

WHITNEY CENTER

2014 Disclosure Statement

Whitney Center, like all other Continuing-Care (Life care) communities in the State of Connecticut, is subject to the Public Act. No. 86-252, concerning Management of Continuing-Care Facilities (the “Act”). Pursuant to the Act, Whitney Center is registered with the Connecticut Department of Social Services (“Department”). Registration under the Act does not constitute approval, recommendation, or endorsement of the community by the Department or the State of Connecticut, nor does such registration evidence the accuracy or completeness of the information in this Disclosure Statement.

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.

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INTRODUCTION

Whitney Center brings to the people of Hamden and Greater New Haven, who are age 62 and over, a way of retirement living known as continuing care or "life care". This concept offers residents lifetime use of a Residential Living Apartment, Assisted Living Services and nursing care in the on-site Nursing Center in accordance with the terms of a Residency Agreement. Whitney Center is owned by Whitney Center, Incorporated, a Connecticut not-for-profit corporation, which is committed to serving the best interests of Whitney Center and its residents.

One of the purposes of this Disclosure Statement is to explain to prospective residents, their families, and advisors who and what is involved in the operation of Whitney Center. This Disclosure Statement was prepared on the basis of assumptions believed to be realistic as of that date. Such assumptions are, of course, subject to change and in particular are significantly affected by changes in inflation and interest rates. Because of future changes in circumstances, Whitney Center expects that minor changes in the operation of Whitney Center may be necessary.

Although we have tried to prepare this Disclosure Statement carefully and have tried to use non-technical language, it is possible that 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.

MISSION

Whitney Center's mission is Excellence in Senior Living.

VISION

By 2034, Whitney Center will be a recognized leader in senior living services, the model of innovation and quality for consumers, providers and regulatory agencies.

VALUES

In carrying out our mission as a not-for-profit organization, we abide by principles that underlie every aspect of our organization's activities. Whitney Center's employees and board members are committed to these core values:

Community

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

Respect

- We believe that every employee and resident is an independent and self-determining individual, each worthy of the utmost respect for their voice, individuality, and accomplishments.
- We understand & appreciate that aging is a lifelong process in which learning and growth opportunities are integral to maintaining a fulfilled lifestyle.
- We promote a work and living environment that enables residents 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 employee and resident has a significant role in the ongoing affairs of our community and, therefore, seek to maximize opportunities for participation in all facets of our operation.
- We believe that transparency and good communication are vital to a healthy organization.

DEFINITIONS

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

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

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

Closing – The point at which a depositor becomes a resident and 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 appropriate entry fee.

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

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

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

Per Diem Period – Under the Modified Life care program, refers to the period of seven hundred thirty (730) cumulative days after the first one hundred (100) cumulative days, exclusive of any Medicare-part A coverage, for which a resident is responsible for paying the market rate for Assisted Living or Nursing Center services.

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

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

Residential Living – Refers to residents living safely in an apartment without any assistance in activities of daily living and/or medication management.

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

I. THE PEOPLE

WHITNEY CENTER, INCORPORATED

Whitney Center, Incorporated is a Connecticut 501(c)(3) not-for-profit corporation organized for the purpose of owning and operating the Whitney Center retirement community. Its principal business address is 200 Leeder Hill Drive, Hamden, Connecticut 06517. Whitney Center, Incorporated is not affiliated with a religious, charitable, or other not-for-profit organization. Whitney Center does not own or operate any other retirement community.

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

The Board of Directors of Whitney Center, Incorporated consists of up to 18 members whose expertise lay in such areas as banking, law, hospital administration, and medicine. The directors receive no compensation for their services on the board. Neither the directors, nor any persons involved in the management of Whitney Center, have any proprietary interest in Whitney Center.

OFFICERS AND DIRECTORS

The Board of Directors of Whitney Center, Incorporated has the overall responsibility for Whitney Center including strategic planning and the approval of annual budgets.. People and entities referred to herein have assumed no financial responsibility for the fulfillment of agreements of Whitney Center, Incorporated.

The officers and directors of Whitney Center, Incorporated are listed below:

Michael Carbray

Director, 90 West Todd Street, Hamden, Connecticut 06518. Mr. Carbray is General Manager at Amphenol Spectra-Strip. He is currently a member, Board of Directors Wire & Cable Manufacturers Alliance and member, Hamden Chamber of Commerce. He is founder and President of the Michael Zgradden memorial Scholarship, former Chairman of the Board of Directors Hamden Chamber of Commerce, former Planning and Zoning Commissioner Town of Hamden. (Year service commenced – 2009)

Paul Cleary

Director, 199 Totoket Road, Branford, Connecticut 06405. Mr. Cleary is Dean of Public Health, Anna M.R. Lauder Professor of Public Health, Chair, Department of Epidemiology and Public Health, Yale School of Medicine. He currently serves on the Board of Trustees, Associates of the Cushing/Whitney Medical Library and the Internal Advisory Committee, Claude D. Pepper Older Americans Independence Center at Yale University. In 2010, Mr. Cleary received the Picker Award for Excellence in the Advancement of Patient-Centered Care. (Year service commenced – 2013)

Martha Dale

Director, 55 Whitney Avenue, Suite 400, P.O. Box 209053, New Haven, Connecticut 06520. Ms. Dale is the Director for China Programs at the Global Health Leadership Institute of Yale University's School of Public Health. She has primary responsibility for the Yale-Tsinghua University collaborative with the Goldman Sachs *10,000 Women* program. She is also a Lecturer in the Health Management at the Yale University School of Public Health and has been a member of the Ethiopian Hospital Management Initiative and the Liberian Healthcare Management Program of Yale University and the Clinton Foundation. Ms. Dale serves on the boards of the Colt Bequest and CIL (Corporation for Independent Living). She was a founding member of the Connecticut Women in Health Care Management. Previously, Ms. Dale was Executive Director of Duncaster in Bloomfield, Connecticut and a Vice President at Hartford Hospital. (Year service commenced – 2011)

Michael Dimenstein

Director, 50 Dogwood Circle, Woodbridge, Connecticut 06525. Mr. Dimenstein is Vice President, System Compensation and Benefits for Yale New Haven Health, the system that includes Yale-New Haven Hospital, Bridgeport Hospital, Greenwich Hospital and Northeast Medical Group. He is a member of the American Society for Healthcare Human Resources Administration of the American Hospital Association and the Society for Human Resource Management, and is a Certified Compensation Professional by World At Work. Mr. Dimenstein was appointed by Governor Dannel Malloy to the Connecticut Workers' Compensation Commission's Advisory Board. He currently serves on the Boards of Directors of Chapel Haven and Congregation Mishkan Isreal. (Year service commenced - 2011)

Henry Dove

Director, 137 Santa Fe Avenue, Hamden, Connecticut 06517. Mr. Dove is a principal at Casemix Consulting, LLC whose clients include hedge funds, private equity firms, and healthcare providers (including managed care organizations, hospitals, home health companies, and other healthcare providers). He specializes in the provider payment systems used by Medicare, Medicaid, and private insurers. Mr. Dove is a Lecturer in the Health Management Program of the Yale University School of Epidemiology and Public Health. Mr. Dove's current professional associations include: Chairman, Hamden Group Health Insurance Committee; Advisory Board, SMA Informatics; and Research Advisory Board, Solucia, Inc. He formerly served on the Connecticut Ambulatory Surgery Center Patient Safety Organization and the Finance Board of the Visiting Nursing Association of South Central Connecticut. (Year service commenced - 2006)

Robert Harrity

Director and Treasurer, 55 Knollwood Drive, North Haven, Connecticut 06473. Mr. Harrity is a Principal with Ross Institutional Investors LLC in New Haven Connecticut. He is a Senior Financial Executive with extensive international and domestic experience in investment and commercial banking. Mr. Harrity's past accomplishments include Managing Director with Citigroup/Citibank, New York, NY; Managing Director, Corporate Finance at Chemical Bank/JP Morgan Chase; Managing Director, Investment Banking at Merrill Lynch; and Vice President, Corporate Finance at The First Boston Corporation. Mr. Harrity has been a guest speaker at The Wharton School, Georgetown University and The Darden School at UVA. (Year service commenced – 2012)

Nancy Hutchings

Director, 200 Leeder Hill Drive, Hamden, Connecticut 06517. Mrs. Hutchings is a resident of Whitney Center and currently serves as President of its Residents' Council.

Jane Jervis

Director, 36 Lincoln Street, New Haven, Connecticut 06511. Ms. Jervis has been a consultant in higher education for Antioch College, Goddard College and Biosphere II. She has been president, Lincoln-Bradley Neighborhood Association in New Haven, Connecticut; founding board member of the Home Haven / East Rock Village Association; and a reader for the Recording for the Blind and Dyslexic. Ms. Jervis's past accomplishments include CT Legislative Task Force on Aging in Place, and has chaired numerous accreditations for Northwest Association of Schools and Colleges. (Year service commenced – 2014)

Jerrold Kaplan, M.D.

Director, 49 Bishop Road, Chester, Connecticut 06412. Dr. Kaplan is owner of Kaplan Rehabilitation, LLC. He is currently Assistant Clinical Professor of Orthopedics and Rehabilitation, Yale University School of Medicine; Assistant Professor, Department of Traumatology and Emergency Medicine University of Connecticut School of Medicine in Farmington, Connecticut; and Clinical Adjunct Assistant Professor at Quinnipiac University. Dr. Kaplan is past Vice President and Medical Director of Gaylord Hospital. Dr. Kaplan is an Assistant Scout Master for Boy Scout Troop 610 in Hamden (Year service commenced 2012).

Margaret P. Mason

Director and Secretary, 255 Boston Street, Guilford, Connecticut 06437. Ms. Mason is a partner in the national law firm of LeClairRyan in its New Haven office. She practices in the areas of employment advice and litigation, medical malpractice defense and general business litigation. Ms. Mason serves on the Board of Directors of New Haven Legal Assistance Association, Inc., the Board of Directors of the John B. Pierce Laboratory, and the Board of Trustees of the John B. Pierce Foundation. Ms. Mason is past president of the New Haven County Bar Association and of The Quinnipiack Club. She served on and chaired the Connecticut Statewide Grievance Committee. She is an elected member of The American Law Institute. She teaches Trial Practice at the Yale Law School. (Year service commenced 2008)

Martha Mitchell

Director, 110 Cleveland Road, New Haven, Connecticut 06515. In 2012, Ms. Mitchell retired after 38 years of holding dual faculty and service positions: at Yale School of Nursing as Associate Clinical Professor and at Yale School of Medicine as Lecturer in Psychiatry, and at the Connecticut Mental Health Center (CMHC). At CMHC she was Chief Nurse Executive for 17 years and later a lead clinician in outpatient treatment programs. She has a bachelors and masters degree in nursing, and did post-masters training in her specialty. Ms. Mitchell has been recognized for numerous professional services including Commissioner on the President's Commission on Mental Health; Chairperson, Executive Committee of Psychiatric Nursing Division, and American Nurses Association. She received the John Carroll Award from Georgetown University. (Year service commenced 2013).

Margaret Moss

Director, 185 Main Street, Cheshire, Connecticut 06410. Ms. Moss was appointed Associate Professor and Specialty Director of the Nursing Management, Policy, and Leadership program at Yale University School of Nursing in 2010. Dr. Moss received her PhD in Nursing from the University of Texas at Houston in 2000 and subsequently received a distinguished alumni award in 2002. She is one of only 16 doctorally-prepared American Indian nurses in the country and the only one to focus solely on aging. Dr. Moss is an enrolled member of the Three Affiliated Tribes of North Dakota. Dr. Moss has researched, presented extensively, and written on the subject of American Indians, aging, and policy. (Year service commenced 2013)

Robert O’Dea

Director, 22 Pierce Lane, Madison, Connecticut 06443. Mr. O’Dea is a Financial Advisor, Vice President of Investments, Wealth Brokerage Services with Wells Fargo Advisors. He delivers comprehensive financial services to a spectrum of individuals and institutions. Mr. O’Dea has formed a productive partnership in Wealth Brokerage Services throughout Connecticut. He currently volunteers in the New Haven School System to provide financial education seminars for students, and serves as lead liaison for the Private Bank in support of the New Haven Promise. (Year service commenced 2011).

Shawn O’Sullivan

Director, 200 Squaw Lane, Guilford, Connecticut 06437. Mr. O’Sullivan is a partner at the law firm of Davis O’Sullivan & Priest, LLC in New Haven, Connecticut and practices in the areas of estate planning, probate and trust administration and taxation. He is a member of the Connecticut Bar Association and New Haven County Bar Association. (Year service commenced – 2007)

David Pearson

Director and Chair, 25 Thimble Farm Road, Branford, Connecticut 06405. Dr. Pearson received his doctoral degree in epidemiology (health policy) from Yale University. He holds a Master of Public Health degree from the University of Michigan and a Bachelor of Science degree from the State University of New York at Cortland. He retired as the Everett Sackett Professor of Health Management and Policy, University of New Hampshire, and currently consults with non-profit organizations on governance and strategic management. For over two decades he was on the faculty of the Department of Epidemiology and Public Health, Yale University School of Medicine, including as associate dean. He served in the Kennedy and Johnson administrations and contributed to various legislative proposals, federal regulations and programs. Currently, Dr. Pearson is a member of the State of Connecticut’s Quality of Care Advisory Committee plus its Subcommittee on Hospital Best Practices. (Year service commenced - 2005)

Michael B. Rambarose

Director ex-officio, 26 Rustic Terrace, Portland, Connecticut 06480. Mr. Rambarose is the President & CEO of Whitney Center. He holds an undergraduate degree from Embry-Riddle Aeronautical University and an MBA from the Lubin School of Business at Pace University. Mr. Rambarose is an experienced leader, having served two terms in the U.S. Navy and over 13 years in a variety of positions with senior health care systems in New York and Connecticut. Mr. Rambarose is a Fellow of the Leading Age Academy, CARF-CCAC Surveyor and has a professional affiliation with Leading Age. (Year service commenced - 2005)

Ronald T. Rozett, M.D., M.P.H.

Director, 58 Glen Parkway, Hamden, Connecticut 06517. Dr. Rozett is a graduate of Harvard Medical School and the Harvard School of Public Health. After clinical training, he became a member of the Internal Medicine faculty of the Yale University School of Medicine. Following several years in academic medicine, he practiced medicine as a primary care internist and geriatrician in a New Haven prepaid group practice, the Community Health Care Plan, CHCP. He also served as its Medical Director for nine years. After 17 years at CHCP, he moved to a rehabilitation hospital, Gaylord Hospital, to pursue his interest in the management of chronic disease and disability and continue his work as an administrator. Most recently he has been an Executive in Residence at the Quinnipiac University School of Business, the Director of its Master of Health Administration Program, and the Medical Director of the university's Physician Assistant Program. (Year service commenced – 2009)

Anthony F. Santore, CPA

Director and Vice Chair, 30 Marion Drive, North Haven, Connecticut 06473. Mr. Santore is a principal with Beers, Hamerman & Company, P.C. Mr. Santore serves on the Board of Governors and is Treasurer of New Haven Country Club, Inc. He is also on the Board of Directors of Fair Haven Cemetery Association. He is a member of both the American Institute of Certified Public Accountants and the Connecticut Society of Certified Public Accountants (CSCPA). He also serves on the Non Profit Committee of the CSCPA, the Development Committee of the Community Foundation of Greater New Haven, Inc., and The Amity Club. He is the former Treasurer of the United Way of Greater New Haven, Inc. and has served on the Board of Directors of the Connecticut Community Investment Corporation and City Missionary Association. (Year service commenced – 2010)

THE ASSOCIATION OF RESIDENTS

All of the residents of Whitney Center are considered members of Whitney Center's Residents' Association. Each member is entitled to one 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.

MANAGEMENT

The Whitney Center management team operates under the direction of its CEO and President, Michael Rambarose. The senior team comprises a Chief Financial Officer, David Ratliff, a Chief Operating Officer, Ken Sandberg and a Human Resource Director, Sally Norton. The remainder of the management team includes the Medical Director, department heads and other managers and supervisors.

II. THE CENTER

LOCATION

Whitney Center is located at 200 Leeder Hill Drive in Hamden, Connecticut on approximately 15 beautiful acres near Lake Whitney amidst pine trees and leafy shade trees. The uniquely-designed buildings complement an attractive, natural environment within minutes of New Haven and a wealth of intellectual, social and cultural venues that include some of the nation's finest universities, concert halls, museums, theatres and restaurants. The neighboring areas also offer shopping, professional offices, parks, golf courses and many recreational destinations.

WHITNEY CENTER

Whitney Center is a life care community designed to accommodate people 62 years of age or older. Whitney Center provides active residents a lifestyle designed to meet their unique needs and the freedom to pursue their personal interests. Life care communities, such as Whitney Center, encompass these important components: a private residence, a wide array of personal services, assisted living services, and the security of an on-site licensed skilled nursing center.

