

# Thrive AT HOME WITH WHITNEY CENTER

July 31, 2020

Mr. Richard Wysocki  
Principal Cost Analyst  
Office of CON & Rate Setting  
State of Connecticut  
Department of Social Services  
55 Farmington Avenue  
Hartford CT 06105

Dear Mr. Wysocki:

Whitney Center, Inc. d/b/a Thrive at Home with Whitney Center, encloses our Disclosure Statement as of July 31, 2020 for your review, in accordance with Sections 17b-520 through Section 17b-535 of the Connecticut General Statutes concerning the Management of Continuing Care Facilities.

The changes in Thrive at Home with Whitney Center's 2020 Disclosure Statement include the following:

- The Board of Directors' changes in membership and Management changes have been reflected in Section III Officers, Directors and Management
- Thrive at Home's SAGECare Platinum certification on cultural sensitivity training for senior-care providers of the LGBTQ community and Getting it Right provider certification for creating intentionally welcoming and inclusive services for LGBTQ member and their families have been added in Section IV Business Experience
- Clarification related to the change in two-person to one-person household effecting monthly service fees has been included in Section XI Change in Marital Status/Partnership
- Exhibits B and C have been revised to reflect audited financial statements and pro forma financial statements
- Exhibit D, Membership Fees & Periodic Charges have been revised to include 2020 pricing

These are the only material changes to the Disclosure Statement from the July 2019 filing to our July 2020 filing. Should you have any questions, please do not hesitate to contact me at [michelle@thriveathome.org](mailto:michelle@thriveathome.org) or 203-848-2626.

Sincerely,



Michelle M. Pandolfi  
Executive Director



# DISCLOSURE DOCUMENTS

2020

# *Thrive* AT HOME WITH WHITNEY CENTER

200 LEEDER HILL DRIVE

HAMDEN, CT 06517

(203) 848-2626

[WWW.THRIVEATHOME.ORG](http://WWW.THRIVEATHOME.ORG)



GETTING IT  
**RIGHT** | Creating an  
LGBT Inclusive  
Organization  
A Connecticut Community Care program with support from The Health Equality Trust



ACKNOWLEDGEMENT OF RECEIPT



WHITNEY CENTER, INC.  
D/B/A THRIVE AT HOME<sup>SM</sup> WITH WHITNEY CENTER  
DISCLOSURE STATEMENT

PURSUANT TO CONNECTICUT STATUTE 17b-522,  
THE FOLLOWING NOTICE MUST BE PROVIDED.

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 (Membership) Agreement.

\_\_\_\_\_

Member Signature

\_\_\_\_\_

Date

\_\_\_\_\_

For Thrive at Home with Whitney Center

\_\_\_\_\_

Date

(TO BE DETACHED AND RETAINED BY THRIVE AT HOME)

# DISCLOSURE STATEMENT

2020



WHITNEY CENTER, INC.

D/B/A THRIVE AT HOME<sup>SM</sup> WITH WHITNEY CENTER

200 LEEDER HILL DRIVE, HAMDEN, CONNECTICUT 06517

(203) 848-2626

[WWW.THRIVEATHOME.ORG](http://WWW.THRIVEATHOME.ORG)



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Thrive at Home<sup>SM</sup> with Whitney Center is registered with the State of Connecticut Department of Social Services pursuant to Sections 17b-520 through 17b-535 of the Connecticut General Statutes. The 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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## **I. INTRODUCTION**

Thrive at Home<sup>SM</sup> with Whitney Center (Thrive at Home) offers the greater New Haven region and beyond a way of retirement living known as “continuing care at home” or “life care at home.” This membership program is designed for qualified adults, who want to remain in their own homes for as long as possible. Members pay a one-time membership fee and ongoing monthly fees for an array of coordinated services designed to help them maintain their lifestyle at home, even as support and health care needs increase. Thrive at Home also covers the cost of facility-based assisted living, memory support and skilled nursing care services, if and when necessary, according to the terms of a Continuing Care (Membership) Agreement attached at Exhibit A.

The purpose of this Disclosure Statement is to explain to prospective members, their families, and advisors who and what is involved in the operation of Thrive at Home, to present financial information about Whitney Center, Inc., to describe Thrive at Home’s services and applicable fees and to provide certain other information required by law. This Disclosure Statement was prepared based on assumptions believed to be realistic as of July 1, 2020. Such assumptions are subject to change and may be significantly affected by changes in inflation and interest rates. Because of future changes in circumstances, Thrive at Home expects that minor changes in the program’s operation may be necessary.

Although we have tried to prepare this Disclosure Statement carefully, it is possible that there may be some minor differences between the text in this statement and the Membership Agreement attached at Exhibit A. In the event of any differences, the provisions of the Membership Agreement shall govern.

## **II. PROVIDER**

### **WHITNEY CENTER D/B/A THRIVE AT HOME<sup>SM</sup> WITH WHITNEY CENTER**

Thrive at Home is a division of Whitney Center, Inc., a Connecticut 501(c)(3) not-for-profit corporation, organized for the purpose of owning and operating Whitney Center. Its principal business address is 200 Leeder Hill Drive, Hamden, Connecticut 06517. No part of the earnings of Whitney Center, Inc. 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.

### **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**

In carrying out our mission as a not-for-profit organization, we abide by principles that underlie everything

we do. Whitney Center's employees and board members are 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 the aging services 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 in which 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 have 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 have 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.

### **A Culture of Giving**

Our person-centered philosophy, leadership and experience in programing and healthcare is recognized by accreditation organizations within our industry and highly regarded by our community. Our vision is to improve aging for more people, at Whitney Center and in the greater New Haven area. When you contribute to the Whitney Center gift fund, you are joining us at helping to make positive changes in aging services.

## **III. OFFICERS, DIRECTORS AND MANAGEMENT**

The Board of Directors of Whitney Center, Inc. has the overall responsibility for Whitney Center and Thrive at Home, including strategic planning and the approval of annual budgets. The Board of Directors of Whitney Center, Inc. comprises up to 12 members with expertise 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 or Thrive at Home, have any proprietary interest in either.

The Officers and Directors of Whitney Center, Inc. as of July 1, 2020 are listed below; the people and entities referred to below have assumed no financial responsibility for the fulfillment of agreements of Whitney Center, Inc.:

**Perry Aycock** - Director, 224 Vance Street, Chapel Hill, North Carolina 27516. Mr. Aycock is the President of K4Advisors. He has over 20 years' experience in the senior housing and services field providing health systems, senior housing systems and stand-alone communities with the strategies and tactics to expand their margins and missions. Mr. Aycock has been a speaker at multiple LeadingAge and other conferences focused on senior housing, services and the longevity economy. He is a former team member of two continuing care retirement communities and led a consulting practice that served over 260 organizations focused on bettering older lives. (Year service commenced - 2018)

**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. (Year service commenced - 2018)

**Robert Harrity** - Director and Treasurer, 55 Knollwood Drive, North Haven, Connecticut 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. (Year service commenced - 2012)

**Janet Henrich** - Director, 247 Ridgewood Avenue, Hamden, Connecticut 06517. Dr. Henrich received her medical degree from the University of Michigan. After clinical training in Boston, she served as Medical Director of the Medical Outpatient Clinic at St. Elizabeth's Hospital. Upon moving to New Haven, she was the Medical Director, Internal Medicine, at the Hill Health Center, the first federally funded community health center in Connecticut, for four years. She then joined the faculty of the Department of Internal Medicine at the Yale School of Medicine where she is an active clinician educator. Dr. Henrich has a longstanding interest in women's health. At Yale, she directed one of the vanguard National Centers of Excellence in Women's Health, designated by the U.S. Department of Health and Human Services, and helped create interdisciplinary women's health education and teaching models. At the national level, she served as Special Assistant to the Center for Population Research at the National Institutes of Health and, with colleagues at other government agencies and policy-making organizations, made recommendations to Congress on women's health education and training. She served as Master of Trumbull College, Yale University, from 1997 to 2013, and is co-Founder and Faculty Advisor to the Yale College Living History Project, in association with Yale-New Haven Hospital. (Year service commenced - 2018)



**Jane Jervis** - Director, 36 Lincoln Street, New Haven, Connecticut 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. (Year service commenced - 2014)

**Karen Kmetzo** - Director & Vice-Chair, 200 Leeder Hill Drive, Hamden, Connecticut 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. (Year service commenced - 2017)

**Dale Kroop** - Director, 161 Thornton Street, Hamden, Connecticut 06517. Mr. Kroop has been the Executive Director of the Hamden Economic and Community Development and the Hamden Economic Development Corporation for over nineteen years. He manages redevelopment and brownfield projects, manages business incentive programs, writes and administers State and Federal grants, is responsible for Marketing, Energy, Neighborhood Revitalization, Business Cluster Programs, Workforce Development initiatives and is a good friend to the community. He has written and/or administered over \$100 million dollars in grants funded by State and Federal programs throughout the State of CT. Mr. Kroop manages all statutory requirements including environmental reviews/assessments, finance, labor, procurement, and Equal Opportunity. Mr. Kroop manages architects, engineers, planning and environmental consultants, etc. He is experienced in several Connecticut programs (Urban Act, Manufacturers Assistance Act, STEAP, and Brownfields Funding) and federal programs such as EDA, EPA, CDBG, HOME, HUD 202, and human services, as well as quasi-public projects such as those funded by CDA, CHFA and the Federal Home Loan Bank. He has also managed local business incentive programs, Workforce Development and small business education programs. Mr. Kroop has had significant experience is securing financing for and developing housing for low- and moderate-income senior citizens. In addition to the many projects he has raised funding for, he also previously served as the Executive Director of the Morris Housing Authority for ten years.

Mr. Kroop serves on boards of many organizations. He is currently the chair of the New Haven Regional Economic Development Forum (REDFO) and is co-chair of the Economic Development Committee of the Greater New Haven Chamber of Commerce. He is a past President the CT Economic Development Association and the CT Community Development Association. He is the author of the Grant and Proposal Writing Workshop. Mr. Kroop has a bachelor's degree from Southern CT State College and a master's degree in Urban Studies from Southern CT State University. He is a certified Business Incubator Manager. (Year service commenced - 2019)

**Phyllis Medvedow** - Director Ex-Officio & President of the Residents' Council, 200 Leeder Hill Drive, Hamden, Connecticut 06517. Ms. Medvedow is a New Haven native, a graduate of University of Connecticut, and retired from Yale-New Haven Hospital as Director of Community and Government Relations. She was the Executive Vice President of Congress Printers, a family printing company and an aide to CT Senator Amelia Mustone. Ms. Medvedow's volunteer activities included the organization of the New Haven Metro Unit's American Cancer Society's first "Door to Door" drive, serving as a 20-year member of the ACS Board of Directors, New Haven PTA Council city wide president, vice president of the New Haven Board of Education, Vice president of the CT Association of Boards of Education, along with Board of Directors of: Shubert Performing Arts Center, Greater New Haven Arts Council, CT Anti-Defamation League, Urban League of Greater New Haven, and The Community Foundation of Greater New Haven (then the New Haven Foundation). Ms. Medvedow founded Donate Life CT (original Name: CT Coalition for Organ and Tissue Donation) and was listed in "Who's Who in American Women", 1991-1992. Currently, Ms. Medvedow is a six-year member of the Board of the Jewish Historical Society of Greater New Haven and a twelve-year member of the Patient and Family Advocacy Council of the Smilow Cancer Hospital. (Year service commenced - 2020)

**Robert O'Dea** - Director, 22 Pierce Lane, Madison, Connecticut 06443. Mr. O'Dea is a Senior Financial Advisor, Senior Vice President with Wells Fargo Advisors. (Year service commenced - 2011)

**Wesley Poling** - Chair, 24 Crestview Drive, North Haven, Connecticut 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. (Year service commenced - 2014)

**Carol Robbins** - Director, 71 Long Hill Farm, Guilford, Connecticut 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. (Year service commenced - 2017)

**Keith Robertson** - Strategic Advisor, 235 South Main Street, West Hartford, CT, 06107. Mr. Robertson has been Managing Director on the senior living team at Ziegler since January of 2007. He has significant experience in senior living finance and development. Mr. Robertson has considerable experience in structuring rated and unrated financings, solicitation of bank credit for senior living clients and working with clients as they explore sponsorship transition opportunities. Prior to joining Ziegler, Mr. Robertson was a vice president with a nationally recognized full-service development firm specializing in providing

development, financial, marketing, and management services to not-for-profit continuing care retirement communities. Prior to this, he also worked as an investment banker for a Connecticut based firm and provided financing solutions for not-for-profit senior living communities. Keith has a Bachelor of Science in political science from Southern Connecticut State University and a Master of Business Administration from the University of Hartford's Barney School of Business. (Year service commenced - 2019)

**Michael B. Rambarose** - Ex-Officio Director & President & CEO, 26 Rustic Terrace, Portland, Connecticut 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. (Year service commenced - 2005)

**Robert Simione, CPA** – Director and Secretary, 1125 West Woods Road, Unit 15, Hamden, Connecticut 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 speaker 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. (Year service commenced – 2016)

**Ena Williams**, Director, 52 Midhill Drive, Hamden, Connecticut 06514. Ms. Williams currently serves as Chief Nursing Officer at Yale New Haven Hospital (YNHH), a 1541 bed ANCC magnet ® designated, level I trauma, Academic medical center. She began her tenure at Yale New Haven as a staff nurse in the operating room and has held several progressive leadership positions. Ms. Williams is very active in the community and serves on several boards and holds membership in several local and national nursing organizations. She has been recognized with numerous awards including; Legendary Woman Award, Trailblazer Award from

the National Black Nurses Association, The Cornell Scott Health Leadership Award from the NAACP and an Outstanding Jamaican in America by the West Indian Social Club. Ms. Williams is a graduate of the University Hospital of the West Indies School of Nursing and holds a bachelor's degree in Nursing (BSN), a Master of Science and Master of Business Administration (MSM/MBA). She is board certified in Executive Nursing Practice and a graduate of the GE Nurse Executive Fellowship. She has published several journal and book chapters. She is a frequent speaker at local/national nursing conferences. (Year service commenced - 2019)

#### **MANAGEMENT**

Whitney Center, Inc.'s management team operates under the direction of its President and CEO, Michael Rambarose. The senior team comprises the Vice President of Financial Services, Jeff Devaney; 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 Technology Services, Rafael Avila; Vice President of Sales and Marketing, Sean O'Connor; and, Vice President of Enrichment Services and Executive Director of Thrive at Home, Michelle M. Pandolfi.

The senior management team leads Whitney Center's approximately 300 employees through a management team of department heads, assistant department heads, managers and supervisors. From time to time, Whitney Center and Thrive at Home may contract with external providers, such as VNA Community Healthcare, to deliver services or enhance member programs and amenities. Whitney Center, Inc., 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 Health System 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.
- VNA Community Healthcare: provides the medical home care for Thrive at Home members. VNA Community Healthcare, the original visiting nurse associations of Branford, Guilford, Hamden, North Haven and Madison has been providing healthcare at home and in the community since 1910.

#### **IV. BUSINESS EXPERIENCE**

Thrive at Home is a division of Whitney Center, Inc., a continuing care retirement community originally opened in 1979 and designed to accommodate people 62 years of age or older with services and amenities that include private residences, a wide array of personal services, assisted living services, and an on-site licensed skilled nursing center.

In February 1994, Whitney Center, Inc. was first awarded accreditation by the Continuing Care Accreditation Commission (CCAC)/CARF in Washington, D.C. In 2013, it received reaccreditation in as a CCRC as well as its initial accreditation as a Person-Centered Long-Term Care Facility, through 2023. 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 to the general public and consumers that it is effectively carrying out its mission and meeting accreditation

standards. The next accreditation assessment will be in August 2023.



In August 2018, Thrive at Home with Whitney Center was awarded accreditation in Home and Community Based Services by the Continuing Care Accreditation Commission (CCAC)/CARF in Washington D.C. Thrive at Home is the only continuing care at home also known as a life care at home program in the country with this accreditation. To become accredited, Thrive at Home affirmed its compliance with standards of excellence in governance and administration, finance, strategy and health and wellness. Whitney Center's accreditation demonstrates to the general public and consumers that it is effectively carrying out its mission and meeting accreditation standards. The next accreditation assessment will be in August 2023.



In November 2018, Thrive at Home with Whitney Center received Platinum certification from SAGECare, a cultural sensitivity training for senior-care providers that helps organizations better accommodate the lesbian, gay, bisexual and transgender (LGBT) communities. The platinum status is the highest certification level, indicating 80% of the organization's staff have successfully completed the SAGECare program. The certification comes from Services & Advocacy for LGBT Elders (SAGE), the country's largest and oldest organization dedicated to improving lives of LGBT older adults since 1978. Thrive at Home is the only continuing care at home also known as a life care at home program in the country with this designation.



