act No. 15-115, An Act Establishing a Bill of Rights for Residents of Continuing Care Retirement Communities.

### 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 12 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.

### Notice to Prospective Resident

In accordance with P.A. 98-250, Sec. 23 (a), Section 17b-522, of the CT 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.



## DUNCASTER RESIDENCY AND CARE AGREEMENT

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.

## DUNCASTER RESIDENCY AND CARE AGREEMENT

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.

## DUNCASTER RESIDENCY AND CARE AGREEMENT

- 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

## DUNCASTER RESIDENCY AND CARE AGREEMENT

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

## DUNCASTER RESIDENCY AND CARE AGREEMENT

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 revisions or changes made to the advanced directive or designation to Duncaſter upon the effective date of ſuch revisions, 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 reasons 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  
SCHEDULE A**

**DUNCASTER RESIDENCY AGREEMENT**

**Resident name(s):** \_\_\_\_\_

**Apartment Home #:** \_\_\_\_\_ **Apartment Home Style:** \_\_\_\_\_

**Refund Option:** \_\_\_\_\_ **Contract Option:** \_\_\_\_\_

**Contract Date:** \_\_\_\_\_

**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 default
Plan B:	\$550 plus a \$35 credit each month
Plan C:	\$440 plus a \$70 credit each month

**Double Occupants**

Plan A:	\$1320 default
Plan B:	\$1100 plus a \$70 credit each month
Plan C:	\$880 plus a \$140 credit each month

**Duncaster CEO/President**

**Print Name:** \_\_\_\_\_

**Resident**

**Print Name:** \_\_\_\_\_

signature

signature

**SCHEDULE B**

**ANCILLARY PRICE LIST**

**PRICES AND SERVICES ARE SUBJECT TO CHANGE WITH A 30-DAY WRITTEN NOTICE**  
(Effective January 1, 2021)

**ANCILLARY CLINICAL SERVICES:**

<b>Physical, Occupational, and Speech Therapy (insurance billed).....</b>	<b>Per CPT code</b>
<b>Physical, Occupational, Speech Therapy (Maintenance-private pay, insurance not billed).....</b>	<b>\$32.00 per 15 minutes</b>
<b>Therapeutic Massage .....</b>	<b>Paid directly to provider</b>
<b>Podiatry Examination .....</b>	<b>Billed by Provider</b>
<b>Optometric Examination .....</b>	<b>Billed by Provider</b>
<b>Audiological Examination for Medical Diagnosis and Hearing Aid Fittings .....</b>	<b>Billed by Provider</b>
<b>Oxygen .....</b>	<b>Billed based on provider pricing and usage</b>

**Miscellaneous Fees for Residents with LifeCare  
Agreements**

<b>Caleb Hitchcock and Assisted Living – 2<sup>nd</sup> and 3<sup>rd</sup> meals provided.....</b>	<b>\$17 per day</b>
<b>Cedar Memory Care Fee.....</b>	<b>\$500 per month</b>
<b>Dogwood Memory Care Fee.....</b>	<b>\$350 per month</b>

**Fitness Trainer Services**

<b>30/60 minutes Individual .....</b>	<b>\$35/\$70 per session</b>
<b>30/60 minutes for TWO people... ..</b>	<b>\$60/\$120 per session</b>

**DUNCASTER RESIDENCY AND CARE AGREEMENT**

**TRANSPORTATION**

**Mon, Wed, Fri medical appointments free for all  
Duncaster residents with Life Care agreements.  
Tues/Thurs free only for surgical appointments  
that can't be scheduled for Mon/Wed/Fri.**

**Medical Transportation (subject to  
availability)\*\*.....**

**Primary area = \$35 r/t no  
waiting (25 miles)  
Outside primary area = \$60 r/t  
(50 miles)  
Wheelchair van = \$125 r/t**

**Aide charge if one is required..... \$25 per hour**

**\*\*NOTE: There is a charge for medical appointments  
on Tues or Thurs and all medical transportation for  
Duncaster residents without a Residency Agreement.**

**For residents who with a doctor's order must  
receive medical treatments M-F there is a  
discounted rate for Tues/Thurs of \$50 for the 2  
days.**

**Non-Medical and Private Transportation.....  
(subject to availability)**

**1 passenger = \$30 pp/hr +  
mileage\*  
2 passenger = \$25 /pp/hr +  
mileage\*  
3 passenger = \$20 pp/hr +  
mileage\*  
4 passenger = \$15 pp/hr +  
mileage\*  
\*outside immediate area**

***\*Mileage rates are per IRS regulations and are subject  
to change***

**Butler Transportation Charges .....  
(non-medical and private)**

**Prices available upon request  
from Butler Trans.  
Airport pick-up = \$40 flat rate  
Airport drop-off = \$35 flat rate**

**Transportation from Caleb Hitchcock to the on-site  
clinic# .....**

**\$12.50 round trip  
\$16.00 per day**

**# Hartford Healthcare Medical Group**

**DUNCASTER RESIDENCY AND CARE AGREEMENT**

**RESIDENT SERVICES**

**Guest Suite ..... \$110.00 Per day**

**Roll-A-Way bed**

**Daily ..... \$ 15.00**  
**Weekly rate (7 days or more) ..... \$ 70.00**  
**Monthly ..... \$150.00**

**Photocopy per page (Black & White) ..... \$ 0.15**  
**(Color) ..... \$ 0.20**

**Carport - Monthly ..... \$ 47.00**  
**-Seasonal (monthly) ..... \$ 68.00**

**Garages**

**Monthly Fee ..... \$100.00/month**

**Fax - Long Distance ..... \$ 1.00/1<sup>st</sup> page; \$0.75 each add'l**  
**- International ..... \$ 2.00/1<sup>st</sup> page; \$1.00 each add'l**

**Mail forwarding service ..... \$ 7.50 per mailing + postage**

**Storage rooms – additional (based upon availability) \$ 20.00 size – half (per month)**  
**\$ 40.00 size – full (per month)**

**Notary Public No Charge**

**Commons Building Janet Lamenzo ext 5115 (860-380-5115)**  
**Robin Bergman ext 5111 (860-380-5111)**  
**Nancy Sproat ext 5124 (860-380-5124)**  
**Diane Brzezinski ext 0 (860-726-2000) after 1/1/21**

**Caleb Hitchcock Elizabeth Rios ext 2405 (860-726-2405)**  
**Jennette Livingston ext 2409 (860-726-2409) after 1/1/21**

**COMPUTER/TECHNOLOGY SERVICES**

**Set up, support, troubleshooting, training, consultations.....**  
**\$25.00 per 1/2 hour**  
**\$12.50 per 15 minutes**  
**\$10.00 minimum visit fee to apt.**  
**(under 15 minutes)**

**DUNCASTER RESIDENCY AND CARE AGREEMENT**

**MAINTENANCE AND FACILITIES SERVICES**

Standard 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.

Facilities staff.....	\$35.00 per 1/2 hour, pp
Television or personal telephone programming	
Minor furniture repair	
Minor electrical repairs on personal items	
Grab bar or towel bar installation	
Non-emergency call for aid	
Artwork/picture hanging	
Moving furniture and items to/from storage	
Replacement keys:	
Proximity key replacement .....	\$25.00 each
Apartment key replacement .....	\$15.00 each

Telephone, Initial Hook-up/programming.....	\$30.00 one-time charge
Communications bundle 2 (telephone/cable) required ...	\$40.00 per month (in arrears)
Communications bundle 3 (internet/phone/cable).....	\$80.00 per month (in arrears)
Long distance – within CT peak/off peak .....	\$ .05 per minute
- interstate state (contiguous 50)	\$ .09 and \$.07 per minute
- outside of contiguous 50 states	TBD by location

Valet parking services are charged at a flat rate of \$25 per day or \$400 per month



**DUNCASTER RESIDENCY AND CARE AGREEMENT**

**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.

Spot Cleaning of Carpets .....	\$55 flat fee
Refrigerator Cleaning .....	\$50 flat fee
Drape Repair .....	\$50 flat fee
Extra Linens - includes 1 each pillow case, flat sheet, Fitted sheet, wash cloth and bath towel .....	\$50 flat fee

**DINING CHARGES**

**Residents – Commons Building**

Breakfast Tray – delivered .....	\$ 15.00
Box Lunch.....	\$ 12.00
Labor Day/Memorial Day/4 <sup>th</sup> of July.....	\$ 22.00
Delivery charge (meal brought to apartment).....	\$ 4.00
Breakfast (in dining room).....	\$ 8.00

**Guests – Terrace Dining Room and Courtyard Cafe**

Charged based on menu selection ..... varies

**Guests – Caleb Hitchcock**

Breakfast Guest .....	\$ 8.00
Lite Fare Guest .....	\$ 10.25
Lunch Guest.....	\$ 15.00
Dinner Guest .....	\$ 19.00

**Note:** Residents are asked to sign a receipt if they have a second meal or if guests are served.

**Grocery items – price as posted**

## DUNCASTER RESIDENCY AND CARE AGREEMENT

### SALON

Shampoo/Set.....	\$27.00
Shampoo only .....	\$23.00
Set only .....	\$23.00
Comb-out .....	\$14.00
Dry Shampoo .....	\$ 8.00

<u>Cut/Women</u> .....	\$28.00
With shampoo .....	\$38.00
With shampoo/set or blow-dry .....	\$55.00

<u>Cut/Men</u> .....	\$24.00
With shampoo .....	\$28.00
Shampoo only .....	\$ 6.00
Shampoo & blow dry.....	\$15.00
Trim beard .....	\$ 9.00

<u>Permanent</u> .....	\$85.00
(includes cut, set/ blow-dry)	

### Color

Rinse .....	\$ 4.00
Tint .....	\$33.00*
Brows .....	\$10.00
Frosting/ Highlights .....	\$84.00*

\*for color process only - see styling fees above.

