ACKNOWLEDGEMENT OF RECEIPT

WHITNEY CENTER, INC.
CAMPUS DISCLOSURE STATEMENT

PURSUANT TO CONNECTICUT STATUTE 17b-522, EFFECTIVE JULY 1, 1988, THE FOLLOWING NOTICE MUST BE PROVIDED BEORE THE SIGNING OF A CONTINUING CARE AGREEMENT.

You are advised that:

- A continuing care contract is a financial investment and that investment may be at risk;
- The provider's ability to meet its contractual obligations under such contract depends on its financial performance;
- You should consult with an attorney or other professional experienced in matters relating to investments in continuing care facilities before you sign a contract for continuing care; and
- The Department of Social Services does not guarantee the security of your investment.

I acknowledge that I have read the above statement, the Disclosure Statement, and the Continuing Care Agreement.

______________________________	__________
Client Signature	Date
______________________________	__________
For Whitney Center	Date

(TO BE DETACHED AND RETAINED BY WHITNEY CENTER)

DISCLOSURE STATEMENT

2018

Whitney Center, Inc.

200 Leeder Hill Drive, Hamden, CT 06517
(203) 848-2641

Registration does not constitute approval, recommendation or endorsement by the Department of Social Services or the State of Connecticut, nor does such registration evidence the accuracy or completeness of the information set forth in this Disclosure Statement.

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INTRODUCTION

Whitney Center is a senior living community located in Hamden, Connecticut that includes independent living apartments, assisted living and memory support units, and a 59-bed nursing unit. Whitney Center is owned and self-managed by Whitney Center, Incorporated, a Connecticut not-for-profit corporation, which is committed to serving the best interests of Whitney Center and its residents. Whitney Center also serves non-residents through it's "Thrive at Home" program.

We've tried to use non-technical language in this Disclosure Statement and there may be some minor differences between the text in this statement and the Residency Agreement attached hereto. In the event of any differences, the provisions of the Residency Agreement shall govern.

Healthcare laws, general economic conditions and future developments are difficult to predict. This Disclosure Statement was prepared based on assumptions believed to be realistic as its completion date. Whitney Center constantly seeks to improve its programs and services consistent with its Mission, Vision and Values.

MISSION

Whitney Center's mission, Excellence in Senior Living, is grounded in the principle that all elders, regardless of physical or cognitive limitations, have the right to engage in life and seek fulfillment. Ideals of self-determination, lifelong learning and continual growth are unbounded by age and embraced by a person-centered philosophy.

VISION

Whitney Center will be a recognized leader in senior living services, the model of innovation and quality for consumers, providers and regulatory agencies.

VALUES

Whitney Center is committed to these core values:

Community

- We have a responsibility, as a corporate citizen of the greater New Haven community, to maintain collaborative relationships with our neighbors.
- We provide leadership in our industry by contributing resources and experience toward the improvement of services for older adults.

Respect

- We believe that every resident, member and employee is an independent and self-determining individual, each worthy of the utmost respect for their voice, individuality, and accomplishments.
- We understand and appreciate that aging is a lifelong process and that learning and growth opportunities are integral to maintaining a fulfilled lifestyle.
- We promote a work and living environment that enables residents, members and employees to continuously enhance their various dimensions of wellness: Physical Well Being, Nutrition, Social, Emotional, Spiritual, Intellectual, and Vocational.

Excellence

- We believe in the continuous pursuit of excellence in delivering the highest quality services possible.
- We strive to be the aging services provider of choice as well as the preferred employer in our market area.

Stewardship

- Every employee and board member has a responsibility to protect the assets and the good name of Whitney Center.
- We have the responsibility to advocate for the rights of all older adults.

Teamwork

- We believe that every resident, member and employee has a significant role in the ongoing affairs of our program and, therefore, seek to maximize opportunities for participation in all facets of our operation.
- We believe that transparency and good communication are vital to a healthy organization.

DEFINITIONS

Activities of Daily Living (ADL) – The basic tasks of everyday life, including ambulation, bathing, dressing, eating, oral hygiene, exercise and supervision in self-administration of medications.

Assisted Living – Refers to residents who require assistance with activities of daily living and/or medication management. Assisted Living services are provided through Whitney Center's Assisted Living Services Agency (ALSA).

Chronic & Stable – A statutory term used to describe the health status of a resident who can appropriately receive long-term care services without the need for skilled nursing. The resident's physician typically determines whether or not the resident is Chronic & Stable through an assessment of medical, physical, cognitive and mental health conditions.

Closing/Settlement – The time when a depositor is entitled to all rights conveyed by the Residency Agreement. This usually occurs when both parties sign the Residency

Agreement and Whitney Center receives the entry fee.

Level of Care Determination - Whitney Center's guidelines for evaluating the individual healthcare requirements of residents and providing health services in the most appropriate setting possible. Briefly, the process includes the following:

- An Interdisciplinary Care Team (the resident, resident's family or representative, resident's primary care physician and Center's clinical, resident service and management staff) makes recommendations based on the resident's functional abilities in ADLs; safety, and other factors along with available support from a spouse or other sources.

- The Care Team's findings are discussed with the resident and, if appropriate, the resident's family. Every reasonable effort is made to arrive at a consensus agreement that is in the resident's best interest.

- If determined appropriate, the resident is aided in relocating to an available Assisted Living apartment or Nursing Center room.

Nursing Services – Any service provided by a licensed nursing professional (i.e., clinical assessments, blood pressure checks, blood sugar checks, injections, wound care and medication management).

Per Diem Period – The period of time defined in the Modified contract, exclusive of any Medicare-part A coverage, for which a resident is responsible for paying the market rate for Assisted Living or Nursing Center services.

Personal Options – Whitney Center's program of personal care and companion services available in addition to those offered under the Residency Agreement.

Private Duty Services – Any service outside of the Residency Agreement contracted with a provider who is not employed by Whitney Center. Typically, such services address lifestyle needs by offering both assistance with activities of daily living and companion services.

Residential Living – Also known as independent living.

Spell of Illness – A Medicare defined term that establishes the parameters by which a resident can reside in the nursing center on a temporary basis. It is a period of consecutive days, beginning with the first day on which a Resident receives care for a specific condition, and ending after 60 consecutive days from the time the Resident stops receiving care for that condition.

I. THE PEOPLE

WHITNEY CENTER, INCORPORATED

Whitney Center, Incorporated is a Connecticut 501(c)(3) not-for-profit corporation organized to own and operate the Whitney Center retirement community and provide senior services in the greater New Haven area. Its principal business address is 200 Leeder Hill Drive, Hamden, Connecticut 06517. Whitney Center, Incorporated is not affiliated with a religious, charitable, or other not-for-profit organization. Whitney Center does not own or operate any other retirement community.

No part of the earnings of Whitney Center, Incorporated may be used for the benefit of or be distributed to its officers, directors, or other private individuals except as reasonable compensation for services rendered.

The Board of Directors of Whitney Center, Incorporated has the overall responsibility for strategic planning and the approval of annual budgets. People and entities referred to herein have assumed no financial responsibility for the fulfillment of agreements of Whitney Center, Incorporated. The Board of Directors of Whitney Center, Incorporated comprises up to 18 members whose expertise lay in such areas as banking, law, hospital administration, and medicine. The Directors receive no compensation for their services on the board. Neither the directors, nor any persons involved in the management of Whitney Center, have any proprietary interest in the organization.

The officers and directors of Whitney Center, Incorporated as of 7/1/2018 are listed below:

Wes Poling
Chair
24 Crestview Drive, North Haven, CT 06473 - Mr. Poling recently retired from Yale University as Director, Yale Graduate School Capital Giving. He is past President of Kentucky Wesleyan College. Mr. Poling currently volunteers as a tutor with New Haven Reads, and is a member, Board of Deacons with the Church of Redeemer in New Haven, and a Fellow, Berkeley College, Yale University. He is a former Treasurer, Executive Committee of the National Association of Independent Colleges and Universities, and past member, Board of Directors, Owensboro Chamber of Commerce.

Anthony F. Santore, CPA
Emeritus Chair
30 Marion Drive, North Haven, CT 06473 - Mr. Santore is a principal with Beers, Hamerman & Company, P.C. Mr. Santore serves on the Board of Governors and is Treasurer of New Haven Country Club, Inc. He is also on the Board of Directors of

Fair Haven Cemetery Association. He is a member of both the American Institute of Certified Public Accountants and the Connecticut Society of Certified Public Accountants (CSCPA). He also serves on the Non-Profit Committee of the CSCPA, the Development Committee of the Community Foundation of Greater New Haven, Inc., and The Amity Club. He is the former Treasurer of the United Way of Greater New Haven, Inc. and has served on the Board of Directors of the Connecticut Community Investment Corporation and City Missionary Association.

Robert Harrity
Director & Treasurer
55 Knollwood Drive, North Haven, CT 06473 - Mr. Harrity is a principal with Ross Institutional Investors LLC in New Haven, Connecticut. He is a Senior Financial Executive with extensive international and domestic experience in investment and commercial banking. Mr. Harrity's past accomplishments include Managing Director with Citigroup/Citibank, New York, NY; Managing Director, Corporate Finance at Chemical Bank/JP Morgan Chase; Managing Director, Investment Banking at Merrill Lynch; and Vice President, Corporate Finance at The First Boston Corporation. Mr. Harrity has been a guest speaker at The Wharton School, Georgetown University, and The Darden School at UVA.

Ronald T. Rozett, M.D., M.P.H.
Director & Secretary
58 Glen Parkway, Hamden, CT 06517 - Dr. Rozett is a graduate of Harvard Medical School and the Harvard School of Public Health. After clinical training, he became a member of the Internal Medicine faculty of the Yale University School of Medicine. Following several years in academic medicine, he practiced medicine as a primary care internist and geriatrician in a New Haven prepaid group practice, the Community Health Care Plan, CHCP. He also served as its Medical Director for nine years. After 17 years at CHCP, he moved to a rehabilitation hospital, Gaylord Hospital, to pursue his interest in the management of chronic disease and disability and to continue his work as an administrator. Most recently he has been an Executive in Residence at the Quinnipiac University School of Business, the Director of its Master of Health Administration Program, and the Medical Director of the university's Physician Assistant Program.

Gertrude Bollier
Director Ex-Officio & President of the Residents' Council
200 Leeder Hill Drive, Hamden, CT 06517 - Mrs. Bollier is a resident of Whitney Center, currently serving as President of its Residents' Council. She is a graduate of the University of Michigan in Ann Arbor. Upon graduation, Mrs. Bollier taught English in Junior and Senior High Schools. After moving to Connecticut, Mrs. Bollier served as the Director of Community Relations for the Birmingham Group, a large organization that provides extensive social service support throughout the state.

Sandra Minor Bulmer, Ph.D., M.S., C.H.E.S.
Director
18 Ranney Road, Cromwell, CT 06416 - Ms. Bulmer is the Dean for the School of Health and Human Services at Southern Connecticut State University where she spent 15 prior years as a Professor of Public Health. She is the incoming President of the Board for the Connecticut American Heart Association and former President for the Society for Public Health Education. She is committed to community engaged research and programming to improve health outcomes.

Jane Jervis
Director
36 Lincoln Street, New Haven, CT 06511 - Ms. Jervis has been a consultant in higher education for Antioch College, Goddard College, and Biosphere II. She has been president, Lincoln-Bradley Neighborhood Association in New Haven, Connecticut; founding board member of the Home Haven/East Rock Village Association; and a reader for the Recording for the Blind and Dyslexic. Ms. Jervis's past accomplishments include the CT Legislative Task Force on Aging in Place, and chairing numerous accreditations for Northwest Association of Schools and Colleges.

Karen Kmetzo
Director
200 Leeder Hill Drive, Hamden, CT 06517 - Ms. Kmetzo is a resident of Whitney Center. She received a Master's Degree in Public Health (MPH) from Yale University and held a variety of senior level positions, including Vice President for Managed Care at St. Francis Hospital in Hartford, Vice President for Administration at Bristol Hospital, Regional Director of Hospital and Health Plan Contracts for Kaiser Permanente in CT, NY, & MA, Manager of Medical Services for Blue Cross/Blue Shield of CT, Regional Director of Operations for the hospital division of New Medico, a national for-profit rehabilitation company, Assistant Director for Administration at the Greater Bridgeport Community Mental Health Center, and Regional Coordinator for a nine county emergency medical services system in the San Francisco Bay area. She also worked as an RN in various clinical positions. In 1993 Ms. Kmetzo established her own health care management consulting firm focusing on analyzing and negotiating managed care contracts, program planning and implementation, grant writing, and ensuring compliance with standards. She retired in 2009.

Robert O'Dea, CFP
Director
22 Pierce Lane, Madison, CT 06443 - Senior Financial Advisor, Senior Vice President Wells Fargo Advisors.

Carol Robbins
Director
71 Long Hill Farm, Guilford, CT 06437 - Mrs. Robbins has had a long professional and volunteer career in community organization, fund development and planning for older adults. She has been on the boards of Tower One-Tower East, Jewish Family Service and The Jewish Federation of Greater New Haven. In that capacity she has served as campaign chair, the board of the Jewish Foundation and President of Federation. She continues to be an active member of the Federation and on the Board. She serves on a national committee of the Jewish Federation of North America advocating for older adults and disseminating information on issues such as care giving, dementia, isolation and disabilities. Currently she is a member of the patient advocacy committee of New England Medical Group, a part of Yale New Haven Health and on the Board of Call to Care Uganda, a group that provides resources to provide wells for clean water in remote villages in Uganda.

Robert Simione, CPA
Director
4130 Whitney Avenue, Hamden, CT 06518 - Mr. Simione is Managing Principal, Simione Healthcare Consultants LLC. He has over 40 years' experience in the healthcare industry providing home care and hospice organizations with the tools to improve their business performance. Mr. Simione is a keynote speak for the National Association for Home Care and Hospice (NAHC) and state associations representing post-acute health care. He is a former member, Board of Directors, Home Care Alliance of Massachusetts; former member, Finance Committee, Connecticut Association for Healthcare at Home; and past Chairman, Advisory Board, Home Health and Hospice Financial Managers Association.

Michael Rambarose, MBA
Director Ex-Officio & President & CEO

26 Rustic Terrace, Portland, CT 06480 - Since 2005, Mike has served residents and staff of Whitney Center, a Hamden, Connecticut not-for-profit senior living community founded in 1979 comprising independent living, assisted living and skilled nursing amenities and services with annual budgeted revenues of approximately $27 million and a workforce of 280+ people. Before assuming his current role as President & CEO in 2012, Mike was Whitney Center's Senior Vice President for Administration, primarily responsible as project manager for bringing an $89m campus repositioning and expansion initiative from concept through design, financing, construction and marketing.

Throughout his nearly 20 years in the aging services field, Mike has served senior living and healthcare communities of New York and Connecticut in myriad capacities, including community education & outreach, marketing & public relations, business development, operations management and executive leadership. He values personal respect, collaboration and continual learning as underpinnings of his servant leadership philosophy. As an alumnus of the Leading Age Leadership Academy, current Secretary of the Leading Age Board of Directors and co-chair of its Commission for Aging Services Technology, member of the Leading Age Connecticut Board of Directors, active CARF-CCAC aging services surveyor, and former co-facilitator in the Leading Age CT Leadership Academy, Mike is keenly interested in helping advance the aging services field for the betterment of elders and those who serve them. Mike is a regular speaker at regional and national conferences focusing on aging services and leadership. Additionally, Mike serves on the Board of Directors for Chapel Haven, Inc., a New Haven not-for-profit education and residential program for young adults with developmental challenges and has served on various economic development boards and committees with interests in advancing aging issues, particularly workforce and housing, in the greater New Haven area.

MANAGEMENT

Whitney Center's management team operates under the direction of its President and CEO, Michael Rambarose. The senior team comprises the Vice President of Financial Services, David Ratliff; Vice President of Lifestyle Services, Ken Sandberg; Vice President of Clinical Services, Peggy Joyce; Vice President of Employee and Business Services, Karyn Lushinks; Vice President of Marketing and Sales, Cathy Bennett Goodman; Vice President of Enrichment Services, Michelle Pandolfi; and, Vice President of Technology, Rafael Avila.

The senior management team leads Whitney Center's approximately 270 employees through a system of department heads, assistant department heads, managers and supervisors. An organizational chart depicting these various departments and positions can be found in Exhibit F. From time to time, Whitney Center and Thrive at Home may contract with external providers to deliver services or enhance member programs and amenities. For on-campus services, Whitney Center currently partners with:

- Northeast Medical Group: provides the medical directorship for the Nursing Center and employs the Medical Director. Northeast Medical Group is part of Yale-New Haven Hospital and is affiliated with Yale University School of Medicine.
- Trinity Rehab Services: provides physical, occupational and speech rehabilitation services at Whitney Center. All rehabilitation employees are employed by Trinity Rehab Services.

THE ASSOCIATION OF RESIDENTS

All residents of Whitney Center are members of Whitney Center's Residents' Association. Each member can vote at all regular and special meetings of the Association; general meetings are held twice a year. The Residents' Association elects a Residents' Council which, through its various committees, conducts the ongoing business of the Association.

II. THE CENTER

WHITNEY CENTER

Whitney Center is located at 200 Leeder Hill Drive in Hamden, Connecticut on 14.8 acres near Lake Whitney amidst pine trees and leafy shade trees. Our uniquely-designed buildings complement an attractive, natural environment within minutes of New Haven and a wealth of intellectual, social and cultural venues including some of the nation’s finest universities, concert halls, museums, theatres and restaurants. The neighboring area offers shopping, professional offices, parks, golf courses and recreational destinations.

Whitney Center is a Life Plan Community (also known as a continuing care retirement community) designed to serve people 62 years of age or older. The campus comprises 238 Residential Living Apartments in two buildings, 17 Assisted Living and Memory Support apartments, and 59 skilled nursing beds. Community common areas include a cultural arts center, multiple dining venues, spa & salon, indoor heated swimming pool with spa, fitness center, wellness center, library, business center, convenience store/gift shop, bank, and parking garage. Outdoor amenities include private gardens, walking trails, patios and a dog park.

The Nursing Center has both private and semi-private rooms and includes a recreation room, two member lounges, a dining room, a secure patio, and access for members to Whitney Center's full service salon, other dining venues and common areas. In addition to skilled nursing, services include inpatient and outpatient therapy including speech, occupational, and physical therapies. Restorative care is emphasized to help members regain their independence and return to their apartments.

ACCREDITATION

Whitney Center was first awarded accreditation by the Continuing Care Accreditation Commission (CCAC/CARF) in 1994. Whitney Center was most recently re-accredited in 2013 as well as receiving its initial accreditation as a Person-Centered Long Term Care Facility through 2018. To become accredited, Whitney Center affirmed its compliance with standards of excellence in governance and administration, finance, strategy and health and wellness. Whitney Center's accreditation demonstrates that it is effectively carrying out its mission and meeting accreditation standards. The next accreditation assessment will be in August 2018.