Whitney Center has 238 Residential Living Apartments in two buildings; the north building opened in 1979 (150 apartments) and the south building opened in 2011 (88 apartments), 12 Assisted Living apartments, and 59 skilled nursing beds. Community common areas include a cultural arts center, multiple dining venues, spa & salon, indoor heated swimming pool, whirlpool spa, fitness center, wellness center, library, business center, convenience store/gift shop, bank, and parking garage.

The Nursing Center is designed with both private and semi-private residences and includes a recreation room, two resident lounges, a dining room, a beauty/barber shop and secure patio. In addition to skilled nursing, services include inpatient and outpatient therapy – including speech, occupational, and physical therapies. Restorative care is emphasized in order to help residents regain their independence and return to their apartments.

Outdoor amenities at Whitney Center include private gardens, walking trails and private patios.

ACCREDITATION

In February 1994, Whitney Center was first awarded accreditation by the Continuing Care Accreditation Commission (CCAC)/CARF in Washington, D.C. In 2013, it received reaccreditation through 2018. In 2013, Whitney Center was also accredited as a Person-Centered Long Term Care Facility.

To become accredited, Whitney Center affirms its compliance with standards of excellence in governance and administration, finance, strategy and health and wellness.

Whitney Center's accreditation demonstrates to the general public and consumers that it is effectively carrying out its mission and meeting accreditation standards.

THE PERSONNEL

Whitney Center employs approximately 250 personnel led by a senior management team, department heads, and other managers. An organizational chart depicting these various departments and positions can be found in Exhibit A.

From time to time, Whitney Center may contract with additional service providers to enhance resident programs and amenities. Current partnerships include:

Cura Hospitality Services, Inc. partners with Whitney Center in the management of dining operations. The General Manager and Executive Chef are Cura employees, all other dining staff are employed by Whitney Center.

Alliance Rehab of Connecticut provides rehabilitative services at Whitney Center. All rehabilitative employees (physical, occupational and speech therapists) are employed by Alliance Rehab.

Whitney Center's Medical Director is employed by the Northeast Medical Group, which is part of Yale-New Haven Hospital and affiliated with Yale University School of Medicine. The Medical Director works closely with the management team to ensure that residents receive high quality care and services.

FUTURE EXPANSION PROJECTS

Strategic planning is ongoing at Whitney Center. Current plans under development on the horizon of 3-5 years include the renovation or replacement of the nursing unit, the addition of other health and wellness services and facilities to the Whitney Center campus, and the creation of new off-campus service programs.

CONTRACT OPTIONS

The Life Care Program

Whitney Center's life care program provides residents with a continuum of services that includes:

- Lifetime use of a Residential Living apartment;
- A variety of concierge and supportive services;
- Assisted Living services, either in the Residential Living apartment or in a designated location; and,
- Nursing care in the on-site skilled Nursing Center when 24-hour care and supervision is required.

Residents pay an initial entry fee and on-going monthly fee for these services; other than some additional cost specified in Section III.C.3 of the Residency Agreement, these fees do not increase as a resident moves from one service level to another.

The Modified Life Care Program

Whitney Centers offers a Modified Life Care program for those residents who wish to apply long term care insurance benefits or self-insure future assisted living and nursing care services. A modified plan resident pays a smaller entry or monthly fee but has more responsibility for future health care costs.

The monthly service fee in the modified plan covers the first one hundred (100) days of care services in either a designated Assisted Living apartment or Nursing Center room, exclusive of any Medicare-Part A coverage. The one hundred (100) days are cumulative, may occur at any time and need not be consecutive or occur within the same stay or Spell of Illness. For couples, the one hundred (100) day benefit applies to each resident. After the first one hundred (100) days, the resident is responsible for paying the then current per diem rate for a period of seven hundred thirty (730) cumulative days, exclusive of any Medicare-Part A covered days. Proceeds of long term care insurance policies can be used for this purpose, if applicable, and the resident must pay the then current monthly service fee if he or she retains the Residential Living apartment during this period. At the conclusion of seven hundred thirty (730) cumulative days, the resident will resume paying only the then current monthly service fee and any other charges as described in Section III.C.3 of the Residency Agreement.

Other Contract Options

Whitney Center, under certain circumstances, may offer other contract options that are variations of the Life Care and Modified Life Care contracts. All terms 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 defined below and listed in the Residency Agreement, which governs all such obligations. Further specific details are provided in the Resident Handbook.

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

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

- Center Stage – Offers a formal dining atmosphere and serve a variety of lunch and dinner options. Alcoholic beverage service is available. This venue includes a display cooking area.
- Bistro / Marketplace – This informal venue offers a variety of options throughout the day and evening. The Bistro features a coffee shop & desert bar, char grill, deli, pizza oven, salads, soup & panini sandwich station, as well as stir fry, pasta and other made to order dishes.
- Private Dining Room – In addition to serving as a space for private functions, this venue is used for theme dinners or special events
- Pub – The Fireside Room offers a full pub menu to accommodate cocktails or casual meals.

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

Emergency Response – All apartments are equipped with a personal emergency response system that, when activated by the resident, alerts staff who are trained in first aid and CPR.

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.

Flat Laundry - Whitney Center provides weekly service for the residents' flat laundry which is washed, dried, folded, and returned within a set time. This includes sheets, pillowcases, towels, face clothes, and dishcloths.

Maintenance of the Apartment - Whitney Center maintains all common areas and provides weekly housekeeping services. 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 incidental repairs of appliances, mechanical, electrical,

plumbing and structural systems due to normal wear and tear in the Residential Living apartments. Any Whitney Center property damaged by a resident or guest will be repaired at the resident's expense.

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

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

Parking – Every residential apartment is allocated one parking space for a resident-owned vehicle either in the common garage or in an open lot.

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

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

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

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

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

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

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

Satellite Television - Whitney Center provides a basic satellite television package as part of the monthly service fee. Residents may have options for premium packages and alternative service providers depending on the location of the Residential Living apartment.

Telephone Service - Whitney Center provides the basic telephone line and local telephone service as part of the monthly fee. Residents can choose to subscribe to a public telephone service provider at their own cost.

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

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

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

Assisted Living

Assisted Living (AL) services are an integral part of Whitney Center’s continuum of care and are provided through our Assisted Living Services Agency (ALSA). 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.

Once a resident’s potential need is identified, Whitney Center’s clinical staff will conduct an assessment to determine exactly what services are necessary and create a care plan that ensures the proper assistance while maintaining the highest degree of independence possible. These services may be provided in either a residential apartment or a designated assisted living apartment where there is more frequent and readily available assistance with ADLs and nursing services; ongoing assessments, conducted at least every 120 days, will help to determine the most appropriate setting. Recommendations for a change in residential status will be made by an interdisciplinary care team comprising Whitney Center’s designated staff in consultation with the resident, the resident’s family (or designated representative) and the primary care physician, in accordance with Whitney Center’s Level of Care policy. Connecticut’s Assisted Living regulations requiring anyone receiving Assisted Living services to be “chronic and stable” will help guide decisions for admission and discharge into our AL program.

When the recommendation is made to move to an AL apartment, our staff will work closely with the resident and the resident’s family to make the transition as smooth as possible. If the resident chooses not to follow the recommendation to move to the

designated AL apartment, Whitney Center will continue to provide AL services in the residential apartment, up to one hour per day, at no additional cost per Exhibit D. Any additional services deemed necessary for the resident to live safely in the residential apartment will be charged on a fee-for-service basis. If the resident chooses to move to the recommended AL apartment, then all ADL and nursing services will be provided, at no additional cost per Exhibit D. Two additional meals each day will be added to a resident's monthly billing statement when he or she is living in a designated AL apartment. Residents will receive AL services until such time that the resident qualifies for skilled nursing services in our Nursing Center. Federal and state regulations determining the need for 24-hour skilled or long term custodial nursing care will guide decisions for admission and discharge to the Nursing Center.

Within our Assisted Living program, we have developed designated memory support accommodations to meet the needs of those residents with cognitive impairment. This offers a secure and home-like environment with structured activities throughout the day.

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

Under the Modified Life Care Plan, after the first one hundred (100) days of service covered under the monthly service fee, the resident will pay the then per diem Assisted Living rate for care in the residential apartment or a Studio / Alcove apartment in the Assisted Living wing for the following two years; proceeds from long term care insurance policies may be applied during this time period. At the end of the two year period, the resident, if continuing to maintain single occupancy in a Residential Living Apartment, will pay the then current monthly service fee plus additional charges specified in the Residency Agreement.

Nursing Center

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

In the event a resident requires skilled nursing care as defined by federal and state regulations, he or she will move to the Nursing Center from the apartment or from a hospital with a physician's medical order. Residents of Whitney Center have priority access to the Nursing Center over nonresident applicants desiring care. In the unusual event that the Center is at maximum capacity, Whitney Center, after consultation with the resident, family and the resident's physician will locate appropriate care in another facility until the appropriate accommodations become available in the Nursing Center. Whitney Center will be financially responsible for that portion of the cost of this alternative care that would have otherwise been included as part of the resident's life care contract.

Two additional meals each day will be added to a resident's monthly billing statement when he or she is living in the Nursing Center. Visitors are welcome and encouraged to visit. Friends, relatives, or spouses may enjoy meals with residents; please inform the

staff in advance.

The Nursing Center clinical team determines the appropriate care plan for the resident upon his or her move to the Nursing Center. As a part of the determination, the resident's long-term ability to return to Residential Living is evaluated. The plan of care objective is to enable the resident to attain and/or maintain the highest possible quality of life in the most appropriate setting.

Residents who are able to do so will be encouraged to return to Residential Living as soon as practicable and may be able to, if recommended by the nursing care plan, visit their apartments with the assistance of volunteers or resident hired staff arranged through the ALSA or Personal Options programs as part of the rehabilitation process.

Residents who are unable to live safely in their Residential Living Apartment may relocate, either temporarily or permanently, to the Nursing Center. The determination of permanent relocation will come only after a thorough evaluation of a resident's situation per Whitney Center's Level of Care Determination policy; this process shall be completed within 90 days following temporary assignment to the Nursing Center.

Residents who remain in the Nursing Center in a temporary status for more than 100 days per Spell of Illness while maintaining single occupancy in a Residential Living Apartment, notwithstanding the "Level of Care Determination" recommendation, will be assessed additional charges as defined in Section III.C.3 of the Residency Agreement.

Under the Modified Life Care Plan, after the first one hundred (100) days of service covered under the monthly service fee, the resident will pay the then per diem Nursing Center rate for a semi-private room for the following two years; proceeds from long term care insurance policies may be applied during this time period. At the end of the two year period, the resident will pay the then current monthly service fee plus additional charges specified in the Residency Agreement.

When a resident is the sole occupant of an Apartment, the resident's permanent relocation shall result in the release of the resident's Residential Living apartment to Whitney Center for reservation by a new resident. In case of double occupancy, the remaining resident can continue to reside in the Apartment.

Services provided in the Nursing Center are described in Exhibit E.

III. COMMUNITY ADMISSIONS

THE RESERVATION PROCESS

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

Unless waived by Whitney Center, the applicant must meet certain financial and physical health requirements for Residential Living. Financially, the resident must have assets and income which are sufficient under foreseeable circumstances to make payment of resident's obligations under the Residency Agreement and to meet ordinary and customary living expenses after assuming residency. The resident's physical and cognitive health must be such that the resident is determined to be able to live safely and independently by a comprehensive health assessment; additionally, the resident must be free of communicable disease.

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

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

THE RESIDENCY AGREEMENT

Prospective residents are urged to review the details of the Residency Agreement very carefully before signing. Prospective residents are reminded that the Residency Agreement is personal in nature and does not give any person who is not a party to the Residency Agreement any right to reside at Whitney Center or receive any services provided under the Residency Agreement; this includes a nonresident spouse. The

Residency Agreement contains, among other things, the terms concerning termination and rescission rights, rights to use of the Apartment, rights to use of Assisted Living and the Nursing Center, provisions concerning reimbursement of the entry fee, and services provided to residents. A sample Residency Agreement is attached as Exhibit B.

A resident may rescind the Residency Agreement by giving Whitney Center and First Niagara Bank, the escrow agent, 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, subsequent to the execution of the Residency Agreement, the 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 occupants. The entry fee is typically paid in two parts. An initial deposit of ten percent (usually 10%), is paid 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.

Historically, average service fee increases for the past seven years have been:

<u>Year</u>	<u>Monthly Fee</u>	<u>Entry Fee</u>
2014	3.0%	0.00%
2013	3.0%	0.00%
2012	3.0%	3.00%
2011	3.0%	3.00%
2010	3.0%	3.00%
2009	5.0%	3.00%
2008	5.0%	3.00%

ENTRY FEE REFUND

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

If a resident dies or withdraws after moving into Whitney Center, the resident may be eligible for partial reimbursement of the entry fee as set forth in Paragraph XII of the Residency Agreement. Outstanding expenses and any other sums owed by the resident to Whitney Center will be deducted from any refund due. The amount to be returned to the resident or the resident's estate, without interest, shall be equal to one of the following:

1. Traditional Entry Fee Option

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

2. 60% Refundable Entry Fee Option

An amount equal to the Primary Entry Fee less an administrative fee of ten percent (10%) of the Entry Fee and a two percent (2%) reduction of the original Entry Fee for each month 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 Whitney Center will then be deducted.

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. Any charges owed by the resident to Whitney Center will then be deducted.

Entry Fee refunds can only be triggered by Residency Agreement termination. If the resident (or resident's estate) is due a refund, such refund will be made when payment of

the entry fee for an apartment similar in size and fee schedule is made by a new resident, not to exceed one year from termination.

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

1. Non-reimbursed expenses incurred by Whitney Center for cares (except the cost of Services described in Subparagraph II.A of the Residency Agreement) during the term of residency;
2. Any Monthly Service Fees, or other sums owed by the resident to Whitney Center under the Residency Agreement;
3. Any Monthly Service Fees deferred by Whitney Center on the resident's behalf under Subparagraph VIII.A of the Residency Agreement; and
4. Any other sums owed by the resident to Center.

APARTMENT RELOCATIONS

Residential Living residents may, at Whitney Center's discretion, relocate from one Apartment to another as follows:

Upsizing – A resident may relocate from one Apartment (“Apartment A”) to a larger Apartment (“Apartment B”) providing that the resident pays the difference between the Entry Fee paid for Apartment A and the then current Entry Fee for Apartment B. The then current Monthly Service Fee for Apartment B shall become applicable upon occupancy. The resident must submit an updated confidential financial statement to verify sufficient assets and income to afford the additional fees.

Downsizing – A resident may relocate from a larger Apartment (“Apartment C”) to a smaller Apartment (“Apartment D”). If the Entry Fee on the new unit is less, the resident will not receive a refund of the difference – the refund rules of the original contract will continue to apply. If the current Entry Fee Apartment D is less than the Entry Fee paid for Apartment C, the resident will be required to pay the difference. The then current Monthly Service Fee for Apartment D shall become effective upon occupancy.

Subsequent Relocation to Long Term Care – Life care residents pay the same fee as for their independent living unit when they move to an assisted living or nursing units. A resident who relocates to an Apartment with a different fee structure and then relocates to an Assisted Living apartment or Nursing Center room shall pay a “Calculated Monthly Service Fee” based on the weighted average of their apartment occupancy. This provision protects Whitney Center and other residents by preventing a life care resident from temporarily relocating to a smaller unit in order to reduce their health care monthly fee..

Relocation Fee - Residents relocating from one Apartment to another shall pay a Relocation Fee equal to the sum of the cost of routine refurbishment (i.e., paint,

carpet, minor repairs) and two (2) month's Monthly Service Fee for the vacated Apartment. The cost of routine refurbishment shall be waived if the resident's occupancy in the vacated Apartment has been more than ten (10) years and the vacated Apartment was not refurbished, at Whitney Center's expense, during that time.

Construction and Moving Related Costs - A resident who relocates from one Apartment to another shall be required to pay for construction related requests beyond routine refurbishment, e.g., upgraded carpet, whirlpool tub, or custom bookshelves in the Apartment into which s/he moves and for the repair of damages caused by the resident or the resident's guest(s) in the vacated Apartment. Moving related costs, e.g., furniture disassembly / assembly, packing / unpacking, and picture hanging shall be at the resident's expense.

MARRIAGE AND RIGHTS OF SURVIVING SPOUSE

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

MARRIAGE AND SECOND PERSON AFTER OCCUPANCY

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

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

IV. FINANCIAL STATEMENTS AND PROJECTIONS

FINANCIAL PROJECTIONS

It is important for future residents, their families, and their advisors to understand the financial basis on which Whitney Center is operated. The past experience of Whitney Center in successfully managing this community has been the basis for its financial planning for future results.

CASH FLOW PROJECTION (PRO FORMA)

The following pages contain five year pro forma cash flow statements for Whitney Center. The pro forma statements are based on the assumptions stated in the notes attached thereto and are projections of future activity rather than historical financial statements. Such pro forma statements are based on cash flow concepts which make them unlike an income statement prepared in accordance with generally accepted accounting principles.