In May 2019, Thrive at Home with Whitney Center received Advanced certification from Getting It Right, a program of Connecticut Community Care that works with providers of aging services to create intentionally welcoming and inclusive services for LGBT clients and their families. This certification means that Thrive at Home signals their LGBT inclusion practices and values to potential members. An LGBT person doesn't have to come out first to find out if they will be welcomed. Thrive at Home has implemented LGBT inclusivity training, so staff members understand the importance of both confidentiality and when and with whom to share information in a way that enhances the experience of the services provided. Additionally, they maintain the program with new staff and established quality assurance mechanisms. Thrive at Home is one of only six providers in the state, and the only continuing care at home also known as a life care at home program in Connecticut, certified by Getting It Right since 2016.

## V. JUDICIAL PROCEEDINGS

Neither Whitney Center, Inc., nor any members of its Board of Directors have been convicted of a felony or pleaded nolo contendere to a felony charge or held liable or enjoined in a civil action by final judgment involving fraud, embezzlement, fraudulent conversion or misappropriation of property, or had any business or health care licenses or permits suspended or revoked by any jurisdiction. Neither the corporation nor any member of its Board of Directors is subject to a currently effective injunction, or restrictive or remedial order of a court of record.

## VI. AFFILIATION

Thrive at Home is a division of Whitney Center, Inc., a Connecticut 501(c)(3) not-for-profit corporation

organized for the purpose of owning and operating Whitney Center. Whitney Center, Inc. has no business affiliation with any other organization.

## **VII. PROPERTY DESCRIPTION**

As a division of Whitney Center, Thrive at Home offers its members access to the common areas and select amenities located on Whitney Center's campus. Assisted living and memory support services and the skilled nursing center are available on an as-needed and as-available basis. The following is a description of Whitney Center. The specific services available to Thrive at Home members are described in the Membership Agreement attached as Exhibit A.

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. The uniquely designed buildings complement an attractive, natural environment within minutes of New Haven and a wealth of intellectual, social and cultural venues that include some of the nation's finest universities, concert halls, museums, theatres and restaurants. The neighboring areas also offer shopping, professional offices, parks, golf courses and many recreational destinations.

Whitney Center is a continuing care retirement community designed to accommodate people 62 years of age or older. Continuing care communities, such as Whitney Center, typically encompass private residential apartments, a wide array of personal services, assisted living/memory support services, and the security of an on-site licensed skilled nursing center. The campus comprises 238 Residential Living Apartments in two buildings; the north building opened in 1979 (150 apartments) and the south building opened in 2011 (88 apartments), 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 whirlpool, 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 skilled nursing center has both private and semi-private rooms and includes a recreation room, two resident lounges, a dining room, a secure patio, and access for residents to Whitney Center's full-service salon & spa, 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.

## **VIII. BENEFITS**

Thrive at Home offers several pricing plans that may or may not require co-pays or payment in full by the member. In addition, services included vary according to the plan selected by the member. Please refer to Exhibits A and E for a complete description of these plans.

As set forth in the attached Continuing Care (Membership) Agreement at Exhibit A, the specific benefits provided to members will vary based upon initial and periodic needs assessments. The member's Service Plan reflects the scope of benefits as determined by the member and the Personal Service Partner.

Services offered under the Continuing Care (Membership) Agreement include the following. The services noted with an asterisk may be provided by Thrive at Home or a provider of the member's choosing. Except as otherwise noted, all other services are provided solely through Thrive at Home.

**Personal Service Partner (PSP)** - Each member is partnered with a Personal Service Partner to arrange services and take advantage of the benefits offered by Thrive at Home. The Personal Service Partner will work closely with the member, member's family, and member's physician to have the right services delivered to the member at home or, when necessary, in a facility. Assistance in navigating Medicare, medical and long-term care insurance is included. Access to the Thrive at Home Team is available 24-hours-a-day/7-days-a-week.

**Adult Day Program\*** - Thrive at Home covers the member's enrollment in a group program of services for a scheduled number of hours per week, including transportation, meals, and activities, and which may include personal or nursing care. The Personal Service Partner will assist members in determining the Adult Day Program that best meets individual needs.

**Annual Physical Examination** - Thrive at Home will arrange for an annual assessment and physical examination completed by Thrive at Home's board-certified geriatrician. If the member prefers, Thrive at Home will arrange for a physical examination with the member's personal physician at the member's expense. Thrive at Home will keep the results from the exam confidential, and the information will only be used to coordinate services.

**Assisted Living\*** - If staying at home is no longer a safe option, members may choose to move to Assisted Living, which is a facility registered as a Managed Residential Community where personal care services are provided under nursing supervision by an Assisted Living Services Agency (ALSA) licensed by the State of Connecticut. Such services are provided to members whose health status is chronic and stable but who require substantial assistance with two or more Activities of Daily Living (ADLs and iADLs are the basic tasks of function and everyday life, including ambulation, bathing, dressing, eating, oral hygiene, exercise, cooking and supervision in self-administration of medications), but does not need the medical care that a nursing home provides. The Personal Service Partner will assist members in determining the Assisted Living facility that best meets individual needs.

**Companion / Homemaker Services** - A companion will be provided when the Personal Service Partner determines that a member needs safety monitoring or short-term incidental services such as cooking, dishwashing, laundry and light housekeeping, due to the member's inability to independently perform such chores.

**Home Evaluation** - During the first year of membership and every second year thereafter (unless we determine circumstances or a member's health condition justify more frequent inspections), Thrive at Home will provide a preventive home maintenance evaluation of your home's physical condition, both interior and exterior. This evaluation will result in a report of any structural, functional and safety issues and recommend resolutions.

**Home Health (Nursing) Care\*** - When needed, members can receive home health care services provided by

a registered nurse or a licensed practical nurse. The Personal Service Partner will assist members in determining the Home Health Care Agency that best meets individual needs.

**Lifestyle and Wellness Programs** - These include exercise classes, art classes, caregiver education, wellness seminars, speakers, day excursions, and use of Whitney Center's fitness center and swimming pool. Some programs are free for members, while others may charge a small participation fee.

**Meals/Groceries** - Thrive at Home will coordinate and deliver meals and/or groceries, if determined to be medically necessary, on behalf of a member who is unable to drive and/or cook; the member will be charged for the cost of the meals and groceries.

**Medication Management** - The Personal Service Partner will arrange for medication management and cueing, if necessary. A periodic review of medication interactions can also be performed.

**Nursing Home\*** - If staying at home is no longer a safe option or when needed for physical rehabilitation, members may choose to move to a Nursing Home, which is a facility licensed as a Skilled Nursing Facility by the state of Connecticut. Such services are provided to members who, under a physician's order, require 24-hour nursing care and medical supervision. The Personal Service Partner will assist members in determining the Nursing Home that best meets individual needs.

**Personal Care\*** - Assistance, as needed, with the basic tasks of everyday life, including ambulation, bathing, dressing, eating, oral hygiene and/or exercise, will be provided by a Personal Care Aide in the member's home. The Personal Service Partner will assist members in determining the Personal Care service that best meets individual needs.

**Personal Emergency Response System** - At the member's request, Thrive at Home will coordinate the installation and activation of a GPS enabled Personal Emergency Response System in the member's home. This system enables round-the-clock monitoring and communication of health care information, enabling the member to obtain assistance in the event of a medical emergency.

**Referral Services** - Members can obtain referrals from Thrive at Home for any type of service needed to remain safely at home. Examples of these services are legal, financial planning, rental of medical equipment, etc. The referral service is available at no cost to members; however, members are responsible for the cost of any services rendered by the referred service providers.

**Tele-Health & Social Engagement Technology** - Thrive at Home provides all member households with state-of-the art and user-friendly technology to connect them with family, friends, health care providers and the Thrive at Home Team. The system is designed to enable members to easily engage in social activity as well as maintain a healthy lifestyle through highly coordinated preventive programs.

**Transportation** - If a member is unable to drive or instructed by a physician not to drive, Thrive at Home will provide non-emergency transportation to and from medically necessary outpatient surgery or procedures which may include, but are not limited to, cataract removal, chemotherapy treatments, surgical biopsies and upon discharge from a hospital. A private aide can be arranged if necessary, to accompany the member for



transport, at an additional charge. Transportation for routine physician office visits, dialysis, and specialist appointments is not included; however, Thrive at Home will assist in coordinating such transportation.

## **IX. INTEREST ON DEPOSITS**

Thrive at Home is not required to hold any amounts in escrow on behalf of members and, therefore, no interest is paid to members based on any amounts paid for Thrive at Home.

## **X. TERMINATION OF AGREEMENT**

The Continuing Care (Membership) Agreement (Exhibit A) describes conditions under which and the procedures by which the agreement may be terminated.

## **XI. CHANGE IN MARITAL STATUS/PARTNERSHIP**

Thrive at Home has separate Continuing Care (Membership) Agreements with each member, marital status/partnership notwithstanding. Change in marital status/partnership, whether due to death, divorce, separation or marriage does not affect the rights, benefits and obligations of the member as set forth in the Continuing Care (Membership) Agreement.

If two-person households change to one-person households for whatever reason, the two-person household discount will no longer apply, and member(s) will be charged the single person monthly fee.

## **XII. NON-MEMBER SPOUSE / PARTNER**

Thrive at Home has a separate Topaz Membership Agreement for the member whose spouse/partner does not qualify for membership. The death of a member does not impact the benefits, rights and obligations of the surviving spouse/partner as set forth in the Topaz Membership Agreement.

## **XIII. TAX CONSEQUENCES**

Payment of a membership fee pursuant to a Continuing Care (Membership) Agreement may have significant tax benefits or consequences. Any person considering such a payment may wish to consult a qualified advisor.

Typically, some portion of the entry fee is considered deductible as a pre-paid medical expense in the year in which it is paid. Annually, a portion of monthly fees may also be considered a deduction. In February of each year, Thrive at Home will provide members with information about tax deductions, which are subject to limitations imposed by the Internal Revenue Code.

## **XIV. RESERVE FUNDING**

As required by law, Whitney Center maintains a reserve fund escrow account with U.S. Bank, N.A. in an amount sufficient to cover one month's operating expenses.

## **XV. FINANCIAL STATEMENTS**

Exhibit B contains copies of Whitney Center, Inc.'s audited financial statements for the four most recent fiscal years, including a balance sheet, income statement and statement of cash flow, and associated notes or comments to these statements. Exhibit C includes the pro forma business plan for Thrive at Home, including estimated cash flow statements for the next five years, including a summary of projections used in the assumptions for the pro forma statements.

## **XVI. MEMBERSHIP FEES & PERIODIC CHARGES**

The Thrive at Home Continuing Care (Membership) Agreement requires the payment of a one-time membership fee in addition to an ongoing monthly fee. Fee amounts depend on the age of the member and selected plan. Thrive at Home offers flex pricing that allows members to choose whether they prefer to invest more initially in the membership fee or monthly fee. All terms will be specified in the Continuing Care (Membership) Agreement or a mutually executed agreement addendum.

Exhibits A and E offer a complete description of these plans. Entry and monthly fees for Thrive at Home are set forth in Exhibit D.

## **XVII. DEPARTMENT OF SOCIAL SERVICES FILINGS**

Whitney Center d/b/a Thrive at Home<sup>SM</sup> with Whitney Center has filed with the Department of Social Services all materials required by State law governing continuing care contracts and facilities, including financial and actuarial information, current payment plans, and healthcare utilization rates. These materials are available for review at the Department of Social Services, located at 55 Farmington Avenue, Hartford, Connecticut 06105-3724.

**XVIII. APPENDICES**

EXHIBIT A CONTINUING CARE (MEMBERSHIP) AGREEMENT

EXHIBIT B AUDITED FINANCIAL STATEMENTS, INCLUDING PREVIOUS TWO YEARS

EXHIBIT C PRO FORMA FINANCIAL STATEMENTS

EXHIBIT D MEMBERSHIP FEES & PERIODIC CHARGES

EXHIBIT E MEMBERSHIP PLAN DESCRIPTIONS

**EXHIBIT A**

**CONTINUING CARE (MEMBERSHIP) AGREEMENT**

## CONTINUING CARE (MEMBERSHIP) AGREEMENT



**WHITNEY CENTER, INC.**

**D/B/A THRIVE AT HOME<sup>SM</sup> WITH WHITNEY CENTER**

A Continuing Care Contract (“Membership Agreement”) is a financial investment and your investment may be at risk. The ability of Thrive at Home<sup>SM</sup> with Whitney Center to meet its contractual obligations under such contract depends on the financial performance of Whitney Center. We advise you to consult an attorney or other professional experienced in matters relating to investments in continuing care facilities and programs before you sign a Membership Agreement. The Department of Social Services does not guarantee the security of your investment.

**THRIVE AT HOME<sup>SM</sup> WITH WHITNEY CENTER**  
**CONTINUING CARE (MEMBERSHIP) AGREEMENT**

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## I. INTRODUCTION

### A. GENERAL

This Continuing Care Agreement (“Membership Agreement” or “Agreement”) is made as of this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ between \_\_\_\_\_ (whom we shall refer to as “you” or the “Member”), residing at \_\_\_\_\_ and Whitney Center, Inc., d/b/a Thrive at Home<sup>SM</sup> with Whitney Center (which we shall refer to as “we,” “us,” or “Thrive at Home”) located at 200 Leeder Hill Drive, Hamden Connecticut, 06517.

### B. ACCEPTANCE INTO THRIVE AT HOME

Thrive at Home is available to those who meet all eligibility requirements established by Thrive at Home. As a condition of membership in Thrive at Home, Member must continue to meet all eligibility requirements established by Thrive at Home, including but not limited to financial qualifications and assessment that Member’s health needs can be accommodated through Thrive at Home.

### C. TERMS AND CONDITIONS OF THIS AGREEMENT

#### 1. Services

Thrive at Home will provide you the Services described in this Agreement, according to the terms and conditions herein, with the objective of enabling you to live in your Home for as long as is practicable.

#### 2. Effective Date of Membership

The effective date of membership is the date this Agreement is executed by both parties (“Membership Date”). At that time, you will be partnered with your Personal Service Partner (or “PSP”), who will initiate a Health and Well-Being Assessment and work with you to develop your Service Plan. Services will be deemed to have commenced on the date the initial Health and Well-Being Assessment is completed. This Agreement will remain in effect until it is terminated in accordance with Section VII of this Agreement (the “Termination Date”).

#### 3. Plan Selection and Fees

Your options for Thrive at Home membership plans and associated fees are described in Exhibits D and E of the Disclosure Statement. The specifics of your selected plan and fee structure are detailed in Attachment I of this Agreement. By executing this Agreement, you agree to accept and pay for the Services, as set forth herein, according to the Membership Fee specified in Attachment I. You also agree to abide by the guidelines and policies of Thrive at Home at all times while receiving services under this Agreement.

## II. DEFINITIONS

All terms not defined herein shall have their meanings ascribed to them throughout the Agreement or revert to their common meaning.

- **Personal Service Partner (PSP)** refers to the person appointed by Thrive at Home as your partner in identifying your needs as determined by a Health and Well-Being Assessment, then designing and

recommending a Service Plan for your consideration/approval and ultimately coordinating the Services according to your Service Plan. The recommended Service Plan is subject to review and approval of the Thrive at Home Team.

- **Activities of Daily Living (ADLs)** refer to the basic tasks of everyday life, such as bathing, dressing, eating, walking, grooming, and **Instrumental Activities of Daily Living (iADLs)** refer to activities that support an independent life style such as self-administration of medication, meal preparation, driving and managing finances. Members who find it difficult to independently accomplish these tasks, work with their Personal Service Partner in developing a plan to help overcome ADL and iADL challenges. Typical ADL and iADL challenges include, but are not limited to, those who need personal assistance, have Alzheimer's Disease or any type of dementia disorder, those who are bedbound or homebound, or those who need special equipment to ambulate (i.e., wheelchair or walker).
- **Adult Day Program** refers to a program of services in a group setting for a scheduled number of hours per week. Elements of an adult day program usually include transportation, meals and activities (both social and health-related) and may include personal or nursing care.
- **Assisted Living** refers to a registered Managed Residential Community where nursing and personal care services are provided by a licensed Assisted Living Services Agency. Assisted Living Services are provided exclusively for residents whose health is deemed by a physician to be chronic and stable but who require substantial assistance with at least two ADLs and/or 24-hour safety supervision.
- **Average Cost of Care** refers to the average cost of Facility-Based Services or Adult Day Program Services in the Designated Service Area, as calculated and published by Thrive at Home.
- **Companion/Homemaker** refers to a person who has successfully completed an approved training and/or competency program designated by Thrive at Home to provide Companion/Homemaker Services to you in your Home.
- **Companion/Homemaker Services** are provided to you when you and your PSP determine that you need someone to be with you in your Home to ensure your safety. These services can include assistance with iADLs such as cooking, dishwashing, laundry and light housekeeping, if you are unable to perform these chores yourself.
- **Designated Representative** refers to someone whom you have appointed as your Health Care Representative or as your power-of-attorney, in accordance with applicable law, to act on your behalf in healthcare and/or other Thrive at Home related matters, including but not limited to financial and real estate decisions.
- **Designated Service Area** refers to Thrive at Home's geographical area of coverage for Services, as defined by Thrive at Home. Should a member decide to move outside of the Designated Service Area, Thrive at Home and the member will mutually redefine the Designated Service Area in order to meet the lifestyle change and care needs of the Thrive at Home member, (e.g. the member winters in Florida). The Designated Service Area may be altered from time to time at the sole discretion of Thrive at Home. No change in the Designated Service Area by Thrive at Home will adversely affect your access to services under this Agreement.