FUTURE DEVELOPMENT

Strategic planning is ongoing at Whitney Center. We seek to improve existing programs and services, explore the addition of other health and wellness services and facilities to the Whitney Center campus, and the creation of new off-campus service programs such as Thrive at Home With Whitney Center.

CONTRACT OPTIONS

Whitney Center has contract options that allow people to become residents in whatever way is appropriate to their preferences and needs. Most new residents join the community in an residential living apartment with the ability to access other levels of care as needed. People with an immediate need for assisted living, memory support or nursing care can seek direct admission to those areas. Whitney Center takes pride in it's ability to be flexible and meet the unique needs of each resident.

Independent Living Entry Fees

Most residential living contracts require the payment of an entry fee in addition to an ongoing monthly fee. Direct admission to assisted living or nursing care does not have an entry fee. The amount of the entry fee depends on the size of the apartment unit and other contract options.

The Life Care Program

Residents who choose the "Life Care" contract option receive basic assisted living, memory support and nursing care, when needed, with no increase from their apartment monthly fee. This is a popular option for people who want to know that they won't be hit with higher costs as their health care needs increase.

The life care monthly rate covers the basic semi-private room rate. There will be additional expenses for additional meals, supplies and therapy, or an upgrade to a private room. The specific obligations and benefits of this contract option are described in the contract - See Exhibit B. All contracts should be carefully reviewed before you sign.

Other Contract Options

Whitney Center also offers other contract options that are variations of the Life Care contract. Contract options include lower cost contracts with less of a health care benefits and higher cost contracts with a larger guaranteed entry fee refund. There are sometimes special modifications that will be specified in the applicable contract or a mutually executed contract addendum.

SERVICES & AMENITIES

The services and amenities provided by Whitney Center to residents are described below and listed in the Residency Agreement, which governs all such obligations. Further information is also provided in the Resident Handbook.

The provision of services may be modified by Whitney Center in consultation with the Association of Residents. Whitney Center reserves the right to modify the nature and extent of services offered and give residents advance notice of any changes in services.

Dining – Whitney Center offers four distinct dining venues; Center Stage, the Bistro / Marketplace, Private Dining Room and Fireside Room Pub.

- Center Stage – Offers a more formal dining atmosphere and serve a variety of lunch and dinner options. Alcoholic beverage service is available. This venue includes a display cooking area.
- Bistro / Marketplace – This informal venue offers a variety of options throughout the day and evening. The Bistro features a coffee shop & desert bar and provides a mix of made to order and pre-packaged food options.
- Private Dining Room – In addition to serving as a space for private functions, this venue is used for theme dinners or special events
- Pub – The Fireside Room offers a full pub menu to accommodate cocktails or casual meals.

Whitney Center gives residents maximum control over their dining experience through a flexible spending plan that includes a dining points allowance. Residents make their own choice about where and what to eat including a la carte pricing, take-out service and guest meals in all dining venues. More details can be found in the resident guide.

Emergency Response – All apartments are equipped with a personal emergency response system that, when activated by the resident, alerts staff who are trained in first aid and CPR. Resident-worn pendants are also part of our safety system.

Fitness Center – Includes a variety of exercise equipment, swimming pool and whirlpool spa for use by residents on their own or under the guidance of a fitness trainer. Fitness activities are also conducted in other locations.

Flat Laundry - Most residency agreements require Whitney Center to provide weekly service for the residents' flat laundry including sheets, pillowcases, towels, face clothes, and dishcloths.

Maintenance of the Apartment - Whitney Center maintains all common areas and provides housekeeping services to personal spaces in accordance with the terms of each resident's Residency Agreement. Typical housekeeping services include cleaning, dusting, and vacuuming the interior of the apartment; washing and waxing of hard surface floors; and cleaning ovens and windows as needed. Whitney Center also performs regular maintenance and repairs of appliances, mechanical, electrical, plumbing and structural systems due to normal wear and tear in the Residential Living apartments. Any Whitney Center property damaged by a resident or guest will be repaired at the resident's expense.

Residential Living apartments are evaluated for repainting every ten years unless waived by the then current resident. A resident may request to have new carpeting installed or existing carpeting cleaned due to normal wear after ten (10) years, either of which is at Whitney Center's discretion and expense. Replacement or deep cleaning of carpeting due to damage caused by the resident or resident's guest(s) will be at the resident's expense.

The staff assists residents in arranging and moving furniture as needed during the first three months of occupancy at no charge. This assistance is possible after that time at the resident's expense.

Parking – Every resident with a vehicle is allocated one parking space in either the common garage or in an open lot.

Personal Options – A wellness-based program that addresses lifestyle needs by offering companion and chore-services such as housekeeping & transportation (beyond the basic service included in the Residency Agreement), shopping and escorts. Services can be obtained in lieu of, or, in addition to ALSA services. The Personal Options program is not included within the scope of the Residency Agreement and is therefore billed separately by Whitney Center under a full disclosure pricing and services agreement.

Private Duty Personnel – Residents in Residential Living apartments may hire private duty assistants (service providers not employed by Whitney Center) in accordance with Whitney Center's private duty policy. Live-in care givers are not normally permitted in the Residential Living apartments.

Reception Desk – Reception desks are operating at both the South (main) and North entrances to Whitney Center to provide a variety of concierge services.

Resident Service Attendants - Whitney Center employs staff to help maintain the general safety and security of residents as well as the buildings and grounds. Resident Service Attendants also assist residents with a variety of concierge type services.

Resident Service Center – Located at the entrance of the North building, Payments of fees, maintenance work orders, transportation, and other resident-related services can all be handled at the Resident Service Center.

Residential Living Apartment – Apartments include: individually controlled heating and air conditioning; full kitchen with major appliances (refrigerator, oven/range, microwave); and, utilities (electric, water, local telephone, basic satellite television).

Some apartments are equipped with a washer and dryer; those apartments without a washer and dryer, have access to common area laundry facilities.

Salon & Spa – Offers hair styling, facials, massage therapy, manicures and pedicures.

Television - Whitney Center provides a basic television package at no additional charge. Residents may have options for premium packages and alternative service providers depending on the location of the Residential Living apartment.

Telephone Service - Residents can subscribe to telephone service at their own cost.

Transportation - Scheduled bus or other transportation services are generally provided Monday through Saturday. Regularly scheduled transportation includes stops at area shopping centers as well as medical and other professional offices. Special events transportation may be provided at extra cost to the resident.

Wellness Center- Whitney Center helps residents monitor their health and develop personal wellness plans and programs. Wellness services include may include consultations with a licensed nurse, spiritual care coordinator, podiatrist, hearing specialist, lab technician and a mental health professional.

Wellness Programs – Refers to a variety services, fitness activities, special programs and initiatives designed to foster the health and well-being of residents through seven dimensions: physical, nutritional, social, emotional, spiritual, intellectual and vocational.

Wireless Internet Service - Residents have wireless internet access in their units and common areas.

Assisted Living

Assisted Living (AL) services are an integral part of Whitney Center's continuum of care. Typically, AL services are rendered when a resident requires help carrying out his or her Activities of Daily Living (ADLs), which are defined as ambulation, bathing, dressing, eating, oral hygiene, exercise and supervision in self-administration of medications.

Recommendations for a change in residential status will be made by an interdisciplinary care team comprising Whitney Center's designated staff in consultation with the resident, the resident's family (or designated representative) and the primary care physician, in accordance with Whitney Center's Level of Care policy.

Whitney Center will provide AL services in the residential apartment, up to one hour per day, at no additional cost per Exhibit D. Any additional services deemed necessary for the resident to live safely in the residential apartment will be charged on a fee-for-service basis. Residents will receive AL services until no longer needed or such time that the resident requires skilled nursing services in our Nursing Center or memory support services in our specialized memory support unit. Federal and state regulations determining the need for 24-hour skilled or long term custodial nursing care will guide decisions for admission and discharge to the Nursing Center.

To provide respite for caregivers, Whitney Center has a day program for those residents with cognitive impairment. The program, located within our memory support service, offers structured activities throughout the day.

Whitney Center offers different contracts with different levels of care. Prospective residents should carefully read and understand the benefits included or excluded from their own Residency Agreement.

Nursing Center

Whitney Center retains a physician (MD) on a consulting basis to act as medical director for the Nursing Center.

In the event a resident requires skilled nursing care as such is defined by federal and state regulations, he or she will move to the Nursing Center from the apartment or from a hospital with a physician's medical order. The Nursing Center clinical team determines the appropriate care plan for the resident upon his or her move to the Nursing Center. As a part of the determination, the resident's long- term ability to return to Residential Living is evaluated. Residents who can do so will be encouraged to return to Residential Living as soon as practicable.

Residents of Whitney Center have priority access to the Nursing Center over nonresident applicants desiring care. In the unusual event that the Center is at maximum capacity, Whitney Center, after consultation with the resident, family and the resident's physician will locate appropriate care in another facility until the appropriate accommodations become available in the Nursing Center. Whitney Center will be financially responsible for that portion of the cost of this alternative care that would have otherwise been included as part of the resident's life care contract.

When a resident is the sole occupant of an Apartment, the resident's permanent relocation to a nursing or memory support unit shall result in the release of the resident's Residential Living apartment to Whitney Center for reservation by a new resident. If the Apartment is not released within 30 days of permanent relocation, monthly service fees for the Apartment will continue in addition to other occupancy and service charges In case of double occupancy, the remaining resident can continue to reside in the Apartment.

Additional charges will be incurred by residents in the Nursing Center depending on the terms of their Residency Agreement and the care they receive including charges for some or all meals, therapy services, medicine or nursing supplies. Services provided in the Nursing Center are described in Exhibit E.

COMMUNITY ADMISSIONS

THE RESERVATION PROCESS

A prospective resident's application for residency; Whitney Center's consideration of such application; and, how an applicant becomes a resident shall be uniformly applied to all applicants in accordance with Whitney Center's fair housing and non-discrimination policies and practices.

Unless waived by Whitney Center, the applicant must meet certain financial and physical health requirements for Residential Living. Whitney Center works with applicants to verify that they have assets and income which are sufficient under foreseeable circumstances to cover payments to Whitney Center as well as personal living expenses. The resident's physical and cognitive health must be such that the resident is determined to be able to live safely and independently by a comprehensive health assessment; additionally, the resident must be free of communicable disease.

The typical reservation and qualification process asks the prospective resident to:

1. Meet with a Whitney Center Retirement Counselor to select a specific Residential Living Apartment;

2. Complete a Confidential Financial Statement and submit it with supporting documentation (tax returns, brokerage statements, etc.);

3. Provide a Personal Health History Form completed by the applicant's primary care physician;

4. Meet with a member of the Whitney Center health services staff for a comprehensive health evaluation;

5. Submit proof of health insurance that meets Whitney Center requirements as stipulated in Paragraph IX of the Residency Agreement; and,

6. Submit a fully refundable Reservation Deposit that will be applied to the eventual Entry Fee payable upon move in.

THE RESIDENCY AGREEMENT

Prospective residents are urged to carefully review the details of their Residency Agreement before signing. Prospective residents are reminded that the Residency Agreement is personal in nature and does not give any person who is not a party to the Residency Agreement any right to reside at Whitney Center or receive any services provided under the Residency Agreement; this includes a nonresident spouse. The Residency Agreement contains, among other things, the terms concerning termination and rescission rights, rights to use of the Apartment, rights to use of Assisted Living and the Nursing Center, provisions concerning reimbursement of the entry fee, and services provided to residents. A sample Residency Agreement is attached as Exhibit B.

A resident may rescind the Residency Agreement by giving Whitney Center written notice by registered or certified mail during the right of rescission period (within thirty (30) days from the date the Agreement is signed). In such event, the resident's entry fee deposit will be returned in full without interest, less those costs specifically incurred by Whitney Center at the resident's request and described in an addendum to the Residency Agreement signed by the resident. During the right of rescission period and until the apartment selected by the resident is available for occupancy, any entry fee payments made by the resident are required by state law to be held in an escrow account.

After the thirty (30) day right of rescission period, should the resident cancel or terminate the Residency Agreement prior to occupying the apartment, the timing and amount refunded will depend upon the circumstances surrounding cancellation as set forth in Paragraphs XII.B and XII.C of the Residency Agreement.

Whitney Center may terminate the Residency Agreement only for reasons set forth in Paragraph XI of the Residency Agreement. Decisions concerning termination will be made by administrative personnel of Whitney Center with the advice of the medical director, as applicable. Unless required by a relevant statute, the resident will have no right to appeal a decision concerning termination.

In cases where personal financial resources prove inadequate, a resident may apply for special financial consideration by Whitney Center. Whitney Center will not to ask a resident to leave solely because of justifiable inability to pay the monthly service fee. The circumstances under which a resident may remain at Whitney Center in the event of possible financial difficulty are set forth in Paragraph VIII.A. of the Residency Agreement.

ENTRY FEE AND MONTHLY SERVICE FEE

There are separate entry and monthly fees for first and second persons moving into a residential apartment. An initial deposit (usually 10%), is required reserve an apartment. The resident then pays the balance of the entry fee upon execution of the Residency Agreement by both parties. Monthly service fees are payable at the beginning of each month to cover current operating expenses.

The amount of the entry fee and the monthly service fees will be clearly stated in Paragraph III of the Residency Agreement.

The amount of the fees varies according to the size of Apartment, the life care option, and the entry fee refund plan selected. A price sheet of entry fee and monthly service fees is shown on the summary attached as Exhibit C. Monthly service fees may be increased by Whitney Center upon thirty (30) days written notice to the residents if Whitney Center, in its sole discretion, deems it necessary to meet the financial needs of operating Whitney Center and to provide the required services to the residents.

Whitney Center typically adjusts monthly fees on January 1 of each year. Historically, service fee and entry increases for the past five years have been:

Year	Monthly Fee	Entry Fee
2018	3.0%	5.00%
2017	3.0%	3.00%
2016	3.0%	0.00%
2015	3.0%	0.00%
2014	3.0%	3.00%

ENTRY FEE REFUND

Refund rules for contracts terminated before a resident moves in are set forth in Section X of the Residency Agreement.

Section XII of their Residency Agreement sets for the terms of entry fee refunds after the payment of the full entry fee. If the resident (or resident's estate) is due a refund, such refund will be made after Whitney Center receives payment of a new entry fee for an apartment similar in size and fee schedule, not to exceed eighteen months from termination. Outstanding expenses and any other sums owed by the resident to Whitney Center will be deducted from any refund due.

The amount to be returned to the resident or the resident's estate, without interest, shall be equal to one of the following:

1. **Traditional Entry Fee Option**
   An amount equal to the total Entry Fee paid less an administrative fee of ten percent (10%) of the Entry Fee and a two percent (2%) reduction of the original Entry Fee for each month after closing net of charges owed to Whitney Center.

2. **60% Refundable Entry Fee Option**
   An amount equal to the Primary Entry Fee less an administrative fee of ten percent (10%) of the Entry Fee and a two percent (2%) reduction of the original Entry Fee for each month after closing for fifteen (15) months. Refund of the Second Person Entry Fee, if applicable, shall be calculated according to the Traditional Entry Fee Option.

3. **90% Refundable Entry Fee Option**
   An amount equal to the Primary Entry less an administrative fee of ten percent (10%) of the Entry Fee. Refund of the Second Person Entry Fee, if applicable, shall be calculated according to the Traditional Entry Fee Option.

APARTMENT RELOCATIONS

Residential Living residents may, at Whitney Center's discretion, relocate from one Apartment to another. The moving resident may need to pay a partial entry fee on the new unit, a transfer fee, or pay a portion of renovation expenses on their vacated unit depending on the circumstances of the move. For life care residents, their monthly fee while in health care will be the weighted average of their different apartment fees. All terms of the move will be reviewed with the resident in the advance of the move.

MARRIAGE AND RIGHTS OF SURVIVING SPOUSE

Married residents must each sign the Residency Agreement. Second Person Entry Fees and Second Person Monthly Service Fees will apply. If one spouse dies, the surviving spouse retains all rights as a resident and will be charged the Primary Monthly Service Fee. Entry Fee refunds, if applicable, would not be made until the surviving spouse terminates occupancy.

MARRIAGE AND SECOND PERSON AFTER OCCUPANCY

After occupancy, no person other than the resident signing the Residency Agreement may occupy the Apartment, except with written approval of the Center. Such second person must be qualified for residency in accordance with Center policy; residents may meet financial requirements jointly if their assets are joined through marriage. If a spouse or other person is accepted for residency, then both residents will sign an addendum to the resident's Residency Agreement. The Addendum will provide for payment of the then current Second Person Entry Fee; the Second Person Monthly Service Fee will commence upon occupancy by the new resident.

Two residents occupying different apartments may move into one apartment together subject to the Center's approval and review of financial eligibility criteria. Both residents must sign an Addendum to the Residency Agreement. The Addendum will provide for payment of the then current Primary and Second Person Entry Fee, less the sum of prior Entry Fees paid. If the combined prior Entry Fees are less than the then current Entry Fee for the chosen apartment, the residents must pay the difference; no refund will be issued if the combined prior Entry Fees are more than the then current Entry Fee for the chosen apartment. The Second Person Monthly Service Fee will commence upon joint occupancy.

III. FINANCIAL STATEMENTS

Whitney Center has been a successful senior living community since it opened in 1979. Unfortunately, our financial statements are confusing because of how accounting rules apply to retirement communities. We sometimes report large annual losses even though we have positive cash flow. Whitney Center makes operational and financial decisions to support current operations and achieve its long-term goals.

Whitney Center strives to be completely transparent about our financial condition. We have voting resident members on both the board of directors and the board's finance committee. We seek resident input during our annual planning process and give residents an annual update on our budget and financial performance. Our sales team is ready to answer the questions of prospective residents or direct them to our VP of Financial Services, Dave Ratliff.

FORECAST AND AUDITED FINANCIAL STATEMENTS

Whitney Center engages an outside accounting firm to prepared audited financial statements every year. Audited financial statements of Whitney Center for the years ended December 31, 2017 and 2016 and for the years ended December 31, 2015 and 2014 are attached as part of Exhibit D. A 5-year financial forecast prepared by management is also included in Exhibit D.

FUTURE HEALTH CARE SERVICE OBLIGATION

Whitney Center and other senior living communities that provide discounted health care are responsible for estimating the total present value of prepaid health care for present residents of Whitney Center. The calculation is based upon relevant actuarial assumptions and procedures. This calculated figure, if positive, is not a current obligation but an estimate of future liability that will be incurred over time as residents incur health care costs. There was no reportable future service obligation in Whitney Center's 2017 annual audit.

