



July 28, 2022

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., encloses our Disclosure Statement as of July 28, 2022 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 Whitney Center's 2021 Disclosure Statement include the following:

- The Board of Directors' changes in membership and Management changes have been reflected in I. The People
- Exhibit C Ancillary & Fees have been revised to include 2022 pricing
- Exhibit E been revised to reflect audited financial statements and pro forma financial statements

These are the only material changes to the Disclosure Statement from the 2021 filing to our 2022 filing. Should you have any questions, please do not hesitate to contact me at devaneyj@whitneycenter.com or 203-848-2608.

Sincerely,

Jeff Devaney
Vice President of Finance

**DISCLOSURE DOCUMENTS
2022**



WHITNEY CENTER

**200 LEEDER HILL DRIVE
HAMDEN, CT 06517-2749
(203) 281-6745
WWW.WHITNEYCENTER.COM**

ACKNOWLEDGEMENT OF RECEIPT

**WHITNEY CENTER, INC.
CAMPUS DISCLOSURE STATEMENT**

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

You are advised that:

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

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

Client Signature

Date

For Whitney Center, Incorporated

Date

(TO BE DETACHED AND RETAINED BY WHITNEY CENTER)

DISCLOSURE STATEMENT

2022



Whitney Center, Incorporated, Inc.

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

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

TABLE OF CONTENTS

INTRODUCTION.....	4
MISSION	4
VISION	4
VALUES	4
A CULTURE OF GIVING.....	5
DEFINITIONS	5
I. THE PEOPLE	7
WHITNEY CENTER, INCORPORATED	7
MANAGEMENT	13
II. WHITNEY CENTER.....	14
ACCREDITATION	14
FUTURE DEVELOPMENT	14
CONTRACT OPTIONS.....	15
SERVICES & AMENITIES.....	15
COMMUNITY ADMISSIONS	19
THE RESERVATION PROCESS	19
THE RESIDENCY AGREEMENT	20
ENTRY FEE AND MONTHLY SERVICE FEE	20
ENTRY FEE REFUND	21
APARTMENT RELOCATIONS	22
FORECAST AND AUDITED FINANCIAL STATEMENTS	23
FUTURE HEALTH CARE SERVICE OBLIGATION	23
III. REGULATORY MATTERS.....	24
REGISTRATION	24
OPERATING RESERVE ESCROW	24
INVESTMENT DIRECTION	25
TAX DEDUCTIONS	25
JUDICIAL PROCEEDINGS	25
IV. EXHIBITS	26
EXHIBIT A: ORGANIZATIONAL CHART	26
EXHIBIT B: LIFE CARE RESIDENCY AGREEMENT	26
EXHIBIT C: ANCILLARY PRICE SCHEDULE & FEES	26
EXHIBIT D: RESIDENT BILL OF RIGHTS	26
EXHIBIT E: FORECAST AND AUDITED FINANCIAL STATEMENTS	26

INTRODUCTION

Whitney Center, Incorporated, (“Whitney Center”) is a senior living community located in Hamden, Connecticut that includes independent living apartments, memory support apartments, and a 59-bed skilled nursing unit. Whitney Center, Incorporated is owned and self-managed by Whitney Center, a Connecticut not-for-profit corporation, which is committed to serving the best interests of Whitney Center, Incorporated and its residents. Whitney Center, also serves non-residents through its continuing care at home program, Thrive at HomeSM with Whitney Center.

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

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

MISSION

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

VISION

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

VALUES

Whitney Center, Incorporated is committed to these core values:

Community

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

Respect

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

Excellence

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

Stewardship

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

Teamwork

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

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 one of Whitney Center's, philanthropic funds, you are joining us in helping to make positive changes in aging services.

DEFINITIONS

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

Assisted Living – Refers to residents who require assistance with activities of daily living and/or medication management.

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

Closing/Settlement – The time when a depositor is entitled to all rights conveyed by the Residency Agreement. This usually occurs when both parties sign the Residency Agreement and Whitney Center, receives the entry fee.

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

- An Interdisciplinary Care Team (the resident, resident's family or representative, resident's primary care physician and Whitney Center, Incorporated's clinical, community health service and management staff) makes recommendations based on the resident's functional abilities in ADLs; safety, and other factors along with available support from a spouse or other sources.
- The Care Team's findings are discussed with the resident and, if appropriate, the resident's family and/or representative. Every reasonable effort is made to arrive at a consensus agreement that is in the resident's best interest.
- If determined appropriate by Whitney Center, the resident is aided in relocating to an available memory support apartment or Health Center room.

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

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

Personal Options Private Duty – Whitney Center's, program of personal care and companion services available in addition to those offered under the Residency Agreement. Typically, such services address lifestyle needs by offering both assistance with activities of daily living and companion services.

Residential Living – Also known as independent living.

I. THE PEOPLE

WHITNEY CENTER, INCORPORATED

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

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

The Board of Directors of Whitney Center, has the overall responsibility for strategic planning and the approval of annual budgets. People and entities referred to herein have assumed no financial responsibility for the fulfillment of agreements of Whitney Center,. The Board of Directors of Whitney Center, comprises up to 12 members whose expertise lay in such areas as banking, law, hospital administration, and medicine. The Directors receive no compensation for their services on the board. Neither the directors, nor any persons involved in the management of Whitney Center, Incorporated, have any proprietary interest in the organization.

The officers and directors of Whitney Center, as of 4/30/22 are listed below:

Perry Aycock

Director

224 Vance Street, Chapel Hill, NC 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.

Vice Chair

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)

Stacey Curran
Director

85 Seaside Avenue, Bridgeport, CT 06605 - Ms. Curran joined Whittlesey Advising in January 2021, after eight years with Beers, Hamerman & Company, P.C., and has expertise providing audit and accounting services to non-profit organizations, financial services firms, employee benefit plans, and health care organizations. Ms. Curran spent more than twelve years in the mortgage banking industry holding roles in operations management. She serves as a member of the Audit Committee of Girl Scouts of Connecticut, Inc., as a member of the Connecticut Society of CPAs By-laws Committee, and is also a member of the Finance Committee of Whitney Center, Inc., a non-profit life care community. She has a BS in Economics from Fairfield University, an MS in Accounting from the University of Connecticut, and is a member of the Phi Beta Kappa national honor society. (Year service commenced – 2020)

Janet Henrich
Director

247 Ridgewood Avenue, Hamden, CT 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, CT 06511 - Ms. Jervis has been a consultant in higher education for Antioch College, Goddard College, and Biosphere II. She has been president, Lincoln-Bradley Neighborhood Association in New Haven, Connecticut; founding board member of the Home Haven/East Rock Village Association; and a reader for the Recording for the Blind and Dyslexic. Ms. Jervis's past accomplishments include the CT Legislative Task Force on Aging in Place and chairing numerous accreditations for Northwest Association of Schools and Colleges. (Year service commenced – 2015)

Karen Kmetzo**Secretary**

200 Leeder Hill Drive, Hamden, CT 06517 - Ms. Kmetzo is a resident of Whitney Center. She received a Master's Degree in Public Health (MPH) from Yale University and held a variety of senior level positions, including Vice President for Managed Care at St. Francis Hospital in Hartford, Vice President for Administration at Bristol Hospital, Regional Director of Hospital and Health Plan Contracts for Kaiser Permanente in CT, NY, & MA, Manager of Medical Services for Blue Cross/Blue Shield of CT, Regional Director of Operations for the hospital division of New Medico, a national for-profit rehabilitation company, Assistant Director for Administration at the Greater Bridgeport Community Mental Health Center, and Regional Coordinator for a nine county emergency medical services system in the San Francisco Bay area. She also worked as an RN in various clinical positions. In 1993 Ms. Kmetzo established her own health care management consulting firm focusing on analyzing and negotiating managed care contracts, program planning and implementation, grant writing, and ensuring compliance with standards. She retired in 2009. (Year service commenced – 2017)

Dale Kroop**Director**

161 Thornton Street, Hamden, CT 06517 - Mr. Kroop has been the Executive Director of the Hamden Economic Development Corporation for over sixteen years and the Managing Member of Community Resource Management for over twenty years. In both of these roles, he has managed redevelopment and brownfield projects, manages business incentive programs, writes and administers State and Federal grants, has been responsible for Marketing, Neighborhood Revitalization, Business Cluster Programs, Workforce Development initiatives and is a good friend to the community. He has written and/or administered over \$110 million dollars in grants funded by State and Federal programs throughout the State of CT. Mr. Kroop has managed 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. 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 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)

Wesley Poling***Immediate Past Chair***

24 Crestview Drive, North Haven, CT 06473 - Mr. Poling recently retired from Yale University as Director, Yale Graduate School Capital Giving. He is past President of Kentucky Wesleyan College. Mr. Poling currently volunteers as a tutor with New Haven Reads, and is a member, Board of Deacons with the Church of Redeemer in New Haven, and a Fellow, Berkeley College, Yale University. He is a former Treasurer, Executive Committee of the National Association of Independent Colleges and Universities, and past member, Board of Directors, Owensboro Chamber of Commerce. (Year service commenced – 2014)

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

26 Rustic Terrace, Portland, CT 06480 - Since 2005, Mike has served Whitney Center, a Hamden, Connecticut not-for-profit senior living community founded in 1979 comprising independent living, assisted living, skilled nursing, and a life plan at home membership program with collective annual budgeted revenues of approximately \$32 million and a workforce of 280+ team members. He has been serving in his current role as President & CEO since 2012. Throughout his 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. Mike has a keen interest in helping advance the aging services field for the betterment of elders and those who serve them. His passion for this work is founded in his belief that every individual, regardless of age, physical, or cognitive challenges, has a God-given right to engage in life toward their personal fulfillment. He values faith, respect, community and continual learning as underpinnings of his servant leadership philosophy.

Mike is a regular speaker at regional and national conferences focusing on aging services and leadership. He is an alumnus of the Leading Age Leadership Academy, current member of the Leading Age Board of Directors and co-chair of its Governance Advisory Council, formerly serving as Leading Age's Secretary, Treasurer, co-chair of its Commission for Aging Services Technology. He is also a member of the Leading Age Connecticut Board of Directors and a CARF-CCAC aging services surveyor. Additionally, Mike has served on various non-profit boards as well as economic development boards and committees with interests in advancing aging issues, particularly workforce and housing, in the greater New Haven area.

Mike's education includes a BS from Embry-Riddle Aeronautical University and an Executive MBA from Pace University. He is a proud U.S. Navy veteran and former coach for youth football and youth wrestling in Portland, CT where he resides with his wife (Anita) and four sons (Mason, Austin, Ashton & Michael). (Year service commenced – 2012)

Carol Robbins***Director***

730 Whitney Avenue, Apt. 30, New Haven, CT 06511 - Ms. 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 – 2020)

Anthony Santore***Treasurer***

30 Marion Drive, North Haven, CT 06473 - Mr. Santore is a former principal with Beers, Hamerman & Company, P.C. Mr. Santore is the Treasurer of New Haven Country Club, Inc. He is also on the Board of Directors of the Fair Haven Cemetery Association. He is a member of both the American Institute of Certified Public Accountants and the Connecticut Society of Certified Public Accountants (CSCPA). He has served on various other boards, including Whitney Center as a Past Chair, during his career. (Year service commenced – 2020)

Robert Simione, CPA
Chair

279 Deer Creek Boulevard, Unit 1107, Deerfield Beach, FL 33442 - 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)

David Vogel
Director

1108 Johnson Road, Woodbridge, CT 06525 - Mr. Vogel is now retired after serving as Director of Development for the National Rowing Foundation. Prior to that, his career covered almost 4 decades at Yale University in fund raising, alumni relations and athletics. This included twenty-eight years as a head rowing coach. He has held many national positions in the sport of rowing including president of the national governing body, USRowing, and president of the Casitas Fund endowment. He currently serves on the board of the Yale Crew Association. (Year service commenced – 2020)

Suzy Weisinger

Director Ex-Officio & President of the Residents' Council

200 Leeder Hill Drive, Hamden, CT 06517. A former French/English translator at Prudential Insurance Company, Ms. Weisinger followed her interest in media and advertising and became a film and tv producer producing major documentary films for the Public Relations Society of America, Newsday, Chicago Tribune, the Daily News, and the American Freedom Train Foundation celebrating the bicentennial of America throughout the U.S.A. She returned to her French roots joining Richemont North America as President of Plaza Advertising, the in-house advertising agency for French luxury brands such as Cartier, Piaget, Montblanc, Van Cleef & Arpels, coordinating all media activities with the Richemont Group in Paris. She remained a consultant after her retirement. She was elected to the Academy of Women Achievers and was awarded the Graphic Arts Special Award and the award of excellence.

