



Disclosure Statement

Lutheran Retirement Center – Clemmons, Inc.

Date of Disclosure Statement: 9/30/2025

Last Date for Delivery: 03/09/2027

- **This Disclosure Statement must be delivered to a contracting party before the execution of a binding reservation agreement, continuing care contract, or continuing care at home contract.**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure the accuracy of the information provided.**
- **This Disclosure Statement has been filed with, and recorded by, the North Carolina Department of Insurance in accordance with Article 64A of Chapter 58 of the North Carolina General Statutes (“Article 64A”).**
- **This Disclosure Statement contains all information required by Article 64A and is correct in all material respects. Knowingly delivering a disclosure statement that contains an untrue statement or omits a material fact may subject Lutheran Services for the Aging, Inc. to penalties under Article 64A**

Financial Snapshot: Key Ratios for Lutheran Services Carolinas Retirement Center – Clemmons, Inc.

Table FS-1. Financial Snapshot – Key Statutory Financial Ratios

Fiscal Year Ended September 30, 2025 (FY), with comparative historical and prospective periods

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25th %¹	NC 50th%¹	NC 75th %¹
DCOH	352	341	368	368	366	365			
CUSH	7.0	9.0	7.0	9.0	10.0	10.0			
OR	81%	81%	81%	87%	87%	87%			
NOM	1.77	1.84	1.84	1.84	1.85	1.85			
NOM-A	23%	16%	16%	16%	15%	15%			
DSCR	2.24	2.66	1.87	1.92	1.92	1.94			
CD	.52	.62	.78	.74	.79	.85			
CED	10%	25%	47%	205%	95%	89%			

Financial Snapshot: Key Ratios for Lutheran Services for the Aging Obligated Group

Table FS-2. Financial Snapshot – Key Statutory Financial Ratios

Fiscal Year Ended September 30, 2025 (FY), with comparative historical and prospective periods

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25th %¹	NC 50th%¹	NC 75th %¹
DCOH	325	345	408	456	461	467			
CUSH	12	12	19	21	21	22			
OR	86%	83%	80%	90%	90%	90%			
NOM	1.90	1.92	1.92	1.92	1.92	1.93			
NOM-A	10%	12%	11%	11%	11%	10%			
DSCR	3.51	3.11	4.48	3.05	3.14	3.17			
CD	0.66	0.78	1.11	1.28	1.36	1.46			
CED	187%	166%	150%	107%	104%	10%			

Liquidity Ratios:

- **Days Cash on Hand (DCOH).** Number of days the provider could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.
- **Cushion Ratio (CUSH).** Number of times the provider's unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Profitability Ratios:

- **Operating Ratio (OR).** Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.
- **Net Operating Margin (NOM).** Shows the result from core resident services. Higher values mean a stronger operating result from resident services.
- **Adjusted Net Operating Margin (NOM-A).** Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Capital Structure Ratios:

- **Debt Service Coverage (DSCR).** Measures the provider's ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.
- **Unrestricted Cash & Investments to Long-Term Debt (CD).** Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.
- **Capital Expenditures to Depreciation (CED).** Compares what the provider is spending on capital improvements to the amount its assets are wearing out. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

See Appendix F for full statutory definitions of how ratios are derived.

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Exhibits (Included at End of Disclosure Statement)

- Exhibit A: Audited Financial Statements
- Exhibit B: Five-Year Prospective Financial Statements
- Exhibit C: Representative Contracts
- Exhibit D: Examination Report
- Exhibit E: Statutory Ratio and Supporting Definitions

SECTION I: Organization Introduction and Information

A. Provider Identification

Legal Responsibility for Continuing Care

Lutheran Retirement Center – Clemmons, Inc. is the entity that enters into continuing care contracts residents and is legally responsible for providing continuing care and performing all obligations under those contracts. No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement. Doing Business As (DBA) Lutheran Retirement Center-Clemmons, Inc. DBA Trinity Elms is an affiliate of Lutheran Services for the Aging, Inc. (LSA). LSA is publicly branded as Lutheran Services Carolinas (LSC).

Item	Information
Legal Provider Name:	Lutheran Retirement Center-Clemmons, Inc.
Doing Business As (DBA):	Trinity Elms
Business Address:	7543 Fair Oaks Drive, Clemmons, NC 27012
Telephone Number:	336-608-3555
Legal Entity Type:	Nonprofit corporation organized under the laws of North Carolina
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	Lutheran Services for the Aging, Inc. (LSA) is a nonprofit corporation and the parent corporation. LSA Management, Inc. (LSAM) is the management company for all of the communities that LSA owns and operates. Lutheran Retirement Center – Clemmons, Inc. is one of those communities.

B. Organizational Structure

Multi-Entity Organization Status

LSA is a non-profit corporation headquartered in Salisbury, North Carolina and is affiliated with the North Carolina Evangelical Lutheran Church in America. LSA was established in 1960 and began operations in 1962 as North Carolina Lutheran Homes. LSA has grown from a small nursing home in Hickory to a multi-site senior services organization, managing a portfolio of skilled nursing, assisted living, and continuing care retirement communities, as well as a rental retirement community. LSA also owns and operates a pharmacy, an adult day service, and a home care company, and is co-owner of a therapy company.

LSA has an affiliate company, LSA Management, (LSAM) which is the management company for all the senior service communities that LSA owns and operates. LSAM has been the managing entity for all of the communities since its incorporation in 2004 and provides all of the day-to-day operational oversight and management.

Consolidation of Financial Statements

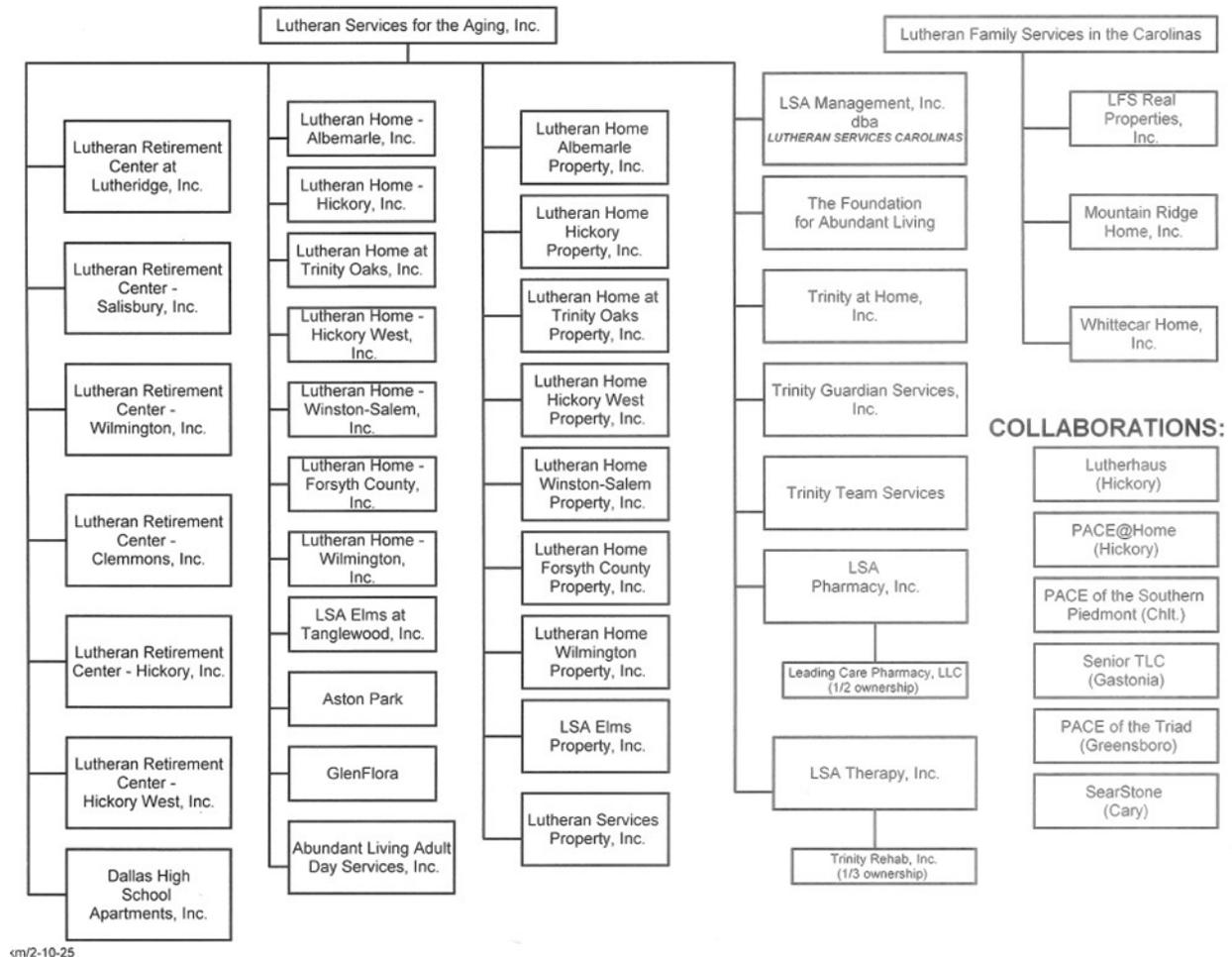
Audited financial statements are prepared on a consolidated basis with LSA and its subsidiaries, which include both continuing care providers and related supporting organizations. Consolidating schedules within the audit present the financial position and results of operations of each subsidiary, including Trinity Elms., individually.

Controlling Entity

Item	Information
Name:	LSA
Business Address:	1416 Martin Luther King Jr Ave, Salisbury, NC 28144
Telephone Number:	(704)637-2870

Company Structure Chart

The organizational structure of Lutheran Services for the Aging, Inc. and its related entities, including Lutheran Retirement Center – Clemmons, Inc. is as follows:



C. Key Persons and Management Personnel

Definitions (for purposes of this Section):

- Outside Interests:** Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of \$5,000 or more. If none, the provider discloses “None.”
- Adverse Disclosures:** Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action. If none, the provider discloses “None.”

Senior Officers of Lutheran Services for the Aging, Inc.

Name / Role	Education	Experience	Length of Service
Ted W. Goins – President and CEO	AB Lenoir-Rhyne University MS Pfeiffer University	40+ years in senior-living operations; former CNA, LNHA, Service on boards including: Lutheran Services in America, LeadingAge, Lutheran Immigration and Refugee Service, NC Health Care Facilities Association	25 years and 5 months (since 11/2000); serves as President and CEO of Lutheran Services for the Aging, Inc. and Lutheran Retirement – Clemmons, Inc.
Kirby D. Nickerson – Chief Financial Officer/Treasurer	MBA Florida State University	30 + years in nonprofit healthcare finance as CFO.	13 years 10 months (since 06/2012); serves as Chief Financial Officer of Lutheran Services for the Aging, Inc. and Treasurer of Lutheran Services for the Aging, Inc. and Lutheran Retirement Center – Clemmons, Inc.
Kesha L. Smith – Chief Operating Officer	BS Accounting: University of North Carolina at Charlotte.	20+ years in nonprofit senior services.	22 years 7 months (since 9/2003); serves as Chief Operating Officer of Lutheran Services for the Aging, Inc.

Business Address: 1416 Martin Luther King Jr Ave, Salisbury, NC 28144

Disclosure: Neither officer has reported any Outside Interests or Adverse Disclosures.

Board of Directors — Lutheran Retirement Center – Wilmington, Inc.

Name / Role	Education	Experience	Length of Service
Doug Nelson – Chair and Director	B.S. Finance, Virginia Tech	Retired CPA and former hospital CFO; audit & finance committee leadership in nonprofit health	2 years (since 09/2024)
Richard Herman – Vice Chair and Director	BA Concordia University MA Florida Atlantic University	Retired CEO of national nonprofit social ministry foundation	2 years (since 9/2024)
Ted W. Goins – President and Director	AB Lenoir-Rhyne University MS Pfeiffer University	President and CEO of Lutheran Services for the Aging, Inc. and Lutheran Retirement Center – Wilmington, Inc.	25 years (since 11/2000)

Business Address: 1416 Martin Luther King Jr Ave, Salisbury, NC 28144

Disclosure: None of the directors have reported any Outside Interests or Adverse Disclosures.

Section II: Policies and Procedures-Admission and Occupancy

Upon execution of the Residency Agreement and fulfillment of his/her obligations hereunder, the Resident will be qualified for admission as an occupant of Trinity Elms subject to the terms and conditions of this section.

A. Non-Binding Reservation Agreement

A non-binding reservation agreement is no longer being used at this community since the community achieved full occupancy in 2019. The community maintains full occupancy unless a resident moves or passes away, but a waiting list is kept so vacant residences are filled quickly.

B. Binding Residency Agreement

Upon selection of a Residence, the Resident will execute a Residency Agreement. Accompanying this Residency Agreement will be Security Deposit equal to one month’s rent. If the agreement is terminated at the end of the lease term then the Resident will receive a full refund of the Security Deposit less a \$400 administrative fee and less any money owed to Trinity Elms for damages beyond normal wear and tear or any other charges or fees owed to Trinity Elms.

Upon providing the Resident with the Residency Agreement, the Marketing Representative will provide the Resident with a copy of Trinity Elms' Disclosure Statement which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and the

vital information related to Trinity Elms. Included in the Disclosure Statement is a Residency Agreement and four addendums. Addendum III “Receipt of the Disclosure Statement”, must be signed and returned to Trinity Elms at or prior to execution of the Residency Agreement.

C. Application for Admission

A Resident must also submit an Application for Admission. The Application for Admission will include a Personal Health History section and a Confidential Financial Information section. The Application must be returned on or before the date of execution of the Residency Agreement.

The Admissions Committee will review the completed Application Forms including financial information as a basis for initial approval for admission to Trinity Elms. The Resident must have an interview with a representative from Trinity Elms prior to being approved by the Director. The Director will accept or deny the application within 15 days of receipt of completed documents, based on criteria and policies established for admission. The marketing representative will notify the Resident in writing of the action taken by the Admissions Committee. If the Resident does not meet Trinity Elms’ admissions requirements, this Agreement shall be null and void and the Resident shall receive a refund of any Security Deposit previously paid. In order to confirm continued acceptability for residency, updated physical and updated financial statements may be required within 120 days prior to occupancy. If the Resident has a change in financial or health status that may affect eligibility for admission, it is the responsibility of the Resident to submit updated documents to Trinity Elms as soon as possible.

D. Addendums

- Addendum I, Commencement of Residency. This addendum must be signed to acknowledge the Availability Date of the Residence. The monthly rent will begin on the Availability Date.
- Addendum II, Notice of Health and Financial Status. This addendum must be completed at time of or prior to the execution of Addendum I if the original health statement and financial statements were completed more than 60 days prior to the Availability Date.
- Addendum III, Receipt of Disclosure Statement.
- Addendum IV, Transfer Amendment. If a Resident(s) transfers to a new Residence, the Transfer Amendment must be completed prior to occupancy of the new Residence. The Transfer Amendment will become part of the Resident’s Residency Agreement.

E. Notification of Availability.

After the Resident is approved for admission, the Marketing Representative will notify the Resident of the Residence’s projected date of availability for occupancy. The Resident must begin paying the monthly rental fee on the date of Availability.

F. Health Criteria

Admission requirements for residents at Trinity Elms are nondiscriminatory. Admission is restricted to persons sixty-two (62) years of age or older. Trinity Elms is open to anyone regardless of race, color, religion, sex, handicap, familial status, or national origin as set forth in the Residency Agreement and Admission Application. Trinity Elms requires that a Resident submit a report of a

physical examination completed by a physician selected by the resident with the Application. If the examination was completed more than sixty (60) days prior to the Availability Date, the Resident(s) may be asked to submit an updated physical with Addendum II. If the health of the Resident(s), as disclosed by Addendum II, differs materially from that disclosed in the Resident's Application for admission, Trinity Elms shall have the right to decline admission of the Resident(s) and to terminate the agreement.

G. Financial and Insurance Criteria

Financial guidelines required for acceptance of a Resident are reviewed by the Admissions Committee on a case-by-case basis. However, Residents of Trinity Elms are expected to have sufficient financial resources to pay the monthly fee and other personal expenses for the duration of the anticipated residence at the community.

If the Application and submission of confidential financial information was completed more than sixty (60) days prior to the Availability Date, the Resident(s) may be asked to submit updated financial information and complete Addendum II, as described above in Section D. If the finances of the Resident(s), as disclosed by Addendum II, differ materially from that disclosed in the Resident's Application, Trinity Elms shall have the right to decline admission of the Resident(s) and to terminate the agreement.

Resident shall maintain Medicare Part A and Medicare Part B to assure Resident's ability to cover such health care related costs, and shall furnish to Trinity Elms evidence of such coverage as it may from time to time request. In the event Resident is not eligible or does not qualify for Medicare Part A or Part B, Resident shall maintain other health insurance approved by Trinity Elms. If insurance coverage is provided through a managed health care policy, terms of the policy may dictate where the Resident may receive health care services.

H. Cancellation and Termination

- a) **Right of Rescission.** Notwithstanding anything herein to the contrary, Resident may rescind any contract with Trinity Elms requiring the payment of a fee within thirty (30) days of the later of the execution of the contract or receipt of a disclosure statement, in which event any money paid to Trinity Elms will be returned in full, less any standard customary charges the Resident and Trinity Elms agree in advance shall be nonrefundable. Resident is not required to move into a residence before the expiration of the aforesaid thirty (30) day rescission period. Resident acknowledges that he/she has received, prior to execution of this Agreement, a copy of Trinity Elms' current Disclosure Statement that meets the requirements of NCGS 58-64A of the North Carolina General Statutes. If Resident moves into the Residence during the Rescission Period and rescinds this Agreement during the thirty (30) day period, Resident will not receive a refund for the monthly rental fee but will receive a refund of one half of the security deposit paid to Trinity Elms, less any cost for upgrades agreed upon by Trinity Elms and the Resident that have already been paid for by Trinity Elms and less and unexpected wear and tear or damage. Any refund due under this Section shall be paid within sixty (60) days of termination of this Agreement.
- b) **Termination after Rescission Period, Prior to Occupancy.** If a Resident or Resident's spouse or companion/roommate dies prior to occupancy, or if, on account of illness, injury or incapacity, a resident would be precluded from occupying a Residence at Trinity Elms under the terms of the contract, the contract will be automatically terminated. In this event, the Resident shall receive a full refund of the amount of the Security Deposit

paid to Trinity Elms. This Agreement may be terminated by Resident at any time for any reason prior to Resident taking occupancy at Trinity Elms and after the Rescission Period by Resident giving written notice to Trinity Elms. In this event, Resident will not receive a refund of the Security Deposit. This Agreement may be terminated by Trinity Elms at any time prior to the date that the Resident takes occupancy if Trinity Elms determines that the Resident does not meet the physical, mental or financial requirements for admission. In the event of such termination, Resident shall receive a refund of the Security Deposit paid by the Resident, less (i) any nonstandard costs, if any. Any refund due shall be paid within sixty (60) days of (i) Trinity Elms' receipt of written request to terminate Agreement; (ii) from the day the Agreement automatically terminates; or (iii) from the day Trinity Elms terminates Agreement for any reason.

- c) **Termination after Occupancy, Prior to 13 months:** Should a Resident desire to cancel his/her Residency Agreement after occupancy, Resident may terminate this Agreement by giving written notice to the Executive Director no less than sixty (60) days before Resident intends to move out of Trinity Elms. Resident is responsible to pay Monthly Rental Fees during the sixty (60) period. The Resident will not receive a refund of the security deposit if the Resident terminates the agreement prior to the initial 13 month agreement and after the thirty (30) day rescission period
- d) **Termination after Occupancy, at or after 13 months:** Should a Resident desire to cancel his/her Residency Agreement after occupancy, Resident may terminate this Agreement by giving written notice to the Executive Director no less than sixty (60) days before Resident intends to move out of Trinity Elms. Resident is responsible to pay Monthly Rental Fees during the sixty (60) period. The Resident will receive a refund of the security deposit less any money owed to Trinity Elms for damages beyond normal wear and tear or any other charges or fees owed to Trinity Elms and less the \$400.00 administrative fee. See Section (K) for details on Refunds.
- e) **Termination by Death after Occupancy:** If Resident should die during the term of this Agreement, this Agreement shall terminate. The Monthly Charge will be paid until such time the Resident's belongings are removed from the Apartment and the Apartment is returned to Trinity Elms in good and habitable condition. The Resident's Security Deposit will be refunded less any money owed to Trinity Elms for damages beyond normal wear and tear or any other charges or fees owed to Trinity Elms and less the \$400.00 administrative fee.
- f) **Termination by Trinity Elms.** The Executive Director may, upon notice and opportunity to cure as herein provided, revoke Resident's right to reside at Trinity Elms and terminate this Agreement upon the occurrence of any default by the Resident in meeting the covenants, warranties, representations and terms of Residency provided for in this Agreement or for violations of policies stated in the Residents Handbook. Trinity Elms may also terminate this Agreement at any time for any good cause.

Good cause shall be limited to:

1. Proof that you are a danger to yourself or others;
2. Nonpayment by you of any fee due to the Community;
3. Repeated conduct by you that interferes with other residents' quiet enjoyment of the Community;
4. Persistent refusal by you to comply with the reasonable written rules and regulations of the Community;

5. Material misrepresentation made intentionally or recklessly by you in your application for residency, or related materials regarding information which, if accurately provided, would have resulted in either a failure of you to qualify for residency or a material increase in the cost of providing to you the care and services provided under this Agreement, including with respect to those items referred to in this Agreement;
6. Material breach by you of this Agreement. However, Trinity Elms shall not terminate the Agreement as provided herein until Trinity Elms has given Resident written notice of, and a reasonable opportunity to cure within a reasonable period, the conduct warranting the cancellation of this Agreement.

Notice and Right to Cure after Occupancy: Trinity Elms shall not terminate the Agreement as provided herein until Trinity Elms provides the Resident a written notice of, and a reasonable opportunity to cure within a reasonable period, the conduct warranting the cancellation of the Agreement. Once Resident has occupied the Residence, Trinity Elms shall give Resident notice in writing of any default by Resident which may not involve the payment of money and Resident shall have thirty (30) days thereafter within which to correct such default. If Resident corrects such default within such time, the Residency Agreement shall not then be terminated. If Resident fails to correct such default within such time, Trinity Elms may, at its sole option, terminate the Residency Agreement at the expiration of the thirty (30) day period. If the Resident corrects the default but in the future defaults again for the same cause, Trinity Elms may terminate the Residency Agreement without any option to cure.

Remedies upon Termination. Upon notification of opportunity to cure any default as described in Section H of this Agreement, the Executive Director may, without further notice to Resident and without further demand for amounts due, terminate this Agreement, suspend all services provided hereunder and enter the Residence and remove all persons and property. Resident hereby waives all demand and any and all service of notice in writing or otherwise, prescribed by any statute or any other law whatever, of intention to re-enter and waives all claims for damages that may be caused by Trinity Elms in re-entering and taking possession of the Residence. If Resident shall abandon or vacate the Residence before the termination of this Agreement, Resident will pay Trinity Elms liquidated damages in an amount equal to the full amount of the Monthly Rental Fee due for the period of abandonment or vacation until a termination of this Agreement is effected as provided in Section (H). Pursuit of any of the above remedies shall not preclude pursuit of any other remedies herein provided or any other remedies given by law or equity. All of the remedies given to Trinity Elms in this document, and all rights and remedies given by law or equity shall be cumulative and concurrent.

I. Marriage or New Second Occupant.

If, after initial occupancy, the Resident marries or wishes to share the Residence with another person, the addition of a new second occupant is subject to the prior written approval of Trinity Elms. The new occupant must meet all applicable eligibility requirements, including medical and financial qualifications, and execute a Residency Agreement prior to occupancy. Any fees or charges associated with the addition of a new occupant shall be the responsibility of the Resident and/or the new occupant. Trinity Elms reserves the right to adjust the Monthly Rental Fee and other charges as a result of the change in occupancy.

Permitted Occupants. It is agreed that the Resident(s) named herein and no other person(s) shall reside in or occupy the Residence during the term of this Agreement, except with the express prior written approval of the Executive Director.

Occupancy by Two Residents. In the event that two Residents occupy a Residence under the terms of this Agreement, upon the permanent transfer to the Health Care Center or the death of one of such Residents, or in the event of the termination of this Agreement with respect to one of such Residents, such as in the case of death or divorce, the Agreement shall continue in effect as to the remaining or surviving Resident who shall have the option to retain the same Residence or to move to a smaller Residence (if available), in which event there will be no refund of the Security Deposit. The remaining or surviving Resident will thereafter pay the Monthly Rental Fee associated with the Residence occupied by the Resident.

New Second Occupant/Sharing Occupancy after Admission. If a Resident, while occupying a Residence, marries a person who is also a Resident, or wishes to share a Residence with a person who is also a Resident, the two Residents may, with the prior written consent of Trinity Elms, occupy the Residence of either Resident and shall surrender the Residence not to be occupied by them. No refund will be payable with respect to the Residence surrendered, except for a refund of the Security Deposit less any damages beyond normal wear and tear and less the \$400 administrative fee. In the event that a Resident shall marry a person who is not a Resident of Trinity Elms, or wish to share a Residence with a person who is not a Resident (“Non-Resident”), the Non-Resident may become a Resident if such individual meets all of the then current requirements for entry to Trinity Elms; and enters into a then current version of the Residency Agreement with the Corporation. If the Non-Resident does not meet the requirements of Trinity Elms for entry as a Resident, the Resident may terminate this Agreement in the manner as provided in Section (H) with respect to a voluntary termination.

J. Moves and Transfers.

Change in Apartments. It is understood Trinity Elms, in its sole discretion, has the right to make a change in apartment assignments if necessary in order to best serve the needs of the Resident. A Resident may not transfer from one apartment to another apartment during the initial thirteen (13) month term unless pre-approved in writing by the Director of Trinity Elms. Approval is subject to the sole and absolute discretion of the Director of Trinity Elms on a case by case basis.

Transfer to Trinity Elms Assisted Living. Resident agrees that Trinity Elms shall have the authority to determine when or if a Resident should be transferred from the Apartment to Trinity Elms assisted living for assisted living care facilities operated by its affiliates. Such determination shall be made based on the professional opinion of the Executive Director of Trinity Elms and shall be made only after consultation, to the

extent practical, with the Resident, a representative of the Resident's family or the sponsor of Resident, the Resident's attending physician, as well as the Director of Health Services at Trinity Elms assisted living. Admission to such assisted living facility is contingent upon a Resident meeting the regulatory requirements for admission and upon bed availability. If there is no bed available at Trinity Elms' affiliates, or a Resident does not meet the admission requirements, Trinity Elms will make reasonable efforts to assist the Resident in finding placement at another community. The Resident will be given priority application access at other assisted living communities operated by Lutheran Services Carolinas or its affiliates.

Transfer to Trinity Elms Health and Rehab. Resident agrees that Trinity Elms shall have the authority to determine when or if a Resident should be transferred from the Apartment to the Trinity Elms health and rehab for skilled nursing care. Such determination shall be made based on the professional opinion of the Executive Director of Trinity Elms and shall be made only after consultation, to the extent practical, with the Resident, a representative of the Resident's family or the sponsor of Resident, the Resident's attending physician, as well as the Director of Nursing at Trinity Elms health and rehab. Admission to Trinity Elms health and rehab is contingent upon the Resident meeting the regulatory requirements for admission and upon bed availability. If there is no bed available at Trinity Elms, or a resident does not meet the admission requirements, Trinity Elms will make reasonable efforts to assist the Resident in finding placement at another community. The Resident will be given priority application access at other skilled nursing communities operated by Lutheran Services Carolinas or its affiliates.

Transfer to Other Health Care Facility. If it is determined by the Executive Director that the Resident needs care beyond that which can be provided by Trinity Elms, Resident may be transferred to a hospital or other center or institution equipped to give such care, which care will be at the expense of Resident. Such transfer of Resident will be made only after consultation, to the extent possible, with Resident, a representative of Resident's family or the sponsor of Resident, and Resident's attending physician.

Permanent Transfers. If a determination is made by Trinity Elms that any transfers are permanent in nature, Resident agrees to surrender the Apartment. If Trinity Elms subsequently determines that the Resident can resume occupancy in any apartment, Resident shall have application priority to a comparable apartment as soon as it would become available. Resident will be obligated to pay rent for the Apartment until all personal belongings are removed from the Apartment.

K. Refunds.

Refunds of the Security Deposit will be issued as followed:

During the Rescission Period: The resident will receive a refund of the Security Deposit less the \$400 administrative fee, less any nonstandard costs incurred by Trinity

Elms on behalf of the Resident and less any costs associated with damages beyond normal wear and tear.

After the Rescission Period and Prior to Occupancy: The resident will not receive a refund of the Security Deposit.

After the Rescission Period and Prior to First 13 Months: The resident will not receive a refund of the Security Deposit.

After First 13 Months: The Resident will receive a refund of the Security Deposit, less any money owed to Trinity Elms for damages beyond normal wear and tear or any other charges or fees owed to Trinity Elms hereunder and less the \$400.00 administrative fee.

Due to Death or Transfer to Higher Level of Care After Occupancy: The Resident will receive a full refund of the Security Deposit less the \$400 administrative fee, less any nonstandard costs incurred by Trinity Elms on behalf of the Resident and less any costs associated with damages beyond normal wear and tear.

Due to Death or Transfer to High Level of Care Prior to Occupancy: The Resident will receive a full refund of the Security Deposit less any nonstandard costs incurred by Trinity Elms on behalf of the Resident and less any costs associated with damages beyond normal wear and tear.

L. Nature and Extent of Rights.

Resident's right to occupy the Residence for a term of years or for life shall exist unless terminated as provided for in the Residency Agreement. Nothing contained herein shall be construed or is intended to require that Trinity Elms care for the Resident for life, nor shall this Agreement be construed as a life-care contract.

M. Rights of Resident.

Signing of this Residency Agreement and payment of the Security Deposit does not deliver title to real or personal property, and may not be assigned, transferred, inherited or devised. Any rights, privileges, benefits, or interests created by or under this Agreement shall be subordinated to any mortgage, deed of trust, or other security interest created on any of the premises or interests in real estate of Trinity Elms and to all amendments, modifications, replacements or refunding thereof. Resident agrees to execute and deliver any document required by Trinity Elms or by the holder of any mortgage, deed of trust or other interest to evidence or effect such subordination.

N. Alteration or Modification.

Notwithstanding any other provisions in this Agreement, Trinity Elms may alter or modify the Residence to meet requirements of any statute, law or regulation of the Federal, State or local Government. Resident may not, without prior written consent of the Executive Director, make any alterations or modifications to the Residence.

O. Use of the Residence.

The Residence shall be used for residential purposes only and shall not be used for business or professional purposes, nor in any manner in violation of any zoning or health ordinances.

Section III: Services

A. Standard Services.

Services provided by Trinity Elms which are included in the base fee are as follows:

Residences, individually controlled heating/air conditioning, water/sewer, internet, phone, trash removal, certain furnishings, bi-weekly housekeeping services, grounds keeping, maintenance, activities, maintenance, access to beauty parlor, and access to other common areas on the campus.

B. Description of the Living Residence.

A full description of the Residence will be given to the Resident by the Marketing Team prior to signing the Residency Agreement. Trinity Elms will provide the Resident with the most recent marketing materials that accurately describe the Residence that is being considered by the Resident.

C. Additional Services.

A list of additional services provided at an additional cost including, meal deliveries, shall be made available to Resident upon request.

D. Health Care Services Available

Trinity Elms. Health care accommodations and services at Trinity Elms nursing home and Trinity Elms assisted living shall be made available to Residents on a priority basis, if available, subject to the terms of this Agreement and to all admissions requirements imposed by applicable laws and regulatory procedures. In the event Trinity Elms nursing home or assisted living has no beds available, Trinity Elms will assist Resident in finding another health care center as close as possible to quality and price as Trinity Elms nursing home or assisted living.

Trinity Elms nursing home contracts with a licensed physician (therein referred to as the "Medical Director") to assist in establishing and implementing health care related policies and practices at Trinity Elms and to perform such other duties described in this document or prescribed by Trinity Elms. Expenses for Resident-related physician services are the responsibility of the Resident. Trinity Elms also will employ licensed personnel to perform all such duties prescribed by the Medical Director within such person's licensed authority.

The Director of Nursing, the Social Worker, or designee will make available, or arrange for other health care services for the Resident, including but not limited to physical therapy, occupational therapy, rehabilitative treatments and equipment, ambulance services, pharmacy services, and physician services. All Residents at Trinity Elms are responsible for their pharmacy copayments. Charges for these health care services will be in addition to the Monthly Fee.

Other Health Care Center. In the event a Resident requires the services of a health care center and there is no availability at Trinity Elms, Trinity Elms will assist a Resident in finding another health care center as close as possible to the quality and price of Trinity Elms.

Temporary Stay. If a temporary stay at Trinity Elms, a Resident will continue to pay the Monthly Rent for their Trinity Elms apartment residence.

Permanent Stay. If a permanent transfer to Trinity Elms assisted living or nursing home, the Resident will continue paying the Monthly Fee until the residence is vacated including the return of the keys to the residence.

Section IV: Fees

A. One-Time Administrative Fee.

In consideration for refurbishment of the Apartment at the conclusion of this Agreement, and certain administrative costs associated with the initiation and maintenance of this Agreement, Resident agrees to pay a one-time administrative fee of \$ 400.00. Such fee is due upon execution of this Agreement and is non-refundable. Such fee will be deducted from the Security Deposit.

B. Security Deposit.

A resident will provide a Security Deposit equal to one month's rent at time of signing the Residency Agreement. Upon termination of the Agreement at the end of the rental agreement term, the Resident will receive a refund of the Security Deposit, less any money owed to Trinity Elms for damages beyond normal wear and tear or any other charges or fees owed to Trinity Elms hereunder and less the \$400.00 administrative fee.

C. Damages beyond Normal Wear and Tear.

Resident understands that the one-time administrative fee covers only normal wear and tear. Resident agrees to immediately pay to Trinity Elms a sum equal to the cost of repairs beyond normal wear and tear, non-payment of rent, costs associated with removal or storage of Resident's property, or any costs associated with any breach of this Agreement by the Resident.

D. Monthly Charge.

Commencing on the initial Date of Occupancy and continuing throughout the entire term of this Agreement, Resident agrees to pay Trinity Elms a Monthly Rental Fee. Trinity Elms shall have the right to adjust such Monthly Charges on an annual basis as of October 1st of each year during the term of this Agreement. The Monthly Charge is payable in advance on or before the first day of such calendar month during the entire term of the Agreement. The Monthly Charge may be prorated on a per day rate and calculated based on the number of days in the calendar month in which the prorated amount is due/owed.

Trinity Elms will provide Resident with a monthly statement of the total charges owed by the Resident. Trinity Elms may assess a late payment charge of \$25 for statements not paid within ten (10) calendar days after the monthly statement is furnished.

E. Charges at Trinity Elms’ Communities.

Charges at Trinity Elms Assisted Living. Charges at the Trinity Elms assisted living facility will be incurred at the published per diem rate for the accommodations occupied by the Resident, plus other charges for other services not included in such per diem rate.

Charges at Trinity Elms Health and Rehab. Charges at the Trinity Elms health and rehab facility will be incurred at the published per diem rate for the accommodation occupied by the Resident, plus other charges for other services not included in such per diem rate.

Charges for Care in Other Health Care Facilities. Should Resident require care that requires transfer to another health care facility, all expenses which will result from such transfer and related care shall be borne entirely by Resident.

F. Additional Charges

Trinity Elms will furnish a list of additional services to the Resident. The Resident agrees to pay any and all additional amounts which may become due under the Residency Agreement and any and all charges for additional or optional services provided to the Resident.

G. Changes in Monthly Fees for the Previous Five Years-2021-2025

Independent Living	2021	2022	2023	2024	2025
% Increase	3%	3%	5%	5%	4%
Studio	\$59	\$61	\$105	\$110	\$114
1 Bedroom	\$75	\$77	\$132	\$139	\$145
1 Bedroom Deluxe	\$80	\$82	\$141	\$148	\$154
2 Bedroom	\$95	\$98	\$169	\$177	\$184

H. Trinity Elms Occupancy For Five Year Period: 2021-2025

Year	Skilled Nursing	Assisted Living	Independent Living
2021	83%	87%	98%
2022	82%	96%	93%
2023	82%	93%	95%
2024	90%	98%	93%
2025	90%	95%	95%

Section V: Miscellaneous Provisions

A. Religious Affiliation.

Trinity Elms is a nonprofit, nonstock North Carolina corporation sponsored by Lutheran Services Carolinas (LSC), a not-for-profit social ministry agency affiliated with the North Carolina Synod of the Evangelical Lutheran Church in America and is a 501(c)(3) tax-exempt facility under the Internal Revenue Code. In 2004, LSA created a management company, LSA Management, Inc., to provide management services. LSA Management, Inc., is an affiliate organization of LSA and is a 501(c)(3) tax-exempt company under the Internal Revenue Code. LSA will not be responsible for the contractual obligations of Trinity Elms. (LSA recently rebranded as Lutheran Services Carolinas (LSC).)

B. Funeral Expenses.

Trinity Elms will not be liable for the cost of the burial of the Resident. The costs of burial and related services shall be paid for by the Resident's estate, the Resident's relatives, or other agent designated by the Resident.

C. Personal Belongings.

Jewelry and personal possessions or effects brought into Trinity Elms by the Resident will remain the property of the Resident. Resident is strongly encouraged to have a will providing for the disposition of his or her real and personal property and provision for proper burial at his or her own expense. Resident agrees to notify the Executive Director of Trinity Elms as to the location of this will and to notify Trinity Elms of the Resident's Executor under such will.

D. Indebtedness to Trinity Elms and LSA Affiliates. To the extent allowed by applicable law, Trinity Elms and other LSC affiliates shall have a preferred claim against the estate of the Resident for any care furnished or for any funds which may be advanced for the residency or care of the Resident which may remain unpaid, and any personal property or real estate which the Resident owns shall stand as security for and is hereby pledged to the payment of any unpaid claims due to

Trinity Elms and other LSC affiliates. To the extent allowed by applicable law, the Resident for himself/herself, his/her heirs and legal representatives, hereby waives any and all claims which the Resident might have to exemption and agrees that these personal assets shall be liable for any debts owed Trinity Elms and other LSC affiliates by Resident.