- **Determined To Be Appropriate** means that the Thrive at Home Team of health professionals, utilizing industry assessment standards and accepted standards of healthcare practice, has concluded that your health and/or functional status are such that you require Services to be provided by Thrive at Home, or another provider as specified in this Agreement.
- **Disclosure Statement** refers to the Disclosure Statement that Thrive at Home has provided to you pursuant to Connecticut General Statute 17b-522 et. seq., as amended.
- **Facility-Based Services** refers to Services provided in a setting other than your Home, including Assisted Living and Nursing Home Facilities.
- **General Contracting/Construction Management** refers to the project management services that Thrive at Home can provide to help you manage maintenance and improvement projects on your Home.
- **Health and Well-Being Assessment** refers to the medical, functional and cognitive screening conducted by health care professional(s) that serves as the basis for both your qualification as a Thrive at Home Member and your initial/ongoing Service Plan.
- **Home** refers to your current residence, which is identified at the beginning of this Agreement, and any other Home within the Designated Service Area to which you may move at a later date.
- **Home Services** refers to the Services provided to you in your Home by Thrive at Home or a Network Service Provider.
- **Licensed Practical Nurse (LPN) Services** refers to the array of nursing care, including medication administration and treatments, performed by a health care professional credentialed as an LPN.
- **Live-in Assistance** refers to Services provided by Companion, Homemaker or Personal Care Aide in your Home for 24-hours per day. Live-in Assistance may be provided by a single or multiple individual(s) as determined by Thrive at Home or Network Service Provider.
- **Meals and/or Groceries** refers to prepared or raw food delivered frozen or fresh to your Home when you are unable to drive and/or cook, as assessed by your PSP. Thrive at Home will arrange for up to two (2) meals per day and reserves the right to deliver several meals at one time. You agree to pay for the cost, as agreed upon ordering, of meals and groceries; Thrive at Home will be responsible for the cost of delivery.
- **Medical Director** refers to a physician appointed or consulted by Thrive at Home from time to time to ensure that your Service Plan meets your medical and health care needs.
- **Network Service Providers** refers to the set of organizations with whom Thrive at Home may partner to deliver Services to you according to your Service Plan. Network partners are vetted and credentialed to ensure they maintain the quality of service and care standards that Thrive at Home demands for its membership.
- **Nursing Home Facility** refers to a Nursing Home properly licensed by the state in which it is providing service.

- **Per Diem Rate** refers to the current daily service charge by a particular Adult Day Care Program, Assisted Living, or Nursing Home Facility.
- **Personal Care Aide** refers to a person who has successfully completed an approved training and/or competency evaluation program designated by Thrive at Home to provide Personal Care Aide Services to you in your Home.
- **Personal Care Services** are provided to you when you and your PSP determine that you need some assistance with ADLs and/or iADLs, including help with bathing and dressing, maintaining an established activity regimen such as range of motion exercises, meeting your nutritional needs such as assistance with eating and medication reminders.
- **Registered Nurse (RN) Services** refers to the array of nursing care, including assessment, medication administration and treatments, performed by a health care professional credentialed as a RN.
- **Services** refer to the full spectrum of benefits specified in this Agreement and coordination thereof, including: Annual Physical Examinations, Home Evaluation, Home Services (including Companion/Homemaker Services, Personal Care Services, Live-in Assistance, LPN and RN Services, Personal Emergency Response System, Meals and Adult Day Care), Facility Based Services (including Assisted Living and Nursing Home), Transportation Services, Referral Services, Tele-Health and Social Engagement Technology, and Lifestyle and Wellness Programs provided at no additional cost to you, as a Thrive at Home Member, unless otherwise specified herein and subject to applicable co-payments, pursuant to this Agreement.
- **Service Plan** is the written plan of Services that you create in partnership with your PSP based on your Health and Well-Being Assessment. The Service Plan (or “Plan”) will identify the scope of support services and healthcare necessary to help you remain at Home safely and independently as long as possible. The Plan will detail each service, start date, quantity and/or frequency, duration of service, name of approved provider, and any special considerations. You and your PSP will periodically review the plan to ensure that it continues to meet your needs and update the plan as your needs change. Each version of the plan is implemented once you agree to it by signature.
- **Thrive at Home Team** refers to your Personal Service Partner (or his or her designee), a Thrive at Home manager, Thrive at Home’s Medical Director (or his or her designee) and other clinical professionals as necessary in consultation with you and/or your Designated Representative. Thrive at Home may, from time to time, change titles and/or personnel assigned to the Thrive at Home Team, at its sole discretion.

### **III. OUR RESPONSIBILITIES TO YOU AS A MEMBER**

Thrive at Home shall provide to you the following Services when they are Determined to Be Appropriate per your Health and Well-Being Assessment and the conditions set forth in this Section. The particular Services provided to you will be described in detail within your Service Plan. Exhibit A of this Agreement, which sets forth your selected plan and fee structure, identifies which Services are included in the Membership Fee. Services must be provided by Thrive at Home or a Network Service Provider except as specified in this Section.

#### **A. SERVICE COORDINATION**

Thrive at Home is available 24-hours-a-day/7-days-a-week to members for service coordination to address their care needs. Upon becoming a Thrive at Home Member, you will be partnered with a Personal Service Partner who will work with you and/or your Designated Representative to identify your needs as determined by a Health and Well-Being Assessment, design and recommend a Service Plan for your consideration/approval and ultimately coordinate the Services according to your Plan. After your initial Health and Well-Being Assessment, your PSP will schedule periodic follow-up Assessments and work with you to make adjustments to your Service Plan, accordingly. Any adjustment to your Service Plan will be made collaboratively between you and/or your Designated Representative, your PSP and the Thrive at Home Team.

#### **B. ANNUAL PHYSICAL EXAMINATION**

Thrive at Home will arrange for an annual assessment and physical examination for you. You may have the physical examination completed by your personal physician at your expense, or if you'd prefer, to be completed by Thrive at Home's board-certified geriatrician. Thrive at Home will keep the results of the exam confidential, and the information will only be used to coordinate services.

#### **C. HOME SERVICES**

Home Services will be provided as Determined to Be Appropriate by Thrive at Home. Typically, you must demonstrate difficulty with at least one or more ADLs to be eligible for Home Services. All Home Services in the Designated Service Area must be provided by Thrive at Home and/or a Network Service Provider unless otherwise specified in this Agreement. We may require an examination by the Medical Director (or his or her designee) to determine eligibility for the following Services (see application definitions in Section II).

1. Adult Day Program
2. Companion/Homemaker Services
3. Delivery of Meals/Groceries
4. LPN/RN Services
5. Live-In Assistance
6. Personal Care Services

#### **D. TRANSPORTATION SERVICES**

Thrive at Home will provide, either directly or coordinated through a Network Service Provider, non-emergency transportation to and from medically necessary outpatient surgery or procedures that limit or impair your ability to drive. Such surgery or procedures may include, but are not limited to: cataract removal, chemotherapy treatments, surgical biopsies and transportation to your Home upon discharge from a hospital. The cost of these transportation services may be covered based on your Membership Plan and the extent of the coverage may vary by plan. Other transportation costs for regular physician office visits, dialysis, and specialist appointments are not covered under this Agreement; however, we will assist in coordinating these services for you, and you will be responsible for paying the transportation providers directly for these services. We will also, as necessary, coordinate a private aide to accompany you for transport, the cost of which will be borne by you.

#### **E. HOME EVALUATION**

During the first year of membership and every second year thereafter (unless we determine circumstances or a member's health condition justify more frequent evaluations), Thrive at Home will provide a Home evaluation of your Home's physical condition, both interior and exterior. This evaluation will result in a report of any structural, functional and safety issues and recommend resolutions. Thrive at Home does not represent that it will undertake

steps necessary to effectuate any such recommendations; it is your choice and sole responsibility to make recommended changes or corrections to your Home. To aid you in managing any such projects, Thrive at Home will furnish you with a list of possible vendors and contractors whom you may hire directly, or you may choose to use our General Contracting/Construction Management services for a negotiated fee. You are solely responsible for the full cost of any improvements to your Home as a result of the Home Evaluation.

**F. PERSONAL EMERGENCY RESPONSE SYSTEM**

At your request and as Determined to Be Appropriate, Thrive at Home will provide you with a GPS enabled Personal Emergency Response System. This system enables monitoring and communication of health care information and will enable you to obtain assistance in the event of an emergency.

**G. TELE-HEALTH AND SOCIAL ENGAGEMENT TECHNOLOGY**

Upon request, Thrive at Home will provide you with state-of-the art and user-friendly technology to connect you with family, friends, health care providers and the Thrive at Home Team. The system is designed to enable you to easily engage in social activity as well as maintain a healthy lifestyle through coordinated programs.

**H. LIFESTYLE AND WELLNESS PROGRAMS**

Thrive at Home offers from time to time a variety of programs free of charge or for a fee, including but not limited to: exercise classes, art classes, wellness seminars, speakers, and day excursions. You will be advised of the schedules and the cost, if any, for these programs as they are offered.

**I. REFERRAL SERVICE**

Thrive at Home, acting as an intermediary between you and third party referred service providers, makes referrals to you for services you might need to remain safely at Home. Examples include: Home adaptation/maintenance/improvement, snow removal, lawn care, legal, financial planning, rental of medical equipment, etc. The referral service is available at no cost to you; however, you are responsible for the cost of any services rendered by the referred service providers.

**J. FACILITY-BASED SERVICES**

When Determined to Be Appropriate by you, your Thrive at Home Team and prescribed by a physician, Thrive at Home will provide Facility-Based Services, including Assisted Living Services in a private accommodation and/or Nursing Home Facility Services in a semi-private accommodation, or you may select a facility as set forth in this Section. Thrive at Home may require an examination by the Medical Director (or his or her designee) to determine your eligibility for Facility-Based Services. Thrive at Home will not be responsible for any ancillary charges such as laundry, prescription drugs, medical supplies, telephone, or television that you incur during your Facility-Based Service.

**K. PRIORITY WAIT LIST PLACEMENT**

At your request, Thrive at Home will place your name on the Priority Wait List for an independent living apartment on the Whitney Center campus, based on your Effective Date of Membership. You must make your request in writing, indicating apartment preferences, selecting up to three (3) floor plans. The Effective Date of Membership will be used as the Priority Wait List date for up to six months. After six months, the Priority Wait List date will be based on the date of the request for specific residences.

## **L. PORTABILITY**

Portability of your Thrive at Home membership is available to you following one year of membership and applies to locations within the United States. Thrive at Home will make every effort to investigate care provider networks for quality, availability and accessibility to meet your care needs at your new home. Depending on your new location, quality, availability and accessibility may vary. Your Thrive at Home personal service partner will continue to coordinate your services and be available to you 24/7. In the event that your care needs and coordination can be met more efficiently using a local geriatric care manager, Thrive at Home may engage those services to meet the conditions of your contract.

## **IV. COVERAGE LIMITS, EXCLUSIONS AND TRANSFERS**

### **A. COVERAGE LIMIT**

Your Thrive at Home membership, per your selected Membership Plan, covers the cost of Services up to a percentage of the Average Cost of Care for Facility-Based Services, where you would otherwise be eligible to reside. If the aggregate cost of covered Services you are receiving for any thirty-day period exceeds the percentage of the Average Cost of Care for Facility-Based Services specified in your Membership Plan, you may:

1. Choose to continue receiving Services and pay the difference between the cost of your Services and the Average Cost of Care in a facility where you would otherwise be eligible for all days following the thirty-day period;
2. Choose to discontinue Services that result in an aggregate cost higher than the percentage of the Average Cost of Care for Facility-Based Services specified in your Membership Plan (in which case, Thrive at Home may be compelled to terminate this Agreement if discontinuation of Services is deemed by the Thrive at Home Team to compromise your health or safety); or,
3. Choose to move to an Assisted Living or Nursing Home Facility.

### **B. EXCLUSIONS**

You agree to pay the costs of the following services, whether provided by Thrive at Home or otherwise, to the extent that they are not covered by other insurance or assistance programs:

- Ambulance and other specialized medical transportation services, including the cost of a private aide, if needed for transport;
- Ancillary charges imposed by any outside health provider or institution;
- Charges for any physician, podiatrist, chiropractor or therapist;
- IV insertion;
- Mental illness and substance abuse services;
- Other costs which are customarily considered extra charges by facilities providing services similar to those provided to you by Thrive at Home;
- Orthopedic appliances;
- Prescription drugs and medical supplies;
- Ventilator care;
- Vision, hearing, and dental care, including all supplies, equipment and appliances; and all other services not specifically included in this Agreement.

### **C. PAYMENT FOR SERVICES NOT PROVIDED UNDER THIS AGREEMENT**

1. You may choose to enter an Assisted Living or Nursing Home Facility other than Whitney Center with the approval of Thrive at Home. Thrive at Home will pay the facility a per diem amount not to exceed the percentage, as specified by your Membership Plan, of the Average Cost of Care within the Designated Service Area. You will be responsible for any difference between the percentage of the Average Cost of Care and the rate charged by the Assisted Living or Nursing Home Facility.
2. You can, when Determined To Be Appropriate, receive Adult Day Service from a provider of your choosing within the Designated Service Area. Thrive at Home will pay the program a per diem amount not to exceed the percentage, as specified by your Membership Plan, of the Average Cost of Care within the Designated Service Area. You will be responsible for any difference between the percentage of the Average Cost of Care and the rate charged by the Adult Day Service.
3. In the event that accommodations in Whitney Center's Assisted Living or Nursing Home are not available for you, Thrive at Home will arrange for your care temporarily in another facility until accommodations become available. Thrive at Home will pay the facility a per diem amount not to exceed the percentage, as specified by your Membership Plan, of the Average Cost of Care within the Designated Service Area. You will be responsible for any difference between the percentage of the Average Cost of Care and the rate charged by the Assisted Living or Nursing Home Facility.

### **D. DECISIONS INVOLVING PERMANENT TRANSFER FROM YOUR RESIDENCE**

All decisions involving permanent transfer from your residence (including Home, Assisted Living Facility or Nursing Home Facility), to an Assisted Living, Nursing Home or similar care facility must be Determined To Be Appropriate by Thrive at Home, unless otherwise specified by this Agreement. Such decisions shall be made collaboratively between you or your Designated Representative, as necessary, and the Thrive at Home Team.

1. If the Thrive at Home Team concludes that you are no longer mentally and/or physically able to function safely in your current residence, your PSP will recommend that you transfer to a more appropriate level of care as Determined To Be Appropriate. You will continue to pay the monthly fee as set forth in Section I.C.3 and Attachment I upon transfer to an Assisted Living Facility or Nursing Home Facility in addition to any co-payments as specified in your Membership Plan. If you refuse to transfer, this Agreement may be terminated in our sole discretion in accordance with Section VII.
2. If you elect to transfer to an Assisted Living Facility or a Nursing Home Facility and such a transfer is not Determined To Be Appropriate by the Thrive at Home Team, this Agreement may be terminated in our sole discretion in accordance with Section VII.
3. If you decide to move into an independent living apartment on the Whitney Center campus, you can either maintain your Thrive at Home membership or follow the termination process outlined in Section VII of this Agreement.

## **V. YOUR RIGHTS AND RESPONSIBILITIES AS A MEMBER**

### **A. RULES**

You agree to abide by the rules of Whitney Center when on the Whitney Center campus.

## **B. RIGHTS OF MEMBERS**

Your rights as a Member under this Agreement are those rights and privileges expressly granted to you in this Agreement or by Connecticut law.

In the event that you and your PSP are unable to come to an agreement about the Service Plan designed and recommended for you, you have the right to grieve your concerns. Elevate your concerns in ascending order to: 1) PSP, 2) Executive Director, 3) Whitney Center, Inc. President & CEO, 4) Quality of Life Committee. At any level, the Thrive at Home team may meet to discuss your concerns, which includes consultation with the Thrive at Home nurse and Vice President of Clinical Services, and Medical Director. You and/or your Designated Representative may be asked to join team meetings. A response should be anticipated within 5 business days.