### Conditioners

Hot Oil treatment .....	\$ 7.00
Medicated shampoo .....	\$ 4.00

<u>Manicure</u> .....	\$ 21.00
Cut nails only .....	\$ 12.00
Polish only .....	\$ 10.00
Gel Polish .....	\$ 32.00
Gel nails.....	\$ 35.00
Pedicure.....	\$ 35.00
Cut Toenails only .....	\$15.00

### Hair Removal

#### Depilatory

Chin or lip .....	\$ 8.00
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#### Tweeze

Brows .....	\$ 9.50
Chin or lip .....	\$ 7.00

#### Wax

Arms .....	\$14.00
Brows, chin or lip .....	\$12.00

**DUNCASTER RESIDENCY AND CARE AGREEMENT**

**ASSISTED LIVING SERVICES**

**(Packages for independent living residents only)**

<b><u>Basic Assistance Package</u></b> - includes one or two <u>brief</u> visits per day by a certified nurses' aide. Tasks performed may include: Fill of portable oxygen tank, make bed/turn down bed, support stockings on/off (rinse), 2 safety checks, AM and PM assist with grooming/dressing, apt tidying/removal of trash. This Package includes two showers weekly.....	<b>\$500 per month</b>
<b><u>Medication Management Package</u></b> - includes the weekly set up of medications, any interim medication changes, and all regulatory management and documentation required by governing agencies. (Medication cues not included).....	<b>\$225 per month</b>
<b>OR</b>	
<b><u>Enhanced Medication Package</u></b> – To include Med Mgmt above plus <u>up to</u> 3 med cues/reminders daily...	<b>\$400 per month</b>
<b><u>Combined Basic Assistance Package with Enhanced Medication Package</u></b> .....	<b>\$750 per month</b>
<b><u>Dogwood Memory Care Fee (Life Care agreements only)</u></b> .....	<b>\$350 per month</b>

**A la carte charges**

<b>Additional medication cues or safety checks .....</b>	<b>\$15.00 Per visit</b>
<b>Shower/dressing assistance .....</b>	<b>\$25.00 per visit</b>
<b>Shower only .....</b>	<b>\$15.00 per shower</b>
<b>Incontinence care .....</b>	<b>\$20.00 per episode</b>
<b>Incontinence supplies.....</b>	<b>Based on cost</b>
<b>Meal Preparation .....</b>	<b>\$10.00 per visit</b>
<b>Stockings – apply or remove/wash .....</b>	<b>\$10.00 per visit</b>
<b>Litter box cleaning .....</b>	<b>\$15.00 per box per visit</b>
<b>Laundry – wash &amp; fold only .....</b>	<b>\$15.00 per load</b>
<b>Bed Making .....</b>	<b>\$10.00 once per day</b>
<b>Private Duty Certified Nursing Assistant (CNA) .....</b>	<b>\$25.00 per hour</b> <b>\$37.50 overtime per hour</b>
<b>Companion (non-medical services).....</b>	<b>\$22.00 per hour</b>
<b>Environmental services staff (housekeeping, laundry, ironing) .....</b>	<b>\$20.00 per hour</b>
<b>Therapeutic Companion .....</b>	<b>\$25.00 per hour</b>

**DUNCASTER RESIDENCY AND CARE AGREEMENT**

**ASSISTED LIVING SERVICES continued...**

**Financial Services**

**Bill paying, checkbook balancing, on-site banking  
(other tasks as agreed upon)..... \$50.00 per hour  
½ hour minimum per visit**

**Performed by a nurse:**

**Open a chart for skilled nurse assistance, includes  
discussion with nurse and/or SW, obtaining MD  
orders, and all documentation needed..... \$60.00**

**Medication administration - such as eye drops,  
application of prescribed cream, injections, etc..... \$25.00 per visit**

**Eye Drops – multiple applications..... \$30.00 per day**

**Nurse visit (non-emergency)..... \$25.00 per visit**

**Other services:**

**Resident or family education or case management  
(30 minutes per month included in monthly fee).... \$50.00 per hour**

**Assisted Living 2<sup>nd</sup> and 3<sup>rd</sup> meals provided  
(Residents with life care agreement only)..... \$17.00 per day**

**COVID19 test - if available ..... \$150.00 per test**

**Costs include documentation as per regulation**

**PRICES SUBJECT TO CHANGE WITH 30-DAY WRITTEN NOTICE**

# **DUNCASTER RESIDENCY AND CARE AGREEMENT**

## **EXHIBIT 1**

### **GLOSSARY**

**Apartment Home:** This refers to a specific address for which Resident has paid an Entrance Fee and is listed on Schedule A of the Agreement. **Agreement:** This refers to the Residency and Care Agreement that you sign.

**Assistive Devices:** Equipment to enhance mobility such as canes, walkers, motorized carts and wheelchairs.

**Away Allowance:** An allowance for dining credited to Residents when Resident is away from the Community for fourteen (14) or more consecutive days. Refer to Article III of the Agreement.

**Common Areas:** These are the areas in Duncaster to which all residents have access.

**Community:** This means the community owned and operated by Duncaster and located on Loeffler Road in Bloomfield, Connecticut.

**Deposit:** This refers to an amount paid to Duncaster as partial payment of the Entrance Fee.

**Entrance Fee:** The fee established by Duncaster payable by a prospective resident for the right to use the Apartment Home and to receive the services described in the Agreement.

**Financial Statement:** This refers to financial information that must be delivered to Duncaster prior to application for Residency and any time that it is requested by Duncaster, illustrating the financial condition of Resident, including assets and sources of income.

**Grace Period:** This refers to the period starting once Resident signs the Agreement and ends thirty (30) days thereafter.

**Health Center:** This refers to the Caleb Hitchcock Health Center or an alternative health Center selected by Duncaster if the Caleb Hitchcock Health Center is unavailable and such Services are included in the Monthly Service Fee.

**Individual Personal and Health History and Physician Statement:** These refer to descriptions of the Resident's current and historical medical and psychiatric history and any other additional medical information that Duncaster may request, to be provided prior to residency eligibility.

**Medical Director:** This refers to the physician designated as medical director of Duncaster's Health Center.

## **DUNCASTER RESIDENCY AND CARE AGREEMENT**

**Medicare Part A:** A federally funded program that provides health insurance, primarily to people entitled to Social Security, age 65 or older. Part A coverage is for inpatient care in an acute care hospital or long-term-care center provided that certain medical criteria are met. The maximum stay covered under Part A in a long-term-care center is 100 days. Persons can qualify for additional coverage after a defined time period without skilled services.

**Medicare Part B:** This part of Medicare pays for physician services, ancillary services such as laboratory, radiology, outpatient rehabilitation and other specialized services related to care. **Medicare Part D:** This part of Medicare pays for prescription drug coverage.

**Medicare Advantage Plan(s):** These are Medicare-approved private health insurance plans for individuals enrolled in Traditional Medicare. In general, Medicare Advantage Plans typically offer additional benefits, such as vision, dental, and hearing, and many include prescription drug coverage. These plans often have networks, which mean you may have to see certain doctors and go to certain health care provider in the plan's network to get care. Medicare Advantage Plans are also known as Medicare Part C.

**Monthly Service Fee:** This refers to the monthly fee charge. This fee may be increased from time to time and at any time with at least 30-day prior written notice to Resident.

**Non-Resident Rental Agreement:** An Agreement pursuant to which a non-resident is permitted to rent space at Duncaster but when the non-resident does not have the rights of a Resident, including, without limitation, any rights to services for assisted living, personal care, health care or nursing care, or to residency in Duncaster's Health Center. A non-resident who enters into a Non-Resident Rental Agreement may, if such services are available, purchase such services at the then current prices for such services.

**Occupancy Date:** This is the date on which the balance of the Entrance Fee is due and payable and Resident's obligation to pay the Monthly Service Fee begins. It is either so designated on Schedule A of the Agreement or is the date on which Resident moves into the Apartment Home or places any belongings at Duncaster, whichever occurs first.

**Personal Property:** This is property that is personally owned by Resident.

**Private Personnel:** This means any personnel hired by Resident to provide assistance to Resident in activities of daily living.

**Processing Fee:** A non-refundable application fee charged to prospective resident.

**Refund End Date:** This refers to the date ten (10) months after the Refund Start Date.

**Refund Start Date:** This refers to the later of either the end of the Grace Period or the date of occupancy by Resident.

**Residency & Care Agreement:** Contract between Resident and Duncaster, otherwise referred to as "Agreement."

## **DUNCASTER RESIDENCY AND CARE AGREEMENT**

**Resident:** Person whose name appears on Schedule A under the heading “Resident.” If the names of two persons appear on Schedule A, then the word “Resident” as used throughout the Agreement means both persons collectively.

**Residents’ Manual:** This is the published manual that contains the policies and procedures established by Duncaster.

**Substitute Center:** This means an appropriate long-term care center that may be provided by Duncaster, in accordance with Article VII of the Agreement, if space at the Health Center is temporarily unavailable.

**Supplemental Health Insurance Policy:** Resident is required to purchase insurance to cover the deductible or costs not covered by their primary insurance such as Medicare Parts A, B, and D. Such insurance may be referred to as “Medi-Gap” insurance.

**Termination Date:** This refers to the date on which Resident’s personal effects are removed in full from Garage, Carport, Apartment Home, assisted living Apartment, skilled nursing Accommodation and/or any other Duncaster building or property, upon termination of the Agreement.

**Traditional Medicare:** This refers to Medicare Part A and Medicare Part B.

**Transition Committee:** This is a specific committee that oversees and decides final determination for transitioning a resident for permanent placement from an Apartment Home to Duncaster’s Health Center or assisted living, or any area in which Duncaster provides a Level of Care, or a hospital or center not available at Duncaster.