E. Casualty Loss, or Condemnation.

- a) Total Destruction. If Resident's Residence at Trinity Elms is totally destroyed or damaged by fire or other casualty not occurring through fault or negligence of Trinity Elms or those employed by or acting for Trinity Elms, that the same cannot be repaired and restored within a period of ninety (90) days, this Agreement shall absolutely cease and terminate, and the Monthly Rental Fee shall abate for the balance of the term as of the date of the casualty.
- b) Partial Destruction. If the damage caused as described in Section (a) is only partial, so that the Resident's Residence can be reasonably restored within a period of ninety (90) days to its condition prior to the partial destruction, Trinity Elms may, at its option, terminate this Agreement, provide alternative temporary housing, or restore Trinity Elms to such condition reserving the right to enter the Residence for that purpose. In any event, the Monthly Rental Fee may be reduced during the time Trinity Elms is in possession, taking into account the extent that the Residence is rendered untenable and the duration of Trinity Elms' possession.
- c) Condemnation. If Trinity Elms is taken or condemned for a public or quasi-public use or a deed in lieu is given, in whole or in part, so that Trinity Elms can no longer be operated reasonably in the opinion of Trinity Elms' Board of Directors, this Agreement shall terminate as the date title shall rest in the condemner, and the Monthly Fee shall abate. In the event of condemnation, the Resident waives all claims against Trinity Elms, and Resident agrees that he/she will not make or be entitled to any claim or recovery against the condemning authority.

F. Governing Eligibilities.

The eligibility requirements for residency at Trinity Elms are governed by the policies and standards set forth by Trinity Elms and its sponsoring organization. All applicants must meet the established criteria to be considered for admission, and continued eligibility is subject to ongoing compliance with these requirements.

G. Liability of Trinity Elms.

The death of the Resident will cancel any and all obligations or liability of Trinity Elms under the terms of this Agreement.

H. Rights of Management.

The absolute rights of management are reserved by Trinity Elms. Trinity Elms reserves the right to accept or reject any person for residency. The rights of the Resident do not include any right to participate in the management of Trinity Elms, to determine admissions or terms of admission of any other Resident, to alter common areas within Trinity Elms, or to make unapproved alterations to their Residence. Resident agrees to allow Trinity Elms, including its employees and agents, to enter

the Residence for purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency.

I. Relationship Between Residents and Staff.

Trinity Elms is built on mutual respect and instructs its staff to be cordial and helpful to the Resident. The relationship is to remain professional. Employees must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. The Resident will not employ Trinity Elms employees nor hire former Trinity Elms employees without the prior written consent of management.

J. Binding Effect.

The covenants and conditions of this Agreement shall bind and benefit respectively Trinity Elms and its successors and assigns, and Resident and his/her heirs, personal representatives, successors, and assigns, except as herein otherwise specified in this Agreement. This Agreement, together with the rules and regulations provided for, shall constitute the full and entire Agreement and understanding between the parties. There are no restrictions, promises, warranties, covenants, or undertakings, other than those set forth or referred to in this Agreement. This Agreement, the Exhibits to this Agreement, and other documents and Agreements referred to herein supersede all prior Agreements and undertakings between the parties with respect to this subject matter.

K. Interruptions of Services.

Trinity Elms shall not be required to perform any condition, term or covenant in the Residency Agreement so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, strikes, material or labor shortages or failures, lockouts, restrictions by any governmental authority, civil riot, floods and any other cause not reasonably within the control of Trinity Elms and which by the exercise of ordinary care Trinity Elms is unable, wholly or in part, to prevent or overcome.

L. Severability.

If any clause or provision of the Residency Agreement should be illegal, invalid, or unenforceable, these provisions shall be deemed to be severable and the remainder of this Agreement shall not be affected by this action. In lieu of the clause or provision that is illegal, invalid, or unenforceable, there shall be substituted a clause or provision as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be legal, valid, and enforceable. No amendment of this Agreement will be valid and enforceable unless in writing and executed by the Executive Director and Resident except that management may amend this Agreement from time to time so that this Agreement complies with applicable laws, rules, and regulations of the Federal, State or local government.

M. Governing Law.

The Residency Agreement will be governed by and construed under the laws of the State of North Carolina.

N. Execution.

The Residency Agreement will be executed on behalf of Trinity Elms by its duly authorized agent. No officer, director, agent or employee of Trinity Elms shall have any personal liability hereunder to Resident under any circumstances.

O. Waiver.

No waiver of any term or condition of the Residency Agreement shall be effective unless made in writing and executed by the parties to the Agreement. Nor shall any waivers be deemed to excuse the performance of any act other than those specifically referred to in the written notice of waiver. Any failure of Trinity Elms to insist upon strict and/or prompt performance of the requirements, covenants, terms or conditions of the Residency Agreement, and/or the acceptance of such performance thereafter, will not constitute or be construed as a waiver or the relinquishment of Trinity Elms' right to thereafter enforce the same strictly in the event of a continuing or subsequent default on the part of the Resident.

P. Interpretation.

The captions contained herein are for convenience and reference only and in no way define, limit, or describe the scope or intent of the Residency Agreement or affect any of the terms and provisions of the Residency Agreement. Any reference expressed in any gender shall be deemed to include each of the other genders, and the singular shall be deemed to include the plural and vice versa, unless the context otherwise requires.

Q. Tobacco Policy.

The use of tobacco in any form by residents, guests, employees, contractors, or any other person is prohibited in any area within the confines of the Trinity Elms Campus.

R. Notice.

All notices and other communication hereunder shall be in writing and shall be deemed given if delivered personally or mailed by first class mail (postage paid) to the persons at the following addresses (or at such other address for a party as shall be specified by like notice):

Notice Addresses

(a) If to Trinity Elms:
Lutheran Retirement Center – Clemmons, Inc.
Attn: Director
7543 Fair Oaks Drive
Clemmons, NC 27012

(b) If to the Resident:

(i) Prior to Occupancy:
Name: _____

Address: _____
City, State, Zip: _____

(ii) After Occupancy:
At the Residence.

S. Multiple Originals

The Residency Agreement shall be executed in multiple originals so that each Resident and Trinity Elms shall retain an original, fully executed document.

Appendix A — Audited Financial Statements



Lutheran Services for the Aging, Inc. and Lutheran Family Services in the Carolinas and Affiliates

**Independent Auditor's Report, Consolidated Financial
Statements, and Supplementary Information**

September 30, 2025 and 2024



**Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Contents
September 30, 2025 and 2024**

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Independent Auditor's Report

Board of Trustees
Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Salisbury, North Carolina

Opinion

We have audited the consolidated financial statements of Lutheran Services for the Aging, Inc. and Lutheran Family Services in the Carolinas (nonprofit organizations) and Affiliates (the "Organizations"), which comprise the consolidated balance sheets as of September 30, 2025 and 2024, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organizations as of September 30, 2025 and 2024, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplemental Schedules

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Organizations' basic consolidated financial statements. The consolidating information listed in the table of contents is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations and changes in net assets of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Forvis Mazars, LLP

**Charlotte, North Carolina
January 23, 2026**

**Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidated Balance Sheets
September 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 54,495,514	\$ 64,399,051
Investments	111,094,989	71,050,153
Accounts receivable, residents and clients, net	23,910,508	24,520,288
Current portion of other receivables	1,211,612	1,427,944
Employee retention credit receivable	2,301,030	5,579,989
Inventories	759,268	1,427,426
Prepaid expenses	1,771,317	2,420,706
Residents' funds	257,093	299,077
	<u>195,801,331</u>	<u>171,124,634</u>
Assets Limited As To Use		
Investments - donor-restricted endowment funds	3,185,226	3,300,600
Investments - temporarily restricted	6,315,066	5,148,794
Investments - board designated funds	13,234,327	11,713,014
Assets limited to use - operating reserve requirement	5,844,000	6,006,000
Assets limited to use - bond funds	11,222,743	11,012,233
	<u>39,801,362</u>	<u>37,180,641</u>
Property and equipment, net	229,781,193	232,791,155
Other assets	26,621,758	17,652,491
	<u>256,402,951</u>	<u>250,443,646</u>
Total assets	<u>\$ 492,005,644</u>	<u>\$ 458,748,921</u>

**Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidated Balance Sheets
September 30, 2025 and 2024**

(Continued)

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	\$ 3,256,716	\$ 3,134,580
Current portion of split-interest liability	49,000	49,000
Accounts payable, trade	3,193,689	4,537,074
Accrued salaries and payroll taxes	6,856,808	7,395,371
Accrued health benefits	600,499	1,224,604
Accrued interest payable	529,266	497,448
Refundable fees - current	701,886	302,527
Deferred revenue from grants and other	203,467	258,817
Other accrued liabilities	2,645,698	2,230,891
Residents' funds liability	257,093	299,077
Total current liabilities	<u>18,294,122</u>	<u>19,929,389</u>
Long-Term Liabilities		
Long-term debt, less current maturities	161,780,277	163,133,213
Refundable fees	29,443,633	26,861,682
Deferred revenue from advance fees	48,235,262	51,056,887
Pension liability	124,095	124,095
Split-interest liability	453,269	476,620
Total long-term liabilities	<u>240,036,536</u>	<u>241,652,497</u>
Total liabilities	<u>258,330,658</u>	<u>261,581,886</u>
Net Assets		
Net assets without donor restrictions		
Without donor restrictions, undesignated	205,540,736	172,666,539
Without donor restrictions, board designated funds	13,234,327	11,713,014
Total net assets without donor restrictions	<u>218,775,063</u>	<u>184,379,553</u>
Net assets with donor restrictions	14,899,923	12,787,482
Total net assets	<u>233,674,986</u>	<u>197,167,035</u>
Total liabilities and net assets	<u>\$ 492,005,644</u>	<u>\$ 458,748,921</u>

**Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Changes in net assets without donor restrictions:		
Revenues and other support:		
Net patient service revenue	\$ 172,789,599	\$ 174,934,181
Amortization of deferred entrance fees	6,404,492	5,652,320
Service fees - state, county and other	10,538,776	9,338,487
Federal grants and other	14,402,883	22,646,890
Net assets released from restrictions for operating purposes	1,949,373	1,604,552
Management fees	1,745,269	1,017,972
In-kind contributions	692,233	558,923
Other revenue	3,441,586	1,529,710
Total revenue	<u>211,964,211</u>	<u>217,283,035</u>
Expenses:		
Salaries and wages	101,022,785	102,384,924
Employee benefits	17,801,615	17,661,014
Supplies and other	63,439,444	68,108,968
Medicaid bed provider assessment	4,965,415	4,935,266
Marketing expense	712,599	809,596
Depreciation and amortization	11,081,939	10,460,047
Interest expense	6,148,802	5,831,534
Total operating costs and expenses	<u>205,172,599</u>	<u>210,191,349</u>
Operating income	6,791,612	7,091,686
Nonoperating gains (losses):		
Investment income	15,463,759	6,869,368
Net unrealized gains on investments	10,121,626	13,777,604
Net gain (loss) on disposal of property and equipment	338,862	(95,894)
Contributions	1,667,101	548,995
Total net nonoperating gains	<u>27,591,348</u>	<u>21,100,073</u>
Excess of revenues over expenses	<u>34,382,960</u>	<u>28,191,759</u>

**Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2025 and 2024**

(Continued)

	<u>2025</u>	<u>2024</u>
Excess of Revenues Over Expenses	\$ 34,382,960	\$ 28,191,759
Other changes in net assets without donor restrictions:		
Net asset released from restrictions for capital purposes	264,915	1,470,232
Change in net assets without donor restrictions	<u>34,647,875</u>	<u>29,661,991</u>
Changes in Net Assets with Donor Restrictions		
Contributions and grants	3,023,466	2,225,684
Investment income	265,539	934,867
Net unrealized gains on investments	785,359	1,197,363
Net assets released from restrictions	<u>(2,214,288)</u>	<u>(3,074,784)</u>
Change in net assets with donor restrictions	<u>1,860,076</u>	<u>1,283,130</u>
Change in Net Assets	36,507,951	30,945,121
Net Assets at Beginning of Year	<u>197,167,035</u>	<u>166,221,914</u>
Net Assets at End of Year	<u>\$ 233,674,986</u>	<u>\$ 197,167,035</u>

**Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 36,507,951	\$ 30,945,121
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	11,081,939	10,460,047
Amortization of debt issuance costs and premiums	(499,888)	(4,332)
Net (gain) loss on disposal of property and equipment	(338,862)	95,894
Loss on early extinguishment of debt	-	-
Amortization of deferred entrance fees	(6,404,492)	(5,652,320)
Receipt of non-refundable entrance fees	6,962,290	6,693,497
Market value adjustment on swap agreement	-	-
Equity in income of joint ventures	(8,126,232)	(3,115,156)
Dividends received from equity investment	-	-
Realized gains on investments	1,957,943	2,908,596
Unrealized gains on investments	(10,906,985)	(14,974,967)
Contributions of equity	-	-
Changes in assets and liabilities:		
Accounts receivable, residents and clients	609,780	(658,901)
Other receivables	216,332	13,311
Employee retention credit receivable	3,278,959	351,588
Other assets	515,262	(8,972)
Accounts payable and other accrued liabilities	(2,059,428)	1,497,304
Deferred revenue from grants and other	(55,350)	31,281
Other liabilities	(610,102)	57,056
Net cash provided by operating activities	<u>32,129,117</u>	<u>28,639,047</u>
Cash Flows from Investing Activities		
Dividends received from equity investment	558,000	558,000
Purchase of property and equipment	(8,050,727)	(16,533,022)
Proceeds from sale of property and equipment	338,862	255,359
Purchase of investments	(33,637,617)	(13,437,936)
Purchase of equity-method investment	(620,000)	-
Proceeds from sale of investments	131,615	4,156,238
Net cash used in investing activities	<u>(41,279,867)</u>	<u>(25,001,361)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of debt obligations	2,581,413	10,470,483
Principal payments on debt	(3,312,325)	(5,675,663)
Receipt of refundable entrance fees	4,070,453	3,681,007
Refunds of refundable fees	(3,858,464)	(4,860,382)
Change in obligations under finance leases and other liabilities	(65,335)	(1,021)
Net cash provided (used) by financing activities	<u>(584,258)</u>	<u>3,614,424</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(9,735,008)	7,252,110
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>75,710,361</u>	<u>68,458,251</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 65,975,353</u>	<u>\$ 75,710,361</u>
Supplemental Cash Flow Disclosure Information		
Interest paid, net of amounts capitalized	<u>\$ 6,617,501</u>	<u>\$ 5,859,814</u>

See Notes to Consolidated Financial Statements

**Lutheran Services for the Aging, Inc. and
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Note 1. Operations and Summary of Significant Accounting Policies

Nature of Organization

Effective July 1, 2011, Lutheran Services for the Aging, Inc. and Lutheran Family Services in the Carolinas and Affiliates (the "Organizations") underwent an organizational restructure forming a collective ministry. Lutheran Services for the Aging, Inc. and Lutheran Family Services in the Carolinas and Affiliates are affiliated with the Evangelical Lutheran Church in America ("ELCA"). The financial statements are presented on a consolidated basis due to the existence of both an economic interest and control.

Lutheran Services for the Aging, Inc. and Affiliates ("LSA") is a non-profit senior services provider throughout North Carolina and South Carolina. LSA is supported primarily through service fees, contributions, and investment earnings. LSA owns and operates nine nursing homes, five retirement centers, one assisted living residence, an adult day services program, home care services, and provides associated ancillary, as well as, management services.

Lutheran Family Services in the Carolinas and Affiliates ("LFS") is a nonprofit child and family services organization. LFS has various types of programs (adoption, partnership initiatives, community-based counseling and family services, foster care, inmate/family consultation and support, disaster response, refugee and immigration services, residential services for adults, and residential services for children) which provide services throughout North Carolina and South Carolina. LFS is supported primarily through service fees, contributions, and grants. LFS is managed by LSA under a management agreement.

Program of All-Inclusive Care for the Elderly

LSA is a member of four non-profit organizations: Senior TLC, Inc., PACE of Guilford and Rockingham Counties, Inc., PACE @ Home, Inc., and PACE of the Southern Piedmont. The non-profits provide services to seniors through Program of All-Inclusive Care for the Elderly ("PACE") programs. PACE programs provide comprehensive long-term services and support to Medicaid and Medicare enrollees. An interdisciplinary team of health professionals provides individuals with coordinated care.

Effective August 2011, LSA had a 25% interest in Senior TLC, Inc. As of September 30, 2025 and 2024, the investment with Senior TLC, Inc. was approximately \$5,563,000 and \$3,761,000, respectively, and is accounted for under the equity method of accounting and included in other assets in the consolidated balance sheet. Condensed financial information for Senior TLC, Inc. at September 30 is as follows:

<u>2025</u>	<u>Senior TLC, Inc.</u>	<u>25% equity interest Senior TLC, Inc.</u>
Assets	\$ 28,056,411	\$ 7,014,103
Liabilities	5,803,508	1,450,877
Equity	22,252,903	5,563,226
Net Income	1,777,444	444,361
		<u>25% equity interest Senior TLC, Inc.</u>
<u>2024</u>	<u>Senior TLC, Inc.</u>	<u>Senior TLC, Inc.</u>
Assets	\$ 19,784,808	\$ 4,946,202
Liabilities	4,739,604	1,184,901
Equity	15,045,204	3,761,301
Net Income	1,766,809	441,702

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During 2012, LSA entered into a revolving credit agreement with Senior TLC, Inc. as the lender for an amount not to exceed \$1,000,000 at any one time with an interest rate of 5% per annum. As of September 30, 2025 and 2024, the line had a balance of \$0.

Effective June 1, 2020 LSA purchased a 15% equity interest in PACE of Guildford and Rockingham Counties, Inc. for approximately \$1,400,000. Investments without readily determinable fair values are accounted for at cost less impairment. No impairment has been recognized on the investment in PACE of Guildford and Rockingham Counties, Inc. as of September 30, 2025 and 2024.

Effective October 2019, LSA had a 50% equity interest in PACE @ Home, Inc. As of September 30, 2025 and 2024, the investment with PACE @ Home, LLC was approximately \$5,763,000 and \$3,043,000, respectively, and is accounted for under the equity method of accounting and included in other assets on the consolidated balance sheet. Condensed financial information for PACE @ Home, LLC at September 30 is as follows:

<u>2025</u>	<u>PACE @ Home, Inc.</u>	<u>50% equity interest PACE @ Home, Inc.</u>
Assets	\$ 15,032,143	\$ 7,516,072
Liabilities	3,321,416	1,660,708
Equity	11,710,727	5,855,364
Net Income	4,822,179	2,411,090
<u>2024</u>	<u>PACE @ Home, Inc.</u>	<u>50% equity interest PACE @ Home, Inc.</u>
Assets	\$ 8,817,606	\$ 4,408,804
Liabilities	2,547,967	1,273,984
Equity	6,269,639	3,134,820
Net Income	3,760,184	1,880,092

LSA has guaranteed 50% of PACE @ Home, Inc.'s debt with a total amount of \$1,000,000. LSA would be obligated to perform under this guarantee should PACE @ Home, Inc. fail to make required payments to the lender when due. In addition LSA has guaranteed certain other liabilities in PACE @ Home, Inc.'s balance sheet. There was no outstanding balance as of September 30, 2025 and 2024. In December 2025, LSA sold a 25% interest in Pace @ Home, Inc. for approximately \$2,793,000.

Effective June 29, 2020 LSA purchased a 50% equity interest in PACE of Southern Piedmont, Inc. for approximately \$7,000,000. In November 2021, LSA received a \$500,000 equalization payment from the other owner of PACE of Southern Piedmont. As of September 30, 2025 and 2024, the investment with PACE of Southern Piedmont, Inc. was approximately \$11,014,000 and \$8,463,000, respectively, and is accounted for under the equity method of accounting and is accounted for under the equity method of accounting and included in other assets on the consolidated balance sheet. In January 2026, LSA sold 25% interest in PACE of Southern Piedmont for \$5,183,000.

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Condensed financial information for PACE of Southern Piedmont, Inc. at September 30:

<u>2025</u>	<u>PACE of Southern Piedmont</u>	<u>50% equity interest PACE of Southern Piedmont</u>
Assets	\$ 14,396,446	\$ 7,198,223
Liabilities	4,324,279	2,162,140
Equity	10,072,167	5,036,083
Net income	5,100,673	2,550,336
<u>2024</u>	<u>PACE of Southern Piedmont</u>	<u>50% equity interest PACE of Southern Piedmont</u>
Assets	\$ 11,806,223	\$ 5,903,112
Liabilities	6,879,507	3,439,754
Equity	4,926,716	2,463,358
Net income	1,541,863	770,932

Unity Senior Care Group, LLC

LSA is a 5.6% member of Unity Senior Care Group, LLC ("Unity"). Unity was formed in 2011 as a risk purchasing group, consisting of LSA and seventeen other nonprofit healthcare facilities. Unity administers and facilitates the purchase of group insurance, currently limited to professional, general liability, and workers compensation on behalf of its members. Each member has its own individual policy with the respective insurance company. The investment in Unity is accounted for at cost. There were no capital contributions nor any income (loss) for Unity in 2025 or 2024.

Trinity Rehab, LLC

LSA Therapy, Inc. originally had a 50% equity interest in Trinity Rehab, LLC. In January 2022, LSA Therapy, Inc. sold 20% of its ownership. Formed during 2013, Trinity Rehab, LLC provides therapeutic services for residents of LSA Therapy, Inc.. As of September 30, 2025 and 2024, the investment with Trinity Rehab, LLC was approximately \$1,240,663 and \$765,000, respectively, and is accounted for under the equity method of accounting. Condensed financial information for Trinity Rehab, LLC at September 30:

<u>2025</u>	<u>Trinity Rehab, LLC</u>	<u>30% Equity Interest LSA Therapy, Inc.</u>
Assets	\$ 6,610,644	\$ 1,983,193
Liabilities	2,231,536	669,461
Equity	4,379,108	1,313,732
Net income	3,511,427	1,053,428
Dividends	1,435,000	430,500

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<u>2024</u>	<u>Trinity Rehab, LLC</u>	<u>30% Equity Interest LSA Therapy, Inc.</u>
Assets	\$ 4,846,690	\$ 1,454,007
Liabilities	1,618,353	485,506
Equity	3,228,337	968,501
Net income	2,600,540	780,162
Dividends	1,860,000	558,000

At September 30, 2025 and 2024, the Organizations had approximately \$890,000 and \$1,092,000, respectively, in accounts payable due to Trinity Rehab, LLC. The Organizations had incurred approximately \$9,965,000 and \$7,007,000 in expenses to Trinity Rehab, LLC for rehabilitative services, included under the supplies and other expense line item in the years ended September 30, 2025 and 2024, respectively.

Leading Care Pharmacy, LLC

In October 2024, LSA Pharmacy, Inc. partnered with Pharm-Save, Inc., d/b/a Neil Medical Group, to create Leading Care Pharmacy, LLC to provide better long term care pharmacy services. LSA Pharmacy, Inc. has a 50% ownership stake in Leading Care Pharmacy. As of September 30, 2025, the investment with Leading Care Pharmacy, LLC was approximately \$890,564 and is accounted for under the equity method of accounting. Condensed financial information for Leading Care Pharmacy, LLC at September 30:

<u>2025</u>	<u>Leading Care Pharmacy, LLC</u>	<u>50% Equity Interest LSA Pharmacy, Inc.</u>
Assets	\$ 1,665,321	\$ 832,661
Liabilities	23,297	11,649
Equity	1,642,024	821,012
Net loss	(139,104)	(69,552)

Distributions received from equity method investees are classified in the consolidated statement of cash flows under the cumulative earnings approach, in which distributions received are considered returns on investment and classified as cash inflows from operating activities, unless the cumulative distributions received less distributions received in prior periods that were determined to be returns of investment exceed cumulative equity in earnings recognized. When such an excess occurs, distribution up to this excess would be considered a return of investment and classified as cash inflows from investing activities.

Income Taxes

Substantially all Affiliates of LSA and LFS are organized as North Carolina nonprofit organizations and are exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) under a group exemption of the ELCA. LFS Real Properties, Inc. is exempt under IRC Section 501(c)(2).

The Organizations record a liability for any tax position taken that is beneficial to the Organizations, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of September 30, 2025 and 2024.

Principles of Consolidation

The consolidated statements include balances of Lutheran Services for the Aging, Inc., Lutheran Family Services in the Carolinas, LSA Management, Inc., LSA Pharmacy, Inc.(d/b/a LSA Pharmacy Salisbury), Lutheran Home - Albemarle, Inc.(d/b/a Trinity Place Albermarle), Lutheran Home - Hickory, Inc.(d/b/a Trinity Village Hickory), Lutheran

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Home at Trinity Oaks, Inc.(d/b/a Trinity Oaks H&R Salisbury), Lutheran Home - Hickory West, Inc. (d/b/a Trinity Ridge Hickory), Lutheran Home – Winston-Salem, Inc. (d/b/a Trinity Glen Winston-Salem), Lutheran Home - Forsyth County, Inc. (d/b/a Trinity Elms H&R Clemmons), Lutheran Home - Wilmington, Inc. (d/b/a Trinity Grove Wilmington), Lutheran Home Albemarle Property, Inc., Lutheran Home Hickory Property, Inc., Lutheran Home Trinity Oaks Property, Inc. (d/b/a Lutheran Home Salisbury Property), Lutheran Home Hickory West Property, Inc., Lutheran Home Winston-Salem Property, Inc., Lutheran Home Forsyth County Property, Inc., Lutheran Home Wilmington Property, Inc., Lutheran Services Property, Inc., Lutheran Retirement Center - Salisbury, Inc.(d/b/a Trinity Oaks RC Salisbury), Lutheran Retirement Center - Wilmington, Inc. (d/b/a Trinity Landing Wilmington), Lutheran Retirement Center at Lutheridge, Inc. (d/b/a Trinity View Arden), LSA Elms at Tanglewood, Inc. (d/b/a Trinity Elms AL Clemmons), LSA Elms Property, Inc., The Foundation for Abundant Living (d/b/a LSA Foundation), Abundant Living Adult Day Services, Inc. (d/b/a Trinity Living Center Salisbury), LSA Therapy, Inc., Trinity at Home, Inc. (d/b/a Trinity at Home Salisbury), Trinity Guardian Services, Inc., LFS Real Properties, Inc., Mountain Ridge Home, Inc., Lutheran Retirement Center - Clemmons Inc. (d/b/a Trinity Elms IL Clemmons), Whittecar Home, Inc., and Dallas High School Apartments, Inc., Aston Park Heath Care Center, GlenFlora, Lutheran Retirement Community - Hickory, Inc. (d/b/a Trinity Village IL) and Lutheran Retirement Center - Hickory West, Inc.. Transactions between affiliated organizations are eliminated in the consolidated financial statements. There was no activity in Trinity Guardian Services, Inc. or Lutheran Retirement Center – Hickory West, Inc. during the years ended September 30, 2025 or 2024.

Basis of Presentation

The consolidated financial statements have been prepared on the accrual basis of accounting. In preparing its consolidated financial statements, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and the changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are available for use in general operations and not subject to donor restrictions. The board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by management actions of the Organizations and/or by the passage of time. This also includes net assets subject to donor-imposed stipulations that they be maintained permanently by the Organizations. Generally, the donors of these assets permit the Organizations to use all or part of the earnings on related investments for general or specific purposes.

Cash and Cash Equivalents

LSA and LFS consider all unrestricted short-term investments with an original maturity of three-months or less when purchased to be cash equivalents. The Organizations maintain their cash accounts with high quality financial institutions, which at times, exceed federally insured limits. At September 30, 2025, the Organizations' cash accounts exceeded federally insured limits by approximately \$44,255,000. They have not experienced any losses in such accounts and do not believe they are exposed to any significant credit risk on cash.

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Restricted cash is included with cash and cash equivalents in the consolidated statements of cash flows. The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total amounts shown in the statements of cash flows for the period ended September 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 54,495,514	\$ 64,399,051
Residents' funds	257,096	299,077
Assets limited as to use		
Bond funds	<u>11,222,743</u>	<u>11,012,233</u>
Total cash, cash equivalents and restricted cash shown in statements of cash flows	<u>\$ 65,975,353</u>	<u>\$ 75,710,361</u>

Net Patient Service Revenue

Net patient service revenue for the Organizations are recognized as the Organizations satisfy performance obligations under their contracts and are reported at the estimated net realizable amounts from clients, third party payors and others for services rendered.

LSA provides services to patients covered under the Medicaid and Medicare programs. LFS provides services to clients utilizing Medicaid and through contractual arrangements with managed care organizations for developmental disabilities, mental health, and substance abuse services and others located in North and South Carolina. During 2025 and 2024, approximately 48% and 54%, respectively, of net service revenue was derived from services provided under these arrangements. Likewise, a substantial portion of accounts receivable are due from these agencies. Management does not believe there are significant credit risks with these programs.

Payment arrangements include prospectively determined rates. However, federal and state regulations provide for certain retroactive adjustments, to current and prior years' payment rates, based on industry-wide and entity-specific data. Provisions for estimated third-party settlements are provided in the period the related services are rendered. Any differences between estimated final settlement amounts and actual final settlements are recorded in the year the final settlement is determined.

The Organizations determine their estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, discount policies, and historical experience by payor groups. The Organizations determine their estimate of implicit price concessions based on its historical collection experience by classes of patients.

Accounts Receivable, Net

Accounts receivable, residents, and clients, net reflect the outstanding amount of consideration to which the Organizations expect to be entitled in exchange for providing care. These amounts are due from patients, third-party payors (including health insurers and government programs), and others. The Organizations perform an evaluation of the collectability of net revenues recorded and, when necessary, records an allowance for credit losses. Provisions for credit losses are primarily estimated based on cash collection analysis by payor classification and the age of the account. The Organizations provide an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current currents and reasonable and supportable forecasts. Accounts receivable are written off after collection efforts have been pursued in accordance with established policies and procedures. The Organizations' credit losses have historically been infrequent and insignificant in nature. The allowance for credit losses is immaterial to the overall consolidated financial statements.

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The following table provides information about the Organizations' accounts receivable, residents, and clients, net:

	<u>2025</u>	<u>2024</u>
Beginning of Year	\$ 24,520,288	\$ 23,223,232
End of Year	23,910,508	24,520,288

Inventory

Inventory consists of pharmaceutical, medical, housekeeping, and dietary supplies and is stated at the lower of cost (first-in, first-out) or net realizable value.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the consolidated balance sheets. Management believes investments to be trading securities and as such unrealized gains and losses are included in the performance indicator.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents approximates its fair value. The fair value of the Organizations' investments is presented in Note 10 and is based on quoted market prices. The carrying values of accounts receivable, third-party reserves, other receivables, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the long-term debt was estimated using discounted cash flows based on market yield on comparable bonds for a similar type of borrowing arrangement. The Organizations' debt carrying values approximate fair values of those obligations.

Fair Market Measurements

The Organizations follow the Fair Value Measurements accounting standard. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

- Level 1** Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organizations have the ability to access.
- Level 2** Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.
- Level 3** Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Additionally, from time to time, the Organizations may be required to record at fair value other assets on a nonrecurring basis in accordance with generally accepted accounting principles. These adjustments to fair value usually result from the application of the lower-of-cost-or-market accounting or write down of individual assets.

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Assets Limited as to Use

Assets limited as to use, reported at fair value, include donor-restricted endowment funds, assets temporarily restricted for long-term purposes, assets reserved in accordance with statutory operating reserve requirements, waiting list deposits held in escrow, bond funds restricted under debt agreements - (money market funds, equity mutual funds, fixed income mutual funds and U.S. Government Securities mutual funds), and funds designated by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes.

Property and Equipment

Property and equipment expenditures are capitalized at cost. The Organizations' capitalization policy requires individual assets greater than \$2,500 for LSA and LFS with a useful life of two or more years to be capitalized. Depreciation of property and equipment is provided for by the straight-line method over the following estimated useful lives:

Land improvements	5 – 25 years
Buildings	27 – 40 years
Building improvements	20 years
Certificate of need	15 years
Leasehold improvements and furnishings and equipment	5 years
Computer software	3 – 5 years
Automotive equipment	5 years

Leasehold improvements are depreciated using the shorter of their useful life or the lease term.

Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets and depreciated over the estimated useful lives by the straight-line method of depreciation.

Property and equipment includes purchases through and for use in government programs. Under the terms of these programs' agreements, title to the property and equipment shall revert back to the contracting governmental agency upon termination of the contract. As of September 30, 2025 and 2024, property and equipment costs incurred under the above-mentioned contracts were approximately \$617,000 and \$599,000, respectively, with a net carrying value of approximately \$170,000 and \$166,000, respectively, subject to potential future reversion.

The Organizations evaluate, on an on-going basis, the carrying value of property and equipment based on estimated future undiscounted cash flows. In the event such cash flows are not expected to be sufficient to recover the carrying value of the assets, the useful lives of the assets are revised or the assets are written down to their estimated fair values.

Debt Issuance Costs

Debt issuance costs are being amortized using the straight-line method, which approximates the effective interest method, over the term of the related financing agreement and are offset against long-term debt on the consolidated balance sheets.

Advance Fees

Fees paid by a resident upon entering into a residency agreement at Trinity Oaks and Trinity Landing - LSA's continuing care retirement communities, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident.

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Through July 31, 2013, Trinity Oaks offered two types of agreements. One type, the 80% Entrance Fee Refund Plan, states the refund is equal to the entrance fee less a four percent (4%) non-refundable fee paid at time of occupancy and by one percent (1%) per month for the first 16 months of occupancy, after which 80% of the entrance fee is refundable. The other type, the Limited Refund Plan, states the refund for apartments is equal to the entrance fee less a four percent (4%) non-refundable fee paid at time of occupancy and two percent (2%) per month for the first 48 months, after which the entrance fees is non-refundable; the refund for cottages under the Limited Refund Plan is equal to the Entrance Fee, which is comprised of the basic Cottage fee and selected Major Options, reduced by five percent (5%) per month, or any portion of a month of occupancy for the first twenty (20) months of occupancy. Following twenty (20) months of occupancy, there is no refund on any amount paid by the resident. Any refund is payable upon re-occupancy or within two years, whichever occurs first. LSA records a current portion of advance fees that is expected to be refunded in the next year.

Beginning August 1, 2013, Trinity Oaks offers three types of agreements. The 90% Refund Plan, states the refund is equal to the entrance fee less a one percent (1%) non-refundable fee paid at time of occupancy and by one half percent (0.5%) per month for the first 18 months of occupancy, after which 90% of the entrance fee is refundable. The 50% Refund Plan, states the refund is equal to the entrance fee less two percent (2%) non-refundable fee paid at time of occupancy and by one percent (1%) per month for the first 48 months of occupancy, after which 50% of the entrance fee is refundable. The Limited Refund Plan, states the refund is equal to the entrance fee less a four percent (4%) non-refundable fee paid at the time of occupancy and two percent (2%) per month for the first 48 months, after which the entrance fee is non-refundable. Any refund is payable upon re-occupancy.

Trinity Landing opened during 2022 and offers three types of agreements. The 90% Refund Plan, states the refund is equal to the entrance fee less a one percent (1%) non-refundable fee paid at time of occupancy and by one half percent (0.5%) per month for the first 18 months of occupancy, after which 90% of the entrance fee is refundable. The 50% Refund Plan, states the refund is equal to the entrance fee less two percent (2%) non-refundable fee paid at time of occupancy and by one percent (1%) per month for the first 48 months of occupancy, after which 50% of the entrance fee is refundable. The Limited Refund Plan, states the refund is equal to the entrance fee less a four percent (4%) non-refundable fee paid at the time of occupancy and two percent (2%) per month for the first 48 months, after which the entrance fee is non-refundable. Any refund is payable upon re-occupancy.

Contributions, Grants, and Federal Awards

Contributions, grants, and federal awards received by the Organizations are recorded as support with donor restrictions or support without donor restrictions depending on the existence and/or nature of any donor/grantor restrictions. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return or release - are recognized when the conditions on which they depend are substantially met. Certain grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donated Assets and Services

Donated materials and property and equipment are recorded at their estimated fair values at the date of receipt and are reflected as contributions in the accompanying consolidated financial statements. The Organizations do not imply time restrictions on gifts of long-lived assets. Various contributed services are performed for the Organizations by volunteers. The services are significant and form an integral part of the efforts of the Organizations, but these services do not meet the criteria for recognition as contributed services.

Advertising

The cost of advertising is expensed as incurred. LSA and LFS incurred advertising costs of approximately \$642,000 and \$70,000, respectively, for the year ended September 30, 2025 and approximately \$753,000 and \$56,000, respectively, for the year ended September 30, 2024.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The Organizations are exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; employee health, dental, and accident benefits; and medical malpractice. Commercial insurance and stop loss coverage is purchased for claims arising from such matters, subject to various deductibles.

Risks and Uncertainties

On July 3, 2025, the U.S. Congress enacted the One Big Beautiful Bill Act (OBBBA), a comprehensive budget reconciliation law introducing significant changes to federal healthcare programs, tax policy, and energy-related incentives. The legislation includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries. The OBBBA has not had a material impact on the financial results to date as many aspects of the legislation are effective for future periods. The Organizations are currently evaluating what impact the OBBBA may have on the financial results, cash flows and financial position for future periods.

Revisions

Certain immaterial revisions have been made to the 2024 consolidated financial statements. These revisions did not have a significant impact on the financial statement line items impacted.

Excess of Revenues Over Expenses

The consolidated statements of operations include excess of revenues over expenses. Changes in net assets without donor restrictions which are excluded from excess of revenues over expenses, consistent with industry practice, include net assets released from restriction for capital purposes.