## **C. RIGHT OF ENTRY**

You shall permit authorized employees and providers entry into your Home in case of emergencies, for scheduled meetings with your PSP, and to provide Services. Thrive at Home recognizes your right to privacy and will limit entry to your Home as described in the aforementioned sentence.

## **D. REAL PROPERTY**

Your rights and privileges, as granted herein, do not include any right, title, or interest whether legal, equitable, beneficial, or otherwise, in or to any part of the real property, including land, buildings, and improvements owned or operated by Whitney Center, Inc.

## **E. SUBORDINATION OF RIGHTS**

Any of your rights, privileges, or benefits arising under this Agreement shall be subordinate and inferior to all mortgages, security interests, deeds of trust, and leasehold interests granted to secure any loans or advances made to Thrive at Home or Whitney Center, Inc., related entities, or successors, now outstanding or made in the future, in the real property and improvements constituting Whitney Center, and subordinate and inferior to all amendments, modifications, replacements, refunding or refinancing thereof. You agree that, upon the request of Thrive at Home or Whitney Center, Inc., you will execute and deliver any and all documents, which are alleged to be necessary, or required to effect or evidence such subordination.

## **F. RESPONSIBILITY FOR DAMAGES**

You will be responsible for any costs incurred in replacing, maintaining or repairing any loss or damage to the real or personal property of Thrive at Home, Whitney Center, Inc., or other facility caused by your negligence or willful misconduct or that of your guests, agents, employees, or pet.

## **G. PROTECTION OF PERSONAL AND REAL PROPERTY**

Thrive at Home is not responsible for the loss of any personal property belonging to you due to theft, fire, or any other cause. You may wish to obtain insurance at your own expense to protect against such losses.

## **H. INDEMNIFICATION**

You will indemnify Thrive at Home and Whitney Center, Inc. and hold them harmless for any injury to employees or any third person which arises from your negligent or intentional action. You may wish to obtain insurance at your own expense to cover this obligation.

## **I. MEDICARE, SUPPLEMENTAL INSURANCE REQUIREMENTS AND THIRD-PARTY REIMBURSEMENT**

1. You are, or shall be when eligible, enrolled in Medicare Part A or its equivalent. You authorize, as necessary, any provider of such medical and other health services, including Thrive at Home, to receive reimbursement under Medicare Part A, or its equivalent as provided under these programs. During the next enrollment period following the filing of your application for membership to Thrive at Home, you will pay the premiums, secure, and maintain your enrollment in Medicare Part B. If you are not eligible for Medicare Part B, you agree to obtain and maintain equivalent insurance coverage acceptable to Thrive at Home. You shall also procure and maintain maximum coverage for prescription drugs under Medicare Part D, or, if you are not eligible for Medicare Part D, you agree to maintain health insurance that provides creditable prescription drug coverage.
2. You are required to secure and maintain a supplemental insurance (such as Blue Cross, MediGap, Extended Major Medical) to pay Medicare co-insurance deductible amounts and to provide major medical coverage. This coverage is not provided by Thrive at Home.
3. If at any time you become entitled to payments for health services from governmental agencies, including Medicaid, you agree to make prompt application for such payments. Thrive at Home will not be responsible for the cost of any Services for which you are entitled to reimbursement from a governmental agency or other third party, i.e. workers' compensation, liability or PIP (personal injury protection), no-fault insurance, etc. You agree that upon receiving third-party reimbursement, you will repay Thrive at Home for any third-party reimbursable costs which Thrive at Home incurred or paid on your behalf while your reimbursement approval was pending.
4. Thrive at Home will assist you in applying for health services or benefits under any programs for which you might qualify. Upon request, and when appropriate, you agree to execute an assignment of benefits to Thrive at Home. You further agree to notify Thrive at Home promptly of any changes in your health insurance coverage, including but not limited to, the addition or cancellation of any policy, or eligibility for Medicare, Medicaid or any other government coverage or benefit.

## **J. NON-TRANSFERABLE**

Your rights under this Agreement are personal to you and cannot be transferred or assigned by you to any other person or entity.

## **K. PRESERVATION OF YOUR ASSETS**

You agree to manage your financial resources so as not to threaten or impair your ability, or the ability of your estate to satisfy your financial obligations set forth in this Agreement. At the request of Thrive at Home, you agree to make arrangements for the preservation and management of your financial resources by a third party (or parties), including but not limited to the execution and funding of a trust agreement for your benefit whenever, in the sole judgment of Thrive at Home, it appears that your continued management of your financial affairs may make you unable to meet your financial obligations to Thrive at Home. Failure to comply with the requirements of this Paragraph may cause you to be ineligible for the subsidy assistance described in Section VI.C of this Agreement.

## **L. FINANCIAL STATEMENTS**

Just as you have provided to Thrive at Home a financial statement as part of the admissions process, you agree to continue to provide financial statements, including copies of your federal, state and gift tax returns, or other financially related information when requested by Thrive at Home.



**M. HEALTH STATUS**

You agree to share any changes in your medical status with your PSP and to provide copies of any and all examinations, test results, progress notes, or other copies of medical records provided by non-Thrive at Home providers to your PSP upon request. You further agree to have and share the results of a physical examination upon the request of your PSP.

**N. REPRESENTATIONS MADE BY YOU IN CONNECTION WITH APPLICATION FOR MEMBERSHIP**

Your application and the statements of your finances and health history which you filed with Thrive at Home are incorporated into this Agreement, and all statements therein are deemed to be true as of the date made. You represent and warrant that there have been no material changes in the information provided since the date of application. Any material misstatement, or any material omission, may result in the termination of this Agreement by Thrive at Home.

**O. POWER OF ATTORNEY**

You agree to execute and maintain in effect a limited Durable Power of Attorney valid under Connecticut law. This Power of Attorney shall designate as your attorney-in-fact, a bank, lawyer, relative, or other responsible person or persons of your choice, to act for you in managing your financial affairs, and filing for your insurance or other benefits as fully and completely as you would if acting personally. It shall be in a form which survives your incapacity or disability and be otherwise satisfactory to Thrive at Home. You will deliver a fully executed copy of this Power of Attorney to us at the time of your first meeting with your PSP.

**P. NOTIFICATION OF CHANGE IN HOME ADDRESS**

You agree to provide Thrive at Home with written notice of any change in your Home address no less than thirty (30) days prior to the change, unless otherwise stipulated by this Agreement.

**Q. OUT OF NETWORK PROVIDERS**

You agree that, as specified in this Agreement and in your Service Plan, you will obtain services from Network Providers. Thrive at Home will permit the use of appropriately licensed out of network providers within the United States and its territories in certain circumstances. Specific rules and procedures for use of out of network providers are set forth in Thrive at Home's Out of Network Provider Policy.

**VI. FEES**

**A. STATEMENT OF FEES**

The Membership Fee and Monthly Fee set forth in attached Attachment I, represent payment for the services to be provided by Thrive at Home under this Agreement.

**B. MONTHLY FEES**

You agree to pay Thrive at Home the total Monthly Fee in advance, on or before the fifth day of each month, beginning with the Membership Date. The Monthly Fee shall be prorated for any applicable period of less than one month. The Monthly Fee may be increased by Thrive at Home at its sole discretion upon thirty (30) days advance written notice to you.

Thrive at Home will endeavor to maintain the Monthly Fee at the lowest possible rate consistent with sound financial practice and maintenance of the quality of Services.

As a Member, you agree to pay the Monthly Fee whether you are residing in your Home or in another facility.

You will be invoiced monthly for any items and services provided to you that Thrive at Home is not obligated to provide or pay for as part of your Monthly Fee, along with any co-pays as outlined in Attachment I, and you must pay those invoices within five days after receipt.

You agree to pay Thrive at Home interest at one percent (1%) per month on any overdue Monthly Fees and service charges.

### **C. SUBSIDY AT HOME ASSISTANCE**

If your funds become substantially reduced or depleted, and your income reduced to the extent that you are eligible to receive public benefits, including, but not limited to, Social Security, Medicaid, etc., you agree to apply for these entitlements or benefits. Failure to do so may result in the termination of this Agreement by Thrive at Home, and release of its obligations hereunder. In the event that you are unable to meet your financial obligations to Thrive at Home after qualifying for all available public benefits, Thrive at Home will continue to provide the Services to which you are entitled under this Agreement only to the extent and for as long as Thrive at Home deems the provision of such Services to be consistent with the objectives of Thrive at Home and its prudent financial management of Thrive at Home. The total cumulative amount of uncompensated Services and other subsidies provided to you by Thrive at Home shall be deducted from any refund due to you or your estate upon termination of this Agreement.

## **VII. TERMINATION OF THIS AGREEMENT AND REFUNDS**

### **A. TERMINATION BY YOU**

1. You may terminate this Agreement for any reason within thirty (30) days following the execution of the contract ("Statutory Rescission Period") by notifying Thrive at Home in writing by registered or certified mail. In the event you terminate within the Statutory Rescission Period, any fees paid to Thrive at Home will be refunded less:
  - a. Costs specifically incurred by Thrive at Home at your request; and,
  - b. A service charge equal to the greater of one thousand dollars (\$1,000) or two percent (2%) of your Membership Fee.
2. You may terminate this Agreement after the Statutory Rescission Period by giving written notice, specifying the termination date, to Thrive at Home, by registered or certified mail, no less than thirty (30) days prior to termination.
3. This Agreement shall terminate upon your death.
4. Any Membership Fee refund due you after the Statutory Rescission Period will be made in accordance with Paragraphs E and F of this Section, as applicable.

**B. TRANSFER OF THRIVE AT HOME MEMBERS TO INDEPENDENT LIVING ON THE WHITNEY CAMPUS**

As a member of Thrive at Home, you may choose to move to an independent living apartment on the Whitney Center campus; if you choose to terminate your membership, you must follow the termination process outlined in Section VII of the Agreement.

Your application for residency will require financial qualification and you will be required to undergo a health screening to ensure that residency in an independent living apartment is suited to your needs.

Your full Membership Fee, including the depreciated portion, will be applied to your Whitney Center apartment; you will pay the difference between your Membership Fee and the applicable entry fee. If you choose Whitney Center's amortizing refund plan, the full entry fee will be subject to the declining refund schedule based your Membership Date. If you choose Whitney Center's refundable plan, the applied Membership Fee will be subject to the declining refund schedule based on your Membership Date. You may elect to undergo a health qualification for residency thereby eliminating the use of the Membership Date as a basis for a declining refund schedule.

**C. TERMINATION BY THRIVE AT HOME**

Thrive at Home shall have the right to terminate this Agreement for any cause, which, in its sole discretion, shall be good and sufficient. Good and sufficient cause shall include, but is not limited to the following:

1. Failure to perform your obligations under this Agreement, including the obligation to pay the Monthly Fees and other charges within sixty (60) days after they are due for payment;
2. Material misstatements or failure to state a material fact in your application or any other financial statement, or health history statement filed with Thrive at Home;
3. Dissipation or commitment of your financial resources which impairs your ability to meet your financial obligation to Thrive at Home;
4. Your behavior resulting in a threat to the safety, health, peace, or well-being of yourself or others;
5. Your refusal to follow the Service Plan recommendations of Thrive at Home when such refusal poses a risk to your health or safety, as determined by us in our sole discretion; and,
6. Your decision to move to an Assisted Living Facility or Nursing Home Facility when such a move is not Determined To Be Appropriate.

Thrive at Home shall give you reasonable notice of termination in writing via hand delivery, or registered, or certified mail. Thrive at Home's determination that your continued membership presents a threat to the safety of others, or of yourself, shall be a factor in determining the reasonableness of that notice period.

**D. APPEALS**

You have the right to appeal a decision by Thrive at Home to terminate this Agreement. Only you or your Designated Representative may appeal a decision to terminate. A request for appeal may be made by requesting the appeal in writing by certified or registered mail to Executive Director, Thrive at Home within ten (10) days of the notice of termination.

If a prompt request for appeal is received, the Thrive at Home Appeals Committee, consisting of the Medical Director, Chief Executive Officer, and Executive Director of Thrive at Home will review the appeal and original termination decision. The decision of the Appeals Committee will be provided in writing within thirty (30) days of receipt of your appeal.

#### **E. DUTIES UPON TERMINATION**

If either you or Thrive at Home terminates this Agreement after the Statutory Rescission Period, you must pay Monthly Fees through the Termination Date.

Upon termination by either you or Thrive at Home after the Statutory Rescission Period, you agree to pay Thrive at Home all amounts owed to it, and any reasonable expenses incurred in connection with the termination, including, but not limited to, the cumulative amount of any uncompensated services or other subsidies provided to you by Thrive at Home. Thrive at Home may set off any amounts owed it by you against any refund due pursuant to Paragraph F of this Section.

If you transfer to an Assisted Living or Nursing Home Facility, you may be asked to sign additional agreements applicable to the residential setting to which you are transferred; however, this Agreement does not automatically terminate, and no refund of any portion of the Membership Fee shall be due upon your transfer to an Assisted Living or Nursing Home Facility.

#### **F. REFUND PROVISIONS APPLICABLE TO ALL PLANS**

1. If you've chosen a traditional Membership Fee and terminate this Agreement, you or your estate shall be due a refund equal to the Membership Fee less (i) two percent (2%) thereof for each calendar month between the Membership Date and the date of termination ("Termination Date") and (ii) any offsets applied pursuant to Paragraph E of this Section. No refund shall be due if you terminate this Agreement more than fifty (50) months after the Membership Date.

If Thrive at Home terminates this Agreement after your Membership Date, you or your estate shall be due a refund equal to the amount of the Membership Fee less (i) one percent (1%) thereof for each calendar month between the date you signed this Agreement and the Termination Date and (ii) any offsets applied pursuant to Paragraph E of this Section. No refund shall be due if Thrive at Home terminates this Agreement more than one hundred (100) months after the date you signed this Agreement.

2. If you've chosen a refundable Membership Fee and either you or Thrive at Home terminates this Agreement, Thrive at Home will pay you or your estate a refund equal to 100% of the Membership Fee minus any offsets applied pursuant to Paragraph E of this Section.
3. If you (or your estate) are due a refund, such refund, without interest, will be made when Thrive at Home receives payment from a new member of the Membership Fee for the same Thrive at Home Membership plan, not to exceed six (6) months from the Termination Date. Outstanding expenses and any other sums owed by the Member to Thrive at Home will be deducted from any refund due.
4. For purposes of computing Membership Fee refunds, a partial calendar month of more than fifteen (15) days shall be treated as a full month, and a partial calendar month of fifteen (15) or fewer days shall be ignored. The date you signed this Agreement and Termination Date shall be counted as full calendar days.

## **VIII. MISCELLANEOUS**

### **A. CONFIDENTIALITY**

Thrive at Home has the responsibility to keep in confidence all of the personal, medical, and financial information you have supplied to Thrive at Home. You agree that Thrive at Home can provide such information to health care professionals, third-party payers, and others who have a need, in our judgment, or a right to know such information under federal or state law.

### **B. MANAGEMENT AUTHORITY**

Thrive at Home retains all authority regarding membership, adjustment of fees, and all aspects of the management of Thrive at Home. You do not have the right to prevent the membership of a new member or the termination of another member's Membership Agreement, nor do you have the right to protest the fees charged to, or financial assistance rendered to any other member.

### **C. WAIVER**

In the event that Thrive at Home does not, in any one or more instances, insist upon your strict performance, observance, or compliance with any of the terms or provisions of this Agreement, or if we waive a breach by you of this Agreement, it shall not be construed to be a waiver of our right to insist upon your strict compliance with all other terms and provisions of this Agreement.

### **D. GOVERNING LAWS**

This Agreement, including its validity and the capacity of the parties to this Agreement, its form, interpretation of its language, and any questions concerning its performance and discharge, shall be governed by and construed in accordance with the laws and judicial decisions of the State of Connecticut.

### **E. ATTORNEYS' FEES AND COSTS**

If Thrive at Home is obliged to take legal action to enforce this Agreement, to collect sums due to Thrive at Home pursuant to this Agreement, or to recover damages of any kind, you are liable for the costs of such action including, but not limited to, reasonable attorneys' fees.

### **F. FULL AND COMPLETE AGREEMENT**

This Agreement has precedence over any representations previously made by Thrive at Home representatives, and over any descriptions of services in promotional materials or presentations. This Agreement constitutes the entire contract between you and Thrive at Home and supersedes all previous understandings and agreements between you and Thrive at Home. No waiver or modification shall be valid unless made in writing, signed by you and by Thrive at Home, and attached to this Agreement.

### **G. INTERPRETATION**

Headings are for convenience and reference purposes only and shall not affect the interpretation of any provision of this Agreement. Should any provision herein, for any reason, be held invalid or unenforceable in any jurisdiction in which it is sought to be enforced, such invalidity and unenforceability shall not affect any other provision of this Agreement, and such invalid and unenforceable provision shall be construed as if it were omitted. The remainder of the Agreement shall remain in full force and effect.