# Duncaster

## 2021 LifeCare Plans

EXHIBIT B

### 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	\$105,000	\$3,063	N/A	N/A
Bloomfield/One Bedroom	657/669	\$141,000	\$3,706	\$187,000	\$5,328
Canton/One Bedroom	822	\$199,000	\$4,360	\$244,000	\$6,018
Cheshire/ One Bedroom/Office	837/867	\$205,000	\$4,458	\$251,000	\$6,134
Cornwall/Two Bedroom	986	\$220,000	\$4,714	\$266,000	\$6,406
Farmington/Two Bedroom	1,126	\$252,000	\$5,284	\$298,000	\$6,970
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1171/1241	\$291,000	\$5,701	\$337,000	\$7,391
Hartford/Two Bedroom	1,260	\$306,000	\$5,930	\$352,000	\$7,592
Litchfield/Two Bedroom	1336/1359	\$312,000	\$6,193	\$358,000	\$7,819
Milford/Two Bedroom	1,400	\$364,000	\$6,735	\$410,000	\$8,636
Simsbury/Two Bedroom	1,500	\$375,000	\$7,307	\$420,000	\$9,453
Suffield/Two Bedroom	1,560	\$393,000	\$7,601	\$439,000	\$9,745
Tolland/Two Bedroom w/Den	1,600	\$396,000	\$7,637	\$442,000	\$9,773
Weatogue/Three Bedroom	1,643	\$400,000	\$7,658	\$446,000	\$9,801
Weatogue II/Three Bedroom	1,783	\$435,000	\$8,310	\$481,000	\$10,455
Woodstock	1,993	\$495,000	\$9,279	\$541,000	\$11,424
Woodstock II	2,157	\$512,000	\$9,415	\$558,000	\$11,522

\*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	\$150,000	\$3,644	N/A	N/A
Bloomfield/One Bedroom	657/669	\$204,000	\$4,170	\$260,000	\$6,314
Canton/One Bedroom	822	\$297,000	\$4,552	\$352,000	\$6,828
Cheshire/ One Bedroom/Office	837/867	\$311,000	\$4,804	\$367,000	\$7,043
Cornwall/Two Bedroom	986	\$344,000	\$5,473	\$400,000	\$7,616
Farmington/Two Bedroom	1,126	\$390,000	\$6,261	\$446,000	\$8,403
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1171/1241	\$403,000	\$6,496	\$459,000	\$8,640
Hartford/Two Bedroom	1,260	\$465,000	\$6,990	\$521,000	\$9,131
Litchfield/Two Bedroom	1336/1359	\$475,000	\$7,475	\$531,000	\$9,617
Milford/Two Bedroom	1,400	\$524,000	\$7,806	\$580,000	\$10,151
Simsbury/Two Bedroom	1,500	\$535,000	\$8,334	\$590,000	\$10,465
Suffield/Two Bedroom	1,560	\$559,000	\$8,657	\$615,000	\$10,799
Tolland/Two Bedroom w/Den	1,600	\$587,000	\$8,913	\$643,000	\$11,247
Weatogue/Three Bedroom	1,643	\$595,000	\$9,116	\$650,000	\$11,260
Weatogue II/Three Bedroom	1,783	\$648,000	\$9,986	\$705,000	\$12,130
Woodstock	1,993	\$720,000	\$10,282	\$776,000	\$12,219
Woodstock II	2,157	\$730,000	\$11,131	\$786,000	\$13,276

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

Effective through December 31, 2021  
Pricing subject to change

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



## 2021 Fee for Service

### 80% Refundable

Apartment Home	Square Footage	Single Occupancy Entrance Fee	Single Occupancy Monthly Fee	Double Occupancy Monthly Fee
Avon/Studio	514	\$102,000	\$2,478	N/A
Bloomfield/One Bedroom	657/669	\$155,000	\$2,836	\$4,290
Canton/One Bedroom	822	\$251,000	\$3,185	\$4,638
Cheshire/ One Bedroom/Office	837/867	\$265,000	\$3,331	\$4,791
Cornwall/Two Bedroom	986	\$299,000	\$3,719	\$5,176
Farmington/Two Bedroom	1,126	\$344,000	\$4,254	\$5,711
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1,171/1,241	\$359,000	\$4,415	\$5,872
Hartford/Two Bedroom	1,260	\$418,000	\$4,749	\$6,204
Litchfield/Two Bedroom	1,336/1,359	\$431,000	\$5,102	\$6,555
Milford/Two Bedroom	1,400	\$440,000	\$5,203	\$6,655
Simsbury/Two Bedroom	1,500	\$494,000	\$5,657	\$7,110
Suffield/Two Bedroom	1,560	\$514,000	\$5,883	\$7,336
Tolland/Two Bedroom w/Den	1,600	\$525,000	\$5,942	\$7,396
Weatogue/Three Bedroom	1,643	\$545,000	\$6,195	\$7,652
WeatogueII/Three Bedroom	1,783	\$591,000	\$6,723	\$8,180
Woodstock	1,993	\$660,000	\$7,835	\$9,291
Woodstock II	2,157	\$710,000	\$8,053	\$9,663

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

Second Person Entrance Fee = \$45,000.

Effective: Through December 31, 2021

Pricing subject to change



# Duncaster

## 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	\$70,500	\$7,412	\$93,500	\$10,656

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

Effective through December 31, 2021  
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	\$102,000	\$8,341	\$130,000	\$12,630

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

Effective through December 31, 2021  
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

## 2020 LifeCare Plans

EXHIBIT B

### 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	\$105,000	\$2,974	N/A	N/A
Bloomfield/One Bedroom	657	\$138,000	\$3,598	\$183,000	\$5,173
Bloomfield II/One Bedroom	669	\$140,000	\$3,620	\$185,000	\$5,195
Canton/One Bedroom	822	\$197,000	\$4,233	\$242,000	\$5,843
Cheshire/ One Bedroom/Office	837	\$201,000	\$4,328	\$246,000	\$5,955
Cheshire/ One Bedroom/Den	867	\$203,000	\$4,340	\$248,000	\$5,967
Cornwall/Two Bedroom	986	\$214,000	\$4,577	\$259,000	\$6,219
Farmington/Two Bedroom	1,126	\$246,000	\$5,130	\$291,000	\$6,767
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1,171	\$285,000	\$5,535	\$330,000	\$7,176
Haddam II (Granby II)	1,241	\$290,000	\$5,597	\$335,000	\$7,238
Hartford/Two Bedroom	1,260	\$300,000	\$5,757	\$345,000	\$7,371
Litchfield/Two Bedroom	1,336	\$305,000	\$5,952	\$350,000	\$7,531
Litchfield Plus/Two Bedroom	1,359	\$306,000	\$6,073	\$351,000	\$7,652
Milford/Two Bedroom	1,400	\$360,000	\$6,539	\$405,000	\$8,384
Simsbury/Two Bedroom	1,500	\$369,000	\$7,094	\$414,000	\$9,177
Suffield/Two Bedroom	1,560	\$386,000	\$7,380	\$431,000	\$9,461
Tolland/Two Bedroom w/Den	1,600	\$387,000	\$7,415	\$432,000	\$9,488
Weatogue/Three Bedroom	1,643	\$393,000	\$7,435	\$438,000	\$9,516
Weatogue II/Three Bedroom	1,783	\$426,000	\$8,068	\$471,000	\$10,151
Woodstock	1,993	\$485,000	\$9,008	\$530,000	\$11,091
Woodstock II	2,157	\$501,000	\$9,141	\$546,000	\$11,186

\*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	\$150,000	\$3,538	N/A	N/A
Bloomfield/One Bedroom	657	\$200,000	\$4,049	\$255,000	\$6,131
Bloomfield II/One Bedroom	669	\$202,000	\$4,071	\$257,000	\$6,152
Canton/One Bedroom	822	\$294,000	\$4,419	\$349,000	\$6,629
Cheshire/ One Bedroom/Office	837	\$305,000	\$4,664	\$360,000	\$6,838
Cheshire/ One Bedroom/Den	867	\$307,000	\$4,675	\$362,000	\$6,851
Cornwall/Two Bedroom	986	\$335,000	\$5,314	\$390,000	\$7,394
Farmington/Two Bedroom	1,126	\$381,000	\$6,079	\$436,000	\$8,158
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1,171	\$395,000	\$6,307	\$450,000	\$8,388
Haddam II (Granby II)	1,241	\$399,000	\$6,370	\$454,000	\$8,450
Hartford/Two Bedroom	1,260	\$456,000	\$6,786	\$511,000	\$8,865
Litchfield/Two Bedroom	1,336	\$464,000	\$7,196	\$519,000	\$9,275
Litchfield Plus/Two Bedroom	1,359	\$465,000	\$7,319	\$520,000	\$9,398
Milford/Two Bedroom	1,400	\$518,000	\$7,579	\$573,000	\$9,855
Simsbury/Two Bedroom	1,500	\$527,000	\$8,091	\$582,000	\$10,160
Suffield/Two Bedroom	1,560	\$549,000	\$8,405	\$604,000	\$10,484
Tolland/Two Bedroom w/Den	1,600	\$574,000	\$8,653	\$629,000	\$10,919
Weatogue/Three Bedroom	1,643	\$585,000	\$8,850	\$640,000	\$10,932
Weatogue II/Three Bedroom	1,783	\$635,000	\$9,695	\$690,000	\$11,777
Woodstock	1,993	\$706,000	\$9,983	\$761,000	\$11,863
Woodstock II	2,157	\$715,000	\$10,807	\$770,000	\$12,889

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

Effective through December 31, 2020  
Pricing subject to change

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



## 2020 Fee for Service

80% Refundable

Apartment Home	Square Footage	Single Occupancy Entrance Fee	Single Occupancy Monthly Fee	Double Occupancy Monthly Fee
Avon/Studio	514	\$102,000	\$2,406	N/A
Bloomfield/One Bedroom	657	\$152,000	\$2,753	\$4,165
Bloomfield II/One Bedroom	669	\$154,000	\$2,775	\$4,187
Canton/One Bedroom	822	\$248,000	\$3,092	\$4,503
Cheshire/ One Bedroom/Office	837	\$260,000	\$3,234	\$4,651
Cheshire/ One Bedroom/Den	867	\$261,000	\$3,246	\$4,664
Cornwall/Two Bedroom	986	\$293,000	\$3,611	\$5,025
Farmington/Two Bedroom	1,126	\$337,000	\$4,130	\$5,544
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1,171	\$352,000	\$4,287	\$5,701
Haddam II (Granby II)	1,241	\$357,000	\$4,350	\$5,764
Hartford/Two Bedroom	1,260	\$418,000	\$4,610	\$6,023
Litchfield/Two Bedroom	1,336	\$422,000	\$4,893	\$6,303
Litchfield Plus/Two Bedroom	1,359	\$424,000	\$5,015	\$6,425
Milford/Two Bedroom	1,400	\$434,000	\$5,051	\$6,461
Simsbury/Two Bedroom	1,500	\$487,000	\$5,492	\$6,903
Suffield/Two Bedroom	1,560	\$512,000	\$5,711	\$7,122
Tolland/Two Bedroom w/Den	1,600	\$513,000	\$5,769	\$7,180
Weatogue/Three Bedroom	1,643	\$545,000	\$6,014	\$7,429
WeatogueII/Three Bedroom	1,783	\$591,000	\$6,527	\$7,941
Woodstock	1,993	\$656,000	\$7,607	\$9,021
Woodstock II	2,157	\$709,000	\$7,819	\$9,381

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

Second Person Entrance Fee = \$45,000.