Ena Williams

Strategic Advisor

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'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 Services, Karyn Lushinks; Vice President of Marketing and Sales, Sean O'Connor; Vice President of Enrichment Services, Michelle M. Pandolfi; and, Vice President of Technology, Rafael Avila.

The senior management team leads Whitney Center's, 280+ employees through a system of department heads, assistant department heads, managers and supervisors. An organizational chart depicting these various departments and positions can be found in Exhibit A.

From time to time, Whitney Center, and Thrive at Home may contract with external providers to deliver services or enhance resident and member programs and amenities. For on-campus services, Whitney Center, currently partners with:

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

THE ASSOCIATION OF RESIDENTS

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

II. WHITNEY CENTER

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

Whitney Center, is a Life Plan Community (also known as a continuing care retirement community) designed to serve people 62 years of age or older. The campus comprises 228 Residential Living Apartments in two buildings, 14 assisted living 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, art gallery, and parking garage. Outdoor amenities include private gardens, walking trails, patios and a dog park.

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

ACCREDITATION

Whitney Center, Incorporated was first awarded accreditation by the Continuing Care Accreditation Commission (CCAC/CARF) in 1994. Whitney Center, Incorporated was most recently re-accredited in 2018 as well as receiving its initial accreditation as a Person-Centered Long-Term Care Facility through 2023. To become accredited, Whitney Center, Incorporated affirmed its compliance with standards of excellence in governance and administration, finance, strategy and health and wellness. Whitney Center, Incorporated's accreditation demonstrates that it is effectively carrying out its mission and meeting accreditation standards. The next accreditation assessment will be in August 2023.

FUTURE DEVELOPMENT

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

CONTRACT OPTIONS

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

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

Independent Living Entry Fees

Most residential living contracts require the payment of an entry fee in addition to an ongoing monthly fee. Direct admission to a memory support apartment or Health Center room does not have an entry fee. The amount of the entry fee depends on the size of the apartment unit and other contract options.

The Life Care Program

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

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

Other Contract Options

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

SERVICES & AMENITIES

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

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

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

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

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

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

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

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

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

The staff assists residents in arranging and moving furniture as needed during the first 30 days of occupancy at no charge. This assistance is possible after that time at the resident's expense.

Parking – Every resident with a vehicle is allocated one parking space in either the

common garage or in an open lot.

Personal Options Private Duty – Whitney Center’s, program of personal care and companion services are available in addition to those offered under the Residency Agreement. Typically, such services address lifestyle needs by offering both assistance and companion services. The Personal Options program is not included within the scope of the Residency Agreement and is therefore billed separately by Whitney Center, under a full disclosure pricing and services agreement.

Reception Desk – Reception desks operate at both the South (main) and North entrances of Whitney Center, and provide a variety of services.

Residential Living Apartment – Apartments include: individually controlled heating and air conditioning; full kitchen with major appliances (refrigerator, oven/range, microwave); and, utilities (electric, water, basic television). Most apartments are equipped with a washer and dryer; those apartments without a washer and dryer have access to common area laundry facilities.

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

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

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

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

Wellness Clinic- Whitney Center, helps residents monitor their health needs and coordinate with additional care providers.

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

Wireless Internet Service - Residents have wireless internet access in their apartments which is provided at additional cost. Guest wifi is available in a variety of the common spaces.

Assisted Living/Community Health Services

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

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

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

For residents with a Modified Life Care Residency Agreement (during the Per-Diem period) or Unbundled Life Care Residency Agreement, Whitney Center, will provide AL services in the residential apartment on a fee-for-service basis.

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

Health Center

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

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

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

When a resident is the sole occupant of an Apartment, the resident's permanent relocation to a memory support apartment or Health Center room shall result in the release of the resident's Residential Living apartment to Whitney Center, Incorporated for

reservation by a new resident. If the Apartment is not released within fifteen (15) days of permanent relocation, monthly service fees for the Apartment will continue in addition to other occupancy and service charges. In case of double occupancy, the remaining resident can continue to reside in the Apartment.

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

COMMUNITY ADMISSIONS

THE RESERVATION PROCESS

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

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

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

1. Meet with a Whitney Center, Senior Living Counselor to select a specific Residential Living Apartment;
2. Complete a Confidential Financial Statement and submit it with supporting documentation (tax returns, brokerage statements, etc.);
3. Provide a Confidential Personal Health History Form completed by the applicant's primary care physician;
4. Meet with a member of the Whitney Center, Incorporated health services staff for a confidential medical interview;
5. Submit proof of health insurance that meets Whitney Center, requirements as stipulated in Paragraph IX of the Residency Agreement; and,
6. Submit a fully refundable 10% Reservation Deposit that will be applied to the eventual Entry Fee payable upon move in.

THE RESIDENCY AGREEMENT

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

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

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

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

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

ENTRY FEE AND MONTHLY SERVICE FEE

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

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

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

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

<u>Year</u>	<u>Monthly Fee</u>	<u>Entry Fee</u>
2022	3.0%	0.00%
2021	3.0%	0.00%
2020	3.0%	0.00%
2019	3.0%	0.00%
2018	3.0%	5.00%
2017	3.0%	3.00%

ENTRY FEE REFUND

Refund rules for contracts terminated before a resident closes are set forth in Section X and after closing in Section XII of the Residency Agreement.

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

1. Traditional Entry Fee Option

An amount equal to the total Entry Fee paid less an administrative fee of ten percent (10%) of the Entry Fee and a two percent (2%) reduction of the original Entry Fee for each month after closing for forty-five (45) months. Net of charges owed to Whitney Center, Incorporated.

2. 60% Refundable Entry Fee Option

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

3. 90% Refundable Entry Fee Option

An amount equal to the Primary Entry less an administrative fee of ten percent

(10%) of the Entry Fee. Refund of the Second Person Entry Fee, if applicable, shall be calculated according to the Traditional Entry Fee Option.

APARTMENT RELOCATIONS

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

MARRIAGE AND RIGHTS OF SURVIVING SPOUSE/PARTNER

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

MARRIAGE AND SECOND PERSON AFTER OCCUPANCY

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

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

FINANCIAL STATEMENTS

Whitney Center, Incorporated has been a successful senior living community since it

opened in 1979. Whitney Center, Incorporated strives to be completely transparent about our financial condition. We have voting resident members on both the board of directors and the board's finance committee. We seek resident input during our annual planning process and give residents an annual update on our budget and financial performance. Whitney Center, Incorporated makes operational and financial decisions to support current operations and achieve its long-term goals. Our sales team is ready to answer the questions of prospective residents or direct them to our Business services office.

FORECAST AND AUDITED FINANCIAL STATEMENTS

Whitney Center, Incorporated engages an outside accounting firm to prepared audited financial statements every year. Audited financial statements of Whitney Center, Incorporated for the years ended December 31, 2021 and 2020 and for the years ended December 31, 2019 and 2018 are attached as part of Exhibit E. A 5-year financial forecast prepared by management is also included in Exhibit E.

FUTURE HEALTH CARE SERVICE OBLIGATION

Whitney Center, and other senior living communities that provide discounted health care are responsible for estimating the total present value of prepaid health care for present residents of Whitney Center,. The calculation is based upon relevant actuarial assumptions and procedures. This calculated figure, if positive, is not a current obligation but an estimate of future liability that will be incurred over time as residents incur health care costs. There was no reportable future service obligation in Whitney Center, Incorporated's 2021 annual audit.

III. REGULATORY MATTERS

REGISTRATION

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

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

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

Office of CON & Rate Setting
State of Connecticut
Department of Social Services
55 Farmington Avenue
Hartford CT 06105

OPERATING RESERVE ESCROW

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

- (1) all principal and interest, rental or lease payments due during the next 12 months for its first mortgage loan or other long-term financing; and
- (2) the total cost of operation of the community for a one-month period, excluding debt service and capital expenditures.

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

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

US Bank
225 Asylum Street
Hartford, Connecticut 06103

INVESTMENT DIRECTION

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

TAX DEDUCTIONS

Residents of Whitney Center, may be allowed certain tax deductions related to actual or prepaid medical expense. Historically, about 35% of life care entry fees have been deductible as a pre-paid medical expense in the year in which it is paid. Annually, a portion of monthly service fees may also be a deduction. In January of each year, Whitney Center, will provide residents with information about tax deductions. All Whitney Center, deductions are subject to limitations imposed by the Internal Revenue Code. It is advisable that the resident seek tax counsel before taking any of these deductions.

JUDICIAL PROCEEDINGS

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

IV. EXHIBITS

EXHIBIT A: ORGANIZATIONAL CHART

EXHIBIT B: LIFE CARE RESIDENCY AGREEMENT

EXHIBIT C: ANCILLARY PRICE SCHEDULE & FEES

EXHIBIT D: RESIDENT BILL OF RIGHTS

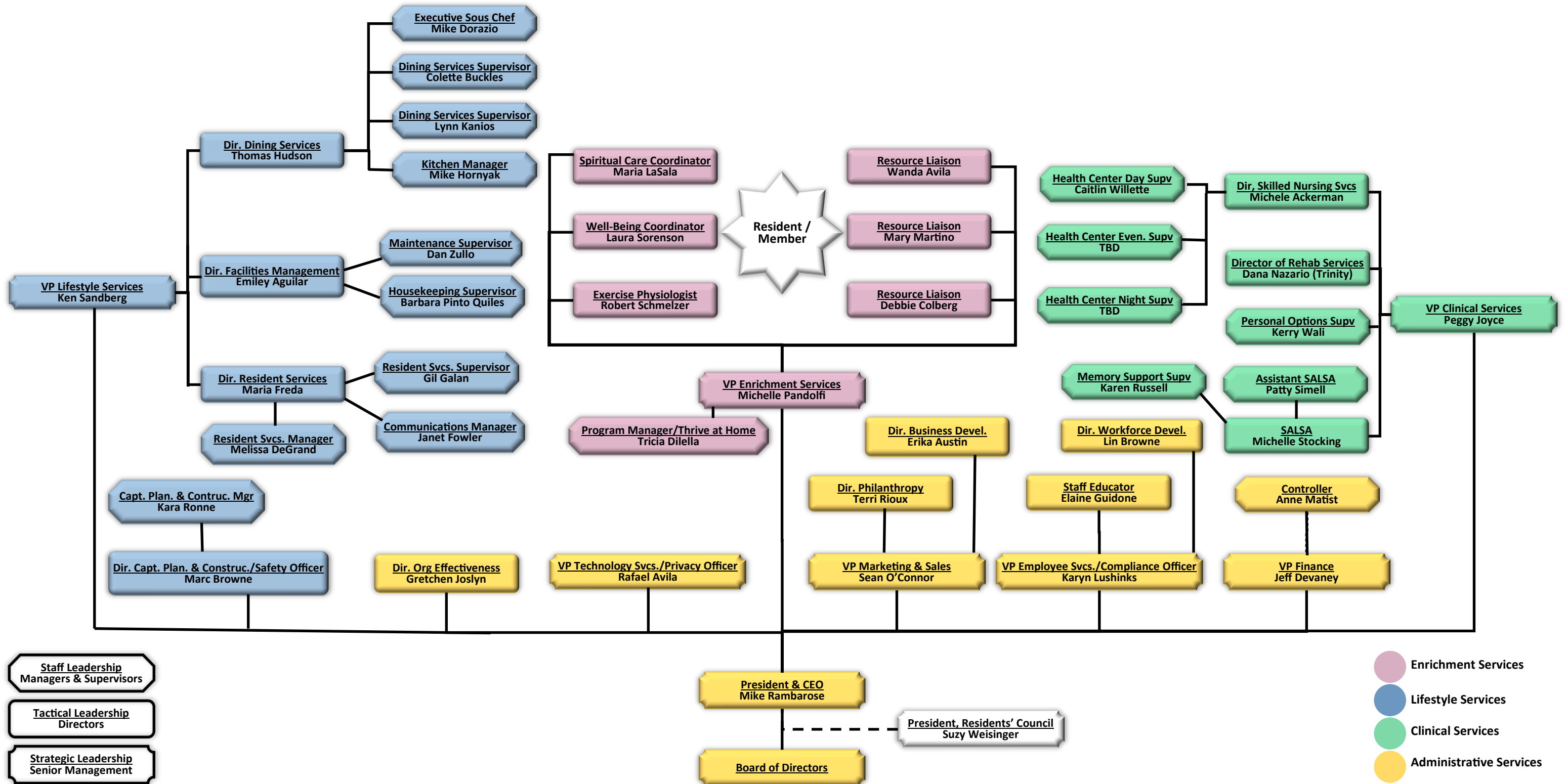
EXHIBIT E: FORECAST AND AUDITED FINANCIAL STATEMENTS

EXHIBIT A: ORGANIZATIONAL CHART



WHITNEY CENTER

Organizational Chart as of April 2022



Staff Leadership
Managers & Supervisors

Tactical Leadership
Directors

Strategic Leadership
Senior Management

● Enrichment Services

● Lifestyle Services

● Clinical Services

● Administrative Services

EXHIBIT B: LIFE CARE RESIDENCY AGREEMENT

**WHITNEY CENTER
RESIDENCY AGREEMENT
LIFE CARE**

RECITALS:

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

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

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

II. DESCRIPTION OF SERVICES TO BE PROVIDED

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

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

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

Building and grounds maintenance;

Weekly housekeeping and flat laundry service;

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

Scheduled local transportation;

A variety of programs and activities;

On-site parking;

On-site security services;

24-hour emergency response system;

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

Access to Wellness Center services;

Meal delivery, when prescribed by Center’s community nursing team;

Assisted Living Services, hands on assistance with activities of daily living provided after an assessment and development of a plan of care to meet needs, in accordance with Section V;

Memory Support Services in a designated Memory Support Apartment, per the Assessment of Care Need and;

Nursing / personal care services in semi-private accommodations in the Center's licensed Health Center ("Health Center") for temporary stays up to thirty (30) days per Spell of Illness, unless a permanent stay has been deemed necessary by Center. If permanent placement has been determined or more than 30 (30) days per Spell of Illness the resident, or his or her responsible party has 15 days to vacate the memory support apartment or independent living apartment. Vacating an apartment is defined as completion of the release form, removal of all personal possessions from the Apartment, and turning in of the keys. If an apartment is not vacated in 15 days, you will be responsible for the payment of all Health Center health care occupancy fees and services in addition to your Apartment Monthly Service Fee.