IV. REGULATORY MATTERS

REGISTRATION

Whitney Center is subject to the provision of the Connecticut Continuing-Care Facility Act - Public Act 86-252. In compliance with the Act, it has filed the following documents with the Connecticut Department on Social Services:

(1) a current disclosure statement,
(2) financial and actuarial information, and
(3) escrow account verification and escrow agreements.

All documents filed are a matter of public record and may be reviewed at the Department's office at:

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

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OPERATING RESERVE ESCROW

Whitney Center is required to establish and maintain on a current basis an aggregate reserve deposit equal to:

(1) all principal and interest, rental or lease payments due during the next 12 months for its first mortgage loan or other long-term financing; and

(2) the total cost of operation of the community for a one-month period, excluding debt service and capital expenditures.

The Department is authorized to require a lesser amount, but Whitney Center does not now anticipate requesting such approval.

The reserve fund escrow account is held by the trustee for Whitney Center's bonds:

US Bank
225 Asylum Street
Hartford, Connecticut 06103

INVESTMENT DIRECTION

Required escrow balances and unrestricted reserves are invested in accordance with applicable regulations, the terms of applicable financing documents, and Whitney Center's investment policy as approved by its Board of Directors. Under the provisions of Public Act No. 86-252, operating reserve funds may not be invested in any building or health care center of any kind or used for capital construction or improvements or for the purchase of real estate. Investment decisions will be made with an expectation of reasonable return while maintaining the security of the fund.

TAX DEDUCTIONS

Residents of Whitney Center may be allowed certain tax deductions related to actual or prepaid medical expense. Historically, about 30% of life care entry fees have been deductible as a pre-paid medical expense in the year in which it is paid. Annually, a portion of monthly service fees may also be a deduction. In January of each year, Whitney Center will provide residents with information about tax deductions. All Whitney Center deductions are subject to limitations imposed by the Internal Revenue Code. It is advisable that the resident seek tax counsel before taking any of these deductions.

JUDICIAL PROCEEDINGS

No judicial proceedings have been initiated against Whitney Center, Incorporated as defined under Section 17a-362 (a) (4) of the Connecticut General Statutes or pursuant to State Regulation 17-548-3 (c) which govern the management of continuing-care facilities.

Whitney Center filed an appeal of the 2015 tax assessment levied on it by the Town of Hamden. A negotiated settlement resolving all aspects of the appeal was completed in April 2018.

V. EXHIBITS

EXHIBIT A: ORGANIZATIONAL CHART

WHITNEY CENTER

Organizational Chart as of June 2018

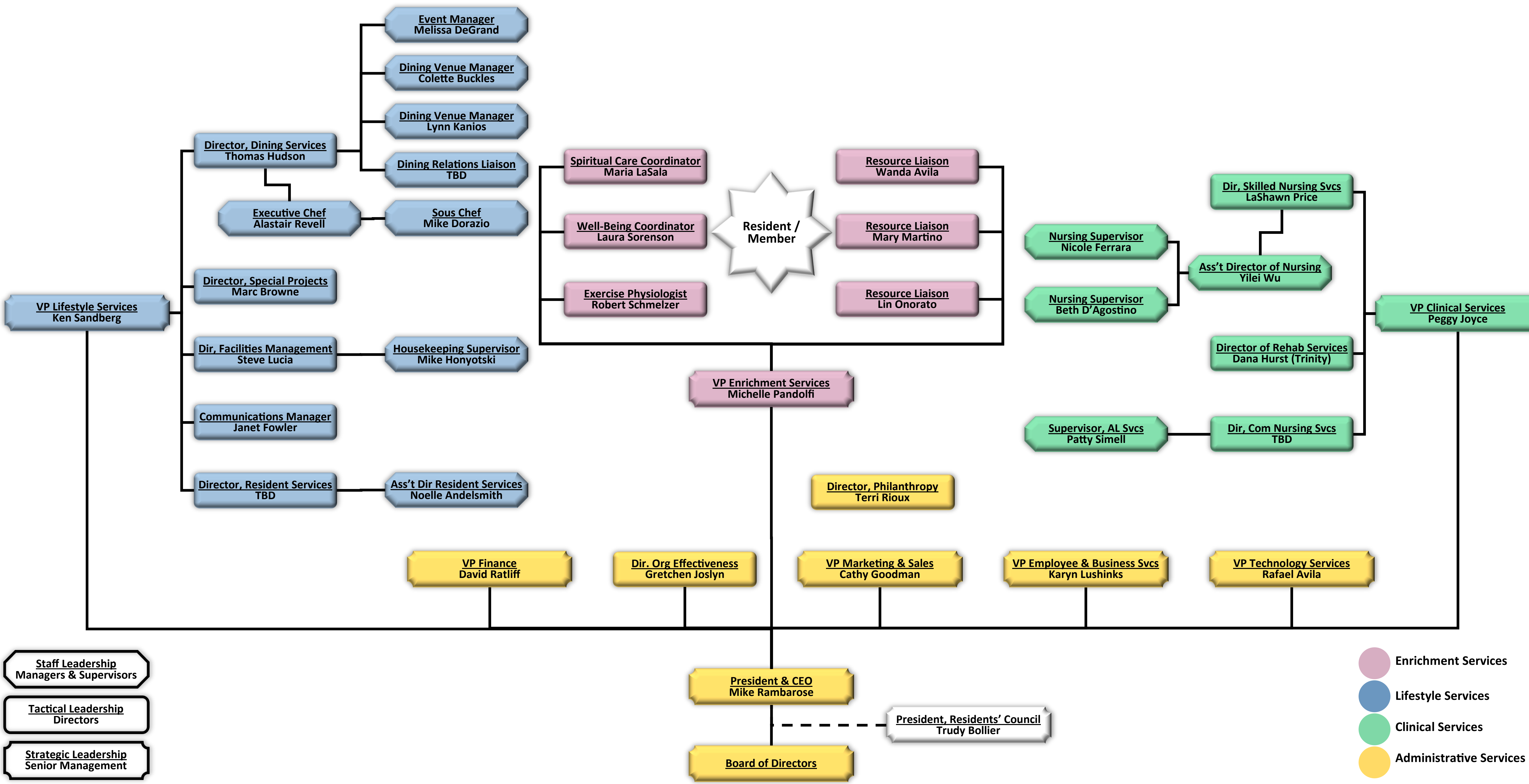

EXHIBIT B: LIFE CARE RESIDENCY AGREEMENT

WHITNEY CENTER
RESIDENCY AGREEMENT
LIFE CARE

RECITALS:

A. Whitney Center, Incorporated, ("Center") is a not-for-profit corporation organized under the laws of the State of Connecticut. Center is exempt from the payment of federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

B. ____, ("You"), being at least sixty-two (62) years of age, (or when two people are named in this Agreement, each of you and the survivor of you except as otherwise indicated) have entered into this Agreement with Center on this __________ day of ____________, 20 ___.

I. CENTER OBLIGATION Center agrees to make available to you for as long as you live, subject to the terms of this Agreement, a Residential Living Apartment, ("Apartment"), No. _____, and to provide, for your lifetime, the services, utilities and furnishings ("Services") described in Section II.A. below:

II. DESCRIPTION OF SERVICES TO BE PROVIDED

A. Center will provide for you the following services, utilities and furnishings, herein referred to as "Services" and also described in Section II of the Disclosure Statement under Services & Amenities, without extra charge:

A flexible points plan of ___________ points per quarter to be used in the various dining venues on campus;

Utilities, including: electric, water, and basic satellite television service;

Building and grounds maintenance;

Weekly housekeeping and flat laundry service;

Washer and dryer, either in common areas or in the Apartment;

Scheduled local transportation;

A variety of programs and activities;

On-site parking;

On-site security services;

24-hour emergency response;

Use of common areas, including: fitness center, swimming pool, whirlpool spa, library, business center and patios;

Access to Wellness Center services;

Meal delivery, when prescribed by Center's nursing staff;

Assisted Living Services, per the Level of Care Determination;

Memory Support Services in a designated Memory Support Apartment, per the Level of Care Determination and;

Nursing / personal care services in semi-private accommodations in the Center's licensed nursing center ("Nursing Center") for temporary stays up to one hundred (100) days per Spell of Illness and for permanent stays when the Apartment is released for resale.

Center, from time to time, may modify the nature and scope of the services outlined above. Center will notify residents in advance of any such change in service.

B. Center will provide for you the following services and features, herein referred to as "Additional Service", for an extra charge:

Additional dining;

Meal delivery for convenience;

Guest dining not included in your meal plan;

Premium television service;

Phone service;

Long distance phone plan;

Guest accommodations;

Catering services;

Spa services;

Facsimile and copier services;

Supplemental chore services in the Apartment, such as personal laundry and handyman services;

Additional personal transportation services;

Organized travel and tickets to various attractions and events;

Additional Assisted Living Services in the Residential Apartment;

Memory Support Day Program;

Upgrade charge for private accommodations in the Nursing Center;

Nursing / personal care services in the Nursing Center for temporary stays exceeding one hundred (100) days per Spell of Illness, notwithstanding the "Level of Care Determination" recommendation.

Physical, speech, and occupational therapies; and,

Other optional services as approved by Center.

III. COST TO YOU

A. Entry Fee and Security Deposit

1. Amount of Entry Fee. Based on your selection of the _______________ Entry Fee Option as also indicated in Section XII.B, you agree to pay Center a Primary Entry Fee in the amount of $_________________. If two of you are residents pursuant to this Agreement, you agree to pay a Second Person Entry Fee in the amount of $_____________. Your Total Entry Fee will be $_________________.

2. Payment Schedule:

a. Ten percent (10%) of the Primary Entry Fee is due upon signing this Agreement, which may be held by an escrow agent under the terms of an escrow agreement and subject to the laws of the State of Connecticut;

b. The balance of $___________ of the Total Entry Fee, less deposits or other payments, shall be paid on or before final closing, not to exceed ninety (90) days from the date that this Agreement is signed by both parties. Any extension of this deadline must be mutually agreed upon by you and Center in accordance with Center's policy.

c. A security deposit of $____________ must also be paid to Whitney Center at closing and will be fully refunded upon termination of the residency agreement unless there is excess damage to the unit as described in Section IV.C.2, the unit is not released as described in Section IV.E, or there are other outstanding charges on the resident's account.

B. Monthly Service Fee and Charges for Additional Service

1. Amount of Monthly Service Fee. The Primary Monthly Service Fee payable by you is $________________. You will pay the additional Second Person Monthly Service Fee of $______________ if two of you are residents pursuant to this Agreement. The Total Monthly Service Fee will be $______________.

2. Payment. The Total Monthly Service Fee shall be billed in advance on the first day of each month. The first Total Monthly Service Fee, less deposits or other payments will be payable on the date the balance of the Total Entry Fee is due or upon occupancy, whichever is earlier. Pro-ration for a partial Monthly Service Fee, if applicable, shall be applied to the second month's payment.

3. Additional Service. Your monthly invoice will include charges for Additional Service applicable to the billing period.

4. Monthly Service Fee Increases. Center may increase the Monthly Service Fee (including any Second Person Monthly Service Fee) subject to thirty (30) days' prior written notice if Center, in its sole discretion, deems it necessary to meet the financial requirements of Center or to provide the Services to the residents.

C. Costs Related to Assisted Living and Nursing Center Services

1. Medical and personal care supplies;

2. Additional meals not covered by your meal plan;

3. If applicable, an upgrade charge for private Nursing Center accommodations; and,

4. If you receive Nursing Center Services on a temporary status for more than one hundred (100) days per Spell of Illness, notwithstanding the "Level of Care Determination" recommendation while maintaining single occupancy in a Residential Living apartment, you will be charged for health care occupancy and services in addition to your Apartment Monthly Service fee.

D. **Collection**

1. Late Payment Fee. A Late Payment Fee of one and one half percent (1½%) per month will be assessed on balances for Monthly Service Fees and other charges not paid by the due date. Center will continue to charge the late payment fee until any delinquent balance is paid in full.

2. Collection Costs. In the event Center must institute a legal action to collect any amounts owed to Center by you, you will be responsible for paying for the costs of such an action, including reasonable attorneys' fees and costs.

IV. TERMS OF RESIDENCY

A. Right to Occupy. Your right to occupy an Apartment at Center shall exist and continue during your lifetime unless revoked as provided for in Sections X**.** and XI. This Agreement grants to you a revocable privilege to occupy and use the Apartment. It does not grant you exclusive possession of any Apartment in Center. This Agreement is not a lease or easement and does not transfer or grant to you any interest in real property owned by Center. Your rights under this Agreement are not assignable and no rights or benefits under this Agreement shall inure to the use or benefit of your heirs, legatees, assignees or representatives.

B. Right of Entry**.** You agree that Provider and its employees and agents shall have the right, at all reasonable times, to enter your residence for purposes of management, housekeeping, maintenance, enforcement of applicable laws and regulations, emergency purposes or any other reasonable purpose. Moreover, Center may conduct periodic inspections to ensure that the Apartment is being maintained in safe and habitable conditions. If conditions are determined to be unsafe or uninhabitable by reasonable standards, Center may take action as necessary to appropriately rectify the situation.

C. Changes to Apartment and Refurbishment.

1. Notwithstanding any other provisions in this Agreement, Center may change the Apartment to meet the requirements of the law. You agree not to make any structural or physical changes to your Apartment without Center's prior written consent. All such changes must comply with applicable governmental codes and regulations. You will be responsible for the cost of any materials and labor required to make any such approved changes. You or your estate will also be responsible for restoring the original decor when your Apartment is vacated, unless Center specifically grants you an exemption from this requirement.

2. You agree that you or your estate, upon vacancy of the Apartment, will be responsible for the cost of any materials and labor required to repair major damage to the Apartment caused by you or your guests and not as a result of normal use and wear. Such

refurbishment shall include replacing or repairing damaged appliances, fixtures, walls, ceilings, floor coverings, cabinets, counter tops, windows, doors, lights and locks.

D. Pets

1. Pets will be permitted in the Apartment upon approval by Center. If Center determines that the pet is not suitable, then permission to keep the pet will be denied or revoked. Pets must be controlled by owner, properly registered, and routinely inoculated. Pets are permitted only in designated areas on the grounds of Center.

2. A plan to care for the pet, in the event of your inability to do so, must be provided to Center as a condition of approval.

3. You shall be responsible for keeping the pet properly restrained at all times, for cleaning up after the pet, and for the repair of any damages to the Apartment or common areas that may be caused by the pet.

E. Removal of Property.

1. All personal property must be removed from your Apartment and Storage Bin or Memory Support unit within thirty (30) days of relocating to another Apartment, to a Memory Support apartment, to the Nursing Center, or upon termination of this Agreement. If the Agreement has been voluntarily terminated as described in Section X., then property must be removed before the end of the notice period.

2. Upon relocation from the Nursing Center or upon termination of this Agreement while occupying a nursing bed, all personal property must be removed from your Nursing Center room within twenty-four (24) hours.

3. In the event removal is not accomplished within the applicable timeframes as set forth above, then Center may at its sole discretion continue to charge a Monthly Service Fee or remove and store such possessions and property at your expense or that of your estate.

F. Furnishings. Furnishings within the Residential Living Apartment or Memory Support apartments will not be provided by Center. Furnishings provided by you shall not interfere with the health, safety and general welfare of all residents.

G. Level of Care Evaluations. In accordance with Center's Level of Care Determination Policy, Center may conduct periodic health evaluations to determine whether you require Assisted Living, Memory Support or Nursing Center services. You consent to such evaluations and agree to cooperate with the Center's staff conducting such evaluations. If Center determines based on such an evaluation that you require Assisted Living Services, you agree to receive and pay for such services, as applicable. If Center determines based on such an evaluation that you require permanent Nursing Center or Memory Support services, in accordance with Section VI. below, you agree to vacate the Apartment and assume occupancy in the Nursing Center or in a Memory Support unit.

H. Second Person After Occupancy.

1. No person other than you may occupy the Apartment except with the express written approval of Center. Such second person must be financially qualified for residency in accordance with Center policy, unless his or her assets are legally joined with yours.

2. In the event that a spouse or other person who is not a party to this Agreement is accepted for residency after the date of this Agreement (said acceptance to be in accordance

with policies governing all other residency criteria except that your spouse may be under age sixty-two (62)), you and such person shall execute an addendum to this Agreement. Such addendum shall require that you and your spouse or other person be obligated to pay the then current Primary and Second Person Entry Fees for the Apartment of your choice, less the sum of prior Entry Fees paid. The Second Person Monthly Service Fee will commence upon occupancy by the new resident.

3. In the event that you and another Center resident wish to move into an Apartment together, you may do so subject to Center's approval and review of financial eligibility criteria. You must both sign an Addendum to this Agreement. The Addendum will provide for payment of the then current Primary and Second Person Entry Fees less the sum of prior Entry Fees paid. If the combined prior Entry Fees are less than the then current total Entry Fee for the chosen Apartment, then you must pay the difference; no refund will be issued if the combined prior Entry Fees are more than the then current Entry Fee for the chosen Apartment. The Second Person Monthly Service Fee will commence upon join occupancy.

4. If such spouse or other person is not eligible for residency, he or she will not be permitted to occupy the Apartment for more than thirty (30) days (except with the express written approval of Center), and you may terminate this Agreement as provided in Section X. of this Agreement. The rights you have, if under age sixty-two (62), with respect to the Nursing Center are set forth in Section VI.C.

I. Resident Remaining in Apartment. In the event two (2) of you occupy an Apartment under this Agreement, upon the death or relocation of one to a designated Assisted Living apartment or to the Nursing Center, the other person shall continue to be allowed to occupy the Apartment, as the primary resident, under the terms of this Agreement.

V. ASSISTED LIVING

A. In the event Center determines, per its Level of Care Determination Policy, that you require Assisted Living services, you agree to utilize or receive appropriate additional care. At that time, you may have to sign a service plan agreement. Some services may be billable at rates established by Center as defined in Exhibit D.

B. In order to utilize Assisted Living Services, your attending Physician must certify that your health is in a "chronic and stable" condition.

C. Independent living residents are able to receive up to one free hour of assisted living or personal care in the Residential Living Apartment if such is determined to be medically necessary and appropriate. Center's Level of Care Determination process will be used to determine care requirements at all levels of care.

D. Independent living residents who occupy Memory Support apartments will receive additional charges for meals not covered by the meal plan, medicine, therapy, supplies and optional assistance as described in Center's ancillary price list.

VI. NURSING CENTER

A. In the event Center determines, per its Level of Care Determination Policy, that you require temporary nursing care, you agree to relocate on a temporary basis to the Nursing Center where Center is licensed to provide such care. Such nursing care accommodations shall be in a semi-private room.

B. In the event your medical condition requires that you permanently relocate to the Nursing Center or the memory support wing per Center's Level of Care Determination Policy and you are a single occupant in the Apartment, Center shall have the right to assign the Apartment for occupancy by others. If the Apartment is not released within 30 days of permanent relocation, monthly service fees for the Apartment will continue in addition to other occupancy and service charges. If Center subsequently determines that you can resume occupancy in accommodations equivalent to those you previously occupied, you shall have the right to relocate to such accommodations as soon as they are available.