Note 2. Revenue Recognition

The Company generates revenues, primarily by providing housing and health services to its residents and patients. The following streams of revenue are recognized as follows:

Monthly Service Fees:

The residency agreement that residents sign requires an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Under ASC Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominant component and does not contain a lease component under ASC Topic 842. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

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Entrance Fees:

The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment and included in liabilities on the consolidated balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability on the consolidated balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents priority access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue monthly over the life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

Net Patient Service Revenue:

LSA provides assisted living and nursing care to residents and other patients who are covered by government, commercial, and private payers. The Organizations are paid fixed daily rates from government payors. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the 3rd party payors. Most rates are predetermined from the Centers for Medicare and Medicaid Services ("CMS"). Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

Service Fees:

LFS provides services to individuals utilizing Medicaid and through contractual arrangements with managed care organizations for developmental disabilities, mental health, and substance abuse services and others located in North and South Carolina. The Organizations are paid fixed daily rates from government payors. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the third-party payors. Most rates are predetermined from the Centers for Medicare and Medicaid Services ("CMS"). Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

Federal and Other Grants:

LFS provides a variety of services for children, refugees, and natural disaster victims in North and South Carolina through funding received from grants. Most of these grants are performed on the reimbursement basis, whereby expenses will be incurred and services performed which will result in funding being requested (and revenue earned) monthly based on the costs incurred and services performed within that month. LFS also receives some grants which are reimbursed based on rates of beneficiaries served under the program or based on a rate multiplied by the hours of employees working on the contract. Note that these are usually daily or hourly rates which are billed for monthly and as a result are earned over time as the services are being performed.

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The Organizations disaggregate revenue from contracts with customers by payor source, as the Organizations believe it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the table below:

	September 30, 2025						
	Nursing	Property	Retirement	Other Operations	Other	Family Services	Total
Government reimbursement	\$ 78,720,769	\$ -	\$ 202,629	\$ 436,429	\$ -	\$ 14,851,695	\$ 94,211,522
Private pay	40,148,025	-	36,451,660	5,703,159	-	-	82,302,844
Commercial	7,739,589	-	-	-	-	-	7,739,589
Federal & state grants	25,000	-	-	-	-	19,026,320	19,051,320
Management income	32,045	-	40,714	214,737	1,549,582	-	1,837,078
Other income	393,070	-	49,856	1,057,809	-	382,077	1,882,812
Concessions income	498,915	361,412	1,202,727	69,659	83,558	81,169	2,297,440
Total	\$ 127,557,413	\$ 361,412	\$ 37,947,586	\$ 7,481,793	\$ 1,633,140	\$ 34,341,261	\$ 209,322,605

	September 30, 2024						
	Nursing	Property	Retirement	Other Operations	Other	Family Services	Total
Government reimbursement	\$ 75,583,092	\$ -	\$ 126,054	\$ 360,718	\$ -	\$ 16,369,773	\$ 92,439,637
Private pay	36,541,016	-	34,499,019	5,714,765	-	-	76,754,800
Commercial	10,449,720	-	-	-	-	-	10,449,720
Federal & state grants	-	-	-	-	-	25,725,340	25,725,340
Management income	31,562	15,750	51,928	-	993,230	-	1,092,470
Other income	453,904	-	57,792	6,507,604	-	171,212	7,190,512
Concessions income	482,916	11,637	815,998	44,225	-	112,305	1,467,081
Total	\$ 123,542,210	\$ 27,387	\$ 35,550,791	\$ 12,627,312	\$ 993,230	\$ 42,378,630	\$ 215,119,560

Note 3. Liquidity and Availability

As part of its liquidity management, the Organizations have a policy to structure financial assets to be available as general expenditures, liabilities, and other obligations come due. In addition, the Organizations invest cash in excess of daily operating funds in short-term investments such as treasury bills, certificates of deposit, and money market funds.

The following schedule explains the Organizations' financial assets to meet cash needs for general expenditures within one year. The financial assets were derived from the total assets on the consolidated balance sheets by excluding the assets that are unavailable for general expenditures in the next 12 months. The Organizations seek to maintain sufficient liquid assets to cover 120 days' operating and capital expenditures.

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Financial assets available for general expenditure within one year of the consolidated balance sheets date, consist of the following as of September 30:

Asset Categories	2025	2024
Cash and cash equivalents	\$ 54,495,514	\$ 64,399,051
Investments	111,094,989	71,050,153
Accounts receivable, residents and clients, net	23,910,508	24,520,288
Current portion of other receivables	1,211,612	1,427,944
Employee retention credit receivables	<u>2,301,030</u>	<u>5,579,989</u>
	<u>\$ 193,013,653</u>	<u>\$ 166,977,425</u>

Note 4. Pledges Receivable

Pledges receivable are included within other receivables on the consolidated balance sheets. Pledges receivable for LSA are summarized as follows:

	2025	2024
Receivable in less than one year	\$ 789	\$ 8,641
Receivable in greater than one year	<u>89,211</u>	<u>83,859</u>
	90,000	92,500
Less allowance for uncollectible pledges	<u>655</u>	<u>655</u>
	<u>\$ 89,345</u>	<u>\$ 91,845</u>

Pledges receivable for LFS are summarized as follows:

	2025	2024
Receivable in less than one year	\$ 55,737	\$ 158,423
Receivable in greater than one year	<u>-</u>	<u>-</u>
	55,737	158,423
Less allowance for uncollectible pledges	-	-
Less discounts to net present value	<u>-</u>	<u>-</u>
	<u>\$ 55,737</u>	<u>\$ 158,423</u>

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Note 5. Investments

Investments, including those included in assets limited as to use and bond funds, consisted of the following at September 30:

	<u>2025</u>	<u>2024</u>
<u>LSA</u>		
Bond funds	\$ 12,083,755	\$ 11,059,556
Marketable equity securities	91,421,165	63,343,738
U.S. government securities	36,889	35,948
Fixed Income	<u>46,730,785</u>	<u>33,242,686</u>
	<u>150,272,594</u>	<u>107,681,928</u>
<u>LFS</u>		
Bond funds	100	100
Marketable equity securities	457,577	380,460
Fixed Income	<u>166,080</u>	<u>168,306</u>
	<u>623,757</u>	<u>548,866</u>
Total	<u>\$ 150,896,351</u>	<u>\$ 108,230,794</u>

Investment income is summarized as follows for the year ended September 30:

	<u>2025</u>		
	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
Investments without donor restrictions income	\$ 15,063,072	\$ 400,687	\$ 15,463,759
Investments without donor restrictions net unrealized gains	10,121,626	-	10,121,626
Investments with donor restrictions income	254,214	11,325	265,539
Investments with donor restrictions net unrealized gains	<u>735,355</u>	<u>50,004</u>	<u>785,359</u>
Total investment income	<u>\$ 26,174,267</u>	<u>\$ 462,016</u>	<u>\$ 26,636,283</u>
	<u>2024</u>		
	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
Investments without donor restrictions income	\$ 6,869,368	\$ -	\$ 6,869,368
Investments without donor restrictions net unrealized gains	13,777,604	-	13,777,604
Investments with donor restrictions income	891,218	43,649	934,867
Investments with donor restrictions net unrealized gains	<u>440,667</u>	<u>756,696</u>	<u>1,197,363</u>
Total investment income	<u>\$ 21,978,857</u>	<u>\$ 800,345</u>	<u>\$ 22,779,202</u>

The Organizations invest in a combination of money market funds and mutual funds. Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the Organizations' investment balance reported on the consolidated balance sheet.

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Note 6. Endowment Funds

The Organizations' endowments consist of numerous individual funds established for a variety of purposes. The endowment funds include both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Boards to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organizations have interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of the interpretation, the Organizations classify as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by SPMIFA. Both permanently restricted and temporarily restricted endowments funds have been reported as net assets with donor restriction.

In accordance with SPMIFA, the Organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organizations, and (7) the Organizations' investment policies.

Investment Return Objectives, Risk Parameters and Strategies. The Organizations have adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The investment objective is a balanced asset allocation, while attempting to achieve preservation of capital is a secondary objective. For the Organizations, asset allocation is expected to be 65% equity and 35% income investments.

Spending Policy. The Board of Trustees determines annual disbursements from the endowment funds. No distributions from the endowment will be made if the market value of the endowment fund principal becomes less than the original corpus value, unless otherwise stated in the endowment document.

Following is the endowment net assets composition by type of endowment as of September 30:

	2025		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
<u>LSA</u>			
Board designated funds	\$ 13,234,327	\$ -	\$ 13,234,327
Donor-restricted endowment funds	<u>-</u>	<u>8,878,853</u>	<u>8,878,853</u>
	<u>13,234,327</u>	<u>8,878,853</u>	<u>22,113,180</u>
<u>LFS</u>			
Donor-restricted endowment funds	<u>-</u>	<u>621,439</u>	<u>621,439</u>
Total endowment funds	<u>\$ 13,234,327</u>	<u>\$ 9,500,292</u>	<u>\$ 22,734,619</u>

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	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
<u>LSA</u>			
Board designated funds	\$ 11,713,014	\$ -	\$ 11,713,014
Donor-restricted endowment funds	<u>-</u>	<u>7,889,284</u>	<u>7,889,284</u>
	<u>11,713,014</u>	<u>7,889,284</u>	<u>19,602,298</u>
<u>LFS</u>			
Donor-restricted endowment funds	<u>-</u>	<u>560,110</u>	<u>560,110</u>
Total endowment funds	<u>\$ 11,713,014</u>	<u>\$ 8,449,394</u>	<u>\$ 20,162,408</u>

Changes in endowment net assets for the years ended September 30, 2025 and 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
<u>LSA</u>			
Endowment net assets - September 30, 2023	<u>\$ 9,494,087</u>	<u>\$ 6,458,158</u>	<u>\$ 15,952,245</u>
Investment income	291,350	924,689	1,216,039
Net appreciation	<u>1,927,577</u>	<u>506,437</u>	<u>2,434,014</u>
Endowment net assets - September 30, 2024	<u>11,713,014</u>	<u>7,889,284</u>	<u>19,602,298</u>
Investment income	325,495	254,214	579,709
Net appreciation	<u>1,195,818</u>	<u>735,355</u>	<u>1,931,173</u>
Endowment net assets - September 30, 2025	<u>13,234,327</u>	<u>8,878,853</u>	<u>22,113,180</u>
<u>LFS</u>			
Endowment net assets - September 30, 2023	<u>-</u>	<u>424,772</u>	<u>424,772</u>
Investment income	-	10,230	10,230
Net appreciation	<u>-</u>	<u>125,108</u>	<u>125,108</u>
Endowment net assets - September 30, 2024	<u>-</u>	<u>560,110</u>	<u>560,110</u>
Investment income	-	11,325	11,325
Net appreciation	<u>-</u>	<u>50,004</u>	<u>50,004</u>
Endowment net assets - September 30, 2025	<u>-</u>	<u>621,439</u>	<u>621,439</u>
Total	<u>\$ 13,234,327</u>	<u>\$ 9,500,292</u>	<u>\$ 22,734,619</u>

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Note 7. Property and Equipment

Following is a summary of net property and equipment at September 30:

	2025		
	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
Land	\$ 16,116,157	\$ 239,812	\$ 16,355,969
Building and building improvements	308,756,623	2,698,130	311,454,753
Certificate of need	4,212,500	-	4,212,500
Leasehold improvements	-	522,086	522,086
Furnishings and equipment	25,032,424	406,693	25,439,117
Automotive equipment	1,236,993	886,320	2,123,313
Construction in progress	<u>2,185,725</u>	<u>-</u>	<u>2,185,725</u>
	357,540,422	4,753,041	362,293,463
Accumulated depreciation	<u>(129,836,579)</u>	<u>(2,675,691)</u>	<u>(132,512,270)</u>
Net property and equipment	<u>\$227,703,843</u>	<u>\$ 2,077,350</u>	<u>\$229,781,193</u>
	2024		
	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
Land	\$ 14,957,106	\$ 239,812	\$ 15,196,918
Land improvements	247,250	91,933	339,183
Building and building improvements	291,014,408	2,476,627	293,491,035
Certificate of need	4,212,500	-	4,212,500
Leasehold improvements	-	432,728	432,728
Furnishings and equipment	25,282,771	352,104	25,634,875
Computer software	-	33,628	33,628
Automotive equipment	1,181,573	801,456	1,983,029
Construction in progress	<u>12,400,103</u>	<u>-</u>	<u>12,400,103</u>
	349,295,711	4,428,288	353,723,999
Accumulated depreciation	<u>(118,504,997)</u>	<u>(2,427,847)</u>	<u>(120,932,844)</u>
Net property and equipment	<u>\$230,790,714</u>	<u>\$ 2,000,441</u>	<u>\$232,791,155</u>

Total depreciation expense for LSA was approximately \$10,831,000 and \$10,297,000 for the years ended September 30, 2025 and 2024, respectively. Total depreciation expense for LFS was approximately \$251,000 and \$163,000 for the years ended September 30, 2025 and 2024, respectively. At year ended September 30, 2025, there was a current outstanding construction commitment for approximately \$616,400.

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Note 8. Long-term Debt

Following is a summary of long-term debt at September 30:

	2025		Total
	LSA	LFS	
Bonds Payable			
Series 2021A	\$104,155,000	\$ -	\$104,155,000
Series 2021C	<u>32,050,000</u>	<u>-</u>	<u>32,050,000</u>
	<u>136,205,000</u>	<u>-</u>	<u>136,205,000</u>
HUD Loans			
Section 202	-	110,249	110,249
Section 811	<u>-</u>	<u>249,800</u>	<u>249,800</u>
	<u>-</u>	<u>360,049</u>	<u>360,049</u>
Construction Note Payable	8,497,839	-	8,497,839
Dallas High School Apartments, Inc. Note Payable	450,729	-	450,729
Hickory IL Loan	13,331,536	-	13,331,536
Other Loans	<u>-</u>	<u>187,848</u>	<u>187,848</u>
	<u>158,485,104</u>	<u>547,897</u>	<u>159,033,001</u>
Current maturities of long-term debt	(3,208,821)	(47,895)	(3,256,716)
Bond issuance costs, net	(1,551,234)	-	(1,551,234)
Unamortized bond premiums	<u>7,555,226</u>	<u>-</u>	<u>7,555,226</u>
	<u>\$161,280,275</u>	<u>\$ 500,002</u>	<u>\$161,780,277</u>
	2024		
	LSA	LFS	Total
Bonds Payable			
Series 2021A	\$105,750,000	\$ -	\$105,750,000
Series 2021C	<u>33,300,000</u>	<u>-</u>	<u>33,300,000</u>
	<u>139,050,000</u>	<u>-</u>	<u>139,050,000</u>
HUD Loans			
Section 202	-	123,256	123,256
Section 811	<u>-</u>	<u>249,800</u>	<u>249,800</u>
	<u>-</u>	<u>373,056</u>	<u>373,056</u>
Construction Note Payable	8,673,359	-	8,673,359
Dallas High School Apartments, Inc. Note Payable	652,787	-	652,787
Hickory IL Loan	10,431,483	-	10,431,483
Other Loans	<u>-</u>	<u>204,870</u>	<u>204,870</u>
	<u>158,807,629</u>	<u>577,926</u>	<u>159,385,555</u>
Current maturities of long-term debt	(3,072,858)	(61,722)	(3,134,580)
Bond issuance costs, net	(1,766,684)	-	(1,766,684)
Unamortized bond premiums	<u>8,648,922</u>	<u>-</u>	<u>8,648,922</u>
	<u>\$162,617,009</u>	<u>\$ 516,204</u>	<u>\$163,133,213</u>

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Bonds Payable

Master Trust Indenture

In December 2012, LSA entered into a Master Trust Indenture for the purpose of providing for the issuance of obligations by the Obligated Group. The Master Trust Indenture has been amended with subsequent issuances to incorporate additional entities. The Obligated Group consists of LSA entities, specifically Lutheran Services for the Aging, Inc., LSA Management, Inc., LSA Pharmacy, Inc., Lutheran Home-Albemarle, Inc., Lutheran Home-Hickory, Inc., Lutheran Home at Trinity Oaks, Inc., Lutheran Home-Hickory West, Inc., Lutheran Home-Winston-Salem, Inc., Lutheran Home-Forsyth County, Inc., Lutheran Home Forsyth County Property, Inc., Lutheran Home-Wilmington, Inc., Lutheran Home Albemarle Property, Inc., Lutheran Home Hickory Property, Inc., Lutheran Home at Trinity Oaks Property, Inc., Lutheran Home Hickory West Property, Inc., Lutheran Home Winston-Salem Property, Inc., Lutheran Home Wilmington Property, Inc., Lutheran Services Property, Inc., Lutheran Retirement Center-Salisbury, Inc., Lutheran Retirement Center-Wilmington, Inc., Lutheran Retirement Center at Lutheridge, Inc., Lutheran Services for the Aging Foundation, Inc., The Foundation for Abundant Living, Abundant Living Adult Day Services, Inc., LSA Elms at Tanglewood, Inc., LSA Elms Property, Inc., Lutheran Retirement Center – Clemmons, Inc., Aston Park Health Care Center, GlenFlora, Lutheran Retirement Center – Hickory, Inc, and Lutheran Retirement Center – Hickory West, Inc. Each member of the Obligated Group is jointly and severally liable for each obligation issued under the Master Trust Indenture.

There are numerous restrictive covenants including requirements regarding debt service coverage ratios, liquidity, minimum fund balance, debt and reserve ratios, restrictions on the sale of assets, restrictions on additional borrowings, requirements to maintain adequate insurance coverage on property and maintenance of its tax-exempt status. Also, certain financial information must be supplied to the specified parties on a timely basis. Management believes that the Obligated Group was in compliance with all debt covenants.

Series 2021

In June 2021, LSA issued an aggregate of \$118,660,413 (\$109,960,000 PAR and \$8,700,413 premium) tax exempt Health Care Facilities First Mortgage Revenue Refunding Bonds (“Lutheran Services for the Aging”) Series 2021A Bonds through the North Carolina Medical Care Commission (the “Commission”) under the Master Trust Indenture and other related agreements. During 2021, LSA also issued \$12,774,767 tax exempt Health Care Facilities First Mortgage Revenue Refunding Bonds Series 2021B Bonds through the Commission. The proceeds were used to refund the outstanding series 2017 and the outstanding Series 2020 Bonds and pay certain expenses incurred in connection with the authorization and issuance of the bonds and for construction of the Trinity Landing Project. In December 2021, LSA also issued \$35,620,000 tax exempt Health Care Facilities First Mortgage Revenue Refunding Bonds Series 2021C Bonds through the Commission (collectively, the “2021 Bonds”). The proceeds of the Series 2021C Bonds were used to fully refund the outstanding series 2012A Bonds.

The 2021A Bonds mature annually beginning March 1, 2022, in amounts ranging from \$500,000 to \$8,255,000 and bear interest at rates between 3.00 and 5.00% for amounts maturing between 2022 and 2051. The 2021 Bonds are secured by the Obligated Group’s Deeds of Trust on real property and fixtures under the Master Trust Indenture. In 2028, certain term bonds due 2036 can be called early. In 2030, certain term bonds due 2041 can be called early, and in 2031, certain term bonds due 2051 can be called early.

HUD Loans

LFS has a note payable to the U.S. Department of Housing and Urban Development (“HUD”) under Section 202, due August 1, 2032, payable in monthly installments of \$1,755, including interest at 8.375%, collateralized by property at Lake Woodard Dr., Raleigh, North Carolina.

LFS has an interest-free note payable to the HUD under Section 811, due immediately in the event that the property is not used for eligible handicapped individuals as defined in the agreement with HUD which expires January 1, 2034, collateralized by property at King Arthur Drive, Cramerton, North Carolina.

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Construction Notes Payable

LSA has a note payable which is a delayed draw term loan in the maximum principal amount of \$14,000,000 to finance the construction, equipping, and furnishing of twenty-four independent living units at Trinity Landing in Wilmington, North Carolina. Interest on this note will accrue at a variable rate per annum equal to the adjusted SOFR rate provided however, in no instance shall the interest rate ever be less than 1.75% per annum (interest rate at September 30, 2025 was 5.87%). Interest on the outstanding principal balance is due monthly beginning in January 1, 2022. Principal payments began in July 2023. The note was secured by the Obligated Group's Deeds of Trust on real property and fixtures under the Master Trust Indenture.

Hickory IL Loan

In October 2023, the LSA entered into a \$15,000,000 Delayed Draw Term Loan to finance the construction, equipment, and furnishings of 72 rental independent living units. Interest on the outstanding principal balance of the Delayed Draw Term Loan shall be due and payable monthly, in arrears, beginning December 1, 2023. Principal shall be due and payable monthly, in arrears, beginning November 2, 2026. All outstanding principal and interest is due on October 30, 2028. Interest will accrue at a rate of SOFA plus 1.85% (interest rate at September 30, 2025 was 6.05%).

Dallas High School Apartments, Inc. Note Payable:

Upon the acquisition of Dallas High School Apartments, Inc., LSA assumed a promissory note that was paid in monthly installments of \$2,799 at a 4.375% interest rate from December 1, 2020 through September 30, 2025. On October 1, 2025 the monthly installment increased to \$3,582 and the interest rate increased to 7.375% until the next scheduled interest rate change on October 1, 2030. The maturity date of this note is October 1, 2045.

Line of Credit:

In August 2020, LSA entered into a \$7,000,000 revolving line of credit note payable with Truist Bank to fund capitalized interest, if needed, on the Series 2020 Bonds. The line was amended June 2021 reducing the available amount to \$4,000,000. The line of credit will mature in April 2029. Repayment of the line of credit includes principal and interest beginning October 1, 2020 and due on the first month of each month thereafter. Interest is calculated at the rate of SOFR plus 1.90%. The line of credit is secured by the Obligated Group's Deeds of Trust on real property and fixtures under the Master Trust Indenture. No amount was outstanding on the line of credit as of September 30, 2025 and 2024.

Other Loans:

Remaining debt consists primarily of long-term mortgages and vehicle loans. The interest rates for other loans ranged from 0% to 7.24% at September 30, 2025. The Organizations' debt has various maturity dates through 2051 and is secured by various deeds of trust on real property and equipment.

	2025		
	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
Interest expense	\$ 5,619,195	\$ 29,719	\$ 5,648,914
Amortization of debt issuance costs and premiums	<u>499,888</u>	<u>-</u>	<u>499,888</u>
Total interest expense	<u>\$ 6,119,083</u>	<u>\$ 29,719</u>	<u>\$ 6,148,802</u>

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	<u>LSA</u>	<u>2024 LFS</u>	<u>Total</u>
Interest expense	\$ 5,799,948	\$ 27,254	\$ 5,827,202
Amortization of debt issuance costs and premiums	<u>4,332</u>	<u>-</u>	<u>4,332</u>
Total interest expense	<u>\$ 5,804,280</u>	<u>\$ 27,254</u>	<u>\$ 5,831,534</u>

Future maturities of long-term debt are as follows:

<u>Year ending September 30,</u>	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
2026	\$ 3,208,822	\$ 47,895	\$ 3,256,717
2027	3,569,183	36,438	3,605,621
2028	3,772,620	32,323	3,804,943
2029	24,027,239	31,496	24,058,735
2030	3,606,913	17,995	3,624,908
Thereafter	<u>120,300,327</u>	<u>381,750</u>	<u>120,682,077</u>
	<u>\$158,485,104</u>	<u>\$ 547,897</u>	<u>\$159,033,001</u>

Amortization expense for the bond issuance and premiums was approximately \$500,000 and \$4,000 recognized during 2025 and 2024, respectively, to the interest expense line item of the consolidated statements of operations. Accumulated amortization for the Bond Issuance was approximately \$390,000 and \$280,000 and the Premium, approximately \$3,660,000 and \$2,880,000 for the years ended September 30, 2025 and 2024, respectively.

Note 9. Retirement Plans

LSA has a 403b plan which covers all employees who are at least 21 years of age with one or more years of service. LSA's contribution is based on matching 50% of the salary deferral elected by each eligible employee up to a maximum of 2% of each eligible employee's compensation. LSA's contributions for the year ended September 30, 2025 and 2024 were approximately \$499,000 and \$539,000, respectively. LSA also has a Supplemental Employee Retirement Plan for certain employees. Contributions for the year ended September 30, 2025 and 2024 were approximately \$53,000 and \$35,000, respectively. LSA sponsors an IRC Section 457(b) defined retirement plan covering certain classifications of employees meeting eligibility requirements regarding service and age. The accompanying consolidated balance sheets at September 30, 2025 and 2024 include a liability of approximately \$939,000 and \$816,000, respectively, related to the plan.

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Note 10. Fair Value Measurements

Following is a summary of the fair value of assets at September 30:

	Fair Value of Financial Assets as of September 30, 2025			
	Level 1	Level 2	Level 3	Total
<u>LSA</u>				
Money market funds	\$ 12,083,755	\$ -	\$ -	\$ 12,083,755
Mutual Funds				
Equity	91,421,165	-	-	91,421,165
Fixed income	46,730,785	-	-	46,730,785
Government bonds	36,889	-	-	36,889
Total mutual funds	<u>138,188,839</u>	<u>-</u>	<u>-</u>	<u>138,188,839</u>
LSA total	<u>\$150,272,594</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$150,272,594</u>
<u>LFS</u>				
Money market funds	\$ 100	\$ -	\$ -	\$ 100
Mutual funds				
Equity	457,577	-	-	457,577
Fixed income	166,080	-	-	166,080
Total mutual funds	<u>623,657</u>	<u>-</u>	<u>-</u>	<u>623,657</u>
LFS total	<u>\$ 623,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 623,757</u>
Consolidated total	<u>\$150,896,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$150,896,351</u>
	Fair Value of Financial Assets as of September 30, 2024			
	Level 1	Level 2	Level 3	Total
<u>LSA</u>				
Money market funds	\$ 11,059,556	\$ -	\$ -	\$ 11,059,556
Mutual funds				
Equity	59,736,656	-	-	59,736,656
Fixed income	33,242,686	-	-	33,242,686
Government bonds	35,948	-	-	35,948
Total mutual funds	<u>93,015,290</u>	<u>-</u>	<u>-</u>	<u>93,015,290</u>
LSA total	<u>\$104,074,846</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$104,074,846</u>
<u>LFS</u>				
Money market funds	\$ 100	\$ -	\$ -	\$ 100
Mutual funds				
Equity	380,352	-	-	380,352
Fixed income	168,306	-	-	168,306
Total mutual funds	<u>548,658</u>	<u>-</u>	<u>-</u>	<u>548,658</u>
LFS total	<u>\$ 548,758</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,758</u>
Consolidated total	<u>\$104,623,604</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$104,623,604</u>

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Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Level 2 inputs are those inputs that are observable, either directly or indirectly, for the assets or liability other than quoted prices included in Level 1. Level 2 inputs have been valued using an income approach. Level 3 inputs are unobservable, and apply only when there is little or no market activity for the asset or liability. There were no changes in the valuation techniques during the years ended September 30, 2025 or 2024.

The Organizations recognize transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers of assets between levels in 2025 or 2024.

Note 11. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following at September 30:

	2025		
	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
Endowment funds	\$ 8,878,853	\$ 621,439	\$ 9,500,292
Operations	<u>2,382,219</u>	<u>3,017,412</u>	<u>5,399,631</u>
	<u>\$ 11,261,072</u>	<u>\$ 3,638,851</u>	<u>\$ 14,899,923</u>
	2024		
	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
Endowment funds	\$ 7,889,284	\$ 560,110	\$ 8,449,394
Operations	<u>2,611,780</u>	<u>1,726,308</u>	<u>4,338,088</u>
	<u>\$ 10,501,064</u>	<u>\$ 2,286,418</u>	<u>\$ 12,787,482</u>

Net assets released from restrictions for operating purposes for LSA were \$371,420 and \$390,587 for the years ended September 30, 2025 and 2024, respectively. Net assets released from restrictions for LFS were \$1,626,436, and \$1,213,965 for the years ended September 30, 2025 and 2024, respectively.

Note 12. Board Designated Assets

At September 30, 2025 and 2024, the Organizations had \$13,234,327 and \$11,713,014 in net assets without donor restrictions classified as board designated funds. The Board has a policy that all estate gifts received by the Organizations will be included in board designated funds with purposes to be determined at a future date.

Note 13. Contingencies

The Organizations self-insure a portion of their employee health benefits exposure up to \$125,000 per employee. An accrual for the self-insurance program is established to provide for estimated claims and losses and applicable legal expenses for claims incurred through September 30, 2025 but not reported. This accrual was determined in conjunction with a health insurance consultant and totaled approximately \$755,000 at September 30, 2024. The accrual is included in accrued health benefits in the accompanying consolidated balance sheets. The Organizations were fully insured with Portico beginning June 2025, and no self-insurance accrual is recorded at September 30, 2025.

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During 2013, LSA began participating in a "high deductible" workers' compensation insurance policy. They are responsible for the first dollar claims up to \$100,000 per occurrence or \$500,000 in the aggregate. The accrual for estimated claims incurred through September 30, 2025 and 2024 was approximately \$330,000 and \$324,000, respectively, and is recorded in accounts payable.

The Organizations are involved in litigation in the ordinary course of business related to professional liability claims. Management believes all claims will be settled within the limits of insurance coverage. However, the ultimate settlement of these cases and losses, if any, to the Organizations cannot be estimated at this time. Other claims may be asserted arising from past services provided through September 30, 2025. Management believes these claims, if asserted, would be settled within the limits of insurance coverage. General and professional liability coverage is on an occurrence basis for individual claims up to \$1,000,000 per occurrence, with a total annual aggregate of \$3,000,000.

As a result of the Organizations' participation in the Medicare and Medicaid programs, they are subject to various governmental reviews, audits and investigations to verify the Organizations' compliance with these programs and applicable laws and regulations. The Organizations are routinely subject to audits under various government programs. Private pay sources such as third-party insurance and managed care entities also often reserve the right to conduct audits as well.

The Organizations have received proceeds from several federal grants. These amounts are subject to additional audit procedures in accordance with federal regulations. Certain costs charged to the grants may be questioned as not being appropriate expenses under the grant agreements. Any questioned costs could result in the refund of grant monies to grantor agencies. Management expects such amounts, if any, to be immaterial.

Note 14. Split Interest Agreements

In 2011, LSA received two \$500,000 charitable gift annuities. Under the terms of the agreements, LSA is to pay the donors \$6,250 and \$6,000, respectively, on a quarterly basis over the donors' remaining life.

The annuity obligation of approximately \$502,000 and \$526,000 at September 30, 2025 and 2024, respectively, represents the present value of the expected future cash payments to the donors computed over the life expectancy of the donors. LSA made payments totaling \$49,000 during the years ended September 30, 2025 and 2024, respectively under the terms of the agreements.

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Note 15. Functional Expenses

Operating expenses not directly attributable to a specific function are allocated to specific functions by the Organizations' management based on what it considers to be the best available objective criteria, such as time spent or relative benefit. Functional expenses are summarized as follows as September 30:

	September 30, 2025					
	Program Services					
	Senior Services	Child and Family Services	Administrative and General	Development	Marketing	Total
Salary & Wages	\$ 73,613,654	\$ 15,183,909	\$ 10,862,572	\$ 683,336	\$ 679,314	\$ 101,022,785
Fringe Benefits	14,581,946	2,989,598	230,071	-	-	17,801,615
Contract Services	8,249,363	1,757,790	2,499,227	39,210	-	12,545,590
Supplies & Other	25,625,055	12,231,291	12,823,886	126,571	87,051	50,893,854
Bed Assessment	4,850,177	-	-	-	-	4,850,177
Provider Assessment	-	115,238	-	-	-	115,238
Advertising and Recruiting	3,794	64,589	13,399	19,163	611,654	712,599
Depreciation	10,662,369	113,526	306,044	-	-	11,081,939
Interest and Amortization	<u>6,096,051</u>	<u>19,967</u>	<u>32,784</u>	<u>-</u>	<u>-</u>	<u>6,148,802</u>
Total expense	<u>\$ 143,682,409</u>	<u>\$ 32,475,908</u>	<u>\$ 26,767,983</u>	<u>\$ 868,280</u>	<u>\$ 1,378,019</u>	<u>\$ 205,172,599</u>

	September 30, 2024					
	Program Services					
	Senior Services	Child and Family Services	Administrative and General	Development	Marketing	Total
Salary & Wages	\$ 74,440,994	\$ 15,936,398	\$ 10,663,170	\$ 668,795	\$ 675,567	\$ 102,384,924
Fringe Benefits	14,348,866	2,945,984	366,164	-	-	17,661,014
Contract Services	8,789,245	1,680,332	2,656,225	61,550	-	13,187,352
Supplies & Other	25,808,539	17,645,316	11,280,259	121,108	66,394	54,921,616
Bed Assessment	4,808,729	-	-	-	-	4,808,729
Provider Assessment	-	126,537	-	-	-	126,537
Advertising and Recruiting	7,081	47,912	174,348	13,838	566,417	809,596
Depreciation	10,130,967	147,606	181,474	-	-	10,460,047
Interest and Amortization	<u>5,778,168</u>	<u>18,215</u>	<u>35,151</u>	<u>-</u>	<u>-</u>	<u>5,831,534</u>
Total expense	<u>\$ 144,112,589</u>	<u>\$ 38,548,300</u>	<u>\$ 25,356,791</u>	<u>\$ 865,291</u>	<u>\$ 1,308,378</u>	<u>\$ 210,191,349</u>

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Note 16. Employee Benefit Plans

Defined Benefit Plan

The Organizations have a non-contributory defined benefit pension plan that covers substantially all GlenFlora employees hired before October 1, 2013. The plan benefits are based on years of service and an average of the highest five consecutive plan years of compensation in which the employee earned a year of benefit service, out of the last ten plan years, in which the employee earned a year of benefit service. The Organizations froze the plan as of October 1, 2012. In February 2026, the Organization will terminate the plan. The following table sets forth the changes in benefit obligations, changes in plan assets and components of net periodic benefit cost.

	<u>2025</u>	<u>2024</u>
Change in benefit obligations		
Benefit obligations, beginning of year	\$ 3,219,686	\$ 2,965,748
Interest cost	156,462	168,829
Actuarial (gain) loss	(76,657)	264,748
Settlements paid	(578,101)	-
Benefits paid	(163,371)	(179,639)
Curtailment	(71,435)	-
Benefit obligations, end of year	<u>\$ 2,486,584</u>	<u>\$ 3,219,686</u>
Change in plan assets		
Fair value of plan assets, beginning of year	\$ 3,095,591	\$ 2,586,861
Actual return on plan assets	110,671	509,688
Employer contribution	101,068	176,681
Settlements paid	(578,101)	-
Benefits paid	(163,371)	(179,639)
Fair value of plan assets, end of year	<u>\$ 2,565,858</u>	<u>\$ 3,093,591</u>
Net pension liability/(asset)	<u>\$ (79,274)</u>	<u>\$ 124,095</u>
Components of net periodic benefit costs		
Service cost	\$ -	\$ -
Interest cost	156,462	168,829
Expected return on plan assets	(198,502)	(169,266)
Amortization of prior service cost	-	-
Amortization of net loss	-	6,874
Net periodic benefit costs	<u>\$ (42,040)</u>	<u>\$ 6,437</u>

Actuarial assumptions used in accounting for net periodic pension costs of the defined benefit pension plan in 2025 and 2024 were:

	<u>2025</u>	<u>2024</u>
Discount rate	5.00%	5.87%
Long-term rate of return on assets	6.50%	6.50%
Rate of increase in compensation levels	0.00%	0.00%
Rate of increase in maximum benefits levels	0.00%	0.00%

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Plan Assets

The composition of plan assets at September 30, 2025 is as follows:

	<u>Target Allocation</u>	<u>2025</u>
Equity securities	40% - 70%	58%
Debt securities	40% - 70%	41%
Cash and cash equivalents	30% - 60%	<u>1%</u>
Total		<u><u>100%</u></u>

Investment Policy and Strategy

The policy, established by the Retirement Committee, outlines the goals and investment objectives for the Organizations defined benefit plan (collectively, the “Plan”). The policy is intended to provide guidelines for managing the Plan assets. The policy describes an appropriate risk posture for investment of the Plan assets, specifies target asset allocation policy, establishes investment guidelines regarding the selection of investment managers, permissible securities and diversification of assets, and specifies criteria for evaluation of the performance of the Plan’s investment managers and the assets as a whole. The policy is dynamic and is reviewed and revised periodically to ensure it adequately reflects any changes to the Plan assets and the capital markets.

Fair Value of Plan Assets

Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1** Observable inputs such as quoted prices in active markets.
- Level 2** Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3** Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan’s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

Prices for money market funds, exchange-traded funds and mutual funds which are readily available in the active markets in which those securities are traded are categorized as Level 1. The Plan does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 2 or Level 3, and there were no transfers in or out of Level 3 during 2025 or 2024. There were no changes during 2025 or 2024 to the Plan’s valuation techniques used to measure asset and liability fair values on a recurring basis.

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The following tables set forth by level within the fair value hierarchy the Plan's assets accounted for at fair value on a recurring basis as of September 30, 2025:

	September 30, 2025			Fair Value
	Level 1	Level 2	Level 3	
Money market funds	\$ 32,432	\$ -	\$ -	\$ 32,432
Exchange-traded funds	1,580,134	-	-	1,580,134
Mutual funds	953,225	-	-	953,225
Total	\$ 2,565,791	\$ -	\$ -	\$ 2,565,791

	September 30, 2024			Fair Value
	Level 1	Level 2	Level 3	
Money market funds	\$ 68,639	\$ -	\$ -	\$ 68,639
Exchange-traded funds	1,750,917	-	-	1,750,917
Mutual funds	1,275,757	-	-	1,275,757
Total	\$ 3,095,313	\$ -	\$ -	\$ 3,095,313

The above table does not include cash and accrued income of \$67 and \$278 at September 30, 2025 and 2024, respectively that are included with the assets of the Plan.

Determination of Expected Long-Term Rate of Return

The expected long-term rate of return for the Plan's total assets is based on the expected return of each of the above categories, weighted based on the median of the target allocation for each class. The expected return of each asset class is weighted based on the target allocation to develop the expected long-term rate of return on assets. This resulted in the use of 6.50% in 2025.

Expected Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2026	\$ 182,516
2027	\$ 190,802
2028	\$ 186,100
2029	\$ 180,903
2030	\$ 176,351
2031 - 2035	\$ 866,649

Expected Cash Contributions

The Organizations expects to make no cash contributions to the pension plan in 2026.