The pro forma cash flow projection is simply a projection of the estimated expenditures and receipts of Whitney Center. The projected rates for income and expenses are not guaranteed. The percent of increase may be greater or lower based upon the increased cost to operate Whitney Center and other factors.

Although there can be no guarantee of accuracy, the pro forma cash flow projection is based upon experience and the best current estimates at the time of printing this Disclosure Statement. Such estimates are, of course, dependent upon assumptions concerning many items, including inflation and interest rates, which are subject to change. It is believed that the pro forma cash flow projection reflects sound financial planning and a rational set of assumptions, based upon experience and insight.

Whitney Center, Inc.
Five Year Forecasted Statements
For the period beginning January 1, 2014

Notes to Financial Forecast:

Uncertainty of Forecast:

This forecast is based on certain assumptions about future events. Actual results are likely to vary from those forecast here, and that variance may be significant. The forecast has been prepared by management using the 2013 audit, 2014 annual budget, and other plans and projections.

The Community:

Whitney Center Inc. is a nonprofit corporation pursuant to Section 501(c)3 of the Internal Revenue Code that operates the Whitney Center retirement community in Hamden, CT. Whitney Center is governed by its board of directors, which approves the election of individual members. Day to day management is the responsibility of the CEO and other managers and department heads.

Whitney Center is a continuing care retirement community (CCRC). As a CCRC, the community includes independent living apartments, assisted living units, and nursing care beds. New residents typically pay an initial entry fee, which may be partially refundable, in addition to monthly or daily service fees and ancillary charges. Most resident contracts include a life care provision, which allows them to move to higher levels of care such as nursing with no increase in their monthly fee.

The community currently has approximately 314 apartments, assisted care units and nursing beds. In October 2011, an expansion was completed that added 88 new apartment units along with a new community center, a library, new dining areas, and a salon. Financing for this project was obtained by issuing \$89.9M of tax-exempt bonds with various maturity dates through 2043. Management intends to pursue financing for the construction of a new health center after the current expansion is fully occupied. As of 1/1/14, over \$32 million of construction financing has been paid off.

Occupancy and Census:

The forecast assumes that occupancy will gradually increase over the next three years and stabilize at 92% average occupancy in late 2016. The forecast also includes assumptions about turnover that are consistent with actual results and a third-party actuarial forecast. Achieving high occupancy is a critical part of Whitney Center's business plan for the next few years.

Entry Fees:

The forecast assumes that new residents will pay entry fees consistent with current pricing and the current mix of options for refunds and health care. Entry fee prices are forecast to increase 3% per year. Actual price increases will be determined annually as part of the annual budget process.

In accordance with AICPA guidelines, entry fees are booked on the balance sheet as deferred revenue and recognized as annual revenue over a period of years. This is similar to the way building costs are booked as assets, and then reduced by annual depreciation expense. Annual entry fee cash flow will be different from entry fee revenue as shown on the cash flow statement.

Operating Revenue:

The forecast assumes that monthly, per diem and ancillary fees will be consistent with current rates, adjusted by inflation of 3% per year and the forecast fill of new units. Actual price increases will be determined annually as part of the annual budget process and may be more or less than 3%. In 2012, 2013 and 2014, most resident rates increase 3.0% effective January 1.

Operating Expenses:

The forecast assumes that operating expenses will be consistent with current costs, adjusted for occupancy and by inflation of 3% per year. Expense are reviewed as part of the annual budget process. Operating costs for expansion units have been forecast based on management's current experience in the existing building.

Income and Cash Flow

As projected in the financial feasibility forecast used to obtain financing for the Renaissance Project, Whitney Center will operate at a deficit until most new units are sold and occupied. A high proportion of costs are fixed regardless of occupancy, so the community has to fund a portion of expenses from reserves until occupancy and revenue catch up to expenses. Whitney Center has substantial cash reserves that it believes are more than adequate to fund temporary deficits.

Assets Limited to Use

Whitney Center's long term investment fund is unrestricted. Money donated for restricted use is held separately from other accounts. As required by the loan agreement for the bonds that provided money for the expansion project, a third-party trustee holds cash for debt service and operating reserve funds, and holds entry fees received from expansion units that are allocated to debt

Whitney Center, Inc.
Five Year Forecasted Statements
For the period beginning January 1, 2013

Year 1 **Year 2** **Year 3** **Year 4** **Year 5**
2014 2015 2016 2017 2018

Statements of Financial Position

Assets

Current assets:

Cash and cash equivalents	\$ 2,583,411	\$ 2,579,600	\$ 2,579,864	\$ 2,477,103	\$ 3,173,902
Accounts receivable, net	576,062	586,062	596,062	606,062	616,062
Other receivables	120,571	120,571	120,571	120,571	120,571
Prepaid expenses and other	268,584	268,584	268,584	268,584	268,584
Assets whose use is limited	885,173	902,877	920,934	939,353	958,140
Total current assets	4,433,802	4,457,694	4,486,015	4,411,673	5,137,259

Assets held by Trustee	10,854,795	8,920,795	8,988,795	9,058,795	9,130,795
Long-term investments	6,593,540	10,225,411	13,929,920	15,208,518	16,512,688
Property, plant and equipment, net	86,725,250	83,994,550	81,213,850	78,383,150	75,502,450
Deferred marketing costs, net	3,355,109	2,795,924	2,236,739	1,677,554	1,118,370
Deferred financing costs, net	2,089,453	2,002,673	1,915,892	1,829,112	1,742,332

Total assets	114,051,948	112,397,046	112,771,211	110,568,802	109,143,894
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Liabilities and unrestricted net assets

Current liabilities:

Current portion of long-term debt	\$ 470,000	\$ 490,000	\$ 510,000	\$ 530,000	\$ 550,000
Accounts payable	470,363	480,363	490,363	500,363	510,363
Accrued expenses	4,057,934	4,098,513	4,139,498	4,180,893	4,222,702
Contract deposits	249,011	249,011	249,011	249,011	249,011
Total current liabilities	5,247,308	5,317,887	5,388,872	5,460,267	5,532,076

Long-term debt, less current portion	52,290,000	49,435,000	48,925,000	48,395,000	47,845,000
Deferred income from entry fees	40,142,007	41,018,037	40,240,460	36,595,801	33,076,166
Refundable entry fees	13,734,952	15,273,642	16,611,530	17,445,903	18,433,296
Deposits on apartments	29,210	29,210	29,210	29,210	29,210
Total liabilities	111,443,478	111,073,776	111,195,072	107,926,181	104,915,748

Unrestricted net assets	2,608,470	1,323,271	1,576,138	2,642,621	4,228,146
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Total liabilities and unrestricted net assets	114,051,948	112,397,047	112,771,211	110,568,802	109,143,894
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See notes to financial statements

Whitney Center, Inc.
Five Year Forecasted Statements
For the period beginning January 1, 2013

	<u>Year 1</u> <u>2014</u>	<u>Year 2</u> <u>2015</u>	<u>Year 3</u> <u>2016</u>	<u>Year 4</u> <u>2017</u>	<u>Year 5</u> <u>2018</u>
<u>Statements of Activities</u>					
Revenues and gains:					
Earned entry fees	\$ 6,988,705	\$ 7,925,751	\$ 8,723,311	\$ 9,443,827	\$ 9,971,153
Apartment revenue, net	10,479,797	11,303,677	12,269,838	12,637,933	13,017,071
Assisted Living revenue, net	1,259,381	1,297,162	1,336,077	1,376,160	1,417,444
Health Center revenue, net	4,164,660	4,292,377	4,424,214	4,560,309	4,700,806
Other operating income	707,192	755,460	812,852	841,366	871,021
Investment income and gain, net	396,109	297,891	356,888	432,374	459,379
Total revenues and gains	23,995,843	25,872,319	27,923,181	29,291,970	30,436,874
Expenses and losses:					
Salaries & wages	8,298,212	8,509,198	8,679,382	8,852,970	9,030,029
Employee benefits	1,744,170	1,823,586	1,896,529	1,972,390	2,107,027
Contract services	1,013,052	1,043,444	1,074,747	1,106,990	1,140,199
Food	1,132,613	1,215,220	1,312,322	1,364,815	1,419,408
Supplies	527,381	543,202	559,498	576,283	593,572
Ancillary health services	691,046	711,777	733,130	755,124	777,778
Utilities	1,302,672	1,341,752	1,382,005	1,423,465	1,466,169
Repairs & maintenance	463,986	477,906	492,243	507,010	522,221
Other operating expenses	1,381,264	1,422,702	1,465,383	1,509,344	1,554,625
Insurance	155,068	159,720	164,511	169,446	174,530
Depreciation and amortization	4,301,665	4,376,665	4,426,665	4,476,665	4,526,665
Interest	4,527,842	3,930,558	3,818,911	3,780,300	3,740,145
Property taxes	1,456,000	1,514,240	1,574,810	1,637,802	1,703,314
Loss on disposal of assets	85,000	87,550	90,177	92,882	95,668
Total expenses and losses	27,079,970	27,157,519	27,670,313	28,225,487	28,851,349
Net income (loss)	(3,084,127)	(1,285,200)	252,868	1,066,483	1,585,525
Unrealized gain on investment	-	-	-	-	-
Change in unrestricted net assets	(3,084,127)	(1,285,200)	252,868	1,066,483	1,585,525

See notes to financial statements

Whitney Center, Inc.
Five Year Forecasted Statements
For the period beginning January 1, 2013

	<u>Year 1</u> <u>2014</u>	<u>Year 2</u> <u>2015</u>	<u>Year 3</u> <u>2016</u>	<u>Year 4</u> <u>2017</u>	<u>Year 5</u> <u>2018</u>
<u>Statements of Cash Flows</u>					
<u>Operating activities</u>					
Change in unrestricted net assets	\$ (3,084,127)	\$ (1,285,200)	\$ 252,868	\$ 1,066,483	\$ 1,585,525
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	4,301,665	4,376,665	4,426,665	4,476,665	4,526,665
Amortization of entry fees	(6,988,705)	(7,925,751)	(8,723,311)	(9,443,827)	(9,971,153)
Entry fee receipts, net of refunds	12,153,860	10,040,470	8,783,623	5,933,541	6,538,910
Gain on investments	(246,109)	(147,891)	(206,888)	(282,374)	(309,379)
Other changes in operating activities	<u>263,560</u>	<u>356,599</u>	<u>543,365</u>	<u>745,170</u>	<u>947,018</u>
Net cash provided by operating activities	6,400,145	5,414,892	5,076,321	2,495,657	3,317,586
<u>Investing activities</u>					
Capital expenditures	(1,500,000)	(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)
Change in assets held by Trustee	1,095,234	1,934,000	(68,000)	(70,000)	(72,000)
Change in assets whose use is limited	(34,372)	(17,703)	(18,058)	(18,419)	(18,787)
Change in investments	4,000,000	(3,500,000)	(3,500,000)	(1,000,000)	(1,000,000)
Capitalized marketing costs	-	-	-	-	-
Net cash used by investing activities	3,560,862	(2,583,703)	(4,586,058)	(2,088,419)	(2,090,787)
<u>Financing activities</u>					
Payments on long-term debt	(8,000,000)	(2,835,000)	(490,000)	(510,000)	(530,000)
Net cash used by financing activities	(8,000,000)	(2,835,000)	(490,000)	(510,000)	(530,000)
Change in cash and cash equivalents	1,961,006	(3,811)	264	(102,761)	696,799
Cash & Cash Equivalents at beginning of year	622,405	2,583,411	2,579,600	2,579,864	2,477,103
Cash & Cash Equivalents at end of year	2,583,411	2,579,600	2,579,864	2,477,103	3,173,902

See notes to financial statements

AUDITED FINANCIAL STATEMENTS

Whitney Center engages an outside accounting firm to prepared audited financial statements every year. Audited financial statements of Whitney Center for the years ended December 31, 2013 and 2012 and for the years ended December 31, 2011 and 2010 are attached as Exhibit F.

FUTURE HEALTH CARE SERVICE OBLIGATION

Whitney Center calculates the total present value of prepaid health care for present residents of Whitney Center including the expected discount that will be received by life care residents who will use the Health Center at a substantial discount to regular per diem rates. The calculation is based upon certain actuarial assumptions and methodology using mortality and morbidity rates taken from past actuarial reports. This calculated figure is not a current obligation but will be incurred over time as residents incur health care costs. Whitney Center's annual audit confirms this future cost will be covered by future payments and is not a current liability that would then be disclosed on the community's balance sheet.

V. REGULATORY MATTERS

REGISTRATION

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

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

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

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

ENTRY FEE ESCROW

Under the provisions of the Act, Whitney Center has established an escrow account with a bank for purposes of depositing entry fee deposits paid by residents prior to occupancy. Such an account has been established with:

First Niagara Bank
Attention: Whitney Center Escrow Agent
195 Church Street
New Haven, Connecticut 06510

Interest earned on the escrow account will be credited to Whitney Center. Whitney Center is required to maintain entrance fees received from residents in the entry fee escrow (1) for the 30-day right of rescission period and (2) until the Apartment becomes available for occupancy by the resident.

Persons desiring to rescind or cancel their Residency Agreement should send a written notice of termination or cancellation by registered or certified mail to:

Whitney Center
c/o President
200 Leeder Hill Drive
Hamden, Connecticut 06517-2749

and if during the right of rescission period, also to the escrow agent.

OPERATING RESERVE ESCROW

Whitney Center is also required to establish and maintain on a current basis a portion of all entrance endowments received in an aggregate amount sufficient to cover:

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

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

The reserve fund escrow account is established at:

US Bank
225 Asylum Street
Hartford, Connecticut 06103

INVESTMENT DIRECTION

Investment direction for the reserves will be made in accordance with the terms of the escrow agreements and in accordance with the direction of the Board of Directors upon recommendation of the Board of Directors Investment Committee. 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 benefits. Historically, about 30% of life care entry fees have been deductible as a pre-paid medical expense in the year in which it is paid. Annually, a portion of monthly service fees may also be a deduction. In January of each year, Whitney Center will provide residents with information about tax deductions. All Whitney Center deductions are, of course, subject to limitations imposed by the Internal Revenue Code. It is advisable that the resident seek tax counsel before taking any of these deductions.

JUDICIAL PROCEEDINGS

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

VI. EXHIBITS

EXHIBIT A: ORGANIZATIONAL CHART

Whitney Center Organizational Chart

January 2014

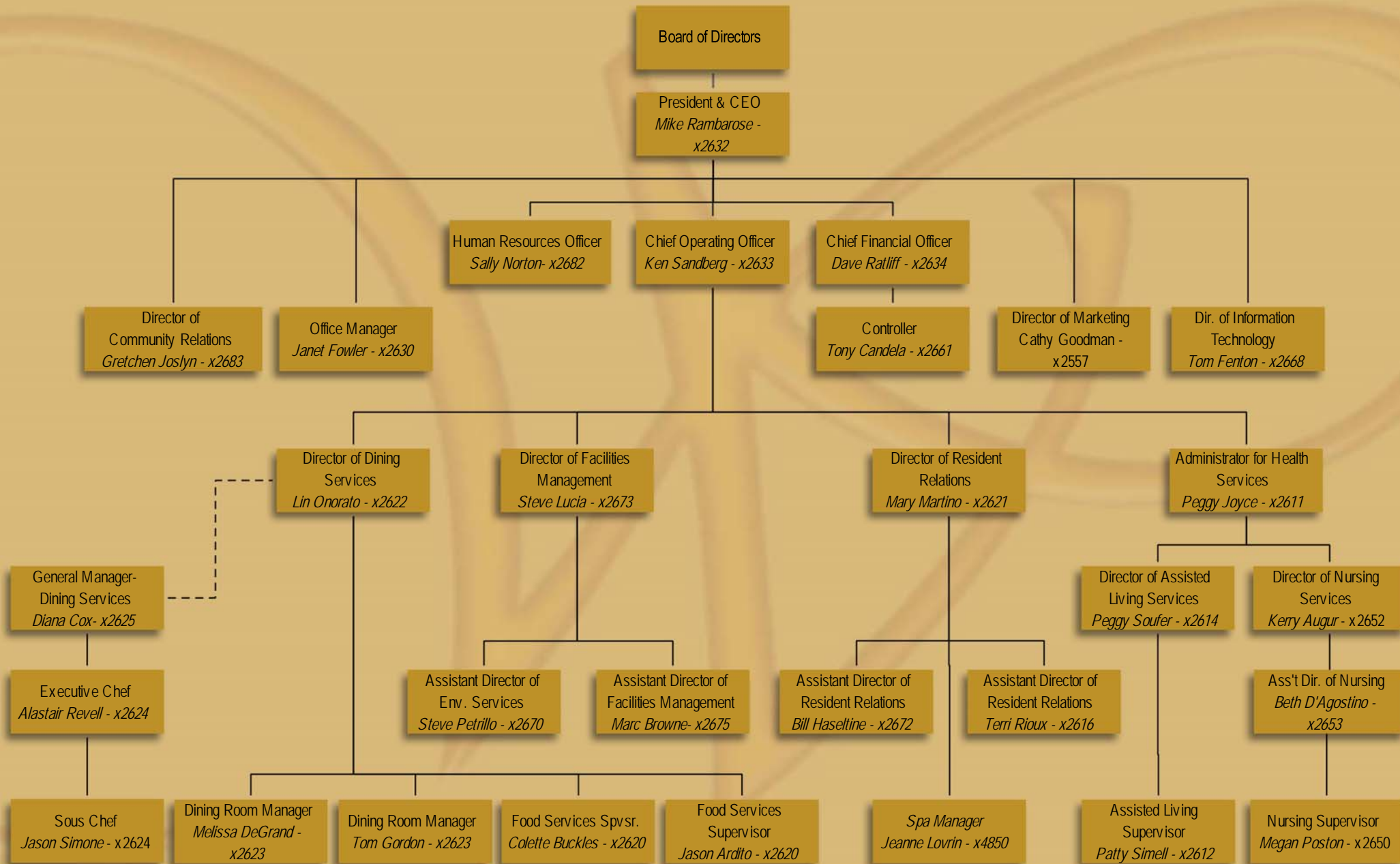


EXHIBIT B: RESIDENCY AGREEMENTS

- ❖ **Life Care**
- ❖ **Modified Life Care**

**WHITNEY CENTER
RESIDENCY AGREEMENT
LIFE CARE**

RECITALS:

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

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

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

II. DESCRIPTION OF SERVICES TO BE PROVIDED

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

A flexible spending account of \$_____ per quarter to be used in the various dining venues on campus;

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

Building and grounds maintenance;

Weekly housekeeping and flat laundry service;

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

Scheduled local transportation;

A variety of programs and activities;

On-site parking;

On-site security services;

24-hour emergency response;

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

Access to Wellness Center services;

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

Assisted Living Services, per the Level of Care Determination, in the Residential Living Apartment or in a designated Studio or Alcove style apartment; and,

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

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

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

Additional dining;

Meal delivery for convenience;

Guest dining;

Premium television service;

Long distance phone service;

Guest accommodations;

Catering services;

Spa services;

Facsimile and copier services;

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

Additional personal transportation services;

Organized travel and tickets to various attractions and events;

Assisted Living Services in the Residential Apartment when the Level of Care Determination recommends a move to a designated Assisted Living apartment;

Upgrade charge for one-bedroom accommodations in Assisted Living;

Upgrade charge for private accommodations in the Nursing Center;

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

Physical, speech, and occupational therapies; and,

Other optional services as approved by Center.