C. In the event you are under age sixty-two (62), and occupy an Apartment under this Agreement, you may relocate to the Nursing Center for care but you will be charged the then-current per diem rate being charged a non-resident until you reach age sixty-two (62). If you are at least sixty-two (62) years old, you will be entitled to services in a semi-private accommodation in the Nursing Center as described in Section II.A. without additional charge, except as described in Section III.C.

D. Relocation to the Nursing Center, whether short or long-term, requires that you sign a Nursing Center Residency Agreement. All terms and conditions therein apply until such time that you return or relocate to an Apartment.

E. In the unlikely event that Center's Nursing Center is at maximum capacity, Center, after consultation with you, your family and physician, will locate appropriate care in another area nursing center until the appropriate accommodations at Center become available.

F. Center will designate a member in good standing of a licensed Connecticut general hospital as Medical Director. The Medical Director or a qualified physician designated by him or her will be on emergency call. Center will not be responsible for the cost of your medical treatment by the Medical Director, nor will Center be responsible for the cost of medicine, drugs, prescribed therapy, and the like.

VII. REPRESENTATIONS AND WARRANTIES OF RESIDENT

You represent and warrant to Center that:

A. All facts stated on your Confidential Data Application for Residency in Center are true and complete;

B. You have not made any transfers of assets or property that would materially diminish your ability to meet the financial obligations of this Agreement; and

C. Upon execution of this Agreement, you shall be at least sixty-two (62) years old or shall be the spouse of a resident at least sixty-two (62) years old.

VIII. COVENANTS BY CENTER

Center covenants and agrees:

A. That it is and shall be the declared policy of Center to operate as a charitable organization and not to terminate this Agreement solely for reason of your financial inability to pay the Monthly Service Fee, when you establish facts to justify deferment of such charges, and deferment of such charges can (in the sole discretion of Center) be granted without impairing the ability of Center to operate on a sound financial basis on behalf of the other residents; provided, however, that you abide by the covenants expressed in Section IX. of this Agreement and that your representations and warranties in Section VII. were true, accurate and complete;

B. To perform its obligations under this Agreement.

IX. COVENANTS BY YOU

You agree:

A. To comply with all reasonable operating procedures of Center as now existing or as hereafter amended;

B. To pay the Entry Fee, Monthly Service Fee, and charges for Additional Services as provided in this Agreement;

C. To perform your obligations under this Agreement;

D. Within sixty (60) days following assumption of residency hereunder, to make provision by Will or otherwise, for the disposition of all your furniture, possessions and property located at the premises of Center;

E. That you are capable of meeting the eligibility criteria for Apartment residency and have demonstrated that your assets and income are sufficient under foreseeable circumstances and after payment of your obligations under this Agreement to meet ordinary and customary living expenses after you assume occupancy;

F. Not to impair your ability to meet financial obligations under this Agreement by transferring and/or depleting assets other than to meet ordinary and customary living expenses;

G. Not to assume significant changes in expenses after being financially qualified by Center which could impair your ability to meet financial obligations under this Agreement;

H. To utilize all available resources, including any refundable portion of your entrance fee as a pre-requisite to fee deferral or hardship application;

I. To maintain coverage under Medicare Parts A, B and D, if eligible, and one supplementary health insurance policy which covers skilled nursing care at Center. If not eligible for Medicare Parts A and B, you agree to maintain a health insurance policy which covers skilled nursing care at Center substantially equivalent to skilled nursing coverage under Medicare Parts A and B; if not eligible for Medicare Part D, or if you choose not to participate in Medicare Part D, you agree to maintain a health insurance policy that provides creditable prescription drug coverage. If you change any aspect of your health insurance coverage during residency, you agree to notify Center prior to such change; Center shall determine whether or not such change constitutes adequate coverage according to the provisions herein. If Center deems that you do not have adequate coverage and such coverage is unattainable by you, you agree to self-insure and demonstrate the financial wherewithal to do so for all health care services that would have otherwise been covered by an appropriate policy; you shall execute an addendum to this Agreement acknowledging your intent to self-insure.

J. If applicable, you agree to assist Center to obtain payments for services from applicable government, private or supplemental insurance plans or entitlements not including long term care insurance policies. Center bills the resident and the resident must seek reimbursement from their long term care insurance carrier. Center will provide informational support to residents upon request;

K. To maintain tenant or renters insurance in a reasonable and appropriate amount to cover your personal property and personal liability;

L. To maintain automobile insurance covering bodily injury and property damage liability in a reasonable and recommended amount including uninsured motorist protection $300,000 as long as you own or operate a motor vehicle;

M. To maintain the Apartment in a reasonably clean, safe and livable condition; reporting any mechanical or structural failures to Center as soon as detected;

N. To provide an annual update to the insurance section of the Confidential Data Form; and,

O. To abide by all other terms of this Agreement.

X. YOUR TERMINATION AND RESCISSION RIGHTS

A. You may rescind this Agreement by giving written notice of rescission to Center within thirty (30) days from the date of this Agreement. Upon timely rescission this Agreement will automatically be canceled. Any money paid by you to Center will be refunded to you without interest, less those costs specifically incurred by Center at your request and described in an addendum to this Agreement signed by you. You shall not be required to pay the balance of the Entry Fee before the expiration of the thirty (30) day right of rescission period.

B. After the right of rescission period and before the date your Apartment is ready for occupancy, if you die or provide written notice to Center, this Agreement will be canceled. Any money paid by you will be refunded to you or your estate, without interest, within sixty (60) days, less those costs specifically incurred by Center on your behalf.

C. You may terminate this Agreement for any reason after Closing by giving Center one hundred twenty (120) days' written notice, and you shall pay the Monthly Service Fee until the expiration of such time. If you have not vacated and released your Apartment within one hundred twenty (120) days after giving notice, your Monthly Service Fee and other charges will continue until your Apartment is released. You may be entitled to reimbursement of a portion of the Entry Fee as provided, and subject to the conditions indicated in Section XII. hereof.

XI. TERMINATION BY CENTER

Center may, upon notice and opportunity to cure as hereinafter provided, revoke your right to reside at Center and terminate this Agreement upon the occurrence of any of the following events (hereinafter called "Default"):

A. Your failure to comply with reasonable Center operating procedures now existing or hereafter amended by Center;

B. Creation by you of disturbance within Center detrimental to yourself or to other residents and staff;

C. Your failure to pay the unpaid balance of the Entry Fee when due;

D. Your failure to pay any Monthly Service Fee and charges for Additional Service when due; unless other mutually satisfactory arrangements have been made;

E. Your failure to uphold the Covenants defined in Section IX. of this Agreement;

F. You:

1. Are or become infected with a dangerous or contagious disease; or
2. Develop a medical condition which the Center is not licensed to treat or which is beyond the Center's area of specialization; or
3. Transfer or deplete assets other than to meet ordinary and customary expenses.

Prior to termination for any Default by you as described in Subsections A-F of this Section (except with respect to Subsections A, B or F as provided below), Center shall give you notice in writing of such Default and you shall have thirty (30) days thereafter within which to correct such Default. If you correct such Default within such time, this Agreement shall not be then terminated. If you fail to correct such Default within such time, this Agreement shall terminate at the expiration of such thirty (30) days.

In the event of an occurrence described in Subsections A, B or F of this Section and a determination by the Medical Director that either the giving of notice of Default or the lapse of time as above provided might be detrimental to you, the staff, or other residents of Center, then such notice and or waiting period prior to termination shall not be required. Also, in the event of the occurrence of any event described in Subsections A, B or F of this Section, Center is expressly authorized by you to relocate you to an appropriate health care center and will promptly notify your representative or your personal physician.

(Continued on next page, Section XII)

XII. REFUND OF ENTRY FEE

A. Prior to Closing, Center will refund a portion of amounts paid to such date, as outlined in Section X.

B. After you move into Center, in the event of your death (or if there are two of you, the death of the survivor) or in the event you terminate this Agreement pursuant to Section X. or Center terminates this Agreement pursuant to Section XI. and upon receipt of the then-current Entry Fee paid for an Apartment of the same type, not to exceed 18 months from the date of termination, and providing there are no other refunds due on that similar size apartment before your termination date, we will return to you or to your estate, without interest, an amount equal to one of the following:

_______ *(Initial if selected)*

1. Traditional Entry Fee Option - An amount equal to the total Entry Fee paid less an administrative fee of ten percent (10%) of the Entry Fee and a two percent (2%) reduction of the original Entry Fee for each month of residency. Any charges owed by the resident to Center will then be deducted

_______ *(Initial if selected)*

2. 60% Refundable Entry Fee Option - An amount equal to the Primary Entry Fee less an administrative fee of ten percent (10%) of the Entry Fee and a two percent (2%) reduction of the original Entry Fee for each month of residency up to fifteen (15) months. Refund of the Second Person Entry Fee, if applicable, shall be calculated according to the Traditional Entry Fee Option. Any charges owed by the resident to Center will then be deducted.

_______ *(Initial if selected)*

3. 90% Refundable Entry Fee Option - An amount equal to your Entry less an administrative fee of ten percent (10%) of the Entry Fee. Refund of the Second Person Entry Fee, if applicable, shall be calculated according to the Traditional Entry Fee Option. Any charges owed by the resident to Center will then be deducted.

C. Specifically, Center will retain a sum equal to the amount of:

1. Non-reimbursed health care expenses incurred by Center for your care (except the cost of Services described in Section II.A. of this Agreement) during the term of your residency;

2. Any Monthly Service Fees, or other sums owed by you to Center under this Agreement; and

3. Any Monthly Service Fees deferred by Center on your behalf under Section VIII.A. hereof; and

4. Any other sums owed by you to Center.

XIII. RELOCATION TO ANOTHER APARTMENT

A. If, upon Center's approval, you relocate to a different Apartment, you may be required to pay an additional fee according to Center policy. You agree to pay the cost of refurbishing the former Apartment in accordance with Section IV.C. of this Agreement.

B. If, upon Center's approval, you relocate from your original Apartment to an Apartment with a different fee structure and subsequently relocate to Memory Support or the Nursing Center on a permanent basis, your monthly fee, the "Calculated Monthly Service Fee" will be calculated as follows:

1. The then current Monthly Service Fee for each Apartment type you have occupied is multiplied by the number of months of occupancy in each (a fraction of a month shall count as a whole month);
2. the products are then added; and,
3. the sum is divided by the total number of months that you occupied Apartments at Center.

The Calculated Monthly Service Fee shall become effective upon the date of permanent relocation to Memory Support or the Nursing Center. A resident who relocates from Memory Support to the Nursing Center shall continue to pay the Monthly Service Fee calculated for the relocation from their Apartment to Memory Support.

C. Upon Center's approval of your request to relocate to another Apartment, you shall sign an addendum to this Agreement which will contain the provisions of the then current Agreement.

XIV. MISCELLANEOUS

A. Entire Agreement. This Agreement, including all exhibits, constitutes the entire agreement between Center and you. Center is not liable for nor bound in any manner by any statements, representations or promises made by any person representing or proposing to represent Center unless such statements, representations, or promises are set forth in the Agreement. Any modification of the Agreement must be in writing and signed by Center and you.

B. Amendment. Services described in Section II.A**.** of this Agreement may not be amended unless contained in writing, executed by you and Center. Additional Service described in Section II.B**.** may be amended subject to thirty (30) days' written notice if Center, in its sole discretion, deems it necessary to meet the financial requirements of Center or to provide the Additional Service to the residents.

C. Partial Illegality. The invalidity of any restriction, condition or other provision of this Agreement or any part of the same, shall not impair or affect in any way the validity, enforceability, or affect the rest of this Agreement.

D. Interpretation. This Agreement will be interpreted according to the laws of the State of Connecticut and will become effective upon acceptance and execution by Center.

E. Authorization. This Agreement has been executed on Center's behalf by its duly authorized agent, and no officer, agent, or employee of Center shall have any personal liability hereunder to you under any circumstances.

F. Joint and Several Liability. When you consist of more than one person, the rights and obligations of each are joint and several, except as the context otherwise requires, regardless of how you may have allocated responsibility between yourselves.

G. Consultation. Each person considering executing the Agreement should consult with his or her tax advisor regarding the tax consequences associated with this Agreement, including the application of the imputed interest provisions of Section 7872 of the Internal Revenue Code, as amended.

H. Indemnification. Center shall not be liable for, and you agree to indemnify and hold Center harmless from and indemnify Center against, any claims, damages or expenses, including attorneys 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 your negligence, intentional act or omission or by the negligence or intentional act or omission of your guest or invitee.

I. Subordination. You agree that all of your rights under this Agreement shall at all times be subordinate and junior to the lien of all mortgages that have been or will be executed by Center, except as provided by applicable law. Upon request, you agree to execute, acknowledge and deliver to the Center's lender or lenders such further written evidence of such subordination as such lenders may reasonably require.

J. Notices. All notices required by this Agreement shall be in writing and mailed, via registered or certified mail return receipt requested, or hand delivered (i) to Center at its address as shown below, and (ii) to you at the address shown below, or after your occupancy, by depositing the notice in your Center mailbox.

Whitney Center, Inc.
200 Leeder Hill Drive
Hamden, CT 06517
Attention: ____________________________

Resident: ____________________________
____
____

The address to which notice must be delivered may be changed from time to time by either party by written notice to the other party.

K. Assignment. Your rights under this Agreement are personal to you and cannot be transferred or assigned by any act of you, or by a proceeding at law, or otherwise. The Agreement shall bind and inure to the benefit of Center's successors and assigns and shall bind and inure to the benefit of your heirs, executors and administrators only in accordance with its terms.

XV. RESIDENT REPRESENTATIVE(S)

A. You hereby appoint the following individual(s) as your representative(s) to act on your behalf in all situations where participation of a representative is described in the Residency

Agreement or Disclosure Statement. Where there is more than one representative identified, such representatives shall act jointly, unless otherwise indicated. In the event of a disagreement among the representatives, the decisions of the first named representative shall control. Center agrees that you may, upon notice to Center, change your representative at any time.

Name:______________________________	Name:______________________________
Address:____________________________	Address:____________________________
Phone:______________________________	Phone:______________________________
[ ] Power of Attorney [ ] Health Care Representative [ ] Other (specify) _____________	[ ] Power of Attorney [ ] Health Care Representative [ ] Other (specify) ____________________

XVI. ACKNOWLEDGMENTS

A. You hereby certify that you have received a copy of this Residency Agreement, Center's most recent Disclosure Statement and the name, address and telephone number of the escrow agent, if any, on or before the date of this Agreement.

B. You hereby certify that you have entered into this Residency Agreement with Center and agree to the terms and covenants herein as of the date identified below.

C. Center hereby agrees that it has entered into this Residency Agreement with you and agrees to the terms and covenants herein as of the date identified below.

______________________________ PRIMARY RESIDENT	______________________________ WITNESS
______________________________ SECOND RESIDENT	______________________________ WITNESS
______________________________ By: WHITNEY CENTER, INCORPORATED	______________________________ DATE

June 2018

EXHIBIT C: ANCILLARY PRICE SCHEDULE

WHITNEY CENTER

Ancillary Prices Effective 1/1/2018

Ancillary services and prices are subject to change. Up to date information will be available at the point of service, the front desks, and from the business office.

Dining:

Meals in the dining room, bistro and pub are priced a la carte and paid for with dollars or points. Independent Living residents choose one of these plans:

Flexible Spending (points) Plan:		1,450	points/person/quarter
Away credit for 30-59 days away per quarter	$	5.60	/day away
Away credit for 60+ days away per quarter	$	11.00	/day away
Opt Out (pay as you go) Option, get a monthly bill credit:	$	328	/person/month
Tray Set-up / Room Delivery Charge:	$	5.60	

Optional Healthcare Services:

A La Carte Nursing Visit:	$	39.20	per visit
A La Carte Medication Pre-Pour:	$	32.90	per week
A La Carte CNA Visit:	$	15.50	up to 15 minutes
Safety Check/Medication Reminder:	$	4.80	each
Memory Support Day Care:	$	48.00	0-4 hrs per day
(Coordinate availability with AL manager,	$	63.00	4-6 hrs per day
meals/supplies are charged extra)	$	75.00	6-8 hrs per day

Personal Options Fees (Hourly Rates):		Days		Eves		Nights		Holiday
CNA, Monday - Friday:	$	29.00	$	30.00	$	31.00	$	43.00
:	$	31.00	$	32.00	$	33.00	$	43.00
Companion, Monday - Friday:	$	25.00	$	26.00	$	27.00	$	37.00
Companion, Weekends:	$	27.00	$	28.00	$	29.00	$	37.00
Driver (local area, higher if longer distance):	$	39.00	$	39.00	$	41.00	$	52.00
On-campus Travel Aide:	$	8.70	each way					

Health Center Charges:

Additional meal charges if not covered by 3rd party billing or Whitney Center's daily rate:

2 meals per day:	$	34.00
3 meals per day:	$	46.00
Private Room Differential:	$	39.00
Therapy/Medicine/Supplies:	A la carte	

Housekeeping Services:

Light housework including ironing, oven/stove cleaning, dish washing	$ 7.00	per 15 minutes or part there of.
Carpet/floor cleaning	$ 8.00	per 15 minutes or part there of.
Personal laundry	$ 14.50	per load
Bed making or bed changing	$ 5.00	per bed (once/week maximum)
Trash / cat litter removal	$ 4.00	per load

Maintenance Services:	$ 23.00	per 30 minutes or part there of.