Defined Contribution Plan

The Organizations also have a defined contribution plan under section 403(b) that is available to substantially all employees who meet the eligibility requirements. Employee contributions are made through payroll deductions authorized by the employee with employer matching contributions at various rates. The Organizations contributions to the 403(b) plan were approximately \$417,000 and \$466,000 in 2025 and 2024, respectively.

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Note 17. Subsequent Events

Management has evaluated subsequent events through January 23, 2026, the date which the financial statements were issued.

In December 2025, there was a change in ownership percentages of the PACE Joint Venture entities. LSA agreed to sell 25% of both PACE of Southern Piedmont for \$5,183,000 and PACE @ Home, Inc. for approximately \$2,793,000 to reach 25% ownership in both entities. See Note 1 for further details.

In October 2025, the Organizations received the remaining employee retention credit receivable of approximately \$1,300,000.

Supplementary Information

Lutheran Services for the Aging, Inc. and
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Consolidating Balance Sheets
September 30, 2025

	Trinity Place Albemarle	Trinity Village Hickory	Trinity Ridge Hickory	Trinity Oaks H&R Salisbury	Trinity Grove Wilmington	Trinity Glen Winston-Salem	Trinity Elms H&R Clemmons	GlenFlora	Aston Park	Total Nursing
ASSETS										
Current Assets										
Cash and cash equivalents	\$ 1,593,439	\$ 1,943,226	\$ 3,138,814	\$ 5,275,222	\$ 3,587,309	\$ 2,743,258	\$ 2,214,295	\$ 510,108	\$ 3,452,352	\$ 24,458,023
Investments	3,950,609	5,057,898	1,160,249	17,793,054	103,904	530,723	2,637,835	2,115,542	13,870,342	47,220,156
Accounts receivable, residents and clients, net	980,952	1,684,638	2,224,877	1,378,076	1,560,935	1,537,517	2,812,476	889,334	1,489,903	14,558,708
Current portion of other receivables	299,835	722,088	378,190	262,802	726,415	243,770	83,238	267,913	177,402	3,161,653
Employee retention credit receivables	54,842	709,817	-	-	235,691	251,666	176,882	-	-	1,428,898
Inventories	59,733	68,796	126,083	55,226	59,700	45,587	54,781	49,845	49,874	569,625
Prepaid expenses	301	(20,033)	(8,277)	1,416	7,355	45	3,212	3,539	9,562	(2,880)
Residents' funds	11,016	42,287	11,183	15,455	9,295	83,156	12,220	37,552	23,045	245,209
Total current assets	6,950,727	10,208,717	7,031,119	24,781,251	6,290,604	5,435,722	7,994,939	3,873,833	19,072,480	91,639,392
Assets Limited as to Use										
Investments - donor-restricted endowment funds	-	-	-	-	-	-	-	-	-	-
Investments - temporarily restricted	-	-	-	-	-	-	-	-	-	-
Investments - board designated funds	348,131	1,231,575	-	1,395,095	-	-	-	-	-	2,974,801
Assets limited to use - operating reserve requirement	-	-	-	-	-	-	-	-	-	-
Assets limited to use - bond funds	-	-	-	-	-	-	-	-	-	-
Assets restricted for investment in property and equipment	-	-	-	-	-	-	-	-	-	-
Total assets limited as to use	348,131	1,231,575	-	1,395,095	-	-	-	-	-	2,974,801
Property and equipment, net	356,027	497,842	237,536	271,992	163,770	285,717	560,267	3,093,376	3,676,733	9,143,260
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-	-	-	-	-	-
Other assets	-	(95,624)	-	-	-	-	-	-	-	(95,624)
Total assets	\$ 7,654,885	\$ 11,842,510	\$ 7,268,655	\$ 26,448,338	\$ 6,454,374	\$ 5,721,439	\$ 8,555,206	\$ 6,967,209	\$ 22,749,213	\$ 103,661,829

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

(Continued)

	Trinity Place Albemarle	Trinity Village Hickory	Trinity Ridge Hickory	Trinity Oaks H&R Salisbury	Trinity Grove Wilmington	Trinity Glen Winston-Salem	Trinity Elms H&R Clemmons	GlenFlora	Aston Park	Total Nursing
LIABILITIES AND NET ASSETS										
Current Liabilities										
Current maturities of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,336	\$ -	\$ 5,336
Current portion of split-interest liability	-	-	-	-	-	-	-	-	-	-
Accounts payable, trade	136,490	240,367	278,375	272,255	104,267	209,000	234,477	127,112	222,549	1,824,892
Accrued salaries and payroll taxes	426,117	386,065	570,067	510,279	411,167	417,199	357,873	223,153	523,751	3,825,671
Accrued health benefits	42,043	78,218	60,584	63,330	55,161	56,155	45,354	30,661	44,419	475,925
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Refundable fees - current	-	-	-	-	-	-	-	-	-	-
Deferred revenue from grants and other	24,573	3,190	(60)	-	-	-	-	-	-	27,703
Other accrued liabilities	2,875	-	-	126,535	176,005	1,265,674	146,406	51,630	83,604	1,852,729
Residents' funds liability	11,016	42,287	11,183	15,455	9,295	83,156	12,220	37,552	23,045	245,209
Total current liabilities	<u>643,114</u>	<u>750,127</u>	<u>920,149</u>	<u>987,854</u>	<u>755,895</u>	<u>2,031,184</u>	<u>796,330</u>	<u>475,444</u>	<u>897,368</u>	<u>8,257,465</u>
Long-Term Liabilities										
Long-term debt, less current maturities	135,087	220,908	-	131,909	38,142	1,589	-	-	(1,444)	526,191
Refundable fees	-	500	-	13,883	-	-	-	-	-	14,383
Deferred revenue from advance fees	-	-	-	-	-	-	-	-	36,784	36,784
Pension liability	-	-	-	-	-	-	-	124,095	-	124,095
Split-interest liability	-	-	-	-	-	-	-	-	-	-
Total long-term liabilities	<u>135,087</u>	<u>221,408</u>	<u>-</u>	<u>145,792</u>	<u>38,142</u>	<u>1,589</u>	<u>-</u>	<u>124,095</u>	<u>35,340</u>	<u>701,453</u>
Total liabilities	778,201	971,535	920,149	1,133,646	794,037	2,032,773	796,330	599,539	932,708	8,958,918
Net Assets										
Net Assets without donor restrictions										
Without donor restrictions, undesignated	5,443,397	8,587,877	6,298,928	22,639,086	5,596,223	3,635,652	7,738,721	6,367,570	21,792,200	88,099,654
Without donor restrictions, board designated funds	348,131	1,231,575	-	1,395,095	-	-	-	-	-	2,974,801
Total net assets without donor restrictions	<u>5,791,528</u>	<u>9,819,452</u>	<u>6,298,928</u>	<u>24,034,181</u>	<u>5,596,223</u>	<u>3,635,652</u>	<u>7,738,721</u>	<u>6,367,570</u>	<u>21,792,200</u>	<u>91,074,455</u>
Net assets with donor restrictions										
Total net assets	<u>1,085,156</u>	<u>1,051,523</u>	<u>49,578</u>	<u>1,280,511</u>	<u>64,114</u>	<u>53,014</u>	<u>20,155</u>	<u>100</u>	<u>24,305</u>	<u>3,628,456</u>
Total net assets	<u>6,876,684</u>	<u>10,870,975</u>	<u>6,348,506</u>	<u>25,314,692</u>	<u>5,660,337</u>	<u>3,688,666</u>	<u>7,758,876</u>	<u>6,367,670</u>	<u>21,816,505</u>	<u>94,702,911</u>
Total liabilities and net assets	<u>\$ 7,654,885</u>	<u>\$ 11,842,510</u>	<u>\$ 7,268,655</u>	<u>\$ 26,448,338</u>	<u>\$ 6,454,374</u>	<u>\$ 5,721,439</u>	<u>\$ 8,555,206</u>	<u>\$ 6,967,209</u>	<u>\$ 22,749,213</u>	<u>\$ 103,661,829</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
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	Lutheran Home Albemarle Property	Lutheran Home Hickory Property	Lutheran Home Hickory West Property	Lutheran Home Salisbury Property	Lutheran Home Wilmington Property	Lutheran Home Winston-Salem Property	Lutheran Home Forsyth County Property	LSA Elms Property	Lutheran Services Property	Total Property
ASSETS										
Current Assets										
Cash and cash equivalents	\$ (451,482)	\$ (954,083)	\$ (332,331)	\$ 1,604,467	\$ (1,325,266)	\$ (1,090,916)	\$ (1,995,444)	\$ 2,963,800	\$ 771,033	\$ (810,222)
Investments	1,105,724	-	5,902,523	5,449,027	31,831	291,988	605,235	1,477,079	326,942	15,190,349
Accounts receivable, residents and clients, net	-	-	-	-	-	-	-	-	-	-
Current portion of other receivables	-	1,287,398	380,470	131,051	199,602	1,400,967	513,533	126,747	1,143	4,040,911
Employee retention credit receivables	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	2,146	-	-	-	-	2,146
Residents' funds	-	-	-	-	-	-	-	-	-	-
Total current assets	654,242	333,315	5,950,662	7,184,545	(1,091,687)	602,039	(876,676)	4,567,626	1,099,118	18,423,184
Assets Limited as to Use										
Investments - donor-restricted endowment funds	-	-	-	-	-	-	-	-	-	-
Investments - temporarily restricted	-	-	-	-	-	-	-	-	-	-
Investments - board designated funds	-	-	-	-	-	-	-	-	-	-
Assets limited to use - operating reserve requirement	-	-	-	-	-	-	-	-	-	-
Assets limited to use - bond funds	-	-	-	-	-	-	-	-	-	-
Assets restricted for investment in property and equipment	-	-	-	-	-	-	-	-	-	-
Total assets limited as to use	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	6,608,652	17,948,486	10,802,908	5,418,049	11,147,711	5,687,241	10,500,107	4,676,584	1,868,773	74,658,511
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 7,262,894	\$ 18,281,801	\$ 16,753,570	\$ 12,602,594	\$ 10,056,024	\$ 6,289,280	\$ 9,623,431	\$ 9,244,210	\$ 2,967,891	\$ 93,081,695

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

(Continued)

	Lutheran Home Albemarle Property	Lutheran Home Hickory Property	Lutheran Home Hickory West Property	Lutheran Home Salisbury Property	Lutheran Home Wilmington Property	Lutheran Home Winston-Salem Property	Lutheran Home Forsyth County Property	LSA Elms Property	Lutheran Services Property	Total Property
LIABILITIES AND NET ASSETS										
Current Liabilities										
Current maturities of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of split-interest liability	-	-	-	-	-	-	-	-	-	-
Accounts payable, trade	3,480	37,960	5,376	3,978	3,805	3,283	4,673	1,980	1,219	65,754
Accrued salaries and payroll taxes	-	-	-	-	-	-	-	-	-	-
Accrued health benefits	-	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Refundable fees - current	-	-	-	-	-	-	-	-	-	-
Deferred revenue from grants and other	-	-	-	-	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	1,550,374	413,350	-	14,300	789,480	2,767,504
Residents' funds liability	-	-	-	-	-	-	-	-	-	-
Total current liabilities	<u>3,480</u>	<u>37,960</u>	<u>5,376</u>	<u>3,978</u>	<u>1,554,179</u>	<u>416,633</u>	<u>4,673</u>	<u>16,280</u>	<u>790,699</u>	<u>2,833,258</u>
Long-Term Liabilities										
Long-term debt, less current maturities	3,905,486	14,661,380	10,684,572	1,268,552	11,446,209	7,680,050	9,244,743	7,041,277	14,303	65,946,572
Refundable fees	-	-	-	-	-	-	-	-	-	-
Deferred revenue from advance fees	-	-	-	-	-	-	-	-	-	-
Pension liability	-	-	-	-	-	-	-	-	-	-
Split-interest liability	-	-	-	-	-	-	-	-	-	-
Total long-term liabilities	<u>3,905,486</u>	<u>14,661,380</u>	<u>10,684,572</u>	<u>1,268,552</u>	<u>11,446,209</u>	<u>7,680,050</u>	<u>9,244,743</u>	<u>7,041,277</u>	<u>14,303</u>	<u>65,946,572</u>
Total liabilities	3,908,966	14,699,340	10,689,948	1,272,530	13,000,388	8,096,683	9,249,416	7,057,557	805,002	68,779,830
Net Assets										
Net Assets without donor restrictions										
Without donor restrictions, undesignated	3,353,928	3,582,461	6,063,622	11,330,064	(2,944,364)	(1,807,403)	374,015	2,186,653	2,162,889	24,301,865
Without donor restrictions, board designated funds	-	-	-	-	-	-	-	-	-	-
Total net assets without donor restrictions	<u>3,353,928</u>	<u>3,582,461</u>	<u>6,063,622</u>	<u>11,330,064</u>	<u>(2,944,364)</u>	<u>(1,807,403)</u>	<u>374,015</u>	<u>2,186,653</u>	<u>2,162,889</u>	<u>24,301,865</u>
Net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-
Total net assets	<u>3,353,928</u>	<u>3,582,461</u>	<u>6,063,622</u>	<u>11,330,064</u>	<u>(2,944,364)</u>	<u>(1,807,403)</u>	<u>374,015</u>	<u>2,186,653</u>	<u>2,162,889</u>	<u>24,301,865</u>
Total liabilities and net assets	<u>\$ 7,262,894</u>	<u>\$ 18,281,801</u>	<u>\$ 16,753,570</u>	<u>\$ 12,602,594</u>	<u>\$ 10,056,024</u>	<u>\$ 6,289,280</u>	<u>\$ 9,623,431</u>	<u>\$ 9,244,210</u>	<u>\$ 2,967,891</u>	<u>\$ 93,081,695</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
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	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Village IL	Trinity Elms IL Clemmons	Total Retirement
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 3,867,378	\$ 2,378,541	\$ 4,931,569	\$ 129,737	\$ 1,214,374	\$ 12,521,599
Investments	5,913,287	4,531,908	7,702,980	-	2,257,203	20,405,378
Accounts receivable, residents and clients, net	99,290	2,842	1,253,999	2,894	7,196	1,366,221
Current portion of other receivables	952,944	415,221	7,681,145	12,808	9,827	9,071,945
Employee retention credit receivables	491,265	57,101	-	-	-	548,366
Inventories	78,277	24,381	38,602	-	-	141,260
Prepaid expenses	8,130	(45)	734,877	-	5,517	748,479
Residents' funds	-	-	-	-	-	-
Total current assets	<u>11,410,571</u>	<u>7,409,949</u>	<u>22,343,172</u>	<u>145,439</u>	<u>3,494,117</u>	<u>44,803,248</u>
Assets Limited as to Use						
Investments - donor-restricted endowment funds	-	-	-	-	-	-
Investments - temporarily restricted	-	-	-	-	-	-
Investments - board designated funds	1,426,350	28,098	-	-	-	1,454,448
Assets limited to use - operating reserve requirement	2,315,000	-	3,287,000	-	242,000	5,844,000
Assets limited to use - bond funds	-	-	(4,286)	-	-	(4,286)
Assets restricted for investment in property and equipment	-	-	-	-	-	-
Total assets limited as to use	<u>3,741,350</u>	<u>28,098</u>	<u>3,282,714</u>	<u>-</u>	<u>242,000</u>	<u>7,294,162</u>
Property and equipment, net	17,728,593	4,645,988	109,622,416	-	8,971,380	140,968,377
Assets held for sale	-	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	<u>\$ 32,880,514</u>	<u>\$ 12,084,035</u>	<u>\$ 135,248,302</u>	<u>\$ 145,439</u>	<u>\$ 12,707,497</u>	<u>\$ 193,065,787</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

(Continued)

	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Village IL	Trinity Elms IL Clemmons	Total Retirement
LIABILITIES AND NET ASSETS						
Current Liabilities						
Current maturities of long-term debt	\$ -	\$ -	\$ 204,283	\$ -	\$ -	\$ 204,283
Current portion of split-interest liability	-	-	-	-	-	-
Accounts payable, trade	166,983	46,809	238,512	11,173	12,674	476,151
Accrued salaries and payroll taxes	379,716	94,413	260,328	59,048	(16,663)	776,842
Accrued health benefits	39,191	18,278	29,187	(208)	-	86,448
Accrued interest payable	-	-	-	-	-	-
Refundable fees - current	-	-	643,055	15,450	-	658,505
Deferred revenue from grants and other	-	-	-	-	-	-
Other accrued liabilities	131,051	-	-	950,000	-	1,081,051
Residents' funds liability	-	-	-	-	-	-
Total current liabilities	<u>716,941</u>	<u>159,500</u>	<u>1,375,365</u>	<u>1,035,463</u>	<u>(3,989)</u>	<u>3,283,280</u>
Long-Term Liabilities						
Long-term debt, less current maturities	3,036,578	1,361,432	75,633,158	-	10,760,693	90,791,861
Refundable fees	9,748,656	950	19,523,426	-	156,218	29,429,250
Deferred revenue from advance fees	8,111,492	-	40,024,849	-	-	48,136,341
Pension liability	-	-	-	-	-	-
Split-interest liability	-	-	-	-	-	-
Total long-term liabilities	<u>20,896,726</u>	<u>1,362,382</u>	<u>135,181,433</u>	<u>-</u>	<u>10,916,911</u>	<u>168,357,452</u>
Total liabilities	21,613,667	1,521,882	136,556,798	1,035,463	10,912,922	171,640,732
Net Assets						
Net Assets without donor restrictions						
Without donor restrictions, undesignated	9,768,679	10,523,386	(1,313,217)	(890,024)	1,794,575	19,883,399
Without donor restrictions, board designated funds	1,426,350	28,098	-	-	-	1,454,448
Total net assets without donor restrictions	<u>11,195,029</u>	<u>10,551,484</u>	<u>(1,313,217)</u>	<u>(890,024)</u>	<u>1,794,575</u>	<u>21,337,847</u>
Net assets with donor restrictions	71,818	10,669	4,721	-	-	87,208
Total net assets	<u>11,266,847</u>	<u>10,562,153</u>	<u>(1,308,496)</u>	<u>(890,024)</u>	<u>1,794,575</u>	<u>21,425,055</u>
Total liabilities and net assets	<u>\$ 32,880,514</u>	<u>\$ 12,084,035</u>	<u>\$ 135,248,302</u>	<u>\$ 145,439</u>	<u>\$ 12,707,497</u>	<u>\$ 193,065,787</u>

Lutheran Services for the Aging, Inc. and
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	Trinity Elms AL Clemmons	Trinity Living Center Salisbury	Trinity at Home Salisbury	LSA Pharmacy Salisbury	Total Other Operations
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 2,930,478	\$ 65,221	\$ 698,619	\$ 1,345,497	\$ 5,039,815
Investments	5,674,555	242,343	548,831	12,219,763	18,685,492
Accounts receivable, residents and clients, net	208,610	22,723	84,564	1,488,166	1,804,063
Current portion of other receivables	95,812	102,079	21,421	1,669,480	1,888,792
Employee retention credit receivables	87,649	-	125,708	-	213,357
Inventories	38,750	-	-	-	38,750
Prepaid expenses	(344)	(126)	7,973	-	7,503
Residents' funds	11,884	-	-	-	11,884
Total current assets	<u>9,047,394</u>	<u>432,240</u>	<u>1,487,116</u>	<u>16,722,906</u>	<u>27,689,656</u>
Assets Limited as to Use					
Investments - donor-restricted endowment funds	-	-	-	-	-
Investments - temporarily restricted	-	-	-	-	-
Investments - board designated funds	-	-	-	-	-
Assets limited to use - operating reserve requirement	-	-	-	-	-
Assets limited to use - bond funds	-	-	-	-	-
Assets restricted for investment in property and equipment	-	-	-	-	-
Total assets limited as to use	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property and equipment, net	228,400	37,209	-	-	265,609
Assets held for sale	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-
Other assets	-	-	-	890,564	890,564
Total assets	<u>\$ 9,275,794</u>	<u>\$ 469,449</u>	<u>\$ 1,487,116</u>	<u>\$ 17,613,470</u>	<u>\$ 28,845,829</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

(Continued)

	Trinity Elms AL Clemmons	Trinity Living Center Salisbury	Trinity at Home Salisbury	LSA Pharmacy Salisbury	Total Other Operations
LIABILITIES AND NET ASSETS					
Current Liabilities					
Current maturities of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of split-interest liability	-	-	-	-	-
Accounts payable, trade	37,243	5,306	3,435	4,919	50,903
Accrued salaries and payroll taxes	213,339	16,574	45,347	(58,505)	216,755
Accrued health benefits	26,182	2,342	9,570	-	38,094
Accrued interest payable	-	-	-	-	-
Refundable fees - current	-	-	-	-	-
Deferred revenue from grants and other	133,592	3,333	-	-	136,925
Other accrued liabilities	75,013	415,000	72,694	29,577	592,284
Residents' funds liability	11,884	-	-	-	11,884
Total current liabilities	<u>497,253</u>	<u>442,555</u>	<u>131,046</u>	<u>(24,009)</u>	<u>1,046,845</u>
Long-Term Liabilities					
Long-term debt, less current maturities	31,785	-	-	4,768	36,553
Refundable fees	-	-	-	-	-
Deferred revenue from advance fees	-	-	-	-	-
Pension liability	-	-	-	-	-
Split-interest liability	-	-	-	-	-
Total long-term liabilities	<u>31,785</u>	<u>-</u>	<u>-</u>	<u>4,768</u>	<u>36,553</u>
Total liabilities	529,038	442,555	131,046	(19,241)	1,083,398
Net Assets					
Net Assets without donor restrictions					
Without donor restrictions, undesignated	8,691,108	(26,435)	1,352,656	17,632,711	27,650,040
Without donor restrictions, board designated funds	-	-	-	-	-
Total net assets without donor restrictions	<u>8,691,108</u>	<u>(26,435)</u>	<u>1,352,656</u>	<u>17,632,711</u>	<u>27,650,040</u>
Net assets with donor restrictions	55,648	53,329	3,414	-	112,391
Total net assets	<u>8,746,756</u>	<u>26,894</u>	<u>1,356,070</u>	<u>17,632,711</u>	<u>27,762,431</u>
Total liabilities and net assets	<u>\$ 9,275,794</u>	<u>\$ 469,449</u>	<u>\$ 1,487,116</u>	<u>\$ 17,613,470</u>	<u>\$ 28,845,829</u>

Lutheran Services for the Aging, Inc. and
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	LSA	LSA Management	LSA Foundation	LSA Therapy	DHS	Total Other
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 2,120,697	\$ 5,183,738	\$ 647,118	\$ 1,212,006	\$ 266,283	\$ 9,429,842
Investments	83,506	6,556,830	2,950,960	-	-	9,591,296
Accounts receivable, residents and clients, net	-	-	-	-	-	-
Current portion of other receivables	106,364	3,787,425	75,974	4,727,573	-	8,697,336
Employee retention credit receivables	-	-	-	-	-	-
Inventories	-	9,633	-	-	-	9,633
Prepaid expenses	20	833,055	-	-	2,996	836,071
Residents' funds	-	-	-	-	-	-
Total current assets	<u>2,310,587</u>	<u>16,370,681</u>	<u>3,674,052</u>	<u>5,939,579</u>	<u>269,279</u>	<u>28,564,178</u>
Assets Limited as to Use						
Investments - donor-restricted endowment funds	-	-	3,071,977	-	-	3,071,977
Investments - temporarily restricted	-	-	5,806,876	-	-	5,806,876
Investments - board designated funds	8,805,078	-	-	-	-	8,805,078
Assets limited to use - operating reserve requirement	-	-	-	-	-	-
Assets limited to use - bond funds	-	11,227,029	-	-	-	11,227,029
Assets restricted for investment in property and equipment	-	-	-	-	-	-
Total assets limited as to use	<u>8,805,078</u>	<u>11,227,029</u>	<u>8,878,853</u>	<u>-</u>	<u>-</u>	<u>28,910,960</u>
Property and equipment, net	220,764	959,571	-	-	1,487,751	2,668,086
Assets held for sale	-	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-	-
Other assets	-	23,753,319	-	1,240,664	-	24,993,983
Total assets	<u>\$ 11,336,429</u>	<u>\$ 52,310,600</u>	<u>\$ 12,552,905</u>	<u>\$ 7,180,243</u>	<u>\$ 1,757,030</u>	<u>\$ 85,137,207</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

(Continued)

	LSA	LSA Management	LSA Foundation	LSA Therapy	DHS	Total Other
LIABILITIES AND NET ASSETS						
Current Liabilities						
Current maturities of long-term debt	\$ -	\$ 2,985,000	\$ -	\$ -	\$ 14,202	\$ 2,999,202
Current portion of split-interest liability	-	-	49,000	-	-	49,000
Accounts payable, trade	899	174,976	2,312	-	10,328	188,515
Accrued salaries and payroll taxes	-	611,884	-	-	-	611,884
Accrued health benefits	-	32	-	-	-	32
Accrued interest payable	-	521,034	5,281	-	2,030	528,345
Refundable fees - current	-	43,381	-	-	-	43,381
Deferred revenue from grants and other	-	38,839	-	-	-	38,839
Other accrued liabilities	-	18,544,716	300,100	-	-	18,844,816
Residents' funds liability	-	-	-	-	-	-
Total current liabilities	<u>899</u>	<u>22,919,862</u>	<u>356,693</u>	<u>-</u>	<u>26,560</u>	<u>23,304,014</u>
Long-Term Liabilities						
Long-term debt, less current maturities	-	3,361,129	-	-	617,969	3,979,098
Refundable fees	-	-	-	-	-	-
Deferred revenue from advance fees	-	-	-	-	-	-
Pension liability	-	-	-	-	-	-
Split-interest liability	-	-	453,269	-	-	453,269
Total long-term liabilities	<u>-</u>	<u>3,361,129</u>	<u>453,269</u>	<u>-</u>	<u>617,969</u>	<u>4,432,367</u>
Total liabilities	899	26,280,991	809,962	-	644,529	27,736,381
Net Assets						
Net Assets without donor restrictions						
Without donor restrictions, undesignated	(2,550,088)	25,024,679	10,395,396	7,180,243	1,112,501	41,162,731
Without donor restrictions, board designated funds	8,805,078	-	-	-	-	8,805,078
Total net assets without donor restrictions	<u>6,254,990</u>	<u>25,024,679</u>	<u>10,395,396</u>	<u>7,180,243</u>	<u>1,112,501</u>	<u>49,967,809</u>
Net assets with donor restrictions	<u>5,080,540</u>	<u>1,004,930</u>	<u>1,347,547</u>	<u>-</u>	<u>-</u>	<u>7,433,017</u>
Total net assets	<u>11,335,530</u>	<u>26,029,609</u>	<u>11,742,943</u>	<u>7,180,243</u>	<u>1,112,501</u>	<u>57,400,826</u>
Total liabilities and net assets	<u>\$ 11,336,429</u>	<u>\$ 52,310,600</u>	<u>\$ 12,552,905</u>	<u>\$ 7,180,243</u>	<u>\$ 1,757,030</u>	<u>\$ 85,137,207</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

	LFS Real Properties	Lutheran Family Services in the Carolinas*	Total LFS
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 130,873	\$ 3,725,584	\$ 3,856,457
Investments	2,111	207	2,318
Accounts receivable, residents and clients, net	-	6,181,516	6,181,516
Current portion of other receivables	870,941	181,001	1,051,942
Employee retention credit receivables	-	110,409	110,409
Inventories	-	-	-
Prepaid expenses	-	179,998	179,998
Residents' funds	-	-	-
Total current assets	<u>\$ 1,003,925</u>	<u>\$ 10,378,715</u>	<u>\$ 11,382,640</u>
Assets Limited as to Use			
Investments - donor-restricted endowment funds	-	113,249	113,249
Investments - temporarily restricted	-	508,190	508,190
Investments - board designated funds	-	-	-
Assets limited to use - operating reserve requirement	-	-	-
Assets limited to use - bond funds	-	-	-
Assets restricted for investment in property and equipment	-	-	-
Total assets limited as to use	<u>-</u>	<u>621,439</u>	<u>621,439</u>
Property and equipment, net	1,614,731	462,619	2,077,350
Assets held for sale	-	-	-
Other receivables, less current portion, net	-	-	-
Other assets	<u>-</u>	<u>832,835</u>	<u>832,835</u>
Total assets	<u>\$ 2,618,656</u>	<u>\$ 12,295,608</u>	<u>\$ 14,914,264</u>

*Includes the activity of Mountain Ridge Home, Inc. and Whittecar Home, Inc.

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

(Continued)

	LFS Real Properties	Lutheran Family Services in the Carolinas*	Total LFS
LIABILITIES AND NET ASSETS			
Current Liabilities			
Current maturities of long-term debt	\$ 12,288	\$ 35,607	\$ 47,895
Current portion of split-interest liability	-	-	-
Accounts payable, trade	13,242	3,399,794	3,413,036
Accrued salaries and payroll taxes	-	1,425,656	1,425,656
Accrued health benefits	-	-	-
Accrued interest payable	921	-	921
Refundable fees - current	-	-	-
Deferred revenue from grants and other	-	-	-
Other accrued liabilities	-	1,382,719	1,382,719
Residents' funds liability	-	-	-
Total current liabilities	<u>26,451</u>	<u>6,243,776</u>	<u>6,270,227</u>
Long-Term Liabilities			
Long-term debt, less current maturities	461,557	38,445	500,002
Refundable fees	-	-	-
Deferred revenue from advance fees	-	62,137	62,137
Pension liability	-	-	-
Split-interest liability	-	-	-
Total long-term liabilities	<u>461,557</u>	<u>100,582</u>	<u>562,139</u>
Total liabilities	488,008	6,344,358	6,832,366
Net Assets			
Net Assets without donor restrictions			
Without donor restrictions, undesignated	2,130,648	2,312,399	4,443,047
Without donor restrictions, board designated funds	-	-	-
Total net assets without donor restrictions	<u>2,130,648</u>	<u>2,312,399</u>	<u>4,443,047</u>
Net assets with donor restrictions	-	3,638,851	3,638,851
Total net assets	<u>2,130,648</u>	<u>5,951,250</u>	<u>8,081,898</u>
Total liabilities and net assets	<u>\$ 2,618,656</u>	<u>\$ 12,295,608</u>	<u>\$ 14,914,264</u>

*Includes the activity of Mountain Ridge Home, Inc. and Whittecar Home, Inc.

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

	Total LSA	Total LFS	Eliminations	Total	Obligated Group*	Total Trinity Oaks**	Total Trinity Landing***	Total Trinity Elms ****
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 50,639,057	\$ 3,856,457	\$ -	\$ 54,495,514	\$ 50,639,057	\$ 10,747,067	\$ 7,193,612	\$ 7,327,503
Investments	111,092,671	2,318	-	111,094,989	111,092,671	29,155,368	7,838,715	12,651,907
Accounts receivable, residents and clients, net	17,728,992	6,181,516	-	23,910,508	17,728,992	1,477,366	2,814,934	3,028,282
Current portion of other receivables	26,860,637	1,051,942	(26,700,967)	1,211,612	26,860,637	1,346,797	8,607,162	829,157
Employee retention credit receivables	2,190,621	110,409	-	2,301,030	2,190,621	491,265	235,691	264,531
Inventories	759,268	-	-	759,268	759,268	133,503	98,302	93,531
Prepaid expenses	1,591,319	179,998	-	1,771,317	1,591,319	9,546	744,378	8,385
Residents' funds	257,093	-	-	257,093	257,093	15,455	9,295	24,104
Total current assets	211,119,658	11,382,640	(26,700,967)	195,801,331	211,119,658	43,376,367	27,542,089	24,227,400
Assets Limited as to Use								
Investments - donor-restricted endowment funds	3,071,977	113,249	-	3,185,226	3,071,977	-	-	-
Investments - temporarily restricted	5,806,876	508,190	-	6,315,066	5,806,876	-	-	-
Investments - board designated funds	13,234,327	-	-	13,234,327	13,234,327	2,821,445	-	-
Assets limited to use - operating reserve requirement	5,844,000	-	-	5,844,000	5,844,000	2,315,000	3,287,000	242,000
Assets limited to use - bond funds	11,222,743	-	-	11,222,743	11,222,743	-	(4,286)	-
Assets restricted for investment in property and equipment	-	-	-	-	-	-	-	-
Total assets limited as to use	39,179,923	621,439	-	39,801,362	39,179,923	5,136,445	3,282,714	242,000
Property and equipment, net	227,703,843	2,077,350	-	229,781,193	227,703,843	23,418,634	120,933,897	24,936,738
Assets held for sale	-	-	-	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-	-	-	-
Other assets	25,788,923	832,835	-	26,621,758	25,788,923	-	-	-
Total assets	\$ 503,792,347	\$ 14,914,264	\$ (26,700,967)	\$ 492,005,644	\$ 503,792,347	\$ 71,931,446	\$ 151,758,700	\$ 49,406,138

* The Obligated Group represents the joint and several obligors of the North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (Series 2021A, and Series 2021C). The Obligated Group is comprised of the LSA Organizations

** Total Trinity Oaks represents the sum of Trinity Oaks H&R Salisbury, Lutheran Homes Salisbury Property, and Trinity Oaks RC Salisbury.

*** Total Trinity Landing represents the sum of Trinity Grove Wilmington, Lutheran Home Wilmington Property, and Trinity Landing Wilmington.

**** Total Trinity Elms represents the sum of Lutheran Homes Forsyth County, LSA Elms Property, Trinity Elms H&R, Trinity Elms IL Clemmons, and Trinity Elms AL Clemmons

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

(Continued)

	Total LSA	Total LFS	Eliminations	Total	Obligated Group*	Total Trinity Oaks**	Total Trinity Landing***	Total Trinity Elms ****
LIABILITIES AND NET ASSETS								
Current Liabilities								
Current maturities of long-term debt	\$ 3,208,821	\$ 47,895	\$ -	\$ 3,256,716	\$ 3,208,821	\$ -	\$ 204,283	\$ -
Current portion of split-interest liability	49,000	-	-	49,000	49,000	-	-	-
Accounts payable, trade	2,606,215	3,413,036	(2,825,562)	3,193,689	2,606,215	443,216	346,584	291,047
Accrued salaries and payroll taxes	5,431,152	1,425,656	-	6,856,808	5,431,152	889,995	671,495	554,549
Accrued health benefits	600,499	-	-	600,499	600,499	102,521	84,348	71,536
Accrued interest payable	528,345	921	-	529,266	528,345	-	-	-
Refundable fees - current	701,886	-	-	701,886	701,886	-	643,055	-
Deferred revenue from grants and other	203,467	-	-	203,467	203,467	-	-	133,592
Other accrued liabilities	25,138,384	1,382,719	(23,875,405)	2,645,698	25,138,384	257,586	1,726,379	235,719
Residents' funds liability	257,093	-	-	257,093	257,093	15,455	9,295	24,104
Total current liabilities	<u>38,724,862</u>	<u>6,270,227</u>	<u>(26,700,967)</u>	<u>18,294,122</u>	<u>38,724,862</u>	<u>1,708,773</u>	<u>3,685,439</u>	<u>1,310,547</u>
Long-Term Liabilities								
Long-term debt, less current maturities	161,280,275	500,002	-	161,780,277	161,280,275	4,437,039	87,117,509	27,078,498
Refundable fees	29,443,633	-	-	29,443,633	29,443,633	9,762,539	19,523,426	156,218
Deferred revenue from advance fees	48,173,125	62,137	-	48,235,262	48,173,125	8,111,492	40,024,849	-
Pension liability	124,095	-	-	124,095	124,095	-	-	-
Split-interest liability	453,269	-	-	453,269	453,269	-	-	-
Total long-term liabilities	<u>239,474,397</u>	<u>562,139</u>	<u>-</u>	<u>240,036,536</u>	<u>239,474,397</u>	<u>22,311,070</u>	<u>146,665,784</u>	<u>27,234,716</u>
Total liabilities	278,199,259	6,832,366	(26,700,967)	258,330,658	278,199,259	24,019,843	150,351,223	28,545,263
Net Assets								
Net Assets without donor restrictions								
Without donor restrictions, undesignated	201,097,689	4,443,047	-	205,540,736	201,097,689	43,737,829	1,338,642	20,785,072
Without donor restrictions, board designated funds	13,234,327	-	-	13,234,327	13,234,327	2,821,445	-	-
Total net assets without donor restrictions	<u>214,332,016</u>	<u>4,443,047</u>	<u>-</u>	<u>218,775,063</u>	<u>214,332,016</u>	<u>46,559,274</u>	<u>1,338,642</u>	<u>20,785,072</u>
Net assets with donor restrictions								
Total net assets	<u>225,593,088</u>	<u>8,081,898</u>	<u>-</u>	<u>233,674,986</u>	<u>225,593,088</u>	<u>47,911,603</u>	<u>1,407,477</u>	<u>20,860,875</u>
Total liabilities and net assets	<u>\$ 503,792,347</u>	<u>\$ 14,914,264</u>	<u>\$ (26,700,967)</u>	<u>\$ 492,005,644</u>	<u>\$ 503,792,347</u>	<u>\$ 71,931,446</u>	<u>\$ 151,758,700</u>	<u>\$ 49,406,138</u>

* The Obligated Group represents the joint and several obligors of the North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (Series 2021A, and Series 2021C). The Obligated Group is comprised of the LSA Organizations

** Total Trinity Oaks represents the sum of Trinity Oaks H&R Salisbury, Lutheran Homes Salisbury Property, and Trinity Oaks RC Salisbury.

*** Total Trinity Landing represents the sum of Trinity Grove Wilmington, Lutheran Home Wilmington Property, and Trinity Landing Wilmington.