III. COST TO YOU

A. Entry Fee

1. Amount of Entry Fee. Based on your selection of the _____ Entry Fee Option as 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 an additional, Second Person Entry Fee in the amount of \$_____. Your Total Entry Fee will be \$_____.

2. Payment Schedule:

a. Ten percent (10%) of the Total Entry Fee is due upon signing this Agreement, receipt of which is hereby acknowledged by Center, and to be held by First Niagara Bank, as escrow agent under the terms of an escrow agreement and subject to the laws of the State of Connecticut;

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

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 paid in advance on the first day of each month. The first Total Monthly Service Fee, less the \$_____ Reservation / Priority Club deposit (if applicable) 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. Center will send you an invoice each month for any Additional Service that you received in the prior month. You agree to pay each invoice within fifteen (15) days of receipt.

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. Assisted Living and Nursing Center Services

1. Medical and personal care supplies;
2. Two additional meals per day;
3. If applicable, an upgrade charge for one-bedroom designated Assisted Living accommodations or private Nursing Center accommodations; and,
4. If you receive Assisted Living or Nursing Center Services on a temporary status for more than one hundred (100) days per Spell of Illness, notwithstanding the "Level of Care Determination" recommendation while maintaining single occupancy in a Residential Living apartment, you will pay:
 - i. The then current applicable per diem rate for semi-private accommodations;
 - ii. Your Monthly Service Fee; and,
 - iii. Fees for any additional service.

D. Collection

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

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

IV. TERMS OF RESIDENCY

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

B. Right of Entry. You agree that Provider and its employees and agents shall have the right, at all reasonable times, to enter your residence for purposes of management, housekeeping, maintenance, enforcement of applicable laws and regulations, emergency purposes or any other reasonable purpose. Moreover, Center may conduct periodic inspections

to ensure that the Apartment is being maintained in safe and habitable conditions. If conditions are determined to be unsafe or uninhabitable by reasonable standards, Center may take action as necessary to appropriately rectify the situation.

C. Changes to Apartment and Refurbishment.

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

2. You agree that you or your estate, upon vacancy of the Apartment, will be responsible for the cost of any materials and labor required to repair major damage to the Apartment caused by you or your guests and not as a result of normal use and wear. Such refurbishment shall include replacing or repairing damaged appliances, fixtures, walls, ceilings, floor coverings, cabinets, counter tops, windows, doors, lights and locks.

D. Pets

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

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

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

E. Removal of Property.

1. All personal property must be removed from your Apartment and Storage Bin, within thirty (30) days of relocating to another Apartment, to a designated Assisted Living apartment, to the Nursing Center, or upon termination of this Agreement.

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

3. In the event disposition of your property by will or otherwise is not made, or in the event removal is not accomplished within the applicable timeframes as set forth above,

then Center may remove and store such furniture, possessions and property at your expense or that of your estate.

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

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

H. Second Person After Occupancy.

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

2. In the event that a spouse or other person who is not a party to this Agreement is accepted for residency after the date of this Agreement (said acceptance to be in accordance with policies governing all other residency criteria except that your spouse may be under age sixty-two (62)), you and such person shall execute an addendum to this Agreement. Such addendum shall require that you and your spouse or other person be obligated to pay the then current Primary and Second Person Entry Fees for the Apartment of your choice, less the sum of prior Entry Fees paid. The Second Person Monthly Service Fee will commence upon occupancy by the new resident.

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

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

I. Resident Remaining in Apartment. In the event two (2) of you occupy an Apartment under this Agreement, upon the death or relocation of one to a designated Assisted

Living apartment or to the Nursing Center, the other person shall continue to be allowed to occupy the Apartment, as the primary resident, under the terms of this Agreement.

V. ASSISTED LIVING

A. In the event Center determines, per its Level of Care Determination Policy, that you require Assisted Living services, you agree to utilize the services of Assisted Living in your residential apartment or a designated Assisted Living apartment. 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. In the event your medical condition requires that you permanently relocate to a designated Assisted Living apartment, per Center’s Level of Care Determination Policy, Center shall have the right to assign the Apartment for occupancy by others. 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.

D. If you relocate to a designated Assisted Living apartment, whether on a temporary or permanent basis, you must sign an Assisted Living Residency Agreement. All terms and conditions therein apply until such time that you relocate to an Apartment or to the Nursing Center.

E. You agree to relocate from an Assisted Living apartment to the Nursing Center on either a temporary or permanent basis if the Interdisciplinary Team determines that you require Nursing Center services.

VI. NURSING CENTER

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

B. In the event your medical condition requires that you permanently relocate to the Nursing Center per Center’s Level of Care Determination Policy and you are a single occupant in the Apartment, Center shall have the right to assign the Apartment for occupancy by others. If Center subsequently determines that you can resume occupancy in accommodations equivalent to those you previously occupied, you shall have the right to relocate to such accommodations as soon as they are available.

C. In the event you are under age sixty-two (62), and occupy an Apartment under this Agreement, you may relocate to the Nursing Center for care but you will be charged the then-current per diem rate being charged a non-resident until you reach age sixty-two (62). If

you are at least sixty-two (62) years old, you will be entitled to services in a semi-private accommodation in the Nursing Center as described in Section II.A. without additional charge, except as described in Section III.C.

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

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

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

VII. REPRESENTATIONS AND WARRANTIES OF RESIDENT

You represent and warrant to Center that:

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

B. You have not made any gift of your property in contemplation of the execution of this Agreement; and

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

VIII. COVENANTS BY CENTER

Center covenants and agrees:

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

B. To perform its obligations under this Agreement.

IX. COVENANTS BY YOU

You agree:

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

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

C. To perform your obligations under this Agreement;

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

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

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

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

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

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

J. As a resident of a designated Assisted Living apartment or the Nursing Center, you agree to diligently obtain all payments, proceeds or other benefits available to you under any federal, state, municipal, private or supplemental insurance plans or entitlements. You also agree that any amounts paid or owing to you from such plans for services rendered by Center shall be paid to Center. Such payments are in addition to, not in lieu of, your monthly service fee, when applicable;

K. To maintain "tenant insurance" covering your personal property and liability in the amount of at least \$100,000/\$300,000;

L. To maintain automobile insurance covering bodily injury and property damage liability in the minimum amount of \$100,000/\$300,000 and uninsured motorist protection in the amount of \$300,000 as long as you own or operate a motor vehicle;

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

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

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

X. YOUR TERMINATION AND RESCISSION RIGHTS

A. You may rescind this Agreement by giving written notice, by registered or certified mail, of rescission to Center and First Niagara Bank, escrow agent, within thirty (30) days from the date of this Agreement. The address of the escrow agent is: New Alliance Bank, 195 Church Street, New Haven, CT 06510. 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, if you die prior to the date your Apartment is ready for occupancy, or because of illness, injury or incapacity you are unable to occupy your Apartment under the terms of this Agreement, this Agreement will be canceled upon written notice, by registered or certified mail, to Center and First Niagara Bank, escrow agent. If this Agreement is canceled, any money paid by you to Center will be refunded to you or your estate, without interest, within sixty (60) days, less those costs specifically incurred by Center at your request and described in an addendum to this Agreement signed by you.

C. After the right of rescission period, and for reasons other than those set forth in Section X.B. hereof, you may cancel this Agreement prior to Closing on your Apartment upon written notice, by registered or certified mail, to Center and New Alliance Bank, escrow agent. If this Agreement is canceled, any money paid by you will be refunded to you, without interest, upon re-sale of the Apartment or sixty (60) days, whichever is earlier, less those costs specifically incurred by Center at your request and described in an addendum to this Agreement signed by you.

D. You may terminate this Agreement for any reason after Closing. Prior to termination of this Agreement, you shall give Center one hundred twenty (120) days' written notice, and shall pay the Monthly Service Fee until the expiration of such time. You shall be entitled to reimbursement of a portion of the Entry Fee as provided, and subject to the conditions indicated in Section XII. hereof.

XI. TERMINATION BY CENTER

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

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

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

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

XII. REFUND OF ENTRY FEE

A. Prior to Closing, in the event this Agreement is canceled pursuant to Sections X. and XI., Center will refund a portion of amounts paid to such date, as outlined in Sections XII.B. and XII.C.

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

*(Initial if
selected)*

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

*(Initial if
selected)*

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

*(Initial if
selected)*

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

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

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

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

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

4. Any other sums owed by you to Center.

XIII. RELOCATION TO ANOTHER APARTMENT

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

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

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

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

All fees shall be subject to periodic rate increases in accordance with the Residency Agreement. Fees for Assisted Living Services, private accommodations in the Nursing Center, extra meals and medical supplies will be charged as necessary per then current published rates.

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: _____
Address: _____
Phone: _____
 Power of Attorney
 Health Care Representative
 Other (specify) _____

Name: _____
Address: _____
Phone: _____
 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, 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

**WHITNEY CENTER
RESIDENCY AGREEMENT
MODIFIED LIFE CARE**

RECITALS:

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

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

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

II. DESCRIPTION OF SERVICES TO BE PROVIDED

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

A flexible spending account of \$_____ per quarter to be used in the various dining venues on campus;

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

Building and grounds maintenance;

Weekly housekeeping and flat laundry service;

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

Scheduled local transportation;

A variety of programs and activities;

On-site parking;

On-site security services;

24-hour emergency response;

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

Access to Wellness Center services;

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

Assisted Living Services in the Residential Living Apartment per the Level of Care Determination; and,

Assisted Living Services in a designated Studio or Alcove style apartment and Nursing / personal care in semi-private accommodations in the Center's licensed nursing center ("Nursing Center") for services received outside the Per Diem Period as defined under Section III.C below.

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

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

Additional dining;

Meal delivery for convenience;

Guest dining;

Premium television service;

Long distance phone service;

Guest accommodations;

Catering services;

Spa services;

Facsimile and copier services;

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

Additional personal transportation services;

Organized travel and tickets to various attractions and events;

Assisted Living Services in the Residential Apartment when the Level of Care Determination recommends a move to a designated Assisted Living apartment;

Assisted Living Services in a designated Assisted Living apartment and Nursing / personal care services in semi-private accommodations in the Center's licensed nursing center ("Nursing Center") during the Per Diem Period as defined in Section III.C below;

Upgrade charge for one-bedroom accommodations in Assisted Living;

Upgrade charge for private accommodations in the Nursing Center;

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 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 an additional, Second Person Entry Fee in the amount of \$_____. Your Total Entry Fee will be \$_____.

2. Payment Schedule:

a. Ten percent (10%) of the Total Entry Fee is due upon signing this Agreement, receipt of which is hereby acknowledged by Center, and to be held by First Niagara Bank, as escrow agent under the terms of an escrow agreement and subject to the laws of the State of Connecticut;

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

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 paid in advance on the first day of each month. The first Total Monthly Service Fee, less the \$_____ Reservation / Priority Club deposit (if applicable) 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. Center will send you an invoice each month for any Additional Service that you received in the prior month. You agree to pay each invoice within fifteen (15) days of receipt.

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. Assisted Living and Nursing Center Services

1. After the first one hundred (100) cumulative days and for a period of seven hundred thirty (730) cumulative days, exclusive of any Medicare-part A covered days ("Per Diem Period"), you will pay:
 - i. The then current market rates for Assisted Living or Nursing Center services;
 - ii. Medical and personal care supplies;
 - iii. Two additional meals per day;
 - iv. If applicable, an upgrade charge for one-bedroom designated Assisted Living accommodations or private Nursing Center accommodations; and,
 - v. If you are a single occupant in the Residential Living Apartment and the Apartment is not released per the Level of Care Determination, the Monthly Service Fee in effect for the apartment pursuant to this Agreement.
2. Upon conclusion of the Per Diem Period, you will pay:
 - i. The then current Monthly Service Fee in effect for the apartment pursuant to this Agreement;
 - ii. Medical and personal care supplies;
 - iii. Two additional meals per day;
 - iv. If applicable, an upgrade charge for one-bedroom designated Assisted Living accommodations or private Nursing Center accommodations; and,
 - v. If you are a single occupant in the Residential Living Apartment and the Apartment is not released per the Level of Care Determination, the Monthly Service Fee in effect for the apartment pursuant to this Agreement.

D. Collection

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

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

IV. TERMS OF RESIDENCY

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

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

C. Changes to Apartment and Refurbishment.

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

2. You agree that you or your estate, upon vacancy of the Apartment, will be responsible for the cost of any materials and labor required to repair major damage to the Apartment caused by you or your guests and not as a result of normal use and wear. Such refurbishment shall include replacing or repairing damaged appliances, fixtures, walls, ceilings, floor coverings, cabinets, counter tops, windows, doors, lights and locks.

D. Pets

1. Pets will be permitted in the Apartment upon approval by Center. If Center determines that the pet is not suitable, then permission to keep the pet will be denied or revoked.

Pets must be controlled by owner, properly registered, and routinely inoculated. Pets are permitted only in designated areas on the grounds of Center.

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

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

E. Removal of Property.

1. All personal property must be removed from your Apartment and Storage Bin, within thirty (30) days of relocating to another Apartment, to a designated Assisted Living apartment, to the Nursing Center, or upon termination of this Agreement.

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

3. In the event disposition of your property by will or otherwise is not made, or in the event removal is not accomplished within the applicable timeframes as set forth above, then Center may remove and store such furniture, possessions and property at your expense or that of your estate.

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

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

H. Second Person After Occupancy.

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

2. In the event that a spouse or other person who is not a party to this Agreement is accepted for residency after the date of this Agreement (said acceptance to be in accordance with policies governing all other residency criteria except that your spouse may be under age

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

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

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

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

V. ASSISTED LIVING

A. In the event Center determines, per its Level of Care Determination Policy, that you require Assisted Living services, you agree to utilize the services of Assisted Living in your residential apartment or a designated Assisted Living apartment. 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. In the event your medical condition requires that you permanently relocate to a designated Assisted Living apartment, per Center's Level of Care Determination Policy, Center shall have the right to assign the Apartment for occupancy by others. 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.

D. If you relocate to a designated Assisted Living apartment, whether on a temporary or permanent basis, you must sign an Assisted Living Residency Agreement. All terms and conditions therein apply until such time that you relocate to an Apartment or to the Nursing Center.

E. You agree to relocate from an Assisted Living apartment to the Nursing Center on either a temporary or permanent basis if the Interdisciplinary Team determines that you require Nursing Center services.

VI. NURSING CENTER

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

B. In the event your medical condition requires that you permanently relocate to the Nursing Center per Center's Level of Care Determination Policy and you are a single occupant in the Apartment, Center shall have the right to assign the Apartment for occupancy by others. If Center subsequently determines that you can resume occupancy in accommodations equivalent to those you previously occupied, you shall have the right to relocate to such accommodations as soon as they are available.