**H. RIGHT OF SUBROGATION**

Should you be injured by a third party and such injury requires us to provide health care services under this Agreement, we shall be subrogated, to the extent allowed by Connecticut law, to your rights against such other third party to the extent necessary to reimburse us for the costs incurred in providing Services under this Agreement.

**I. GENDER OF PRONOUNS**

All references in this Agreement by masculine pronouns and adjective also include the feminine and non-binary and vice versa.

**J. SUCCESSORS AND ASSIGNS**

The duties owed Thrive at Home under this Agreement shall inure to the benefit of its successors and assigns.

**K. STATEMENT OF NON-DISCRIMINATION**

Thrive at Home complies with applicable federal and state laws that prohibit discrimination based on race, color, sex, religious beliefs, sexual orientation, gender identity, national origin, disability and other protected classes of persons.

We create and foster community by providing an intentionally welcoming and safe environment where all feel valued and cared for, and where all are given opportunity to form meaningful connections with one another. We foster a climate of purposeful inclusion of all. We cherish the diversity of gender, gender identity and expression, age, race, ethnicity, national origin, sexual orientation, education, and political perspective.

**L. NOTICES**

When required by the terms of this Agreement, notices shall be given in writing and shall be given to Thrive at Home or to you at the addresses set forth in Attachment I, or at such address as we or you shall specify in writing to each other.

Your signature below certifies that you have read, understand, and accept this Agreement, and that you or your financial advisor have received the most current Disclosure Statement containing the current audited financial statements.

\_\_\_\_\_  
Signature - Member

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

WHITNEY CENTER, INC. d/b/a THRIVE at HOME with WHITNEY CENTER

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

**ATTACHMENT I – MEMBERSHIP PLAN SELECTION AND FEES**

MEMBER NAME: \_\_\_\_\_

MEMBERSHIP DATE: \_\_\_\_\_

MEMBER DATE OF BIRTH: \_\_\_\_\_

AGE AT ENROLLMENT: \_\_\_\_\_

**PLAN SELECTION AND FEES:** Membership fees are based on the type of Membership Plan selected and the age of the person enrolling in the program. Monthly fees are based on the Membership Plan. The Membership Plan you have selected and the monthly fees are stated below:

Membership Plan Selected:

- Diamond - 100% Coverage
- Emerald - 70% Coverage
- Ruby - 50% Coverage
- Sapphire - Coordination Only

- Traditional  Refundable  Flex Pricing
- Traditional  Refundable  Flex Pricing
- Traditional  Refundable  Flex Pricing
- Traditional  Refundable  Flex Pricing

MEMBERSHIP FEE DUE \$ \_\_\_\_\_

MONTHLY FEE \$ \_\_\_\_\_

**ADDRESSES FOR REQUIRED NOTICE:**

Thrive at Home with Whitney Center:

Executive Director  
Thrive at Home with Whitney Center  
200 Leeder Hill Drive  
Hamden, CT 06517

You: Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Your signature below certifies that you have read, understand, and accept this Attachment I.

\_\_\_\_\_  
Signature - Member

\_\_\_\_\_  
Date

**EXHIBIT B**

**AUDITED FINANCIAL STATEMENTS, INCLUDING PREVIOUS FOUR YEARS**



**WHITNEY CENTER, INCORPORATED**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2019 AND 2018**

**WHITNEY CENTER, INCORPORATED**

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## 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, 2019 and 2018, 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.



*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, 2019 and 2018, and the changes in its net assets (deficit) 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  
April 28, 2020

# WHITNEY CENTER, INCORPORATED

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

	2019	2018
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 3,053,100	\$ 2,660,611
Accounts receivable, less allowance for doubtful accounts	1,064,874	1,440,980
Contract receivables	695,614	717,997
Other receivables	23,920	15,945
Prepaid expenses and other current assets	538,540	515,639
Assets held by trustee	13,334,686	8,375,436
Investments	<u>6,310,770</u>	<u>3,938,324</u>
<b>Total Current Assets</b>	25,021,504	17,664,932
<b>Property and Equipment</b>	80,772,046	82,750,001
<b>Other Assets</b>		
Deferred marketing costs, less accumulated amortization of \$3,598,970 in 2019 and \$3,138,822 in 2018	<u>557,449</u>	<u>1,017,597</u>
<b>Total Assets</b>	<u>\$ 106,350,999</u>	<u>\$ 101,432,530</u>

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

# WHITNEY CENTER, INCORPORATED

## STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2019 AND 2018

	2019	2018
<b>Liabilities and Net Assets (Deficit)</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,149,897	\$ 1,617,618
Accrued expenses	2,961,667	4,009,286
Contract deposits	164,621	205,187
Current portion of capital lease obligation	74,572	275,347
Current portion of long-term debt	<u>          --</u>	<u>630,000</u>
<b>Total Current Liabilities</b>	4,350,757	6,737,438
<b>Capital Lease Obligation - less current portion</b>	11,055	807,072
<b>Long-Term Debt - less current portion and deferred financing costs</b>	58,824,662	45,711,496
<b>Deferred Income from Entry Fees</b>	38,978,050	40,866,917
<b>Refundable Entry Fees</b>	15,420,824	14,758,846
<b>Deposits</b>	<u>145,292</u>	<u>159,331</u>
<b>Total Liabilities</b>	117,730,640	109,041,100
<b>Net Assets (Deficit)</b>		
Without donor restrictions	(11,710,441)	(7,901,081)
With donor restrictions	<u>330,800</u>	<u>292,511</u>
<b>Total Net Deficit</b>	<u>(11,379,641)</u>	<u>(7,608,570)</u>
<b>Total Liabilities and Net Assets (Deficit)</b>	<u>\$ 106,350,999</u>	<u>\$ 101,432,530</u>

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

# WHITNEY CENTER, INCORPORATED

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenues and Gains</b>			
Resident services, including amortization of entry fees of \$7,851,191	\$ 28,127,868	\$ --	\$ 28,127,868
Other operating revenues	1,205,207	--	1,205,207
Contributions	57,105	3,132	60,237
Net assets released from restriction	21,525	(21,525)	--
<b>Total Revenues and Gains</b>	<b>29,411,705</b>	<b>(18,393)</b>	<b>29,393,312</b>
<b>Expenses and Losses</b>			
Salaries and wages	10,736,157	--	10,736,157
Depreciation and amortization	4,946,948	--	4,946,948
Interest expense	4,600,038	--	4,600,038
Employee benefits	2,363,464	--	2,363,464
Property taxes	2,177,003	--	2,177,003
Other operating expenses	1,297,462	--	1,297,462
Contract services	1,365,506	--	1,365,506
Utilities	1,202,034	--	1,202,034
Food	1,286,895	--	1,286,895
Ancillary health services	1,059,178	--	1,059,178
Supplies	662,854	--	662,854
Repairs and maintenance	403,465	--	403,465
Insurance	186,121	--	186,121
<b>Total Expenses and Losses</b>	<b>32,287,125</b>	<b>--</b>	<b>32,287,125</b>
<b>Deficiency of Revenues and Gains over Expenses and Losses from Operations</b>	<b>(2,875,420)</b>	<b>(18,393)</b>	<b>(2,893,813)</b>
<b>Nonoperating Items</b>			
Unrealized gain on investments	553,518	52,031	605,549
Investment income, net	54,229	3,744	57,973
Realized gain on sale of investments	331,290	907	332,197
Loss on early extinguishment of debt	(1,872,977)	--	(1,872,977)
<b>Net Nonoperating Items</b>	<b>(933,940)</b>	<b>56,682</b>	<b>(877,258)</b>
<b>Deficiency of Revenues and Gains over Expenses and Losses and Nonoperating Items</b>	<b>(3,809,360)</b>	<b>38,289</b>	<b>(3,771,071)</b>
<b>Net Assets (Deficit) - Beginning</b>	<b>(7,901,081)</b>	<b>292,511</b>	<b>(7,608,570)</b>
<b>Net Assets (Deficit) - Ending</b>	<b>\$ (11,710,441)</b>	<b>\$ 330,800</b>	<b>\$ (11,379,641)</b>

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

# WHITNEY CENTER, INCORPORATED

## STATEMENT OF ACTIVITIES

**FOR THE YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenues and Gains</b>			
Resident services, including amortization of entry fees of \$7,702,620	\$ 27,411,045	\$ --	\$ 27,411,045
Other operating revenues	884,312	--	884,312
Contributions	17,490	885	18,375
Net assets released from restriction	15,000	(15,000)	--
<b>Total Revenues and Gains</b>	<b>28,327,847</b>	<b>(14,115)</b>	<b>28,313,732</b>
<b>Expenses and Losses</b>			
Salaries and wages	9,899,291	--	9,899,291
Depreciation and amortization	4,741,618	--	4,741,618
Interest expense	3,812,063	--	3,812,063
Employee benefits	2,102,899	--	2,102,899
Property taxes	2,067,602	--	2,067,602
Other operating expenses	1,320,179	--	1,320,179
Contract services	1,787,746	--	1,787,746
Utilities	1,350,820	--	1,350,820
Food	1,294,280	--	1,294,280
Ancillary health services	834,824	--	834,824
Supplies	676,042	--	676,042
Repairs and maintenance	452,524	--	452,524
Insurance	176,304	--	176,304
<b>Total Expenses and Losses</b>	<b>30,516,192</b>	<b>--</b>	<b>30,516,192</b>
<b>Deficiency of Revenues and Gains over Expenses and Losses from Operations</b>	<b>(2,188,345)</b>	<b>(14,115)</b>	<b>(2,202,460)</b>
<b>Nonoperating Items</b>			
Unrealized loss on investments	(569,875)	(24,608)	(594,483)
Investment income, net	43,965	3,916	47,881
Realized gain (loss) on sale of investments	397,471	(1,380)	396,091
<b>Net Nonoperating Items</b>	<b>(128,439)</b>	<b>(22,072)</b>	<b>(150,511)</b>
<b>Deficiency of Revenues and Gains over Expenses and Losses and Nonoperating Items</b>	<b>(2,316,784)</b>	<b>(36,187)</b>	<b>(2,352,971)</b>
<b>Net Assets (Deficit) - Beginning</b>	<b>(5,220,073)</b>	<b>328,698</b>	<b>(4,891,375)</b>
<b>Impact of change in accounting policy</b>	<b>(364,224)</b>	<b>--</b>	<b>(364,224)</b>
<b>Adjusted Net Assets (Deficit) - Beginning</b>	<b>(5,584,297)</b>	<b>328,698</b>	<b>(5,255,599)</b>
<b>Net Assets (Deficit) - Ending</b>	<b>\$ (7,901,081)</b>	<b>\$ 292,511</b>	<b>\$ (7,608,570)</b>

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



# WHITNEY CENTER, INCORPORATED

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
<b>Cash Flows from Operating Activities</b>		
Change in net assets (deficit)	\$ (3,771,071)	\$ (2,352,971)
Adjustments to reconcile change in net assets (deficit) to net cash (used in) provided by operating activities:		
Depreciation and amortization	4,946,948	4,741,618
Amortization of entry fees	(7,851,191)	(7,702,620)
Entry fees received	7,000,547	8,155,916
Net realized and unrealized (loss) gain on investments	(937,746)	198,392
Loss on disposal of assets	14,882	3,680
Other amortization	63,080	125,699
Loss on early extinguishment of debt	1,855,077	--
Changes in operating assets and liabilities:		
Accounts receivable	376,106	(292,414)
Contract receivables	22,383	(248,328)
Other receivables	(7,975)	(11,558)
Prepaid expenses and other current assets	(48,595)	161,034
Accounts payable	(467,721)	(445,707)
Accrued expenses	752,411	(203,736)
Contract deposits	(40,566)	(18,717)
Deposits	(14,039)	44,400
<b>Net Cash Provided by Operating Activities</b>	<u>1,892,530</u>	<u>2,154,688</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(2,498,033)	(4,113,841)
Net change in assets held by trustee	(4,959,250)	(34,141)
Net sales of assets whose use is limited	72,326	101,828
Proceeds from sales of investments	2,100,806	1,126,143
Purchases of investments	(3,607,832)	(532,558)
<b>Net Cash Used in Investing Activities</b>	<u>(8,891,983)</u>	<u>(3,452,569)</u>

*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, 2019 AND 2018

	2019	2018
<b>Cash Flows from Financing Activities</b>		
Refundable entry fees received	\$ 1,483,515	\$ 1,175,540
Principal payments on capital lease obligation	(996,792)	(223,724)
Refunds of deposits and refundable entry fees	(1,859,760)	(1,401,962)
Proceeds of long term debt	10,178,743	--
Deferred financing costs incurred	(783,764)	--
Repayment of long term debt	<u>(630,000)</u>	<u>(585,000)</u>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>7,391,942</u>	<u>(1,035,146)</u>
<b>Net Change in Cash and Cash Equivalents</b>	392,489	(2,333,027)
<b>Cash and Cash Equivalents - Beginning</b>	<u>2,660,611</u>	<u>4,993,638</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 3,053,100</u>	<u>\$ 2,660,611</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid	<u>\$ 4,022,551</u>	<u>\$ 3,814,977</u>
<b>Supplemental Disclosures of Non-Cash Financing and Investing Activities</b>		
Gross proceeds from issuance of Series 2019 bonds	\$ 60,403,204	
Less - Underwriter's discount	<u>(764,431)</u>	
Net proceeds from issuance of Series 2019 bonds	59,638,773	
Less - escrow deposit trust established for payoff of Series 2009 bonds	<u>(49,460,030)</u>	
Net cash received from issuance of Series 2019 bonds	<u>\$ 10,178,743</u>	

On December 31, 2018, the Corporation entered into a capital lease obligation for equipment at a cost of \$883,876.

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

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### 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, 2019 and 2018, there were 243 and 246 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 in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods or services is incurred, regardless of the timing of cash flows.

Net assets of the Corporation are classified based on the presence or absence of donor – imposed restrictions. Net assets are comprised of two groups as follows:

**Net Assets (Deficit) Without Donor Restrictions** – Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

**Net Assets With Donor Restrictions** – Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor-restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state or federal laws.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

#### *DEFICIENCY 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 net assets without donor restrictions that are excluded from deficiency of revenues and gains over expenses and losses from operations, consistent with industry practice, include investment income, net, realized gain (loss) on sale of investments, unrealized loss on investments, and loss on early extinguishment of debt.

#### *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.

#### *CONTRACT RECEIVABLES*

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

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### 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 residents 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.

##### *ASSETS WHOSE USE IS LIMITED*

Assets whose use is limited include 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 \$680,504 and \$663,809 for the benefit of the residents and to fund other capital and service objectives as of December 31, 2019 and 2018, 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, 2019, include a capital project fund, debt service reserve fund, bond interest account, and a cost of issuance fund, and as of December 31, 2018, included 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### 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 \$43,127 in 2019 and \$41,368 in 2018 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 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 a resident’s entrance fee is generally refundable within a certain number of months or days following contract termination or upon the resale of the unit, or in some agreements, upon the resale of a comparable unit or 18 months after the resident vacates the unit. 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, 2019 and 2018 were \$15,420,824 and \$14,758,846, respectively.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

##### *REVENUE RECOGNITION - RESIDENT SERVICE FEES*

Resident service fee revenue is reported at the amounts that reflect the consideration the Corporation expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident service fee revenue is recognized as performance obligations are satisfied.

Resident service fees at the independent living community consist of regular monthly charges for basic housing and support services and fees for additional requested services, such as assisted living services, personalized health services and ancillary services. Fees are specified in agreements with residents, which are generally short term in nature, with regular monthly charges billed in advance. The Corporation recognizes revenue for housing services under independent living and assisted living residency agreements in accordance with the provisions of ASC 840 *Leases* (ASC 840).

##### *REVENUE RECOGNITION - HEALTH CENTER*

The Corporation recognizes revenue for skilled nursing residency, assistance with activities of daily living, thrive at home and personalized health services in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers* (ASC 606). The Corporation has determined that the senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time. The Corporation receives revenue for services under various third-party payor programs which include Medicare, Medicaid and other third-party payors. Settlements with third-party payor for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Company estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends, and adjustments are recognized in periods as final settlements are determined.

Effective October 1, 2019, the Centers for Medicare and Medicaid Services (CMS) issued a new case-mix model called the Patient-Driven Payment Model (PDPM), which focuses on a resident's condition and care needs, rather than the amount of care provided to determine reimbursement levels. The PDPM utilizes clinically relevant factors for determining Medicare payment by using ICD-10 diagnosis codes and other patient characteristics as the basis for patient classification.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### 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, 2019 and 2018 because the present value of the net cost of future services and use of facilities is less than deferred revenue from entry fees.

##### *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. Depreciation begins when the asset is 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 2019 or 2018.

##### *CONTRIBUTIONS AND DONOR RESTRICTED GIFTS*

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is awarded or received. Conditional promises to give and indications of intentions to give are reported at fair value only when the conditions on which they depend are substantially met and the promises become unconditional. The gifts are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of operations as net assets released from restrictions.



# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

##### *CONTRIBUTIONS AND DONOR RESTRICTED GIFTS (CONTINUED)*

When long-lived assets are placed in service, thus satisfying purpose restrictions, the amount is included as a change in net assets, with and without donor restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as contributions without donor restrictions in the accompanying financial statements.

##### *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.

Gross deferred financing costs of \$1,548,495 incurred in connection with the issuance of the Series 2019 bonds are included within long-term debt on the accompanying statements of financial position as of December 31, 2019, with accumulated amortization of \$9,721 for the year ended December 31, 2019. Gross deferred financing costs of \$3,065,839 incurred in connection with the issuance of the Series 2009 bonds are included within long-term debt on the accompany statements of financial position as of December 31, 2018, with accumulated amortization of \$1,371,550 for the year ended December 31, 2018. The remaining unamortized balance of \$1,608,771 was written off and included in loss on early extinguishment of debt in the statement of activities.

Amortization of the deferred financing costs, reported as interest expense in the accompanying statements of activities for the years ended December 31, 2019 and 2018, was \$93,239 and \$112,487, respectively.

##### *DEFERRED MARKETING COSTS*

Deferred marketing costs represent incremental costs incurred that result in a new continuing care contract 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### 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, 2019 and 2018, 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.

##### *EXPENSE ALLOCATION*

Expenses are charged directly to program services, and management and general, based on specific identification to the extent practical. Expenses related to more than one function have been allocated using reasonable methodologies determined by management to be appropriate. Management and general expenses include those expenses that are not directly identifiable with a specific function, but provide for the overall support and direction of the Corporation.

##### *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, 2019 and 2018, contributions to the plan amounted to \$245,670 and \$217,341, respectively.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

##### *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, 2019 and 2018, the Corporation recorded \$22,220 and \$11,096, 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.

##### *RISKS AND UNCERTAINTIES*

As of December 31, 2019 and 2018, the Corporation incurred losses from operations of approximately \$2.9 million and \$2.2 million, respectively, and has a deficiency in net assets of approximately \$11.2 million as of December 31, 2019. During 2019, the Corporation refunded its Series 2009 bonds, and issued new Series 2019 bonds to reduce the annual interest expense beginning in 2020, along with a debt repayment schedule to reduce the net cost of financing activities. As of December 31, 2019, the Corporation has outstanding long term debt of approximately \$58.8 million in the form of revenue bonds.

The operating loss for the year ended December 31, 2019 was due to an overall increase in salaries and wages to expand resident programs, and a one-time increase in interest expense due to the refunding of the Series 2009 bonds of approximately \$900,000. The operating loss for the year ended December 31, 2018 was a result of significant capital additions to increase energy efficiency, one-time legal and consulting expenses, and an overall increase in salaries and wages due to revenue growth.

The Corporation is ultimately dependent upon its future financial performance, which will be affected by achieving an appropriate payor mix, sales of units and reducing operating costs wherever possible. However, there is no such assurance that any of these events will occur.

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 changes could materially affect the value of investment securities reported in the Corporation's financial statements.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

##### *RISKS AND UNCERTAINTIES (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.

##### *SUBSEQUENT EVENTS*

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread through the United States. As of the date the financial statements were available to be issued, there was considerable uncertainty around the expected duration of this pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. At this point, the extent to which COVID-19 may impact the Corporation's financial condition, and changes in the fair value of its investments or results of operations cannot be reasonably estimated at this time.

In preparing these financial statements, The Corporation has evaluated events and transactions for potential recognition or disclosure through April 28, 2020, the date the financial statements were available to be issued. Except as disclosed above, there were no subsequent events that require recognition or disclosure in these financial statements.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 2 - ACCOUNTS RECEIVABLE

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

	2019	2018
Medicaid	\$ 156,735	\$ 41,782
Medicare	169,200	344,875
Private pay	960,653	1,142,560
Other third party payors	78,286	142,763
	<u>1,364,874</u>	<u>1,671,980</u>
Less allowance for doubtful accounts	<u>300,000</u>	<u>231,000</u>
	<u>\$ 1,064,874</u>	<u>\$ 1,440,980</u>

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:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Assets whose use is limited				
Cash and equivalents	\$ 123,801	\$ 123,801	\$ 126,091	\$ 126,091
Mutual funds	<u>816,237</u>	<u>887,503</u>	<u>847,377</u>	<u>830,229</u>
	<u>\$ 940,038</u>	<u>\$ 1,011,304</u>	<u>\$ 973,468</u>	<u>\$ 956,320</u>

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

#### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

##### *FAIR VALUE MEASUREMENT (CONTINUED)*

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Long-Term investments				
Cash and equivalents	\$ 1,126,893	\$ 1,126,893	\$ 241,696	\$ 241,696
Mutual funds	378,523	378,405	184,442	177,942
U.S. Government and Agency obligations	410,943	428,055	177,857	185,261
Corporate bonds	122,568	128,631	88,141	84,298
Marketable equity securities	<u>2,604,164</u>	<u>3,237,482</u>	<u>2,150,628</u>	<u>2,292,807</u>
	<u>\$ 4,643,091</u>	<u>\$ 5,299,466</u>	<u>\$ 2,842,764</u>	<u>\$ 2,982,004</u>

##### *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) and the lowest priority to unobservable inputs (Level 3). 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

##### *FAIR VALUE MEASUREMENT (CONTINUED)*

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. 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, 2019 and 2018.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

#### NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

##### *FAIR VALUE MEASUREMENT (CONTINUED)*

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

	December 31, 2019		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Cash and equivalents	\$ 1,250,694	\$ --	\$ 1,250,694
Mutual funds	1,265,908	--	1,265,908
U.S. Government and Agency obligations	428,055	--	428,055
Corporate bonds	--	128,631	128,631
Marketable equity securities	3,237,482	--	3,237,482
	\$ 6,182,139	\$ 128,631	\$ 6,310,770

	December 31, 2018		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Cash and equivalents	\$ 367,787	\$ --	\$ 367,787
Mutual funds	1,008,171	--	1,008,171
U.S. Government and Agency obligations	185,261	--	185,261
Corporate bonds	--	84,298	84,298
Marketable equity securities	2,292,807	--	2,292,807
	\$ 3,854,026	\$ 84,298	\$ 3,938,324



# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	2019	2018
Land and land improvements	\$ 801,745	\$ 801,745
Intangibles	820,544	745,544
Buildings	125,211,736	121,532,869
Furniture, fixtures and equipment	5,226,689	5,119,422
Vehicles	229,655	229,655
Construction in process	<u>1,189,868</u>	<u>2,570,858</u>
	133,480,237	131,000,093
Less accumulated depreciation and amortization	<u>52,708,191</u>	<u>48,250,092</u>
	<u>\$ 80,772,046</u>	<u>\$ 82,750,001</u>

#### NOTE 5 - ASSETS HELD BY TRUSTEE

In accordance with the Town of Hamden, Connecticut Revenue Bonds (Whitney Center Project), Series 2019, the Corporation maintains the following accounts with a trustee:

##### *CAPITAL PROJECT FUND*

The Corporation established a capital project fund of \$10 million, from proceeds of the Series 2019 bond issuance. The funds are designated for use in specific capital projects to be undertaken by the Corporation. The balance of the capital project fund at December 31, 2019 was \$8,737,585.

##### *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 2019 Bonds. Funds on deposit in this account shall be applied to make up any deficiencies with respect to payments on the bonds. The balance of the debt service reserve fund at December 31, 2019 was \$3,743,852.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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### NOTE 5 - ASSETS HELD BY TRUSTEE (CONTINUED)

#### *BOND INTEREST FUND*

The Corporation is required to maintain a bond interest fund, which is funded monthly for required interest payments due. The balance of the bond interest fund at December 31, 2019 was \$633,577.

#### *COST OF ISSUANCE FUND*

The Corporation established a cost of issuance fund, from proceeds of the Series 2019 bond issuance of \$828,546, to be used to pay costs associated with the bond issuance. The balance of the cost of issuance fund at December 31, 2019 was \$44,886.

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

#### *BOND FUND*

The Corporation was required to maintain a bond fund, and within such fund a Debt Service account. The balance of the Debt Service Account at December 31, 2019 and 2018 was \$671 and \$2,463,495, respectively.

#### *DEBT SERVICE RESERVE FUND*

The Corporation was 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, 2019 and 2018 was \$- and \$4,351,937, respectively.

#### *OPERATING RESERVE FUND*

The Corporation was also required to maintain an operating reserve fund, funded in an amount equal to the Corporation's operating reserve requirement. Funds in the operating reserve fund were to 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. The operating escrow requirement at December 31, 2018 was approximately \$1,770,000. The balance of the operating reserve fund at December 31, 2018 was \$1,560,004.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 6 - NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS

Net assets (deficit) without donor restrictions at December 31 are as follows:

	2019	2019
Undesignated	\$ (34,252,702)	\$ (43,890,976)
Designated by the governing board	680,504	663,809
Property and equipment, net of related debt	<u>21,861,757</u>	<u>35,326,086</u>
Total Net Assets (Deficit) Without Donor Restrictions	<u>\$ (11,710,441)</u>	<u>\$ (7,901,081)</u>

#### NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions December 31 may be expended for:

	2019	2018
Subject to Expenditure for Specified Purpose:		
Contributions received to provide financial support to residents who become unable to meet their financial obligations	\$ 229,411	\$ 226,279
Net appreciation on endowment contribution, to be used to provide financial support to residents	<u>91,389</u>	<u>56,232</u>
	<u>320,800</u>	<u>282,511</u>
Subject to Appropriation and Expenditure When a Specified Event Occurs:		
Endowment contribution from which the income is expendable to provide financial support to residents	<u>10,000</u>	<u>10,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 330,800</u>	<u>\$ 292,511</u>

Net assets were released from donor restrictions to fund financial support to residents in the amount of \$21,525 in 2019 and \$15,000 in 2018.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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### NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

#### *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 Corporation 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 Corporation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Any remaining portion of the donor-restricted funds that is not classified in net assets with donor restrictions would be classified or recorded as unrestricted support by the Corporation, 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 Corporation to retain as a fund of perpetual duration. These deficiencies, which would be reported in net assets without donor restrictions, can result from unfavorable market fluctuations.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 8 - LONG-TERM DEBT

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

	2019	2018
Town of Hamden Revenue Bonds (Whitney Center Project) Series 2019		
Fixed Rate Revenue Bonds due January 1, 2030	\$ 9,090,000	\$ --
Fixed Rate Revenue Bonds due January 1, 2040	17,690,000	--
Fixed Rate Revenue Bonds due January 1, 2050	28,815,000	--
Town of Hamden Revenue Bonds (Whitney Center Project) Series 2009		
Fixed Rate Revenue Bonds Series 2009A	--	44,590,000
Adjustable Rate Revenue Bonds Series 2009C	--	3,700,000
	55,595,000	48,290,000
Less, current portion	--	630,000
Less, deferred financing costs	1,538,474	1,692,289
Add, unamortized original issue premium	4,768,136	--
Less, unamortized original issue discount	--	256,215
	<u>\$ 58,824,662</u>	<u>\$ 45,711,496</u>
Long-Term portion	<u>\$ 58,824,662</u>	<u>\$ 45,711,496</u>

#### Series 2019 Bonds

In October 2019, the Corporation issued \$55,595,000 (par value) of Town of Hamden, Connecticut Facility Revenue Bonds (Whitney Center Project), Series 2019 (Series 2019 Bonds) at an aggregate original issue premium of \$4,808,204. Proceeds from the Series 2019 Bond issuance were used to refund the outstanding Series 2009 bonds effective October 1, 2019.

The Series 2019 bonds are at a fixed rate of interest of 5.00 percent, with mandatory annual sinking fund redemptions beginning in January 1, 2023 and extending through final maturity in January 1, 2050.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 8 - LONG-TERM DEBT (CONTINUED)

##### Series 2019 Bonds (Continued)

The Series 2019 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.

Financing costs associated with the issuance of the Series 2019 Bonds totaling \$1,548,195, have been deferred and are being amortized over the term of the bonds. In addition, the original issue premium of \$4,808,204 has been capitalized and is being amortized on a yield method over the term of the bonds. At December 31, 2019, the unamortized original issue premium was \$4,768,136, and the total outstanding principal balance was \$55,595,000.

The Loan Agreement (and Security Agreement) and related Trust Indenture to the Series 2019 Bonds also provides for, among other requirements, the maintenance of certain financial and operational covenants including a minimum debt service coverage ratio, and a days' cash on hand ratio. The Corporation successfully met the debt service coverage ratio and the days' cash on hand ratio covenants on the December test date in 2019.

##### Series 2009 Bonds

The Series 2009A fixed rate revenue bonds had interest rates ranging from 7.625 percent to 7.75 percent, and mandatory annual sinking fund redemptions extending through final maturity in 2043. During 2019 and 2018, the Corporation redeemed \$630,000 and \$585,000 of the Series 2009A Bonds, respectively. On January 2, 2020, the remaining principal balance of \$43,960,000, together with accrued interest of \$1,698,280, was paid out of funds escrowed from the proceeds of the issuance of the Series 2019 Bonds, in accordance with the terms of the Series 2009 Bond Indenture.

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 subject to redemption prior to maturity in whole or in part from new unit entrance fees beginning January 1, 2016. On January 2, 2020, the remaining principal balance of \$3,700,000, together with accrued interest of \$101,750, was paid out of funds escrowed from the proceeds of the issuance of the Series 2019 Bonds, in accordance with the terms of the Series 2009 Bond Indenture.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 8 - LONG-TERM DEBT (CONTINUED)

##### Series 2009 Bonds (Continued)

Financing costs associated with the issuance of the Series 2009 Bonds, and the related exchange offer in 2013, totaling \$3,065,839, were deferred and amortized through October 2019, with the remaining balance recognized as a loss on early extinguishment of debt in the statement of activities. In addition, the original issue discount of \$915,454 was been capitalized and amortized through October 2019, with the remaining balance recognized as a loss on early extinguishment of debt in the statement of activities.

The State of Connecticut requires that continuing care facilities maintain a reserve fund, which consists of six months debt service requirements plus one month's operating costs. As of December 31, 2019 and 2018, 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 \$3.28 million at December 31, 2019 and \$6.12 million at December 31, 2018. The balance in these funds amounted to \$4,377,429 and \$5,911,941 at December 31, 2019 and 2018, respectively. 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 <u>December 31,</u>	
2020	\$ --
2021	--
2022	--
2023	955,000
2024	1,000,000
Thereafter	<u>53,640,000</u>
	<u>\$ 55,595,000</u>

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 9 - CAPITAL LEASE OBLIGATIONS

The Corporation entered into capital lease obligations in 2016 for computer and other equipment at an aggregate monthly rental of \$10,900, with 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 \$270,000 and \$337,000 as of December 31, 2019 and 2018, respectively.

The Corporation entered into capital lease obligations in 2018 to finance LED lighting equipment at a monthly rental of \$26,507, with an imputed interest rate of 19.17%, through expiration in December 2022. The equipment cost of \$883,876 was placed in service December 31, 2018. In October 2019, the lease was paid in full from the proceeds of the Series 2019 Bond issuance.

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

	Years ending <u>December 31,</u>	
	2020	\$ 76,935
	2021	<u>11,154</u>
		88,089
Less, amount representing interest		<u>2,462</u>
		<u>\$ 85,627</u>



# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 10 - DISAGGREGATION OF REVENUE

The Corporation disaggregates its revenue from contracts with residents by payor source, as the Corporation believes it best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors.