**** Total Trinity Elms represents the sum of Lutheran Homes Forsyth County, LSA Elms Property, Trinity Elms H&R, Trinity Elms IL Clemmons, and Trinity Elms AL Clemmons

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Statements of Operations and Changes
in Net Assets (Deficit)
Year Ended September 30, 2025

	Trinity Place Albemarle	Trinity Village Hickory	Trinity Ridge Hickory	Trinity Oaks H&R Salisbury	Trinity Grove Wilmington	Trinity Glen Winston-Salem	Trinity Elms H&R Clemmons	GlenFlora	Aston Park	Total Nursing
Changes in Net Assets Without Donor Restrictions										
Revenues and Other Support										
Net service revenue	\$ 10,722,783	\$ 18,618,769	\$ 16,082,076	\$ 16,559,896	\$ 13,957,224	\$ 14,607,242	\$ 13,724,707	\$ 6,847,180	\$ 16,034,818	\$ 127,154,695
Amortization of deferred entrance fees	-	-	-	-	-	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-	-	-	-	-	-
Federal grants and other	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions										
for operating purposes	16,980	9,714	-	56,239	5,229	-	-	-	72,595	160,757
Management fees	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	1,150	-	2,534	-	-	-	-	-	3,684
Other revenue	22,893	83,130	69,730	64,667	26,185	35,901	51,321	25,715	28,610	408,152
Total revenue	<u>10,762,656</u>	<u>18,712,763</u>	<u>16,151,806</u>	<u>16,683,336</u>	<u>13,988,638</u>	<u>14,643,143</u>	<u>13,776,028</u>	<u>6,872,895</u>	<u>16,136,023</u>	<u>127,727,288</u>
Expenses										
Salaries and wages	5,758,096	10,125,342	7,941,377	8,528,048	6,826,872	6,853,464	5,839,088	3,356,814	8,417,192	63,646,293
Employee benefits	1,020,225	1,763,471	1,342,049	1,466,926	1,128,772	1,100,779	932,464	709,443	1,531,996	10,996,125
Supplies and other	3,311,770	5,946,989	5,779,938	5,875,793	5,795,859	4,308,254	5,981,472	2,371,299	4,154,346	43,525,720
Medicaid bed provider assessment	619,071	839,986	943,667	-	-	1,014,124	-	423,278	1,010,051	4,850,177
Marketing expense	5,831	7,266	11,756	15,808	2,755	1,996	3,227	4,496	27,437	80,572
Depreciation and amortization	87,081	138,082	72,700	116,206	74,679	74,248	104,391	191,460	305,433	1,164,280
Interest expense	5,073	8,294	-	4,979	1,432	60	-	-	-	19,838
Total operating costs and expenses	<u>10,807,147</u>	<u>18,829,430</u>	<u>16,091,487</u>	<u>16,007,760</u>	<u>13,830,369</u>	<u>13,352,925</u>	<u>12,860,642</u>	<u>7,056,790</u>	<u>15,446,455</u>	<u>124,283,005</u>
Operating Income (Loss)	(44,491)	(116,667)	60,319	675,576	158,269	1,290,218	915,386	(183,895)	689,568	3,444,283
Nonoperating Gains (Losses)										
Investment income	324,366	544,086	262,380	929,220	442,608	399,544	376,912	73,753	343,970	3,696,839
Net unrealized gains on investments	336,155	484,299	53,162	1,555,383	8,895	22,352	202,744	181,114	1,272,675	4,116,779
Net gain (loss) on disposal of property and equipment	(27,396)	-	-	(2,465)	-	-	-	-	386,318	356,457
Contributions	117,089	232,099	8,507	9,105	30,050	6,729	50,475	172,360	113,110	739,524
Total nonoperating gains (losses)	<u>750,214</u>	<u>1,260,484</u>	<u>324,049</u>	<u>2,491,243</u>	<u>481,553</u>	<u>428,625</u>	<u>630,131</u>	<u>427,227</u>	<u>2,116,073</u>	<u>8,909,599</u>
Excess (Deficit) of Revenues Over Expenses	<u>705,723</u>	<u>1,143,817</u>	<u>384,368</u>	<u>3,166,819</u>	<u>639,822</u>	<u>1,718,843</u>	<u>1,545,517</u>	<u>243,332</u>	<u>2,805,641</u>	<u>12,353,882</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Statements of Operations and Changes
in Net Assets (Deficit)
Year Ended September 30, 2025

(Continued)

	Trinity Place Albemarle	Trinity Village Hickory	Trinity Ridge Hickory	Trinity Oaks H&R Salisbury	Trinity Grove Wilmington	Trinity Glen Winston-Salem	Trinity Elms H&R Clemmons	GlenFlora	Aston Park	Total Nursing
Excess (Deficit) of Revenue Over Expenses	\$ 705,723	\$ 1,143,817	\$ 384,368	\$ 3,166,819	\$ 639,822	\$ 1,718,843	\$ 1,545,517	\$ 243,332	\$ 2,805,641	\$ 12,353,882
Other changes net assets without donor restrictions										
Net assets released from restrictions for capital	16,833	-	8,333	-	-	-	8,333	-	-	33,499
Change in net assets without donor restrictions	<u>722,556</u>	<u>1,143,817</u>	<u>392,701</u>	<u>3,166,819</u>	<u>639,822</u>	<u>1,718,843</u>	<u>1,553,850</u>	<u>243,332</u>	<u>2,805,641</u>	<u>12,387,381</u>
Changes in Net Assets with Donor Restrictions										
Contributions and grants	18,983	2,285	14,858	24,345	25,350	325	8,788	-	91,535	186,469
Investment income	-	-	-	-	-	-	3	-	-	3
Net unrealized gains (losses) on investments	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	(33,813)	(9,714)	(8,333)	(56,239)	(5,229)	-	(8,333)	-	(72,595)	(194,256)
Change in net assets with donor restrictions:	<u>(14,830)</u>	<u>(7,429)</u>	<u>6,525</u>	<u>(31,894)</u>	<u>20,121</u>	<u>325</u>	<u>458</u>	<u>-</u>	<u>18,940</u>	<u>(7,784)</u>
Change in Net Assets	707,726	1,136,388	399,226	3,134,925	659,943	1,719,168	1,554,308	243,332	2,824,581	12,379,597
Net Assets at Beginning of Year	6,168,958	9,734,587	5,949,280	22,179,767	5,000,394	1,969,498	6,204,568	6,124,338	18,991,924	82,323,314
Net Assets at End of Year	<u>\$ 6,876,684</u>	<u>\$ 10,870,975</u>	<u>\$ 6,348,506</u>	<u>\$ 25,314,692</u>	<u>\$ 5,660,337</u>	<u>\$ 3,688,666</u>	<u>\$ 7,758,876</u>	<u>\$ 6,367,670</u>	<u>\$ 21,816,505</u>	<u>\$ 94,702,911</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

	Lutheran Home Albemarle Property	Lutheran Home Hickory Property	Lutheran Home Hickory West Property	Lutheran Home Salisbury Property	Lutheran Home Wilmington Property	Lutheran Home Winston-Salem Property	Lutheran Home Forsyth County Property	LSA Elms Property	Lutheran Services Property	Total Property
Changes in Net Assets Without Donor Restrictions										
Revenues and Other Support										
Net service revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of deferred entrance fees	-	-	-	-	-	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-	-	-	-	-	-
Federal grants and other	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for operating purposes	-	-	-	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-	-	-	-
Other revenue	385,000	1,506,000	820,000	653,600	750,000	650,412	700,000	885,000	153,000	6,503,012
Total revenue	<u>385,000</u>	<u>1,506,000</u>	<u>820,000</u>	<u>653,600</u>	<u>750,000</u>	<u>650,412</u>	<u>700,000</u>	<u>885,000</u>	<u>153,000</u>	<u>6,503,012</u>
Expenses										
Salaries and wages	-	-	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-	-	-
Supplies and other	30,767	36,979	34,197	40,045	54,633	32,002	47,601	25,263	28,588	330,075
Medicaid bed provider assessment	-	-	-	-	-	-	-	-	-	-
Marketing expense	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	602,582	662,302	379,612	454,884	260,855	246,471	363,809	321,439	110,519	3,402,473
Interest expense	138,908	835,225	393,586	45,051	414,511	278,152	347,107	255,079	537	2,708,156
Total operating costs and expenses	<u>772,257</u>	<u>1,534,506</u>	<u>807,395</u>	<u>539,980</u>	<u>729,999</u>	<u>556,625</u>	<u>758,517</u>	<u>601,781</u>	<u>139,644</u>	<u>6,440,704</u>
Operating Income (Loss)	(387,257)	(28,506)	12,605	113,620	20,001	93,787	(58,517)	283,219	13,356	62,308
Nonoperating Gains (Losses)										
Investment income	38,549	-	205,777	189,966	1,109	10,179	21,100	51,494	11,398	529,572
Net unrealized gains on investments	94,662	-	505,322	466,497	2,725	24,998	51,815	126,454	27,989	1,300,462
Net gain (loss) on disposal of property and equipment	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Total nonoperating gains (losses)	<u>133,211</u>	<u>-</u>	<u>711,099</u>	<u>656,463</u>	<u>3,834</u>	<u>35,177</u>	<u>72,915</u>	<u>177,948</u>	<u>39,387</u>	<u>1,830,034</u>
Excess (Deficit) of Revenues Over Expenses	(254,046)	(28,506)	723,704	770,083	23,835	128,964	14,398	461,167	52,743	1,892,342

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

(Continued)

	Lutheran Home Albemarle Property	Lutheran Home Hickory Property	Lutheran Home Hickory West Property	Lutheran Home Salisbury Property	Lutheran Home Wilmington Property	Lutheran Home Winston-Salem Property	Lutheran Home Forsyth County Property	LSA Elms Property	Lutheran Services Property	Total Property
Excess (Deficit) of Revenue Over Expenses	\$ (254,046)	\$ (28,506)	\$ 723,704	\$ 770,083	\$ 23,835	\$ 128,964	\$ 14,398	\$ 461,167	\$ 52,743	\$ 1,892,342
Other changes net assets without donor restrictions										
Net assets released from restrictions for capital	-	-	-	-	-	-	-	-	-	-
Change in net assets without donor restrictions	(254,046)	(28,506)	723,704	770,083	23,835	128,964	14,398	461,167	52,743	1,892,342
Changes in Net Assets with Donor Restrictions										
Contributions and grants	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-
Net unrealized gains (losses) on investments	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-
Change in net assets with donor restrictions:	-	-	-	-	-	-	-	-	-	-
Change in Net Assets	(254,046)	(28,506)	723,704	770,083	23,835	128,964	14,398	461,167	52,743	1,892,342
Net Assets at Beginning of Year	3,607,974	3,610,967	5,339,918	10,559,981	(2,968,199)	(1,936,367)	359,617	1,725,486	2,110,146	22,409,523
Net Assets at End of Year	<u>\$ 3,353,928</u>	<u>\$ 3,582,461</u>	<u>\$ 6,063,622</u>	<u>\$ 11,330,064</u>	<u>\$ (2,944,364)</u>	<u>\$ (1,807,403)</u>	<u>\$ 374,015</u>	<u>\$ 2,186,653</u>	<u>\$ 2,162,889</u>	<u>\$ 24,301,865</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Village IL	Trinity Elms IL Clemmons	Total Retirement
Changes in Net Assets Without Donor Restrictions						
Revenues and Other Support						
Net service revenue	\$ 10,297,146	\$ 4,557,980	\$ 13,869,397	\$ 271,450	\$ 1,460,540	\$ 30,456,513
Amortization of deferred entrance fees	1,439,133	-	4,965,359	-	-	6,404,492
Service fees - state, county and other	-	-	-	-	-	-
Federal grants and other	-	-	-	-	-	-
Net assets released from restrictions						
for operating purposes	81,878	27,880	3,077	-	-	112,835
Management fees	-	-	-	-	-	-
In-kind contributions	2,212	-	2,641	-	-	4,853
Other revenue	267,966	340,217	213,149	207	262	821,801
Total revenue	<u>12,088,335</u>	<u>4,926,077</u>	<u>19,053,623</u>	<u>271,657</u>	<u>1,460,802</u>	<u>37,800,494</u>
Expenses						
Salaries and wages	4,230,872	1,760,667	4,054,703	77,262	96,484	10,219,988
Employee benefits	865,576	310,936	695,834	25,816	10,524	1,908,686
Supplies and other	3,523,500	1,432,570	5,110,683	1,018,729	352,865	11,438,347
Medicaid bed provider assessment	-	-	-	-	-	-
Marketing expense	250,254	22,451	128,891	39,874	2,265	443,735
Depreciation and amortization	1,791,392	319,630	3,553,330	-	304,462	5,968,814
Interest expense	114,013	51,117	2,756,194	-	382,480	3,303,804
Total operating costs and expenses	<u>10,775,607</u>	<u>3,897,371</u>	<u>16,299,635</u>	<u>1,161,681</u>	<u>1,149,080</u>	<u>33,283,374</u>
Operating Income (Loss)	1,312,728	1,028,706	2,753,988	(890,024)	311,722	4,517,120
Nonoperating Gains (Losses)						
Investment income	523,544	188,816	208,537	-	95,441	1,016,338
Net unrealized gains on investments	689,265	343,511	781,442	-	213,960	2,028,178
Net gain (loss) on disposal of property and equipment	(12,902)	5,891	-	-	-	(7,011)
Contributions	5,278	1,350	-	-	-	6,628
Total nonoperating gains (losses)	<u>1,205,185</u>	<u>539,568</u>	<u>989,979</u>	<u>-</u>	<u>309,401</u>	<u>3,044,133</u>
Excess (Deficit) of Revenues Over Expenses	<u>2,517,913</u>	<u>1,568,274</u>	<u>3,743,967</u>	<u>(890,024)</u>	<u>621,123</u>	<u>7,561,253</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

(Continued)

	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Village IL	Trinity Elms IL Clemmons	Total Retirement
Excess (Deficit) of Revenue Over Expenses	\$ 2,517,913	\$ 1,568,274	\$ 3,743,967	\$ (890,024)	\$ 621,123	\$ 7,561,253
Other changes net assets without donor restrictions						-
Net assets released from restrictions for capital	199,766	-	-	-	-	199,766
Change in net assets without donor restrictions	<u>2,717,679</u>	<u>1,568,274</u>	<u>3,743,967</u>	<u>(890,024)</u>	<u>621,123</u>	<u>7,761,019</u>
Changes in Net Assets with Donor Restrictions						
Contributions and grants	95,985	28,800	7,078	-	-	131,863
Investment income	-	-	-	-	-	-
Net unrealized gains (losses) on investments	-	-	-	-	-	-
Net assets released from restrictions	(281,644)	(27,880)	(3,077)	-	-	(312,601)
Change in net assets with donor restrictions:	<u>(185,659)</u>	<u>920</u>	<u>4,001</u>	<u>-</u>	<u>-</u>	<u>(180,738)</u>
Change in Net Assets	2,532,020	1,569,194	3,747,968	(890,024)	621,123	7,580,281
Net Assets at Beginning of Year	8,734,827	8,992,959	(5,056,464)	-	1,173,452	13,844,774
Net Assets at End of Year	<u>\$ 11,266,847</u>	<u>\$ 10,562,153</u>	<u>\$ (1,308,496)</u>	<u>\$ (890,024)</u>	<u>\$ 1,794,575</u>	<u>\$ 21,425,055</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

	Trinity Elms AL Clemmons	Trinity Living Center Salisbury	Trinity at Home Salisbury	LSA Pharmacy Salisbury	Total Other Operations
Changes in Net Assets Without Donor Restrictions					
Revenues and Other Support					
Net service revenue	\$ 5,889,652	\$ 381,753	\$ -	\$ -	\$ 6,271,405
Amortization of deferred entrance fees	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-
Federal grants and other	-	-	-	-	-
Net assets released from restrictions for operating purposes	-	13,070	345	-	13,415
Management fees	-	-	-	214,737	214,737
In-kind contributions	3,500	5,155	-	-	8,655
Other revenue	20,408	1,206	973,754	926	996,294
Total revenue	<u>5,913,560</u>	<u>401,184</u>	<u>974,099</u>	<u>215,663</u>	<u>7,504,506</u>
Expenses					
Salaries and wages	2,977,318	355,368	664,752	(53,817)	3,943,621
Employee benefits	475,771	85,448	120,338	(2,633)	678,924
Supplies and other	2,320,008	172,198	97,469	32,847	2,622,522
Medicaid bed provider assessment	-	-	-	-	-
Marketing expense	6,387	1,119	3,723	-	11,229
Depreciation and amortization	40,628	8,996	-	-	49,624
Interest expense	1,229	-	-	180	1,409
Total operating costs and expenses	<u>5,821,341</u>	<u>623,129</u>	<u>886,282</u>	<u>(23,423)</u>	<u>7,307,329</u>
Operating Income (Loss)	92,219	(221,945)	87,817	239,086	197,177
Nonoperating Gains (Losses)					
Investment income	341,892	27,385	85,937	401,783	856,997
Net unrealized gains on investments	436,649	20,747	46,986	1,037,182	1,541,564
Net gain (loss) on disposal of property and equipment	(10,370)	(214)	-	-	(10,584)
Contributions	707	42,534	50	-	43,291
Total nonoperating gains (losses)	<u>768,878</u>	<u>90,452</u>	<u>132,973</u>	<u>1,438,965</u>	<u>2,431,268</u>
Excess (Deficit) of Revenues Over Expenses	<u>861,097</u>	<u>(131,493)</u>	<u>220,790</u>	<u>1,678,051</u>	<u>2,628,445</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

(Continued)

	Trinity Elms AL Clemmons	Trinity Living Center Salisbury	Trinity at Home Salisbury	LSA Pharmacy Salisbury	Total Other Operations
Excess (Deficit) of Revenue Over Expenses	\$ 861,097	\$ (131,493)	\$ 220,790	\$ 1,678,051	\$ 2,628,445
Other changes net assets without donor restrictions					
Net assets released from restrictions for capital	-	-	-	-	-
Change in net assets without donor restrictions	<u>861,097</u>	<u>(131,493)</u>	<u>220,790</u>	<u>1,678,051</u>	<u>2,628,445</u>
Changes in Net Assets with Donor Restrictions					
Contributions and grants	1,395	31,150	-	-	32,545
Investment income	-	-	-	-	-
Net unrealized gains (losses) on investments	-	-	-	-	-
Net assets released from restrictions	-	(13,070)	(345)	-	(13,415)
Change in net assets with donor restrictions:	<u>1,395</u>	<u>18,080</u>	<u>(345)</u>	<u>-</u>	<u>19,130</u>
Change in Net Assets	862,492	(113,413)	220,445	1,678,051	2,647,575
Net Assets at Beginning of Year	7,884,264	140,307	1,135,625	15,954,660	25,114,856
Net Assets at End of Year	<u>\$ 8,746,756</u>	<u>\$ 26,894</u>	<u>\$ 1,356,070</u>	<u>\$ 17,632,711</u>	<u>\$ 27,762,431</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

	LSA	LSA Management	LSA Foundation	LSA Therapy	DHS	Total Other
Changes in Net Assets Without Donor Restrictions						
Revenues and Other Support						
Net service revenue	\$ -	\$ -	\$ 1,139	\$ -	\$ 1,036	\$ 2,175
Amortization of deferred entrance fees	-	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-	-
Federal grants and other	-	-	-	-	-	-
Net assets released from restrictions						
for operating purposes	14,912	-	52,668	-	-	67,580
Management fees	-	12,343,351	-	-	-	12,343,351
In-kind contributions	-	-	-	-	-	-
Other revenue	38	102,638	346	-	273,535	376,557
Total revenue	14,950	12,445,989	54,153	-	274,571	12,789,663
Expenses						
Salaries and wages	-	7,036,355	-	-	42,224	7,078,579
Employee benefits	-	1,068,853	-	-	-	1,068,853
Supplies and other	215,852	3,920,289	26,854	1,000	206,412	4,370,407
Medicaid bed provider assessment	-	-	-	-	-	-
Marketing expense	-	106,954	-	-	-	106,954
Depreciation and amortization	-	164,935	-	-	80,600	245,535
Interest expense	37	57,888	-	-	29,492	87,417
Total operating costs and expenses	215,889	12,355,274	26,854	1,000	358,728	12,957,745
Operating Income (Loss)	(200,939)	90,715	27,299	(1,000)	(84,157)	(168,082)
Nonoperating Gains (Losses)						
Investment income	483,359	7,324,279	103,639	1,053,428	162	8,964,867
Net unrealized gains on investments	538,858	342,406	253,379	-	-	1,134,643
Net gain (loss) on disposal of property and equipment	-	-	-	-	-	-
Contributions	41,294	10,650	(25,729)	-	-	26,215
Total nonoperating gains (losses)	1,063,511	7,677,335	331,289	1,053,428	162	10,125,725
Excess (Deficit) of Revenues Over Expenses	862,572	7,768,050	358,588	1,052,428	(83,995)	9,957,643

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

(Continued)

	LSA	LSA Management	LSA Foundation	LSA Therapy	DHS	Total Other
Excess (Deficit) of Revenue Over Expenses	\$ 862,572	\$ 7,768,050	\$ 358,588	\$ 1,052,428	\$ (83,995)	\$ 9,957,643
Other changes net assets without donor restrictions						
Net assets released from restrictions for capital	-	-	-	-	-	-
Change in net assets without donor restrictions	<u>862,572</u>	<u>7,768,050</u>	<u>358,588</u>	<u>1,052,428</u>	<u>(83,995)</u>	<u>9,957,643</u>
Changes in Net Assets with Donor Restrictions						
Contributions and grants	18,363	-	9,833	-	-	28,196
Investment income	-	308,707	(54,496)	-	-	254,211
Net unrealized gains (losses) on investments	-	-	735,355	-	-	735,355
Net assets released from restrictions	<u>(14,912)</u>	<u>-</u>	<u>(52,668)</u>	<u>-</u>	<u>-</u>	<u>(67,580)</u>
Change in net assets with donor restrictions:	<u>3,451</u>	<u>308,707</u>	<u>638,024</u>	<u>-</u>	<u>-</u>	<u>950,182</u>
Change in Net Assets	866,023	8,076,757	996,612	1,052,428	(83,995)	10,907,825
Net Assets at Beginning of Year	10,469,507	17,952,852	10,746,331	6,127,815	1,196,496	46,493,001
Net Assets at End of Year	<u>\$ 11,335,530</u>	<u>\$ 26,029,609</u>	<u>\$ 11,742,943</u>	<u>\$ 7,180,243</u>	<u>\$ 1,112,501</u>	<u>\$ 57,400,826</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

	LFS Real Properties	Lutheran Family Services in the Carolinas*	Total LFS
Changes in Net Assets Without Donor Restrictions			
Revenues and Other Support			
Net service revenue	\$ -	\$ 8,904,811	\$ 8,904,811
Amortization of deferred entrance fees	-	-	-
Service fees - state, county and other	-	10,538,776	10,538,776
Federal grants and other	-	14,402,883	14,402,883
Net assets released from restrictions			
for operating purposes	-	1,594,786	1,594,786
Management fees	-	-	-
In-kind contributions	-	675,041	675,041
Other revenue	198,885	412,287	611,172
Total revenue	<u>198,885</u>	<u>36,528,584</u>	<u>36,727,469</u>
Expenses			
Salaries and wages	5,906	16,128,398	16,134,304
Employee benefits	-	3,149,027	3,149,027
Supplies and other	49,493	18,191,101	18,240,594
Medicaid bed provider assessment	-	115,238	115,238
Marketing expense	-	70,109	70,109
Depreciation and amortization	102,039	149,174	251,213
Interest expense	22,867	6,852	29,719
Total operating costs and expenses	<u>180,305</u>	<u>37,809,899</u>	<u>37,990,204</u>
Operating Income (Loss)	18,580	(1,281,315)	(1,262,735)
Nonoperating Gains (Losses)			
Investment income	35	400,652	400,687
Net unrealized gains on investments	-	-	-
Net gain (loss) on disposal of property and equipment	-	-	-
Contributions	-	851,443	851,443
Total nonoperating gains (losses)	<u>35</u>	<u>1,252,095</u>	<u>1,252,130</u>
Excess (Deficit) of Revenues Over Expenses	<u>18,615</u>	<u>(29,220)</u>	<u>(10,605)</u>

*Includes the activity of Mountain Ridge Home, Inc. and Whittecar Home, Inc.

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

(Continued)

	LFS Real Properties	Lutheran Family Services in the Carolinas*	Total LFS
Excess (Deficit) of Revenue Over Expenses	\$ 18,615	\$ (29,220)	\$ (10,605)
Other changes net assets without donor restrictions			
Net assets released from restrictions for capital	-	31,650	31,650
Change in net assets without donor restrictions	18,615	2,430	21,045
Changes in Net Assets with Donor Restrictions			
Contributions and grants	-	2,644,393	2,644,393
Investment income	-	11,325	11,325
Net unrealized gains (losses) on investments	-	50,004	50,004
Net assets released from restrictions	-	(1,626,436)	(1,626,436)
Change in net assets with donor restrictions:	-	1,079,286	1,079,286
Change in Net Assets	18,615	1,081,716	1,100,331
Net Assets at Beginning of Year	2,112,033	4,869,534	6,981,567
Net Assets at End of Year	<u>\$ 2,130,648</u>	<u>\$ 5,951,250</u>	<u>\$ 8,081,898</u>

*Includes the activity of Mountain Ridge Home, Inc. and Whittecar Home, Inc.

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

	Total LSA	Total LFS	Eliminations	Total	Obligated Group*	Total Trinity Oaks**	Total Trinity Landing***	Total Trinity Elms ****
Changes in Net Assets Without Donor Restrictions								
Revenues and Other Support								
Net service revenue	\$ 163,884,788	\$ 8,904,811		\$ 172,789,599	\$ 163,884,788	\$ 26,857,042	\$ 27,826,621	\$ 21,074,899
Amortization of deferred entrance fees	6,404,492	-		6,404,492	6,404,492	1,439,133	4,965,359	-
Service fees - state, county and other	-	10,538,776		10,538,776	-	-	-	-
Federal grants and other	-	14,402,883		14,402,883	-	-	-	-
Net assets released from restrictions								
for operating purposes	354,587	1,594,786		1,949,373	354,587	138,117	8,306	-
Management fees	12,558,088	-	(10,812,819)	1,745,269	4,986,253	-	-	-
In-kind contributions	17,192	675,041	-	692,233	17,192	4,746	2,641	3,500
Other revenue	9,105,816	611,172	(6,275,402)	3,441,586	2,830,414	986,233	989,334	1,656,991
Total revenue	192,324,963	36,727,469	(17,088,221)	211,964,211	178,477,726	29,425,271	33,792,261	22,735,390
Expenses								
Salaries and wages	84,888,481	16,134,304	-	101,022,785	84,888,481	12,758,920	10,881,575	8,912,890
Employee benefits	14,652,588	3,149,027	-	17,801,615	14,652,588	2,332,502	1,824,606	1,418,759
Supplies and other	62,287,071	18,240,594	(17,088,221)	63,439,444	48,439,834	9,439,338	10,961,175	8,727,209
Medicaid bed provider assessment	4,850,177	115,238	-	4,965,415	4,850,177	-	-	-
Marketing expense	642,490	70,109	-	712,599	642,490	266,062	131,646	11,879
Depreciation and amortization	10,830,726	251,213	-	11,081,939	10,830,726	2,362,482	3,888,864	1,134,729
Interest expense	6,120,624	29,719	(1,541)	6,148,802	6,119,083	164,043	3,172,137	985,895
Total operating costs and expenses	184,272,157	37,990,204	(17,089,762)	205,172,599	170,423,379	27,323,347	30,860,003	21,191,361
Operating Income (Loss)	8,052,806	(1,262,735)	1,541	6,791,612	8,054,347	2,101,924	2,932,258	1,544,029
Nonoperating Gains (Losses)								
Investment income	15,064,613	400,687	(1,541)	15,463,759	15,063,072	1,642,730	652,254	886,839
Net unrealized gains on investments	10,121,626	-	-	10,121,626	10,121,626	2,711,145	793,062	1,031,622
Net gain (loss) on disposal of property and equipment	338,862	-	-	338,862	338,862	(15,367)	-	(10,370)
Contributions	815,658	851,443	-	1,667,101	815,658	14,383	30,050	51,182
Total nonoperating gains (losses)	26,340,759	1,252,130	(1,541)	27,591,348	26,339,218	4,352,891	1,475,366	1,959,273
Excess (Deficit) of Revenues Over Expenses	34,393,565	(10,605)	-	34,382,960	34,393,565	6,454,815	4,407,624	3,503,302

* The Obligated Group represents the joint and several obligors of the North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (Series 2021A, and Series 2021C). The Obligated Group is comprised of the LSA Organizations

** Total Trinity Oaks represents the sum of Trinity Oaks H&R Salisbury, Lutheran Homes Salisbury Property, and Trinity Oaks RC Salisbury.

*** Total Trinity Landing represents the sum of Trinity Grove Wilmington, Lutheran Home Wilmington Property, and Trinity Landing Wilmington.

**** Total Trinity Elms represents the sum of Luther Homes Forsyth County, LSA Elms Property, Trinity Elms H&R, Trinity Elms IL Clemmons, and Trinity Elms AL Clemmons

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affilia
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2025

(Continued)

	Total LSA	Total LFS	Eliminations	Total	Obligated Group*	Total Trinity Oaks**	Total Trinity Landing***	Total Trinity Elms ****
Excess (Deficit) of Revenue Over Expenses	\$ 34,393,565	\$ (10,605)	\$ -	\$ 34,382,960	\$ 34,393,565	\$ 6,454,815	\$ 4,407,624	\$ 3,503,302
Other changes net assets without donor restrictions						-	-	-
Net assets released from restrictions for capital	233,265	31,650	-	264,915	233,265	199,766	-	8,333
Change in net assets without donor restrictions	34,626,830	21,045	-	34,647,875	34,626,830	6,654,581	4,407,624	3,511,635
Changes in Net Assets with Donor Restrictions								
Contributions and grants	379,073	2,644,393	-	3,023,466	379,073	120,330	32,428	10,183
Investment income	254,214	11,325	-	265,539	254,214	-	-	3
Net unrealized gains (losses) on investments	735,355	50,004	-	785,359	735,355	-	-	-
Net assets released from restrictions	(587,852)	(1,626,436)	-	(2,214,288)	(587,852)	(337,883)	(8,306)	(8,333)
Change in net assets with donor restrictions:	780,790	1,079,286	-	1,860,076	780,790	(217,553)	24,122	1,853
Change in Net Assets	35,407,620	1,100,331	-	36,507,951	35,407,620	6,437,028	4,431,746	3,513,488
Net Assets at Beginning of Year	190,185,468	6,981,567	-	197,167,035	190,185,468	41,474,575	(3,024,269)	17,347,387
Net Assets at End of Year	<u>\$ 225,593,088</u>	<u>\$ 8,081,898</u>	<u>\$ -</u>	<u>\$ 233,674,986</u>	<u>\$ 225,593,088</u>	<u>\$ 47,911,603</u>	<u>\$ 1,407,477</u>	<u>\$ 20,860,875</u>

* The Obligated Group represents the joint and several obligers of the North Carolina Medical Care Commission Health Care Facilities First Mortgage Revenue Refunding Bonds (Series 2021A, and Series 2021C). The Obligated Group is comprised of the LSA Organizations

** Total Trinity Oaks represents the sum of Trinity Oaks H&R Salisbury, Lutheran Homes Salisbury Property, and Trinity Oaks RC Salisbury.

*** Total Trinity Landing represents the sum of Trinity Grove Wilmington, Lutheran Home Wilmington Property, and Trinity Landing Wilmington.

**** Total Trinity Elms represents the sum of Luther Homes Forsyth County, LSA Elms Property, Trinity Elms H&R, Trinity Elms IL Clemmons, and Trinity Elms AL Clemmons

Appendix B — Five-Year Prospective Financial Statements

**LUTHERAN RETIREMENT CENTER – CLEMMONS, INC.
LSA ELMS AT TANGLEWOOD, INC.
LSA ELMS PROPERTY, INC.
LUTHERAN HOME – FORSYTH COUNTY, INC.
LUTHERAN HOME FORSYTH COUNTY PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY ELMS**

**FORECASTED COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' COMPILATION
REPORT**

**FOR THE YEARS ENDING SEPTEMBER 30, 2026 THROUGH
SEPTEMBER 30, 2030**



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Trustees

Lutheran Retirement Center – Clemmons, Inc.
LSA Elms at Tanglewood, Inc.
LSA Elms Property, Inc.
Lutheran Home – Forsyth County, Inc.
Lutheran Home Forsyth County Property, Inc.
Salisbury, North Carolina

Management is responsible for the accompanying forecasted combined financial statements of Lutheran Retirement Center – Clemmons, Inc., LSA Elms at Tanglewood, Inc., LSA Elms Property, Inc., Lutheran Home – Forsyth County, Inc., and Lutheran Home Forsyth County Property, Inc., collectively d/b/a Trinity Elms (“Trinity Elms”), which comprise the forecasted combined balance sheets as of September 30, 2026, 2027, 2028, 2029 and 2030, the forecasted combined statements of operations and changes in net assets, forecasted cash flows for the years then ending, and the related summaries of significant Forecast assumptions and accounting policies in accordance with the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (“AICPA”). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecasted combined financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these forecasted financial statements or the assumptions.

Furthermore, the forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying supplementary information contained in the Supplemental Schedule of Detailed Operating Expenses by Entity is presented for purposes of additional analysis and is not a required part of the Forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

The accompanying Forecast information and this report are intended solely for the information and use of management, the Board of Trustees, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64A and is included in Trinity Elms’ disclosure statement filing), and are not intended to be and should not be used by anyone other than these specified parties.

Board of Trustees
Lutheran Retirement Center – Clemmons, Inc.
LSA Elms at Tanglewood, Inc.
LSA Elms Property, Inc.
Lutheran Home – Forsyth County, Inc.
Lutheran Home Forsyth County Property, Inc.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 10, 2026

**LUTHERAN RETIREMENT CENTER – CLEMMONS, INC.
LSA ELMS AT TANGLEWOOD, INC.
LSA ELMS PROPERTY, INC.
LUTHERAN HOME – FORSYTH COUNTY, INC.
LUTHERAN HOME FORSYTH COUNTY PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY ELMS
FORECASTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)**

	2026	2027	2028	2029	2030
Revenues and Other Support					
Patient Service Revenues:					
Monthly Fee Revenues	\$ 1,412	\$ 1,455	\$ 1,498	\$ 1,543	\$ 1,590
Health Care Revenues - Assisted Living and Nursing	20,031	20,520	21,062	21,616	22,188
Other Operating Revenue	77	79	81	84	86
Total Operating Revenue	<u>21,520</u>	<u>22,054</u>	<u>22,641</u>	<u>23,243</u>	<u>23,864</u>
Expenses					
Salaries and Wages	9,900	10,197	10,502	10,817	11,141
Employee Benefits	1,370	1,412	1,453	1,497	1,542
Supplies and Other	5,825	5,999	6,177	6,365	6,555
Management Fees	1,019	1,044	1,071	1,100	1,129
Depreciation and Amortization	1,085	1,425	1,562	1,703	1,848
Interest Expense	1,019	964	907	853	803
Total Operating Costs and Expenses	<u>20,218</u>	<u>21,041</u>	<u>21,672</u>	<u>22,335</u>	<u>23,018</u>
Operating Income	1,302	1,013	969	908	846
Non-Operating Gains:					
Investment Income	517	503	511	517	524
Contributions	15	15	16	16	17
Total Non-Operating Income	<u>532</u>	<u>518</u>	<u>527</u>	<u>533</u>	<u>541</u>
Excess of Revenues over Expenses	1,834	1,531	1,496	1,441	1,387
Changes in Net Assets	1,834	1,531	1,496	1,441	1,387
Net Assets at Beginning of Year	20,774	22,608	24,139	25,635	27,076
Net Assets at End of Year	<u>\$ 22,608</u>	<u>\$ 24,139</u>	<u>\$ 25,635</u>	<u>\$ 27,076</u>	<u>\$ 28,463</u>

**See Summary of Significant Forecasted Assumptions and Accounting Policies and
Independent Accountants' Compilation Report**

**LUTHERAN RETIREMENT CENTER – CLEMMONS, INC.
LSA ELMS AT TANGLEWOOD, INC.
LSA ELMS PROPERTY, INC.
LUTHERAN HOME – FORSYTH COUNTY, INC.
LUTHERAN HOME FORSYTH COUNTY PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY ELMS
FORECASTED COMBINED STATEMENTS OF CASH FLOWS
FOR YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)**

	2026	2027	2028	2029	2030
Cash Flows from Operating Activities:					
Changes in Net Assets	\$ 1,834	\$ 1,531	\$ 1,496	\$ 1,441	\$ 1,387
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	1,085	1,425	1,562	1,703	1,848
Amortization of Debt Issuance Costs Included in Interest Expense	14	14	14	14	14
Amortization of Debt Premium Included in Interest Expense	(69)	(69)	(69)	(69)	(69)
Changes in Assets and Liabilities:					
Accounts Receivable, Residents and Clients	(40)	(52)	(104)	(104)	(52)
Other Current Assets	(16)	(2)	(4)	(4)	(2)
Employee Retention Credit Receivable	177	-	-	-	-
Accounts Payable and Other Accrued Liabilities	95	29	35	29	35
Accrued Interest Payable	41	(4)	(4)	(4)	(4)
Deferred Revenue from Grants and Other	(134)	-	-	-	-
Net Cash Provided by Operating Activities	<u>2,987</u>	<u>2,872</u>	<u>2,926</u>	<u>3,006</u>	<u>3,157</u>
Cash Flows from Investment Activities:					
Routine Purchases of Property and Equipment	(2,229)	(1,352)	(1,390)	(1,430)	(1,470)
Change in Investments, Net	1,273	(254)	(64)	(205)	(113)
Change in Assets Whose Use is Limited, Net	(8)	(3)	(2)	(4)	(4)
Net Cash Used in Investment Activities	<u>(964)</u>	<u>(1,609)</u>	<u>(1,456)</u>	<u>(1,639)</u>	<u>(1,587)</u>
Cash Flows from Financing Activities:					
Allocated Payments of Long-Term Debt	(1,029)	(1,082)	(1,137)	(1,189)	(1,239)
Net Cash Used in Financing Activities	<u>(1,029)</u>	<u>(1,082)</u>	<u>(1,137)</u>	<u>(1,189)</u>	<u>(1,239)</u>
Change in Cash, Cash Equivalents and Restricted Cash	994	181	333	178	331
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	7,352	8,346	8,527	8,860	9,038
Cash, Cash Equivalents and Restricted Cash, End of Year	<u>\$ 8,346</u>	<u>\$ 8,527</u>	<u>\$ 8,860</u>	<u>\$ 9,038</u>	<u>\$ 9,369</u>
Supplemental Disclosure of Cash Flow Information:					
Cash Paid During the Year for Interest	<u>\$ 1,078</u>	<u>\$ 1,023</u>	<u>\$ 966</u>	<u>\$ 912</u>	<u>\$ 862</u>

See Summary of Significant Forecasted Assumptions and Accounting Policies and Independent Accountants' Compilation Report

LUTHERAN RETIREMENT CENTER – CLEMMONS, INC.
LSA ELMS AT TANGLEWOOD, INC.
LSA ELMS PROPERTY, INC.
LUTHERAN HOME – FORSYTH COUNTY, INC.
LUTHERAN HOME FORSYTH COUNTY PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY ELMS
FORECASTED COMBINED BALANCE SHEETS
AT SEPTEMBER 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 7,650	\$ 7,803	\$ 8,109	\$ 8,262	\$ 8,568
Investments	11,379	11,633	11,697	11,902	12,015
Current Portion of Assets Limited as to Use	672	700	727	752	777
Accounts Receivable, Residents, and Clients, Net	3,068	3,120	3,224	3,328	3,380
Other Receivable	71	71	71	71	71
Inventories	118	120	124	128	130
Residents' Funds	24	24	24	24	24
Total Current Assets	22,982	23,471	23,976	24,467	24,965
Assets Limited as to Use:					
Assets Limited to Use - Operating Reserve Requirement	250	253	255	259	263
Assets Limited to Use - Bond Funds	672	700	727	752	777
Total Assets Limited as to Use	922	953	982	1,011	1,040
Less: Current Portion	(672)	(700)	(727)	(752)	(777)
	250	253	255	259	263
Due from Affiliate	1,724	1,724	1,724	1,724	1,724
Property and Equipment, Net	26,081	26,008	25,836	25,563	25,185
Total Assets	\$ 51,037	\$ 51,456	\$ 51,791	\$ 52,013	\$ 52,137
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Current Maturities of Long-Term Debt	\$ 1,082	\$ 1,137	\$ 1,189	\$ 1,239	\$ 1,289
Accounts Payable, Trade	300	306	318	324	336
Accrued Salaries and Payroll Taxes	620	640	660	680	700
Accrued Health Benefits	93	96	99	102	105
Accrued Interest Payable	41	37	33	29	25
Residents' Funds Liability	24	24	24	24	24
Total Current Liabilities	2,160	2,240	2,323	2,398	2,479
Long-Term Liabilities:					
Long-Term Debt, Less Current Maturities, Debt Issuance Costs and Original Issuance Premium	26,113	24,921	23,677	22,383	21,039
Deposit Liability	156	156	156	156	156
Total Long-Term Liabilities	26,269	25,077	23,833	22,539	21,195
Total Liabilities	28,429	27,317	26,156	24,937	23,674
Net Assets:					
Net Assets Without Donor Restriction					
Unrestricted, Undesignated	22,532	24,063	25,559	27,000	28,387
Total Net Assets Without Donor Restriction	22,532	24,063	25,559	27,000	28,387
Net Assets With Donor Restriction	76	76	76	76	76
Total Net Assets	22,608	24,139	25,635	27,076	28,463
Total Liabilities and Net Assets	\$ 51,037	\$ 51,456	\$ 51,791	\$ 52,013	\$ 52,137

See Summary of Significant Forecasted Assumptions and Accounting Policies and Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

INTRODUCTION

Basis of Presentation

This financial forecast (the "Forecast") presents, to the best of management's ("Management") knowledge and belief Lutheran Retirement Center – Clemmons, Inc., LSA Elms at Tanglewood, Inc., LSA Elms Property, Inc., Lutheran Home – Forsyth County, Inc., and Lutheran Home Forsyth County Property, Inc., collectively d/b/a Trinity Elms ("Trinity Elms"), expected forecasted combined balance sheets, forecasted combined statements of operations and changes in net assets, and forecasted combined cash flows as of September 30, 2026, 2027, 2028, 2029 and 2030 and for each of the years then ending (the "Forecast Period").