Effective: Through December 31, 2020  
Pricing subject to change



# Duncaster

## 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	\$69,000	\$7,196	\$91,500	\$10,346
Canton	822	\$98,500	\$8,466	\$121,000	\$11,686

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

Effective through December 31, 2020  
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	\$100,000	\$8,098	\$127,500	\$12,262
Canton	822	\$147,000	\$8,838	\$174,500	\$13,258

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

Effective through December 31, 2020  
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







## LifeCare Plans

### 2% Declining Entrance Fee Plan (Entrance Fee refund diminishes 2% per month as per Residency Agreement)

Apartment Home	Square Footage	Single Occupancy Entrance Fee	Single Occupancy Monthly Fee	Double Occupancy Entrance Fee	Double Occupancy Monthly Fee
Avon/Studio	514	\$104,000	\$2,888	N/A	N/A
Bloomfield/One Bedroom	657	\$137,000	\$3,494	\$196,000	\$5,022
Bloomfield II/One Bedroom	669	\$139,000	\$3,514	\$198,000	\$5,044
Canton/One Bedroom	822	\$195,000	\$4,110	\$258,000	\$5,672
Cheshire/One Bedroom/Office	837	\$199,000	\$4,202	\$261,000	\$5,779
Cheshire/One Bedroom/Den	867	\$201,000	\$4,214	\$263,000	\$5,793
Cornwall/Two Bedroom	986	\$210,000	\$4,444	\$271,000	\$6,038
Farmington/Two Bedroom	1,126	\$241,000	\$4,981	\$302,000	\$6,570
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1,171	\$279,000	\$5,374	\$337,000	\$6,967
Haddam II (Granby II)	1,241	\$284,000	\$5,434	\$342,000	\$7,027
Hartford/Two Bedroom	1,260	\$294,000	\$5,589	\$352,000	\$7,156
Litchfield/Two Bedroom	1,336	\$299,000	\$5,779	\$359,000	\$7,312
Litchfield Plus/Two Bedroom	1,356	\$300,000	\$5,896	\$363,000	\$7,429
Milford/Two Bedroom	1,400	\$349,000	\$6,349	\$395,000	\$8,140
Simsbury/Two Bedroom	1,500	\$358,000	\$6,887	\$402,000	\$8,910
Suffield/Two Bedroom	1,560	\$375,000	\$7,165	\$417,000	\$9,185
Tolland/Two Bedroom/Den	1,600	\$376,000	\$7,199	\$429,000	\$9,211
Weatogue/Three Bedroom	1,643	\$382,000	\$7,218	\$436,000	\$9,240
Weatogue II/Three Bedroom	1,783	\$414,000	\$7,833	\$467,000	\$9,855
Woodstock	1,993	\$473,000	\$8,642	\$521,000	\$10,509
Woodstock II	2,157	\$489,000	\$8,874	\$541,000	\$10,860

### 80% Refundable Entrance Fee LifeCare Plan (Entrance fee is 80% refundable as per Residency Agreement)

Apartment Home	Square Footage	Single Occupancy Entrance Fee	Single Occupancy Monthly Fee	Double Occupancy Entrance Fee	Double Occupancy Monthly Fee
Avon/Studio	514	\$149,000	\$3,435	N/A	N/A
Bloomfield/One Bedroom	657	\$198,000	\$3,931	\$247,000	\$5,952
Bloomfield II/One Bedroom	669	\$200,000	\$3,952	\$249,000	\$5,973
Canton/One Bedroom	822	\$291,000	\$4,290	\$342,000	\$6,437
Cheshire/One Bedroom/Office	837	\$302,000	\$4,528	\$353,000	\$6,639
Cheshire/One Bedroom/Den	867	\$304,000	\$4,539	\$355,000	\$6,651
Cornwall/Two Bedroom	986	\$329,000	\$5,159	\$381,000	\$7,179
Farmington/Two Bedroom	1,126	\$374,000	\$5,902	\$425,000	\$7,920
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1,171	\$387,000	\$6,124	\$436,000	\$8,144
Haddam II (Granby II)	1,241	\$391,000	\$6,184	\$440,000	\$8,204
Hartford/Two Bedroom	1,260	\$447,000	\$6,588	\$478,000	\$8,607
Litchfield/Two Bedroom	1,336	\$455,000	\$6,987	\$504,000	\$9,005
Litchfield Plus/Two Bedroom	1,356	\$456,000	\$7,106	\$505,000	\$9,124
Milford/Two Bedroom	1,400	\$503,000	\$7,358	\$544,000	\$9,568
Simsbury/Two Bedroom	1,500	\$512,000	\$7,855	\$561,000	\$9,864
Suffield/Two Bedroom	1,560	\$533,000	\$8,160	\$581,000	\$10,179
Tolland/Two Bedroom/Den	1,600	\$557,000	\$8,401	\$605,000	\$10,601
Weatogue/Three Bedroom	1,643	\$568,000	\$8,592	\$615,000	\$10,614
Weatogue II/Three Bedroom	1,783	\$617,000	\$9,413	\$664,000	\$11,281
Woodstock	1,993	\$689,000	\$9,692	\$732,000	\$11,517
Woodstock II	2,157	\$698,000	\$10,159	\$733,000	\$12,028

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

	100% Refundable Entrance	Monthly Fee
<b>Garage</b>	<b>\$33,333</b>	<b>\$75</b>

Effective January 1, 2019

Pricing subject to change

Garage Entrance fee is 100% refundable as per Agreement.



## Fee for Service

### 80% Refundable

Apartment Home	Square Footage	Single Occupancy Entrance Fee	Single Occupancy Monthly Fee	Double Occupancy Monthly Fee
Avon/Studio	514	\$98,000	\$2,336	N/A
Bloomfield/One Bedroom	657	\$147,000	\$2,673	\$4,044
Bloomfield II/One Bedroom	669	\$149,000	\$2,694	\$4,065
Canton/One Bedroom	822	\$239,000	\$3,002	\$4,372
Cheshire/One Bedroom/Office	837	\$249,000	\$3,140	\$4,516
Cheshire/One Bedroom/Den	867	\$251,000	\$3,151	\$4,528
Cornwall/Two Bedroom	986	\$278,000	\$3,505	\$4,878
Farmington/Two Bedroom	1,126	\$321,000	\$4,010	\$5,383
Haddam (Granby)/2 Bdrm (1 Bed/Den)	1,171	\$335,000	\$4,162	\$5,535
Haddam II (Granby II)	1,241	\$340,000	\$4,223	\$5,596
Hartford/Two Bedroom	1,260	\$398,000	\$4,476	\$5,848
Litchfield/Two Bedroom	1,336	\$402,000	\$4,750	\$6,119
Litchfield Plus/Two Bedroom	1,359	\$404,000	\$4,869	\$6,238
Milford/Two Bedroom	1,400	\$409,000	\$4,904	\$6,273
Simsbury/Two Bedroom	1,500	\$459,000	\$5,332	\$6,702
Suffield/Two Bedroom	1,560	\$482,000	\$5,545	\$6,915
Tolland/Two Bedroom/Den	1,600	\$483,000	\$5,601	\$6,971
Weatogue/Three Bedroom	1,643	\$514,000	\$5,839	\$7,213
Weatogue II/Three Bedroom	1,783	\$557,000	\$6,337	\$7,710
Woodstock	1,993	\$622,000	\$6,656	\$8,758
Woodstock II	2,157	\$671,000	\$7,591	\$9,108

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

Second Person Entrance Fee = \$25,000.

	100% Refundable Entrance Fee	Monthly Fee
Garage	\$33,333	\$75

Effective: January 1, 2019

Pricing subject to change





## LifeCare On The Go

### 2% Declining Entrance Fee Life Care Plan\*

	Single Person Entrance Fee	Single Person Annual Commitment	Double Person Entrance Fee	Double Person Annual Commitment
	\$68,500	\$6,988	\$98,000	\$10,045

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

### 80% Refundable Entrance Fee LifeCare Plan\*\*

	Single Person Entrance Fee	Single Person Annual Commitment	Double Person Entrance Fee	Double Person Annual Commitment
	\$99,000	\$7,862	\$123,500	\$11,903

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

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 months stay included in Annual Commitment.

Additional months beyond two require payment at time of stay

*Each month of stay beyond two 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

Effective January 1, 2019 and subject to change



**DUNCASTER, INC. AND SUBSIDIARY**  
**CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020 AND 2019**



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# DUNCASTER, INC. AND SUBSIDIARY

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## **Independent Auditors' Report**

To the Board of Directors  
Duncaster, Inc. and The Duncaster Foundation, Inc.  
Bloomfield, Connecticut

We have audited the accompanying consolidated financial statements of Duncaster, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and change in net assets, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the 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; this includes 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

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, 2020, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principle**

As discussed in Note 2 to the financial statements, Duncaster, Inc. and Subsidiary adopted Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, during the year ended December 31, 2020. The standard requires retrospective application. Our opinion is not modified with respect to this matter.

## **Other Matter**

The financial statements of Duncaster Inc. and Subsidiary as of December 31, 2019 were audited by Blum, Shapiro & Company, P.C., whose partners and professional staff joined CliftonLarsonAllen LLP as of January 1, 2021 and has subsequently ceased operations. Blum, Shapiro & Company, P.C.'s report dated April 29, 2020 expressed an unmodified opinion on those statements.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities and change in net assets as of and for the year ended December 31, 2020 are presented for the 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 audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The 2019 consolidating schedules identified above were subjected to the auditing procedures applied in the 2019 audit of the basic consolidated financial statements by Blum, Shapiro & Company, P.C., whose report on such information stated that it was fairly stated in all material respects in relation to the 2019 consolidated financial statements as a whole.