The following table presents revenue disaggregated by type of contract and payer for the year ended December 31, 2019:

	<u>December 31, 2019</u>				
	Independent Living	Health Center	Assisted Living	Thrive at Home	Total
Resident Fees:					
Medicaid	\$ --	776,981	\$ --	\$ --	\$ 776,981
Medicare	--	2,100,872	--	--	2,100,872
Private pay and other third party payors	<u>12,793,401</u>	<u>2,182,799</u>	<u>2,129,368</u>	<u>293,256</u>	<u>17,398,824</u>
	12,793,401	5,060,652	2,129,368	293,256	20,276,677
Entry Fees:					
Amortization	5,683,105	--	--	207,208	5,890,313
Entry fees recognized	<u>1,960,878</u>	<u>          --</u>	<u>          --</u>	<u>          --</u>	<u>1,960,878</u>
	<u>\$ 20,437,384</u>	<u>\$ 5,060,652</u>	<u>\$ 2,129,368</u>	<u>\$ 500,464</u>	<u>\$ 28,127,868</u>

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

#### NOTE 10 - DISAGGREGATION OF REVENUE (CONTINUED)

The following table presents revenue disaggregated by type of contract and payer for the year ended December 31, 2018:

	December 31, 2018				Total
	Independent Living	Health Center	Assisted Living	Thrive at Home	
Resident Fees:					
Medicaid	\$ --	610,137	\$ --	\$ --	\$ 610,137
Medicare	--	1,561,678	--	--	1,561,678
Private pay and other third party payors	12,586,454	2,964,503	1,820,745	164,908	17,536,610
	12,586,454	5,136,318	1,820,745	164,908	19,708,425
Entry Fees:					
Amortization	5,892,751	--	--	127,878	6,020,629
Entry fees recognized	1,681,991	--	--	--	1,681,991
	\$ 20,161,196	\$ 5,136,318	\$ 1,820,745	\$ 292,786	\$ 27,411,045

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

#### NOTE 11 - FUNCTIONAL EXPENSES

The Corporation provides services to residents including independent living, health center, and resident services. Expenses related to providing these services for the years ended December 31, are as follows:

2019	Independent Living	Health Center	Resident Services	Total Programs	Marketing and	Management and General	Total
Salaries and wages	\$ 4,427,293	\$ 2,798,212	\$ 1,082,144	\$ 8,307,649	\$ 550,681	\$ 1,877,827	\$ 10,736,157
Employee benefits	974,628	616,000	238,224	1,828,852	121,227	413,385	2,363,464
Contract services	621,642	239,572	17,850	879,064	168,846	317,596	1,365,506
Food	932,416	300,937	14,671	1,248,024	1,919	36,952	1,286,895
Supplies	409,909	153,426	44,472	607,807	4,404	50,643	662,854
Ancillary health services	141	1,059,037	--	1,059,178	--	--	1,059,178
Utilities	1,052,742	71,160	12,020	1,135,922	6,010	60,102	1,202,034
Repairs and maintenance	336,363	30,441	14,713	381,517	1,846	20,102	403,465
Other operating expenses	80,057	68,219	103,929	252,205	9,804	825,806	1,087,815
Insurance	--	--	--	--	--	186,121	186,121
Marketing and development	50,878	--	--	50,878	143,093	794	194,765
Depreciation and amortization	3,976,608	275,859	52,771	4,305,238	48,454	593,256	4,946,948
Interest expense	4,028,714	272,322	46,000	4,347,036	23,000	230,002	4,600,038
Property taxes	1,906,619	128,879	21,770	2,057,268	10,885	108,850	2,177,003
Loss on disposal of assets	13,034	881	149	14,064	74	744	14,882
	<u>\$18,811,044</u>	<u>\$ 6,014,945</u>	<u>\$ 1,648,713</u>	<u>\$26,474,702</u>	<u>\$ 1,090,243</u>	<u>\$ 4,722,180</u>	<u>\$ 32,287,125</u>

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

#### NOTE 11 - FUNCTIONAL EXPENSES (CONTINUED)

2018	Independent Living	Health Center	Resident Services	Total Programs	Marketing and	Management and General	Total
Salaries and wages	\$ 3,921,473	\$ 2,793,283	\$ 1,076,411	\$ 7,791,167	\$ 481,876	\$ 1,626,248	\$ 9,899,291
Employee benefits	1,008,524	602,670	137,765	1,748,959	43,342	310,598	2,102,899
Contract services	497,568	185,795	8,581	691,944	340,236	755,566	1,787,746
Food	850,366	357,652	21,103	1,229,121	4,554	60,605	1,294,280
Supplies	403,172	160,871	60,868	624,911	4,513	46,618	676,042
Ancillary health services	270	834,554	--	834,824	--	--	834,824
Utilities	1,183,048	79,969	13,508	1,276,525	6,754	67,541	1,350,820
Repairs and maintenance	373,333	39,241	16,157	428,731	2,042	21,751	452,524
Other operating expenses	99,663	78,915	96,172	274,750	10,936	850,850	1,136,536
Insurance	--	--	--	--	--	176,304	176,304
Marketing and development	32,140	--	--	32,140	43,972	103,850	179,962
Depreciation and amortization	3,818,351	272,332	50,975	4,141,658	22,090	577,870	4,741,618
Interest expense	3,338,606	225,674	38,121	3,602,401	19,060	190,603	3,812,064
Property taxes	1,810,806	122,402	20,676	1,953,884	10,338	103,380	2,067,602
Loss on disposal of assets	--	--	--	--	--	3,680	3,680
	<u>\$17,337,320</u>	<u>\$ 5,753,358</u>	<u>\$ 1,540,337</u>	<u>\$24,631,015</u>	<u>\$ 989,713</u>	<u>\$ 4,895,464</u>	<u>\$ 30,516,192</u>

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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#### NOTE 12 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation's primary sources of support are resident services, including amortization of entry fees, and other operating revenues. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Corporation's financial assets as of December 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include donor restricted balances, board-designated investments intended to fund special board initiatives not considered in the annual operating budget, and assets held by a third party trustee. In the event the need arises to utilize the board-designated investments for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2019	2018
Financial assets at year-end		
Cash and cash equivalents	\$ 3,053,100	\$ 2,660,611
Accounts and contract receivables, net	1,760,488	2,158,977
Other receivables	23,920	15,945
Investments	6,310,770	3,938,324
Assets held by trustee	<u>13,334,686</u>	<u>8,375,436</u>
Total financial assets available at year-end	<u>24,482,964</u>	<u>17,149,293</u>
Less contractual or donor-imposed restrictions		
Perpetual endowment	10,000	10,000
Restricted by donors with time or purpose restriction	320,800	282,511
Board designated	680,504	663,809
Assets held by trustee	<u>13,334,686</u>	<u>8,375,436</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 10,136,974</u>	<u>\$ 7,817,537</u>

**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, 2019 and 2018, and our report thereon dated April 28, 2020, which expressed an unmodified 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  
April 28, 2020

## WHITNEY CENTER, INCORPORATED

### SCHEDULE I – COMPARISON OF CHANGES IN NET DEFICIT WITHOUT DONOR RESTRICTIONS BEFORE NONOPERATING ITEMS

**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	2019	2018	Increase (Decrease)	
			Dollar Change	Percent Change
<b>Changes in Net Deficit Before Nonoperating Items</b>				
<b>Revenues and Gains</b>				
Resident services	\$ 28,127,868	\$ 27,411,045	\$ 716,823	3%
Other operating revenues	1,205,207	884,312	320,895	36%
Contributions and other	57,105	17,490	39,615	227%
Net assets released from restriction	<u>21,525</u>	<u>15,000</u>	<u>6,525</u>	<u>44%</u>
<b>Total Revenues and Gains</b>	<u>29,411,705</u>	<u>28,327,847</u>	<u>1,083,858</u>	<u>4%</u>
<b>Expenses and Losses</b>				
Depreciation and amortization	4,946,948	4,741,618	205,330	4%
Interest expense	4,600,038	3,815,743	784,295	21%
Health Center services	4,158,430	3,907,301	251,129	6%
Administrative and general	4,675,677	4,950,907	(275,230)	-6%
Dining services	3,080,794	3,086,120	(5,326)	0%
Employee benefits	2,363,464	2,102,899	260,565	12%
Property taxes	2,177,003	2,067,602	109,401	5%
Plant and security	1,716,732	1,603,257	113,475	7%
Utilities	1,202,034	1,350,820	(148,786)	-11%
Housekeeping and laundry	1,020,808	1,074,999	(54,191)	-5%
Assisted living and wellness	1,311,644	784,022	527,622	67%
Resident services	624,986	664,975	(39,989)	-6%
At Home program	<u>408,567</u>	<u>365,929</u>	<u>42,638</u>	<u>12%</u>
<b>Total Expenses and Losses</b>	<u>32,287,125</u>	<u>30,516,192</u>	<u>1,770,933</u>	<u>6%</u>
<b>Deficiency of Revenues and Gains over Expenses and Losses from Operations</b>	<u>\$ (2,875,420)</u>	<u>\$ (2,188,345)</u>	<u>\$ (687,075)</u>	<u>-31%</u>

*See independent auditors' report on supplementary information.*

**WHITNEY CENTER, INCORPORATED**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED  
DECEMBER 31, 2017 AND 2016**



# WHITNEY CENTER, INCORPORATED

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## 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.

*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
<b>Assets</b>		
<b>Current Assets</b>		
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	<u>1,107,931</u>	<u>962,212</u>
<b>Total Current Assets</b>	8,400,864	5,742,248
<b>Assets Held by Trustee</b>	8,341,295	8,233,120
<b>Investments</b>	3,724,198	2,336,837
<b>Property and Equipment</b>	82,045,851	82,852,656
<b>Other Assets</b>		
Deferred marketing costs, less accumulated amortization of \$3,658,880 in 2017 and \$3,067,316 in 2016	<u>1,833,552</u>	<u>2,348,023</u>
<b>Total Assets</b>	<u>\$ 104,345,760</u>	<u>\$ 101,512,884</u>

*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
<b>Liabilities and Net Deficit</b>		
<b>Current Liabilities</b>		
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	<u>585,000</u>	<u>545,000</u>
<b>Total Current Liabilities</b>	7,298,964	6,825,151
<b>Capital Lease Obligation - less current portion</b>	208,554	422,267
<b>Long-Term Debt - less current portion and deferred financing costs</b>	46,215,797	46,675,098
<b>Deferred Income from Entry Fees</b>	41,164,707	40,393,184
<b>Refundable Entry Fees</b>	14,234,182	13,075,126
<b>Deposits</b>	<u>114,931</u>	<u>60,962</u>
<b>Total Liabilities</b>	109,237,135	107,451,788
<b>Net Assets (Deficit)</b>		
Unrestricted	(5,220,073)	(6,228,423)
Temporarily restricted	318,698	279,519
Permanently restricted	<u>10,000</u>	<u>10,000</u>
<b>Total Net Assets (Deficit)</b>	<u>(4,891,375)</u>	<u>(5,938,904)</u>
<b>Total Liabilities and Net Deficit</b>	<u>\$ 104,345,760</u>	<u>\$ 101,512,884</u>

*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
<b>Revenues and Gains</b>		
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
<b>Total Revenues and Gains</b>	<u>27,710,038</u>	<u>24,647,769</u>
<b>Expenses and Losses</b>		
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
<b>Total Expenses and Losses</b>	<u>28,075,314</u>	<u>27,166,878</u>
<b>Deficiency of Revenues and Gains over Expenses and Losses from Operations</b>	<u>(365,276)</u>	<u>(2,519,109)</u>
<b>Nonoperating Items</b>		
Property taxes under appeal	1,079,642	(1,379,642)
Unrealized gain on investments	293,984	118,870
<b>Net Nonoperating Items</b>	<u>1,373,626</u>	<u>(1,260,772)</u>
<b>Excess (Deficiency) of Revenues and Gains over Expenses and Losses and Nonoperating Items</b>	<u>\$ 1,008,350</u>	<u>\$ (3,779,881)</u>

*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

	<u>2017</u>	<u>2016</u>
<b>Unrestricted Net Assets (Deficit)</b>		
Excess (deficiency) of revenue and gains over expenses and losses and nonoperating items	\$ 1,008,350	\$ (3,779,881)
<b>Change in Unrestricted Net Assets (Deficit)</b>	<u>1,008,350</u>	<u>(3,779,881)</u>
<b>Temporarily Restricted Net Assets</b>		
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	<u>(8,868)</u>	<u>(7,092)</u>
<b>Change in Temporarily Restricted Net Assets</b>	<u>39,179</u>	<u>13,088</u>
<b>Change in Net Deficit</b>	<u>1,047,529</u>	<u>(3,766,793)</u>
<b>Net Deficit - Beginning</b>	<u>(5,938,904)</u>	<u>(2,172,111)</u>
<b>Net Deficit - Ending</b>	<u>\$ (4,891,375)</u>	<u>\$ (5,938,904)</u>

*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
<b>Cash Flows from Operating Activities</b>		
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
<b>Net Cash Provided by Operating Activities</b>	<u>6,907,939</u>	<u>3,593,158</u>
<b>Cash Flows from Investing Activities</b>		
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)
<b>Net Cash Used in Investing Activities</b>	<u>(4,459,716)</u>	<u>(740,431)</u>

*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

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Financing Activities</b>		
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	<u>(545,000)</u>	<u>(505,000)</u>
<b>Net Cash Used in Financing Activities</b>	<u>(490,487)</u>	<u>(1,345,539)</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,957,736	1,507,188
<b>Cash and Cash Equivalents - Beginning</b>	<u>3,035,902</u>	<u>1,528,714</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 4,993,638</u>	<u>\$ 3,035,902</u>
<b>Supplemental Disclosures of Cash Flow Information</b>		
Interest paid	<u>\$ 3,869,384</u>	<u>\$ 3,953,256</u>

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

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

---

#### 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

---

#### 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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.



# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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:

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

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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

#### 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	<u>767,528</u>	<u>1,004,958</u>	<u>631,657</u>	<u>865,438</u>
	<u>\$ 870,501</u>	<u>\$ 1,107,931</u>	<u>\$ 728,431</u>	<u>\$ 962,212</u>
	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	<u>1,596,081</u>	<u>2,132,027</u>	<u>1,515,891</u>	<u>1,757,159</u>
	<u>\$ 3,171,695</u>	<u>\$ 3,724,198</u>	<u>\$ 2,085,459</u>	<u>\$ 2,336,837</u>

#### ***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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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	<u>2,132,027</u>	<u>--</u>	<u>2,132,027</u>
	<u>\$ 4,738,792</u>	<u>\$ 93,337</u>	<u>\$ 4,832,129</u>

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

#### 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

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### NOTE 6 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
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	<u>93,304</u>	<u>86,312</u>
	<u>\$ 318,698</u>	<u>\$ 279,519</u>

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:

	<u>2017</u>	<u>2016</u>
Endowment contribution from which the income is expendable to provide financial support to residents	<u>\$ 10,000</u>	<u>\$ 10,000</u>

#### *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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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:

	<u>2017</u>	<u>2016</u>
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	<u>3,700,000</u>	<u>3,700,000</u>
	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	<u>269,427</u>	<u>282,638</u>
Long-Term portion	<u>\$ 46,215,797</u>	<u>\$ 46,675,098</u>

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.



# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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.

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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 be 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 <u>December 31,</u>	
2018	\$ 585,000
2019	630,000
2020	680,000
2021	730,000
2021	785,000
Thereafter	<u>45,465,000</u>
	<u>\$ 48,875,000</u>

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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 <u>December 31,</u>	
2018	\$ 230,155
2019	130,855
2020	76,935
2021	<u>11,153</u>
	449,098
Less, amount representing interest	<u>26,831</u>
	<u>\$ 422,267</u>

# WHITNEY CENTER, INCORPORATED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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#### 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:

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

#### 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.

**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

## 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	Percent Change
<b>Changes in Unrestricted Net Deficit Before Nonoperating Items</b>				
<b>Revenues and Gains</b>				
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%
<b>Total Revenues and Gains</b>	<u>27,710,038</u>	<u>24,647,769</u>	<u>3,062,269</u>	<u>12%</u>
<b>Expenses and Losses</b>				
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%
<b>Total Expenses and Losses</b>	<u>27,939,202</u>	<u>27,233,761</u>	<u>705,441</u>	<u>3%</u>
<b>Deficiency of Revenues and Gains over Expenses and Losses from Operations</b>	<u>\$ (229,164)</u>	<u>\$ (2,585,992)</u>	<u>\$ 2,356,828</u>	<u>91%</u>

*See independent auditors' report on supplementary information.*

**EXHIBIT C**

**PRO FORMA FINANCIAL STATEMENTS**

**Whitney Center, Inc.**  
**Five Year Forecasted Statements for**  
**the period beginning January 1, 2020**

**Whitney Center Operations:**

Whitney Center's main business is the operation of the Whitney Center Life Plan community at 200 Leeder Hill Drive, Hamden, CT 06517. Most residents pay a combination of an initial entry fee and ongoing monthly fees in exchange for housing, services and future discounts on nursing and assisted living care. Whitney Center also provides ancillary services to residents and serves non-residents through its continuing care at home program, Thrive at Home<sup>SM</sup> with Whitney Center.

**Apartment Sales and Occupancy:**

High apartment occupancy is a key performance indicator at a life plan community. Whitney Center has high occupancy in its apartments and future sales and occupancy are forecast consistent with current experience. The community has a number of apartment units used as offices and for other purposes that it plans to return to active inventory over the next 1-2 years.

**Entry Fee Accounting and Cash Flow:**

Accounting rules require that life plan entry fees, although received as a lump sum of cash, should be recognized as revenue over the resident's total term of occupancy. This can result in a net loss on our financial statements if allowed entry fee revenue is less than actual entry fee receipts. Whitney Center plans and budgets are intended to produce annual cash flow that supports our mission, vision and values, and have done so for over 40 years.

**Operating Revenue and Expense:**

The forecast assumes that most revenue and expenses will increase 3% per year. Actual monthly fee increases are determined annually as part of the annual budget process and may be more or less than 3%. The monthly fee increase effective January 1, 2020 was 3.0%.