Transportation:

Scheduled runs:	No extra charge
Local (Hamden, New Haven, North Haven):	$ 38 per round trip or $23 one way.
Greater New Haven area:	$ 75 per round trip or $45 one way.
Airport/other trips:	Variable, discuss with North Desk receptionist
On-campus valet service:	$ 10 in/out, must be coordinated

Technology Fees:

Internet service (not incl sales tax):	$ 34.95	per month
Cable modem fee :	$ 100.00	
Unlimited phone plan:	$ 27.00	per month
Basic phone plan (per-minute long distance)	$ 6.00	per month plus charge/minute
Computer/AV support:	$ 20.00	per 15 minute increment or part
Tutoring, software installation and support:	Not provided, we refer you to outside vendors	

Guest Rooms:

Daily room rate	$ 105.00	per night plus approx. $16 taxes
Rollaway bed:	$ 20.00	per night plus approx. $2 taxes
Reservation cancellation charge:	$ 50.00	fee unless 24 hours notice given
Room key charge if lost / not returned:	$ 25.00	fee

Other Services:

ID card replacement or additional card:	$ 25.00	per card
Key replaced or copied:	$ 5.00	per key
Emergency call pendant, replacement:	$ 175.00	per pendant
Returned check fee:	$ 35.00	per occurrence
Late payment fee:	1.5% per month of balance due	
Spa on Main Street:	A la carte, pricing available in spa	
Services/fees not listed here:	Available in venue or from service provider	

WHITNEY CENTER

Private Pay Health Center Rates Effective 1/1/2018

Unbundled Residency Agreements or Modifed ontracts in the per diem period are charged private pay rates for health care services

Assisted Living:

Admission / re-admission fee:	$ 75.00
Daily rate, alcove:	$ 219.00
Daily rate, 1 bedroom:	$ 236.00

3 meals/day and basic care are included, other services a la carte

Memory Support Apartments:

Admission / re-admission fee:	$ 75.00
Daily rate, alcove:	$ 321.00
Daily rate, 1 bedroom:	$ 354.00

3 meals/day and basic care are included, other services a la carte

Skilled Nursing Units

Admission / re-admission fee:	$ 75.00
Daily rate, semi-private room:	$ 445.00
Daily rate, private room:	$ 484.00

3 meals/day and basic care are included, other services a la carte

Ancillary Health Services:

Therapy, pharmacy and supplies :	Billed based on usage

EXHIBIT D: RESIDENT BILL OF RIGHTS

Recommended Connecticut Residents' Bill of Rights
Managed Residential Community

You have the right to:

- Live in a clean, safe and habitable private residential unit;
- Be treated with consideration, respect and due recognition of your personal dignity, individuality and the need for privacy;
- Privacy within your private residential unit, subject to the Community's rules reasonably designed to promote your health, safety and welfare;
- Retain and use your personal property within your apartment to maintain individuality and personal dignity, provided that your use of personal property does not infringe on the rights of other residents or threaten the health, safety and welfare of other residents;
- Private communications, including receiving and sending unopened correspondence, telephone access and visiting with persons of your choice;
- Freedom to participate in and benefit from community services and activities to achieve the highest possible level of independence, autonomy and interaction within the community;
- Directly engage or contract with licensed health care professionals and providers of your choice to obtain necessary health care services in your private apartment, or such other space in the Community as may be available to residents for such purposes;
- Manage your own financial affairs;
- Exercise civil and religious liberties;
- Present grievances and recommend changes in policies, procedures and services to our President or Vice President of Clinical Services, government officials or any other person without restraint, interference, coercion, discrimination or reprisal from the Community, including access to representatives of the Department of Public Health or the Office of the Long-Term Care Ombudsman;
- Upon request, obtain the name of the Supervisor of Assisted Living Services or any other persons responsible for resident care or the coordination of resident care;
- Confidential treatment of all records and communications to the extent required by state and federal law;
- Have all reasonable requests responded to promptly and adequately within the capacity of the Community and with due consideration given to the rights of other residents;
- Be fully advised of the relationship that the Community has with any Assisted Living Services Agency, health care facility or educational institution to the extent that such relationship relates to resident medical care or treatment and to receive an explanation about the relationship;
- Receive a copy of any rules or regulations of the Community;
- Refuse care and treatment and participate in the planning for care and services you need or receive, provided, however, that your refusal of care and treatment may preclude you from being able to continue to reside in the Community; and
- If you are a continuing care resident, all rights afforded under Conn. Gen. Stat. 17b-520 et seq. and any other applicable laws. If you rent your apartment, all rights and

privileges afforded to tenants under title 47a of the Connecticut General Statutes (Connecticut's landlord tenant laws).

If you are receiving nursing or personal care from an Assisted Living Services Agency, you may have other rights set forth separately in the Assisted Living Clients' Bill of Rights.

We hope that any complaints or concerns that you have can be resolved by our staff. However, you also have the right to contact the following state agencies regarding complaints or concerns:

Department of Public Health
Faculty Licensing and Investigations
410 Capitol Ave., P.O. Box 340308
MS#12HSR
Hartford, CT 06134-0308

Information/General: Victoria Carlson, R.N.
Supervising Nurse Consultant (860) 509-7400

Complaints: Janet Williams, R.N.
Public Health Services Manager (860) 509-7400

Mairaed Painter, State Long Term Care Ombudsman
Office of the Long Term Care Ombudsman
25 Sigourney Street
Hartford, CT 06106
866-388-1888 or 860-424-5200
mairaed.painter@ct.gov

Dan Lerman
370 James Street Suite 306
New Haven, CT 06513
203-974-3030
903-789-7850 (fax)
Dan.Lerman@ct.gov

EXHIBIT E: FORECAST AND AUDITED FINANCIAL STATEMENTS

Whitney Center, Inc.
Five Year Forecasted Statements
For the period beginning January 1, 2018

Uncertainty of Forecast:
This forecast is based on certain assumptions about future events. Actual results are likely to vary from those forecast here, and that variance may be significant. The forecast has been prepared by management using audited financial statements. it annual budget, and other plans and projections.

Occupancy and Census:
The forecast assumes that occupancy will be maintained at current levels. The forecast also includes assumptions about turnover that are consistent with actual results and a third-party actuarial forecast. Maintaining high occupancy is a critical part of Whitney Center's business plan.

Entry Fees:
current mix of options for refunds and health care. In accordance with AICPA guidelines, entry fees are booked on the balance sheet as a liability and partially recognized as annual revenue over a period of years. New revenue recognition rules may change how revenue is reported compared to the forecast.

Operating Revenue:
price increases will be determined annually as part of the annual budget process and may be more or less than 3%. Most resident rates have increased 3.0% effective each January 1 for the last few years. The reporting of operating revenue may also be affecting by new accounting rules for revenue recognition..

Operating Expenses:
The forecast assumes that operating expenses will be consistent with current costs, adjusted for occupancy and inflation of 3% per year. Expense are reviewed during the annual budget process.

Income and Cash Flow:
Whitney Center usually reports an annual loss of because accounting rules do not allow the full amount of entry fee receipts to be recognized as revenue. For example, the 2017 audited financial statements show an operating loss of $365,276 despitie the fact that cash and investment reserves increased by over $3 million in 2017. Whitney Center manages its business to achieve its annual and strategic plan and maintain adequate cash reserves.

Assets Limited to Use:
Whitney Center's general investment fund is unrestricted. Money donated for restricted use is held separately from other accounts. A third-party trustee holds money in debt service reserve and operating reserve accounts as required by our loan agreement and the state of Connecticut and receives monthly payments used to make semi-annual debt service payments.

Whitney Center, Inc. **Financial Forecast 2018-2022**	**Year 1** **2018**	**Year 2** **2019**	**Year 3** **2020**	**Year 4** **2021**	**Year 5** **2022**
Statements of Financial Position					
Assets					
Current assets:					
Cash and cash equivalents	$ 3,524,312	$ 3,488,799	$ 3,684,201	$ 3,760,958	$ 3,763,663
Accounts receivable, net	800,000	810,000	820,000	830,000	840,000
Other receivables	478,841	483,629	488,466	493,350	498,284
Prepaid expenses and other	683,467	690,302	697,205	704,177	711,219
Assets whose use is limited	1,107,900	1,107,900	1,107,900	1,107,900	1,107,900
Total current assets	6,594,520	6,580,630	6,797,771	6,896,385	6,921,065
Assets held by Trustee	8,415,300	8,425,300	8,437,300	8,451,300	8,467,300
Investment Accounts	3,873,241	4,028,170	4,392,297	5,379,989	6,711,689
Property, plant and equipment, net	80,698,800	78,948,700	77,150,600	75,300,500	73,394,400
Deferred marketing costs, net	1,948,023	1,548,023	1,148,023	748,023	-
Other assets	-	-	-	-	-
Total assets	101,529,884	99,530,824	97,925,992	96,776,197	95,494,454
Liabilities and unrestricted net assets					
Current liabilities:					
Accounts payable	$ 900,000	$ 910,000	$ 920,000	$ 930,000	$ 940,000
Accrued expenses	4,213,000	4,255,130	4,297,681	4,340,658	4,384,065
Contract deposits	200,000	200,000	200,000	200,000	200,000
Current portion of long-term debt/leases	830,000	880,000	930,000	985,000	985,000
Total current liabilities	6,143,000	6,245,130	6,347,681	6,455,658	6,509,065
Long-term debt/leases, less current portion	45,999,400	45,229,400	44,609,400	43,939,400	43,214,400
Deferred income from entry fees	40,114,947	39,899,476	40,319,046	41,332,109	42,843,145
Refundable entry fees	14,599,692	15,229,972	15,954,057	16,776,217	17,687,013
Deposits on apartments	114,900	114,900	114,900	114,900	114,900
Other Liabilities	1,003,192	1,193,239	1,189,332	1,196,637	1,283,106
Total liabilities	107,975,132	107,912,117	108,534,417	109,814,921	111,651,628
Unrestricted net assets	(6,773,948)	(8,709,993)	(10,937,125)	(13,367,424)	(16,485,874)
Restricted assets	328,700	328,700	328,700	328,700	328,700
Total liabilities and unrestricted net assets	101,529,884	99,530,824	97,925,992	96,776,197	95,494,454

Read these projected financial statements along with the notes. Future results may vary and are not guaranteed.

Whitney Center, Inc. **Financial Forecast 2017-2021**	**Year 1** **2018**	**Year 2** **2019**	**Year 3** **2020**	**Year 4** **2021**	**Year 5** **2022**
Statements of Activities					
Revenues and gains:					
Entry fees recognized as revenue	$ 6,543,352	$ 6,444,421	$ 6,468,230	$ 6,590,902	$ 6,800,685
Apartment revenue, net	12,488,820	12,919,334	13,357,179	13,803,132	14,257,940
Health Center revenue, net	5,799,489	5,961,497	6,128,320	6,300,111	6,477,026
Assisted Living revenue, net	1,760,116	1,812,919	1,867,307	1,923,326	1,981,026
Thrive at Home revenue, net	94,392	204,170	290,407	381,635	478,076
Other operating income	869,720	895,812	922,686	950,367	978,878
Investment income and gain, net	121,396	122,985	124,655	128,436	138,473
Total revenues and gains	27,677,284	28,361,138	29,158,784	30,077,910	31,112,103
Expenses and losses:					
Salaries & wages	9,520,075	9,857,016	10,205,605	10,566,239	10,939,325
Employee benefits	1,911,491	1,979,144	2,049,135	2,121,545	2,276,143
Property taxes (not incl appeal portion)	2,081,310	2,185,376	2,294,644	2,409,376	2,529,845
Utilities	1,350,000	1,390,500	1,432,215	1,475,181	1,519,437
Food	1,210,534	1,246,850	1,284,255	1,322,783	1,362,466
Contract services	924,768	961,759	1,000,229	1,040,238	1,081,848
Supplies	718,328	747,061	776,944	808,021	840,342
Ancillary health services	904,176	940,343	977,957	1,017,075	1,057,758
Repairs & maintenance	328,016	341,137	354,782	368,973	383,732
Insurance	165,933	170,911	176,038	181,319	186,759
Thrive at Home expenses	248,952	413,718	522,847	638,170	901,692
Other operating expenses	1,300,572	1,400,595	1,552,619	1,706,723	1,862,992
Depreciation and amortization	4,806,100	4,950,100	5,098,100	5,250,100	5,754,123
Interest	3,798,320	3,751,408	3,700,827	3,646,386	3,587,890
Total expenses and losses	29,268,575	30,335,916	31,426,198	32,552,131	34,284,353
Net income (loss)	(1,591,290)	(1,974,777)	(2,267,414)	(2,474,222)	(3,172,250)
Unrealized gain/(loss) on investment	37,243	38,732	40,282	43,923	53,800
Change in unrestricted net assets	(1,554,048)	(1,936,045)	(2,227,133)	(2,430,299)	(3,118,450)

Read these projected financial statements along with the notes. Future results may vary and are not guaranteed.

Whitney Center, Inc. **Financial Forecast 2017-2021**	**Year 1** **2018**	**Year 2** **2019**	**Year 3** **2020**	**Year 4** **2021**	**Year 5** **2022**
Statements of Cash Flows					
Operating activities					
Change in unrestricted net assets	$ (1,554,048)	$ (1,936,045)	$ (2,227,133)	$ (2,430,299)	$ (3,118,450)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	4,806,100	4,950,100	5,098,100	5,250,100	5,754,123
Amortization of entry fees	(6,543,352)	(6,444,421)	(6,468,230)	(6,590,902)	(6,800,685)
Entry fee receipts (non-refundable)	6,058,277	6,894,322	7,652,555	8,476,805	9,291,350
Gain on investments	(158,638)	(161,718)	(164,936)	(172,359)	(192,273)
Contracts and accounts receivable	343,859	(14,788)	(14,836)	(14,885)	(14,934)
Accounts Payable	(1,163,300)	10,000	10,000	10,000	10,000
Accrued expenses	-	42,130	42,551	42,977	43,407
Other changes in operating activities	-	-	-	-	-
Net cash provided by operating activities	1,788,898	3,339,580	3,928,071	4,571,437	4,972,538
Investing activities					
Capital expenditures	(2,500,000)	(2,600,000)	(2,700,000)	(2,800,000)	(2,900,000)
Capitalized marketing costs	(74,000)	(10,000)	(12,000)	(14,000)	(16,000)
Change in assets held by Trustee	-	-	-	-	-
Change in assets whose use is limited	-	-	-	-	-
Change in investments	-	-	(200,000)	(800,000)	(1,100,000)
Net cash provided by investing activities	(2,574,000)	(2,610,000)	(2,912,000)	(3,614,000)	(4,016,000)
Financing activities					
Refundable entry fees received	1,459,461	1,753,878	1,898,782	2,055,557	2,210,846
Capital leases	400,000	200,000	200,000	200,000	200,000
Entry fee refunds	(1,958,647)	(2,088,971)	(2,239,451)	(2,406,238)	(2,579,679)
Payments on long-term debt	(585,000)	(630,000)	(680,000)	(730,000)	(785,000)
Net cash used by financing activities	(684,186)	(765,092)	(820,669)	(880,681)	(953,833)
Change in cash and cash equivalents	(1,469,288)	(35,513)	195,402	76,757	2,705
Cash & Cash Equivalents at beginning of year	4,993,600	3,524,312	3,488,799	3,684,201	3,760,958
Cash & Cash Equivalents at end of year	3,524,312	3,488,799	3,684,201	3,760,958	3,763,663

Read these projected financial statements along with the notes. Future results may vary and are not guaranteed.

WHITNEY CENTER, INCORPORATED

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

WHITNEY CENTER, INCORPORATED

CONTENTS

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Whitney Center, Incorporated

Report on the Financial Statements

We have audited the accompanying financial statements of Whitney Center, Incorporated (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

MARCUMGROUP
MEMBER

Marcum LLP ■ 555 Long Wharf Drive ■ 12th Floor ■ New Haven, Connecticut 06511 ■ Phone 203.781.9600 ■ Fax 203.781.9601 ■ www.marcumllp.com

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Whitney Center, Incorporated as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP

New Haven, CT
May 1, 2018

WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2017 AND 2016

	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	$ 4,993,638	$ 3,035,902
Accounts receivable, less allowance for doubtful accounts	1,148,566	980,796
Contract receivables	469,669	227,920
Other receivables	4,387	63,936
Prepaid expenses and other current assets	676,673	471,482
Assets whose use is limited	1,107,931	962,212
Total Current Assets	8,400,864	5,742,248
Assets Held by Trustee	8,341,295	8,233,120
Investments	3,724,198	2,336,837
Property and Equipment	82,045,851	82,852,656
Other Assets		
Deferred marketing costs, less accumulated amortization of $3,658,880 in 2017 and $3,067,316 in 2016	1,833,552	2,348,023
Total Assets	$ 104,345,760	$ 101,512,884

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2017 AND 2016

	2017	2016
Liabilities and Net Deficit		
Current Liabilities		
Accounts payable	$ 2,063,325	$ 819,389
Accrued expenses	4,213,022	5,148,767
Contract deposits	223,904	78,525
Current portion of capital lease obligation	213,713	233,470
Current portion of long-term debt	585,000	545,000
Total Current Liabilities	7,298,964	6,825,151
Capital Lease Obligation - less current portion	208,554	422,267
Long-Term Debt - less current portion and deferred financing costs	46,215,797	46,675,098
Deferred Income from Entry Fees	41,164,707	40,393,184
Refundable Entry Fees	14,234,182	13,075,126
Deposits	114,931	60,962
Total Liabilities	109,237,135	107,451,788
Net Assets (Deficit)		
Unrestricted	(5,220,073)	(6,228,423)
Temporarily restricted	318,698	279,519
Permanently restricted	10,000	10,000
Total Net Assets (Deficit)	(4,891,375)	(5,938,904)
Total Liabilities and Net Deficit	$ 104,345,760	$ 101,512,884

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Revenues and Gains		
Resident services, including amortization of entry fees of $7,738,545 in 2017 and $6,271,355 in 2016	$ 26,662,008	$ 23,706,874
Other operating revenues	785,454	895,867
Investment income	28,658	32,254
Realized gain (loss) on sale of investments	152,293	(136)
Contributions	72,757	5,818
Net assets released from restriction	8,868	7,092
Total Revenues and Gains	27,710,038	24,647,769
Expenses and Losses		
Salaries and wages	9,194,405	8,688,114
Depreciation and amortization	4,626,121	4,587,021
Interest expense	3,840,529	3,901,822
Property taxes	1,982,244	1,829,725
Employee benefits	1,846,132	1,896,608
Utilities	1,352,255	1,360,600
Food	1,166,287	1,130,172
Other operating expenses	1,141,451	1,202,473
Contract services	889,234	766,589
Ancillary health services	869,373	679,392
Supplies	690,749	576,448
Repairs and maintenance	315,390	390,522
Insurance	161,144	157,392
Total Expenses and Losses	28,075,314	27,166,878
Deficiency of Revenues and Gains over Expenses and Losses from Operations	(365,276)	(2,519,109)
Nonoperating Items		
Property taxes under appeal	1,079,642	(1,379,642)
Unrealized gain on investments	293,984	118,870
Net Nonoperating Items	1,373,626	(1,260,772)
Excess (Deficiency) of Revenues and Gains over Expenses and Losses and Nonoperating Items	$ 1,008,350	$ (3,779,881)

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF CHANGES IN NET ASSETS (DEFICIT)

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Unrestricted Net Assets (Deficit)		
Excess (deficiency) of revenue and gains over expenses and losses and nonoperating items	$ 1,008,350	$ (3,779,881)
Change in Unrestricted Net Assets (Deficit)	1,008,350	(3,779,881)
Temporarily Restricted Net Assets		
Investment income	3,343	3,168
Realized gain on sale of investments	33,914	--
Unrealized gain on investments	10,790	17,012
Net assets released from restriction	(8,868)	(7,092)
Change in Temporarily Restricted Net Assets	39,179	13,088
Change in Net Deficit	1,047,529	(3,766,793)
Net Deficit - Beginning	(5,938,904)	(2,172,111)
Net Deficit - Ending	$ (4,891,375)	$ (5,938,904)

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets (deficit)	$ 1,047,529	$ (3,766,793)
Adjustments to reconcile change in unrestricted net deficit to net cash provided by operating activities:		
Depreciation and amortization	4,626,121	4,587,021
Amortization of entry fees	(7,738,545)	(6,271,355)
Entry fees received	9,381,141	6,993,517
Net realized and unrealized gain on investments	(490,981)	(135,746)
Loss on disposal of assets	4,597	103
Other amortization	125,699	126,756
Changes in operating assets and liabilities:		
Accounts receivable	(167,770)	(78,314)
Contract receivables	(241,749)	920,245
Other receivables	59,549	(28,611)
Prepaid expenses and other current assets	(205,191)	(144,918)
Accounts payable	1,243,936	(219,045)
Accrued expenses	(935,745)	1,530,480
Contract deposits	145,379	52,948
Deposits	53,969	26,870
Net Cash Provided by Operating Activities	6,907,939	3,593,158
Cash Flows from Investing Activities		
Purchases of property and equipment	(3,232,349)	(1,338,266)
Deferred marketing costs incurred	(77,093)	(138,628)
Net reductions to assets held by trustee	(108,175)	(26,752)
Net purchases of assets whose use is limited	(12,619)	(140)
Proceeds from sales of investments	898,913	1,128,505
Purchases of investments	(1,928,393)	(365,150)
Net Cash Used in Investing Activities	(4,459,716)	(740,431)

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash Flows from Financing Activities		
Refundable entry fees received	$ 2,251,949	$ 1,164,598
Principal payments on capital lease obligation	(233,470)	(212,053)
Refunds of deposits and refundable entry fees	(1,963,966)	(1,793,084)
Repayment of long term debt	(545,000)	(505,000)
Net Cash Used in Financing Activities	(490,487)	(1,345,539)
Net Change in Cash and Cash Equivalents	1,957,736	1,507,188
Cash and Cash Equivalents - Beginning	3,035,902	1,528,714
Cash and Cash Equivalents - Ending	$ 4,993,638	$ 3,035,902
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ 3,869,384	$ 3,953,256

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

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

Whitney Center, Incorporated (the Corporation) is a retirement community offering its residents a comprehensive range of facilities and services including a central dining room, a health center, common lounges and meeting rooms, and other amenities for retirement living. As of December 31, 2017 and 2016, there were 245 and 249 apartment units, respectively, including units available for assisted living, and 59 nursing beds in the health center.