Accordingly, the Forecast reflects Management's judgment as of February 10, 2026, the date of this Forecast, of the expected conditions and its expected course of action during the Forecast Period. The financial Forecast is based on Management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those that Management believes are significant to the Forecast or are key factors upon which the financial results of Trinity Elms depend.

The accompanying Forecast information and this report are intended solely for the information and use of Management, the Board of Trustees, and the North Carolina Department of Insurance (pursuant to the requirement of North Carolina General Statutes, Chapter 58, Article 64A and is included in Trinity Elms' disclosure statement filing), and is not intended to be and should not be used by anyone other than these specified parties.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected and those differences may be material. Management does not intend to revise this Forecast to reflect changes in present circumstances or the occurrence of unanticipated events.

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION

Trinity Elms is an affiliate of Lutheran Services for the Aging, Inc. (“LSA”), a social ministry organization affiliated with the North Carolina Synod of the Evangelical Lutheran Church in America. Both Trinity Elms and LSA are nonprofit corporations under section 501(c)(3) of the Internal Revenue Code and are located in Clemmons, North Carolina and Salisbury, North Carolina, respectively.

LSA began operations in 1962 as North Carolina Lutheran Homes, growing from a small nursing home in Hickory to operating eleven senior living facilities providing a variety of independent living, assisted living, and nursing accommodations, an adult day services operation, a home care agency, a foundation and holds a 50 percent share in a joint venture, Leading Care Pharmacy, Inc.. LSA has also partnered with agencies in Catawba, Gaston, Guilford, and Mecklenburg counties to provide services to seniors through Program of All-Inclusive Care for the Elderly (“PACE”) programs.

Trinity Elms is one of several members of LSA that are part of an obligated group (the “Obligated Group”) which was established as part of its previous financings.

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

The Obligated Group consists of the following:

Operating Entities	Corresponding Property Corporation	Location	Independent Living	Assisted Living	Skilled Nursing	Total
<u>Parent Corporation</u>						
Lutheran Services for the Aging, Inc.	-	Salisbury, NC				
<u>Nursing</u>						
Lutheran Home - Hickory West, Inc. (Trinity Ridge)	Lutheran Home Hickory West Property, Inc.	Hickory, NC	-	-	120	120
Lutheran Home - Wilmington, Inc. (Trinity Grove)	Lutheran Home Wilmington Property, Inc.	Wilmington, NC	-	-	100	100
Lutheran Home - Winston-Salem, Inc. (Trinity Glen)	Lutheran Home Winston-Salem Property, Inc.	Winston-Salem, NC	-	-	117	117
<u>Assisted Living / Nursing</u>						
Lutheran Home - Albemarle, Inc. (Trinity Place) ⁽¹⁾	Lutheran Home Albemarle Property, Inc.	Albemarle, NC	-	27	76	103
Lutheran Home - Hickory, Inc. (Trinity Village) ⁽⁷⁾	Lutheran Home Hickory Property, Inc.	Hickory, NC	72	90	104	266
<u>Retirement Communities</u>						
Lutheran Retirement Center at Lutheridge, Inc. (Trinity View) ⁽²⁾	-	Arden, NC	78	24	-	102
Lutheran Retirement Center - Salisbury, Inc. (Trinity Oaks retirement) ⁽³⁾	-	Salisbury, NC	167	38	-	205
Lutheran Home at Trinity Oaks, Inc. (Trinity Oaks health & rehab) ⁽³⁾	Lutheran Home at Trinity Oaks Property, Inc.	Salisbury, NC	12	12	115	139
Lutheran Home - Forsyth County, Inc. (Trinity Elms health & rehab) ⁽⁴⁾	Lutheran Home Forsyth County Property, Inc.	Clemmons, NC	-	-	100	100
LSA Elms at Tanglewood, Inc. (Trinity Elms assisted living) ^{(4) (5)}	LSA Elms Property, Inc.	Clemmons, NC	-	104	-	104
Lutheran Retirement Center - Clemmons, Inc. (Trinity Elms retirement) ⁽⁴⁾	-	Clemmons, NC	54	-	-	54
Lutheran Retirement Center - Wilmington, Inc. (Trinity Landing) ⁽⁶⁾	-	Wilmington, NC	208	-	-	208
Lutheran Retirement Center - Hickory, Inc. ⁽⁷⁾	-	Hickory, NC	-	-	-	-
Lutheran Retirement Center - Hickory West, Inc. ⁽⁸⁾	-	Hickory, NC	-	-	-	-
Aston Park Health Care Center	-	Ashville, NC	-	19	120	139
GlenFlora	-	Lumberton, NC	-	20	52	72
<u>Other</u>						
Abundant Living Adult Day Services, Inc.	Lutheran Services Property, Inc.	Salisbury, NC	-	-	-	-
LSA Management, Inc.	-	Salisbury, NC	-	-	-	-
LSA Pharmacy, Inc.	-	Salisbury, NC	-	-	-	-
The Foundation for Abundant Living	-	Salisbury, NC	-	-	-	-
LSA Therapy Inc.	-	Salisbury, NC	-	-	-	-
Trinity at Home, Inc.	-	Salisbury, NC	-	-	-	-
Trinity Guardian Services, Inc. ⁽⁸⁾	-	Salisbury, NC	-	-	-	-
Trinity Team Services	-	Salisbury, NC	-	-	-	-
Dallas School Apartments, Inc.	-	Dallas, NC	33	-	-	33
Total			624	334	904	1,862

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

Notes to Table 1:

- (1) In January 2020, the number of assisted living beds at Trinity Place increased from 10 to 27.
- (2) Although Trinity View is licensed for 24 assisted living units, the facility consistently operates only 20 units due to using four semi-private rooms as private rooms.
- (3) Lutheran Home at Trinity Oaks, Inc. (Trinity Oaks health and rehab) and Lutheran Retirement Center – Salisbury, Inc. (Trinity Oaks) operate together as a North Carolina licensed “continuing care retirement community.”
- (4) Trinity Elms retirement, Trinity Elms health and rehab and Trinity Elms assisted living operate together as a North Carolina licensed “continuing care retirement community.”
- (5) Although Trinity Elms is licensed for 104 assisted living units, the facility typically operates only 89 units due to using some semi-private rooms as private rooms.
- (6) Lutheran Retirement Center – Wilmington, Inc., Trinity Landing, and Trinity Grove operate together as a North Carolina licensed “continuing care retirement community.”
- (7) Lutheran Retirement Center – Hickory, Inc., Lutheran Home – Hickory, Inc. and Lutheran Home Hickory Property, Inc. plan to operate as a North Carolina licensed “continuing care retirement community.”
- (8) Lutheran Retirement – Hickory West, Inc. and Trinity Guardian Services, Inc. currently have no operations.

In 2011, LSA entered into an affiliation with Lutheran Family Services in the Carolinas (“LFS”).

LSA Management, Inc. provides management, accounting, management information and resource development services to all of the affiliates. LSA Pharmacy, Inc. holds a 50 percent share in a joint venture, Leading Care Pharmacy that provides pharmacy services to the seven Lutheran Homes in operation. Trinity Place, Trinity Village, Trinity Oaks Health & Rehab, Trinity Ridge, Trinity Glen, Trinity Grove and Trinity Elms are separately owned and operated. All seven homes provide skilled and intermediate nursing services and Trinity Place, Trinity Village and Trinity Oaks Health & Rehab provide home for the aged services (generically, assisted living). The Lutheran Home Property affiliates own the buildings, land improvements and building services equipment for their respective operations and the facilities are leased to the operating corporations. The retirement center affiliates were established to develop and operate rental retirement and continuing care retirement communities.

Overview of Services Provided by Trinity Elms

Trinity Elms retirement

In December 2018, LSA Elms Property, Inc. purchased a 54-unit independent living apartment building adjacent to Trinity Elms assisted living and Trinity Elms health and rehab. Trinity Elms retirement is a rental retirement community that does not charge entrance fees. Trinity Elms retirement provides most utilities including internet, water, sewer, valet, trash removal and cable services, and housekeeping services every other week are also provided. A Trinity Elms retirement resident may purchase an individual meal/monthly meal plan and laundry services for an additional fee. Activities and transportation services are available and may require an additional cost.

The following paragraph is a summary of key provisions of the Resident Agreement. For more detailed information regarding this agreement, please refer to Trinity Elms’ Resident Agreement which is included in Trinity Elms’ Disclosure Statement filed with the North Carolina Department of Insurance.

Trinity Elms is a Type D, rental facility. The monthly service fee at Trinity Elms retirement entitles occupancy of a residence by the resident, together with the use and benefits of its common areas, amenities, services and programs. Residents are also given priority access to the assisted living beds at Trinity Elms assisted living and the skilled nursing beds at Trinity Elms health and rehab. Upon temporary or permanent transfer to an assisted living or nursing unit, the resident will pay a per diem rate for assisted living or nursing services, as applicable.

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

Trinity Elms assisted living

In December 2008, LSA Elms at Tanglewood, Inc. acquired Trinity Elms, an assisted living facility, located in Clemmons, North Carolina. With 89 assisted living beds in operation of 104 licensed assisted living beds (including 30 licensed beds in the memory Enrichment Center), the facility is approximately 90% private pay. Trinity Elms assisted living is currently the Obligated Group's only stand-alone assisted living facility. Trinity Elms health and rehab, Trinity Elms assisted living and Trinity Elms retirement operate together as a North Carolina licensed "continuing care retirement community."

Trinity Elms health and rehab

LSA acquired the Lutheran Home-Winston-Salem facility in June 2001 after it had been under the management of Pellcare Corporation since 1970. The Lutheran Home-Winston-Salem facility was originally licensed for 217 nursing facility beds, but LSA only operated 117 of those beds after acquiring the facility in 2001. A Certificate of Need ("CON") for the replacement and relocation of the remaining 100 beds has been awarded and was used to construct the Trinity Elms health and rehab facility.

Health Care Services

Trinity Elms assisted living and Trinity Elms health and rehab offer assisted living and nursing services to residents, respectively. The health care facilities house their own dining facilities, lounges and recreational areas. Emergency nursing response is available to residents of the assisted living facilities and the independent living residences on a 24-hour-a-day basis. In general, the operations of the health care units are supervised by a Licensed Adult Care Home and/or Nursing Home Administrator and Director of Nursing ("DON") in consultation with the Medical Director ("MD"), who is a licensed physician providing consulting services pursuant to a contract with LSA. They are responsible for developing and implementing health care policies and coordinating the medical services in accordance with relevant state and federal regulations and generally accepted medical practices. Residents may continue under the care of their own physician who has admission privileges at a local hospital, or they may choose the MD as their primary care physician.

The licensed administrator is charged with the day-to-day operation of the health care services. Registered nurses, together with licensed practical nurses and certified nursing assistants, offer residents professional care, immediate attention and emergency consultations 24 hours per day. When a resident's medical condition requires assisted living or nursing services, the resident moves from an independent living unit to either an assisted living or nursing unit on a permanent or temporary basis. The MD, licensed administrator, together with the DON and social worker, determine if a resident should be transferred into a different level of care, but only after consulting with the resident and the resident's physician and any appropriate family member or responsible party.

Residents of the assisted living or nursing units also receive housekeeping service and a total of three meals per day. Certain additional ancillary health care services are not included in the per diem fees and will be charged to the resident. Examples of additional ancillary health care charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, occupational therapy, speech therapy, rehabilitative treatments, wheelchairs, other medical equipment and supplies, and any other medical services beyond those available at Trinity Elms health and rehab. Also, additional professional services (medical or otherwise) contracted by the resident or on the resident's behalf will be charged to the resident.

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Trinity Elms maintains its accounting and financial records according to the accrual basis of accounting.

Basis of Combination

The forecasted combined financial statements include the accounts of Lutheran Retirement Center – Clemmons, Inc., LSA Elms at Tanglewood, Inc., LSA Elms Property, Inc., Lutheran Home – Forsyth County, Inc., and Lutheran Home Forsyth County Property, Inc. All related party balances and intra-company transactions have been eliminated in combination.

Cash and Cash Equivalents

Trinity Elms considers all unrestricted short-term investments with an original maturity of three months or less when purchased to be cash equivalents. Trinity Elms maintains their cash accounts with high quality financial institutions, which, at times, may exceed federally insured limits. Trinity Elms has not experienced any losses in such accounts. Trinity Elms believes it is not exposed to any significant credit risk on cash.

Restricted cash is included with cash and cash equivalents in the forecasted combined statements of cash flows. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the forecasted combined balance sheets that sum to the total amounts shown in the forecasted combined statements of cash flows for the periods ending September 30, 2026, 2027, 2028, 2029 and 2030.

	As of September 30,				
	2026	2027	2028	2029	2030
Cash and Cash Equivalents	\$ 7,650	\$ 7,803	\$ 8,109	\$ 8,262	\$ 8,568
Residents' Funds	24	24	24	24	24
Assets Limited as to Use:					
Bond Funds	672	700	727	752	777
Total Cash, Cash Equivalents and Restricted Cash Shown in Forecasted Combined Statements of Cash Flows	\$ 8,346	\$ 8,527	\$ 8,860	\$ 9,038	\$ 9,369

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the forecasted combined balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in the excess of revenues over expenses unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are included in the excess of revenue over expenses on the forecasted combined statement of operations and changes in net assets. Management has not forecasted unrealized gains or losses during the Forecast Period.

Service Fees

Service fees for Trinity Elms are reported at the estimated transaction price from residents, third party payors and others for services rendered. Trinity Elms provides services to residents covered under the Medicaid and Medicare programs.

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payment arrangements include prospectively determined rates. However, federal and state regulations provide for certain retroactive adjustments, to current and prior years' payment rates, based on industry-wide and entity-specific data. Provisions for estimated third-party settlements are provided in the period the related services are rendered. Any differences between estimated final settlement amounts and actual final settlements are recorded in the year the final settlement is determined.

Trinity Elms perform an evaluation of the collectability of net revenues recorded and records an allowance for current expected credit losses. Provisions for expected credit losses is primarily estimated based on cash collection analysis by payor classification and the age of the account. When considering the adequacy of allowances for expected credit losses, receivable balances are routinely reviewed in conjunction with historical collection rates, industry trends, and other business and expected future economic conditions and market trends that might reasonably be expected to affect the collectability of accounts. Accounts receivable are written off after collection efforts have been pursued in accordance with established policies and procedures.

Revenue Recognition

Trinity Elms generates revenues, primarily by providing housing and health services to its residents and patients. The following streams of revenue are recognized as follows:

Monthly service fees:

The residency agreement that residents sign require monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living and nursing care and these performance obligations are earned each month. Under ASC Topic 606, Management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominant component and does not contain a lease component under ASC Topic 842. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Patient Service Revenue:

Trinity Elms provides assisted living and nursing care to residents and other patients who are covered by government, commercial, and private payers. Trinity Elms is paid fixed daily rates from government payors. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the 3rd party payors. Most rates are predetermined from the Centers for Medicare and Medicaid Services ("CMS"). Under ASC Topic 606, Management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

Assets Limited as to Use

Assets limited as to use are forecasted to primarily include investments for the operating reserve required by the North Carolina Department of Insurance and funds held by a trustee under debt-related agreements. Those monies that are forecasted to be used within the next fiscal year have been classified as current assets on the forecasted combined balance sheets.

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs are being amortized using the straight-line method over the term of the related financing agreement.

As noted hereinafter, the debt issuance costs for the Series 2021 Bonds, as hereinafter defined, are carried on the financial records of LSA Management, Inc. Management has forecasted the allocation of the debt issuance costs associated with the Series 2021 Bonds through due from affiliate accounts. Management has forecasted the amortization to be included as a component of interest expense on the forecasted combined statements of operations and changes in net assets.

Original Issuance Premium

Original issuance premium is being amortized using the straight-line method over the term of the related financing agreement.

As noted hereinafter, the original issuance premium for the Series 2021 Bonds are carried on the financial records of LSA Management, Inc. Management has forecasted the allocation of the original issuance premium associated with the Series 2021 Bonds through due from affiliate accounts. Management has forecasted the amortization to be included as a component of interest expense on the forecasted combined statements of operations and changes in net assets.

Property and Equipment

Property and equipment having an estimated useful life greater than two years and a value greater than \$2,500 are forecasted to be stated at cost if purchased or at fair market value at the date of donation. Maintenance and repairs are forecasted to be charged to expense as incurred and renewals and betterments are forecasted to be capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Compensation Absences

Compensated absences are forecasted to be accrued for employees as benefits are earned.

Net Assets With Donor Restrictions

Net assets with donor restrictions are those whose use by Trinity Elms has been limited by donors to a specific time period or purpose.

Excess of Revenue Over Expenses

The forecasted combined statements of operations and changes in net assets include excess of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenue over expenses, consistent with industry practice, include unrealized gains and losses on investments other than debt securities, permanent transfers of assets to and from affiliates for other than 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).

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to Trinity Elms are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets under donor restriction are reclassified to net assets without donor restrictions and reported in the forecasted combined statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as restricted contributions and released from net assets under donor restrictions in the accompanying forecasted combined financial statements.

Advertising Costs

Advertising costs are charged to operations when incurred.

Long-Lived Assets

Trinity Elms periodically reviews the carrying value of its long-lived assets (primarily property and equipment) whenever events or circumstances provide evidence that suggests that the carrying amount of long-lived assets may not be recovered. If this review indicates that the long-lived assets may not be recoverable, Trinity Elms reviews the expected undiscounted future net operating cash flows from its facilities, as well as property valuations. Any permanent impairment of value is recognized as a charge against earnings in the forecasted combined statements of operations and changes in net assets. Management has not forecasted any impairment of its long-lived assets.

Income Taxes

Trinity Elms has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Trinity Elms has implemented the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board ("FASB") ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the forecasted combined financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUES

Revenues for Trinity Elms are primarily generated from per diem charges from the nursing and assisted living beds and monthly service fees for the independent living units.

Resident service revenue is composed of:

- Revenue for the nursing and assisted living units based on assumed monthly and daily charges, as well as based on Management's expectations of Medicare and Medicaid reimbursement, as well as other state supplemental income; and
- Revenue for the independent living units, which are based on the monthly service fees assumed by Management to be charged to the residents and the assumed utilization of the independent living units.

Forecasted Occupancy Levels

Management has assumed the following forecasted occupancy levels at Trinity Elms throughout the Forecast Period.

Table 2
Average Yearly Forecasted Utilization of Trinity Elms - Independent Living Units
For the Years Ending September 30,

Facility Name	2026	2027	2028	2029	2030
Trinity Elms retirement	92%	92%	92%	92%	92%

Source: Management

Management has forecasted no second person occupancy for Trinity Elms retirement for each year of the Forecast Period.

Table 3
Average Yearly Forecasted Utilization of Trinity Elms - Assisted Living
For the Years Ending September 30,

Facility Name	2026	2027	2028	2029	2030
Trinity Elms assisted living	95%	95%	95%	95%	95%

Source: Management

Table 4
Average Yearly Forecasted Utilization of Trinity Elms - Nursing
For the Years Ending September 30,

Facility Name	2026	2027	2028	2029	2030
Trinity Elms health and rehab	90%	90%	90%	90%	90%

Source: Management

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUES (CONTINUED)

Forecasted Monthly Fees and Daily Fees Increases

Increases in fees are generally anticipated to equal or exceed increases in operating expenses during the Forecast Period. The following table reflects forecasted rate increases during the Forecast Period.

	2026	2027	2028	2029	2030
Nursing					
Private Pay	n/a ⁽¹⁾	3.00%	3.00%	3.00%	3.00%
Insurance	n/a ⁽¹⁾	3.00%	3.00%	3.00%	3.00%
Medicare	n/a ⁽¹⁾	3.00%	3.00%	3.00%	3.00%
Medicaid/Hospice	n/a ⁽¹⁾	2.00%	2.00%	2.00%	2.00%
Assisted Living					
Private Pay	n/a ⁽¹⁾	3.00%	3.00%	3.00%	3.00%
Medicaid / State Special Assistance	n/a ⁽¹⁾	0.00%	0.00%	0.00%	0.00%
Independent Living					
Monthly Service Fee	n/a ⁽¹⁾	3.00%	3.00%	3.00%	3.00%

Source: Management

Note: (1) Existing facility rates are in 2026 dollars. Inflation begins in the following year.

Assisted Living Fees

The following table summarizes Management's forecasted per diem rates for the assisted living facility of Trinity Elms:

Facility Name	2026	2027	2028	2029	2030
Payer Mix					
Trinity Elms assisted living					
Private Pay - Private Room	\$ 193	\$ 198	\$ 204	\$ 210	\$ 217
Private Pay - Semi-Private Room	\$ 165	\$ 170	\$ 175	\$ 180	\$ 185
Private Pay - Private Memory Support	\$ 232	\$ 239	\$ 246	\$ 254	\$ 261
Private Pay - Semi-Private Memory Support	\$ 212	\$ 218	\$ 225	\$ 231	\$ 238
Special Assistance - Traditional Assisted Living	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Special Assistance - Memory Support	\$ 57	\$ 57	\$ 57	\$ 57	\$ 57

Source: Management

Assisted Living Payer Mix

The following table summarizes Management's forecasted payer mix by resident days for Trinity Elms assisted living facility:

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUES (CONTINUED)

Table 7
Trinity Elms – Forecasted Assisted Living Payer Mix
For the Years Ending September 30,

Facility Name Payer Mix	2026	2027	2028	2029	2030
Trinity Elms assisted living					
Private Pay - Private Room	68%	68%	68%	68%	68%
Private Pay - Private Memory Support	22%	22%	22%	22%	22%
Special Assistance - Traditional Assisted Living	5%	5%	5%	5%	5%
Special Assistance - Memory Support	5%	5%	5%	5%	5%

Source: Management

Nursing Fees

The following table summarizes Management's forecasted per diem rates for the nursing facility of Trinity Elms:

Table 8
Trinity Elms – Forecasted Nursing Daily Rates
For the Years Ending September 30,

Facility Name Payer Mix	2026	2027	2028	2029	2030
Trinity Elms health and rehab					
Private Pay - Private Room	\$ 365	\$ 376	\$ 387	\$ 399	\$ 411
Insurance	\$ 505	\$ 520	\$ 536	\$ 552	\$ 568
Medicare	\$ 631	\$ 650	\$ 670	\$ 690	\$ 711
Medicaid	\$ 320	\$ 326	\$ 333	\$ 340	\$ 346

Source: Management

Nursing Payer Mix

The following table summarizes Management's forecasted payer mix by resident days for Trinity Elms nursing facility:

Table 9
Trinity Elms – Forecasted Nursing Payer Mix
For the Years Ending September 30,

Facility Name Payer Mix	2026	2027	2028	2029	2030
Trinity Elms health and rehab					
Private Pay	32%	32%	32%	32%	32%
Insurance	13%	13%	13%	13%	13%
Medicare	10%	10%	10%	10%	10%
Medicaid	45%	45%	45%	45%	45%

Source: Management

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORCAST OF REVENUES (CONTINUED)

Independent Living Monthly Fees

The following table reflects the monthly rental fee for each unit type:

Table 10
Trinity Elms retirement Independent Living – 2026 Monthly Fees

Unit Type	No. of Units	Monthly Fee
One Bedroom Pine	28	\$ 2,070
One Bedroom Birch	4	\$ 2,253
One Bedroom Hickory	4	\$ 2,253
One Bedroom Oak	2	\$ 2,556
Two Bedroom Dogwood	16	\$ 2,740
Total/Weighted Average	54	\$ 2,314

Source: Management

Investment Income

Interest income consists of interest earned on available cash and cash equivalents, investments and assets limited as to use. The following table reflects Management's assumed realized (net of expenses) investment earning rates during the Forecast Period for funds invested by Trinity Elms.

Table 11
Forecasted Investment Earning Rates
For the Years Ending September 30,

	2026	2027	2028	2029	2030
Cash and Cash Equivalents	0.25%	0.25%	0.25%	0.25%	0.25%
Trustee Held Funds / Donor Funds	2.00%	2.00%	2.00%	2.00%	2.00%
Investments / Operating Reserve	4.00%	4.00%	4.00%	4.00%	4.00%

Source: Management

Management does not forecast any unrealized gains/losses from the valuation of investments during the Forecast Period for 2026 through 2030.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF EXPENSES

Expenses

Expenses have been forecasted to be recognized during the month incurred. Management has forecasted expenses based upon Management's operating plans for Trinity Elms, based on the historical operations of Trinity Elms. In general, operating expenses are forecasted to increase approximately 3.0 percent in 2027 and annually thereafter throughout the Forecast Period for inflation.

The specific basis for major expense items was formulated by Management and is discussed below.

Salaries and Wages

A full time equivalent employee ("FTE") represents 2,080 hours of time paid annually. Average hourly rates are forecasted to increase at a rate of 3.0 percent in 2027 and annually, thereafter, for inflation throughout the Forecast Period.

Employee Benefits

Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, pension plan, incentives and other miscellaneous benefits for Trinity Elms. These benefit costs have been forecasted by department based on the historical experience of Trinity Elms. Management has forecasted that benefits would approximate 15.10 percent of wages and salaries during the Forecast Period. Management assumes that these costs would increase at approximately 3.0 percent in 2027 and annually, thereafter, for inflation during the Forecast Period.

Supplies and Other

Non-salary related costs including operating supplies, utilities, general maintenance, repairs, and other miscellaneous costs associated with operations. Management assumes that these costs would increase 3.0 percent in 2027 and annually, thereafter, for inflation during the Forecast Period.

Management Fees

Effective October 1, 2020, Trinity Elms entered into a Management Services Agreement with LSA Management, Inc. to provide management services on behalf of Trinity Elms. The Management Services Agreement will be for a term of five years, and at the end of the five-year period, LSA Management, Inc. shall have the option to extend this Agreement for two additional five-year terms or for such shorter period coterminous with the period the Facility is leased or owned by Trinity Elms. The Management Services Agreement may be immediately terminated if any party is in default under its terms and the default is not cured within the applicable cure period. Management has forecasted that it would extend the Management Services Agreement upon its expiration.

According to the terms of the Management Services Agreement, LSA Management, Inc. is to be paid a management fee equal to 4.75% of net resident revenue of Trinity Elms, net of governmental contractual adjustments. The expense is shown as an operating expense on the forecasted combined statements of operations and changes in net assets.

Interest Expense

Interest expense is forecasted related to the debt service requirements of the Series 2021 Bonds as provided by Management, and amortization of debt issuance costs and original issuance premium associated with the Series 2021 Bonds.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECASTED OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalent balances for the Forecast Period are based on the results of the Forecasted Combined Statements of Cash Flows and reflect amounts that are highly liquid with a maturity of three months or less. For purposes of presentations, cash and cash equivalent balances are estimated to be approximately 153 days for 2026, 2027, 2028, 2029 and 2030. Amounts in excess of these amounts are classified as investments.

Accounts Receivable, Residents, Net

Accounts receivable, net of allowance for current expected credit losses, are forecasted based on historical levels based on 52 days of operating revenues.

Other Receivable

Other accounts receivable has been forecasted based upon historical levels for Trinity Elms based on 13 days of operating revenues.

Inventories

Inventories have been forecasted based on historical experience based on 2 days of operating expenses.

Accounts Payable, Trade

Accounts payable, trade, have been forecasted based on historical levels for Trinity Elms based on 6 days of operating expenses.

Accrued Health Benefits

Accrued Health Benefits have been forecasted based on historical levels for the Trinity Elms based on 3 days of total salaries and taxes.

Accrued Salaries and Payroll Taxes

Accrued salaries and payroll taxes have been forecasted based on historical levels for Trinity Elms based on 20 days of total salaries and taxes.

Employee Retention Credit Receivables

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. Among other provisions, the CAA expanded the eligibility for ERC to include more entities as well as extending ERC into calendar year 2021 including the first, second and third calendar quarters. Furthermore, the refundable tax credit for the calendar year 2021 was expanded to 70% of the qualified wages. The CAA provided these entities the ability to retroactively recover payroll taxes from earlier in 2020 during which they were previously ineligible. This is done by retroactively applying for the credit.

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either the full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which eligibility requirements were met.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECASTED OF OTHER ITEMS (CONTINUED)

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. As of September 30, 2025, the Community has a receivable of approximately \$177,000 recorded on the combined balance sheet. Management has forecasted the collection of the receivable in 2026.

There is a possibility that upon subsequent review the Internal Revenue Service could reach a different conclusion regarding the Organization's eligibility to retain the ERC credits received. That could result in repayment of the credits, interest, and potential penalties. The amount of liability, if any, from potential ineligibility cannot be determined with certainty.

Assets Limited as to Use

A narrative description of the assets limited as to use follows.

Held by Trustee

Assets Limited to Use - Bond Funds – The Bond Funds represent amounts held by the trustee reflecting payments of bond principal and interest made by the Obligated Group to the trustee relating to the bonds. The funds held in the Bond Funds will be used by the trustee to make the annual principal payments and the semi-annual or monthly, as applicable, interest payments to the owners of the outstanding bonds when due.

Restricted Cash and Investments – Statutory Operating Reserve– North Carolina Statutory Operating Reserve – Section 58-64A-245 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64A-245) for the 12-month period related to the calculation. Once a continuing care facility achieves a 12-month daily average independent living unit occupancy rate of ninety percent (90% or higher) a provide shall only be required to maintain an operating reserve in an amount calculated using the table below, unless otherwise instructed by the Commission.

<u>Independent Living Unit Occupancy Rate:</u>	<u>Operating Reserve Percentage Requirement</u>
90% or above	25.00%
86% to 89.9%	31.25%
83% to 85.9%	37.50%
80% to 82.9%	43.75%
Below 80%	50.00%

A provider who has a 12-month daily average independent living unit occupancy rate equal to or in excess of ninety-three percent (93%) and has no long-term debt or a debt service coverage ratio in excess of 2.00 as of the provider's most recent fiscal year-end shall only be required to maintain an operating reserve equal to twelve and one-half percent (12.5%) of total operating costs of the continuing care retirement community, unless otherwise instructed by the NCDOL.

As of the Obligated Group's most recent fiscal year-end, the debt service ratio of the Obligated Group was in excess of 2.00. However, Management has not forecasted the average independent living occupancy to be in excess of ninety-three percent (93%). As such, Management has

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECASTED OF OTHER ITEMS (CONTINUED)

forecasted an operating reserve of 25.0% of the total operating costs of the continuing care retirement community during the Forecast Period.

Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance. Management has forecasted, based on its forecasted occupancies, meeting the 25 percent operating reserve requirement for all years of the Forecast Period.

The following reflects the statutory operating reserve requirements, as forecasted by Management:

Table 12
Forecasted Operating Reserve Calculation – Trinity Elms
For the Years Ending September 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Forecasted Total Operating Expenses	\$ 20,218	\$ 21,041	\$ 21,672	\$ 22,335	\$ 23,018
Less:					
Depreciation	(1,085)	(1,425)	(1,562)	(1,703)	(1,848)
Interest Expense and Amortization	(1,019)	(964)	(907)	(853)	(803)
Forecasted Operating Expenses of LSA Elms at Tanglewood, Inc., Lutheran Home Forsyth County, Inc., Lutheran Home Forsyth County Property, Inc., and LSA Elms Property, Inc. ⁽¹⁾	(17,539)	(18,059)	(18,594)	(19,151)	(19,720)
Adjusted Operating Expenses	<u>\$ 575</u>	<u>\$ 593</u>	<u>\$ 609</u>	<u>\$ 628</u>	<u>\$ 647</u>
Include:					
Principal Payment--Trinity Elms ⁽²⁾	-	-	-	-	-
Interest Payment--Trinity Elms ⁽²⁾	425	419	412	407	405
Total Operating Costs	<u>\$ 1,000</u>	<u>\$ 1,012</u>	<u>\$ 1,021</u>	<u>\$ 1,035</u>	<u>\$ 1,052</u>
Operating Reserve Percentage ⁽³⁾	25.00%	25.00%	25.00%	25.00%	25.00%
Operating Reserve - Trinity Elms	<u>\$ 250</u>	<u>\$ 253</u>	<u>\$ 255</u>	<u>\$ 259</u>	<u>\$ 263</u>

Source: Management

Notes:

- (1) Management has excluded the operating expenses of LSA Elms at Tanglewood, Inc., Lutheran Home Forsyth County, Inc., Lutheran Home Forsyth County Property, Inc., and LSA Elms Property, Inc.
- (2) The principal and interest allocated above represent the principal and interest owed on the Series 2021 Bonds, which is the sole responsibility of Lutheran Retirement Center - Clemmons, Inc. Lutheran Retirement Center - Clemmons, Inc. is not allocated any of the principal and interest payments from other outstanding long-term indebtedness of the Obligated Group.
- (3) Lutheran Retirement Center - Clemmons, Inc. average independent living occupancy for the year ending September 30,

	2026	2027	2028	2029	2030
Available Units	54.0	54.0	54.0	54.0	54.0
Occupied Units	49.7	49.7	49.7	49.7	49.7
Average Occupancy Percentage - Trinity Elms	92%	92%	92%	92%	92%

Investments

Investments reflect amounts whose maturities exceed three months or that are not highly liquid. Forecasted changes in investments are a result of the Forecasted Combined Statements of Cash Flows, less amounts that are included in cash and cash equivalents.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECASTED OF OTHER ITEMS (CONTINUED)

Property and Equipment

Property and equipment balances, net of accumulated depreciation, were forecasted based on the costs of property and equipment additions during the Forecast Period, reduced by estimated annual depreciation.

The following table reflects the forecasted property and equipment balances as of September 30:

Table 13
Forecasted Property and Equipment as of September 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Land and Land Improvements	\$ 3,512	\$ 3,512	\$ 3,512	\$ 3,512	\$ 3,512
Building and Building Improvements	32,563	33,509	34,482	35,483	36,512
Certificate of Need	1,250	1,250	1,250	1,250	1,250
Furnishings and Equipment	3,867	4,273	4,690	5,119	5,560
Automotive Equipment	49	49	49	49	49
	41,262	42,614	44,004	45,434	46,904
Less: Accumulated Depreciation	(15,181)	(16,606)	(18,168)	(19,871)	(21,719)
Net Property and Equipment	\$ 26,081	\$ 26,008	\$ 25,836	\$ 25,563	\$ 25,185

Source: Management

The following table reflects routine capital additions during the Forecast Period.