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

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

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

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

VII. REPRESENTATIONS AND WARRANTIES OF RESIDENT

You represent and warrant to Center that:

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

B. You have not made any gift of your property in contemplation of the execution 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 of to pay the Monthly Service Fee, when you establish facts to justify deferment of such charges, and deferment of such charges can (in the sole discretion of Center) be granted without impairing the ability of Center to operate on a sound financial basis on behalf of the other residents; provided, however, that you abide by the covenants expressed in Section IX. of this Agreement and that your representations and warranties in Section VII. were true, accurate and complete;

B. To perform its obligations under this Agreement.

IX. COVENANTS BY YOU

You agree:

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

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

C. To perform your obligations under this Agreement;

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

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

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

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

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

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

J. As a resident of a designated Assisted Living apartment or the Nursing Center, you agree to diligently obtain all payments, proceeds or other benefits available to you under any federal, state, municipal, private or supplemental insurance plans or entitlements. You also agree that any amounts paid or owing to you from such plans for services rendered by Center shall be paid to Center. Such payments are in addition to, not in lieu of, your monthly service fee, when applicable;

K. To maintain "tenant insurance" covering your personal property and liability in the amount of at least \$100,000/\$300,000;

L. To maintain automobile insurance covering bodily injury and property damage liability in the minimum amount of \$100,000/\$300,000 and uninsured motorist protection in the amount of \$300,000 as long as you own or operate a motor vehicle;

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

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

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

X. YOUR TERMINATION AND RESCISSION RIGHTS

A. You may rescind this Agreement by giving written notice, by registered or certified mail, of rescission to Center and First Niagara Bank, escrow agent, within thirty (30) days from the date of this Agreement. The address of the escrow agent is: New Alliance Bank, 195 Church Street, New Haven, CT 06510. 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, if you die prior to the date your Apartment is ready for occupancy, or because of illness, injury or incapacity you are unable to occupy your Apartment under the terms of this Agreement, this Agreement will be canceled upon written notice, by registered or certified mail, to Center and First Niagara Bank, escrow agent. If this Agreement is canceled, any money paid by you to Center will be refunded to you or your estate, without interest, within sixty (60) days, less those costs specifically incurred by Center at your request and described in an addendum to this Agreement signed by you.

C. After the right of rescission period, and for reasons other than those set forth in Section X.B. hereof, you may cancel this Agreement prior to Closing on your Apartment upon written notice, by registered or certified mail, to Center and New Alliance Bank, escrow agent. If this Agreement is canceled, any money paid by you will be refunded to you, without interest, upon re-sale of the Apartment or sixty (60) days, whichever is earlier, less those costs specifically incurred by Center at your request and described in an addendum to this Agreement signed by you.

D. You may terminate this Agreement for any reason after Closing. Prior to termination of this Agreement, you shall give Center one hundred twenty (120) days' written notice, and shall pay the Monthly Service Fee until the expiration of such time. You shall be entitled to reimbursement of a portion of the Entry Fee as provided, and subject to the conditions indicated in Section XII. hereof.

XI. TERMINATION BY CENTER

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

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

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

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

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

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

F. You:

1. Are or become infected with a dangerous or contagious disease; or

2. Develop a medical condition which the Center is not licensed to treat or which is beyond the Center's area of specialization; or

3. Transfer or deplete assets other than to meet ordinary and customary expenses.

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

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

XII. REFUND OF ENTRY FEE

A. Prior to Closing, in the event this Agreement is canceled pursuant to Sections X. and XI., Center will refund a portion of amounts paid to such date, as outlined in Sections XII.B. and XII.C.

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

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

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

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

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

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

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

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

4. Any other sums owed by you to Center.

XIII. RELOCATION TO ANOTHER APARTMENT

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

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

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

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

All fees shall be subject to periodic rate increases in accordance with the Residency Agreement. Fees for Assisted Living Services, private accommodations in the Nursing Center, extra meals and medical supplies will be charged as necessary per then current published rates.

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

XIV. MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

Resident: _____

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

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

XV. RESIDENT REPRESENTATIVE(S)

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

Name: _____	Name: _____
Address: _____	Address: _____
Phone: _____	Phone: _____
<input type="checkbox"/> Power of Attorney	<input type="checkbox"/> Power of Attorney
<input type="checkbox"/> Health Care Representative	<input type="checkbox"/> Health Care Representative
<input type="checkbox"/> Other (specify) _____	<input type="checkbox"/> 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, 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

October 2007

EXHIBIT C: CURRENT RATE SCHEDULE

The disclosure statement is not complete unless current rate schedules are provided along with the rest of the disclosure statement.

Whitney Center North Building Fee Schedule 2014

Apartment	Square Feet	Full Life Care			Modified Life Care			Unbundled Life Care			Monthly Fee - 2014
		Traditional Entry Fee	60% Refundable Entry Fee	90% Refundable Entry Fee	Traditional Entry Fee	60% Refundable Entry Fee	90% Refundable Entry Fee	Traditional Entry Fee	60% Refundable Entry Fee	90% Refundable Entry Fee	
Bethany	460	\$173,000	\$244,900	\$329,300	\$151,100	\$212,000	\$282,300	\$115,900	\$164,100	\$220,700	\$2,749
Branford	592	\$210,800	\$300,100	\$404,900	\$183,500	\$259,300	\$346,700	\$141,200	\$201,100	\$271,300	\$3,053
Cheshire	700	\$236,800	\$338,000	\$456,800	\$205,900	\$291,700	\$391,000	\$158,700	\$226,400	\$306,100	\$3,354
Guilford	829	\$251,100	\$360,900	\$489,700	\$217,600	\$310,900	\$418,100	\$168,200	\$241,800	\$328,100	\$3,675
Madison	883	\$268,000	\$385,600	\$523,500	\$232,200	\$331,800	\$446,900	\$179,600	\$258,300	\$350,700	\$3,813
Prospect	987	\$296,600	\$427,300	\$580,900	\$256,900	\$367,700	\$495,500	\$198,700	\$286,300	\$389,200	\$3,972
Wallingford	1,300	\$381,900	\$557,500	\$763,700	\$328,300	\$477,300	\$649,100	\$255,900	\$373,500	\$511,700	\$4,807
Woodbridge	1,300	\$381,900	\$557,500	\$763,700	\$328,300	\$477,300	\$649,100	\$255,900	\$373,500	\$511,700	\$4,807
Studio	296	\$142,900	\$208,800	\$285,900	\$122,900	\$178,700	\$243,000	\$95,800	\$139,900	\$191,600	\$2,436
1BR/Studio Combo	888	\$255,500	\$373,100	\$511,000	\$219,700	\$319,300	\$434,300	\$171,200	\$249,900	\$342,400	\$3,813
1 Plus a half 1BR Combo	888	\$255,500	\$373,100	\$511,000	\$219,700	\$319,300	\$434,300	\$171,200	\$249,900	\$342,400	\$3,813
2 Alcove Combo	920	\$258,900	\$378,100	\$518,000	\$222,700	\$323,700	\$440,100	\$173,500	\$253,400	\$347,000	\$3,523
2 1BR Combo	1,184	\$340,700	\$497,500	\$681,600	\$293,000	\$426,000	\$579,200	\$228,300	\$333,400	\$456,700	\$4,660
Studio/Studio 1BR Combo	1,184	\$340,700	\$497,500	\$681,600	\$293,000	\$426,000	\$579,200	\$228,300	\$333,400	\$456,700	\$4,660
3 Alcove Combo	1,380	\$381,900	\$557,500	\$763,700	\$328,300	\$477,300	\$649,100	\$255,900	\$373,500	\$511,700	\$4,807
Essex	780	\$238,500	\$345,900	\$477,000	\$207,500	\$298,200	\$405,500	\$159,800	\$231,800	\$319,600	\$3,559
Mystic	920	\$278,200	\$403,400	\$556,400	\$242,000	\$347,800	\$473,000	\$186,400	\$270,300	\$372,800	\$3,885
Salisbury	1,060	\$305,300	\$442,600	\$610,600	\$265,600	\$381,600	\$518,900	\$204,600	\$296,600	\$409,100	\$4,243

Fees listed above represent single occupancy.

Second Person Entry Fee = \$42,435; Second Person Monthly Fee = \$1,635

For Unbundled Life Care, Second Person Entry Fee = \$42,435; Second Person Monthly Fee = \$795

All prices subject to change. A portion of your entry fee and monthly fee may be tax deductible on your federal income tax for pre-paid medical expense.

Whitney Center South Building Fee Schedule 2014

Floor	Apartment	Square Feet	Full Life Care			Modified Life Care			Unbundled Life Care			Monthly Fee - 2014
			Traditional Entry Fee	60% Refundable Entry Fee	90% Refundable Entry Fee	Traditional Entry Fee	60% Refundable Entry Fee	90% Refundable Entry Fee	Traditional Entry Fee	60% Refundable Entry Fee	90% Refundable Entry Fee	
All	Mulberry	1,076	\$338,500	\$490,820	\$677,000	\$291,110	\$422,100	\$582,210	\$226,790	\$328,850	\$453,580	\$4,311
All	Poplar	1,100	\$344,340	\$499,290	\$688,680	\$296,140	\$429,400	\$592,270	\$230,710	\$334,520	\$461,410	\$4,469
1/7	Ash	1,309	\$412,740	\$598,470	\$825,480	\$354,960	\$514,690	\$709,920	\$276,530	\$400,980	\$553,070	\$4,914
2-6	Ash	1,309	\$399,720	\$579,590	\$799,430	\$343,760	\$498,450	\$687,510	\$267,810	\$388,330	\$535,630	\$4,914
All	Oak	1,370	\$410,060	\$594,590	\$820,120	\$352,650	\$511,340	\$705,290	\$274,740	\$398,380	\$549,490	\$4,767
1/7	Birch	1,431	\$438,120	\$635,270	\$876,240	\$376,790	\$546,340	\$753,570	\$293,540	\$425,640	\$587,090	\$4,993
2-6	Birch	1,431	\$424,900	\$616,100	\$849,800	\$365,410	\$529,840	\$730,820	\$284,680	\$412,790	\$569,360	\$4,993
1/7	Chestnut	1,504	\$459,400	\$666,130	\$918,790	\$395,080	\$572,870	\$790,160	\$307,790	\$446,300	\$615,580	\$5,212
2-6	Chestnut	1,504	\$444,850	\$645,040	\$889,700	\$382,570	\$554,730	\$765,140	\$298,050	\$432,180	\$596,110	\$5,212
1/7	Elm	1,553	\$474,100	\$687,450	\$948,200	\$407,730	\$591,200	\$815,450	\$317,650	\$460,580	\$635,290	\$5,314
2-6	Elm	1,553	\$462,490	\$670,620	\$924,980	\$397,750	\$576,730	\$795,490	\$309,870	\$449,320	\$619,740	\$5,314
1/7	Hawthorne	1,684	\$508,190	\$736,870	\$1,016,370	\$437,040	\$633,710	\$874,080	\$340,490	\$493,700	\$680,980	\$5,404
2-6	Hawthorne	1,684	\$490,990	\$711,930	\$981,970	\$422,240	\$612,250	\$844,490	\$328,960	\$476,990	\$657,920	\$5,404
1/7	Maple	1,790	\$512,280	\$742,810	\$1,024,560	\$440,560	\$638,810	\$881,120	\$343,220	\$497,670	\$686,450	\$5,519
2-6	Maple	1,790	\$532,170	\$771,650	\$1,064,340	\$457,670	\$663,620	\$915,340	\$356,550	\$517,010	\$713,110	\$5,519

Fees listed above represent single occupancy.

Second Person Entry Fee = \$42,435; Second Person Monthly Fee = \$1,635

For Unbundled Life Care, Second Person Entry Fee = \$42,435; Second Person Monthly Fee = \$795

All prices subject to change. A portion of your entry fee and monthly fee may be tax deductible on your federal income tax for pre-paid medical expense.

EXHIBIT D: ASSISTED LIVING SERVICES

	Services	Assisted Living in Residential Apartment w/ use of Wellness Clinic	Assisted Living in Designated AL Apartment
C.N.A. Services	Ambulation	included	included
	Bathing	included	included
	Dressing	included	included
	Exercise	included	included
	Food preparation	included	included
	Oral hygiene	included	included
	Safety checks (q 2 hours)	included	included
	Supervision with self administration of medication	included	included
	Bowel and bladder program	included	included
Licensed Nurse Services	Assessments	included	included
	Blood Pressure checks	included; provided at Wellness Clinic	included
	Blood Sugar checks	included; provided at Wellness Clinic	included
	Injections	included; provided at Wellness Clinic	included
	Minor Wound care	included; provided at Wellness Clinic	included
	Medication Management	fee for service	included
Other	2 extra meals	extra fee	extra fee
	Ancillary supplies and services	extra fee	extra fee
	Upgrade to One-Bedroom Accommodations	N/A	extra fee

EXHIBIT E: NURSING CENTER SERVICES

	Services	
C.N.A. Services	Ambulation	included
	Bathing	included
	Dressing	included
	Exercise/range of Motion	included
	Food preparation	included
	Oral hygiene	included
	Safety checks	included
	Bowel and bladder program	included
Licensed Nurse Services	Assessments	included
	Blood Pressure checks	included
	Blood Sugar checks	included
	Injections	included
	Treatments	included
	Medication Management	included
Other	2 extra meals	extra fee
	Ancillary supplies and services	extra fee
	Upgrade to Private Accommodations	extra fee

EXHIBIT F: AUDITED FINANCIAL STATEMENTS

WHITNEY CENTER, INCORPORATED

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2013 AND 2012

WHITNEY CENTER, INCORPORATED

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Whitney Center, Incorporated

Report on the Financial Statements

We have audited the accompanying financial statements of Whitney Center, Incorporated (a nonprofit organization), which comprises the statements of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1 to the financial statements, the Corporation changed its method of accounting for refundable entrance fees. Our opinion is not modified with respect to that matter.

Marcum LLP

New Haven, CT
April 28, 2014

WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2013 AND 2012

	2013	2012
		(as restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 622,405	\$ 2,917,380
Accounts receivable, less allowance for doubtful accounts	566,062	610,901
Contract receivables	71,647	71,647
Other receivables	48,924	78,706
Prepaid expenses and other current assets	268,584	289,520
Assets whose use is limited	<u>850,801</u>	<u>955,216</u>
Total Current Assets	2,428,423	4,923,370
Assets Held by Trustee	11,950,029	10,884,582
Investment Accounts	10,384,166	13,245,824
Property and Equipment	88,998,982	91,366,950
Other Assets		
Deferred marketing costs, less accumulated amortization of \$1,309,656 in 2013 and \$723,769 in 2012	3,887,591	4,473,478
Deferred financing costs, less accumulated amortization of \$586,775 in 2013 and \$465,451 in 2012	<u>2,176,665</u>	<u>2,081,282</u>
	<u>\$ 119,825,856</u>	<u>\$ 126,975,486</u>

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2013 AND 2012

	2013	2012
		(as restated)
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 820,363	\$ 422,829
Accrued expenses	4,017,756	4,234,064
Contract deposits	<u>249,011</u>	<u>384,712</u>
Total Current Liabilities	5,087,130	5,041,605
Long-Term Debt	60,423,243	70,450,061
Deferred Income from Entry Fees	36,880,771	31,368,488
Refundable Entry Fees	11,712,905	9,685,329
Deposits	<u>29,210</u>	<u>30,896</u>
Total Liabilities	114,133,259	116,576,379
Unrestricted Net Assets	<u>5,692,597</u>	<u>10,399,107</u>
	<u>\$ 119,825,856</u>	<u>\$ 126,975,486</u>

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
Change in Unrestricted Net Assets		(as restated)
Revenues and gains		
Resident services, including amortization of entry fees of \$6,033,203 in 2013 and \$4,722,402 in 2012	\$ 19,990,795	\$ 17,648,309
Other operating revenues	662,521	594,371
Investment income	164,294	248,327
Gain on sale of investments	995,755	731,362
Contributions	1,830	2,150
Total Revenues and Gains	<u>21,815,195</u>	<u>19,224,519</u>
Expenses and losses		
Salaries and wages	7,962,406	7,376,439
Employee benefits	1,641,404	1,477,801
Contract services	983,546	1,073,962
Food	1,040,071	877,485
Supplies	512,020	502,439
Ancillary health services	670,918	499,818
Utilities	1,264,730	1,163,431
Repairs and maintenance	450,472	351,224
Other operating expenses	1,341,033	1,180,552
Insurance	150,551	167,143
Depreciation and amortization	4,210,038	4,166,815
Interest expense	5,118,706	5,680,034
Property taxes	1,404,980	1,316,461
Loss on disposal of assets	105,781	75,601
Total Expenses and Losses	<u>26,856,656</u>	<u>25,909,205</u>
Net Loss	(5,041,461)	(6,684,686)
Unrealized Gain on Investments	<u>334,951</u>	<u>341,312</u>
Change in Unrestricted Net Assets	(4,706,510)	(6,343,374)
Unrestricted Net Assets - Beginning, as restated	<u>10,399,107</u>	<u>16,742,481</u>
Unrestricted Net Assets - Ending	<u>\$ 5,692,597</u>	<u>\$ 10,399,107</u>

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
		(as restated)
Cash Flows from Operating Activities		
Change in unrestricted net assets	\$ (4,706,510)	\$ (6,343,374)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	4,210,038	4,166,815
Amortization of entry fees	(6,033,203)	(4,722,402)
Entry fees received	11,892,431	10,526,247
Net realized and unrealized gain on investments	(1,330,706)	(1,072,674)
Loss on disposal of assets	105,781	75,601
Other amortization	264,507	279,850
Deferred financing costs incurred	(216,708)	--
Deferred marketing costs incurred	--	(126,140)
Changes in operating assets and liabilities:		
Accounts receivable	44,839	(190,481)
Contract receivables	--	765,317
Other receivables	29,782	(21,877)
Prepaid expenses and other	20,936	(47,809)
Accounts payable	397,534	70,485
Accrued expenses	(216,308)	(350,450)
Contract deposits	(135,701)	112,325
Deposits	(1,686)	(9,383)
Net Cash Provided by Operating Activities	<u>4,325,026</u>	<u>3,112,050</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,361,964)	(4,736,787)
Net (additions) withdrawals from assets held by trustee	(1,025,325)	16,738,483
Sales (purchases) of assets whose use is limited	224,551	(194,670)
Proceeds from sales of investments	12,019,356	19,045,564
Purchases of investments	(7,987,250)	(14,703,950)
Net Cash Provided by Investing Activities	<u>1,869,368</u>	<u>16,148,640</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, 2013 AND 2012

	2013	2012
		(as restated)
Cash Flows from Financing Activities		
Refundable entry fees received	\$ 2,458,000	\$ 2,578,450
Refunds of deposits and refundable entry fees	(777,369)	(1,632,174)
Repayment of long term debt	<u>(10,170,000)</u>	<u>(18,965,000)</u>
Net Cash Used in Financing Activities	<u>(8,489,369)</u>	<u>(18,018,724)</u>
Net Change in Cash and Cash Equivalents	(2,294,975)	1,241,966
Cash and Cash Equivalents - Beginning	<u>2,917,380</u>	<u>1,675,414</u>
Cash and Cash Equivalents - Ending	<u>\$ 622,405</u>	<u>\$ 2,917,380</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 5,433,147</u>	<u>\$ 6,260,575</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, 2013 AND 2012

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, 2013, there were 257 apartment units, including units available for assisted living, and 59 nursing beds in the health center.