Residents pay an entry fee and a monthly service fee that entitles them to the lifetime use and privileges of the retirement community including care in the health center. Residents do not acquire any interest in the real estate and property owned by the Corporation. Management of the Corporation is vested in the Board of Directors and designated officers.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Corporation are prepared on the accrual basis of accounting. The financial statements report information regarding financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted.

Unrestricted - Unrestricted net assets represent available resources other than donor restricted contributions.

Temporarily Restricted - Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure.

Permanently Restricted - Permanently restricted net assets represent contributions that are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES FROM OPERATIONS

The statements of activities include deficiency of revenues and gains over expenses and losses from operations as the performance indicator. Changes in unrestricted net assets that are excluded from deficiency of revenues and gains over expenses and losses from operations, consistent with industry practice, include unrealized loss on investments and the real estate tax assessment under appeal.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RISKS AND UNCERTAINTIES

The Corporation operates a retirement community that financed a large expansion and renovation project in 2009 with $90 million of revenue bonds issued by the Town of Hamden. Since then, the Corporation has paid down over $40 million of debt but experienced difficult market conditions and a successful but slower than expected fill of new units. These events have caused the Corporation to suffer losses from operations in recent years. The Corporation has been successful at maintaining occupancy and reducing losses from year to year and its 2018 annual plan is intended to continue to improve financial results, but future results are not assured.

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. These estimates include assessing the collectability of accounts receivable, the extent of contractual allowances, fair value of investments, and the estimated useful lives of long-lived assets, among others. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Corporation's financial instruments classified as current assets and current liabilities (cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses) approximates fair value. The fair values of other financial instruments are disclosed in the notes below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less at purchase. The Corporation routinely invests its surplus operating funds in a commercial sweep account. These funds generally invest in highly liquid U.S. Government and Agency obligations.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are stated at the amount the Corporation expects to collect from outstanding balances. The Corporation provides for losses on accounts receivable using the allowance method. The allowance is based on a review of the current status of existing receivables, historical collection experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Corporation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

CONTRACT RECEIVABLES

Contract receivables include balances outstanding on completed residency agreements, including those with short-term deferred payment arrangements.

ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include assets set aside in accordance with State law governing operating escrow and reserve funds, assets received with donor restrictions for the benefit of residents, and assets set aside by the Board of Directors. The Board of Directors has designated $789,233 and $682,693 for the benefit of the residents and to fund other capital and service objectives as of December 31, 2017 and 2016, respectively.

ASSETS HELD BY TRUSTEE

Assets Held by Trustee are assets restricted pursuant to a trust indenture, relating to the Corporation's long-term debt. The specific accounts held by the trustee, in accordance with the requirements of the trust indenture as of December 31, 2017 and 2016; include a bond fund, debt service reserve fund, and an operating reserve fund.

INVESTMENTS AND INVESTMENT INCOME

Investments, which consist of marketable equity securities, U.S. Government and Agency obligations, corporate bonds, and mutual funds, are measured at fair value in the statements of financial position. Fair value is defined as 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. Investment income (including realized gains and losses on investments, interest, and dividends) is included in deficiency of revenues and gains over expenses and losses from operations unless restricted by donor or law.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS AND INVESTMENT INCOME (CONTINUED)

Unrealized gains and losses on investments are excluded from deficiency of revenues and gains over expenses and losses from operations. Expenses relating to investment income, including custodial fees and investment advisory fees, amounted to $29,878 in 2017 and $28,357 in 2016 and have been netted against investment income in the accompanying statements of activities.

Investment accounts represent assets set aside by the Board for future capital improvements and to fund operating deficits, over which the Board retains control and may, at its discretion subsequently use for other purposes.

DEFERRED INCOME FROM ENTRY FEES AND REFUNDABLE ENTRY FEES

The Corporation has certain entry fee contracts that provide for refunds on a declining-scale if the contract is voluntarily terminated within 45 months of occupancy or if the resident dies within 12 months of occupancy. There is no refund after those periods have elapsed. Entry fees from these contracts are recorded as "deferred income from entry fees" and are recognized as income over the estimated remaining life expectancy of each resident, with the expectancy reevaluated annually.

Other entry fee contracts provide for a 50 percent, 60 percent or a 90 percent refund when an entry fee is received from a resident for the same or similar apartment. The refundable portion of the entry fees from these contracts are recorded as "refundable entry fees" and are recognized in the statements of financial position as a long-term liability.

The Corporation has modified contract options for those residents who wish to apply for long-term care insurance benefits or to self-insure for long-term care services in exchange for lower entry fees. Residents may terminate residency and care agreements at any time for any reason with 120 days' notice. Payments of refunds are charged against the resident's unamortized entry fee and/or refundable entry fees and any gain or loss is included in revenue or expense.

Total contractual refund obligations related to entry fee contracts with refundable options at December 31, 2017 and 2016 were $13,934,218 and $13,075,126, respectively.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HEALTH CENTER

Health center revenues are reported on an accrual basis in the period in which services are provided, at established rates. Arrangements with third party payors for providing service at less than established rates are reported as deductions from health center revenue on an accrual basis. Revenues from the Medicare and Medicaid programs accounted for approximately 35% and 29%, and 15% and 13%, respectively, of the Corporation's net health center revenues for the years ended December 31, 2017 and 2016.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

PROPERTY AND EQUIPMENT

Property and equipment, including assets held under capital leases, are stated at cost net of accumulated depreciation. Maintenance and repairs are charged to expense as incurred. Depreciation is provided over the estimated useful life of each asset, which ranges from three to forty years, and is computed using the straight-line method. When assets are disposed of, the asset and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statement of activities. Construction in process is recorded at cost and consists of assets that have not yet been placed in service.

LONG-LIVED ASSETS

The Corporation records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses recognized during 2017 or 2016.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OBLIGATION TO PROVIDE FUTURE SERVICES

The Corporation annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entry fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entry fees, a liability is recorded (obligation to provide future services) with a corresponding charge to income. The obligation is discounted at 7.00 percent, based on the interest rate of related long-term debt. No liability has been recorded as of December 31, 2017 and 2016 because the present value of the net cost of future services and use of facilities is less than deferred revenue from entry fees. The liability was determined using currently enacted rules, although new rules for calculating this obligation may be issued in the future because of recently enacted changes to rules regarding the recognition of obligations related to refundable entry fee contracts.

DEFERRED FINANCING COSTS

The Corporation follows the provisions of Accounting Standards Update (ASU) 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03) which require that debt issuance costs related to a recognized debt liability be presented in the balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts.

Deferred financing costs are amortized using the yield method over the term of the related financing agreements. Accumulated amortization for the years ended December 31, 2017 and 2016 was $982,145 and $888,677, respectively. Amortization of the deferred financing costs, reported as interest expense in the accompanying statements of activities for the years ended December 31, 2017 and 2016, was $93,468 and $94,524, respectively.

DEFERRED MARKETING COSTS

Deferred marketing costs represent costs incurred to secure deposits and continuing care contracts for new apartment units, and expansion of other programs. These costs are amortized on a straight-line basis over the average life expectancy of the residents.

INCOME TAXES

The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in the Internal Revenue Code, and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES (CONTINUED)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of December 31, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods pending or in progress.

RETIREMENT PLAN

The Corporation maintains a defined contribution retirement plan that covers all eligible employees. The plan includes a Corporation matching contribution as follows:

- A 100% matching contribution of the first 3% of contributions made by a participating employee based on annual salary.
- A 50% matching contribution of the next 2% of additional contributions made by a participating employee based on annual salary.

For the years ended December 31, 2017 and 2016, contributions to the plan amounted to $179,228 and $204,397, respectively.

PRESENTATION OF INSURANCE CLAIMS AND RELATED INSURANCE RECOVERIES

The Corporation follows the provisions of ASU 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries,* which indicates that health care entities should not net insurance recoveries against the related claim liabilities. As of December 31, 2017 and 2016, the Corporation recorded $39,416 and $38,815, respectively in both prepaid expenses and other current assets and accrued expenses representing the Corporation’s workers’ compensation claims covered by insurance for losses in excess of the Corporation’s deductible amounts.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through May 1, 2018, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of December 31, 2017, have been incorporated into these financial statements.

NOTE 2 - ACCOUNTS RECEIVABLE

At December 31, accounts receivable from third-party payors and patients consisted of the following:

	2017	2016
Medicaid	$ 91,548	$ 78,204
Medicare	385,496	301,387
Private pay	625,114	419,332
Other third party payors	246,408	301,873
	1,348,566	1,100,796
Less allowance for doubtful accounts	200,000	120,000
	$ 1,148,566	$ 980,796

The Corporation provides health care services to its patients and generally does not require collateral or other security in providing these services; however, they do routinely obtain assignment of patients' benefits payable under their individual health care insurance programs, plans or policies.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments at December 31 are summarized as follows:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Assets whose use is limited				
Cash and equivalents	$ 102,973	$ 102,973	$ 96,774	$ 96,774
Mutual funds	767,528	1,004,958	631,657	865,438
	$ 870,501	$ 1,107,931	$ 728,431	$ 962,212

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Long-Term investments				
Cash and equivalents	$ 1,134,483	$ 1,134,483	$ 117,067	$ 117,067
Mutual funds	171,488	173,345	200,565	198,206
U.S. Government and Agency obligations	177,937	191,006	162,036	175,980
Corporate bonds	91,706	93,337	89,900	88,425
Marketable equity securities	1,596,081	2,132,027	1,515,891	1,757,159
	$ 3,171,695	$ 3,724,198	$ 2,085,459	$ 2,336,837

RISKS AND UNCERTAINTIES

The Corporation's investment securities are subject to exposure to various risks such as interest rate risk, financial market risk, and credit risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the value of investment securities reported in the Corporation's financial statements.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

FAIR VALUE MEASUREMENT

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: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level of the asset or liability 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.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

FAIR VALUE MEASUREMENT (CONTINUED)

Following is a description of the valuation techniques used for investments measured at fair value.

Mutual Funds **-** Valued based on the closing quote prices listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

U.S. Government Securities and Agency Obligations **–** Valued based on quoted prices in active markets, and are generally categorized in Level 1 of the fair value hierarchy.

Corporate Bonds **-** Valued using recently executed transactions, market price quotations (where observable), bond spreads or other available data. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond swap spreads, and other available inputs. Corporate obligations are generally categorized in Level 2 of the fair value hierarchy.

Marketable Equity Securities - Valued based on the closing quote prices listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

There have been no changes in the methodologies used at December 31, 2017 and 2016.

The following tables presents information about the Corporation's investments, including assets whose use is limited, measured at fair value:

	December 31, 2017		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Cash and equivalents	$ 1,237,456	$ --	$ 1,237,456
Mutual funds	1,178,303	--	1,178,303
U.S. Government and Agency obligations	191,006	--	191,006
Corporate bonds	--	93,337	93,337
Marketable equity securities	2,132,027	--	2,132,027
	$ 4,738,792	$ 93,337	$ 4,832,129

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

FAIR VALUE MEASUREMENT (CONTINUED)

	December 31, 2016		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Cash and equivalents	$ 213,841	$ --	$ 213,841
Mutual funds	1,063,644	--	1,063,644
U.S. Government and Agency obligations	175,980	--	175,980
Corporate bonds	--	88,425	88,425
Marketable equity securities	1,757,159	--	1,757,159
	$ 3,210,624	$ 88,425	$ 3,299,049

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	2017	2016
Land and land improvements	$ 757,464	$ 738,635
Intangibles	645,544	617,144
Buildings	118,666,054	116,659,671
Furniture, fixtures and equipment	4,934,696	4,669,838
Vehicles	132,279	246,888
Construction in process	869,423	--
	126,005,460	122,932,176
Less accumulated depreciation and amortization	43,959,609	40,079,520
	$ 82,045,851	$ 82,852,656

NOTE 5 - ASSETS HELD BY TRUSTEE

In accordance with the Town of Hamden, Connecticut Revenue Bonds (Whitney Center Project), Series 2009, the Corporation maintains the following accounts with a trustee:

BOND FUND

The Corporation is required to maintain a bond fund, and within such fund a Debt Service account. The balance of the Debt Service Account at December 31, 2017 and 2016 was $2,434,072 and $2,443,662, respectively.

DEBT SERVICE RESERVE FUND

The Corporation is required to maintain a debt service reserve fund in an amount equal to the maximum annual debt service requirement for the Series A Bonds and an amount equal to twelve months of interest due on the Series C Bonds. Funds on deposit in these accounts shall be applied to make up any deficiencies in the Bond Fund with respect to payments on the bonds. The balance of the debt service reserve funds at December 31, 2017 and 2016 was $4,347,219 and $4,337,454, respectively.

OPERATING RESERVE FUND

The Corporation is also required to maintain an operating reserve fund, which shall be funded in an amount equal to the Corporation’s operating reserve requirement. Funds in the operating reserve fund shall be used for debt service or any operating expenses, to the extent that the Corporation does not have other funds available for the payment of such expenses. If at any time the amount on deposit in the operating reserve fund is less than the operating reserve requirement, the Corporation shall pay to the trustee the amount necessary to restore the balance in the operating reserve fund as soon as practicable, but not later than twelve months after the date the deficiency was created. The operating escrow requirement at December 31, 2017 and 2016 was approximately $1,634,000 and $1,560,000, respectively. The balance of the operating reserve fund at December 31, 2017 was $1,560,004.

NOTE 6 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes as of December 31:

	2017	2016
Contributions received to provide financial support to residents who become unable to meet their financial obligations	$ 225,394	$ 193,207
Net appreciation on endowment contribution, to be used to provide financial support to residents	93,304	86,312
	$ 318,698	$ 279,519

Net assets were released from donor restrictions to fund financial support to residents in the amount of $8,868 in 2017 and $7,092 in 2016.

Permanently restricted net assets are available for the following as of December 31:

	2017	2016
Endowment contribution from which the income is expendable to provide financial support to residents	$ 10,000	$ 10,000

UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

As required by accounting principles generally accepted in the United States of America (USGAAP), net assets, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Connecticut adopted a version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in 2007. In the absence of authoritative guidance on the application of Connecticut's UPMIFA to donor-restricted funds, the Association interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (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.

NOTE 6 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (CONTINUED)

Any remaining portion of the donor-restricted funds that is not classified in permanently restricted net assets would be classified as temporarily restricted net assets until those amounts are appropriated for expenditure, or recorded as unrestricted support, by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. These deficiencies, which would be reported in unrestricted net assets, can result from unfavorable market fluctuations.

NOTE 7 - LONG-TERM DEBT

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

	2017	2016
Town of Hamden Revenue Bonds (Whitney Center Project) Series 2009		
Fixed Rate Revenue Bonds Series 2009A	$ 45,175,000	$ 45,720,000
Adjustable Rate Revenue Bonds Series 2009C	3,700,000	3,700,000
	48,875,000	49,420,000
Less, current portion	585,000	545,000
Less, deferred financing costs	1,804,776	1,917,264
Less, unamortized original issue discount	269,427	282,638
Long-Term portion	$ 46,215,797	$ 46,675,098

In December 2009, the Corporation issued $89,895,000 (par value) of Town of Hamden, Connecticut Facility Revenue Bonds (Whitney Center Project), Series 2009 (2009 Bonds) at an aggregate original issue discount of $915,454.

The Series 2009A fixed rate revenue bonds have interest rates ranging from 7.625 percent to 7.75 percent, and mandatory annual sinking fund redemptions beginning in 2015 and extending through final maturity in 2043. During 2017 and 2016, the Corporation redeemed $585,000 and $545,000 of the Series 2009A Bonds, respectively.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The Series 2009C adjustable rate revenue bonds had an initial interest rate of 7.25%, reset to 5.50% on January 1, 2016, and a mandatory maturity of 2043 that is subject to redemption prior to maturity in whole or in part from new unit entrance fees beginning January 1, 2016.

Financing costs associated with the issuance of the Series 2009 Bonds, and the related exchange offer in 2013, totaling $2,998,414, have been deferred and are being amortized over the term of the bonds. In addition, the original issue discount of $915,454 has been capitalized and is being amortized on a yield method over the term of the bonds. At December 31, 2017, the unamortized original issuance discount was $269,427, and the total outstanding principal balance was $48,875,000. At December 31, 2016, the unamortized original issuance discount was $282,638, and the total outstanding principal balance was $49,420,000.