Table 14
Forecasted Property and Equipment Additions
For the Years Ending September 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Routine Purchases of Capital Expenditures	\$ 2,229	\$ 1,352	\$ 1,390	\$ 1,430	\$ 1,470

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECASTED OF OTHER ITEMS (CONTINUED)

Long-Term Debt and Interest Expense

The Obligated Group has a number of existing outstanding debt agreements which Trinity Elms is subject to. Management has indicated that the long-term debt of the Obligated Group consisted of the following at October 1, 2025:

- \$104,155,000 (Series 2021A Bonds)
 - In June 2021, LSA issued an aggregate of \$118,660,413 (\$109,960,000 PAR and \$8,700,413 premium) tax exempt Health Care Facilities First Mortgage Revenue Refunding Bonds (Lutheran Services for the Aging) Series 2021A Bonds through the North Carolina Medical Care Commission (the "Commission") under the Master Trust Indenture and other related agreements.
- \$32,050,000 (Series 2021C Bonds)
 - In December 2021, LSA also issued \$35,620,000 tax exempt Health Care Facilities First Mortgage Revenue Refunding Bonds Series 2021C Bonds through the Commission (collectively, the "2021 Bonds"). The Proceeds of the Series 2021C Bonds were used to fully refund the outstanding series 2012A Bonds.

The Series 2021A Bonds and Series 2021B Bonds were used to refund the outstanding Series 2017 Bonds, Trinity Elms Note Payable, and the outstanding Series 2020 Bonds and pay for certain expenses incurred in connection with the authorization and issuance of the bonds and for construction of the Trinity Landing Project.

The Series 2021A Bonds mature annually beginning March 1, 2022, in amounts ranging from \$500,000 to \$8,255,000 and bear interest at rates between 3.00 and 5.00 percent for amounts maturing between 2022 and 2051. The Series 2021 Bonds are secured by the Obligated Group's Deeds of Trust on real property and fixtures under the Master Trust indenture. In 2028, certain term bonds due in 2036 can be called early. In 2030, certain term bonds due in 2041 can be called early, and in 2031, certain term bonds due in 2051 can be called early.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECASTED OF OTHER ITEMS (CONTINUED)

The deferred loan costs and original issuance premium for the Series 2021 Bonds are carried on the financial records of LSA Management, Inc. Management has forecasted the allocation of the deferred loan costs and original issuance premium through intercompany accounts. Trinity Elms presents amortization of deferred financing costs and amortization of original issuance premium as a component of interest expense on the forecasted combined statements of operations and changes in net assets.

Regarding the Series 2021 Bonds, Management has allocated the principal during the Forecast Period as follows:

	Series 2021A Bonds	Series 2021C Bonds
Trinity Elms health and rehab	0.0%	0.0%
Trinity Home Forsyth County Property, Inc.	43.8%	0.0%
Trinity Elms assisted living	0.2%	0.0%
LSA Elms Property, Inc.	0.4%	22.0%
Trinity Elms retirement	0.0%	0.0%
All Other Members of the Obligated Group	55.6%	78.0%
	100.0%	100.0%

The following table summarizes the existing debt obligations allocated to Trinity Elms:

Table 15
Forecasted Principal Payments
(In Thousands of Dollars)

Year	Series 2021A Bonds	Series 2021C Bonds	Total
2026	\$ 740	\$ 289	\$ 1,029
2027	778	304	1,082
2028	818	319	1,137
2029	856	333	1,189
2030	891	348	1,239
Thereafter	15,944	5,458	21,402
Total	\$ 20,027	\$ 7,051	\$ 27,078

Source: Management

Obligated Group – Security on Long-Term Debt

The Series 2021 Bonds were evidenced by parity obligations issued by the Obligated Group under the Master Indenture. As security for repayment of all obligations issued under the Master Trust Indenture, certain members of the Obligated Group executed and delivered ten deeds of trust, pursuant to which such members of the Obligated Group granted a first lien on the mortgaged property described therein.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECASTED OF OTHER ITEMS (CONTINUED)

Member of Obligated Group	Name of Facility
Lutheran Home Hickory Property, Inc. and Lutheran Home-Hickory, Inc.	Trinity Village
Lutheran Home Hickory West Property, Inc. and Lutheran Home-Hickory West, Inc.	Trinity Ridge
Lutheran Home at Trinity Oaks Property, Inc. Lutheran Home at Trinity Oaks, Inc.	Trinity Oaks health and rehab ⁽¹⁾
Lutheran Retirement Center – Salisbury, Inc.	Trinity Oaks retirement ⁽¹⁾
Lutheran Home Winston-Salem Property, Inc. and Lutheran Home-Winston-Salem, Inc.	Trinity Glen
Lutheran Home Wilmington Property, Inc. Lutheran Home-Wilmington, Inc.	Trinity Grove ⁽²⁾
Lutheran Services for the Aging, Inc.	12 acres adjacent to Trinity Grove
Lutheran Retirement Center-Wilmington, Inc.	Trinity Landing ⁽²⁾
Lutheran Home Forsyth County Property, Inc. and Lutheran Home-Forsyth County, Inc.	Trinity Elms health and rehab ⁽³⁾
LSA Elms Property, Inc. LSA Elms at Tanglewood, Inc.	Trinity Elms assisted living ⁽³⁾
Lutheran Retirement Center – Clemmons, Inc.	Trinity Elms retirement ⁽³⁾
Lutheran Home Albemarle Property, Inc. and Lutheran Home-Albemarle, Inc.	Trinity Place

Source: Management

Notes:

- (1) Lutheran Home at Trinity Oaks and Trinity Oaks operate together as a North Carolina licensed continuing care retirement community.
- (2) Trinity Grove and Trinity Landing operate together as a North Carolina licensed continuing care retirement community.
- (3) Trinity Elms health and rehab, Trinity Elms assisted living, and Trinity Elms retirement operate together as a North Carolina licensed continuing care retirement community.

Other Items

Related Party Transactions

As noted previously, there are a number of related party transactions between Trinity Elms and other affiliated entities including management fees, pharmacy costs and allocations of debt.

Due from Affiliate

Due from affiliate consists of amounts due from other affiliates of LSA. LSA from time to time evaluates the relative cash flow between affiliates and determines how much, if any, of the receivable or payable from (to) affiliate is received or paid. Management has not forecasted any receipts during the Forecast Period. In addition, bond premiums and debt issuance costs have been allocated to Elms for presentation purposes during the Forecast Period.

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

SUPPLEMENTAL SCHEDULE OF DETAILED OPERATING EXPENSES BY ENTITY

Management has forecasted the following detailed operating expenses for each of the organizations included as Trinity Elms during each fiscal year ending September 30 during the Forecast Period:

For the fiscal year ending September 30, 2026							
	Retirement Center - Clemmons, Inc.	LSA Elms at Tanglewood, Inc.	LSA Elms Property, Inc.	Lutheran Home - Forsyth County, Inc.	Lutheran Home Forsyth County Property, Inc.	Eliminations	Combined Total Operating Expenses
Expenses							
Salaries and Wages	\$ 155	\$ 3,257	\$ -	\$ 6,488	\$ -	\$ -	\$ 9,900
Employee Benefits	15	504	-	851	-	-	1,370
Supplies and Other	338	1,174	23	4,240	50	-	5,825
Rent Expense	-	885	-	700	-	(1,585)	-
Management Fees	67	290	-	662	-	-	1,019
Subtotal	575	6,110	23	12,941	50	(1,585)	18,114
Depreciation and Amortization							1,085
Interest Expense							1,019
Total Operating Costs and Expenses							\$ 20,218

For the fiscal year ending September 30, 2027							
	Retirement Center - Clemmons, Inc.	LSA Elms at Tanglewood, Inc.	LSA Elms Property, Inc.	Lutheran Home - Forsyth County, Inc.	Lutheran Home Forsyth County Property, Inc.	Eliminations	Combined Total Operating Expenses
Expenses							
Salaries and Wages	\$ 160	\$ 3,354	\$ -	\$ 6,683	\$ -	\$ -	\$ 10,197
Employee Benefits	16	519	-	877	-	-	1,412
Supplies and Other	348	1,209	23	4,367	52	-	5,999
Rent Expense	-	912	-	721	-	(1,633)	-
Management Fees	69	298	-	677	-	-	1,044
Subtotal	593	6,292	23	13,325	52	(1,633)	18,652
Depreciation and Amortization							1,425
Interest Expense							964
Total Operating Costs and Expenses							\$ 21,041

For the fiscal year ending September 30, 2028							
	Retirement Center - Clemmons, Inc.	LSA Elms at Tanglewood, Inc.	LSA Elms Property, Inc.	Lutheran Home - Forsyth County, Inc.	Lutheran Home Forsyth County Property, Inc.	Eliminations	Combined Total Operating Expenses
Expenses							
Salaries and Wages	\$ 164	\$ 3,455	\$ -	\$ 6,883	\$ -	\$ -	\$ 10,502
Employee Benefits	16	534	-	903	-	-	1,453
Supplies and Other	358	1,245	24	4,497	53	-	6,177
Rent Expense	-	939	-	743	-	(1,682)	-
Management Fees	71	306	-	694	-	-	1,071
Subtotal	609	6,479	24	13,720	53	(1,682)	19,203
Depreciation and Amortization							1,562
Interest Expense							907
Total Operating Costs and Expenses							\$ 21,672

Summary of Significant Forecast Assumptions and Accounting Policies

SUPPLEMENTAL SCHEDULE OF DETAILED OPERATING EXPENSES BY ENTITY (CONTINUED)

For the fiscal year ending September 30, 2029							
	Retirement Center - Clemmons, Inc.	LSA Elms at Tanglewood, Inc.	LSA Elms Property, Inc.	Lutheran Home - Forsyth County, Inc.	Lutheran Home Forsyth County Property, Inc.	Eliminations	Combined Total Operating Expenses
Expenses							
Salaries and Wages	\$ 169	\$ 3,559	\$ -	\$ 7,089	\$ -	\$ -	\$ 10,817
Employee Benefits	17	550	-	930	-	-	1,497
Supplies and Other	369	1,283	25	4,633	55	-	6,365
Rent Expense	-	967	-	765	-	(1,732)	-
Management Fees	73	315	-	712	-	-	1,100
Subtotal	628	6,674	25	14,129	55	(1,732)	19,779
Depreciation and Amortization							1,703
Interest Expense							853
Total Operating Costs and Expenses							\$ 22,335

For the fiscal year ending September 30, 2030							
	Retirement Center - Clemmons, Inc.	LSA Elms at Tanglewood, Inc.	LSA Elms Property, Inc.	Lutheran Home - Forsyth County, Inc.	Lutheran Home Forsyth County Property, Inc.	Eliminations	Combined Total Operating Expenses
Expenses							
Salaries and Wages	\$ 174	\$ 3,665	\$ -	\$ 7,302	\$ -	\$ -	\$ 11,141
Employee Benefits	17	567	-	958	-	-	1,542
Supplies and Other	380	1,321	26	4,772	56	-	6,555
Rent Expense	-	996	-	788	-	(1,784)	-
Management Fees	76	323	-	730	-	-	1,129
Subtotal	647	6,872	26	14,550	56	(1,784)	20,367
Depreciation and Amortization							1,848
Interest Expense							803
Total Operating Costs and Expenses							\$ 23,018



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Appendix C — Statement of Actuarial Opinion

Lutheran Retirement Center – Clemmons, Inc. is exempt from the requirement to submit an actuarial study because it offers health care services on a fee-for-service basis and does not guarantee the provision of future health services through prepaid fees.

Appendix D — Representative Contract(s)

Trinity Elms Independent Living: Residency Agreement

Trinity Elms Assisted Living: Admission Agreement

Trinity Elms Health and Rehab: Admission Agreement

**LEASE AGREEMENT FOR AN APARTMENT
LSA ELMS PROPERTY, INC.
D/B/A TRINITY ELMS
(AN AFFILIATE OF LUTHERAN SERVICES CAROLINAS
CLEMMONS, NORTH CAROLINA)**

This Lease Agreement (this "Agreement") is made as of the _____ day _____ by and between LSA Elms Property, Inc., d/b/a Trinity Elms, hereinafter referred to as "**TRINITY ELMS**", and _____ herein referred to as "Resident" (and, if more than one, collectively the "Resident").

WHEREAS Trinity Elms has developed an independent living rental community located at 7543 Fair Oaks Drive, Clemmons, North Carolina, (herein referred to as "The Community"); and

WHEREAS, Resident is desirous of becoming a resident of The Community and of using and enjoying the facilities, programs and services provided by Trinity Elms subject to the terms and conditions of this Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants and premises set forth herein, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, Resident and Trinity Elms agree as follows:

1. **Accommodations and Services.** Subject to the terms and conditions set forth in this Agreement, Trinity Elms agrees to provide the Resident the living accommodations, services, and programs at The Community as follows:

a. **Apartment.** Resident has the exclusive right to occupy and use the specific Apartment described herein, subject to the terms and conditions set forth in this Agreement. The below apartment unit will hereinafter be referred to as the "Apartment":

Type: _____
Address/Unit: _____
Description: _

b. **Utilities.** Trinity Elms will provide water, sewer, trash removal, local telephone service, internet and cable services.

c. **Furnishings.** Trinity Elms will provide a refrigerator, dishwasher, microwave, oven/range, window blinds, and any other features in the Apartment as described in the marketing materials describing the Community. Any upgrades requested by the Resident must be paid for by the Resident prior to the purchase of such upgrades. All such furnishings and appliances, as well as any upgrades thereto, will remain the property of Trinity Elms after the Resident vacates the Apartment.

d. **Meals.** A meal plan or meal credit is not included in the monthly rent for the Apartment. A Resident may purchase an individual meal or a monthly meal plan for an additional cost. The Resident should review the Dining Plan options in the Resident Handbook for The Community for details on the costs and procedures for ordering meals.

e. **Housekeeping Services.** Trinity Elms shall provide housekeeping services every other week, including vacuuming, dusting, cleaning of baths and kitchens, and trash removal. Heavy housekeeping services shall be provided on an annual basis, including cleaning of refrigerators, oven/range, windows, baseboards, light fixtures, and carpet cleaning, as may be needed. Any extra cleaning services shall be at the Resident's sole cost and expense.

f. **Laundry Services.** Trinity Elms shall not provide any laundry services. Each unit is equipped with a hook-up for a washer and dryer, which must be provided by the Resident at the Resident's sole cost and expense.

- g. Maintenance and Repairs.** Trinity Elms shall provide for the maintenance, repair and up-keep of The Community's facilities, improvements, fixtures, furnishings, and equipment. Individual apartment maintenance is included for appliances, fixtures, etc. that belong to Trinity Elms and are part of the Apartment. Trinity Elms will not be responsible for the cost of equipment and/or labor for maintenance required for any personal belongings of the Resident. It is the responsibility of the Resident to review the Maintenance Policy for the Apartments, which is included in the Resident Handbook. A Resident must contact Trinity Elms immediately in the event of a maintenance need that would be considered an emergency, including, without limitation, water leaks, electrical issues and plumbing issues. Notwithstanding anything herein to the contrary, Trinity Elms shall not be responsible for any maintenance and/or repairs that arise as a result of the Resident's negligence or intentional acts.
 - h. Grounds keeping.** Trinity Elms shall furnish grounds keeping services to The Community, including lawn, tree and shrubbery care. Subject to approval by Trinity Elms, Residents may plant and maintain certain areas designated for such purpose by Trinity Elms. Trinity Elms must pre-approve in writing all plantings in accordance with the landscape design plan.
 - i. Parking.** Trinity Elms shall provide parking areas for the Resident's personal vehicle (limited to one vehicle for each individual apartment, unless otherwise approved in writing by Trinity Elms).
 - j. Common Facilities.** Trinity Elms will provide common facilities for the common use and benefit of all Residents such as a multi-purpose room, day room with fireplace, and the community building. Residents of Trinity Elms will also have access to common facilities in Trinity Elms health and rehab and Trinity Elms assisted living facilities located adjacent to the community each of which are operated by separate entity affiliates of Lutheran Retirement Center – Clemmons, Inc..
 - k. Transportation.** Trinity Elms may provide transportation for Community scheduled outings for residents at no additional charge.
 - l. Activities.** Trinity Elms may provide, from time to time, planned social, recreational, spiritual, educational, and cultural activities for the Residents.
 - m. Emergency Assistance.** Trinity Elms does not provide emergency call systems in the Apartments or common areas. The Resident may elect to purchase equipment and services for their own personal emergency assistance device. Residents are not permitted to install any emergency assistance device/equipment in an Apartment or common area without the prior, written approval from the Executive Director of Trinity Elms.
 - n. Health Care.** Residents of the Trinity Elms apartments will have priority application access to assisted living and skilled nursing care at the adjacent facilities operated by its affiliates. A Resident must meet all of the regulatory and admission requirements to receive assisted living or skilled nursing care. Trinity Elms cannot guarantee that a room will be available at the time a Resident needs a higher level of care; in the event that there is no availability and/or the Resident does not qualify for such admission, Trinity Elms will make every effort to assist the Resident in finding placement in another community. The Resident will be given priority access to other assisted living and skilled nursing communities owned and operated by affiliates of Lutheran Services Carolinas.
2. **Admission Requirements.** All residents of The Community must be 62 years of age or older. Trinity Elms will provide facilities and services to individuals regardless of race, color, religion, sex, handicap, familial status, national origin, marital status, veteran status, sexual orientation, or any other prohibited categories. The Resident is required to meet the following standards prior to admission to Trinity Elms:
- a. **Age.** The Resident must be 62 years of age or older.

- b. **Personal Interview.** The Resident may be requested to have an interview with a representative from Trinity Elms prior to taking residency.
- c. **Application Forms.** The Resident shall submit for review an Application for Admission (the “Application”) provided by Trinity Elms upon or prior to execution of this Agreement.
- d. **Notification.** Trinity Elms shall review the information provided on the Application forms and the personal interview and will notify the Resident about qualifying for admission within ten (10) business days of receipt of the completed Application. If a Resident does not qualify for admission, this Agreement will automatically terminate on the date of notification of such qualifications.
- e. **Health Requirements.** The Resident shall be ambulatory, generally in good health, able to live independently without assistance, and free of any communicable diseases in order to meet the admission requirements for the Apartment.
- f. **Financial Requirements.** The Resident must have assets and income sufficient under foreseeable circumstances to pay the financial obligations of the Resident under this Agreement and to meet ordinary living expenses of the Resident.

3. Terms of Residency.

- a. **Use.** The Apartment and the Community are for the use, benefit and enjoyment of the Resident as their full-time personal residence and for no other purpose whatsoever. The Resident agrees only the Resident, except for short-term guests from time to time, will occupy the Apartment.
- b. **Term.** The initial term of this Agreement is for twelve (12) months from the initial date of occupancy defined as the date the Monthly Charge commences, and shall continue on a month-to-month basis after the first twelve (12) months, subject, however, to the earlier termination provisions of Section 4 hereof.
- c. **Availability Date.** The Availability Date is the date that the Apartment is ready for occupancy. The Resident does not have to take occupancy on the Availability Date [see Section 3(d) herein below for details on occupancy], but the Resident agrees to begin paying the rent for the selected Apartment on the Availability Date of the Apartment. Lutheran Retirement Center-Clemmons, Inc. will make every effort to give advanced notice to the Resident(s) of the Availability Date. It is further understood that if a Resident fails to begin paying the Monthly Charge on the Availability Date of the Apartment unless otherwise agreed to in writing by the Executive Director and the Resident, the Resident may forfeit their right to rent the Apartment and this Agreement may automatically terminate at the sole and absolute discretion of Trinity Elms.
- d. **Occupancy.** The “Date of Occupancy” shall be defined as the date the Monthly Charge commences.
- e. **Visitors.** Except for short-term visitors, no person other than the Resident may reside in the Apartment without the prior, written approval of Trinity Elms. Short-term visitors shall mean visitors who stay less than 14 consecutive days or 21 days in the aggregate in any calendar month period, and no longer than 30 days in any given calendar year, unless otherwise pre-approved in writing by the Executive Director, at the Executive Director’s sole discretion.
- f. **Loss of Property.** Trinity Elms shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, flood, water drainage, fire or any other cause whatsoever. It is understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss of its property.
- g. **Assignment and Subletting.** Without the prior written consent of Trinity Elms, Resident shall not assign under this Agreement, or sublet the Apartment or any part thereof. Consent by Trinity Elms to one assignment or subletting shall not be deemed to be consent to any subsequent assignment or subletting.

- . **Showing Premises.** Resident hereby grants permission to Trinity Elms to show the Apartment to prospective residents at reasonable hours during the sixty (60) days written notice period as outlined in Section (4) below.
- o. Entry for Inspection, Repairs, and Alterations.** Trinity Elms shall have the right to enter the Apartment at reasonable hours for inspection and, whenever necessary, to make necessary repairs and alterations to the Apartment.
- a. Care of Apartment and Premises.** Trinity Elms shall deliver to the Resident the Apartment in good and habitable condition. Resident shall maintain the Apartment and deliver the Apartment and all property belonging to Trinity Elms in good, clean and habitable order and condition, reasonable wear and tear excepted, upon termination of this Agreement. Resident may paint the Apartment only with the prior written consent of Trinity Elms. It is agreed that Resident will not make or permit any alterations, improvements, or changes to the Apartment without, in each case, first obtaining the prior, written consent of Trinity Elms. All such alterations, changes, and improvements, with the exception of fixtures owned by the Resident and removable without damage, shall, unless otherwise provided by written agreement between Trinity Elms and Resident, be the property of Trinity Elms and remain in the Apartment premises at the termination of this Agreement.
- b. Pets.** All pets must meet the established criteria per the Pet Policy which can be found in the Resident Handbook. Residents with pets must abide by all guidelines and policies.
- c. Neat and Orderly Condition.** Resident agrees to keep the Apartment and premises in a neat and orderly condition, free of any trash or materials considered to be a nuisance by Trinity Elms.
- d. Policies, Procedures, Rules, and Regulations.** Resident agrees to abide by the policies, procedures, rules, and regulations and such reasonable guidelines as set forth in the Resident's Handbook (as may be amended from time to time by Trinity Elms), which will be made available for Resident prior to execution of this Agreement.
- e. Laws/Ordinances.** Resident agrees to fully comply with all applicable laws, rules, regulations and

ordinances. 4. **Rescission and Termination Provisions.**

- a. Termination by Resident before Occupancy.** The Resident has the right to rescind this Agreement for any or no reason within seven (7) days from the date of this Agreement by giving Trinity Elms written notice of such intention to rescind. In the event of such rescission, Trinity Elms will, within thirty (30) days of notification thereof, refund the Resident one half of the Security Deposit paid to Trinity Elms. Any cost for upgrades agreed upon by Trinity Elms and the Resident that have already been paid for by Trinity Elms will be the financial responsibility of the Resident and will be deducted from the Security Deposit or directly billed to the Resident, if not already collected. Resident shall pay any amounts due to Trinity Elms within thirty (30) days of Resident's receipt of such bill.

After the seven (7) day rescission period, Resident may terminate this Agreement for any reason by giving Trinity Elms written notice of intention to terminate. In event of such termination before occupancy, Resident will receive a refund of one half of the Security Deposit paid to Trinity Elms, within thirty (30) days of such notification, unless otherwise agreed upon by Trinity Elms and Resident, minus the cost of any upgrades completed by Trinity Elms at the request of the Resident. If the one half of the Security Deposit owed to the Resident for termination of the Agreement after the seven (7) day rescission period is less than the balance owed by the Resident for any upgrades or changes made by Trinity Elms at the request of the Resident, the Resident agrees to pay any outstanding balance to Trinity Elms within thirty (30) days of termination of this Agreement.

A full refund will be made, however, if such termination should occur because of death of Resident or a Resident's spouse if the Resident hereunder consists of a married couple, or because of a change in the physical or mental condition, which would make Resident or Resident's spouse ineligible for admission to Trinity Elms, minus the cost of upgrades completed by Trinity Elms at the request of the Resident. Trinity Elms will, within thirty (30)

Days of notification thereof, provide the Resident with any refund. The Resident agrees to pay any outstanding balance to Trinity Elms within thirty (30) days of termination of the date of this Agreement.

- b. Termination after Occupancy.** After occupancy by Resident, this Agreement shall terminate no earlier than twelve (12) months from the initial Date of Occupancy, provided that Resident shall provide Trinity Elms at least sixty (60) days advance written notice prior to termination. Without such notice, this Agreement shall continue in full force and effect on a month-to-month basis thereafter, subject to increases as set forth in Section (6) below and subject to the foregoing requirement of 60-days' advance written notice.

If the Resident terminates this Agreement prior to the completion of the initial twelve (12) month term for any reason other than by death or if the Resident no longer meets the Admission Requirements, the Resident forfeits the entire Security Deposit, unless otherwise determined by Trinity Elms.

- c. Termination by Trinity Elms.** Before the Resident takes occupancy, Trinity Elms may terminate this Agreement in the event the Resident does not meet the criteria for admission as set by the Board of Directors of Trinity Elms, or should the information in the application forms provided by Resident differ materially from that disclosed to Trinity Elms during the admissions process.

Upon such termination, the Resident would receive a refund of any and all monthly Charges and fees paid to Trinity Elms within thirty (30) days of notification by Trinity Elms of such termination, minus the cost of any upgrades or alterations made by Trinity Elms to the Apartment at the request of the Resident.

Notwithstanding any other provisions of this Agreement, Trinity Elms may also terminate this Agreement at any time after the Resident takes occupancy if: (i) there has been a material misrepresentation or omission made by the Resident in the completed application forms provided by the Resident to Trinity Elms; (ii) if the Resident fails to make the payments to Trinity Elms in the Monthly Charges or fees which are described in Section (6) of this Agreement within thirty (30) days of the date when due; or (iii) if the Resident fails to abide by the rules, regulations, and policies adopted by Trinity Elms from time to time or breaches the terms and conditions of this Agreement. In the event of termination for any of such causes, Resident shall not be entitled to a refund of any Monthly Charges or fees made by the Resident.

- d. Termination Due to Death.** If Resident should die during the term of this Agreement, this Agreement shall terminate. The Monthly Charge will be paid until such time the Resident's belongings are removed from the Apartment and the Apartment is returned to Trinity Elms in good and habitable condition.

5. Transfers.

- a. Change in Apartments.** It is understood Trinity Elms, in its sole discretion, has the right to make a change in apartment assignments if necessary in order to best serve the needs of the Resident. A Resident may not transfer from one apartment to another apartment during the initial twelve (12) month term unless pre-approved in writing by the Director of Trinity Elms. Approval is subject to the sole and absolute discretion of the Director of Trinity Elms on a case by case basis.

- b. Transfer to Trinity Elms Assisted Living.** Resident agrees that Trinity Elms shall have the authority to determine when or if a Resident should be transferred from the Apartment to Trinity Elms assisted living for assisted living care facilities operated by its affiliates. Such determination shall be made based on the professional opinion of the Executive Director of Trinity Elms and shall be made only after consultation, to the extent practical, with the Resident, a representative of the Resident's family or the sponsor of Resident, the Resident's attending physician, as well as the Director of Health Services at Trinity Elms assisted living. Admission to such assisted living facility is contingent upon a Resident meeting the regulatory requirements for admission and upon bed availability. If there is no bed available at Trinity Elms' affiliates, or a Resident does not meet the admission requirements, Trinity Elms will make reasonable efforts to assist the Resident in finding placement at another community. The Resident will be given priority application access at other assisted living communities operated by Lutheran Services Carolinas or its affiliates.

- c. Transfer to Trinity Elms Health and Rehab.** Resident agrees that Trinity Elms shall have the authority to determine when or if a Resident should be transferred from the Apartment to the Trinity Elms health and rehab for skilled nursing care. Such determination shall be made based on the professional opinion of the Executive Director of Trinity Elms and shall be made only after consultation, to the extent practical, with the Resident, a representative of the Resident's family or the sponsor of Resident, the Resident's attending physician, as well as the Director of Nursing at Trinity Elms health and rehab. Admission to Trinity Elms health and rehab is contingent upon the Resident meeting the regulatory requirements for admission and upon bed availability. If there is no bed available at Trinity Elms, or a resident does not meet the admission requirements, Trinity Elms will make reasonable efforts to assist the Resident in finding placement at another community. The Resident will be given priority application access at other skilled nursing communities operated by Lutheran Services Carolinas or its affiliates.
- d. Transfer to Other Health Care Facility.** If it is determined by the Executive Director that the Resident needs care beyond that which can be provided by Trinity Elms, Resident may be transferred to a hospital or other center or institution equipped to give such care, which care will be at the expense of Resident. Such transfer of Resident will be made only after consultation, to the extent possible, with Resident, a representative of Resident's family or the sponsor of Resident, and Resident's attending physician.
- e. Permanent Transfers.** If a determination is made by Trinity Elms that any transfers are permanent in nature, Resident agrees to surrender the Apartment. If Trinity Elms subsequently determines that the Resident can resume occupancy in any apartment, Resident shall have application priority to a comparable apartment as soon as it would become available. Resident will be obligated to pay rent for the Apartment until all personal belongings are removed from the Apartment.

6. Financial Arrangements.

- a. One-Time Administrative Fee.** In consideration for refurbishment of the Apartment at the conclusion of this Agreement, and certain administrative costs associated with the initiation and maintenance of this Agreement, Resident agrees to pay a one-time administrative fee of \$ _____. Such fee is due upon execution of this Agreement and is non-refundable after the seven (7) day rescission period expires. Such fee will be deducted from the Security Deposit referenced in Section 6.b. hereof.
- b. Security Deposit.** A resident will provide a Security Deposit equal to one month's rent. Upon termination of the Agreement, the Resident will receive a refund of the Security Deposit, less any money owed to Trinity Elms for damages beyond normal wear and tear or any other charges or fees owed to Trinity Elms hereunder and less the \$400.00 administrative fee referenced in Section 6.a. hereof.
- c. Damages beyond Normal Wear and Tear.** Resident understands that the one-time administrative fee covers only normal wear and tear.

Resident agrees to immediately pay to Trinity Elms a sum equal to the cost of repairs beyond normal wear and tear, non-payment of rent, costs associated with removal or storage of Resident's property, or any costs associated with any breach of this Agreement by the Resident.

- d. Monthly Charge.** Commencing on the initial Date of Occupancy and continuing throughout the entire term of this Agreement, Resident agrees to pay Trinity Elms a Monthly Charge. The Monthly Charge from the initial Date of Occupancy until October 1, 2026, shall be equal to \$ _____ per month. Trinity Elms shall have the right to adjust such Monthly Charges on an annual basis as of October 1st of each year during the term of this Agreement. The Monthly Charge is payable in advance on or before the first day of such calendar month during the entire term of this Agreement.

The Monthly Charge may be prorated on a per day rate and calculated based on the number of days in the calendar month in which the prorated amount is due/owed.

Trinity Elms will provide Resident with a monthly statement of the total charges owed by the Resident. Trinity Elms may assess a late payment charge of \$25 for statements not paid within ten (10) calendar days after the monthly statement is furnished.

- e. Charges at Trinity Elms Assisted Living.** Charges at the Trinity Elms assisted living facility will be incurred at the published per diem rate for the accommodations occupied by the Resident, plus other charges for other services not included in such per diem rate.
- f. Charges at Trinity Elms Health and Rehab.** Charges at the Trinity Elms health and rehab facility will be incurred at the published per diem rate for the accommodation occupied by the Resident, plus other charges for other services not included in such per diem rate.
- g. Charges for Care in Other Health Care Facilities.** Should Resident require care that requires transfer to another health care facility, all expenses which will result from such transfer and related care shall be borne entirely by Resident.

7. General Provisions

- a. Assignment.** The rights and privileges of Resident under this Agreement are personal to the Resident and may not be assigned or transferred.
- b. Tax Status and Ownership.** Trinity Elms is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code of 1986 through the sponsorship of Lutheran Services Carolinas, Inc. Trinity Elms is governed by a volunteer Board of Directors.
- c. Power of Attorney.** Resident is required to have a written Power of Attorney and an executed copy must be given to the Executive Director of Trinity Elms.
- d. Will.** Resident is strongly encouraged to have a will providing for the disposition of his or her real and personal property and provision for proper burial at his or her own expense. Resident agrees to notify the Executive Director of Trinity Elms as to the location of this will and to notify Trinity Oaks of the Resident's the Executor under such will.
- e. Subordination.** Resident's rights under this Agreement shall be subject and subordinate to the lien of any deed of trust now or hereafter placed on the premises by Trinity Elms.
- f. Entire Agreement.** This Agreement constitutes the entire agreement between Trinity Elms and the Resident.
- g. Successors and Assigns.** Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Trinity Elms and the heirs, executors, administrators, and assigns of Resident.
- h. Governing Law.** This Agreement shall be governed by the laws of the State of North Carolina. The venue for any action arising hereunder shall be Forsyth County, North Carolina.
- i. Counterparts/Copies.** This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Further, copies of signatures hereto shall constitute originals for all purposes.

Residents, by their execution hereof, acknowledge having received and reviewed a copy of the Resident Handbook relating to The Community and agrees to fully abide by the provisions thereof. Resident acknowledges and agrees that Trinity Elms may amend the Resident Handbook from time to time as deemed reasonably necessary by Trinity Elms.

In WITNESS WHEREOF, the parties have executed this Agreement under seal as of the day and year above written.

ATTEST: TRINITY ELMS

WITNESS By: _____
Director

WITNESS By: _____
Resident

WITNESS By: _____
Resident

Current Address: Street

City, State, Zip Code

Telephone

Lease Revised 11/15/2018



Trinity Elms
Continuing Care Retirement Community
Disclosure of Services

Lutheran Retirement Center-Clemmons, inc. dba Trinity Elms is part of a Continuing Care Retirement Community licensed as Trinity Elms. Trinity Elms is comprised of five entities; Lutheran Retirement Center-Clemmons, Inc. is the entity that provides independent living services; Lutheran Home at Trinity Elms, Inc. is the entity that provides skilled nursing services; LSA Elms at Tanglewood, Inc. is the entity that provides assisted living services; Lutheran Home Forsyth County Property, Inc. is the entity that holds assets for Lutheran Home-Forsyth County, Inc.; and LSA Elms Property, Inc. is the entity that holds assets for LSA Elms at Tanglewood, Inc.

Residents of the Trinity Elms campus will have priority access to all levels of care as many times as needed as long as admission requirements are met.

Admission to the independent living residences, Lutheran Retirement Center-Clemmons, Inc., requires that a resident meet the below requirements:

- Health: Each independent living Resident must have sufficient physical and mental capacities to live independently without posing a danger to his/her health or to the health and safety of other Trinity Elms residents and staff. The Resident will be required to provide a Personal Health Application.
- Financial: The Resident shall have furnished information to Trinity Elms with respect to the Resident's financial resources demonstrating that the Resident has the financial income and assets to pay the Monthly Fee and the future adjustments of these charges during the term of this Agreement.
- Age: The Resident must be at least 62 years of age at the time he or she occupies an Apartment at Trinity Elms, with an exception in the case of one of two married Residents.

Assisted living services are provided at LSA Elms at Tanglewood, Inc. and are available to residents who meet the admission requirements, which include but are not limited to:

- Resident must provide an (FL-2) dated no more than 90 days prior to admission. However, it may be requested that any FL-2 dated more than 30 days prior to admission be reviewed by the physician for accuracy.
- Health: Self-ambulation with minimal help and/or with the aid of wheelchairs or walkers. Resident must be able to complete activities of daily living, including bathing, dressing and medication administration with light assistance. Resident cannot have a primary diagnosis of mental disease.
- Financial: Resident must provide evidence of sufficient financial means. Resident or Financial Legal Representative will pay or arrange payment for services in accordance with the Facility's then prevailing room rates.
- Age: The Resident must be at least 55 years of age.

- A two-step PPD or chest X-ray within the last year with a statement that you are free of communicable disease is required. Documentation that the resident has received a vaccination for pneumonia and influenza, or a physician's statement stating the reason why the resident cannot receive the vaccinations, or a signed statement documenting resident's refusal to have the vaccinations.

Skilled nursing services are provided at Lutheran Home-Forsyth County, Inc. and are available to those who meet the Trinity Elms admission requirements, which include but are not limited to:

- A resident has a medical condition(s) that requires 24/7 interventions and/or monitoring by the licensed personnel of a skilled nursing facility; a resident requires skilled nursing and therapy care that can only be safely and effectively performed by, or under the supervision of, professionals or technical personnel.
- Must have a payor source to pay for the services the facility is providing.
- The facility must determine they are able to meet the needs of each resident, which will be evaluated when/if skilled nursing services are needed.

In the event a Resident requires a higher level of care and there is no availability at Trinity Elms, or the resident does not qualify for admission at Trinity Elms, Trinity Elms will assist the Resident in finding another health care center as close as possible to the quality and price of Trinity Elms.

If a resident has a temporary stay from independent living to a higher level of care, a Resident will continue to pay the Monthly Fee for their residence at Lutheran Retirement Center-Clemmons, Inc. If a Resident has a permanent transfer from independent living to a higher level of care, the Resident will continue paying the Monthly Fee until the residence is vacated including the return of the keys to the residence.

Charges

Charges at Lutheran Home-Forsyth County, Inc. for skilled nursing will be incurred at the published per diem rate for the accommodations occupied by the Resident, plus other charges for other services not included in such per diem rate.

Charges at LSA Elms at Tanglewood, inc. for assisted living services will be incurred at the published per diem rate for the accommodation occupied by the Resident, plus other charges for other services not included in such per diem rate.

Charges at Lutheran Retirement Center-Clemmons, Inc. for an independent living apartment will be incurred at the published rate.

As a resident entering the Trinity Elms Continuing Care Retirement Community, I understand that all of the stated levels of care will be offered to me with priority access as long as I. meet the admission requirements. Each level of care will require its own separate contract at time of admission to that specific level of care.