West Hartford, Connecticut  
April 13, 2021



# DUNCASTER, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 689,920	\$ 1,119,501
Accounts receivable, net	1,276,894	1,109,254
Assets whose use is limited	7,738,353	5,121,360
Prepaid expenses and inventories	297,752	227,688
Total current assets	<u>10,002,919</u>	<u>7,577,803</u>
<b>Investments</b>	<u>36,179,318</u>	<u>31,629,764</u>
<b>Property and Equipment, Net</b>	<u>51,868,053</u>	<u>53,792,004</u>
<b>Other Assets</b>		
Investment in risk retention group	71,600	71,600
Pledges receivable, net	24,999	24,999
Total other assets	<u>96,599</u>	<u>96,599</u>
<b>Total Assets</b>	<u>\$ 98,146,889</u>	<u>\$ 93,096,170</u>

The accompanying notes are an integral part of the consolidated financial statements

# DUNCASTER, INC. AND SUBSIDIARY

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED) DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Current portion of long-term debt	\$ 652,000	\$ 10,388,060
Current portion of Paycheck Protection Program loan payable	1,218,746	-
Accounts payable and accrued expenses	1,750,277	1,402,321
Accrued salaries and wages	768,046	1,040,018
Current portion of entrance fee refunds payable	6,234,809	6,140,070
Accrued interest payable	281,760	285,365
Entrants' deposits	371,809	499,561
Interest rate swap obligation	-	125,213
Total current liabilities	<u>11,277,447</u>	<u>19,880,608</u>
<b>Long-Term Debt, Net of Current Portion and Deferred Costs</b>	<u>22,446,447</u>	<u>11,257,013</u>
<b>Paycheck Protection Program Loan Payable, Net of Current Portion</b>	<u>1,255,054</u>	<u>-</u>
<b>Interest Rate Swap Obligation</b>	<u>141,640</u>	<u>-</u>
<b>Refundable and Nonrefundable Entrance Fees</b>		
Entrance fees refunds payable, net of current portion	13,715,410	15,367,957
Nonrefundable fees, net	21,563,607	22,510,628
Total refundable and nonrefundable entrance fees	<u>35,279,017</u>	<u>37,878,585</u>
Total liabilities	<u>70,399,605</u>	<u>69,016,206</u>
<b>Net Assets</b>		
Without donor restrictions	4,137,271	2,650,353
With donor restrictions	23,610,013	21,429,611
Total net assets	<u>27,747,284</u>	<u>24,079,964</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 98,146,889</u>	<u>\$ 93,096,170</u>

The accompanying notes are an integral part of the consolidated financial statements

## DUNCASTER, INC. AND SUBSIDIARY

### CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Operating:		
Revenues and other support:		
Resident service fee revenue	\$ 11,740,307	\$ 12,325,857
Health center patient revenue	6,525,504	6,519,712
Amortization of entrance fees	4,236,871	4,090,512
Assisted living revenue	3,235,768	3,265,371
Investment income	2,347,813	294,611
Grant Income	1,113,010	-
Other income	753,630	1,007,085
Gift Income	221,356	150,087
Net assets released from restrictions	889,854	804,435
Net revenues and other support	<u>31,064,113</u>	<u>28,457,670</u>
Expenses:		
General and administrative	8,875,267	7,150,628
Medical and other resident care	7,816,467	7,677,683
Depreciation and amortization	3,772,767	4,282,941
Buildings and grounds	3,304,752	3,648,275
Dietary	2,810,925	2,936,959
Interest	1,246,878	1,114,329
Housekeeping	1,082,999	1,049,294
Total expenses	<u>28,910,055</u>	<u>27,860,109</u>
Excesses of revenues over expenses - operating	<u>2,154,058</u>	<u>597,561</u>
Other changes in net assets without donor restrictions:		
Write off of project costs	(554,033)	(446,680)
Change in net unrealized gain (loss) on investments	(96,680)	2,317,145
Change in interest rate swap obligation	(16,427)	17,124
Change in future service obligation	-	346,000
Total other changes in net assets without donor restrictions	<u>(667,140)</u>	<u>2,233,589</u>
Increase in net assets without donor restrictions	<u>1,486,918</u>	<u>2,831,150</u>
<b>Changes in Net Assets With Donor Restrictions</b>		
Change in net unrealized gain on investments	2,383,096	2,867,353
Investment income	421,424	455,486
Gift income	265,736	1,630,517
Net assets released from restrictions	<u>(889,854)</u>	<u>(804,435)</u>
Increase in net assets with donor restrictions	<u>2,180,402</u>	<u>4,148,921</u>
<b>Change in Net Assets</b>	<u>3,667,320</u>	<u>6,980,071</u>
<b>Net Assets - Beginning of Year</b>	<u>24,079,964</u>	<u>17,099,893</u>
<b>Net Assets - End of Year</b>	<u>\$ 27,747,284</u>	<u>\$ 24,079,964</u>

The accompanying notes are an integral part of the consolidated financial statements

## DUNCASTER, INC. AND SUBSIDIARY

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 3,667,320	\$ 6,980,071
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from entrance fees	3,940,250	6,210,079
Refunds of entrance fees and entrance fee payable	(2,208,208)	(871,477)
Change in future service obligation	-	(346,000)
Amortization of entrance fees	(4,236,871)	(4,090,512)
Depreciation and amortization	3,772,767	4,282,941
Provision for bad debts and contractual allowances	144,378	84,005
Write-off of project costs	554,033	446,680
Amortization of deferred costs	251,968	60,553
Change in interest rate swap obligation	16,427	(17,124)
Change in net unrealized gain on investments	(2,286,416)	(5,184,498)
(Increase) decrease in operating assets:		
Accounts receivable	(312,018)	(293,719)
Prepaid expenses and inventories	(70,064)	(29,270)
Annuity-related investments	-	7,233
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	189,479	87,292
Accrued salaries and wages	(271,972)	67,795
Accrued interest payable	(3,605)	(3,865)
Entrants' deposits	(127,752)	173,785
Net cash provided by operating activities	<u>3,019,716</u>	<u>7,563,969</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment, net	(2,332,279)	(3,911,038)
Net purchases of investments	(2,263,138)	(1,574,164)
Net cash used in investing activities	<u>(4,595,417)</u>	<u>(5,485,202)</u>
<b>Cash Flows from Financing Activities</b>		
Repayment of long-term debt	(10,610,000)	(1,525,000)
Proceeds of long-term debt	12,270,000	-
Proceeds from Paycheck Protection Program note payable	2,473,800	-
Payments for financing costs	(370,687)	-
Net cash provided by (used in) financing activities	<u>3,763,113</u>	<u>(1,525,000)</u>
<b>Net Increase in Cash, Cash Equivalents and Restricted Cash</b>	2,187,412	553,767
<b>Cash, Cash Equivalents and Restricted Cash - Beginning of Year</b>	<u>6,240,861</u>	<u>5,687,094</u>
<b>Cash, Cash Equivalents and Restricted Cash - End of Year</b>	<u>\$ 8,428,273</u>	<u>\$ 6,240,861</u>
<b>Cash Paid During the Year for Interest</b>	\$ 998,515	\$ 1,057,641

The accompanying notes are an integral part of the consolidated financial statements

## DUNCASTER, INC. AND SUBSIDIARY

### CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			
	Program Services	Management	Fund- Raising	Total
Salaries	\$ 10,119,915	\$ 1,463,717	\$ 61,287	\$ 11,644,919
Benefits	3,012,091	85,231	5,077	3,102,399
Depreciation	3,678,071	94,696	-	3,772,767
General and administrative, supplies, insurance and services	1,568,047	843,591	-	2,411,638
Facilities, utilities and maintenance	2,083,399	34,737	-	2,118,136
Medical supplies and related support costs	2,004,280	-	-	2,004,280
Property taxes	1,320,513	33,998	-	1,354,511
Interest	1,212,441	34,437	-	1,246,878
Dietary food and supplies	1,162,336	-	-	1,162,336
Environmental services and supplies	89,702	2,489	-	92,191
<b>Total Expenses</b>	<b>\$ 26,250,795</b>	<b>\$ 2,592,896</b>	<b>\$ 66,364</b>	<b>\$ 28,910,055</b>

	2019			
	Program Services	Management	Fund- Raising	Total
Salaries	\$ 9,464,646	\$ 1,290,633	\$ 68,252	\$ 10,823,531
Benefits	2,747,140	49,683	5,415	2,802,238
Depreciation	4,175,439	107,502	-	4,282,941
General and administrative, supplies, insurance and services	1,214,771	653,972	-	1,868,743
Facilities, utilities and maintenance	2,496,334	45,499	-	2,541,833
Medical supplies and related support costs	1,678,085	-	-	1,678,085
Property taxes	1,258,249	32,395	-	1,290,644
Interest	1,084,779	29,550	-	1,114,329
Dietary food and supplies	1,361,839	-	-	1,361,839
Environmental services and supplies	93,336	2,590	-	95,926
<b>Total Expenses</b>	<b>\$ 25,574,618</b>	<b>\$ 2,211,824</b>	<b>\$ 73,667</b>	<b>\$ 27,860,109</b>

The accompanying notes are an integral part of the consolidated financial statements

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 1 - ORGANIZATION

Duncaster, Inc. (Duncaster) is a not-for-profit, tax-exempt organization located in Bloomfield, Connecticut, which was formed under the Non-Stock 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, 193 independent living units, and 19 social assisted living apartments as of December 31, 2020 and 2019.

	Average for the Years Ended		As of	
	12/31/20	12/31/19	12/31/20	12/31/19
Independent living	89%	94%	87%	92%
Skilled nursing care	91	83	74	87
Assisted living	88	92	72	93

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Change in Accounting Principle

In November 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which provides guidance on the presentation of restricted cash and restricted cash equivalents in the statement of cash flows. The amendments require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash and restricted cash equivalents. The Organization has adopted the amendments for the year ended December 31, 2020. The amendments have been applied retrospectively to all periods presented. As a result of adoption, the net cash used in investing activities was reduced by \$923,922 and beginning of year cash was increased by \$5,121,360 as compared to the previous presentation of the consolidated statement of cash flows for the year ended December 31, 2019. Please refer to Note 3 for further information.

#### 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 Board of Directors.

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### **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.

### **Use of Estimates**

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Financial statement areas where management applies the use of estimates consist primarily of the future service obligation, allowance for doubtful accounts, amortization of entrance fees and annuities payable. 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**

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 doubtful accounts 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 doubtful accounts of \$212,713 and \$230,818 as of December 31, 2020 and 2019, respectively.

### **Assets Whose Use is Limited**

Assets whose use is limited include assets held by trustees under bond agreements of \$4,566,907 and \$1,476,930 as of December 31, 2020 and 2019, respectively, and assets restricted as to use by the State of Connecticut of \$3,171,446 and \$3,644,430 as of December 31, 2020 and 2019, respectively.

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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	5-25 years
Buildings and improvements	5-35 years
Furniture, fixtures and equipment	3-25 years
Carports	15 years
Vehicles	3-5 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. During the years ended December 31, 2020 and 2019, the Organization wrote down certain construction in progress amounts based on changes in related project plans. These amounts are shown as write off of project costs on the accompanying consolidated statements of activities and change in net assets.

### 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 \$2,286,416 in 2020 and net unrealized gains on investments of \$5,184,498 in 2019.

The Organization has adopted a policy of reviewing all specific investments that have been below cost by at least 25% for at least 9 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 2020 or 2019.