The Series 2009 Bonds are collateralized by (i) a first mortgage lien on the Corporation’s main operating facility, (ii) a security interest in all personal property, fixtures, and equipment, (iii) a security interest in the gross revenues of the Corporation, and (iv) an assignment of the Corporation’s rights under its residency agreements.

The Loan Agreement (and Security Agreement) and related Trust Indenture to the Series 2009 Bonds (as amended November 1, 2013) also provides for, among other requirements, the maintenance of certain financial and operational covenants including a minimum debt service coverage ratio, a days’ cash on hand ratio, and marketing and occupancy targets.

The Corporation's 2009 financing established covenant requirements for new unit sales, occupancy in the original and new apartment buildings, and for cash reserves (Days Cash on Hand). The Corporation successfully met the South (new building) sales and occupancy covenants, the North (original building) covenants, and the Debt Service Coverage Ratio covenants on the March, June, September and December test dates in 2017. The Corporation significantly increased Days Cash on Hand, but failed to meet the Days' Cash on Hand covenant on June 30, 2017 and December 31, 2017. Missing these covenants was not an event of default on the Series 2009 Bonds because the Corporation took required action including the implementation of a successful plan to improve occupancy, revenue, and days cash on hand.

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The Corporation's ongoing business plan is to continue to improve cash reserves and explore new ways to expand the scope of senior services it provides. The expectation is that it will take several years to restore compliance with all financial and operational covenants. The Corporation regularly communicates with bondholders by filing required compliance reports and conducting periodic conference calls.

The State of Connecticut requires that continuing care facilities maintain a reserve fund, which consists of one year’s debt service requirements plus one month’s operating costs. As of December 31, 2017 and 2016, the Corporation had established the required reserve funds, which consist of U.S. Government obligations, common stocks and money market funds. These funds are not available for current operating purposes. The total reserve requirement was approximately $5.98 million at December 31, 2017 and $5.90 million at December 31, 2016. The balance in these funds amounted to $5,907,223 and $5,789,458 at December 31, 2017 and 2016, respectively. As disclosed in Note 5, an amount necessary to meet the balance in the operating reserve fund will funded in 2018. Such amounts have been classified as assets held by trustee on the statements of financial position.

Scheduled maturities of long-term debt at December 31, are as follows:

Years ending December 31,	
2018	$ 585,000
2019	630,000
2020	680,000
2021	730,000
2021	785,000
Thereafter	45,465,000
	$ 48,875,000

NOTE 8 - CAPITAL LEASE OBLIGATIONS

Pursuant to a Sale Leaseback Agreement in 2015, the Corporation entered into a 36-month capital lease, payable in monthly installments of $11,033 at an interest-imputed rate of 6.22% through 2018. The base annual rental is $132,408. The Corporation has on deposit $20,535 as security for the performance of its obligations under the lease. Pursuant to the terms of the lease, the Corporation is required to pay all costs associated with the operation of the property including, without limitation, insurance, taxes, and maintenance. The lease also contains customary representations, warranties, obligations, conditions and indemnification provisions and grants the purchaser customary remedies upon a breach of the lease by the Corporation, including the right to terminate the lease and hold the Corporation liable for any deficiency in future rent.

The Corporation also entered into capital lease obligations in 2016 for computer and other equipment at an aggregate monthly rental of $10,900 at imputed interest rates ranging from 4.489% to 5.721%, through expiration dates ranging from May 2020 to March 2021. The original cost of the equipment was $577,283, and has a net book value of approximately $405,000 and $472,000 as of December 31, 2017 and 2016, respectively.

Scheduled maturities of capital lease obligations at December 31, are as follows:

Years ending December 31,	
2018	$ 230,155
2019	130,855
2020	76,935
2021	11,153
	449,098
Less, amount representing interest	26,831
	$ 422,267

NOTE 9 - FUNCTIONAL EXPENSES

The Corporation provides services to residents including independent living, skilled nursing, and assisted living. Expenses related to providing these services for the years ended December 31, as follows:

	2017	2016
Program services	$ 24,119,270	$ 23,191,850
Management, general and administrative	3,956,044	3,975,028
	$ 28,075,314	$ 27,166,878

NOTE 10 - COMMITMENTS AND CONTINGENCIES

REAL ESTATE TAX APPEAL

In 2016, the Corporation appealed its real estate tax assessment applicable to the year 2016 through 2020. Real estate taxes billed in 2016 were $3,126,002. Based on an independent valuation performed, and under advice from the Corporation's tax consultant, the Corporation determined that a valuation resulting in real estate taxes of $1,746,360 would be more appropriate and a likely outcome of the appeal process. Accordingly, assessed real estate tax of $1,379,642 was not paid, and was accrued and is shown in the accompanying 2016 statement of activities in the nonoperating section.

The appeal was settled in April 2018, resulting in an adjustment of 2016's appraised value to $51.4 million and no additional real estate taxes due for 2016 in addition to amounts previously paid. As a result, the accrual recorded for 2016 noted above was reversed in 2017, net of an estimated allowance for consulting fees related to the appeal. The appeal settlement sets the Corporation's real estate appraised value at $57.66 million for 2017, with gradual increases to $62 million for 2020. As of December 31, 2017 and 2016, accrued property tax of $982,051 and $2,287,561 were included within accrued expenses on the accompanying statements of financial position.

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Whitney Center, Incorporated

We have audited the financial statements of Whitney Center, Incorporated as of and for the years ended December 31, 2017 and 2016, and our report thereon dated May 1, 2018, which expressed an unqualified opinion on those financial statements, appears on pages 1-2. Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, Schedule I – Comparison of Changes in Unrestricted Net Deficit Before Nonoperating Items, is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

Marcum LLP

New Haven, CT
May 1, 2018

MARCUMGROUP
MEMBER

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WHITNEY CENTER, INCORPORATED

SCHEDULE I – COMPARISON OF CHANGES IN UNRESTRICTED NET DEFICIT BEFORE NONOPERATING ITEMS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016	Increase (Decrease) Dollar Change	Increase (Decrease) Percent Change
Changes in Unrestricted Net Deficit Before Nonoperating Items				
Revenues and Gains				
Resident services	$ 26,662,008	$ 23,706,874	$ 2,955,134	12%
Other operating revenues	785,454	895,867	(110,413)	-12%
Investment income	28,658	32,254	(3,596)	-11%
Gain (loss) on sale of investments	152,293	(136)	152,429	112080%
Contributions and other	72,757	5,818	66,939	1151%
Net assets released from restriction	8,868	7,092	1,776	25%
Total Revenues and Gains	27,710,038	24,647,769	3,062,269	12%
Expenses and Losses				
Depreciation and amortization	4,626,121	4,587,021	39,100	1%
Interest expense	3,840,529	3,901,822	(61,293)	-2%
Health Center services	3,819,262	3,661,279	157,983	4%
Administrative and general	3,579,297	3,254,726	324,571	10%
Dining services	2,847,509	2,748,196	99,313	4%
Employee benefits	1,846,132	1,896,608	(50,476)	-3%
Property taxes	1,846,132	1,896,608	(50,476)	-3%
Plant and security	1,416,364	1,442,711	(26,347)	-2%
Utilities	1,352,255	1,360,600	(8,345)	-1%
Housekeeping and laundry	1,081,578	869,023	212,555	24%
Assisted living and wellness	804,353	778,924	25,429	3%
Resident services	678,526	738,995	(60,469)	-8%
At Home program	201,144	97,248	103,896	107%
Total Expenses and Losses	27,939,202	27,233,761	705,441	3%
Deficiency of Revenues and Gains over Expenses and Losses from Operations	$ (229,164)	$ (2,585,992)	$ 2,356,828	91%

See independent auditors' report on supplementary information.

WHITNEY CENTER, INCORPORATED

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

WHITNEY CENTER, INCORPORATED

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Whitney Center, Incorporated

Report on the Financial Statements

We have audited the accompanying financial statements of Whitney Center, Incorporated (a nonprofit organization), which comprises the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Whitney Center, Incorporated as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP

New Haven, CT
May 2, 2016

WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	$ 1,528,714	$ 14,731
Accounts receivable, less allowance for doubtful accounts	902,482	497,253
Contract receivables	1,148,165	573,179
Other receivables	35,325	46,527
Prepaid expenses and other current assets	406,027	292,219
Assets whose use is limited	911,760	921,253
Total Current Assets	4,932,473	2,345,162
Assets Held by Trustee	8,206,368	13,805,559
Investment Accounts	3,014,758	6,497,796
Property and Equipment	84,981,722	86,955,035
Other Assets		
Deferred marketing costs, less accumulated amortization of $2,481,429 in 2015 and $1,895,543 in 2014	2,715,818	3,301,705
Total Assets	$ 103,851,139	$ 112,905,257

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2015 AND 2014

	2015	2014
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 1,038,434	$ 854,837
Accrued expenses	3,618,287	3,724,618
Contract deposits	25,577	47,202
Current portion of capital lease obligation	114,878	--
Current portion of long-term debt	505,000	4,610,000
Total Current Liabilities	5,302,176	9,236,657
Capital Lease Obligation - less current portion	219,004	--
Long-Term Debt - less current portion and deferred financing costs	47,093,344	48,812,089
Deferred Income from Entry Fees	40,442,356	40,178,861
Refundable Entry Fees	12,932,278	13,397,289
Deposits	34,092	28,710
Total Liabilities	106,023,250	111,653,606
Total Net Assets (Deficiency)	(2,172,111)	1,251,651
Total Liabilities and Net Assets (Deficiency)	$ 103,851,139	$ 112,905,257

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Revenues and Gains		
Resident services, including amortization of entry fees of $5,796,586 in 2015 and $6,218,470 in 2014	$ 21,485,626	$ 20,826,475
Other operating revenues	725,469	696,336
Investment income	105,641	108,220
Gain on sale of investments	486,753	874,276
Contributions	25	18,498
Total Revenues and Gains	22,803,514	22,523,805
Expenses and Losses		
Salaries and wages	8,402,990	7,951,508
Depreciation and amortization	4,450,325	4,301,939
Interest expense	3,990,132	4,711,662
Employee benefits	1,863,128	1,762,002
Property taxes	1,548,295	1,498,200
Other operating expenses	1,010,123	1,399,378
Utilities	1,395,467	1,350,708
Food	1,046,372	1,061,062
Contract services	603,047	922,926
Supplies	550,219	486,018
Ancillary health services	367,938	471,375
Repairs and maintenance	321,830	366,330
Insurance	150,695	150,651
Total Expenses and Losses	25,700,561	26,433,759
Deficiency of Revenues and Gains over Expenses and Losses from Operations	(2,897,047)	(3,909,954)
Nonoperating Items		
Unrealized loss on investments	(526,715)	(530,992)
Deficiency of Revenues and Gains over Expenses and Losses and Nonoperating Items	(3,423,762)	(4,440,946)
Unrestricted Net Assets - Beginning	1,251,651	5,692,597
Unrestricted Net Assets (Deficiency) - Ending	$ (2,172,111)	$ 1,251,651

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities		
Change in unrestricted net assets (deficiency)	$ (3,423,762)	$ (4,440,946)
Adjustments to reconcile change in unrestricted net assets (deficiency) to net cash provided by operating activities:		
Depreciation and amortization	4,450,325	4,301,939
Amortization of entry fees	(5,796,586)	(6,218,470)
Entry fees received	6,927,021	10,096,167
Net realized and unrealized loss (gain) on investments	39,962	(343,284)
(Gain) loss on disposal of assets	(7,605)	25,142
Other amortization	118,680	370,484
Deferred financing costs incurred	(67,425)	(234,974)
Changes in operating assets and liabilities:		
Accounts receivable	(405,229)	68,809
Contract receivables	(574,986)	(501,532)
Other receivables	11,202	2,397
Prepaid expenses and other	(113,808)	(23,635)
Accounts payable	183,597	34,474
Accrued expenses	(106,331)	(293,138)
Contract deposits	(21,625)	(201,809)
Deposits	5,382	(500)
Net Cash Provided by Operating Activities	1,218,812	2,641,124
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,880,023)	(1,697,248)
Net additions (reductions) to assets held by trustee	5,599,191	(1,898,768)
(Purchases) sales of assets whose use is limited	5,996	(9,561)
Proceeds from sales of investments	4,853,019	11,939,953
Purchases of investments	(1,409,943)	(7,727,952)
Net Cash Provided by Investing Activities	7,168,240	606,424

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Cash Flows from Financing Activities		
Refundable entry fees received	$ 1,471,850	$ 1,741,914
Proceeds from capital lease	402,972	--
Principal payment on capital lease obligation	(69,090)	--
Refunds of deposits and refundable entry fees	(2,803,801)	(637,136)
Repayment of long term debt	(5,875,000)	(4,960,000)
Net Cash Used in Financing Activities	(6,873,069)	(3,855,222)
Net Change in Cash and Cash Equivalents	1,513,983	(607,674)
Cash and Cash Equivalents - Beginning	14,731	622,405
Cash and Cash Equivalents - Ending	$ 1,528,714	$ 14,731
Supplemental Disclosures of Cash Flow Information		
Interest paid	$ 4,190,287	$ 4,869,998

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

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

Whitney Center, Incorporated (the Corporation) is a retirement community offering its residents a comprehensive range of facilities and services including a central dining room, a health center, common lounges and meeting rooms, and other amenities for retirement living. As of December 31, 2015 and 2014, there were 250 and 255 apartment units, respectively, including units available for assisted living, and 59 nursing beds in the health center.

Residents pay an entry fee and a monthly service fee that entitles them to the lifetime use and privileges of the retirement community including care in the health center. Residents do not acquire any interest in the real estate and property owned by the Corporation. Management of the Corporation is vested in the Board of Directors and designated officers.

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Corporation are prepared on the accrual basis of accounting. The financial statements report information regarding financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2015 and 2014, all of the Corporation's net assets are unrestricted.

EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES FROM OPERATIONS

The statements of activities include deficiency of revenues and gains over expenses and losses from operations as the performance indicator. Changes in unrestricted net assets that are excluded from deficiency of revenues and gains over expenses and losses from operations, consistent with industry practice, include unrealized loss on investments.

RISKS AND UNCERTAINTIES

The Corporation operates a retirement community that financed a large expansion and renovation project in 2009 with $90 million of revenue bonds issued by the Town of Hamden. Since then, the Corporation has paid down over $40 million of debt but experienced difficult market conditions and a slower than expected fill of new units. These events have caused the Corporation to suffer losses from operations in recent years. The Corporation has been successful at increasing occupancy and reducing losses from year to year and its 2016 annual plan is intended to achieve higher occupancy and financial results, but future results are not assured.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. These estimates include assessing the collectability of accounts receivable, the extent of contractual allowances, fair value of investments, and the estimated useful lives of long lived assets, among others. Actual results could differ from those estimates.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Corporation's financial instruments classified as current assets and current liabilities (cash and cash equivalents, accounts receivable, accounts payable, and accrued expenses) approximates fair value. The fair values of other financial instruments are disclosed in the notes below.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include investments in highly liquid debt instruments with original maturities of three months or less at purchase. The Corporation routinely invests its surplus operating funds in a commercial sweep account. These funds generally invest in highly liquid U.S. Government and Agency obligations.

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are stated at the amount the Corporation expects to collect from outstanding balances. The Corporation provides for losses on accounts receivable using the allowance method. The allowance is based on a review of the current status of existing receivables, historical collection experience, third-party contracts, and other circumstances, which may affect the ability of patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Corporation's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRACT RECEIVABLES

Contract receivables include balances outstanding on completed residency agreements, including those with short-term deferred payment arrangements.

ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include assets restricted in accordance with State law governing entrance fee escrow agreements, assets set aside in accordance with State law governing operating escrow and reserve funds, and assets set aside by the Board of Directors for the benefit of the residents and to fund other capital and service objectives.

ASSETS HELD BY TRUSTEE

Assets Held by Trustee are assets restricted pursuant to a trust indenture, relating to the Corporation's long-term debt. The specific accounts held by the trustee, in accordance with the requirements of the trust indenture as of December 31, 2015 and 2014, include a bond fund, debt service reserve fund, entrance fee escrow fund, and an operating reserve fund.

INVESTMENTS AND INVESTMENT INCOME

Investments, which consist of marketable equity securities, U.S. Government and Agency obligations, corporate bonds, and mutual funds, are measured at fair value in the statements of financial position. Fair value is defined as 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. Investment income (including realized gains and losses on investments, interest, and dividends) is included in deficiency of revenues and gains over expenses and losses from operations unless restricted by donor or law. Unrealized gains and losses on investments are excluded from deficiency of revenues and gains over expenses and losses from operations. Expenses relating to investment income, including custodial fees and investment advisory fees, amounted to $39,289 in 2015 and $67,698 in 2014 and have been netted against investment income in the accompanying statements of activities.

Investment accounts represent assets set aside by the Board for future capital improvements and to fund operating deficits, over which the Board retains control and may at its discretion subsequently use for other purposes.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED INCOME FROM ENTRY FEES AND REFUNDABLE ENTRY FEES

The Corporation has certain entry fee contracts that provide for refunds on a declining-scale if the contract is voluntarily terminated within 45 months of occupancy or if the resident dies within 12 months of occupancy. There is no refund after those periods have elapsed. Entry fees from these contracts are recorded as "deferred income from entry fees" and are recognized as income over the estimated remaining life expectancy of each resident, with the expectancy reevaluated annually.

Other entry fee contracts provide for a 50 percent, 60 percent or a 90 percent refund when an entry fee is received from a resident for the same or similar apartment. The refundable portion of the entry fees from these contracts are recorded as "refundable entry fees" and are recognized in the statements of financial position as a long-term liability.

The Corporation has modified contract options for those residents who wish to apply for long-term care insurance benefits or to self-insure for long-term care services in exchange for lower entry fees. Residents may terminate residency and care agreements at any time for any reason with 120 days' notice. Payments of refunds are charged against the resident's unamortized entry fee and/or refundable entry fees and any gain or loss is included in revenue or expense.

Total contractual refund obligations in the event of death at December 31, 2015 and 2014 were $12,932,278 and $13,397,289, respectively.

HEALTH CENTER

Health Center revenues are reported on an accrual basis in the period in which services are provided, at established rates. Arrangements with third party payors for providing service at less than established rates are reported as deductions from health center revenue on an accrual basis.

Revenues from the Medicare and Medicaid programs accounted for approximately 24 percent and 25 percent and 21 and 7 percent, respectively, of the Corporation's net Health Center revenues for the years ended December 31, 2015 and 2014.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HEALTH CENTER (CONTINUED)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries are outstanding, compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

PROPERTY AND EQUIPMENT

Property and equipment, including assets held under capital leases, are stated at cost net of accumulated depreciation. Maintenance and repairs are charged to expense as incurred. Depreciation is provided over the estimated useful life of each asset, which ranges from three to forty years, and is computed using the straight-line method. When assets are disposed of, the asset and related accumulated depreciation are eliminated from the accounts and any resulting gain or loss is reflected in the statement of activities. Construction in process is recorded at cost and consists of assets that have not yet been placed in service.