**Refinancing:**

Whitney Center refinanced its outstanding 2009 bonds in fiscal year 2019 to reduce annual interest expense and provide cash for capital and development projects and to increase cash and investment reserves. The 2009 bonds had a high interest rate of 7.7% which has been reduced to 3.85% in the 2019 bonds.

**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 operated reserve accounts as required by our loan agreement and receives monthly payments used to make semi-annual debt service payments.

**Uncertainty of Forecast Results:**

This forecast is based on historical and current performance and assumptions about future results including refinancing. Actual results may vary significantly from the forecast here. Whitney Center creates new budgets on an annual basis in a process that includes input from residents. A summary of each year's annual budget is presented to residents.



Whitney Center, Inc.			Year 1	Year 2	Year 3	Year 4	Year 5
5-Year Financial Forecast			<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>Statements of Financial Position</u></b>							
<b>Assets</b>							
Current assets:							
Cash and cash equivalents			\$ 4,475,162	\$ 5,660,977	\$ 5,993,449	\$ 6,254,044	\$ 6,838,163
Accounts receivable, net			1,400,000	1,410,000	1,420,000	1,430,000	1,440,000
Other receivables			726,729	733,997	741,337	748,750	756,237
Prepaid expenses and other			543,925	549,365	554,858	560,407	566,011
Current assets held by trustee			\$9,622,072	\$7,172,332	\$4,596,101	\$4,596,101	\$4,596,101
Assets whose use is limited			799,263	799,263	799,263	799,263	799,263
Total current assets			17,567,151	16,325,933	14,105,008	14,388,565	14,995,775
Assets held by Trustee							
Investment Accounts			5,621,737	6,236,672	7,868,905	10,036,283	12,247,009
Property, plant and equipment, net			80,119,680	78,360,173	76,300,666	73,369,730	70,367,366
Deferred marketing costs, net			120,008	-	-	-	-
Other assets			-	-	-	-	-
Total assets			103,428,576	100,922,778	98,274,579	97,794,578	97,610,150
<b><u>Liabilities and unrestricted net assets</u></b>							
Current liabilities:							
Accounts payable			\$ 1,100,000	\$ 1,110,000	\$ 1,120,000	\$ 1,130,000	\$ 1,140,000
Accrued expenses			2,961,667	2,991,284	3,021,197	3,051,409	3,081,923
Contract deposits			196,953	196,953	196,953	196,953	196,953
Current portion of long-term debt/leases			1,196,261	1,972,945	1,075,000	1,125,000	1,175,000
Total current liabilities			5,454,881	6,271,182	5,413,150	5,503,362	5,593,876
Capital lease obligation, non-current							
Long-term debt, less current portion			59,702,607	57,829,662	56,854,662	55,829,662	54,754,662
Deferred income from entry fees			36,063,242	35,017,201	34,550,569	35,191,608	35,917,221
Refundable entry fees			13,202,021	12,491,631	11,948,246	11,658,281	11,446,911
Deposits on apartments			145,292	145,292	145,292	145,292	145,292
Other Liabilities			185,793	367,271	530,400	684,089	859,452
Total liabilities			114,753,835	112,122,239	109,442,319	109,012,293	108,717,413
Unrestricted net assets			(11,656,060)	(11,530,262)	(11,498,540)	(11,548,515)	(11,438,063)
Restricted assets			330,800	330,800	330,800	330,800	330,800
Total liabilities and unrestricted net assets			103,428,576	100,922,778	98,274,579	97,794,578	97,610,150
Read these projected financial statements along with the notes. Future results may vary and are not guaranteed.							

Whitney Center, Inc.		Year 1	Year 2	Year 3	Year 4	Year 5
5-Year Financial Forecast		<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b><u>Statements of Activities</u></b>						
Operating Revenue:						
Entry fees recognized as revenue		\$ 7,719,252	\$ 7,546,703	\$ 7,393,501	\$ 7,426,766	\$ 7,573,256
Apartment revenue		13,238,087	13,695,020	14,159,681	14,632,902	15,115,476
Health Center revenue		5,917,780	6,464,966	6,633,246	6,806,227	6,984,047
Assisted Living revenue		2,251,924	2,388,956	2,537,047	2,697,222	2,970,609
Thrive at Home revenue		306,774	422,923	555,780	696,227	844,600
Other operating income		930,780	964,261	993,189	1,022,984	1,053,674
Contributions		0	0	0	0	0
Assets released from restriction		-	-	-	-	-
Operating Revenue		30,364,597	31,482,829	32,272,444	33,282,327	34,541,662
Expenses and losses:						
Salaries & wages		11,166,656	11,613,322	11,961,722	12,439,040	12,934,233
Depreciation and amortization		5,089,805	4,879,515	4,859,507	4,930,936	5,002,364
Interest		2,869,627	2,870,191	2,859,057	2,807,000	2,757,000
Employee benefits		2,458,234	2,556,564	2,633,261	2,738,338	2,847,350
Property taxes		2,285,853	2,400,146	2,520,153	2,646,161	2,778,469
Other operating expenses		1,149,360	1,503,335	1,659,468	1,817,847	1,978,561
Contract services		884,000	919,360	956,134	994,380	1,034,155
Utilities		1,223,600	1,248,072	1,273,033	1,298,494	1,324,464
Food		1,255,388	1,305,933	1,345,111	1,385,464	1,427,028
Ancillary health services		869,200	921,352	976,633	1,035,231	1,097,345
Supplies		644,800	670,592	697,416	725,312	754,325
Repairs & maintenance		419,604	436,388	453,843	471,997	490,877
Insurance		191,705	197,456	203,379	209,481	215,765
Total expenses and losses		30,507,832	31,522,225	32,398,718	33,499,681	34,641,935
Net income (loss)		(143,235)	(39,396)	(126,274)	(217,354)	(100,273)
Unrealized gain/(loss) on investment		55,115	58,717	69,867	88,689	110,363
Investment income and gain, net		142,501	106,477	88,129	78,689	100,363
Change in unrestricted net assets		54,381	125,798	31,722	(49,975)	110,453
Read these projected financial statements along with the notes. Future results may vary and are not guaranteed.						

Whitney Center, Inc.			Year 1	Year 2	Year 3	Year 4	Year 5
5-Year Financial Forecast			<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>Statements of Cash Flows</b>							
<u>Operating activities</u>							
Change in unrestricted net assets		\$	54,381	\$ 125,798	\$ 31,722	\$ (49,975)	\$ 110,453
Adjustments to reconcile net income (loss) to net cash provided by operating activities:							
Depreciation and amortization			5,089,805	4,879,515	4,859,507	4,930,936	5,002,364
Amortization of entry fees			(7,719,252)	(7,546,703)	(7,393,501)	(7,426,766)	(7,573,256)
Entry fee receipts (non-refundable)			5,404,443	7,312,493	7,791,927	9,075,348	9,335,268
Gain on investments			(55,115)	(58,717)	(69,867)	(88,689)	(110,363)
Contracts and accounts receivable			(342,321)	(17,267)	(17,340)	(17,413)	(17,487)
Accounts Payable			(49,897)	10,000	10,000	10,000	10,000
Accrued expenses			-	29,617	29,913	30,212	30,514
Other changes in operating activities			(5,385)	(5,439)	(5,494)	(5,549)	(5,604)
Net cash provided by operating activities			2,376,659	4,729,297	5,236,868	6,458,103	6,781,889
<u>Investing activities</u>							
Capital expenditures			(4,000,000)	(3,000,000)	(2,800,000)	(2,000,000)	(2,000,000)
Change in assets held by Trustee			-	-	-	-	-
Change in assets whose use is limited			-	-	-	-	-
Change in investments			-	(500,000)	(1,500,000)	(2,000,000)	(2,000,000)
Net cash provided by investing activities			(4,000,000)	(3,500,000)	(4,300,000)	(4,000,000)	(4,000,000)
<u>Financing activities</u>							
Refundable entry fees received			981,197	1,129,183	1,197,201	1,374,906	1,413,097
Capital leases			-	100,000	100,000	100,000	100,000
Entry fee refunds			(3,800,000)	(2,651,404)	(2,605,645)	(2,672,414)	(2,660,867)
Proceeds of Construction Fund			3,800,000	2,500,000	2,601,993	-	-
Payroll Protection Program Loan			2,250,000				
Deferred financing costs incurred							
Payments on long-term debt			(185,794)	(1,121,261)	(1,897,945)	(1,000,000)	(1,050,000)
Net cash used by financing activities			3,045,403	(43,482)	(604,396)	(2,197,508)	(2,197,770)
Change in cash and cash equivalents			1,422,062	1,185,815	332,472	260,595	584,119
Cash & Cash Equivalents at beginning of year			3,053,100	4,475,162	5,660,977	5,993,449	6,254,044
Cash & Cash Equivalents at end of year			4,475,162	5,660,977	5,993,449	6,254,044	6,838,163
Read these projected financial statements along with the notes. Future results may vary and are not guaranteed.							

**EXHIBIT D**

**MEMBERSHIP FEES & PERIODIC CHARGES**



## Traditional Memberships 2020 Fee Schedule

Diamond - 100% coverage				
Age	Single Membership	Single Monthly Fee	Couple (per person) Membership	Couple (per person) Monthly Fee
≤50	\$47,651	\$584	\$27,971	\$482
51- 55	\$48,928	\$584	\$31,266	\$482
56 - 60	\$50,858	\$584	\$37,228	\$482
61 - 65	\$53,687	\$584	\$44,495	\$482
66 - 70	\$57,200	\$584	\$52,258	\$482
71 - 75	\$60,736	\$584	\$59,788	\$482
76 - 80	\$63,701	\$584	\$63,676	\$482
81 - 85	\$65,975	\$584	\$65,975	\$482
≥86	\$66,402	\$584	\$66,402	\$482

Emerald - 70% coverage				
Age	Single Membership	Single Monthly Fee	Couple (per person) Membership	Couple (per person) Monthly Fee
≤50	\$33,763	\$530	\$19,043	\$437
51- 55	\$34,762	\$530	\$21,720	\$437
56 - 60	\$36,351	\$530	\$26,377	\$437
61 - 65	\$38,573	\$530	\$31,992	\$437
66 - 70	\$41,374	\$530	\$37,883	\$437
71 - 75	\$44,056	\$530	\$43,458	\$437
76 - 80	\$46,397	\$530	\$46,397	\$437
81 - 85	\$48,140	\$530	\$48,141	\$437
≥86	\$48,463	\$530	\$48,463	\$437

Ruby - 50% coverage				
Age	Single Membership	Single Monthly Fee	Couple (per person) Membership	Couple (per person) Monthly Fee
≤50	\$26,112	\$476	\$15,694	\$394
51- 55	\$26,937	\$476	\$17,676	\$394
56 - 60	\$28,243	\$476	\$21,070	\$394
61 - 65	\$29,952	\$476	\$25,190	\$394
66 - 70	\$32,068	\$476	\$29,503	\$394
71 - 75	\$34,168	\$476	\$33,642	\$394
76 - 80	\$35,883	\$476	\$35,861	\$394
81 - 85	\$37,230	\$476	\$37,230	\$394
≥86	\$37,485	\$476	\$37,485	\$394

Sapphire - Care Coordination/Fee for Service				
Age	Single Membership	Single Monthly Fee	Couple (per person) Membership	Couple (per person) Monthly Fee
≤50	\$21,497	\$323	\$13,866	\$307
51- 55	\$21,715	\$323	\$14,093	\$307
56 - 60	\$21,825	\$323	\$14,378	\$307
61 - 65	\$22,001	\$323	\$14,789	\$307
66 - 70	\$22,174	\$323	\$15,145	\$307
71 - 75	\$22,409	\$323	\$15,530	\$307
76 - 80	\$22,621	\$323	\$15,632	\$307
81 - 85	\$22,740	\$323	\$15,508	\$307
≥86	\$22,759	\$323	\$15,476	\$307

\* Fees effective 1/1/20 - 12/31/20. Fees for those under the age of 50 are available upon request.

\* The one-time Traditional Membership fee is a declining refund (2% per month).



## Refundable Memberships 2020 Fee Schedule

Diamond - 100% coverage				
Age	Single Membership	Single Monthly Fee	Couple (per person) Membership	Couple (per person) Monthly Fee
≤50	\$108,108	\$584	\$54,054	\$482
51 - 55	\$113,921	\$584	\$56,961	\$482
56 - 60	\$124,879	\$584	\$70,931	\$482
61 - 65	\$140,410	\$584	\$96,968	\$482
66 - 70	\$159,902	\$584	\$136,269	\$482
71 - 75	\$180,010	\$584	\$175,618	\$482
76 - 80	\$198,542	\$584	\$198,463	\$482
81 - 85	\$213,508	\$584	\$213,508	\$482
≥86	\$216,342	\$584	\$216,342	\$482

Emerald - 70% coverage				
Age	Single Membership	Single Monthly Fee	Couple (per person) Membership	Couple (per person) Monthly Fee
≤50	\$74,428	\$530	\$37,214	\$437
51 - 55	\$78,893	\$530	\$39,447	\$437
56 - 60	\$86,398	\$530	\$49,558	\$437
61 - 65	\$97,442	\$530	\$68,132	\$437
66 - 70	\$110,678	\$530	\$96,025	\$437
71 - 75	\$125,076	\$530	\$122,650	\$437
76 - 80	\$138,041	\$530	\$138,042	\$437
81 - 85	\$148,919	\$530	\$148,920	\$437
≥86	\$151,011	\$530	\$151,011	\$437

Ruby - 50% coverage				
Age	Single Membership	Single Monthly Fee	Couple (per person) Membership	Couple (per person) Monthly Fee
≤50	\$56,299	\$476	\$28,150	\$394
51 - 55	\$59,531	\$476	\$30,623	\$394
56 - 60	\$64,955	\$476	\$38,947	\$394
61 - 65	\$72,735	\$476	\$52,660	\$394
66 - 70	\$82,538	\$476	\$72,469	\$394
71 - 75	\$92,650	\$476	\$90,760	\$394
76 - 80	\$102,451	\$476	\$102,389	\$394
81 - 85	\$110,415	\$476	\$110,415	\$394
≥86	\$111,920	\$476	\$111,920	\$394

Sapphire - Care Coordination/Fee for Service				
Age	Single Membership	Single Monthly Fee	Couple (per person) Membership	Couple (per person) Monthly Fee
≤50	\$49,064	\$323	\$24,532	\$307
51 - 55	\$50,484	\$323	\$25,242	\$307
56 - 60	\$52,765	\$323	\$27,649	\$307
61 - 65	\$55,931	\$323	\$32,329	\$307
66 - 70	\$59,703	\$323	\$39,285	\$307
71 - 75	\$64,260	\$323	\$49,802	\$307
76 - 80	\$68,447	\$323	\$64,615	\$307
81 - 85	\$72,114	\$323	\$71,826	\$307
≥86	\$72,828	\$323	\$72,828	\$307

\* Fees effective 1/1/20 - 12/31/20. Fees for those under the age of 50 are available upon request.

\* The one-time Refundable Membership fee is 100% refundable.

**EXHIBIT E**

**MEMBERSHIP PLAN DESCRIPTIONS**



## MEMBERSHIP PLANS

Thrive at Home is pleased to offer four membership plans with an array of coverage options to meet your individual care and service needs. Coverage of services and benefits per plan are outlined below.

SERVICES AND BENEFITS*	DIAMOND	EMERALD	RUBY	SAPPHIRE
Service Coordination 24/7	✓	✓	✓	✓
Personalized Service Plan	✓	✓	✓	✓
Lifestyle and Wellness Programs	✓	✓	✓	✓
Referral Services	✓	✓	✓	✓
Health and Well-being Assessment	✓	✓	✓	✓
Annual Physical Exam	✓	✓	✓	--
Tele-Health and Social Engagement Technology	✓	✓	✓	--
Personal Emergency Response System	✓	✓	✓	--
Transportation Services	✓	70%	50%	--
Biennial Home Evaluation	✓	70%	50%	--
Companion/Homemaker Services	✓	70%	50%	--
Meal/Grocery Delivery	✓	70%	50%	--
Personal Care Services	✓	70%	50%	--
RN/LPN Nurse Services	✓	70%	50%	--
Home Health Care	✓	70%	50%	--
Adult Day Care	✓	70%	50%	--
Live-in Assistance	✓	70%	50%	--
Assisted Living Facility Care	✓	70%	50%	--
Nursing Home Facility Care	✓	70%	50%	--
<i>Access on Whitney Center's Campus (Hamden) to select:</i>				
Amenities	included	included	included	included
Events and Programs	included	included	included	included
Excursions	included	included	included	included

A companion membership, "Topaz," is available under each of the four plans; Topaz Membership fees and coverage options are available upon request.

\* Refer to Section III in the Continuing Care (Membership) Agreement for further descriptions of each service offering.