### Interest Rate Swap Agreements

In connection with the 2010 Series Revenue Refunding Bonds, the Organization entered into a swap agreement with Citizens Bank with a notional amount of \$20,770,000 to fix the variable rate debt at a rate of 3.96%. In December 2020, the Organization remarketed the 2010 Series Revenue Refunding Bonds. 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%. Both agreements meet 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, 2020 and 2019 as compared to the fixed rate. The resulting change in the fair value of the swap agreement



# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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of \$(16,427) and \$17,124 for the years ended December 31, 2020 and 2019, respectively, is reflected in the accompanying consolidated statements of activities and change in net assets as change in interest rate swap obligation. 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 not-for-profit, 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.

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

### Life Annuity Gifts

Life annuity gifts (investments) are carried at fair value. The related liability is recorded at the present value of the aggregate liability for annuities payable based on an actuarial method. Life annuity gift income is recognized at the date of receipt and represents the difference between the fair value of the asset received and the present value of the related annuity payable.

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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 \$100,458 and \$107,634 as of December 31, 2020 and 2019, respectively. The deferred gain will be recognized as other income on a straight-line basis over the useful life of the lighting fixtures.

### Operating Measure

The Organization includes revenues and expenses from healthcare services, grants and gifts to support healthcare 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, 2020 and 2019, which are recorded as assets whose use is limited.

### 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 not-for-profit organizations described in Section 501(c)(3) of the Internal Revenue Code (the Code) and are exempt from federal income taxes pursuant to Section 501(a) of the Code.

### 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 significant volatility in the investment markets. On March 10, 2020, Connecticut Governor Ned Lamont declared a Public Health and Civil Preparedness Emergency and the Organization closed to all visitors through December 31, 2020. The Organization stopped accepting new residents through

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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June 2020 and several smaller periods from July 2020 through December 31, 2020. The duration of the uncertainties around the coronavirus and the ultimate financial effects cannot be reasonably estimated at this time.

For the year ended December 31, 2020, the Organization incurred costs relating to the pandemic, totaling \$1,136,370. All costs were eligible for recovery during the year ended December 31, 2020 under federal and state grant programs as described below.

During the year ended December 31, 2020, the Organization received \$754,481 in grant proceeds through the Provider Relief Program (PRF) under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and \$358,529 in grant proceeds from the State of Connecticut for COVID-19 testing. Under the PRF grant, the Organization is required to use the grant proceeds to cover certain expenditures or lost healthcare revenues that occurred during the coronavirus pandemic. The Organization incurred expenses in excess of the grant proceeds, therefore the Organization did not apply any lost revenue to the grant proceeds. The grant period runs through June 30, 2021. Under the COVID-19 test funding, the Organization was reimbursed for any COVID-19 test expenditures incurred. The Organization recognized revenue under the programs of approximately \$1,113,010 during the year ended December 31, 2020, as included in grant income on the consolidated statement of activities and changes in net assets.

The Organization received a Paycheck Protection Program (PPP) loan granted by the Small Business Administration (SBA) under the CARES Act. See Note 8 for additional information.

### Reclassifications

Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or financial position.

### Subsequent Events

In preparing these consolidated financial statements, management has evaluated subsequent events through April 13, 2021, which represents the date the consolidated financial statements were available to be issued.

### NOTE 3 - CASH, CASH EQUIVALENTS AND RESTRICTED CASH

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 689,920	\$ 1,119,501
Assets whose use is limited	<u>7,738,353</u>	<u>5,121,360</u>
Total Cash, Cash Equivalents and Restricted Cash Shown in the Statements of Cash Flows	<u>\$ 8,428,273</u>	<u>\$ 6,240,861</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.

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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.

As of December 31, 2020 and 2019, the numbers of each residency agreement in place are summarized as follows (includes agreements for residents in both independent living and skilled care):

	<u>Declining Refund Plan</u>		<u>Termination Refund Plan</u>	
	<u>1%</u>	<u>2%</u>	<u>67%</u>	<u>80%</u>
2020	2	144	3	62
2019	3	147	3	70

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. Non-life 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, 2020 and 2019, no obligation was recorded.

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 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.

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.

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 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.

There have been no changes in the methodologies used at December 31, 2020 and 2019.

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, 2020 and 2019:

Description	2020			Assets Measured at NAV (a)	Total
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3		
<b>Assets:</b>					
<b>Investments:</b>					
Cash and cash equivalents	\$ 801,993	\$ -	\$ -	\$ -	\$ 801,993
Fixed income investments	5,314,809	-	-	-	5,314,809
Equity investments	29,981,782	-	-	-	29,981,782
Alternative investments	-	-	-	80,734	80,734
Total investments	36,098,584	-	-	80,734	36,179,318
Less cash and cash equivalents	801,993	-	-	-	801,993
<b>Total Assets Measured at Fair Value</b>	<b>\$ 35,296,591</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,734</b>	<b>\$ 35,377,325</b>
<b>Liabilities:</b>					
Interest rate swap obligation	\$ -	\$ 141,640	\$ -	\$ -	\$ 141,640
<b>Total Liabilities Measured at Fair Value</b>	<b>\$ -</b>	<b>\$ 141,640</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 141,640</b>

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Description	2019			Assets Measured at NAV (a)	Total
	Fair Value Measurements Using				
	Level 1	Level 2	Level 3		
<b>Assets:</b>					
Investments:					
Cash and cash equivalents	\$ 1,562,365	\$ -	\$ -	\$ -	\$ 1,562,365
Fixed income investments	4,729,753	-	-	-	4,729,753
Equity investments	25,257,931	-	-	-	25,257,931
Alternative investments	-	-	-	79,715	79,715
Total investments	31,550,049	-	-	79,715	31,629,764
Less cash and cash equivalents	1,562,365	-	-	-	1,562,365
Total Assets Measured at Fair Value	\$ 29,987,684	\$ -	\$ -	\$ 79,715	\$ 30,067,399
<b>Liabilities:</b>					
Interest rate swap obligation	\$ -	\$ 125,213	\$ -	\$ -	\$ 125,213
Total Liabilities Measured at Fair Value	\$ -	\$ 125,213	\$ -	\$ -	\$ 125,213

(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, 2020.

### NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment at cost consists of the following as of December 31, 2020 and 2019:

	2020	2019
Land and improvements	\$ 5,687,780	\$ 5,651,000
Buildings and improvements	108,898,556	106,534,863
Furniture, fixtures and equipment	4,574,408	4,371,996
Carports	462,501	462,501
Vehicles	388,585	368,844
	120,011,830	117,389,204
Less accumulated depreciation	69,427,660	65,654,891
	50,584,170	51,734,313
Construction in progress	1,283,883	2,057,691
Net Property and Equipment	\$ 51,868,053	\$ 53,792,004

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Depreciation expense totaled \$3,772,767 and \$4,282,941 for the years ended December 31, 2020 and 2019, respectively.

### NOTE 7 - LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
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	\$ 12,270,000	\$ -
2014 Revenue Refunding Bonds:		
Series 2014 - 5% term bonds due 2025 to 2044	12,000,000	12,000,000
2010 Revenue Refunding Bonds:		
Series 2010 - variable rate debt due August 1, 2032 fixed via a swap agreement at 3.96% through December 1, 2020	-	10,610,000
	<u>24,270,000</u>	<u>22,610,000</u>
Less unamortized debt issuance costs	(1,171,553)	(964,927)
Less current portion	<u>(652,000)</u>	<u>(10,388,060)</u>
Long-Term Debt, Net of Current Portion and Unamortized Debt Issuance Costs	<u>\$ 22,446,447</u>	<u>\$ 11,257,013</u>

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

	<u>Series 2020</u>	<u>Series 2014</u>	<u>Total</u>
2021	\$ 652,000	-	\$ 652,000
2022	692,000	-	692,000
2023	997,000	-	997,000
2024	1,018,000	-	1,018,000
2025	1,041,000	100,000	1,141,000
Thereafter	<u>7,870,000</u>	<u>11,900,000</u>	<u>19,770,000</u>
	<u>\$ 12,270,000</u>	<u>12,000,000</u>	<u>\$ 24,270,000</u>

Under the Series 2014 and Series 2020 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, 2020, there was \$1,476,359 within this fund.



# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### Construction Fund

Duncaster is required to maintain a Construction fund to fund future construction costs. Duncaster is required to repay the principal and interest payments of the loan in consecutive monthly installments on the 1st of each month of each bond year. As of December 31, 2020, there was \$3,090,548 within this fund.

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

## NOTE 8 - PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

During April 2020 the Organization received a Paycheck Protection Program (PPP) loan of \$2,473,800 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). A portion of this loan may be forgivable based on the amount of qualifying expenses incurred and levels of employee headcount and salaries maintained during a measurement period. The Organization considers the PPP loan to be debt and, accordingly, will record the amount of forgiveness, if any, when legally released by the lender. At the time of issuance of the financial statements, notice of forgiveness had not been received from the lender. Any portion of the loan that must be repaid will bear interest at a rate of 1% per annum. The terms of the agreement require repayment of this loan over two years. In accordance with the guidance from SBA, the Organization is not required to make any payments until the forgiveness amount is remitted to the lender by SBA, which has not occurred as of April 13, 2021. The forgiveness of this loan is subject to audit by the SBA for a period of seven years.

The following is a schedule of estimated principal payments as of December 31, 2020 prior to any loan forgiveness:

### Year Ending December 30

2021	\$ 1,218,746
2022	<u>1,255,054</u>
	<u>\$ 2,473,800</u>

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### NOTE 9 - 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.

### NOTE 10 - REVENUE FROM CONTRACTS WITH CUSTOMERS

#### Revenue

Resident services, assisted living and health center patient revenue is reported at the amount that reflects the consideration the Organization expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors. Performance obligations are determined based on the nature of the services provided. Resident services, assisted living and health center patient revenue is recognized as performance obligations are satisfied. The Organization recognizes revenue in accordance with the provisions of Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*.

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 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.

#### **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 2020 or 2019. Management believes that all applicable government reimbursement principles have been properly applied and that no material adjustments will occur as result of an audit.

## **DUNCASTER, INC. AND SUBSIDIARY**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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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.