LONG-LIVED ASSETS

The Corporation continually evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of its long-lived assets or whether the remaining balance of its long-lived assets should be evaluated for possible impairment. If and when such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, the Corporation will determine the fair value of the asset by making an estimate of expected future cash flows over the remaining lives of the respective assets and compare that fair value with the carrying value of the assets in measuring their recoverability. In determining the expected future cash flows, the assets will be grouped at the lowest levels for which there are cash flows. There were no impairment losses recognized during 2015 or 2014.

OBLIGATION TO PROVIDE FUTURE SERVICES

The Corporation annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entry fees.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

OBLIGATION TO PROVIDE FUTURE SERVICES (CONTINUED)

If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entry fees, a liability is recorded (obligation to provide future services) with a corresponding charge to income. The obligation is discounted at 7.00 percent, based on the interest rate of related long-term debt. No liability has been recorded as of December 31, 2015 and 2014 because the present value of the net cost of future services and use of facilities is less than deferred revenue from entry fees. The liability was determined using currently-enacted rules, although new rules for calculating this obligation may be issued in the future because of recently enacted changes to rules regarding the recognition of obligations related to refundable entry fee contracts.

DEFERRED FINANCING COSTS

In April 2015, the FASB issued Accounting Standards Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 amends current presentation guidance by requiring that debt issuance costs related to a recognized debt liability be presented in the balance sheets as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for interim and annual reporting periods beginning after December 15, 2015, with early adoption permitted. Management elected to early adopt ASU 2015-03 as displayed in the accompanying balance sheets, and accordingly has presented the debt issuance costs as a debt discount in all periods presented.

The application of this standard had no effect to the statement of activities for the year ended December 31, 2014 or net assets as of December 31, 2014. The application of this standard resulted in a decrease in total assets and total liabilities of $2,068,850 due to the change in presentation in 2014 from an asset to a contra-liability as required by the standard.

Deferred financing costs are amortized using the yield method over the term of the related financing agreements. Accumulated amortization for the years ended December 31, 2015 and 2014 was $794,153 and $696,474, respectively. Amortization expense for the years ended December 31, 2015 and 2014 was $97,679 and $109,699, respectively.

DEFERRED MARKETING COSTS

Deferred marketing costs represent costs incurred to secure deposits and continuing care contracts for new apartment units. These costs are amortized on a straight-line basis over the average life expectancy of the residents.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Corporation has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in the Internal Revenue Code, and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of December 31, 2015 and 2014, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

RETIREMENT PLAN

The Corporation maintains a defined contribution retirement plan that covers all eligible employees. The plan includes a Corporation matching contribution as follows:

- A 100% matching contribution of the first 3% of contributions made by a participating employee based on annual salary.
- A 50% matching contribution of the next 2% of additional contributions made by a participating employee based on annual salary.

For 2015 and 2014, contributions to the plan amounted to $199,284 and $153,350, respectively.

PRESENTATION OF INSURANCE CLAIMS AND RELATED INSURANCE RECOVERIES

The Corporation follows the provisions of Accounting Standards Update (ASU) 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries,* which indicates that health care entities should not net insurance recoveries against the related claim liabilities. As of December 31, 2015 and 2014, the Corporation recorded $21,460 and $44,025, respectively in both prepaid expenses and other current assets and accrued expenses representing the Corporation’s workers’ compensation claims covered by insurance for losses in excess of the Corporation’s deductible amounts.

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through May 2, 2016, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of December 31, 2015, have been incorporated into these financial statements.

NOTE 2 - ACCOUNTS RECEIVABLE

At December 31, accounts receivable from third-party payors and patients consisted of the following:

	2015	2014
Medicaid	$ 188,784	$ 29,640
Medicare	215,778	139,454
Private pay	347,183	225,114
Other third party payors	160,737	113,045
	912,482	507,253
Less allowance for doubtful accounts	10,000	10,000
	$ 902,482	$ 497,253

The Corporation provides health care services to its patients and generally does not require collateral or other security in providing these services; however, they do routinely obtain assignment of patients' benefits payable under their individual health care insurance programs, plans or policies.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments at December 31 are summarized as follows:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Assets whose use is limited				
Cash and equivalents	$ 98,602	$ 98,602	$ 34,962	$ 34,962
Mutual funds	629,687	813,158	552,500	886,291
	$ 728,289	$ 911,760	$ 587,462	$ 921,253

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Long-term investments:				
Cash and equivalents	$ 713,485	$ 713,485	$ 170,845	$ 170,845
Mutual funds	540,803	158,999	629,237	606,452
U.S. Government and Agency obligations	150,073	168,974	845,900	894,149
Corporate bonds	99,446	96,527	1,043,905	1,036,290
Marketable equity securities	1,363,185	1,876,773	3,283,748	3,790,060
	$ 2,866,992	$ 3,014,758	$ 5,973,635	$ 6,497,796

RISKS AND UNCERTAINTIES

The Corporation's investment securities are subject to exposure to various risks such as interest rate risk, financial market risk, and credit risk. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the value of investment securities reported in the Corporation's financial statements.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

FAIR VALUE MEASUREMENT

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: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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. When, as a practical expedient, an investment is measured at fair value on the basis of net asset value, its classification as Level 2 or 3 will be impacted by the ability to redeem the investment at net asset value at the measurement date. If there is uncertainty or the inability to redeem an investment at net asset value in the near term subsequent to the measurement date, the investment is categorized as Level 3.

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

Following is a description of the valuation techniques used for investments measured at fair value.

Mutual Funds - Valued based on the closing quote prices listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

U.S. Government Securities and Agency Obligations – Valued based on quoted prices in active markets, and are generally categorized in Level 1 of the fair value hierarchy.

Corporate Bonds - Valued using recently executed transactions, market price quotations (where observable), bond spreads or other available data. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves, bond swap spreads, and other available inputs. Corporate obligations are generally categorized in Level 2 of the fair value hierarchy.

Marketable Equity Securities - Valued based on the closing quote prices listed on a national securities exchange or reported on the NASDAQ national market at their last sales price as of the last business day of the year.

There have been no changes in the methodologies used at December 31, 2015 and 2014.

The following tables presents information about the Corporation's investments, including assets whose use is limited, measured at fair value:

	December 31, 2015		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Cash and equivalents	$ 812,087	$ --	$ 812,087
Mutual funds	972,157	--	972,157
U.S. Government and Agency obligations	168,974	--	168,974
Corporate bonds	--	96,527	96,527
Marketable equity securities	1,876,773	--	1,876,773
	$ 3,829,991	$ 96,527	$ 3,926,518

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

	December 31, 2014		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Cash and equivalents	$ 205,807	$ --	$ 205,807
Mutual funds	1,492,743	--	1,492,743
U.S. Government and Agency obligations	894,149	--	894,149
Corporate bonds	--	1,036,290	1,036,290
Marketable equity securities	3,790,060	--	3,790,060
	$ 6,382,759	$ 1,036,290	$ 7,419,049

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	2015	2014
Land and land improvements	$ 734,660	$ 711,382
Buildings	115,239,942	113,594,730
Furniture, fixtures and equipment	4,838,798	4,577,276
Vehicles	246,888	231,784
Capital projects	--	54,510
	121,060,288	119,169,682
Less accumulated depreciation and amortization	36,078,566	32,214,647
	$ 84,981,722	$ 86,955,035

NOTE 5 - ASSETS HELD BY TRUSTEE

In accordance with the Town of Hamden, Connecticut Revenue Bonds (Whitney Center Project), Series 2009, the Corporation maintains the following accounts with a trustee:

BOND FUND

The Corporation is required to maintain a bond fund, and within such fund a Debt Service account. The balance of the Debt Service Account at December 31, 2015 and 2014 was $2,425,012 and $2,590,879, respectively.

DEBT SERVICE RESERVE FUND

The Corporation is required to maintain a debt service reserve fund in an amount equal to the maximum annual debt service requirement for the Series A Bonds and an amount equal to twelve months of interest due on the Series B Bonds and the Series C Bonds. Funds on deposit in these accounts shall be applied to make up any deficiencies in the Bond Fund with respect to payments on the bonds. The balance of the debt service reserve funds at December 31, 2015 and 2014 was $4,329,352 and $4,642,248, respectively.

ENTRANCE FEE ESCROW FUND

The entrance fee escrow fund was funded with initial entrance fees from the project. Funds in the entrance fee escrow fund were used to pay interest and principal amounts to redeem a portion of the Series B Bonds. The escrow funds were used in 2015 to pay the remainder of the Series B Bonds and had a $0 balance as of December 31, 2015. The balance of the entrance fee escrow fund at December 31, 2014 was $5,128,432.

OPERATING RESERVE FUND

The Corporation is also required to maintain an operating reserve fund, which shall be funded in an amount equal to the Corporation's operating reserve requirement. Funds in the operating reserve fund shall be used for debt service or any operating expenses, to the extent that the Corporation does not have other funds available for the payment of such expenses.

NOTE 5 - ASSETS HELD BY TRUSTEE (CONTINUED)

OPERATING RESERVE FUND (CONTINUED)

If at any time the amount on deposit in the operating reserve fund is less than the operating reserve requirement, the Corporation shall pay to the trustee the amount necessary to restore the balance in the operating reserve fund as soon as practicable, but not later than twelve months after the date the deficiency was created. The operating escrow requirement at December 31, 2015 and 2014 was approximately $1,445,000 and $1,450,000, respectively. The balance of the operating reserve fund at December 31, 2015 and 2014 was $1,452,004 and $1,444,000, respectively.

NOTE 6 - LONG-TERM DEBT

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

	2015	2014
Town of Hamden Revenue Bonds (Whitney Center Project) Series 2009		
Fixed Rate Revenue Bonds Series 2009A	$ 46,225,000	$ 46,695,000
Entrance Fee Principal Redemption Bonds Series 2009B	--	5,405,000
Adjustable Rate Revenue Bonds Series 2009C	3,700,000	3,700,000
	49,925,000	55,800,000
Less, current portion	505,000	4,610,000
Less, deferred financing costs	2,030,807	2,068,850
Less, unamortized original issue discount	295,849	309,061
Long-term portion	$ 47,093,344	$ 48,812,089

In December 2009, the Corporation issued $89,895,000 (par value) of Town of Hamden, Connecticut Facility Revenue Bonds (Whitney Center Project), Series 2009 (2009 Bonds) at an aggregate original issue discount of $915,454.

NOTE 6 - LONG-TERM DEBT (CONTINUED)

As indicated above, the Series 2009 Bonds include three series of bonds. The Series 2009A fixed rate revenue bonds have interest rates ranging from 7.625 percent to 7.75 percent, and mandatory annual sinking fund redemptions beginning in 2015 and extending through final maturity in 2043.

The Series 2009B entrance fee principal redemption bonds had an interest rate at 6.755% associated with $4,140,000 due January 1, 2015 and $1,265,000 due January 1, 2018. Both were subject to redemption prior to maturity in whole or part from new unit entrance fees in chronological order based on maturity. In November 2013, the Corporation solicited up to $4 million of holders of the Series 2009B bonds due January 1, 2015 to exchange their bonds for 2013 bonds with identical terms except that the maturity date would be January 1, 2018. As of February 19, 2014, the offer was accepted by $1,265,000 of 2009B bondholders. The interest rate, redemption provisions, and all other terms except maturity date for the Series 2013 bonds due in 2018 are the same as the original Series 2009B bonds they replaced.

During 2015, the Corporation redeemed the remaining $5,405,000 of the Series 2009B Bonds and Series 2013 Bonds, and $470,000 of the Series 2009A Bonds. During 2014, the Corporation redeemed $4,960,000 of the Series 2009B Bonds, out of funds in the entrance fee escrow fund.

The Series 2009C adjustable rate revenue bonds have an initial interest rate of 7.25%, reset to 5.50% on January 1, 2016, and a mandatory maturity of 2043 that is subject to redemption prior to maturity in whole or in part from new unit entrance fees beginning January 1, 2016 after the redemption of Series 2009B.

Financing costs associated with the issuance of the Series 2009 Bonds, and the related exchange offer in 2013, totaling $2,998,414, have been deferred and are being amortized over the term of the bonds. In addition, the original issue discount of $915,454 has been capitalized and is being amortized on a yield method over the term of the bonds. At December 31, 2015, the unamortized original issuance discount was $295,849, and the total outstanding principal balance was $49,925,000. At December 31, 2014, the unamortized original issuance discount was $309,061, and the total outstanding principal balance was $55,800,000.

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The Series 2009 Bonds are collateralized by (i) a first mortgage lien on the Corporation's main operating facility, (ii) a security interest in all personal property, fixtures, and equipment, (iii) a security interest in the gross revenues of the Corporation, and (iv) an assignment of the Corporation's rights under its residency agreements.

The Loan Agreement (and Security Agreement) and related Trust Indenture to the Series 2009 Bonds (as amended November 1, 2013) also provides for, among other requirements, the maintenance of certain financial and operational covenants including a minimum debt service coverage ratio, a days' cash on hand ratio, and marketing and occupancy targets. During 2014 and as of December 31, 2014, the Corporation was in compliance with all applicable financial covenants. The debt service coverage ratio test was not applicable in 2014.

Because of a slow pace of apartment sales in the first half of 2015, the Corporation failed to meet the requirements of the North (original building) occupancy covenant on the 2015 test dates in June, September and December. The Corporation also failed to meet the South (new building) occupancy covenant on the September test date but did meet this requirement in December. The Corporation failed to meet the days' cash on hand covenant on June 30, 2015 and December 31, 2015. Missing these covenants was not an event of default on the Series 2009 Bonds because required actions were taken including the hiring of an outside consultant and the implementation of a plan to improve occupancy and restore compliance. The Corporation's 2016 business plan reflects a gradual improvement of occupancy and cash reserves but the expectation is that it will take two years or more to restore compliance with all financial and operational covenants. The Corporation regularly communicates with bondholders by filing required compliance reports and conducting periodic conference calls.

The State of Connecticut requires that continuing care facilities maintain a reserve fund, which consists of one year's debt service requirements plus one month's operating costs. As of December 31, 2015 and 2014, the Corporation had established the required reserve funds, which consist of U.S. Government obligations, common stocks and money market funds. These funds are not available for current operating purposes. The total reserve requirement was approximately $5.77 million at December 31, 2015 and $6.09 million at December 31, 2014. The balance in these funds amounted to $5,781,356 and $6,086,248 at December 31, 2015 and 2014, respectively. Such amounts have been classified as assets held by trustee on the statements of financial position.

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Scheduled maturities of long-term debt at December 31, are as follows:

Years ending December 31,	
2016	$ 505,000
2017	545,000
2018	585,000
2019	630,000
2020	680,000
Thereafter	46,980,000
	$ 49,925,000

NOTE 7 – SALE AND LEASEBACK TRANSACTION

In 2015, the Corporation entered into a Sale Leaseback Agreement, whereby the Corporation sold certain building improvements, and other furniture, fixtures and equipment for a purchase price of $402,972. The Corporation accounted for the transaction under the provisions of FASB ASC 840-40, "Leases – Sale-leaseback Transactions". The Corporation did not realize a significant gain or loss on the sale, as the assets sold had been recently acquired by the Corporation.

NOTE 8 – CAPITAL LEASE OBLIGATION

Pursuant to a Sale Leaseback Agreement noted above, the Corporation entered into a 36-month capital lease, payable in monthly installments of $11,033 at an interest imputed rate of 6.22% through 2018. The base annual rental is $132,408. The Corporation has on deposit $20,535 as security for the performance of its obligations under the lease. Pursuant to the terms of the lease, the Corporation is required to pay all costs associated with the operation of the property including, without limitation, insurance, taxes, and maintenance. The lease also contains customary representations, warranties, obligations, conditions and indemnification provisions and grants the purchaser customary remedies upon a breach of the lease by the Corporation, including the right to terminate the lease and hold the Corporation liable for any deficiency in future rent.

NOTE 8 – CAPITAL LEASE OBLIGATION (CONTINUED)

Scheduled maturities of capital lease obligation at December 31, are as follows:

Years ending December 31,	
2016	$ 132,400
2017	132,400
2018	99,300
	364,100
Less, amount representing interest	10,485
	$ 353,615

NOTE 9 - FUNCTIONAL EXPENSES

The Corporation provides services to residents including independent living, skilled nursing, and assisted living. Expenses related to providing these services for the years ended December 31, as follows:

	2015	2014
Program services	$ 21,919,235	$ 22,489,357
Management, general and administrative	3,778,406	3,919,260
	$ 25,697,641	$ 26,408,617

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Whitney Center, Incorporated

We have audited the financial statements of Whitney Center, Incorporated as of and for the years ended December 31, 2015 and 2014, and our report thereon dated May 2, 2016, which expressed an unqualified opinion on those financial statements, appears on pages 1-2. Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, Schedule I – Comparison of Statements of Activities, is presented for purposes of additional analysis and is not a required part of the basic 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

Marcum LLP

New Haven, CT
May 2, 2016

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WHITNEY CENTER, INCORPORATED

SCHEDULE I – COMPARISON OF STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

			Increase (Decrease)	
	2015	2014	Dollar Change	Percent Change
Changes in Unrestricted Net Assets				
Revenues and Gains				
Resident services	$ 21,485,626	$ 20,826,475	$ 659,151	3%
Other operating revenues	725,469	696,336	29,133	4%
Investment income	105,641	108,220	(2,579)	-2%
Gain on sale of investments	486,753	874,276	(387,523)	-44%
Contributions and other	25	18,498	(18,473)	-100%
Total Revenues and Gains	22,803,514	22,523,805	279,709	1%
Expenses and Losses				
Administrative and general	3,374,392	3,285,345	89,047	3%
Housekeeping and laundry	854,075	830,772	23,303	3%
Utilities	1,395,467	1,350,708	44,759	3%
Plant and security	1,330,844	1,382,386	(51,542)	-4%
Dining services	2,578,652	2,747,108	(168,456)	-6%
Health Center services	3,134,423	3,257,415	(122,992)	-4%
Assisted living and wellness	752,484	843,896	(91,412)	-11%
Resident services	428,344	462,326	(33,982)	-7%
Employee benefits	1,863,128	1,762,002	101,126	6%
Depreciation and amortization	4,450,325	4,301,939	148,386	3%
Interest expense	3,990,132	4,711,662	(721,530)	-15%
Property taxes	1,548,295	1,498,200	50,095	3%
Total Expenses and Losses	25,700,561	26,433,759	(733,198)	-3%
Excess of Revenues and Gains over Expenses and Losses from Operations	$ (2,897,047)	$ (3,909,954)	$ 1,012,907	-26%

See independent auditors' report on supplementary information.