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

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

Additional dining;

Meal delivery for convenience;

Guest dining;

Phone services;

Long distance phone plan;

Internet services;

Guest accommodations;

Catering services;

Spa services;

Computer, mobile phone, tablet, technology, facsimile and copier services;

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

Additional personal transportation services;

Organized travel and tickets to various attractions and events;

Additional Assisted Living Services in the Residential Apartment, in accordance with Section V.;

Memory Support Day Program;

Personal Options Private Duty;

Upgrade charge for private accommodations in the Health Center;
Nursing / personal care services in the Nursing Center for temporary stays exceeding thirty (30) days per Spell of Illness;
Physical, speech, and occupational therapies; and,
Other optional services as approved by Center.

III. COST TO YOU

A. Entry Fee

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

2. Payment Schedule:

- a. Wait list deposit in the amount of \$ _____.
- b. Ten percent (10%) of the Primary Entry Fee less any monies already paid is due upon signing this Agreement in the amount of \$ _____, which may be held by an escrow agent under the terms of an escrow agreement and subject to the laws of the State of Connecticut;
- c. The balance of \$ _____ of the Total Entry Fee, less deposits or other payments, shall be paid on or before final closing, not to exceed ninety (90) days from the date that this Agreement is signed by both parties. Any extension of this deadline must be mutually agreed upon by you and Center in writing in accordance with Center's policy.

B. Monthly Service Fee and Charges for Additional Service

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

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

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

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

C. Costs Related to Assisted Living and Health Center Services

1. Medical and personal care supplies;

2. Additional meals not covered by your meal plan;
3. If applicable, an upgrade charge for private Health Center accommodations; and,
4. If you receive Health Center Services on a temporary status for more than thirty (30) days per Spell of Illness, or if permanent placement has been deemed necessary and you have not vacated and released your Memory Support or Independent Living Apartment within 15 days, while maintaining single occupancy, you will be charged for Health Center health care occupancy fees and services in addition to your Apartment Monthly Service fee.

D. Collection

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

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

IV. TERMS OF RESIDENCY

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

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

C. Changes to Apartment and Refurbishment.

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

2. You agree that you or your estate, upon vacancy of the Apartment, will be responsible for the cost of any materials and labor required to repair major damage to the

Apartment caused by you or your guests and not as a result of normal use and wear. Such refurbishment shall include replacing or repairing damaged appliances, fixtures, walls, ceilings, floor coverings, cabinets, counter tops, windows, doors, lights, and locks.

D. Pets

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

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

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

E. Removal of Property.

1. All personal property must be removed from your Apartment and Storage Bin or Memory Support apartment within fifteen (15) days of relocating to another Apartment, to a Memory Support apartment or to the Health Center. If the Agreement has been terminated voluntarily or by death the removal of property will take place as described in Section X.

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

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

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

G. Level of Care Evaluations. Center may conduct periodic health evaluations to determine whether you require Assisted Living, Memory Support or Health Center services. You consent to such evaluations and agree to cooperate with the Center's team conducting such evaluations. If Center determines based on such an evaluation that you require Assisted Living Services, you agree to receive and pay for such services, as applicable. If Center determines based on such an evaluation that you require permanent Health Center or Memory Support services, in accordance with Section VI. below, you agree to vacate the Apartment within fifteen (15) days and assume occupancy in the Health Center or in a Memory Support unit.

H. Second Person After Occupancy.

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

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

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

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

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

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

V. ASSISTED LIVING

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

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

C. Independent living residents are able to receive up to one free hour per day of basic assisted living hands on personal care in the Apartment if such is determined to be medically necessary and appropriate.

D. Independent living residents who occupy Memory Support apartments will receive additional charges for two (2) extra meals not covered by the meal plan per day, medicine, therapy, supplies and optional assistance as described in Center's ancillary price list.

VI. HEALTH CENTER

A. In the event Center determines, that you require temporary nursing care, you agree to relocate on a temporary basis to the Health Center where Center is licensed to provide such care. Such nursing care accommodations shall be in a semi-private room.

B. In the event your medical condition requires that you permanently relocate to the Health Center or the memory support wing per Center's Assessment of Care Need and you are a single occupant in the Apartment, Center shall have the right to assign the Apartment for

occupancy by others. If the Apartment is not released and vacated within fifteen (15) days of permanent relocation, monthly service fees for the Apartment will continue in addition to other occupancy and service charges. If Center subsequently determines that you can resume occupancy in accommodations equivalent to those you previously occupied, you shall have the right to relocate to such accommodations as soon as they are available.

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

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

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

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

VII. REPRESENTATIONS AND WARRANTIES OF RESIDENT

You represent and warrant to Center that:

A. All facts stated on your Confidential Financial, Information and Data Applications for Residency to Center are true and complete with no omissions;

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

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

VIII. COVENANTS BY CENTER

Center covenants and agrees:

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

however, that you abide by the covenants expressed in Section IX. of this Agreement and that your representations and warranties in Section VII. were true, accurate and complete;

B. To perform its obligations under this Agreement.

IX. COVENANTS BY YOU

You agree:

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

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

C. To perform your obligations under this Agreement;

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

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

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

G. To provide Center an assignment of financial representative and health care proxy at time of contract and provide a Power of Attorney within the first two years of residency.

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

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

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

K. If applicable, you agree to assist Center to obtain payments for services from applicable government, private or supplemental insurance plans or entitlements not including long term care insurance policies. Center bills the resident and the resident must seek reimbursement

from their long term care insurance carrier. Center will provide informational support to residents upon request;

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

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

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

O. To provide an annual update to the insurance section of the Confidential Data Form;

P. If you hire an outside contractor you must first notify Center, the contractor is required to adhere to Center's standards of performance and behavior as defined by the Center's work rules while working on our property. Contractors are required to be properly insured and licensed.

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

X. YOUR TERMINATION AND RESCISSION RIGHTS

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

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

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

D. If you die after the Occupancy Date and expiration of the right of rescission your estate may be entitled to reimbursement of a portion of the Entry Fee as provided, and subject to the conditions indicated in Section XII. hereof. Your estate, personal representative or family is responsible for the monthly service fee and other charges until the fulfillment of the following conditions: (1) the Resident's personal representative or family has signed an apartment release for the apartment; (2) the Resident's personal representative or family has removed all possessions from the apartment; and (3) the Resident's personal representative or family has paid all outstanding fees and charges. Only when these three conditions are met will the Apartment be considered vacated and the monthly service fee stop.

XI. TERMINATION BY CENTER

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

- A. Your failure to comply with Center operating procedures now existing or hereafter amended by Center;
- B. Creation by you of disturbance within Center detrimental to yourself or to other residents and staff;
- C. Your failure to pay the unpaid balance of the Entry Fee when due;
- D. Your failure to pay any Monthly Service Fee and charges for Additional Service when due; unless other mutually satisfactory arrangements have been made;
- E. Your failure to uphold the Covenants defined in Section IX. of this Agreement;
- F. You:
 - 1. Are or become infected with a dangerous or contagious disease that the Center cannot provide care for; or
 - 2. Develop a medical condition which the Center is not licensed to treat or which is beyond the Center's area of specialization; or
 - 3. Transfer or deplete assets other than to meet ordinary and customary expenses.

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

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

(Continued on next page, Section XII)

XII. REFUND OF ENTRY FEE

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

B. After you move into Center, in the event of your death (or if there are two of you, the death of the survivor) or in the event you terminate this Agreement pursuant to Section X. or Center terminates this Agreement pursuant to Section XI, not to exceed 18 months from the date of the vacancy date on the signed release form, we will return to you or to your estate, without interest, an amount equal to one of the following:

(Initial if selected)

1. Traditional Entry Fee Option - An amount equal to the total Entry Fee paid less an administrative fee of ten percent (10%) of the Entry Fee and a two percent (2%) reduction of the original Entry Fee for each month of residency up to (45) months. Any charges owed by the resident to Center will then be deducted

(Initial if selected)

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

(Initial if selected)

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

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

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

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

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

4. Any other sums owed by you to Center.

XIII. RELOCATION TO ANOTHER APARTMENT

A. If, upon Center's approval, you relocate to a different Apartment, you are required to pay a refurbishing fee according to Center policy. You agree to pay the cost of refurbishing the former Apartment to like new condition and in accordance with Section IV.C. of this Agreement.

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

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

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

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

XIV. MISCELLANEOUS

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

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

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

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

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

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

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

H. Indemnification. Center shall not be liable for, and you agree to indemnify and hold Center harmless from and indemnify Center against, any claims, damages or expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to or in any way connected with your negligence, intentional act or omission or by the negligence or intentional act or omission of your guest or invitee.

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

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

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

Resident: _____

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

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

XV. RESIDENT REPRESENTATIVE(S)

A. You hereby appoint the following individual(s) as your representative(s) to act on your behalf in all situations where participation of a representative is described in the Residency Agreement or Disclosure Statement. Where there is more than one representative identified, such representatives shall act jointly, unless otherwise indicated. In the event of a disagreement among the representatives, the decisions of the first named representative shall control. Center agrees that you may, upon notice to Center, change your representative at any time.

Name: _____

Name: _____

Address: _____

Address: _____

City: _____

City: _____

State: _____ Zip: _____

State: _____ Zip: _____

Phone: _____

Phone: _____

- Power of Attorney
- Health Care Representative
- Other (specify) _____

- Power of Attorney
- Health Care Representative
- Other (specify) _____

XVI. ACKNOWLEDGMENTS

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

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

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

PRIMARY RESIDENT

WITNESS

SECOND RESIDENT

WITNESS

By: WHITNEY CENTER, INCORPORATED

DATE

Many residents and families choose to donate a portion of any refund due to the Whitney Center Fund, which helps those who through no fault of their own have run out of funds. To make a tax deductible, charitable contribution using your refund due to your estate, please sign, date and complete the percentage of your refund to be donated to acknowledge your wish to donate.

Percentage of refund to donate to Whitney Center Fund shall equal _____%

Signature: _____ Date: _____

EXHIBIT C: ANCILLARY PRICE SCHEDULE & FEES



WHITNEY CENTER

Ancillary Fee Schedule Effective 01/01/2022

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

Dining:

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

Flexible Spending Points Plan:	1,450 points/person/quarter
Away Credit for 30 to 59 days away per quarter	\$5.70
Away Credit for 60+ days away per quarter	\$11.30
Opt Out Option (pay as you go) – monthly bill credit:	\$358.00 person/month
Tray Set-up/Room Delivery Charge	\$7.00

Housekeeping Services:

Carpet/floor Cleaning (WC Staff)	\$15.00 per 30 minutes or part there of
Extra housekeeping services	\$15.00 per 30 minutes or part there of
Personal laundry	\$15.00 per load
Bed changing	\$5.00 per bed (one/week maximum)
Trash/Cat litter Removal	\$5.00 per load

Maintenance Services:

Personal maintenance services	\$25.00 per 30 minutes or part there of plus \$2.00 in taxes
-------------------------------	--

Transportation:

Regular scheduled transportation	Free
Car trips, not regular scheduled transportation	\$30.00 per hour (Plus milage rate)
Wheelchair transport	\$30.00 per hour (Plus milage rate)
Specialized travel service	Pricing Available upon request

Technology Services:

Campus wide basic internet service starting at	\$45.00 per month plus sales tax
Unlimited Phone Plan	\$28.00 per month
Computer/Mobile Phone/Tablet/AV Support	\$100.00 per hour, one hour minimum

Contact the Technology Team for the pricing of additional tech support services. Whitney Center does not charge for service and support directly related to technology provided by Whitney Center. Please contact outside vendors for training and software support directly.