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

SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Corporation are prepared on the accrual basis of accounting. The financial statements report information regarding financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2013 and 2012, all of the Corporation's net assets are unrestricted.

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 collectibility 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.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

CASH AND CASH EQUIVALENTS

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

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

CONTRACT RECEIVABLES

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

ASSETS WHOSE USE IS LIMITED

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

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, 2013, include a construction fund, construction retainage fund, bond fund, capitalized interest fund, debt service reserve fund, operating reserve fund, and an entrance fee escrow fund.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

INVESTMENTS AND INVESTMENT INCOME

Investments, which consist of marketable equity securities, U.S. Treasury obligations, bond funds and mutual funds, are measured at fair value in the statements of financial position. Investment income (including realized gains and losses on investments, interest, and dividends) is included in net income unless restricted by donor or law. Unrealized gains and losses on investments are excluded from net income. Expenses relating to investment income, including custodial fees and investment advisory fees, amounted to \$108,660 in 2013 and \$93,701 in 2012 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 50 months (100 months for entrants before October 15, 2007) of occupancy or if the resident dies within 12 months of occupancy. There is no refund after those periods have elapsed. Entry fees from these contracts are recorded as “deferred income from entry fees” and are recognized as income over the estimated remaining life expectancy of each resident, with the expectancy reevaluated annually.

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

The Corporation has modified contract options for those residents who wish to apply for long-term care insurance benefits or to self-insure for long-term care services in exchange for lower entry fees.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

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

Residents may terminate residency and care agreements at any time for any reason with 120 days' notice. Payments of refunds are charged against the resident's unamortized entry fee and/or refundable entry fees and any gain or loss is included in revenue or expense.

Total contractual refund obligations in the event of death at December 31, 2013 and 2012 were \$11,712,905 and \$9,685,329, respectively.

HEALTH CENTER

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

Revenues from the Medicare and Medicaid programs accounted for approximately 26 percent and 24 percent and 10 and 14 percent, respectively, of the Corporation's net Health Center revenues for the years ended December 31, 2013 and 2012.

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

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. 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.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

LONG-LIVED ASSETS

The Corporation continually evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of its long-lived assets or whether the remaining balance of its long-lived assets should be evaluated for possible impairment. If and when such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, the Corporation will determine the fair value of the asset by making an estimate of expected future cash flows over the remaining lives of the respective assets and compare that fair value with the carrying value of the assets in measuring their recoverability. In determining the expected future cash flows, the assets will be grouped at the lowest levels for which there are cash flows.

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 for the years ended December 31, 2013 and 2012 because the present value of the net cost of future services and use of facilities is less than deferred revenue from entry fees. The liability was determined using currently-enacted rules, although new rules for calculating this obligation may be issued in the future because of recently enacted changes to rules regarding the recognition of obligations related to refundable entry fee contracts.

DEFERRED FINANCING COSTS

Deferred financing costs are amortized using the yield method over the term of the related financing agreements.

DEFERRED MARKETING COSTS

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

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

STATEMENT OF ACTIVITIES

The statement of activities includes net loss. Changes in unrestricted net assets that are excluded from net loss, consistent with industry practice, include unrealized gains and losses on investments, permanent transfers of assets to and from affiliates other than for goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

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, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Corporation is no longer subject to income tax examinations for years prior to 2010.

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 to the contribution made by a participating employee for contributions up to 3% of annual salary.
- A 50% matching contribution to additional contributions made by a participating employee for contributions up to 2% of annual salary.

For 2013 and 2012, contributions to the plan amounted to \$133,487 and \$116,594, respectively.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

PRESENTATION OF INSURANCE CLAIMS AND RELATED INSURANCE RECOVERIES

The Corporation follows the provisions of Accounting Standards Update (ASU) 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries*, which indicates that health care entities should not net insurance recoveries against the related claim liabilities. As of December 31, 2013 and 2012, the Corporation recorded \$24,095 and \$66,878, 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.

SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through April 28, 2014, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of December 31, 2013, have been incorporated into these financial statements.

ADOPTION OF NEW ACCOUNTING STANDARDS

Accounting for Refundable Entrance Fees

In July 2012, the Financial Accounting Standards Board published ASU 2012-01, *Health Care Entities (Topic 954): Continuing Care Retirement Communities – Refundable Advance Fees (ASU 2012-01)*. ASU 2012-01 amends the situations in which recognition of deferred revenue from refundable entry fees is appropriate. Under this amendment, refundable entry fees that are contingent upon reoccupancy by a subsequent resident but are not limited to the proceeds of reoccupancy should be accounted for and reported as a liability. ASU 2012-01 is effective for fiscal periods beginning after December 15, 2013, and the amendments in ASU 2012-01 should be applied retrospectively by recording a cumulative-effect adjustment to opening net assets as of the beginning of the earliest period presented. The Corporation adopted the provisions of this update as of January 1, 2013 and incorporated the provisions of this update to its financial statements through retrospective application to the 2012 financial statements and a cumulative effect adjustment to the Corporation's unrestricted net assets as of January 1, 2012.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

ADOPTION OF NEW ACCOUNTING STANDARDS (CONTINUED)

The effect of this change in accounting on the Corporation's 2012 financial statements was as follows:

Unrestricted net assets as of January 1, 2012, as originally reported	\$ 17,947,036
Adoption of ASU 2012-01	<u>(1,204,555)</u>
Unrestricted Net Assets as of January 1, 2012, as restated	<u>16,742,481</u>
Change in unrestricted net assets, for the year ended December 31, 2012, as originally reported	(6,274,316)
Adoption of ASU 2012-01	<u>(69,058)</u>
Change in unrestricted net assets, for the year ended December 31, 2012, as restated	<u>(6,343,374)</u>
Unrestricted net assets as of December 31, 2012, as restated	<u>\$ 10,399,107</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 2 - ACCOUNTS RECEIVABLE

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

	2013	2012
Medicaid	\$ 20,654	\$ 61,951
Medicare	236,467	205,719
Private pay	204,903	233,789
Other third party payors	<u>114,038</u>	<u>119,442</u>
	576,062	620,901
Less allowance for doubtful accounts	<u>10,000</u>	<u>10,000</u>
	<u>\$ 566,062</u>	<u>\$ 610,901</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:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Assets whose use is limited				
Cash and equivalents	\$ 25,402	\$ 25,402	\$ 288,227	\$ 288,227
Mutual funds	<u>552,548</u>	<u>825,399</u>	<u>492,640</u>	<u>666,989</u>
	<u>\$ 577,950</u>	<u>\$ 850,801</u>	<u>\$ 780,867</u>	<u>\$ 955,216</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Long-term investments:				
Cash and equivalents	\$ 510,200	\$ 510,200	\$ 391,969	\$ 391,969
Mutual funds	1,225,099	1,163,863	2,037,498	2,048,664
U.S. Government and Agency obligations	1,815,933	1,878,284	2,692,347	2,955,983
Corporate bonds	1,205,409	1,207,602	1,447,496	1,513,994
Marketable equity securities	<u>4,511,432</u>	<u>5,624,217</u>	<u>5,796,870</u>	<u>6,335,214</u>
	<u>\$ 9,268,073</u>	<u>\$ 10,384,166</u>	<u>\$ 12,366,180</u>	<u>\$ 13,245,824</u>

RISKS AND UNCERTAINTIES

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

FAIR VALUE MEASUREMENT

The Corporation has established a framework for measuring fair value, based on a fair value hierarchy contained in Accounting Standards Codification (ASC) 820 that is intended to increase consistency and comparability in fair value measurements and related disclosures. This hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of fair value hierarchy are described as follows:

- Level 1 – Inputs to the valuation methodology based on unadjusted quoted market prices in active markets for identical assets that are accessible at the measurement date.
- Level 2 – Inputs to the valuation methodology that include quoted market prices that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The Corporation's policy is to recognize significant transfers between levels at the beginning of the reporting period.

Following is a description of the valuation techniques used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012.

- The Corporation values investments in securities that are freely traded and 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.
- The fair values of U.S. government and agency obligations are generally based on quoted prices in active markets, and are generally categorized in Level 1 of the fair value hierarchy.
- The fair value of corporate obligations is estimated 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.

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

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENT (CONTINUED)

The following table presents information about the Corporation's investments measured at fair value:

	December 31, 2013		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
	(Level 1)	(Level 2)	Total
	(Level 1)	(Level 2)	Total
Cash and equivalents	\$ 535,602	--	\$ 535,602
Mutual funds	1,989,262	--	1,989,262
U.S. Government and Agency obligations	1,878,284	--	1,878,284
Corporate bonds		1,207,602	1,207,602
Marketable equity securities	<u>5,624,217</u>	<u>--</u>	<u>5,624,217</u>
	<u>\$ 10,027,365</u>	<u>\$ 1,207,602</u>	<u>\$ 11,234,967</u>
	December 31, 2012		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Cash and equivalents	\$ 680,196	--	\$ 680,196
Mutual funds	2,715,653	--	2,715,653
U.S. Government and Agency obligations	2,955,983	--	2,955,983
Corporate bonds		1,513,994	1,513,994
Marketable equity securities	<u>6,335,214</u>	<u>--</u>	<u>6,335,214</u>
	<u>\$ 12,687,046</u>	<u>\$ 1,513,994</u>	<u>\$ 14,201,040</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	2013	2012
Land and land improvements	\$ 691,715	\$ 658,071
Buildings	112,481,379	111,623,599
Furniture, fixtures and equipment	4,160,326	3,945,526
Vehicles	<u>239,784</u>	<u>231,784</u>
	117,573,204	116,458,980
Less accumulated depreciation and amortization	<u>28,574,222</u>	<u>25,092,030</u>
	<u>\$ 88,998,982</u>	<u>\$ 91,366,950</u>

NOTE 5 - ASSETS HELD BY TRUSTEE

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

CONSTRUCTION FUND

Under the terms of the trust indenture, the Corporation was required to maintain a construction fund with the proceeds from the Series 2009 bond offering. The funds were used to finance a portion of the project as detailed in the Loan Agreement (and Security Agreement) with the Town of Hamden. At the completion of the project in 2012, the construction fund was closed and the remaining amounts in the construction fund were transferred to the Bond Fund and applied to redeem any Series B Bonds outstanding.

CONSTRUCTION RETAINAGE FUND

The Corporation established a construction retainage fund in 2010, in accordance with a Retainage Escrow Agreement dated October 19, 2010. The account is funded in an amount equal to the construction retainage on the Project. At the completion of the project in 2012, the construction retainage fund was closed and the remaining amounts in the construction fund were transferred to the Bond Fund and applied to redeem any Series B Bonds outstanding.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 5 - ASSETS HELD BY TRUSTEE

BOND FUND

The Corporation is required to maintain a bond fund, and within such fund a Capitalized Interest Account and Debt Service accounts. The Capitalized Interest Account was originally funded in an amount equal to pay interest on the bonds for a period of twenty-four months. The balance of the Capitalized Interest Account at December 31, 2013 and 2012 was \$- and \$418,242, respectively. The balance of the Debt Service Accounts at December 31, 2013 and 2012 was \$2,401,084 and \$2,529,914, respectively.

Funds in the Capitalized Interest Account will be applied solely to pay interest on the bonds. If funds in the Capitalized Interest Account have been exhausted, the Series A Debt Service Account, the Series B Debt Service Account and the Series C Debt Service Account will contain the payments by the Corporation in respect of the debt service requirements, and shall be applied on each payment date to the principal and interest on each of the Series A Bonds, Series B Bonds, and the Series C Bonds.

DEBT SERVICE RESERVE FUND

The Corporation is required to maintain a debt service reserve fund in an amount equal to the maximum annual debt service requirement for the Series A Bonds and an amount equal to twelve months of interest due on the Series B Bonds and the Series C Bonds. Funds on deposit in these accounts shall be applied to make up any deficiencies in the Bond Fund with respect to payments on the bonds. The balance of the debt service reserve funds at December 31, 2013 and 2012 was \$5,015,711 and \$5,603,683, respectively.

ENTRANCE FEE ESCROW FUND

The entrance fee escrow fund is funded with initial entrance fees from the project. Funds in the entrance fee escrow fund shall be used to pay interest and principal amounts to redeem a portion of the Series B Bonds. The balance of the entrance fee escrow fund at December 31, 2013 and 2012 was \$3,199,235 and \$1,258,742, respectively.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 5 - ASSETS HELD BY TRUSTEE (CONTINUED)

OPERATING RESERVE FUND

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

If at any time the amount on deposit in the operating reserve fund is less than the operating reserve requirement, the Corporation shall pay to the trustee the amount necessary to restore the balance in the operating reserve fund as soon as practicable, but not later than twelve months after the date the deficiency was created. The operating escrow requirement at December 31, 2013 and 2012 was approximately \$1,452,000 and \$1,334,000, respectively. The balance of the operating reserve fund at December 31, 2013 and 2012 was \$1,334,000 and \$1,074,000, respectively. The Corporation will deposit additional funds with the trustee in 2014 to make the operating reserve fund equal to the current requirement.

NOTE 6 - LONG-TERM DEBT

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

	2013	2012
Town of Hamden Revenue Bonds (Whitney Center Project) Series 2009		
Fixed Rate Revenue Bonds Series 2009A	\$ 46,695,000	\$ 46,695,000
Entrance Fee Principal Redemption Bonds Series 2009B	10,365,000	20,535,000
Adjustable Rate Revenue Bonds Series 2009C	<u>3,700,000</u>	<u>3,700,000</u>
	60,760,000	70,930,000
Less, unamortized original issue discount	<u>336,757</u>	<u>479,939</u>
	<u>\$ 60,423,243</u>	<u>\$ 70,450,061</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

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

The Series 2009B entrance fee principal redemption bonds have interest rates at 6.125% associated with \$28,000,000 due January 1, 2014 and at 6.75% associated with \$11,500,000 due January 1, 2015. Both are subject to redemption prior to maturity in whole or part from new unit entrance fees in chronological order based on maturity. In November 2013, the Corporation solicited up to \$4 million of holders of 2009B bonds due January 1, 2015 to exchange their bonds for 2013 bonds with identical terms except that the maturity date would be January 1, 2018. This exchange offer was undertaken in order to reduce the amount of bonds due January 1, 2015 and reduce the risk that entry fees collected in 2014 would not be sufficient to redeem all remaining bonds. As of February 19, 2014, the offer was accepted by \$1,265,000 of 2009B bondholders. On February 26, 2014, as of January 1, 2014, the 2009B series of bonds was reduced by \$1,265,000 and new 2013 bonds due January 1, 2018 were issued in the same amount. The interest rate, redemption provisions, and all other terms except maturity date for the Series 2013 bonds are the same as the Series 2009 B bonds they replaced.