THE UNDERSIGNED HAVE READ, DO UNDERSTAND AND BEEN GIVEN A COPY OF THIS DISCLOSURE AS INDICATED BY THEIR SIGNATURES BELOW:

Resident _____ Date

Resident Representative _____ Date

Relationship to Resident (circle all that apply): Financial Legal Personal Legal Other (explain) ____

Facility Representative _____ Date

Witness: _____ Date

LSC ASSISTED LIVING FACILITY ADMISSION AGREEMENT

This agreement is made by and between Trinity Elms (hereinafter called "Facility") and the person(s) indicated on the signature page, for the provision of services for the resident ("Resident") known as _____. The individual(s) signing this agreement affirm that any information provided to the facility is true and correct to the best of their knowledge and acknowledge that the submission of any false information may constitute grounds to terminate this agreement. Therefore, the Facility and the individual(s) signing below agree to the following terms and conditions:

DEFINITIONS:

The "Financial Legal Representative" is a person who has legal access to and control over Resident's personal property and/or funds, including cash, social security or other government benefits, annuities, pensions or other sources of payment for care provided at the Facility. By execution of this Agreement, the Financial Legal Representative is agreeing to use such funds of the resident to pay for care and services provided by the Facility pursuant to this Agreement and to undertake the other obligations of the Financial Legal Representative set forth in this Agreement.

The "Personal Legal Representative" is a person designated by Resident or law to (i) receive certain notices that the Facility may or must provide to Resident, or to a legal representative of Resident and (ii) to provide consent for medical treatment and related decisions on behalf of a resident who is unable to make or communicate such decisions.

THE FACILITY AGREES:

- I. To provide Services and Accommodations including:
 - personal care services which are adequate and appropriate to Resident's needs,
 - staff coverage twenty-four hours per day, including authorized staff to dispense prescribed medications and assist Resident with bathing and dressing,
 - room accommodations, including basic furnishings and utilities,
 - three meals and three snacks per day,
 - linen, laundry, and housekeeping services at least once weekly,
 - maintenance and grounds keeping services,
 - maintenance and replacement of property, furnishings and equipment owned or leased by the Facility necessitated by normal wear and tear,
 - parking and transportation services as specified by the Facility,
 - a minimum of 14 hours of planned group activities per week, and
 - personal items at the charge specified by the Facility.
2. To furnish a current Statement of Charges to Resident or the Financial Legal Representative upon request. Billing will be one month in advance.
3. To use the services of Resident's attending physician. If Resident's physician is not available to treat Resident, the Facility shall (1) use its best efforts to arrange for an alternate physician or (2) secure emergency room physicians' services, and such expense shall be borne of Resident. The Facility is not obligated to provide Resident with any medicines, treatment, special diets, or equipment without specific orders or directions from Resident's attending physician.
4. To offer services from time to time of outside providers such as a licensed dentist, pharmacist, laboratory, x-ray, podiatry, optometry, ambulance services, etc. Such services are available under guidelines and procedures established by the Facility and may be utilized by Resident at his or her own expense, unless otherwise covered by a third-party payor. Resident or Financial Legal Representative is obligated to pay such fees and costs whether the goods and services are furnished by a person or provider made available by the Facility, or by a person or provider selected by Resident, and whether the goods were provided at the Facility or elsewhere.
5. To place Resident in appropriate accommodations, consistent with Resident's Bill of Rights.
6. To be responsible only for those personal items which are left in the custody of the Executive Director. Resident hereby releases Facility from any liability for safeguarding all other personal property of Resident.
7. To exercise reasonable care when Resident is taken from the Facility by Facility staff on Facility-sanctioned outings. The Facility assumes no responsibility for Resident's welfare when Resident is taken from the Facility either temporarily or permanently under any other circumstances.

7. To notify Resident's physician and Personal Legal Representative of any significant change in Resident's physical, mental or psychosocial condition about which the Facility has information, and of accidents involving Resident which result in injury or the need to alter Resident's treatment significantly.
8. If changes are made in the contract, to provide an amended contract or an amendment to the contract for review and signature within 30 days of the change.

ACCESS TO SERVICES

Trinity Elms offers IL, AL, & SNF levels of care. Residents will have priority access to these different service levels; residents will still need to meet the admission requirements for the needed level of care in order to be admitted. Residents will have priority access between all services levels, e.g. IL to SNF, IL to AL, AL to SNF, SNF to AL, etc., as residents of Trinity Elms. Trinity Elms will work with each resident to ensure the resident is residing at the appropriate care level, and help facilitate any changes as needed. If a Resident moves to a different level of care, a resident agreement for that specific care level will need to be signed.

THE RESIDENT/LEGAL REPRESENTATIVE AGREES:

1. To provide all required documentation for admission as listed in the Resident Handbook.
2. To provide clothing and personal effects as may be needed by Resident.
3. To provide an appropriate amount of spending money as Resident's needs warrant.
4. To abide by all policies and rules of the Facility, including changes in those policies or procedures as may be established by the Facility from time to time.
5. To provide the Facility a fourteen (14) day notice when Resident or Resident's Personal or Financial Legal Representative terminates occupancy. Failure to provide notice may result in charges for up to fourteen (14) days of notice (see also Refund Policy on page 3 of this Agreement).

TERMINATION, TRANSFER, OR DISCHARGE

THE FACILITY RESERVES THE RIGHT TO DISCHARGE OR TRANSFER A RESIDENT WITH APPROPRIATE NOTICE PURSUANT TO APPLICABLE STATE DISCHARGE REGULATIONS FOR ANY OF THE REASONS SET FORTH BELOW:

1. Transfer or discharge is necessary for Resident's welfare and Resident's needs cannot be met in the Facility as documented by the physician, physician assistant or nurse practitioner.
2. Resident's health has improved sufficiently such that Resident no longer needs services provided by the Facility as documented by the physician, physician assistant or nurse practitioner.
3. The safety of individuals in the Facility is endangered by Resident.
4. The health of individuals in the Facility would otherwise be endangered unless the Resident is discharged or transferred as documented by the physician, physician assistant or nurse practitioner.
5. Resident has failed to pay the costs of services and accommodations by the payment due date according to the resident contract after receiving written notice of warning of discharge for failure to pay; or
6. Resident has failed to perform obligations under this agreement or abide by the rules and regulations of the Facility.

Notice and Waiver of Notice: The Facility will notify Resident and Personal Legal Representative or family member at least thirty (30) days in advance of the transfer or discharge date, except in those situations described in numbers 1, 2, 3 or 4, above. In such situations, notice will be given as soon as practicable before the transfer or discharge.

Withdrawal Against Advice: In the event Resident withdraws from the Facility against the advice of his/her attending physician and/or without approval of the Facility, all of Facility's responsibilities for the care of Resident are terminated.

Failure of the Facility to discharge a Resident is not a waiver of any of the legal rights of the Facility. Further information regarding Discharge/Transfer policies is found in the Resident Handbook.

FINANCIAL AGREEMENT

- Resident or Financial Legal Representative will pay or arrange payment for services hereunder in accordance with the Facility's then prevailing Room Rates, as amended from time to time. All room and board charges are billed one (1) month in advance. All charges billed on the monthly statement are due and payable by the 10th day of the current month. Any invoice not paid within 30 days of the date of the invoice are subject to a late

charge of 1.5% per month (annual rate of 18%) and Resident or Financial Legal Representative is obligated to pay any late charges. In the event the Facility initiates any legal actions or proceedings to collect payments due from Resident under this Agreement, Resident or Financial Legal Representative shall be responsible to pay all attorney's fees and costs incurred by the Facility in pursuing the enforcement of Resident's financial obligations under this agreement.

- The Resident and/or the Resident's Financial Legal Representative will be notified of changes in Room Rates or other charges as soon as any change is known, but no less than 30 days before rate change is initiated by the Facility.
- Basic residential fees are determined by the facility. Additional rates may apply depending on the Resident's level of care assessment. Basic rates for all levels of care are provided by the facility, and the Resident or the Resident's Financial Legal Representative will be notified of changes as noted above.
- Prior to or on the occupancy date, Resident or Resident's Financial Legal Representative shall pay the Facility an amount equal to the remainder of the admission month. If the occupancy date is after the first day of the month, the advance payment shall be pro-rated accordingly.
- Additional services such as beauty/barber, ancillary supplies, etc. shall be due and payable upon receipt of the monthly statement reflecting those charges.
- Possible Medicaid availability or financial assistance through other non-profit organizations or ministries must be discussed with the Executive Director in advance. Medicaid beds are not available in all LSA facilities and are very limited in others; therefore, there is no guarantee of Medicaid placement.

REFUND POLICY

If the Resident, after being notified by the Facility of its intent to discharge him/her, moves out of the Facility before the thirty days notice has elapsed, the Facility shall refund the Resident an amount equal to the cost of care for the remainder of the month minus any nights spent in the Facility during the notice period. The refund shall be made within fourteen days after the Resident leaves the facility.

If the Resident moves out of the facility without giving the fourteen days' notice or moves out before the fourteen days' notice has elapsed, the Resident owes the Facility an amount equal to the cost of care for the required notice period. The Facility shall refund the Resident the remainder of any advance payment following settlement of the cost of care. The refund shall be made within fourteen days from the date of notice or, if no notice is given, within fourteen days after the resident leaves the Facility.

When there is an exception to the notice, to protect the health or safety of the Resident or others in the Facility, the Resident is only required to pay for any nights spent in the Facility. A refund shall be made to the Resident by the Facility within fourteen days from the date of the Resident's departure from the Facility.

When a resident gives a fourteen-day notice of leaving the Facility and leaves at the end of the notice period, the Facility shall refund the resident the remainder of any advance payment within fourteen days of the notice.

If a resident dies, the administrator of his/her estate or the Clerk of the Superior Court, when no administrator for his/her estate has been appointed, shall be given a refund equal to the cost of care for the month minus any nights spent in the Facility during the month. This is to be done within thirty days after the Resident's death.

ADDITIONAL RESPONSIBILITIES AND PROVISIONS

Resident's Responsibility to Pay for Pharmaceuticals: If a resident is an eligible beneficiary under the Medicare Part D insurance program and has enrolled in Medicare Part D or Medicare Advantage Plan, Resident shall advise Facility in writing of Resident's chosen Prescription Drug Plan (PDP) upon admission. If Resident becomes eligible for enrollment after admission, or if Resident elects to change his/her PDP, Resident shall notify the Facility and provide a copy of such election. Resident is responsible to pay the charges for all prescription drugs or medications while a resident in the Facility, except to the extent that such drugs and medications are covered in whole or in part by any applicable government reimbursement program. Some or all of the charges for prescription drugs may be covered by benefits

available through Medicare Part D or other private insurance or governmental insurance/benefit programs.

In the event that coverage for any prescription drug or pharmaceutical is denied, then Resident or Legal Representative shall remain responsible to pay for all such prescriptions, drugs, supplies, other medications or pharmaceuticals. The Facility is not responsible for and has made no representations regarding the actions or decisions of any PDP.

INDEMNIFICATION: Resident shall indemnify and hold the Facility harmless from, and is responsible to pay for, any damages or injuries to other persons and residents or to the property of other persons or residents caused by the acts or omissions of Resident, to the fullest extent permitted by law.

MISCELLANEOUS PROVISIONS:

1. Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina and shall be binding upon and inure to the benefit of each of the undersigned parties and their respective heirs, personal representatives, successors, and assigns.
2. Severability: The various provisions of this Agreement shall be severable one from another. If any provision of this Agreement is found by a court or administrative body of proper jurisdiction and authority to be invalid, the other provisions shall remain in full force and effect as if the invalid provision had not been a part of this Agreement.
3. Captions: The captions used in connection with the sections and subsections of this Agreement are inserted only for the purpose of reference. Such captions shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning or intent of the provisions of this Agreement, nor shall such captions be given any legal effect.
4. Modifications: The Facility reserves the right to modify unilaterally the terms of this Agreement to conform to subsequent changes in law, regulation, or operations. To the extent possible, the Facility will give Resident and Personal and Financial Legal Representative, as applicable, thirty (30) days advance written notice of any such modifications. Resident may not modify this Agreement except by a writing signed by the Facility.

Waiver of Provisions: The Facility reserves the right to waive any obligation of Resident under the provisions of this Agreement in its sole and absolute discretion. No term, provision or obligation of this Agreement shall be deemed to have been waived by the Facility unless such waiver is in writing by the Facility. Any waiver by the Facility shall not be deemed a waiver of any other term, provision or obligation of this Agreement, and the other obligations of Resident under this Agreement shall remain in full force and effect.

THE UNDERSIGNED HAVE READ, DO UNDERSTAND, HEREBY AGREE TO, AND BEEN GIVEN A COPY OF THIS AGREEMENT AS INDICATED BY THEIR SIGNATURES BELOW:

Resident Signature and Date

Financial Legal Representative and Date

Personal Legal Representative and Date

Facility Representative and Date

LSC NURSING FACILITY ADMISSION AGREEMENT

This agreement is made by and between _____ (hereinafter called “**Facility**”) and _____ (herein after called “**Resident**”) identified in this Agreement. The individual(s) signing this agreement affirm that the information provided in the Pre-Admission Application and/or Financial Application is true and correct to the best of their knowledge, and acknowledge that the submission of any false information may constitute grounds to terminate this agreement.

Therefore the Facility, and the individual(s) signing below, intending to be legally bound, agree to the following terms and conditions:

I. DEFINITIONS:

- a. A “Financial Legal Representative” is a person who has legal access to and control over Resident’s personal property and/or funds, including cash, social security or other government benefits, annuities, pensions or other sources of payment for care provided at the Facility. The Financial Legal Representative may be a guardian of Resident’s estate appointed by a Court, an agent under a valid durable power of attorney, or any person legally-authorized to serve as Resident’s Financial Legal Representative. Once Resident has been admitted to the Facility, neither a court order designating a guardian of Resident’s estate nor a power of attorney shall vest the holder with the authority to make health care decisions (as opposed to financial or other non-health care decisions) on Resident’s behalf unless the document establishing the power of attorney clearly grants this authority. A person who has been appointed as Resident’s Financial Legal Representative by a court order or power of attorney must provide the Facility with documentary evidence showing that the person does, in fact, have legal authority to act as Resident’s Financial Legal Representative and the extent of such authority.

The Financial Legal Representative’s duties, obligations and responsibilities are set forth in the Financial Legal Representative Agreement, which is incorporated by reference herein in its entirety. By signing this agreement, Resident’s Financial Legal Representative acknowledges that he/she has read the Financial Legal Representative Agreement, understands the terms therein, and understands and agrees that he/she shall be bound by all terms set forth in the Financial Legal Representative Agreement.

- b. A “Personal Legal Representative” is a person designated by Resident or law to (i) receive certain notices that the Facility must provide to Resident, and if known, to a legal representative or interested family member, pursuant to Federal and State law, including notice of a significant change in Resident’s condition, a need to alter treatment, a decision to transfer or discharge Resident from the Facility, or a roommate change, among others; and (ii) to provide consent for medical treatment and related decisions on behalf of a resident who is unable to make or communicate such decisions. Resident hereby appoints _____ (name) as his/her Personal Legal Representative. By signing this Agreement, the individual designated by Resident as Personal Legal Representative agrees to undertake and perform the obligations of the Personal Legal Representative defined and described in this Agreement.

A competent resident (one who is able to make and communicate his/her own decisions) may designate a person to serve as Personal Legal Representative for the purposes described in this paragraph. If Resident is unable to designate a Personal Legal Representative because of physical or mental limitations, or chooses not to do so, then the Facility will rely upon the individual(s) described below who has the highest priority in the following list as Resident’s Personal Legal Representative for purposes of providing required notices and/or obtaining necessary consent:

A health care agent for Resident appointed pursuant to a valid health care power of attorney to the extent of the authority granted in that document (unless that authority has been suspended by a court with jurisdiction over Resident);

A guardian of Resident’s person or general guardian appointed by a court with jurisdiction to do so pursuant to Article 5 of Chapter 35A of the North Carolina General Statutes (note if Resident has a health care agent appointed pursuant to a valid health care power of attorney, the health care agent takes priority over a guardian unless a court has suspended the health care agent’s authority in favor of the guardian);

An agent appointed under durable power of attorney appointed by Resident pursuant to Article 1 or 2 of Chapter 32A of the North Carolina General Statutes, if that document grants authority to make health care decisions for Resident;

Resident’s spouse;

A majority of Resident’s reasonably available parents and children who are at least 18 years of age;

A majority of Resident’s reasonably available siblings who are at least 18 years of age; or

An individual who has an established relationship with Resident, who is acting in good faith on behalf of Resident and who can reliably convey Resident’s wishes.

The Facility may petition a court to appoint a guardian and take other legal action if the Facility reasonably believes that Resident’s needs are not being properly met or the duties imposed by this Agreement or the Financial Legal Representative Agreement are not being fulfilled by Resident or the Financial Legal Representative. Resident, Resident’s estate, or the Financial Legal Representative shall pay the cost of such Guardianship proceedings, including attorneys’ fees.

II. THE FACILITY AGREES:

1. To provide to Resident medical, nursing and personal care services which are adequate and appropriate to Resident's needs pursuant to physician orders, applicable Federal and State statutes, rules and regulations and definitions of nursing home care or assisted living care, the Facility's Statement of Room Rates and Ancillary Charges, as amended from time to time, and all supplemental forms entered into between Resident and the Facility relating to Resident's care and services at the Facility.
2. To furnish room accommodations, three meals per day except as medically indicated, linen service, housekeeping services, activity programs, and personal items at the charge specified in the Facility's Statement of Room Rates.
3. To provide ancillary services and supplies as identified on the Facility's Statement of Room Rates and Ancillary Charges and such other ancillary services and supplies at the option and upon the request of Resident, or upon the direction of Resident's treating physician. The ancillary services and supplies are subject to change from time-to-time at the discretion of the Facility. Resident shall pay for other services and supplies provided by the Facility which are not covered by the Facility's Statement of Room Rates and Ancillary Charges in effect at the time such ancillary services or supplies are rendered. Any items ordered by the physician which are not identified on the statement will be provided at charges identified by the Facility.
4. To furnish a current Statement of Charges to Resident or the Financial Legal Representative upon request. Billing will be one month in advance.
5. To use the services of Resident's attending physician. If Resident's physician is not available to treat Resident, the Facility shall (1) use its best efforts to arrange for an alternate physician or (2) secure emergency room physicians' services, and such expense shall be borne of Resident. The Facility is not obligated to provide Resident with any medicines, treatment, special diets, or equipment without specific orders or directions from Resident's attending physician.
6. To offer services from time to time of outside providers such as a licensed dentist, pharmacist, laboratory, x-ray, podiatry, optometry, ambulance services, etc. Such services are available under guidelines and procedures established by the Facility and may be utilized by Resident at his or her own expense, unless otherwise covered by third-party payor. Resident or Financial Legal Representative is obligated to pay such fees and costs whether the goods and services are furnished by a person or provider made available by the Facility, or by a person or provider selected by Resident, and whether the goods were provided at the Facility or elsewhere.
7. To furnish basic equipment and items which are utilized by individual residents but which are reusable and expected to be available in the Facility, e.g. ice bags, bed rails, canes, crutches, walkers, wheelchairs for non-exclusive transportation use, traction equipment, and other durable medical equipment. If Resident, Personal Legal Representative or Financial Legal Representative desires special equipment not covered by Private Insurance, Medicaid or Medicare, it will be supplied at extra charge and paid for by Resident.
8. To place Resident in appropriate accommodations, consistent with Resident's Bill of Rights.
9. To be responsible only for those personal items which are left in the custody of the Administrator. Resident hereby releases Facility from any liability for safeguarding all other personal property of Resident.
10. To exercise reasonable care when Resident is taken from the Facility by Facility on Facility-sanctioned outings. The Facility assumes no responsibility for Resident's welfare when Resident is taken from the Facility either temporarily or permanently under any other circumstances.
11. To notify Resident's physician and Personal Legal Representative of any significant change in Resident's physical, mental or psychosocial condition about which the Facility has information, and of accidents involving Resident which result in injury or the need to alter Resident's treatment significantly.
12. To provide information as needed by Resident or Financial Legal Representative for filing with private insurance companies.

III. TERMINATION, TRANSFER, OR DISCHARGE:

THE FACILITY RESERVES THE RIGHT TO DISCHARGE OR TRANSFER A RESIDENT WITH APPROPRIATE NOTICE PURSUANT TO APPLICABLE FEDERAL AND STATE DISCHARGE REGULATIONS FOR ANY OF THE REASONS SET FORTH BELOW, SUBJECT TO ANY LIMITATIONS ON SUCH DISCHARGE OR TRANSFER UNDER THE LAWS OF THE STATE IN WHICH THE FACILITY IS LOCATED:

1. Transfer or discharge is necessary for Resident's welfare and Resident's needs cannot be met in the Facility;
2. Resident's health has improved sufficiently such that Resident no longer needs services provided by Facility;
3. The safety of individuals in the Facility is endangered by Resident;
4. The health of individuals in the Facility would otherwise be endangered unless Resident is discharged or transferred;
5. Resident has failed after reasonable and appropriate notice to pay for (or to have paid under Medicare or Medicaid) a stay at the Facility; or
6. The Facility ceases to operate.

Notice and Waiver of Notice: The Facility will notify Resident and Personal Legal Representative or family member at least thirty (30) days in advance of transfer or discharge, except in situations when appropriate plans that are acceptable to Resident can be implemented earlier, and except in cases of emergencies, including those situations described above in section 1-4 or when Resident has not resided in the Facility for thirty (30) days. In such events, then only such notice as is reasonable under the circumstances shall be provided.

Withdrawal Against Advice: In the event Resident withdraws from the Facility against the advice of his/her attending physician and/or without approval of the Facility, all of Facility's responsibilities for the care of Resident are terminated. Failure of the Facility to discharge a Resident is not a waiver of any of the legal rights of the Facility. Further information regarding Discharge/Transfer policies found in the Resident Handbook.

IV. THE LEGAL FINANCIAL REPRESENTATIVE AGREES:

1. To provide clothing and personal effects as may be needed by Resident.
2. To provide the Facility with current insurance information.
3. To provide an appropriate amount of spending money as Resident's needs warrant.
4. To abide by all policies and rules of the Facility.

V. FINANCIAL AGREEMENT:

Resident will pay or arrange payment for service hereunder in accordance with the Facility's then prevailing Statement of Room Rates and Ancillary Charges, as amended from time to time. All room and board charges are billed one (1) month in advance, with the exception of Medicare charges. All charges billed on the monthly statement are due and payable by the **10th day** of the current month. Any invoice not paid within 30 days of the date of the invoice are subject to a late charge of 1.5% per month (annual rate of 18%) and Resident or Financial Legal Representative is obligated to pay any late charges. In the event the Facility initiates any legal actions or proceedings to collect payments due from Resident under this Agreement, Resident or Legal Financial Representative shall be responsible to pay all attorney's fees and costs incurred by the Facility in pursuing the enforcement of Resident's financial obligations under this agreement.

Any change from the Statement of Room Rates and Ancillary Charges in effect at the time of Resident's admission to Facility will be furnished as set forth below. When or if Resident intends to file for Medicaid or similar governmental benefit programs for payment of Resident's care, Resident or Resident's Financial Legal Representative agrees to file an application and provide all required information with the appropriate agency in a timely manner.

Resident and Financial Legal Representative will cooperate with the Facility to ensure that the Facility receives all payments as soon as possible. Cooperation includes providing information, signing and delivering documents, and assigning to the Facility (to the extent permitted by law) any payments for Resident from federal or state governmental assistance, programs, or any other reimbursement or benefits to the extent of all amounts due the Facility. **In the event of initial or subsequent denial of coverage by Resident's insurance carrier, Resident shall pay the Facility timely for all noncovered services retroactive to the date of the initial delivery of services, so long as such payment obligation is consistent with the regulations governing the Facility's participation in the Medicare and Medicaid Programs.**

1. Private Pay Residents agree:

- (a) To pay Routine Services pursuant to the attached Statement of Room Rates and Ancillary Charges or any modification to such statement.
- (b) To pay all charges for medical supplies and pharmacy items and other ancillary services or products pursuant to the attached Statement of Room Rates and Ancillary Charges needed for Resident's care.
- (c) To pay all charges for personal items used by Resident.
- (d) To pay the Facility or the Facility's designated agent as directed and to authorize the Facility to bill Resident's insurance carrier for services rendered and authorize payment directly to the Facility.
- (e) To pay all charges promptly after a bill is rendered, but in no event, later than the 10th day of the current month. If charges are not paid timely, to pay interest on all past due balances at the rate set forth in Paragraph V above. In addition, costs of collection, including reasonable attorney's fees, will be charged to the account.
- (f) All room and board charges are billed in advance and due and payable by the 10th day of each month.
- (g) To provide the Facility a 48-hour notice when Resident, or Resident's Financial or Personal Legal Representative, terminates occupancy. Failure to provide notice will result in charges for days of notice.

Notwithstanding the above, in no case shall the interest rate charged be greater than that allowed by applicable state usury laws, and the rate charges herein shall automatically be reduced to the maximum rate allowed under such laws in any such case.

2. Medicaid Recipients agree:

- (a) To pay personal liability (co-pay) as determined by the Department of Social Services to the Facility or its designated agent pursuant to all Federal and State payment regulations. The Facility per diem rate for Medicaid residents is determined by the State Division of Medical Assistance in accordance with a reimbursement formula. This formula will determine what portion of that rate must be paid by Resident, based on Resident's monthly income less any allowable deductions. Resident's portion shall be billed in advance by the Facility and shall be due on the 10th of each month.
- (b) To pay for any personal items that are not covered by the Medicaid program.
- (c) To comply with Therapeutic Leave approval, in accordance with Facility's Bed-Hold Policy and state requirements.

3. Medicare Recipients agree:

- (a) To pay all co-insurance amounts and deductibles pursuant to the Medicare regulations.
- (b) To pay for any personal items that are not covered by the Medicare program.

4. Veterans' Administration Contract Recipients agree:

- (a) To pay all charges not covered by VA Contract.

5. Managed Care Recipients (MCO) and Medicare Advantage (MA) Participants agree:

(a) To notify the Facility in writing prior to enrolling with a MCO or MA or switching Resident's MCO or MA enrollment. Resident acknowledges that any MCO or MA for whom the Facility is not an authorized provider may not approve payment for services provided by the Facility. Resident acknowledges that the Facility is not responsible for the actions or decisions of any MCO or MA for whom the Facility is an authorized provider, including decisions related to denial of coverage.

- (b) To pay co-payments and any other costs assigned to Resident under the specific terms of the managed care plan.
- (c) To pay for service which the MCO or MA refuses to preauthorize.

For all Residents described in Part V above:

- All payments are due by the 10th day of the current month. If Resident leaves the Facility before the end of the month and does not return, any prepaid amount for the current month will be refunded, in accordance with Medicaid regulations, and in accordance with notice requirements for non-program residents. If a credit occurs while Resident remains in the Facility, the credited amount will be applied to future charges.
- For Medicare, Medicaid, VA Contract, Special Assistance, Auxiliary Grant and Private Insurance residents requesting a private room, Resident will be charged the difference in private room rate and semi-private room rate, in accordance with State regulations. A written notice of a change of Facility's Room Rates, Service Fees or Ancillary Charges will be provided to Resident in accordance with Resident's Bill of Rights.
- Resident and/or Resident's Financial Legal Representative shall notify the Facility immediately of any change in Resident's insurance status or coverage made by the insurance carrier, including but not limited to, being dropped by the insurance carrier or a decrease or increase in benefits.

Resident's Responsibility to Pay for Pharmaceuticals: If a resident is an eligible beneficiary under the Medicare Part D insurance program and has enrolled or has been mandatorily enrolled in Medicare Part D or Medicare Advantage Plan, Resident shall advise Facility in writing of Resident's

chosen Prescription Drug Plan (PDP) upon admission. If Resident becomes eligible for enrollment after admission, or if Resident elects to change his/her PDP, Resident shall notify the Facility and provide a copy of such election. Resident is responsible to pay the charges for all prescription drugs or medications while a resident in the Facility, except to the extent that such drugs and medications are covered in whole or in part by any applicable government reimbursement program. Some or all of the charges for prescriptions drugs may be covered by benefits available through Medicare Part D or other private insurance or governmental insurance/benefit programs. In the event that coverage for any prescriptions drug or pharmaceutical is denied, then Resident or Financial Legal Representative shall remain responsible to pay for all such prescriptions, drugs, supplies, other medications or pharmaceuticals. The Facility is not responsible for and has made no representations regarding the actions or decisions of any PDP.

Capacity of Resident and Guardianship: If Resident is, or becomes, unable to understand or communicate his or her health care or other care decisions, and is determined by Resident’s Physician or the Facility’s Medical Director after admission to be incapacitated, the Facility shall have the right, in the absence of Resident’s prior designation of an authorized legal representative, or upon the unwillingness or inability of the legal representative to act, to commence a legal proceeding to adjudicate Resident incompetent and to have a court appoint a guardian for Resident. The cost of the legal proceedings, including attorney’s fees, shall be paid by Resident or Resident’s estate.

Obligations of Resident’s Estate and Assignment of Property: Resident and Financial Legal Representative acknowledge the charges for services provided under this Agreement remain due and payable until fully satisfied. In the event of Resident’s discharge for any reason, including death, this Agreement shall operate as an assignment, transfer, and conveyance to the Facility of so much of Resident’s property as is equal in value to the amount of any unpaid obligations under this Agreement. This assignment shall be an obligation of Resident’s estate and may be enforced against Resident’s estate. Resident’s estate shall be liable to and shall pay to the Facility an amount equivalent to any unpaid obligations of Resident under this Agreement.

VI. INDEMNIFICATION: Resident shall indemnify and hold the Facility harmless from, and is responsible to pay for any damages or injuries to other persons and residents or to the property of other persons or residents caused by the acts or omissions of Resident, to the fullest extent permitted by law.

VII. MISCELLANEOUS PROVISIONS:

1. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina and shall be binding upon an inure to the benefit of each of the undersigned parties and their respective heirs, personal representatives, successors, and assigns.
2. **Severability:** The various provisions of this Agreement shall be severable one from another. If any provision of this Agreement is found by a court or administrative body of proper jurisdiction and authority to be invalid, the other provisions shall remain in full force and effect as if the invalid provision had not been a part of this Agreement.
3. **Captions:** The captions used in connection with the sections and subsections of this Agreement are inserted only for the purpose of reference. Such captions shall not be deemed to govern, limit, modify, or in any manner affect the scope, meaning or intent of the provisions of this Agreement, nor shall such captions be given any legal effect.
4. **Modifications:** The Facility reserves the right to modify unilaterally the terms of this Agreement to conform to subsequent changes in law, regulation, or operations. To the extent possible, the Facility will give Resident and Financial Legal Representative and/or Personal Legal Representative, as applicable, thirty (30) days advance written notice of any such modifications. Resident may not modify this Agreement except by a writing signed by the Facility.
5. **Waiver of Provisions:** The Facility reserves the right to waive any obligation of Resident under the provisions of this Agreement in its sole and absolute discretion. No term, provision or obligation of this Agreement shall be deemed to have been waived by the Facility unless such waiver is in writing by the Facility. Any waiver by the Facility shall not be deemed a waiver of any other term, provision or obligation of this Agreement, and the other obligations of Resident and this Agreement shall remain in full force and effect.

ASSIGNMENT OF BENEFITS

I certify that the information provided in applying for benefits under Title XVIII of the Social Security Act is correct and hereby request the payment of authorized Medicare or other insurance benefits to be made on my behalf [or on behalf of Resident for whom am I serving as Financial Legal Representative] to the Facility for any services furnished to me [or to Resident for whom am I serving as Financial Legal Representative]. I authorize any holder of medical or other information about me [or to Resident for whom am I serving as Financial Legal Representative] to be released to the Insurance Company and its agents any data needed to determine these benefits or the benefits payable for the related services. I understand that I may revoke any and all of the above at any time by informing the Facility in writing of my wish to do so.

THE UNDERSIGNED HAVE READ, DO UNDERSTAND AND BEEN GIVEN A COPY OF THIS AGREEMENT AS INDICATED BY THEIR SIGNATURES BELOW:

Resident _____ Date _____

Resident Representative _____ Date _____

Relationship to Resident _____

Facility Representative _____ Date _____

Witness: _____ Date _____

Appendix E — Examination Report

Based on the Provider's records, the North Carolina Department of Insurance has not conducted an examination of Lutheran Retirement Center – Clemmons, Inc. (d/b/a Trinity Elms) pursuant to NCGS 58-64A as of the date of this Disclosure Statement.

Appendix F — Statutory Ratio and Supporting Definitions

This Appendix reproduces certain statutory definitions referenced in Section 35 — Key Financial Metrics. The definitions below are quoted verbatim from N.C. Gen. Stat. §§ 5864A-5 and 58-64A-145 and are provided for reference only.

Adjusted Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider and net cash proceeds from entrance fees. The quotient shall be calculated by dividing the sum of resident operating income and net proceeds from entrance fees by the sum of resident revenue and net cash proceeds from entrance fees.”* (G.S. 58-64A-145(1))

Annual Debt Service. *“The current year's capitalized interest cost plus interest expense and scheduled principal payments, excluding any balloon principal payment amounts and any portion of the annual debt service that has been or will be funded by debt for the payment of debt service.”* (G.S. 58-64A-5(7))

Average Daily Cash Operating Expenses. *“The total expenses of a provider incurred in the conduct of the provider's business over a defined period of time, divided by the number of days in that period. For purposes of this definition, ‘total expenses’ includes interest expense, but excludes depreciation expense, amortization expense, realized or unrealized nonoperating losses or expenses, bad debt expense, and other noncash expenses.”* (G.S. 58-64A-145(2))

Capital Expenditures as a Percentage of Depreciation Ratio. *“A capital structure ratio that indicates the level of capital reinvestment by a provider. The quotient shall be computed by dividing total purchases of property, plant, and equipment by total depreciation expense.”* (G.S. 58-64A-145(3))

Cushion Ratio. *“A liquidity ratio that measures a provider's ability to pay its annual debt service using its unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by annual debt service.”* (G.S. 58-64A-145(4))

Days Cash on Hand Ratio. *“A liquidity ratio that measures the number of days of cash operating expenses a provider could cover using its existing unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by average daily cash operating expenses.”* (G.S. 58-64A-145(5))

Debt Service Coverage Ratio. *“A capital structure ratio that measures a provider's ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees,*

minus entrance fee amortization, entrance fee refunds contractually past due, and other noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness.” (G.S. 58-64A-5(17))

Net Cash Proceeds from Entrance Fees. *“Total entrance fees received less entrance fees refunded, and less initial entrance fees received for new independent living units.” (G.S. 5864A-5(30))*

Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider. The quotient shall be calculated by dividing resident operating income by resident revenue.” (G.S. 58-64A-145(7))*

Operating Ratio. *“A profitability ratio that measures whether current year cash operating revenues are sufficient to cover current year cash operating expenses without the inclusion of cash from entrance fee receipts. The quotient shall be computed by dividing total operating expenses, excluding depreciation expense and amortization expense, by total operating revenues, excluding amortization of entrance fees and other deferred revenue.” (G.S. 58-64A-145(8))*

Prospective Financial Statements. *“Financial forecasts or financial projections, including the summaries of significant assumptions and accounting policies prepared by an independent certified public accountant.” (G.S. 58-64A-5(38))*

Resident Expense. *“Total operating expenses excluding interest expense, depreciation expense, amortization expense, and income taxes.” (G.S. 58-64A-145(10))*

Resident Revenue. *“Total operating revenue excluding interest and dividend income, entrance fee amortization, and contributions.” (G.S. 58-64A-145(11))*

Unrestricted Cash and Investments. *“The sum of the provider's unrestricted cash, cash equivalents and investments, and any provider restricted funds that are available to pay debt or to pay operating expenses. For purposes of this definition, the assets serving as the operating reserve required by G.S. 58-64A-245 shall be considered unrestricted.” (G.S. 5864A-145(12))*

Unrestricted Cash and Investments to Long-Term Debt Ratio. *“A capital structure ratio that (i) measures a provider's position in available cash and marketable securities in relation to its long-term debt and (ii) measures a provider's ability to withstand annual fluctuations in cash. The quotient shall be calculated by dividing unrestricted cash and investments by total long-term debt, less the current portion of long-term debt.” (G.S. 5864A-145(13))*

Source: N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 (Session Law 2025-58). If the statutory definitions are amended, the statute as amended controls.

Trinity Elms Campus Consolidated Ratios

	Actual FYE 2023	Actual FYE 2024	Actual FYE 2025	Forecast FYE 2026	Forecast FYE 2027	Forecast FYE 2028
Liquidity ratios						
Days cash on hand ratio	352	341	368	368	366	365
Cushion ratio	7	9	7	9	10	10
Profitability ratios						
Operating ratio	81%	81%	81%	87%	87%	87%
Net operating ratio	1.77	1.84	1.84	1.84	1.85	1.85
Adjusted Net Operating Ratio	23%	16%	16%	16%	15%	15%
Capital structure ratios						
Debt service coverage ratio	2.24	2.66	1.87	1.92	1.92	1.94
Unrestricted cash and investments to long-term debt ratio	0.52	0.62	0.78	0.74	0.79	0.85
Capital expenditures as a percentage of depreciation expense ratio	10%	25%	47%	205%	95%	89%

Lutheran Services for the Aging Obligated Group Ratios

	Actual FYE 2023	Actual FYE 2024	Actual FYE 2025	Forecast FYE 2026	Forecast FYE 2027	Forecast FYE 2028
Liquidity ratios						
Days cash on hand ratio	325	345	408	456	461	467
Cushion ratio	12	12	19	21	21	22
Profitability ratios						
Operating ratio	86%	83%	80%	90%	90%	90%
Net operating ratio	1.90	1.92	1.92	1.92	1.92	1.93
Adjusted Net Operating Ratio	10%	12%	11%	11%	11%	10%
Capital structure ratios						
Debt service coverage ratio	3.51	3.11	4.48	3.05	3.14	3.17
Unrestricted cash and investments to long-term debt ratio	0.66	0.78	1.11	1.28	1.36	1.46
Capital expenditures as a percentage of depreciation expense ratio	187%	166%	150%	107%	104%	100%