#### **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.

## DUNCASTER, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The composition of resident and patient care revenues by primary payor for the years ended December 31, 2020 and 2019 is as follows:

	Resident Service Fee Revenue		Health Center Patient Revenue		Assisted Living Revenue	
	2020	2019	2020	2019	2020	2019
Lifecare residents	\$ 11,740,307	\$ 12,325,857	\$ 1,060,792	\$ 1,044,052	\$ 1,564,982	\$ 1,526,865
Private	-	-	2,509,769	2,528,210	1,670,786	1,738,506
Medicare	-	-	2,599,128	2,366,559	-	-
Other third-party payors	-	-	355,815	580,891	-	-
Total	\$ <u>11,740,307</u>	\$ <u>12,325,857</u>	\$ <u>6,525,504</u>	\$ <u>6,519,712</u>	\$ <u>3,235,768</u>	\$ <u>3,265,371</u>

### NOTE 11 - 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:

	2020	2019
Cash and cash equivalents	\$ 689,920	\$ 1,119,501
Investments	36,179,318	31,629,764
Accounts receivable, net	1,276,894	1,109,254
Assets whose use is limited	7,738,353	5,121,360
Total financial assets available within one year	<u>45,884,485</u>	<u>38,979,879</u>
Less amounts unavailable for general expenditures within one year, due to:		
Assets whose use is limited	(7,738,353)	(5,121,360)
Restricted by donors with purpose restrictions	(11,383,411)	(9,271,763)
Restricted by donors in perpetuity	<u>(12,226,602)</u>	<u>(12,157,848)</u>
Total amounts unavailable for general expenditure within one year	<u>(31,348,366)</u>	<u>(26,550,971)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	\$ <u>14,536,119</u>	\$ <u>12,428,908</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.

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 12 - NET ASSETS

#### Net Assets With Donor Restrictions

The following is the composition of the Organization's net assets with donor restrictions at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Restricted in perpetuity:	\$ 12,226,602	\$ 12,157,848
Other net assets with donor restrictions:		
Resident Assistance Fund	957,882	1,063,938
Employees	206,797	322,113
Other initiatives	2,935,645	2,750,639
Capital Projects Fund	3,735	3,735
Endowment investment returns	<u>7,279,352</u>	<u>5,131,338</u>
	<u>\$ 23,610,013</u>	<u>\$ 21,429,611</u>

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

	<u>2020</u>	<u>2019</u>
Resident Assistance Fund	\$ 118,032	\$ 112,434
Employees	115,316	111,138
Appropriation of endowment assets for expenditure	<u>656,506</u>	<u>580,863</u>
Total Net Assets Released	<u>\$ 889,854</u>	<u>\$ 804,435</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

# DUNCASTER, INC. AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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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.

### 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, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
	<u>With Donor Restrictions</u>	<u>With Donor Restrictions</u>
Donor-restricted endowment funds:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 12,226,602	\$ 12,157,848
Endowment investment returns	<u>7,279,352</u>	<u>5,131,338</u>
Total	<u>\$ 19,505,954</u>	<u>\$ 17,289,186</u>

## DUNCASTER, INC. AND SUBSIDIARY

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Changes in endowment investments for the years ended December 31, 2020 and 2019 are as follows:

	<u>With Donor Restrictions</u>
Endowment - December 31, 2018	\$ 13,195,036
Investment gains	3,322,839
Contributions	1,352,174
Appropriation of endowment assets for expenditure	<u>(580,863)</u>
Endowment - December 31, 2019	17,289,186
Investment gains	2,804,520
Contributions	68,754
Appropriation of endowment assets for expenditure	<u>(656,506)</u>
Endowment - December 31, 2020	<u>\$ 19,505,954</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, 2020 and 2019.

#### NOTE 13 - 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, 2020 and 2019, 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, 2020 and 2019 was \$449,488 and \$390,647, respectively.

# **DUNCASTER, INC. AND SUBSIDIARY**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **NOTE 14 - HEALTHCARE INDUSTRY**

#### **Regulatory Environment**

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, 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 healthcare 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 15 - 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.



## **Supplementary Information**

# DUNCASTER, INC. AND SUBSIDIARY

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2020

	<u>Duncaster, Inc.</u>	<u>The Duncaster Foundation, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 689,920	\$ -	\$ -	\$ 689,920
Accounts receivable, net	1,276,894	-	-	1,276,894
Assets whose use is limited	7,738,353	-	-	7,738,353
Due from Foundation	529,055	-	(529,055)	-
Prepaid expenses and inventories	297,752	-	-	297,752
Total current assets	<u>10,531,974</u>	<u>-</u>	<u>(529,055)</u>	<u>10,002,919</u>
<b>Investments</b>	<u>13,377,426</u>	<u>22,801,892</u>	<u>-</u>	<u>36,179,318</u>
<b>Property and Equipment, Net</b>	<u>51,175,946</u>	<u>1,398,748</u>	<u>(706,641)</u>	<u>51,868,053</u>
<b>Other Assets</b>				
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>
<b>Total Assets</b>	<u>\$ 75,156,946</u>	<u>\$ 24,225,639</u>	<u>\$ (1,235,696)</u>	<u>\$ 98,146,889</u>

# DUNCASTER, INC. AND SUBSIDIARY

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2020

	The Duncaster Foundation,			
	Duncaster, Inc.	Inc.	Eliminations	Total
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Current portion of long-term debt	\$ 652,000	\$ -	\$ -	\$ 652,000
Current portion of Paycheck Protection Program loan payable	1,218,746	-	-	1,218,746
Accounts payable and accrued expenses	1,737,705	12,572	-	1,750,277
Accrued salaries and wages	768,046	-	-	768,046
Due to Duncaster	-	529,055	(529,055)	-
Entrance fee refunds payable	6,234,809	-	-	6,234,809
Accrued interest payable	281,760	-	-	281,760
Entrants' deposits	371,809	-	-	371,809
Total current liabilities	<u>11,264,875</u>	<u>541,627</u>	<u>(529,055)</u>	<u>11,277,447</u>
<b>Long-Term Debt, Net of Current Portion</b>	<u>22,446,447</u>	<u>-</u>	<u>-</u>	<u>22,446,447</u>
<b>Paycheck Protection Program Loan Payable, Net of Current Portion</b>	<u>1,255,054</u>	<u>-</u>	<u>-</u>	<u>1,255,054</u>
<b>Interest Rate Swap Obligation</b>	<u>141,640</u>	<u>-</u>	<u>-</u>	<u>141,640</u>
<b>Deferred Gain on Sale of Asset</b>	<u>706,641</u>	<u>-</u>	<u>(706,641)</u>	<u>-</u>
<b>Refundable and Nonrefundable Entrance Fees</b>				
Entrance fees refunds payable, net of current portion	13,715,410	-	-	13,715,410
Nonrefundable fees, net	<u>21,563,607</u>	<u>-</u>	<u>-</u>	<u>21,563,607</u>
Total refundable and nonrefundable entrance fees	<u>35,279,017</u>	<u>-</u>	<u>-</u>	<u>35,279,017</u>
Total liabilities	<u>71,093,674</u>	<u>541,627</u>	<u>(1,235,696)</u>	<u>70,399,605</u>
<b>Net Assets</b>				
Without donor restrictions	4,063,272	73,999	-	4,137,271
With donor restrictions	<u>-</u>	<u>23,610,013</u>	<u>-</u>	<u>23,610,013</u>
Total net assets	<u>4,063,272</u>	<u>23,684,012</u>	<u>-</u>	<u>27,747,284</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 75,156,946</u>	<u>\$ 24,225,639</u>	<u>\$ (1,235,696)</u>	<u>\$ 98,146,889</u>

# DUNCASTER, INC. AND SUBSIDIARY

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION DECEMBER 31, 2019

	<u>Duncaster, Inc.</u>	<u>The Duncaster Foundation, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 1,119,501	\$ -	\$ -	\$ 1,119,501
Accounts receivable, net	1,109,254	-	-	1,109,254
Assets whose use is limited	5,121,360	-	-	5,121,360
Due from Foundation	446,960	-	(446,960)	-
Prepaid expenses and inventories	227,688	-	-	227,688
Total current assets	<u>8,024,763</u>	<u>-</u>	<u>(446,960)</u>	<u>7,577,803</u>
<b>Investments</b>	<u>11,164,368</u>	<u>20,465,396</u>	<u>-</u>	<u>31,629,764</u>
<b>Property and Equipment, Net</b>	<u>53,099,897</u>	<u>1,398,748</u>	<u>(706,641)</u>	<u>53,792,004</u>
<b>Other Assets</b>				
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>
<b>Total Assets</b>	<u>\$ 72,360,628</u>	<u>\$ 21,889,143</u>	<u>\$ (1,153,601)</u>	<u>\$ 93,096,170</u>

# DUNCASTER, INC. AND SUBSIDIARY

## CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED) DECEMBER 31, 2019

	<u>Duncaster, Inc.</u>	<u>The Duncaster Foundation, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities</b>				
Current portion of long-term debt	\$ 10,388,060	\$ -	\$ -	\$ 10,388,060
Accounts payable and accrued expenses	1,389,749	12,572	-	1,402,321
Accrued salaries and wages	1,040,018	-	-	1,040,018
Due to Duncaster	-	446,960	(446,960)	-
Entrance fee refunds payable	6,140,070	-	-	6,140,070
Accrued interest payable	285,365	-	-	285,365
Entrants' deposits	499,561	-	-	499,561
Interest rate swap obligation	125,213	-	-	125,213
Total current liabilities	<u>19,868,036</u>	<u>459,532</u>	<u>(446,960)</u>	<u>19,880,608</u>
<b>Long-Term Debt, Net of Current Portion and Deferred Costs</b>	<u>11,257,013</u>	<u>-</u>	<u>-</u>	<u>11,257,013</u>
<b>Deferred Gain on Sale of Asset</b>	<u>706,641</u>	<u>-</u>	<u>(706,641)</u>	<u>-</u>
<b>Refundable and Nonrefundable Entrance Fees</b>				
Entrance fees refunds payable, net of current portion	15,367,957	-	-	15,367,957
Nonrefundable fees, net	<u>22,510,628</u>	<u>-</u>	<u>-</u>	<u>22,510,628</u>
Total refundable and nonrefundable entrance fees	<u>37,878,585</u>	<u>-</u>	<u>-</u>	<u>37,878,585</u>
Total liabilities	<u>69,710,275</u>	<u>459,532</u>	<u>(1,153,601)</u>	<u>69,016,206</u>
<b>Net Assets</b>				
Without donor restrictions	2,650,353	-	-	2,650,353
With donor restrictions	<u>-</u>	<u>21,429,611</u>	<u>-</u>	<u>21,429,611</u>
Total net assets	<u>2,650,353</u>	<u>21,429,611</u>	<u>-</u>	<u>24,079,964</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 72,360,628</u>	<u>\$ 21,889,143</u>	<u>\$ (1,153,601)</u>	<u>\$ 93,096,170</u>