Guestrooms:

Daily room rate	\$115.00 per night plus approximately \$17.00 in taxes
Reservation Cancellation Charge	\$25.00 fee unless 24 notice provided
Room key charge if lost or not returned to front desk	\$25.00
Rollaway bed	\$27.00 per night plus approximately \$2.00 in taxes



WHITNEY CENTER

Ancillary Fee Schedule Page 2 Effective 01/01/2022

Other Services:

Temporary use of tables and chairs	\$27.00 per set
ID/key card replacement or additional card	\$25.00 per card
Emergency call pendant, replacement	\$117.00 per pendant
Return check fee	\$35.00 per occurrence
Common space usage	Free
Common space setup and clean up	Based on size of event and set up type
Late payment fee	\$1.5% per month of balance due
Spa on Main Street	A la carte, pricing available in spa
Service/fees not listed here	Available in venue or from service provider

Optional Health Services:

Nursing visit	\$43.00 per visit
Medication pre-pour	\$40.00 per week
Certified Nursing Assistant (CNA) visit	\$21.00 up to 15 minutes
Safety check or medication reminder	\$9.00 each
Nursing medication administration	\$12.00 per occurrence
Memory support day program	\$53.00 – 0 to 4 hours per day
(Coordinate availability with the Assisted Living Manager, meals and supplies are additional costs)	\$68.00 – 4 to 6 hours per day \$81.00 – 6 to 8 hours per day

Community Health Services (Hourly Rates)

	7AM to 3PM	3PM to 11PM	11PM to 7AM
CNA, Monday – Friday	\$29.00	\$30.00	\$31.00
CNA, weekends	\$30.50	\$31.50	\$32.50
CNA, holidays	\$42.00	\$43.00	\$44.00
Companion, Monday – Friday	\$27.00	\$28.00	\$29.00
Companion, weekends	\$28.00	\$29.00	\$30.00
Companion, holidays	\$38.50	\$40.00	\$42.00

Live-in care provider for one person	\$375.00 per day
Live-in care provider for two people	\$425.00 per day

Health Center Charges

Additional meal charges if not covered by third party billing or Whitney Center's private daily rate	
2 meals per day	\$32.00
3 meals per day	\$47.00
Private room differential	\$44.00
Therapy/Medicine/Supplies	A la carte



WHITNEY CENTER

Private Pay Health Center/Skilled Nursing Rates Effective 1/1/2022

Unbundled Residency Agreements, Modified Residency Agreements in the per diem period are charged private pay rates for health care services.

Memory Support Apartments Private Pay Rates

Daily rate, alcove	\$363.00
Daily rate, one bedroom	\$400.00
3 meals/day and basic care included, other services are a la carte	

Skilled Nursing Units (Health Center) Private Pay Rates

Daily rate, semi-private room	\$496.00
Daily rate, private room	\$541.00
3 meals/day and basic care are included, other services are a la carte	

Ancillary Health Services:

Therapy, pharmacy and supplies are billed based on usage and then current pricing.

Whitney Center North Building 2022 Fee Schedule

North Apartment	Square Feet	Full Life Care			Unbundled Life Care			Life Care & Unbundled
		Traditional Entry Fee	Refundable Entry Fee 60%	Refundable Entry Fee 90%	Traditional Entry Fee	Refundable Entry Fee 60%	Refundable Entry Fee 90%	
Studio	296	\$165,050	\$241,164	\$330,215	\$110,649	\$161,585	\$221,298	Monthly Fee - 2022 \$2,995
Bethany - Studio	460	\$173,000	\$244,900	\$329,300	\$115,900	\$164,100	\$220,700	\$3,475
Branford - One Bedroom	592	\$221,340	\$315,105	\$425,145	\$148,260	\$211,155	\$284,865	\$3,868
Cheshire - Large One Bedroom	700	\$273,504	\$390,390	\$527,604	\$183,299	\$261,492	\$353,546	\$4,249
Essex - XL One Bedroom, 1.5 Bath	780	\$275,468	\$399,515	\$550,935	\$184,569	\$267,729	\$369,138	\$4,507
Guilford - 2 Bed 1.5 Bath	829	\$290,021	\$416,840	\$565,604	\$194,271	\$279,279	\$378,956	\$4,654
Madison - 2 Bed 1.5 Bath	883	\$309,540	\$445,368	\$604,643	\$207,438	\$298,337	\$405,059	\$4,829
Ardmore - 1BR/Studio Combo	888	\$295,103	\$430,931	\$590,205	\$197,736	\$288,635	\$395,472	\$4,829
Audubon - 2 Bed 1.5 Bath	888	\$295,103	\$430,931	\$590,205	\$197,736	\$288,635	\$395,472	\$4,829
Willow - 1 Bed 1.5 Bath	920	\$299,030	\$436,706	\$598,290	\$200,393	\$292,677	\$400,785	\$4,462
Mystic - 2 Bed 1.5 Bath	920	\$321,321	\$465,927	\$642,642	\$215,292	\$312,197	\$430,584	\$4,921
Prospect - 2 Bed 1.5 Bath	987	\$342,573	\$493,532	\$670,940	\$229,499	\$330,677	\$449,526	\$5,029
Salisbury - 2 Bed 1.5 Bath	1,060	\$352,622	\$511,203	\$705,243	\$236,313	\$342,573	\$472,511	\$5,375
Wooster - 2 Bed 1.5 Bath	1,184	\$393,509	\$574,613	\$787,248	\$263,687	\$385,077	\$527,489	\$5,902
Ogden - 2 Bed 1.5 Bath	1,184	\$393,509	\$574,613	\$787,248	\$263,687	\$385,077	\$527,489	\$5,902
Wallingford - XL 2 Bed 2 Bath	1,300	\$441,095	\$643,913	\$882,074	\$295,565	\$431,393	\$591,014	\$6,087
Woodbridge - XL 2 Bed 2 Bath	1,300	\$441,095	\$643,913	\$882,074	\$295,565	\$431,393	\$591,014	\$6,087
Livingston - XL 2 Bed 2 Bath	1,380	\$441,095	\$643,913	\$882,074	\$295,565	\$431,393	\$591,014	\$6,087
Edgehill - XL 3 Bedroom, 2 Bath	1,776	\$595,448	\$863,393	\$1,190,884	\$398,946	\$578,470	\$797,892	\$6,845
Brookwood - XL 3 Bedroom, 2 Bath	1,840	\$645,389	\$935,819	\$1,290,778	\$432,406	\$627,004	\$864,824	\$6,991
South Apartment		Full Life Care		Unbundled Life Care		Life Care & Unbundled		
	Square Feet	Traditional Entry Fee	Refundable Entry Fee 60%	Refundable Entry Fee 90%	Traditional Entry Fee	Refundable Entry Fee 60%	Refundable Entry Fee 90%	Monthly Fee - 2022
Mulberry - One Bed with Den, 1.5 B	1,076	\$390,968	\$566,897	\$781,935	\$261,942	\$379,822	\$523,885	\$5,459
Poplar - One Bed with Den, 1.5 B	1,100	\$397,713	\$576,680	\$795,425	\$266,470	\$386,371	\$532,929	\$5,659
Ash - 2 Bed 2 Bath	1,309	\$461,677	\$669,426	\$923,342	\$309,321	\$448,521	\$618,653	\$6,223
Oak - 2 Bed 2 Bath	1,370	\$473,619	\$686,751	\$947,239	\$317,325	\$460,129	\$634,661	\$6,036
Birch - 2 Bed 2 Bath	1,431	\$490,760	\$711,596	\$981,519	\$328,805	\$476,772	\$657,611	\$6,324
Chestnut - XL 2 Bed 2 Bath	1,504	\$539,492	\$782,272	\$1,078,984	\$361,460	\$524,126	\$722,932	\$6,600
Elm - XL 2 Bed 2 Bath	1,553	\$560,885	\$813,294	\$1,121,769	\$375,795	\$544,913	\$751,590	\$6,730
Hawthorne - 3 Bedroom, 2 Bath	1,684	\$595,448	\$863,393	\$1,190,884	\$398,946	\$578,470	\$797,892	\$6,845
Maple - 3 Bedroom, 2 Bath	1,790	\$645,389	\$935,819	\$1,290,778	\$432,406	\$627,004	\$864,824	\$6,990

Fees listed above represent single occupancy.
 Life Care, Second Person Entry Fee = \$43,000; Second Person Life Care Monthly Fee = \$2,070
 Unbundled Life Care, Second Person Unbundled Monthly Fee = \$1,005

All prices subject to change. A portion of the entry fee and monthly fee may be tax deductible under life care agreements under federal income tax for pre-paid medical expense.

EXHIBIT D: RESIDENT BILL OF RIGHTS

Whitney Center, Inc

MANAGED RESIDENTIAL COMMUNITY RESIDENT'S BILL OF RIGHTS

Name of Resident: _____

As a resident of a Managed Residential Community, you have the right to:

- Live in a clean, safe and habitable private residential unit.
- Be treated with consideration, respect and due recognition of personal dignity, individuality and the need for privacy.
- Privacy within your private residential unit, subject to our rules that are reasonably designed to promote your health, safety and welfare.
- Retain and use your own personal property within your private residential unit so as to maintain individuality and personal dignity provided the use of personal property does not infringe on the rights of other residents or threaten the health, safety and welfare of other residents.
- Treat your residential unit as your home and have no fewer rights than any other resident of the state, including but not limited to, (A) associating and communicating privately with persons of your choice, (B) purchasing and using technology of your choice, including, but not limited to, technology that may facilitate virtual visitation with family and other persons, provided operation and use of such technology shall not violate any individual's right to privacy under state or federal law, and (C) engaging in other private communications, including receiving and sending unopened correspondence and telephone access.
- Freedom to participate in and benefit from community services and activities so as to achieve the highest possible level of independence, autonomy and interaction within the community.

- Directly engage or contract with licensed health care professionals and providers of your choice to obtain necessary health care services in your private residential unit, or such other space as we may make available to residents for such purposes.
- Manage your own financial affairs.
- Exercise civil and religious liberties.
- Present grievances and recommend changes in policies, procedures and services to us, government officials or any other person without restraint, interference, coercion, discrimination or reprisal from us, including access to representatives of the Department of Public Health at:

Donna Ortelle, R.N., M.S.N
Section Chief
Facility Licensing and Investigations Section
Connecticut Department of Public Health
410 Capitol Ave., MS# 12 HSR
Hartford, CT 06134-0308
Phone: (860) 509-7400
Fax: (860) 730-8390
Email: dph.fliscomplaint@ct.gov
<https://dphflisevents.ct.gov/Complaints>

or the Office of the Long-Term Care Ombudsman at:

Mairead Painter
Connecticut Long-Term Care Ombudsman Program
55 Farmington Avenue
Hartford, Connecticut 06105-3730
Phone: (860) 424-5200
Toll Free In-State: (866) 388-1888
Fax: (860) 424-4966

E-mail: ltcop@ct.gov

Regional Ombudsman:

Mr. Dan Lerman
Office of the Ombudsman
55 Farmington Avenue
Hartford, CT 06106
860-331-6630

- Upon request, obtain the name of the service coordinator or any other persons responsible for resident care or the coordination of resident care.
- Confidential treatment of all records and communications to the extent required by state and federal law.
- Have all reasonable requests responded to promptly and adequately within our capacity and with due consideration given to the rights of other residents.
- Be fully advised of the relationship that the managed residential community has with any assisted living services agency, health care facility or educational institution to the extent that such relationship relates to resident medical care or treatment and to receive an explanation about the relationship.
- Receive a copy of our rules or regulations.
- Privacy when receiving medical treatment or other services within the capacity of the managed residential community.
- Refuse care and treatment and participate in the planning for the care and services you need or receive, provided the refusal of care and treatment may preclude you from being able to continue to reside in the managed residential community.
- All rights and privileges afforded to tenants under Title 47a of the Connecticut General Statutes.

Revised July 2021

I HEREBY ACKNOWLEDGE THAT I HAVE RECEIVED A COPY OF THIS RESIDENTS' BILL OF RIGHTS AND THAT IT HAS BEEN EXPLAINED TO ME.