During 2013, the Corporation redeemed \$10,170,000 of the Series 2009B Bonds, with \$9,828,742 out of funds in the entrance fee escrow and \$341,258 out of funds in the 2009B debt service fund. During 2012, the Corporation redeemed \$18,965,000 of the Series 2009B Bonds, with \$17,548,935 out of funds in the entrance fee escrow fund and \$1,416,065 out of funds from in the 2009B debt service fund. In January 2014, the Corporation redeemed \$2,645,000 of the Series 2009B Bonds, out of funds in the entrance fee escrow fund. In April 2014, the Corporation redeemed \$550,000 of the Series 2009B Bonds, out of funds in the entrance fee escrow fund.

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

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Financing costs associated with the issuance of the 2009 Bonds, and the related exchange offer in 2013, totaling \$2,763,440, have been deferred and are being amortized over the term of the bonds. In addition, the original issue discount of \$915,454 has been capitalized and is being amortized on a yield method over the term of the bonds. At December 31, 2013, the unamortized original issuance discount was \$336,757, and the total outstanding principal balance was \$60,760,000. At December 31, 2012, the unamortized original issuance discount was \$479,940, and the total outstanding principal balance was \$70,930,000.

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

The Loan Agreement (and Security Agreement) and related Trust Indenture to the 2009 Bonds (as amended November 1, 2013) also provides for, among other requirements, the maintenance of certain financial and operational covenants. Among those covenants is the maintenance of a minimum debt service coverage ratio, a days' cash on hand ratio, and marketing and occupancy targets. As of December 31, 2013, the Corporation was in compliance with the days' cash on hand, and the marketing and occupancy targets ratios. The minimum debt service coverage ratio was not applicable as the initial testing date had not been reached.

Total interest charged to operations for the years ending December 31, 2013 and 2012 was \$5,118,706 and \$5,680,034, respectively.

The State of Connecticut requires that continuing care facilities maintain a reserve fund, which consists of one year's debt service requirements plus one month's operating costs. As of December 31, 2013 and 2012, 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 \$6.5 million at December 31, 2013 and \$7.0 million at December 31, 2012. The balance in these funds amounted to \$6,349,711 and \$6,716,003 at December 31, 2013 and 2012, respectively. 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, 2013 AND 2012

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Years ending <u>December 31,</u>	
2014	\$ --
2015	9,570,000
2016	505,000
2017	545,000
2018	1,850,000
Thereafter	<u>48,290,000</u>
	<u>\$ 60,760,000</u>

NOTE 7 - FUNCTIONAL EXPENSES

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

	<u>2013</u>	<u>2012</u>
Program services	\$ 23,097,374	\$ 22,186,973
Management, general and administrative	<u>3,653,501</u>	<u>3,646,631</u>
	<u>\$ 26,750,875</u>	<u>\$ 25,833,604</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, 2013 and 2012, and our report thereon dated April 28, 2014, which expressed an unqualified opinion on those financial statements, appears on pages 1-2. Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, Schedule I – Comparison of Statements of Activities, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Marcum LLP

New Haven, CT
April 28, 2014

WHITNEY CENTER, INCORPORATED

SCHEDULE I – COMPARISON OF STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012 (as restated)	Increase (Decrease)	
			Dollar Change	Percent Change
Changes in Unrestricted Net Assets				
Revenues and gains:				
Resident services	\$ 19,990,795	\$ 17,648,309	\$ 2,342,486	13%
Other operating revenues	662,521	594,371	68,150	11%
Investment income	164,294	248,327	(84,033)	-34%
Gain on sale of investments	995,755	731,362	264,393	36%
Contributions and other	1,830	2,150	(320)	-15%
Total Revenues and Gains	<u>21,815,195</u>	<u>19,224,519</u>	<u>2,590,676</u>	<u>13%</u>
Expenses and losses:				
Administrative and general	3,044,215	2,846,032	198,183	7%
Housekeeping and laundry	817,984	754,011	63,973	8%
Utilities	1,264,730	1,163,431	101,299	9%
Plant and security	1,479,476	1,444,918	34,558	2%
Dining services	2,764,498	2,437,298	327,200	13%
Health Center services	3,786,428	3,302,266	484,162	15%
Assisted living and wellness	761,016	798,082	(37,066)	-5%
Resident services	457,400	446,455	10,945	2%
Employee benefits	1,641,404	1,477,801	163,603	11%
Depreciation and amortization	4,210,038	4,166,815	43,223	1%
Interest expense	5,118,706	5,680,034	(561,328)	-10%
Property taxes	1,404,980	1,316,461	88,519	7%
Loss on Disposals of Assets	105,781	75,601	30,180	40%
Total Expenses	<u>26,856,656</u>	<u>25,909,205</u>	<u>947,451</u>	<u>4%</u>
Net Loss	<u>\$ (5,041,461)</u>	<u>\$ (6,684,686)</u>	<u>\$ 1,643,225</u>	<u>-25%</u>

See auditors' report on supplementary information.

WHITNEY CENTER, INCORPORATED

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2011 AND 2010

WHITNEY CENTER, INCORPORATED

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Whitney Center, Incorporated

We have audited the accompanying statements of financial position of Whitney Center, Incorporated as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Marcum LLP

New Haven, CT
May 24, 2012



WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2011 AND 2010

	2011	2010
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,675,414	\$ 819,137
Accounts receivable, less allowance for doubtful accounts	420,420	644,150
Contract receivables	836,964	--
Other receivables	56,829	71,625
Prepaid expenses and other	198,921	272,098
Assets whose use is limited	<u>692,381</u>	<u>663,758</u>
Total Current Assets	3,880,929	2,470,768
Assets Held by Trustee	27,623,065	46,216,950
Investment Accounts	16,582,929	17,328,823
Property and Equipment	90,289,706	62,842,107
Other Assets		
Deferred marketing costs, less accumulated amortization of \$140,896 in 2011	4,930,211	4,159,309
Deferred financing costs, less accumulated amortization of \$328,784 in 2011 and \$167,682 in 2010	<u>2,217,949</u>	<u>2,379,050</u>
	<u>\$ 145,524,789</u>	<u>\$ 135,397,007</u>

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2011 AND 2010

	2011	2010
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 352,344	\$ 293,270
Accrued expenses	4,541,724	4,306,201
Contract deposits	<u>272,387</u>	<u>34,390</u>
Total Current Liabilities	5,166,455	4,633,861
Long-Term Debt	89,271,878	89,128,695
Deferred Income from Entry Fees	26,483,867	15,821,753
Refundable Entry Fees	6,615,274	4,989,338
Deposits	<u>40,279</u>	<u>331,174</u>
Total Liabilities	127,577,753	114,904,821
Unrestricted Net Assets	<u>17,947,036</u>	<u>20,492,186</u>
	<u>\$ 145,524,789</u>	<u>\$ 135,397,007</u>

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Change in Unrestricted Net Assets		
Revenues and gains		
Resident services, including amortization of entry fees of \$4,023,778 in 2011 and \$3,718,181 in 2010	\$ 15,177,836	\$ 14,782,065
Other operating revenues	502,445	499,523
Investment income	211,511	301,562
Gain on sale of investments	775,804	604,247
Contributions	10,306	570
Total Revenues and Gains	16,677,902	16,187,967
Expenses and losses		
Salaries and wages	6,479,616	6,146,044
Employee benefits	1,361,876	1,339,613
Contract services	790,119	463,396
Food	819,402	745,520
Supplies	507,805	389,055
Ancillary health services	496,061	485,838
Utilities	980,031	886,690
Repairs and maintenance	408,966	375,956
Other operating expenses	435,108	361,837
Insurance	131,309	133,103
Depreciation and amortization	2,297,863	1,597,345
Interest expense	2,212,119	790,733
Property taxes	905,760	594,000
Loss on disposal of assets	138,495	55,319
Total Expenses and Losses	17,964,530	14,364,449
Net (Loss) Income	(1,286,628)	1,823,518
Unrealized (Loss) Gain on Investments	(1,258,522)	825,177
Change in Unrestricted Net Assets	(2,545,150)	2,648,695
Unrestricted Net Assets - Beginning	20,492,186	17,843,491
Unrestricted Net Assets - Ending	\$ 17,947,036	\$ 20,492,186

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

WHITNEY CENTER, INCORPORATED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
Cash Flows from Operating Activities		
Change in unrestricted net assets	\$ (2,545,150)	\$ 2,648,695
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	2,297,863	1,597,345
Amortization of entry fees	(4,023,778)	(3,718,181)
Entry fees received	14,620,050	1,786,760
Net realized and unrealized loss (gain) on investments	482,718	(1,429,424)
Loss on disposal of assets	138,495	55,319
Other amortization	174,356	304,199
Changes in operating assets and liabilities:		
Accounts receivable	223,730	(25,223)
Contract receivables	(836,964)	--
Other receivables	14,796	50,752
Prepaid expenses and other	73,177	(10,350)
Accounts payable	59,074	(171,700)
Accrued expenses	235,523	3,037,211
Contract deposits	237,997	(27,060)
Deposits	(290,895)	144,899
Net Cash Provided by Operating Activities	<u>10,860,992</u>	<u>4,243,242</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(29,613,133)	(33,498,724)
Net assets released from assets held by trustee	18,593,885	30,354,917
Purchases of assets whose use is limited	(22,802)	(17,141)
Proceeds from sales of investments	20,419,632	19,941,027
Purchases of investments	(20,162,277)	(21,081,384)
Net Cash Used in Investing Activities	<u>(10,784,695)</u>	<u>(4,301,305)</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, 2011 AND 2010

	2011	2010
Cash Flows from Financing Activities		
Refundable entry fees received	\$ 2,851,560	\$ 954,240
Refunds of deposits and refundable entry fees	(1,159,782)	(193,670)
Deferred marketing costs incurred	<u>(911,798)</u>	<u>(768,509)</u>
Net Cash Provided by (Used in) Financing Activities	<u>779,980</u>	<u>(7,939)</u>
Net Change in Cash and Cash Equivalents	856,277	(66,002)
Cash and Cash Equivalents - Beginning	<u>819,137</u>	<u>885,139</u>
Cash and Cash Equivalents - Ending	<u>\$ 1,675,414</u>	<u>\$ 819,137</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 6,284,724</u>	<u>\$ 3,489,302</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, 2011 AND 2010

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS

Whitney Center, Incorporated (the Corporation), a not-for-profit 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, 2011, there were 247 apartment units, including units available for assisted living, and 59 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

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. Actual results could differ from those estimates.

BASIS OF PRESENTATION

The financial statements report information regarding financial position and activities according to three classes of net assets; unrestricted, temporarily restricted, and permanently restricted. As of December 31, 2011 and 2010, all of the Corporation's net assets are unrestricted.

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 their respective notes.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

CASH AND CASH EQUIVALENTS

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

RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

CONTRACT RECEIVABLES

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

ASSETS WHOSE USE IS LIMITED

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

ASSETS HELD BY TRUSTEE

Assets held by trustee include 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, 2011, include a construction fund, construction retainage fund, bond fund, capitalized interest fund, debt service reserve fund, operating reserve fund, and an entrance fee escrow fund.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

INVESTMENTS AND INVESTMENT INCOME

Investments, which consist of marketable equity securities, U.S. Treasury obligations, bond funds and mutual funds, are measured at fair value in the statements of financial position. Investment income (including realized gains and losses on investments, interest, and dividends) is included in net income unless restricted by donor or law. Unrealized gains and losses on investments are excluded from net income. Expenses relating to investment income, including custodial fees and investment advisory fees, amounted to \$154,286 in 2011 and \$123,168 in 2010 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, 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 50 months (100 months for entrants before October 15, 2007) of occupancy or if the resident dies within 12 months of occupancy. There is no refund after those periods have elapsed. Entry fees from these contracts are recorded as “deferred income from entry fees” and are recognized as income over the estimated remaining life expectancy of each resident, with the expectancy reevaluated annually.

Other entry fee contracts provide for a 50 percent, 60 percent or a 90 percent refund when an entry fee is received from a resident for that apartment. Entry fees from these contracts are recorded as “refundable entry fees” and are recognized as income over the remaining depreciable life of the facility, which is approximately 10 years for units in the original building and 24 years for other units, at December 31, 2011.

The Corporation introduced modified contract options beginning October 15, 2007 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.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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

DEFERRED INCOME FROM ENTRY FEES AND REFUNDABLE ENTRY FEES

Residents may terminate residency and care agreements at any time for any reason with 120 days notice. Payments of refunds are charged against the resident's unamortized entry fee and/or refundable entry fees and any gain or loss is included in revenue or expense.

Total contractual refund obligations in the event of death at December 31, 2011 and 2010 were \$7,819,829 and \$6,036,707 respectively.

HEALTH CENTER

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

Revenues from the Medicare and Medicaid programs accounted for approximately 28 percent and 29 percent and 9 and 9 percent, respectively, of the Corporation's net health center revenues for the years ended December 31, 2011 and 2010.

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

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. 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.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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 5.50 percent, based on the expected long-term rate of return on investments.

No liability has been recorded for the years ended December 31, 2011 and 2010 because the present value of the net cost of future services and use of facilities is less than deferred revenue from entry fees.

DEFERRED FINANCING COSTS

Deferred financing costs are amortized using straight-line and accelerated methods over the term of the related financing agreements.

DEFERRED MARKETING COSTS

Deferred marketing costs represent costs incurred to secure deposits and continuing care contracts for new apartment units. These costs will continue to be capitalized for up to one year from the completion of the construction is, and amortized to expense on a straight-line basis over the average life expectancy of the residents.

STATEMENT OF ACTIVITIES

The statement of activities includes net income (loss). Changes in unrestricted net assets that are excluded from net income (loss), consistent with industry practice, include unrealized gains and losses on investments, permanent transfers of assets to and from affiliates other than for goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

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, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Agency is no longer subject to income tax examinations for years prior to 2008.

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 to the contribution made by a participating employee for contributions up to 3% of annual salary.
- A 50% matching contribution to additional contributions made by a participating employee for contributions up to 2% of annual salary.

For 2011 and 2010, contributions to the plan amounted to \$145,572 and \$157,329, respectively.

SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through May 24, 2012, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of December 31, 2011, have been incorporated into these financial statements.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - ACCOUNTS RECEIVABLE

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

	2011	2010
Medicaid	\$ 67,160	\$ 55,493
Medicare	91,678	240,948
Private pay	226,858	249,866
Other third party payors	44,724	107,843
	430,420	654,150
Less allowance for doubtful accounts	10,000	10,000
	\$ 420,420	\$ 644,150

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

Investments at December 31 are summarized as follows:

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Assets whose use is limited				
Cash and equivalents	\$ 71,451	\$ 71,451	\$ 48,467	\$ 48,467
Mutual funds	493,570	620,930	493,751	615,291
	\$ 565,021	\$ 692,381	\$ 542,218	\$ 663,758

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 - INVESTMENTS (CONTINUED)

	2011		2010	
	Cost	Fair Value	Cost	Fair Value
Long-term investments:				
Cash and equivalents	\$ 1,992,402	\$ 1,992,402	\$ 657,554	\$ 657,554
Mutual funds	2,331,735	1,926,025	1,497,524	1,572,349
U.S. Government and Agency obligations	3,504,524	3,725,085	4,238,263	4,339,960
Corporate bonds	1,977,452	2,154,575	2,203,415	2,406,397
Marketable equity securities	<u>6,191,495</u>	<u>6,784,842</u>	<u>6,882,404</u>	<u>8,352,563</u>
	<u>\$ 15,997,608</u>	<u>\$ 16,582,929</u>	<u>\$ 15,479,160</u>	<u>\$ 17,328,823</u>

FAIR VALUE MEASUREMENTS

The Corporation has established a framework for measuring fair value, and follows the disclosure requirements regarding fair value measurement, based on a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing an asset or liability based on market data obtained from independent sources. Unobservable inputs reflect the Corporation's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels, as follows:

- Level 1 – Inputs to the valuation methodology based on unadjusted quoted market prices in active markets that are accessible at the measurement date.
- Level 2 – Inputs to the valuation methodology that include quoted market prices that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 - INVESTMENTS (CONTINUED)

The Corporation values investments in securities that are freely traded and 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.

The fair values of U.S. government and agency obligations are generally based on quoted prices in active markets, and are generally categorized in Level 1 of the fair value hierarchy.

The fair value of corporate obligations is estimated 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.