# DUNCASTER, INC. AND SUBSIDIARY

## CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2020

	Duncaster, Inc. (Without Donor Restrictions)	The Duncaster Foundation, Inc. (Without Donor Restrictions)	The Duncaster Foundation, Inc. (With Donor Restrictions)	Eliminations	Total
<b>Revenues and Other Support</b>					
Resident service fee revenue	\$ 11,740,307	\$ -	\$ -	\$ -	\$ 11,740,307
Health center patient revenue	6,525,504	-	-	-	6,525,504
Amortization of entrance fees	4,236,871	-	-	-	4,236,871
Assisted living revenue	3,235,768	-	-	-	3,235,768
Investment income	2,347,813	-	421,424	-	2,769,237
Grant income	1,113,010	-	-	-	1,113,010
Other income	753,630	-	-	-	753,630
Gift income	99,959	121,397	265,736	-	487,092
Contributions from The Duncaster Foundation, Inc.	632,670	-	(889,854)	(632,670)	-
Net assets released from restrictions	-	889,854	(202,694)	-	-
Net revenues and other support	30,685,532	1,011,251	(202,694)	(632,670)	30,861,419
<b>Expenses</b>					
General and administrative	8,570,685	304,582	-	-	8,875,267
Medical and other resident care	7,816,467	-	-	-	7,816,467
Depreciation and amortization	3,772,767	-	-	-	3,772,767
Buildings and grounds	3,304,752	-	-	-	3,304,752
Dietary	2,810,925	-	-	-	2,810,925
Interest	1,246,878	-	-	-	1,246,878
Housekeeping	1,082,999	-	-	-	1,082,999
Contributions to Duncaster, Inc.	-	632,670	-	(632,670)	-
Total expenses	28,605,473	937,252	-	(632,670)	28,910,055
<b>Income from Operations</b>	2,080,059	73,999	(202,694)	-	1,951,364
<b>Write off of Project Costs</b>	(554,033)	-	-	-	(554,033)
<b>Change in Net Unrealized Gain (Loss) on Investments</b>	(96,680)	-	2,383,096	-	2,286,416
<b>Change in Interest Rate Swap Obligation</b>	(16,427)	-	-	-	(16,427)
<b>Change in Net Assets</b>	1,412,919	73,999	2,180,402	-	3,667,320
<b>Net Assets - Beginning of Year</b>	2,650,353	-	21,429,611	-	24,079,964
<b>Net Assets - End of Year</b>	\$ 4,063,272	\$ 73,999	\$ 23,610,013	\$ -	\$ 27,747,284

# DUNCASTER, INC. AND SUBSIDIARY

## CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2019

	Duncaster, Inc. (Without Donor Restrictions)	The Duncaster Foundation, Inc. (Without Donor Restrictions)	The Duncaster Foundation, Inc. (With Donor Restrictions)	Eliminations	Total
<b>Revenues and Other Support</b>					
Resident service fee revenue	\$ 12,325,857	\$ -	\$ -	\$ -	\$ 12,325,857
Health center patient revenue	6,519,712	-	-	-	6,519,712
Amortization of entrance fees	4,090,512	-	-	-	4,090,512
Assisted living revenue	3,265,371	-	-	-	3,265,371
Gift income	97,540	52,547	1,630,517	-	1,780,604
Other income	1,007,085	-	455,486	-	1,007,085
Investment income	294,611	-	-	(525,523)	750,097
Contributions from The Duncaster Foundation, Inc.	525,523	804,435	(804,435)	-	-
Net assets released from restrictions	-	856,982	1,281,568	(525,523)	-
Net revenues and other support	<u>28,126,211</u>	<u>856,982</u>	<u>1,281,568</u>	<u>(525,523)</u>	<u>29,739,238</u>
<b>Expenses</b>					
Medical and other resident care	7,677,683	-	-	-	7,677,683
General and administrative	6,819,169	331,459	-	-	7,150,628
Depreciation and amortization	4,282,941	-	-	-	4,282,941
Buildings and grounds	3,648,275	-	-	-	3,648,275
Dietary	2,936,959	-	-	-	2,936,959
Interest	1,114,329	-	-	-	1,114,329
Housekeeping	1,049,294	-	-	-	1,049,294
Contributions to Duncaster, Inc.	-	525,523	-	(525,523)	-
Total expenses	<u>27,528,650</u>	<u>856,982</u>	<u>-</u>	<u>(525,523)</u>	<u>27,860,109</u>
<b>Income from Operations</b>	597,561	-	1,281,568	-	1,879,129
<b>Write off of Project Costs</b>	(446,680)	-	-	-	(446,680)
<b>Change in Net Unrealized Loss on Investments</b>	2,317,145	-	2,867,353	-	5,184,498
<b>Change in Interest Rate Swap Obligation</b>	17,124	-	-	-	17,124
<b>Change in Future Service Obligation</b>	346,000	-	-	-	346,000
<b>Change in Net Assets</b>	2,831,150	-	4,148,921	-	6,980,071
<b>Net Assets - Beginning of Year</b>	(180,797)	-	17,280,690	-	17,099,893
<b>Net Assets - End of Year</b>	<u>\$ 2,650,353</u>	<u>\$ -</u>	<u>\$ 21,429,611</u>	<u>\$ -</u>	<u>\$ 24,079,964</u>

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,  
an SEC-registered investment advisor. | CliftonLarsonAllen LLP





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

	2021	2022	2023
<b>REVENUES AND OTHER SUPPORT:</b>			
Non-Healthcare Resident Revenue	12,388	12,760	13,142
Health center/AL patient revenues	10,359	10,514	10,672
Amortization of entrance fees	4,100	4,050	4,075
Other income	1,245	957	986
Gifts/Duncaster Foundation Dist#	856	700	700
Investment income/Gain Loss	257	270	283
Net assets released from Restrictions			
<b>Total revenues and other support</b>	<b>29,205</b>	<b>29,251</b>	<b>29,859</b>
<b>EXPENSES:</b>			
Medical and other resident care	7,911	8,069	8,190
General and administration* incl COVID	8,890	8,001	8,081
Depreciation and amortization	3,775	4,000	4,050
Dietary	3,130	3,193	3,240
Buildings and grounds	3,841	3,918	3,957
Housekeeping	1,160	1,172	1,183
Contributions To Duncaster, Inc.			
Interest	859	859	854
<b>Total expenses</b>	<b>29,566</b>	<b>29,211</b>	<b>29,556</b>
<b>INCOME FROM OPERATIONS</b>	<b>(361)</b>	<b>40</b>	<b>303</b>
<b>CHANGE IN UNREALIZED GAIN (LOSS)+ Change in Interest Rate Swap Obligation+ Change in Future Services Obligation+</b>	<b>-</b>		
<b>CHANGE IN NET ASSETS</b>	<b>(361)</b>	<b>40</b>	<b>303</b>
<b>NET ASSETS, beginning of year</b>	<b>2,650</b>	<b>2,289</b>	<b>2,329</b>
<b>NET ASSETS, end of the period</b>	<b>2,289</b>	<b>2,329</b>	<b>2,631</b>

#Includes HHS grant of \$500,000

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

\*Includes COVID19 budgeted expenses

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

	2021	2022	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Change in net assets	(361)	300	325
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Net proceeds from entrance fees and EF payable	4,250	4,750	4,750
Change in net unrealized (gain) loss on investments			
Change in future services obligation			
Amortization of entrance fees	(4,100)	(4,050)	(4,075)
Depreciation and amortization	3,775	4,000	4,050
Provision for bad debt	75	75	75
Write off of old project costs			
Change in Interest Rate Swap Obligation			
(Increase) decrease in operating assets:			
Accounts and other receivables	(100)	(100)	(100)
Prepaid expenses and other current assets	(75)	(70)	(70)
Due from Foundation			
Annuity related investments	0	0	0
Other Long-term assets			
Increase (decrease) in operating liabilities:			
Accounts payable and accrued expenses	150	125	125
Accrued interest payable	(75)	(75)	(75)
Entrants' Deposits			
Amortization of long term debt			
Annuities payable			
Net cash provided by operating activities	<u>3,539</u>	<u>4,955</u>	<u>5,005</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property and equipment, net	(2,250)	(5,000)	(7,000)
Transfer from investments to operations		3,000	500
(Purchase) sale of investments, net	(620)	(800)	(800)
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>(2,870)</u>	<u>(2,800)</u>	<u>(2,800)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of long term debt	(652)	(692)	(997)
Short-term capital loan			
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>(652)</u>	<u>(692)</u>	<u>(997)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>17</b>	<b>1,463</b>	<b>1,208</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b>690</b>	<b>707</b>	<b>2,170</b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>707</u></b>	<b><u>2,170</u></b>	<b><u>3,378</u></b>

Actuarial/Financial Assumptions:

1. Average age of members

2020	86
2021	85
2022	84
2023	84

2. Healthcare utilization rates (# and %)

2020	69	26%
2021	73	25%
2021	75	25%
2022	75	25%

3. Occupancy rates:

	IL	AL	SN
2020	89%	88%	91%
2021	89%	88%	82%
2022	93%	93%	85%
2023	95%	93%	85%

4. Number of healthcare admissions

2020	69
2021	73
2022	75
2023	75

5. Days of care

2020	11,580
2021	11,000
2022	11,500
2023	11,500

6. Number of permanent transfers

	AL	SN
2020	5	13
2021	7	12
2022	5	12
2023	6	10

7. Resident turnover

2020	15%
2021	13%
2022	13%
2023	13%



## **Duncaster, Inc.**

### **Variances from FY20 financial projections**

#### Revenue and expenses

- The projections for the health center/assisted living/independent living revenues were based on a typical year of high occupancy. The community essentially shut down on March 18, 2020 due to the pandemic and all levels of care suffered. We also were over budget in expenses as a result of higher salaries paid including bonuses and hazard pay for our front-line workers. We also had significant costs incurred both operating and capital expenses as a result of the pandemic. We received funding from the CARES Act that offset a large portion of this but did not cover the losses in revenue.

#### Cash Flow

- Our cash flow was greatly reduced due to lack of entrance fees generated from new move-ins into independent living and while we did receive a large payroll Protection Program loan we still had a large cash shortfall compared to budget and prior year.
- The cash flow statement in our audited financials is 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. There is an Investment Committee of the Board that recommends/sets policy and makes all investment decisions based on an asset allocation detailed in the policy, comprised of a percentage split between equities and fixed income options. The committee is comprised of Board members that have investment experience either through current work responsibilities or prior positions held outside the community.