Signature

Date

If signed by someone other than Resident:

Name of person signing on behalf of Resident

Print Name

Signature

Relationship to Resident

Date

EXHIBIT E: FORECAST AND AUDITED FINANCIAL STATEMENTS

Whitney Center, Inc.
Five Year Forecasted Statements for
the period beginning January 1, 2022

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 HomeSM 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, 2022 was 3.0%.

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>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
<u>Statements of Financial Position</u>					
Assets					
Current assets:					
Cash and cash equivalents	\$9,511,379	\$ 9,950,214	\$ 11,491,232	\$ 13,857,504	\$ 16,550,398
Accounts receivable, net	750,000	760,000	770,000	780,000	790,000
Other receivables	11,534	11,650	11,766	11,884	12,003
Prepaid expenses and other	824,123	832,364	840,687	849,094	857,585
Current assets held by trustee	\$5,155,125	\$5,155,125	\$5,155,125	\$5,155,125	\$5,155,125
Investments Accounts	10,234,338	10,439,025	10,647,806	10,860,762	11,077,977
Total current assets	26,486,499	27,148,377	28,916,616	31,514,368	34,443,088
Assets held by Trustee					
Investment Accounts					
Property, plant and equipment, net	76,504,695	73,724,166	70,872,208	68,430,964	65,900,435
Deferred marketing costs, net	198,681	198,681	198,681	198,681	198,681
Other assets			-	-	-
Total assets	103,189,875	101,071,224	99,987,505	100,144,014	100,542,204
<u>Liabilities and unrestricted net assets</u>					
Current liabilities:					
Accounts payable	\$ 1,200,000	\$ 1,210,000	\$ 1,220,000	\$ 1,230,000	\$ 1,240,000
Accrued expenses	4,766,119	4,813,780	4,861,918	4,910,537	4,959,642
Contract deposits	124,736	124,736	124,736	124,736	124,736
<u>Current portion of long-term debt</u>	1,000,000	1,050,000	1,100,000	1,155,000	1,215,000
Total current liabilities	7,090,855	7,198,516	7,306,654	7,420,273	7,539,378
Operating Lease Liability, non-current	55,000	55,000	55,000	55,000	55,000
Long-term debt, less current portion	56,628,342	55,578,342	54,478,342	53,323,342	52,108,342
Deferred income from entry fees	35,799,385	36,029,805	36,420,407	36,946,735	37,589,155
Refundable entry fees	14,826,830	14,093,550	13,501,121	13,030,678	12,666,051
Deposits on apartments	141,005	141,005	141,005	141,005	141,005
<u>Other Liabilities</u>	-	-	-	-	-
Total liabilities	114,541,417	113,096,218	111,902,530	110,917,033	110,098,931
Unrestricted net assets	(12,066,252)	(12,739,704)	(12,629,735)	(11,487,730)	(10,271,437)
Restricted assets	714,710	714,710	714,710	714,710	714,710
Total liabilities and unrestricted net assets	103,189,875	101,071,224	99,987,504	100,144,013	100,542,203

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	2022	2023	2024	2025	2026
Statements of Activities					
Operating Revenue:					
Entry fees recognized as revenue	\$ 7,564,870	\$ 7,572,016	\$ 7,638,132	\$ 7,735,338	\$ 7,859,006
Apartment revenue	13,790,067	14,302,778	14,811,069	15,318,767	15,829,022
Health Center revenue	4,327,998	4,574,302	4,829,007	5,092,360	5,115,567
Assisted Living revenue	2,623,433	3,093,215	3,605,132	4,779,716	5,122,752
Thrive at Home revenue	428,645	599,655	780,539	971,738	1,173,705
Other operating income	1,017,908	1,048,445	1,079,899	1,112,295	1,142,150
Contributions	0	0	0	0	0
Assets released from restriction	-	-	-	-	-
Operating Revenue	29,752,920	31,190,411	32,743,778	35,010,213	36,242,203
Expenses and losses:					
Salaries & wages	11,199,384	11,480,173	11,710,880	12,179,315	12,544,694
Depreciation and amortization	4,709,101	4,780,530	4,851,958	4,941,244	5,030,530
Interest	2,779,750	2,779,750	2,779,750	2,732,000	2,682,000
Employee benefits	2,688,933	2,702,828	2,703,607	2,757,155	2,784,726
Property taxes	2,290,696	2,347,963	2,406,662	2,466,829	2,528,499
Other operating expenses	2,095,779	2,017,611	2,042,315	2,220,008	2,400,808
Contract services	1,138,700	1,343,666	1,585,526	1,870,921	2,207,686
Utilities	1,080,000	1,101,600	1,123,632	1,146,105	1,169,027
Food	1,226,021	1,263,415	1,301,956	1,341,678	1,375,077
Ancillary health services	787,800	795,678	803,635	811,671	819,788
Supplies	657,200	696,632	738,430	782,736	829,700
Repairs & maintenance	480,256	499,467	519,445	540,223	561,832
Insurance	244,565	259,239	274,794	291,281	308,758
Total expenses and losses	31,378,186	32,068,550	32,842,590	34,081,164	35,243,125
Net income (loss)	(1,625,266)	(878,139)	(98,812)	929,049	999,077
Realized and Unrealized gain/(loss) on	100,337	102,343	104,390	106,478	108,608
Investment income and gain, net	118,719	102,343	104,390	106,478	108,608
			-	-	-
Change in unrestricted net assets	(1,406,210)	(673,452)	109,969	1,142,005	1,216,292
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	2022	2023	2024	2025	2026
Statements of Cash Flows					
Operating activities					
Change in unrestricted net assets	\$ (1,406,210)	\$ (673,452)	\$ 109,969	\$ 1,142,005	\$ 1,216,292
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	4,709,101	4,780,530	4,851,958	4,941,244	5,030,530
Amortization of entry fees	(7,564,870)	(7,572,016)	(7,638,132)	(7,735,338)	(7,859,006)
Entry fee receipts (non-refundable)	7,674,295	8,106,662	8,341,784	8,583,797	8,832,906
Gain on investments	(219,056)	(204,687)	(208,781)	(212,956)	(217,215)
Contracts and accounts receivable	11,678	(10,115)	(10,116)	(10,118)	(10,119)
Accounts Payable	(51,191)	10,000	10,000	10,000	10,000
Accrued expenses	-	47,661	48,138	48,619	49,105
Other changes in operating activities	(64,662)	(8,241)	(8,324)	(8,407)	(8,491)
Net cash provided by operating activities	3,089,085	4,476,341	5,496,496	6,758,847	7,044,003
Investing activities					
Capital expenditures	(2,200,000)	(2,000,000)	(2,000,000)	(2,500,000)	(2,500,000)
Change in assets held by Trustee				-	-
Change in assets whose use is limited	-	-	-	-	-
Change in investments	-	-	-	-	-
Net cash provided by investing activities	(2,200,000)	(2,000,000)	(2,000,000)	(2,500,000)	(2,500,000)
Financing activities					
Refundable entry fees received	1,298,495	1,362,494	1,399,697	1,437,942	1,477,260
Capital leases	-	-	-	-	-
Entry fee refunds	(2,400,000)	(2,400,000)	(2,305,174)	(2,230,517)	(2,173,368)
Proceeds of Construction Fund	1,856,620	-	-	-	-
Payroll Protection Program Loan	-				
Deferred financing costs incurred					
Payments on long-term debt	(955,000)	(1,000,000)	(1,050,000)	(1,100,000)	(1,155,000)
Net cash used by financing activities	(199,885)	(2,037,506)	(1,955,478)	(1,892,575)	(1,851,108)
Change in cash and cash equivalents	689,201	438,835	1,541,018	2,366,272	2,692,895
Cash & Cash Equivalents at beginning of year	8,822,178	9,511,379	9,950,214	11,491,232	13,857,504
Cash & Cash Equivalents at end of year	9,511,379	9,950,214	11,491,232	13,857,504	16,550,398
Read these projected financial statements along with the notes. Future results may vary and are not guaranteed.					

WHITNEY CENTER, INCORPORATED

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

WHITNEY CENTER, INCORPORATED

CONTENTS

Independent Auditors' Report	1-3
---	------------

Financial Statements

Statements of Financial Position.....	4-5
Statements of Activities and Changes in Net Assets (Deficit)	6-7
Statements of Cash Flows.....	8-9

Notes to Financial Statements.....	10-40
---	--------------

Supplementary Information

Schedule I – Comparison of Changes in Net Deficit Without Donor Restrictions Before Nonoperating Items	41
---	----

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Whitney Center, Incorporated

Opinion

We have audited the financial statements of Whitney Center, Incorporated (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Whitney Center, Incorporated as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Whitney Center, Incorporated's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Whitney Center, Incorporated's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Whitney Center, Incorporated's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements 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 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 the 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 as a whole.

Marcum LLP

New Haven, CT
May 13, 2022

WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,822,178	\$ 8,000,045
Accounts receivable	761,792	1,020,722
Contract receivables	--	126,377
Other receivables	11,420	129,961
Prepaid expenses and other current assets	815,963	615,965
Assets held by trustee	6,993,362	11,722,346
Investments	<u>10,033,665</u>	<u>7,030,797</u>
Total Current Assets	27,438,380	28,646,213
Property and Equipment	78,985,720	78,559,353
Other Assets		
Deferred marketing costs, less accumulated amortization of \$96,503 in 2021 and \$73,796 in 2020	<u>198,681</u>	<u>221,388</u>
Total Assets	<u>\$ 106,622,781</u>	<u>\$ 107,426,954</u>

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2021 AND 2020

	2021	2020
Liabilities and Net Assets (Deficit)		
Current Liabilities		
Accounts payable	\$ 1,251,191	\$ 1,508,567
Accrued expenses	4,749,940	4,296,321
Deferred revenue	16,179	216,211
Contract deposits	124,736	45,447
Current portion of operating lease liability	29,286	--
Current portion of capital lease obligation	--	11,055
Total Current Liabilities	6,171,332	6,077,601
Operating Lease Liability - less current portion	54,139	--
Long-Term Debt - less current portion and deferred financing costs	58,583,342	58,703,495
U.S. Small Business Administration Paycheck Protection Program loan	--	2,250,000
Deferred Income from Entry Fees	35,977,960	36,521,217
Refundable Entry Fees	15,640,335	14,802,764
Deposits	141,005	128,931
Total Liabilities	116,568,113	118,484,008
Net Assets (Deficit)		
Without donor restrictions	(10,660,042)	(11,560,246)
With donor restrictions	714,710	503,192
Total Net Deficit	(9,945,332)	(11,057,054)
Total Liabilities and Net Assets (Deficit)	\$ 106,622,781	\$ 107,426,954

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

WHITNEY CENTER, INCORPORATED

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Gains			
Resident services, including amortization of entry fees of \$6,690,521	\$ 27,786,915	\$ --	\$ 27,786,915
Other operating revenues	897,584	14	897,598
CARES Act Provider Relief Funds	163,808	--	163,808
Contributions	85,823	178,673	264,496
Net assets released from restriction	21,280	(21,280)	--
Total Revenues and Gains	28,955,410	157,407	29,112,817
Expenses and Losses			
Salaries and wages	11,292,676	--	11,292,676
Depreciation and amortization	4,625,920	--	4,625,920
Employee benefits	2,697,628	--	2,697,628
Interest expense	2,649,597	--	2,649,597
Property taxes	2,234,825	--	2,234,825
Contract services	1,303,915	--	1,303,915
Other operating expenses	1,726,711	--	1,726,711
Food	1,245,658	--	1,245,658
Utilities	1,136,123	--	1,136,123
Ancillary health services	871,555	--	871,555
Supplies	811,971	--	811,971
Repairs and maintenance	461,785	--	461,785
Insurance	230,722	--	230,722
Total Expenses and Losses	31,289,086	--	31,289,086
(Deficiency) Excess of Revenues and Gains over Expenses and Losses from Operations	(2,333,676)	157,407	(2,176,269)
Nonoperating Items			
Investment income, net	56,131	2,037	58,168
Realized and unrealized gain on sale of investments	927,749	52,074	979,823
Gain on forgiveness of PPP loan	2,250,000	--	2,250,000
Total Nonoperating Items	3,233,880	54,111	3,287,991
Excess of Revenues and Gains over Expenses and Losses and Nonoperating Items	900,204	211,518	1,111,722
Net Assets (Deficit) - Beginning	(11,560,246)	503,192	(11,057,054)
Net Assets (Deficit) - Ending	\$ (10,660,042)	\$ 714,710	\$ (9,945,332)

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

WHITNEY CENTER, INCORPORATED

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)

FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Gains			
Resident services, including amortization of entry fees of \$7,517,810	\$ 28,320,080	\$ --	\$ 28,320,080
Other operating revenues	664,929	20	664,949
CARES Act Provider Relief Funds	301,521	--	301,521
Contributions	81,853	48,829	130,682
Net assets released from restriction	28,180	(28,180)	--
Total Revenues and Gains	29,396,563	20,669	29,417,232
Expenses and Losses			
Salaries and wages	10,748,537	--	10,748,537
Depreciation and amortization	5,141,655	--	5,141,655
Interest expense	2,677,463	--	2,677,463
Employee benefits	2,664,376	--	2,664,376
Property taxes	2,255,830	--	2,255,830
Utilities	1,197,043	--	1,197,043
Food	1,196,577	--	1,196,577
Other operating expenses	1,117,550	--	1,117,550
Contract services	965,039	--	965,039
Ancillary health services	859,846	--	859,846
Supplies	710,558	--	710,558
Repairs and maintenance	361,429	--	361,429
Insurance	212,388	--	212,388
Total Expenses and Losses	30,108,291	--	30,108,291
(Deficiency) Excess of Revenues and Gains over Expenses and Losses from Operations	(711,728)	20,669	(691,059)
Nonoperating Items			
Investment income, net	67,964	2,599	70,563
Realized and unrealized gain on sale of investments	900,036	43,047	943,083
Total Nonoperating Items	968,000	45,646	1,013,646
Excess of Revenues and Gains over Expenses and Losses and Nonoperating Items	256,272	66,315	322,587
Net Assets (Deficit) - Beginning	(11,816,518)	436,877	(11,379,641)
Net Assets (Deficit) - Ending	\$ (11,560,246)	\$ 503,192	\$ (11,057,054)

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets (deficit)	\$ 1,111,722	\$ 322,587
Adjustments to reconcile change in net assets (deficit) to net cash provided by operating activities:		
Depreciation and amortization	4,625,920	5,141,655
Amortization of entry fees	(6,690,521)	(7,517,810)
Entry fees received	6,147,264	5,273,559
Net realized and unrealized gain on investments	(979,823)	(943,083)
Loss on disposal of assets	121,244	12,060
Other amortization	(120,153)	(121,167)
Gain on forgiveness of PPP loan	(2,250,000)	--
Changes in operating assets and liabilities:		
Accounts receivable	258,930	44,152
Contract receivables	126,377	569,237
Other receivables	118,541	(106,041)
Prepaid expenses and other current assets	(199,998)	(103,120)
Accounts payable	(257,376)	358,670
Accrued expenses	453,619	1,334,654
Deferred revenue	(200,032)	216,211
Contract deposits	79,289	(119,174)
Deposits	12,074	(16,361)
Net Cash Provided by Operating Activities	<u>2,357,077</u>	<u>4,346,029</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(5,044,290)	(2,579,266)
Net change in assets held by trustee	4,728,984	1,612,340
Net sales of assets whose use is limited	27,351	281,912
Proceeds from sales of investments	1,833,327	1,989,786
Purchases of investments	<u>(3,883,723)</u>	<u>(2,048,642)</u>
Net Cash Used in Investing Activities	<u>(2,338,351)</u>	<u>(743,870)</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Financing Activities		
Refundable entry fees received	\$ 1,433,111	\$ 1,861,072
Principal payments on lease obligations	(34,164)	(74,572)
Refunds of deposits and refundable entry fees	(595,540)	(2,691,714)
Proceeds from Paycheck Protection Program loan	<u>--</u>	<u>2,250,000</u>
Net Cash Provided by Financing Activities	<u>803,407</u>	<u>1,344,786</u>
Net Change in Cash and Cash Equivalents	822,133	4,946,945
Cash and Cash Equivalents - Beginning	<u>8,000,045</u>	<u>3,053,100</u>
Cash and Cash Equivalents - Ending	<u>\$ 8,822,178</u>	<u>\$ 8,000,045</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 2,800,191</u>	<u>\$ 3,811,045</u>
Supplemental Disclosures of Non-Cash Financing and Investing Activities		
ROU assets obtained in exchange for operating lease obligations	<u>\$ 106,534</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, 2021 AND 2020

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, 2021 and 2020, there were 244 and 245 apartment units, respectively, including 14 units available for memory care, 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 in accordance with accounting principles generally accepted in the United States of America (GAAP) utilizing the accrual basis of accounting. 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.

The Corporation follows the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. FASB ASC 958 establishes standards for external financial reporting by not-for-profit organizations. Resources are reported for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics are combined into the following categories:

Net Assets (Deficit) Without Donor Restrictions - Net assets without donor restrictions consist of the net assets over which the governing board has control to use in carrying out the operations of the Corporation in accordance with its charter and by-laws and are not restricted by donor-imposed restrictions

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of net assets whose use is limited by donor-imposed restrictions which either expire with the passage of time (time restriction) or can be fulfilled and removed by actions of the Corporation pursuant to the restrictions (purpose restrictions). When donor-imposed restrictions expire, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions.

RECENTLY ADOPTED ACCOUNTING GUIDANCE

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Corporation adopted the standard effective January 1, 2021 and recognized and measured leases existing at, or entered into after, January 1, 2021 (the beginning of the adoption period), with certain practical expedients. Lease disclosures for the year ended December 31, 2020 are made under prior lease guidance in FASB ASC 840.

The Corporation elected the practical expedients to account for our existing operating leases as finance leases or operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Corporation recognized on January 1, 2021 a lease liability at the carrying amount of the capital lease obligations on December 31, 2020, and a right-of-use asset and operating lease liability at the carrying amount of the capital lease asset of approximately \$82,000, which represents the present value of the remaining operating lease, discounted using an incremental borrowing rate of 6.45%.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

(DEFICIENCY) EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES FROM OPERATIONS

The statements of activities and changes in net assets include (deficiency) excess 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) excess of revenues and gains over expenses and losses from operations, consistent with industry practice, include investment income, net, realized gain on sale of investments, and unrealized gain on investments.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Corporation's significant estimates include assessing the collectability of accounts receivable, self-insurance exposures, the extent of contractual allowances, fair value of investments, the estimated useful lives of long-lived assets and unrecognized CARES Act Funds. 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, 2021 AND 2020

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

ACCOUNTS RECEIVABLE

Accounts receivable result from the health care and independent living residential services provided by the Corporation. Accounts receivable are reported net of any contractual adjustments and implicit price concessions.

The Corporation estimates its accounts receivable based on its past experience, which indicates that certain patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is generally charged off against revenue as an implicit price concession.

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 \$526,885 and \$517,390 for the benefit of the residents and to fund other capital and service objectives as of December 31, 2021 and 2020, 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, include a capital project fund, debt service reserve fund, bond interest account, and a cost of issuance fund.

INVESTMENT VALUATION AND INCOME RECOGNITION

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. See Note 3 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. 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, 2021 AND 2020

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

INVESTMENT VALUATION AND INCOME RECOGNITION (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 \$57,888 in 2021 and \$43,240 in 2020 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.

The Corporation analyzes its investment portfolio for indicators of impairment that are other than-temporary. When declines in fair value are deemed to be other-than-temporary, the loss is reported as a component of realized losses on the statements of activities and the fair value on the date of this determination becomes the new basis of the investment. Subsequent increases in the fair value of these investments are recorded as a component of the change in net assets and are not recorded as realized gains until the investments are sold. No impairment losses were recorded in 2021 and 2020.

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.

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.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

DEFERRED INCOME FROM ENTRY FEES AND REFUNDABLE ENTRY FEES (CONTINUED)

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, 2021 and 2020 were \$15,640,335 and \$14,802,764, respectively.

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, thrive at home, and 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, 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.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

REVENUE RECOGNITION - HEALTH CENTER (CONTINUED)

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 determines transaction price based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's charity care policy, and implicit price concessions provided primarily to uninsured patients. Residents who have health care insurance may also have discounts applied related to their copayment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience.

Estimates of contractual adjustments and discounts are determined by major payor classes for inpatient and outpatient revenues based on contractual agreements, discount policies and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved.

Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations. There were no material changes in prior period estimates that changed resident service revenue during the years ended December 31, 2021 and 2020.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

OBLIGATION TO PROVIDE FUTURE SERVICES

For the year ended December 31, 2021, the Corporation calculated 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 advance fees. For the year ended December 31, 2020, the Corporation utilized the services of an actuary to calculate the present value of the net cost of future services and the use of facilities to be provided to current residents, and compares that amount with the balance of deferred revenue from advance fees.

If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. There was no future service obligation at December 31, 2021 and 2020.

OPERATING RESERVE

The State of Connecticut Department of Social Services (DSS) monitors Connecticut retirement communities and their compliance with existing state regulations. Among other things, DSS requires that retirement communities maintain an operating reserve equal to approximately one month's cash operating costs and six months of debt service. The Corporation maintained an adequate operating reserve as of December 31, 2021 and 2020. The operating reserve is included within cash and cash equivalents on the accompanying statements of financial position.

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 and changes in net assets. 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.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

IMPAIRMENT OF LONG-LIVED ASSETS

FASB ASC 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, requires the Corporation to review long-lived assets, such as property and equipment or intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset.

If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairment losses recognized during the years ended December 31, 2021 and 2020.

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.

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.

CONTRIBUTED GOODS AND SERVICES

Goods or services have been provided by various organizations and a number of unpaid volunteers have contributed their time. Contributions are recognized if the services rendered (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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, 2021 and 2020, with accumulated amortization of \$88,948 and \$48,827 for the years ended December 31, 2021 and 2020.

Amortization of the deferred financing costs, reported as interest expense in the accompanying statements of activities for the years ended December 31, 2021 and 2020, was \$40,121 and \$39,107, 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.

DEFERRED REVENUE

Revenue received in advance of the related services being provided is deferred on the accompanying statements of financial position. Amounts will be recognized as revenue when the services are provided or the expenses are incurred by the Corporation.

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.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

INCOME TAXES (CONTINUED)

Management has analyzed the tax positions taken and has concluded that as of December 31, 2021 and 2020, 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.

FUNCTIONAL EXPENSE ALLOCATION

The Corporation allocates its expenses on a functional basis among program and management and general. Expenses that can be identified with a specific service are charged directly according to their natural expenditure classification. Salaries and benefits are supported by time records for specific services. Facility costs, including rent, utilities and insurance are allocated based upon square footage. General and administrative expenses and other indirect costs that cannot be specifically identified with any one service are allocated based on a percentage of direct and directly allocable expenses for that particular service depending on the nature of the expense.

LEASES

The Corporation has obligations as a lessee for vehicles with initial noncancelable terms in excess of one year. The Corporation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets, and operating lease liabilities in the statement of financial position. Finance leases are included in property and equipment, and liabilities in the statement of financial position.

ROU assets represent the Corporation's right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Corporation uses an incremental borrowing rate based on the information available in determining the present value of lease payments.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

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, 2021 and 2020, contributions to the plan amounted to approximately \$218,000 and \$200,000, 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, 2021 and 2020, the Corporation recorded \$211,366 and \$35,871, 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, 2021 and 2020, the Corporation incurred losses from operations of approximately \$2.3 million and \$711,000, respectively, and has a deficiency in net assets of approximately \$9.9 million and \$11.1 million as of December 31, 2021 and 2020, respectively. During 2020, 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, 2021, the Corporation has outstanding long term debt of approximately \$55.6 million in the form of revenue bonds.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

RISKS AND UNCERTAINTIES (CONTINUED)

The Corporation's operating revenues were negatively impacted in 2021 and 2020 by the COVID-19 pandemic. In general, healthcare organizations saw declines in revenues due to families not wanting to admit relatives due to fear of contracting the coronavirus in an institutional setting, and additionally choosing to keep them at home due to restrictions on visitation. In addition, the Corporation experienced delays in the ability to re-sell independent living units due to delays to make the necessary renovations to those units.

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.

RECLASSIFICATIONS

Certain amounts in the 2020 financial statements have been reclassified to conform to the 2021 financial statement presentation.

NOTE 2 - COVID-19 RELIEF REVENUE

During the years ended December 31, 2021 and 2020, the Corporation received \$71,738 and \$423,605, respectively, in funding from the Department of Health and Human Services (HHS) through the Coronavirus Aid, Relief and Economic Security (CARES) Act PRF. As a condition to receiving these funds, the Corporation has agreed to certain terms and conditions including the following: (1) the funds are to reimburse the Corporation only for health care-related expenses and lost revenue that is attributable to COVID-19, (2) the funds may only be used to prevent, prepare for and respond to COVID-19, (3) noncompliance with the terms and conditions is grounds for the recoupment of some or all of the payments by HHS and (4) the Corporation will not use the funds to reimburse expenses or losses that have been reimbursed from other sources or that other sources are obligated to reimburse.