The following table presents information about the Corporation's investments measured at fair value:

	December 31, 2011		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Investments in securities, at fair value	\$ 15,120,735	\$ 2,154,575	\$ 17,275,310

	December 31, 2010		
	Quoted Prices in Active Markets (Level 1)	Other Than Quoted Market Inputs (Level 2)	Total
Investments in securities, at fair value	\$ 15,586,184	\$ 2,406,397	\$ 17,992,581

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 - INVESTMENTS (CONTINUED)

RISKS AND UNCERTAINTIES

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

NOTE 4 - PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31 follows:

	2011	2010
Land and land improvements	\$ 657,307	\$ 641,302
Buildings	107,326,603	37,281,091
Furniture, fixtures and equipment	3,642,707	2,698,595
Vehicles	250,635	250,635
Construction in process	56,300	41,910,853
	111,933,552	82,782,476
Less accumulated depreciation and amortization	21,643,846	19,940,369
	<u>\$ 90,289,706</u>	<u>\$ 62,842,107</u>

Accumulated amortization of software was \$361,833 and \$301,344 at December 31, 2011 and 2010, respectively.

In November 2004, the Corporation's Board of Directors authorized the engagement of a development consultant, and other consultants including architects, construction managers, and financial and market feasibility analysts to explore the options available to it for repositioning certain of its facilities to be more competitive in the market place. Subsequently, the design and approval for a project consisting of a new seven story building that would include 87 residential living units, activity areas, a first floor connector, a new community center, and a two story parking facility was completed. In December 2009, permanent financing for the project was secured through the Town of Hamden, through the release of Series 2009 Revenue Bonds. The project was completed and opened in September 2011.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)

The master plan for the project included the replacement of its skilled nursing facility with a new Long Term Care Center to provide a more modern, social, environmental model for health and wellness services.

Pre-selling of the new residential living units began in November 2007, and continues with marketing the remaining available units since construction began in the first quarter of 2010. Prospective resident deposits and interest held in individual accounts totaled approximately \$664,000 and \$2,482,000 at December 31, 2011 and 2010, respectively.

NOTE 5 - ASSETS HELD BY TRUSTEE

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

CONSTRUCTION FUND

Under the terms of the trust indenture, the Corporation is required to maintain a construction fund with the proceeds from the Series 2009 bond offering. The funds will be used to finance a portion of the project as detailed in the Loan Agreement (and Security Agreement) with the Town of Hamden. Any remaining amounts in the construction fund after the project is complete and not needed to pay costs of the project shall be transferred to the Bond Fund and applied first to redeem any Series B Bonds outstanding and second to redeem any Series A Bonds outstanding. The balance of the construction fund at December 31, 2011 and 2010 was \$2,924,092 and \$27,965,550, respectively.

CONSTRUCTION RETAINAGE FUND

The Corporation established a construction retainage fund in 2010, in accordance with a Retainage Escrow Agreement dated October 19, 2010. The account is funded in an amount equal to the construction retainage on the Project. The balance of the construction retainage fund at December 31, 2011 and 2010 was \$1,566,699 and \$1,981,794, respectively.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5 - ASSETS HELD BY TRUSTEE (CONTINUED)

BOND FUND

The Corporation is required to maintain a bond fund, and within such fund a Capitalized Interest Account and Debt Service accounts. The Capitalized Interest Account was originally funded in an amount equal to pay interest on the bonds for a period of twenty-four months. The balance of the Capitalized Interest Account at December 31, 2011 and 2010 was \$3,183,469 and \$8,298,418, respectively.

Funds in the Capitalized Interest Account will be applied solely to pay interest on the bonds. If funds in the Capitalized Interest Account have been exhausted, the Series A Debt Service Account, the Series B Debt Service Account and the Series C Debt Service Account will contain the payments by the Corporation in respect of the debt service requirements, and shall be applied on each payment date to the principal and interest on each of the Series A Bonds, Series B Bonds, and the Series C Bonds.

DEBT SERVICE RESERVE FUND

The Corporation is required to maintain a debt service reserve fund in an amount equal to the maximum annual debt service requirement for the Series A Bonds and an amount equal to twelve months of interest due on the Series B Bonds and the Series C Bonds. Funds on deposit in these accounts shall be applied to make up any deficiencies in the Bond Fund with respect to payments on the bonds. The balance of the debt service reserve funds at December 31, 2011 and 2010 was \$6,783,427 and \$6,946,188, respectively.

OPERATING RESERVE FUND

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

If at any time the amount on deposit in the operating reserve fund is less than the operating reserve requirement, the Corporation shall pay to the trustee the amount necessary to restore the balance in the operating reserve fund as soon as practicable, but not later than twelve months after the date the deficiency was created. The operating escrow requirement at December 31, 2011 and 2010 was approximately \$1,301,000 and \$1,197,000, respectively. The balance of the operating reserve fund at December 31, 2011 and 2010 was \$1,074,000 and \$1,025,000, respectively.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 5 - ASSETS HELD BY TRUSTEE (CONTINUED)

ENTRANCE FEE ESCROW FUND

The Corporation established the entrance fee escrow fund in 2011, which shall be funded with initial entrance fees from the project. Funds in the entrance fee escrow fund shall be used to pay interest and principal amounts to redeem a portion of the Series B Bonds. The balance of the entrance fee escrow fund at December 31, 2011 was \$12,091,378.

NOTE 6 - LONG-TERM DEBT

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

	2011	2010
Town of Hamden Revenue Bonds (Whitney Center Project) Series 2009		
Fixed Rate Revenue Bonds Series 2009A	\$ 46,695,000	\$ 46,695,000
Entrance Fee Principal Redemption Bonds Series 2009B	39,500,000	39,500,000
Adjustable Rate Revenue Bonds Series 2009C	<u>3,700,000</u>	<u>3,700,000</u>
	89,895,000	89,895,000
Less, unamortized original issue discount	<u>623,122</u>	<u>766,305</u>
	<u>\$ 89,271,878</u>	<u>\$ 89,128,695</u>

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

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

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 6 - LONG-TERM DEBT (CONTINUED)

The Series 2009B entrance fee principal redemption bonds have interest rates at 6.125% associated with \$28,000,000 due January 1, 2014 and at 6.75% associated with \$11,500,000 due January 1, 2015 that both are subject to redemption prior to maturity in whole or part from new unit entrance fees in chronological order based on maturity. In January 2012, the Corporation redeemed \$9,865,000 of the Series 2009B Bonds, out of funds in the entrance fee escrow fund. In April 2012, the Corporation redeemed \$5,770,000 of the Series 2009B Bonds, out of funds in the entrance fee escrow fund.

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

Financing costs associated with the issuance of the 2009 Bonds totaling \$2,546,732 have been deferred and are being amortized over the term of the bonds. In addition, the original issue discount of \$915,454 has been capitalized and is being amortized on a yield method over the term of the bonds. At December 31, 2011, the unamortized original issuance discount was \$623,122, and the total outstanding principal balance was \$89,895,000. At December 31, 2010, the unamortized original issuance discount was \$766,305, and the total outstanding principal balance was \$89,895,000.

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

The Loan Agreement (and Security Agreement) and related Trust Indenture to the 2009 Bonds also provides for, among other requirements, the maintenance of certain financial and operational covenants. Among those covenants is a cumulative cash loss from operations covenant, maintenance of a minimum debt service coverage ratio, a days' cash on hand ratio, and marketing and occupancy targets. As of December 31, 2011, the Corporation was in compliance with the cumulative cash loss from operations covenant; the days' cash on hand ratio; and the occupancy target covenant. The minimum debt service coverage ratio was not applicable as the initial testing date had not been reached. The Corporation was not in compliance with the marketing target covenant, but was in compliance with the Loan agreement by taking required follow up action as required under the Loan Agreement.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 6 - LONG-TERM DEBT (CONTINUED)

Total interest on the long-term debt was as follows at December 31:

	<u>2011</u>	<u>2010</u>
Interest cost:		
Capitalized	\$ 4,200,250	\$ 5,615,893
Charged to operations	<u>2,212,119</u>	<u>790,733</u>
	<u>\$ 6,412,369</u>	<u>\$ 6,406,626</u>

The State of Connecticut requires that continuing care facilities maintain a reserve fund, which consists of one year's debt service requirements plus one month's operating costs. As of December 31, 2011 and 2010, 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 \$8.1 million at both December 31, 2011 and 2010. The balance in these funds amounted to \$7,869,994 and \$7,971,188 at December 31, 2011 and 2010, 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, is as follows:

<u>Years ending</u> <u>December 31,</u>	
2012	\$ --
2013	--
2014	28,000,000
2015	11,970,000
2016	505,000
Thereafter	<u>49,420,000</u>
	<u>\$ 89,895,000</u>

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 7 - FUNCTIONAL EXPENSES

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

	<u>2011</u>	<u>2010</u>
Program services	\$ 15,669,007	\$ 12,206,005
Management, general and administrative	<u>2,157,028</u>	<u>2,103,125</u>
	<u>\$ 17,826,035</u>	<u>\$ 14,309,130</u>

WHITNEY CENTER, INCORPORATED
SCHEDULE I - COMPARISON OF STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010	Increase (Decrease)	
			Dollar Change	Percent Change
Changes in Unrestricted Net Assets				
Revenues and gains:				
Resident services	\$ 15,177,836	\$ 14,782,065	\$ 395,771	3%
Other operating revenues	502,445	499,523	2,922	1%
Investment income	211,511	301,562	(90,051)	-30%
Gain on sale of investments	775,804	604,247	171,557	28%
Contributions and other	10,306	570	9,736	1708%
Total Revenues and Gains	16,677,902	16,187,967	489,935	3%
Expenses and losses:				
Administrative and general	1,940,284	1,864,057	76,227	4%
Housekeeping and laundry	846,872	744,648	102,224	14%
Utilities	980,031	886,690	93,341	11%
Plant and security	1,032,160	922,870	109,290	12%
Dining services	2,187,853	1,773,381	414,472	23%
Health Center services	2,977,363	2,906,095	71,268	2%
Assisted living and wellness	748,099	613,728	134,371	22%
Resident services	335,755	275,970	59,785	22%
Employee benefits	1,361,876	1,339,613	22,263	2%
Depreciation and amortization	2,297,863	1,597,345	700,518	44%
Interest expense	2,212,119	790,733	1,421,386	180%
Property taxes	905,760	594,000	311,760	52%
Loss on Disposals of Assets	138,495	55,319	83,176	150%
Total Expenses	17,964,530	14,364,449	3,600,081	25%
Net (Loss) Income	\$ (1,286,628)	\$ 1,823,518	\$ (3,110,146)	-171%

See independent auditors' report on supplementary information.

WHITNEY CENTER, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 6 - LONG-TERM DEBT (CONTINUED)

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

Years ending December 31,	
2012	\$ --
2013	--
2014	28,000,000
2015	11,970,000
2016	505,000
Thereafter	<u>49,420,000</u>
	<u>\$ 89,895,000</u>

NOTE 7 - FUNCTIONAL EXPENSES

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

	<u>2011</u>	<u>2010</u>
Program services	\$ 15,669,007	\$ 12,206,005
Management, general and administrative	<u>2,157,028</u>	<u>2,103,125</u>
	<u>\$ 17,826,035</u>	<u>\$ 14,309,130</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, 2011 and 2010, and have issued our report thereon dated May 24, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Comparison of the Statements of Activities is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of 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 taken as a whole.

Marcum LLP

New Haven, CT
May 24, 2012

WHITNEY CENTER, INCORPORATED

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

Years ended December 31, 2009 and 2008



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Whitney Center, Incorporated

We have audited the accompanying statements of financial position of Whitney Center, Incorporated as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Corporation's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2009 and 2008, and the results of its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Marcum LLP

New Haven, Connecticut
May 20, 2010



WHITNEY CENTER, INCORPORATED
STATEMENTS OF FINANCIAL POSITION

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 885,139	\$ 1,125,865
Accounts receivable, less allowance for doubtful accounts	618,927	762,524
Other receivables	122,377	190,718
Prepaid expenses and other	261,748	190,451
Assets whose use is limited	<u>564,925</u>	<u>454,217</u>
Total current assets	2,453,116	2,723,775
ASSETS WHOSE USE IS LIMITED, long-term	-	2,727,952
ASSETS HELD BY TRUSTEE	76,571,867	-
LONG-TERM INVESTMENTS	14,840,734	13,989,345
PROPERTY AND EQUIPMENT	30,996,047	29,633,447
OTHER ASSETS		
Deferred marketing costs	3,390,800	2,404,760
Deferred financing costs, less accumulated amortization of \$6,666 in 2009 and \$74,882 in 2008	<u>2,540,066</u>	<u>50,023</u>
	<u>\$130,792,630</u>	<u>\$ 51,529,302</u>

	December 31,	
	2009	2008
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ -	\$ 700,000
Accounts payable	464,970	659,920
Accrued expenses	1,268,990	970,853
Contract deposits	61,450	91,911
	1,795,410	2,422,684
LONG-TERM DEBT, less current portion	88,985,512	10,033,334
DEFERRED INCOME FROM ENTRY FEES	17,961,066	19,378,692
REFUNDABLE ENTRY FEES	4,020,876	4,741,962
DEPOSITS	186,275	254,725
	112,949,139	36,831,397
UNRESTRICTED NET ASSETS	17,843,491	14,697,905
	\$130,792,630	\$ 51,529,302

See notes to financial statements.

WHITNEY CENTER, INCORPORATED
STATEMENTS OF ACTIVITIES

	<u>Years ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Change in Unrestricted Net Assets		
Revenues and gains:		
Resident services, including amortization of entry fees of \$3,513,023 in 2009 and \$3,234,574 in 2008	\$ 13,982,289	\$ 13,551,252
Other operating revenues	471,198	507,727
Investment income	474,650	516,093
(Loss) gain on sale of investments	(1,224,476)	181,846
Contributions	24,988	52,344
	<hr/>	<hr/>
Total revenue and gains	<u>13,728,649</u>	<u>14,809,262</u>
Expenses and losses:		
Salaries and wages	5,888,484	5,942,200
Employee benefits	1,253,940	1,261,214
Contract services	412,832	427,580
Food	694,244	665,056
Supplies	352,756	368,670
Ancillary health services	474,240	465,810
Utilities	966,155	1,020,930
Repairs and maintenance	352,490	364,758
Other operating expenses	360,528	389,431
Insurance	139,277	156,534
Depreciation and amortization	1,633,709	1,591,873
Interest expense	250,522	528,102
Property taxes	561,712	561,506
Loss on disposal of assets	26,330	43,886
	<hr/>	<hr/>
Total expenses and losses	<u>13,367,219</u>	<u>13,787,550</u>
Net Income	361,430	1,021,712
Unrealized Gain (Loss) on Investments	<u>2,784,156</u>	<u>(4,375,856)</u>
Change in Unrestricted Net Assets	3,145,586	(3,354,144)
Unrestricted Net Assets, Beginning	<u>14,697,905</u>	<u>18,052,049</u>
Unrestricted Net Assets, Ending	<u>\$ 17,843,491</u>	<u>\$ 14,697,905</u>

See notes to financial statements.

WHITNEY CENTER, INCORPORATED
STATEMENTS OF CASH FLOWS

	<u>Years ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Operating Activities		
Change in unrestricted net assets	\$ 3,145,586	\$ (3,354,144)
Adjustments to reconcile change in unrestricted net assets to net cash provided by operating activities:		
Depreciation and amortization	1,633,709	1,591,873
Amortization of entry fees	(3,513,023)	(3,234,574)
Entry fees received	2,183,743	4,156,255
Net realized and unrealized loss (gain) on investments	(1,559,679)	4,194,010
Loss on disposal of assets	26,330	43,886
Other amortization	12,632	-
Changes in operating assets and liabilities:		
Accounts receivable	143,597	(216,272)
Other receivables	68,341	(106,900)
Prepaid expenses and other	(71,297)	53,358
Accounts payable	(194,950)	(376,621)
Accrued expenses	298,137	(9,295)
Contract deposits	(30,461)	(94,229)
Deposits	(68,450)	(10,040)
	<u>2,074,215</u>	<u>2,637,307</u>
Investing Activities		
Purchases of property and equipment	(2,972,616)	(2,842,267)
Assets held by trustee	(76,571,867)	-
Change in assets whose use is limited	2,692,253	23,183
Change in long-term investments	<u>632,880</u>	<u>1,257,018</u>
	<u>(76,219,350)</u>	<u>(1,562,066)</u>

See notes to financial statements.

WHITNEY CENTER, INCORPORATED
STATEMENTS OF CASH FLOWS

	<u>Years ended December 31,</u>	
	<u>2009</u>	<u>2008</u>
Financing Activities		
Refundable entry fees received	402,840	2,008,742
Refunds of deposits and refundable entry fees	(1,212,271)	(383,778)
Deferred marketing costs incurred	(986,040)	(1,151,590)
Deferred financing costs incurred	(2,546,732)	-
Long-term debt incurred	88,979,946	-
Payments on long-term debt	<u>(10,733,334)</u>	<u>(700,000)</u>
Net cash provided by (used in) financing activities	<u>73,904,409</u>	<u>(226,626)</u>
Net Change in Cash and Cash Equivalents	(240,726)	848,615
Cash and Cash Equivalents, Beginning	<u>1,125,865</u>	<u>277,250</u>
Cash and Cash Equivalents, Ending	<u>\$ 885,139</u>	<u>\$ 1,125,865</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 218,793</u>	<u>\$ 527,778</u>

See notes to financial statements.