For the years ended December 31, 2021 and 2020, the Corporation has recognized \$163,808 and \$301,521, respectively, in the accompanying statement of activities and changes in net assets. The unrecognized amount of the HHS PRF funds, amounting to \$30,014 in 2021 and \$122,084 in 2020 is included in current portion of the deferred revenue liability in the Corporation's statement of financial position.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 - COVID-19 RELIEF REVENUE (CONTINUED)

Management's estimates of the amount of revenue recognized from these advances could change materially in the future as the regulations regarding the COVID-19 relief programs are modified in future periods. Any future adjustments to these estimates will be reported in the earnings of future periods. All amounts received under these programs may be subject to audit by the funding agencies and potentially require repayment in a future period.

NOTE 3 - ACCOUNTS RECEIVABLE

The Corporation grants credit without collateral to its residents, most of whom are insured under third-party payor agreements. The mix of receivables from patients and third-party payors as of September 30, 2021 and 2020 were as follows:

	2021	2020
Medicaid	\$ 26,385	\$ 71,994
Medicare	82,275	130,635
Private pay	1,029,869	950,208
Other third party payors	<u>21,476</u>	<u>104,833</u>
	1,160,005	1,257,670
Less allowance for doubtful accounts	<u>398,213</u>	<u>236,948</u>
	<u>\$ 761,792</u>	<u>\$ 1,020,722</u>

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments at December 31 are summarized as follows:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Assets whose use is limited				
Cash and equivalents	\$ 22,851	\$ 22,851	\$ 21,891	\$ 21,891
Mutual funds	<u>594,817</u>	<u>857,770</u>	<u>618,743</u>	<u>788,411</u>
	<u>\$ 617,668</u>	<u>\$ 880,621</u>	<u>\$ 640,634</u>	<u>\$ 810,302</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Long-Term investments				
Cash and equivalents	\$ 1,115,614	\$ 1,115,614	\$ 1,200,562	\$ 1,200,562
Mutual funds	941,187	926,887	565,407	579,425
U.S. Government and Agency obligations	640,728	632,074	334,558	348,190
Corporate bonds	346,371	343,110	210,686	224,599
Marketable equity securities	<u>4,441,919</u>	<u>6,135,359</u>	<u>2,747,110</u>	<u>3,867,719</u>
	<u>\$ 7,485,819</u>	<u>\$ 9,153,044</u>	<u>\$ 5,058,323</u>	<u>\$ 6,220,495</u>

FAIR VALUE MEASUREMENT

GAAP 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, 2021 AND 2020

NOTE 4 - 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, 2021 and 2020.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 - 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, 2021		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Cash and equivalents	\$ 1,138,465	\$ --	\$ 1,138,465
Mutual funds	1,784,657	--	1,784,657
U.S. Government and Agency obligations	632,074	--	632,074
Corporate bonds	--	343,110	343,110
Marketable equity securities	6,135,359	--	6,135,359
	<u>\$ 9,690,555</u>	<u>\$ 343,110</u>	<u>\$ 10,033,665</u>

	December 31, 2020		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Cash and equivalents	\$ 1,222,453	\$ --	\$ 1,222,453
Mutual funds	1,367,836	--	1,367,836
U.S. Government and Agency obligations	348,190	--	348,190
Corporate bonds	--	224,599	224,599
Marketable equity securities	3,867,719	--	3,867,719
	<u>\$ 6,806,198</u>	<u>\$ 224,599</u>	<u>\$ 7,030,797</u>

INSTRUMENTS NOT MEASURED AT FAIR VALUE

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate their fair value because of the short-term nature of these instruments.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

INSTRUMENTS NOT MEASURED AT FAIR VALUE (CONTINUED)

The fair value of long-term debt as of December 31, 2021 and 2020 approximates the total outstanding principal balance. The method used to determine the fair value of long-term debt is quoted prices for similar debt instruments.

NOTE 5 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	2021	2020
Land and land improvements	\$ 835,874	\$ 858,756
Intangibles	833,504	843,443
Buildings	117,325,749	126,690,227
Furniture, fixtures and equipment	3,986,029	5,019,905
Operating lease right-of-use asset	106,534	--
Vehicles	185,959	240,503
Construction in process	<u>3,830,473</u>	<u>2,039,946</u>
	127,104,122	135,692,780
Less accumulated depreciation and amortization	<u>48,118,402</u>	<u>57,133,427</u>
	<u>\$ 78,985,720</u>	<u>\$ 78,559,353</u>

The estimated cost to complete the construction in progress as of December 31, 2021 is approximately \$950,000.

NOTE 6 - 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.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 6 - ASSETS HELD BY TRUSTEE (CONTINUED)

CAPITAL PROJECT FUND (CONTINUED)

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, 2021 and 2020 was \$1,838,237 and \$6,568,290, 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 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, 2021 and 2020 was \$3,763,120 and \$3,762,218, respectively.

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, 2021 and 2020 was \$1,392,005 and \$1,391,838, respectively.

NOTE 7 - NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Undesignated	\$ (31,535,166)	\$ (31,922,439)
Designated by the governing board	526,885	517,390
Property and equipment, net of related debt	<u>20,348,239</u>	<u>19,844,803</u>
Total Net Assets (Deficit) Without Donor Restrictions	<u>\$ (10,660,042)</u>	<u>\$ (11,560,246)</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

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

	2021	2020
Subject to Expenditure for Specified Purpose:		
Memorial and remembrance fund	\$ 425,052	\$ 366,838
A. Krenta legacy fund	114,273	-
Cultural arts fund	88,651	86,079
Staff development fund	56,687	38,480
Other	<u>20,047</u>	<u>1,795</u>
	<u>704,710</u>	<u>493,192</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>\$ 714,710</u>	<u>\$ 503,192</u>

Net assets were released from restrictions by incurring expenses satisfying the following purposes for the years ended December 31:

	2021	2020
Subject to Expenditure for Specified Purpose:		
Memorial and remembrance fund	\$ --	\$ 4,580
Cultural arts fund	1,975	1,600
Staff development fund	13,695	22,000
Other	<u>5,610</u>	<u>-</u>
	<u>\$ 21,280</u>	<u>\$ 28,180</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

As required by GAAP, 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, 2021 AND 2020

NOTE 9 - LONG-TERM DEBT

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

	<u>2021</u>	<u>2020</u>
Town of Hamden Revenue Bonds (Whitney Center Project) Series 2019		
Fixed Rate Revenue Bonds due January 1, 2030	\$ 9,090,000	\$ 9,090,000
Fixed Rate Revenue Bonds due January 1, 2040	17,690,000	17,690,000
Fixed Rate Revenue Bonds due January 1, 2050	<u>28,815,000</u>	<u>28,815,000</u>
	55,595,000	55,595,000
Less, deferred financing costs	1,459,247	1,499,368
Add, unamortized original issue premium	<u>4,447,589</u>	<u>4,607,863</u>
Long-Term portion	<u>\$ 58,583,342</u>	<u>\$ 58,703,495</u>

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. 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.

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.

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 2021.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 - LONG-TERM DEBT (CONTINUED)

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

Years ending <u>December 31,</u>	
2022	\$ --
2023	955,000
2024	1,000,000
2025	1,050,000
2026	1,100,000
Thereafter	<u>51,490,000</u>
	<u>\$ 55,595,000</u>

OPERATING RESERVE

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, 2021 and 2020, 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 \$3.37 million and \$3.25 million at December 31, 2021 and 2020, respectively. The balance in these funds amounted to approximately \$5.15 million in each of the years ended December 31, 2021 and 2020. Such amounts have been classified as assets held by trustee on the statements of financial position.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 10 - U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization applied for and received a forgivable loan in the amount of \$2,250,000 under the U.S. Small Business Administration Paycheck Protection Program. As of December 31, 2020, the loan was recorded under long-term liabilities, "U.S. Small Business Administration Paycheck Protection Program Loan", until such time as the forgiveness was formally approved. During 2020, the loan proceeds were used solely for payment of payroll and otherwise in a manner to satisfy the requirements for loan forgiveness. The forgiveness was formally approved by the SBA on July 22, 2021. As a result, a gain in the amount of \$2,250,000 has been recognized and is presented within the caption "Gain on forgiveness of PPP loan" in the Non-Operating Items section of the Statement of Activities.

NOTE 11 - LEASE OBLIGATIONS

The Corporation has obligations as a lessee for vehicles, with remaining lease terms expiring through October 2024. The Corporation has classified these leases as operating leases. Payment due under these leases include fixed monthly payments aggregating \$2,788 per month, with the total operating lease cost, based on the fixed monthly rent, amounting to approximately \$28,000 for the year ended December 31, 2021.

Future minimum lease payments as of December 31, are as follows:

Years ending December 31,	
2022	\$ 33,454
2023	33,454
2024	<u>22,629</u>
	89,537
Less, amount representing interest	<u>6,112</u>
	<u>\$ 83,425</u>

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%, with expiration dates through March 2021.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 - 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 tables present revenue disaggregated by type of contract and payer for the years ended December 31, 2021 and 2020:

	<u>December 31, 2021</u>				Total
	Independent Living	Health Center	Assisted Living	Thrive at Home	
Resident Fees:					
Medicaid	\$ --	\$ 908,206	\$ --	\$ --	\$ 908,206
Medicare	--	2,365,841	--	--	2,365,841
Private pay and other third party payors	<u>12,744,651</u>	<u>2,491,893</u>	<u>2,163,490</u>	<u>422,313</u>	<u>17,822,347</u>
	12,744,651	5,765,940	2,163,490	422,313	21,096,394
Entry Fees:					
Amortization	5,003,869	--	--	289,954	5,293,823
Entry fees recognized	<u>1,361,251</u>	<u>--</u>	<u>--</u>	<u>35,447</u>	<u>1,396,698</u>
	<u>\$ 19,109,771</u>	<u>\$ 5,765,940</u>	<u>\$ 2,163,490</u>	<u>\$ 747,714</u>	<u>\$ 27,786,915</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 12 - DISAGGREGATION OF REVENUE (CONTINUED)

	<u>December 31, 2020</u>				Total
	Independent Living	Health Center	Assisted Living	Thrive at Home	
Resident Fees:					
Medicaid	\$ --	715,894	\$ --	\$ --	\$ 715,894
Medicare	--	1,812,855	--	--	1,812,855
Private pay and other third party payors	<u>12,688,597</u>	<u>3,016,209</u>	<u>2,174,124</u>	<u>394,591</u>	<u>18,273,521</u>
	12,688,597	5,544,958	2,174,124	394,591	20,802,270
Entry Fees:					
Amortization	5,271,671	--	--	266,404	5,538,075
Entry fees recognized	<u>1,943,603</u>	<u>--</u>	<u>--</u>	<u>36,132</u>	<u>1,979,735</u>
	<u>\$ 19,903,871</u>	<u>\$ 5,544,958</u>	<u>\$ 2,174,124</u>	<u>\$ 697,127</u>	<u>\$ 28,320,080</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 13 - 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, 2021 and 2020, 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.

	2021	2020
Financial assets at year-end		
Cash and cash equivalents	\$ 8,822,178	\$ 8,000,045
Accounts and contract receivables, net	761,792	1,147,099
Other receivables	11,420	129,961
Investments	10,033,665	7,030,797
Assets held by trustee	<u>6,993,362</u>	<u>11,722,346</u>
Total financial assets available at year-end	<u>26,622,417</u>	<u>28,030,248</u>
Less contractual or donor-imposed restrictions		
Perpetual endowment	10,000	10,000
Restricted by donors with time or purpose restriction	704,710	493,192
Board designated	526,885	517,390
Assets held by trustee	<u>6,993,362</u>	<u>11,722,346</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 18,387,460</u>	<u>\$ 15,287,320</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 14 - COMMITMENTS AND CONTINGENCIES

HEALTH CARE INDUSTRY

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, and government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Company is in compliance with applicable government laws and regulations. However, compliance with such laws and regulations is subject to government review and interpretation as well as regulatory actions unknown or unasserted at this time.

LEGAL AND REGULATORY ENVIRONMENT

Management believes that the Corporation is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The Corporation is involved in legal proceedings related to matters which are incidental to its business. In the opinion of management, based on consultation with counsel, the outcome of such proceedings will not significantly affect the Corporation's financial position or results of operations, based on existing insurance coverage and contingency reserves provided by the Corporation.

COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the United States and the world. The Corporation continues to monitor the outbreak of COVID-19 and the related business and travel restrictions and its impact on operations, financial position, cash flows, reopening trends, patient and third party payor payments, and the industry in general, in addition to the impact on its employees. Due to the fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Corporation's operations and liquidity is uncertain as of the date of this report.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 14 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

COVID 19 PANDEMIC (CONTINUED)

The Corporation's business has been deemed essential by the State of Connecticut during the COVID-19 pandemic; however, the operations have been impacted due to declines in the number of services provided starting in March 2020 and continuing through the issuance of this report. The extent to which the COVID-19 pandemic further impacts the Corporation's operations and financial condition will depend on numerous evolving factors, which are uncertain and cannot be predicted, including duration and scope of the pandemic and associated disruptions; effects of current and future governmental and public responses to changing conditions; financial condition of the Corporation's customers; and the ability of third party payors to meet their obligations to the Corporation for the services provided.

NOTE 15 - SELF INSURANCE

Effective January 1, 2020, the Corporation became self-insured for health and pharmacy benefits provided to employees. All eligible employees have the option of participating in the Corporation's self-funded, comprehensive medical care benefits plan. Based upon plan enrollment, the Network pays a monthly fee to a Third Party Administrator (TPA), which covers the administrative fees. The Corporation has purchased stop-loss insurance, which will reimburse the Corporation for individual claims in excess of \$100,000 annually and aggregate claims of approximately \$900,000 annually. The Corporation pays the claims and recognizes the expense as they are submitted by the TPA. This amount varies from month to month based upon the health care use by covered persons. As of December 31, 2021 and 2020, the Corporation accrued \$400,000 and \$200,000, respectively, for unpaid claims.

The determination of such claims and expenses and the appropriateness of the related liability is continually reviewed and updated. It is reasonably possible that the accrued estimated liability of self-insured claims may need to be revised in the near term.

NOTE 16 - SUBSEQUENT EVENTS

In preparing these financial statements, The Corporation has evaluated events and transactions for potential recognition or disclosure through May 13, 2022, the date the financial statements were available to be issued. 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, 2021 AND 2020

NOTE 17 - 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:

2021	Independent Living	Health Center	Resident Services	Total Programs	Marketing and Development	Fundraising	Management and General	Total
Salaries and wages	\$ 4,302,792	\$ 2,994,442	\$ 1,070,415	\$ 8,367,649	\$ 517,218	\$ 87,505	\$ 2,320,304	\$ 11,292,676
Employee benefits	1,019,128	769,104	271,956	2,060,188	136,983	21,378	479,079	2,697,628
Contract services	687,630	229,734	13,687	931,051	3,216	--	369,648	1,303,915
Food	776,853	406,110	511	1,183,474	--	--	62,184	1,245,658
Supplies	297,742	148,341	144,582	590,665	2,052	--	219,254	811,971
Ancillary health services	156	871,399	--	871,555	--	--	--	871,555
Utilities	995,017	67,258	11,361	1,073,636	5,681	--	56,806	1,136,123
Repairs and maintenance	386,694	32,656	17,718	437,068	2,163	--	22,554	461,785
Other operating expenses	87,488	305,478	77,433	470,399	11,664	47,757	697,068	1,226,888
Insurance	--	--	--	--	--	--	230,722	230,722
Marketing and development	2,100	--	--	2,100	376,479	--	--	378,579
Depreciation and amortization	4,099,688	288,292	50,128	4,438,108	23,331	--	164,481	4,625,920
Interest expense	2,425,747	163,969	27,697	2,617,413	13,849	--	18,335	2,649,597
Property taxes	1,957,260	132,302	22,348	2,111,910	11,174	--	111,741	2,234,825
Loss on disposal of assets	106,186	7,178	1,212	114,576	606	-	6,062	121,244
	<u>\$ 17,144,481</u>	<u>\$ 6,416,263</u>	<u>\$ 1,709,048</u>	<u>\$ 25,269,792</u>	<u>\$ 1,104,416</u>	<u>\$ 156,640</u>	<u>\$ 4,758,238</u>	<u>\$ 31,289,086</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 17 - FUNCTIONAL EXPENSES (CONTINUED)

2020	Independent Living	Health Center	Resident Services	Total Programs	Marketing and Development	Fundraising	Management and General	Total
Salaries and wages	\$ 4,199,984	\$ 2,886,053	\$ 988,844	\$ 8,074,881	\$ 492,180	\$ 76,727	\$ 2,104,749	\$ 10,748,537
Employee benefits	942,545	712,880	216,187	1,871,612	118,070	19,356	655,338	2,664,376
Contract services	482,838	130,260	12,233	625,331	2,067	--	337,641	965,039
Food	740,979	328,804	2,125	1,071,908	98	--	124,571	1,196,577
Supplies	280,363	163,354	91,470	535,187	3,037	--	172,334	710,558
Ancillary health services	168	859,678	--	859,846	--	--	--	859,846
Utilities	1,048,371	70,865	11,970	1,131,206	5,985	--	59,852	1,197,043
Repairs and maintenance	310,319	26,035	4,923	341,277	1,748	--	18,404	361,429
Other operating expenses	61,316	76,584	103,587	241,487	9,542	103,465	575,785	930,279
Insurance	--	--	--	--	--	--	212,388	212,388
Marketing and development	9,677	--	--	9,677	165,535	--	--	175,212
Depreciation and amortization	4,331,663	370,353	52,983	4,754,999	49,652	--	337,004	5,141,655
Interest expense	2,329,873	165,679	27,986	2,523,538	13,993	--	139,932	2,677,463
Property taxes	1,975,656	133,545	22,558	2,131,759	11,279	--	112,792	2,255,830
Loss on disposal of assets	10,561	714	121	11,396	60	-	603	12,059
	<u>\$ 16,724,313</u>	<u>\$ 5,924,804</u>	<u>\$ 1,534,987</u>	<u>\$ 24,184,104</u>	<u>\$ 873,246</u>	<u>\$ 199,548</u>	<u>\$ 4,851,393</u>	<u>\$ 30,108,291</u>

WHITNEY CENTER, INCORPORATED

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

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020	Increase (Decrease)	
			Dollar Change	Percent Change
Changes in Net Deficit Before Nonoperating Items				
Revenues and Gains				
Resident services	\$ 27,786,915	\$ 28,320,080	\$ (533,165)	-2%
Other operating revenues	897,584	664,929	232,655	35%
CARES Act Provider Relief Funds	163,808	301,521	(137,713)	100%
Contributions and other	85,823	81,853	3,970	5%
Net assets released from restriction	21,280	28,180	(6,900)	-24%
Total Revenues and Gains	<u>28,955,410</u>	<u>29,396,563</u>	<u>(441,153)</u>	<u>-2%</u>
Expenses and Losses				
Depreciation and amortization	4,625,920	5,141,655	(515,735)	-10%
Interest expense	2,649,597	2,677,463	(27,866)	-1%
Health Center services	3,743,324	3,517,018	226,306	6%
Administrative and general	5,169,428	4,300,239	869,189	20%
Dining services	2,952,759	2,966,145	(13,386)	0%
Employee benefits	2,697,628	2,709,058	(11,430)	0%
Property taxes	2,234,825	2,255,830	(21,005)	-1%
Plant and security	1,862,180	1,695,228	166,952	10%
Utilities	1,136,123	1,197,043	(60,920)	-5%
Housekeeping and laundry	1,032,170	910,958	121,212	13%
Assisted living and wellness	1,569,646	1,531,784	37,862	2%
Resident services	1,208,863	818,261	390,602	48%
At Home program	406,623	387,609	19,014	5%
Total Expenses and Losses	<u>31,289,086</u>	<u>30,108,291</u>	<u>1,180,795</u>	<u>4%</u>
Deficiency of Revenues and Gains over Expenses and Losses from Operations	<u>\$ (2,333,676)</u>	<u>\$ (711,728)</u>	<u>\$ (1,621,948)</u>	<u>-228%</u>

See independent auditors' report.

WHITNEY CENTER, INCORPORATED

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

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

WHITNEY CENTER, INCORPORATED

CONTENTS

Independent Auditors' Report	1-2
---	------------

Financial Statements

Statements of Financial Position.....	3-4
Statements of Activities	5-6
Statements of Cash Flows.....	7-8

Notes to Financial Statements.....	9-35
---	-------------

Independent Auditors' Report on Supplementary Information	36
--	-----------

Supplementary Information

Schedule I – Comparison of Changes in Net Deficit Without Donor Restrictions Before Nonoperating Items	37
---	----

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
Assets		
Current Assets		
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>
Total Current Assets	25,021,504	17,664,932
Property and Equipment	80,772,046	82,750,001
Other Assets		
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>
Total Assets	<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
Liabilities and Net Assets (Deficit)		
Current Liabilities		
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	--	630,000
Total Current Liabilities	4,350,757	6,737,438
Capital Lease Obligation - less current portion	11,055	807,072
Long-Term Debt - less current portion and deferred financing costs	58,824,662	45,711,496
Deferred Income from Entry Fees	38,978,050	40,866,917
Refundable Entry Fees	15,420,824	14,758,846
Deposits	145,292	159,331
Total Liabilities	117,730,640	109,041,100
Net Assets (Deficit)		
Without donor restrictions	(11,710,441)	(7,901,081)
With donor restrictions	330,800	292,511
Total Net Deficit	(11,379,641)	(7,608,570)
Total Liabilities and Net Assets (Deficit)	<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
Revenues and Gains			
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)	--
Total Revenues and Gains	29,411,705	(18,393)	29,393,312
Expenses and Losses			
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
Total Expenses and Losses	32,287,125	--	32,287,125
Deficiency of Revenues and Gains over Expenses and Losses from Operations	(2,875,420)	(18,393)	(2,893,813)
Nonoperating Items			
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)
Net Nonoperating Items	(933,940)	56,682	(877,258)
Deficiency of Revenues and Gains over Expenses and Losses and Nonoperating Items	(3,809,360)	38,289	(3,771,071)
Net Assets (Deficit) - Beginning	(7,901,081)	292,511	(7,608,570)
Net Assets (Deficit) - Ending	\$ (11,710,441)	\$ 330,800	\$ (11,379,641)

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
Revenues and Gains			
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)	--
Total Revenues and Gains	28,327,847	(14,115)	28,313,732
Expenses and Losses			
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
Total Expenses and Losses	30,516,192	--	30,516,192
Deficiency of Revenues and Gains over Expenses and Losses from Operations	(2,188,345)	(14,115)	(2,202,460)
Nonoperating Items			
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
Net Nonoperating Items	(128,439)	(22,072)	(150,511)
Deficiency of Revenues and Gains over Expenses and Losses and Nonoperating Items	(2,316,784)	(36,187)	(2,352,971)
Net Assets (Deficit) - Beginning	(5,220,073)	328,698	(4,891,375)
Impact of change in accounting policy	(364,224)	--	(364,224)
Adjusted Net Assets (Deficit) - Beginning	(5,584,297)	328,698	(5,255,599)
Net Assets (Deficit) - Ending	\$ (7,901,081)	\$ 292,511	\$ (7,608,570)

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
Cash Flows from Operating Activities		
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
Net Cash Provided by Operating Activities	<u>1,892,530</u>	<u>2,154,688</u>
Cash Flows from Investing Activities		
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)
Net Cash Used in Investing Activities	<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
Cash Flows from Financing Activities		
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>
Net Cash Provided by (Used in) Financing Activities	<u>7,391,942</u>	<u>(1,035,146)</u>
Net Change in Cash and Cash Equivalents	392,489	(2,333,027)
Cash and Cash Equivalents - Beginning	<u>2,660,611</u>	<u>4,993,638</u>
Cash and Cash Equivalents - Ending	<u>\$ 3,053,100</u>	<u>\$ 2,660,611</u>
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 4,022,551</u>	<u>\$ 3,814,977</u>
Supplemental Disclosures of Non-Cash Financing and Investing Activities		
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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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	<u>12,586,454</u>	<u>2,964,503</u>	<u>1,820,745</u>	<u>164,908</u>	<u>17,536,610</u>
	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	<u>1,681,991</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,681,991</u>
	<u>\$ 20,161,196</u>	<u>\$ 5,136,318</u>	<u>\$ 1,820,745</u>	<u>\$ 292,786</u>	<u>\$ 27,411,045</u>

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

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
Changes in Net Deficit Before Nonoperating Items				
Revenues and Gains				
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>
Total Revenues and Gains	<u>29,411,705</u>	<u>28,327,847</u>	<u>1,083,858</u>	<u>4%</u>
Expenses and Losses				
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>
Total Expenses and Losses	<u>32,287,125</u>	<u>30,516,192</u>	<u>1,770,933</u>	<u>6%</u>
Deficiency of Revenues and Gains over Expenses and Losses from Operations	<u>\$ (2,875,420)</u>	<u>\$ (2,188,345)</u>	<u>\$ (687,075)</u>	<u>-31%</u>

See independent auditors' report on supplementary information.