



Disclosure Statement

Lutheran Retirement Center – Wilmington, 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 Retirement Center – Wilmington, 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 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	431	172	248	295	361	428			
CUSH	6	3	5	5	6	8			
OR	92%	91%	89%	91%	90%	91%			
NOM	1.89	1.79	1.83	1.80	1.80	1.80			
NOM-A	14%	31%	23%	30%	30%	30%			
DSCR	0.71	2.66	2.10	2.41	2.52	2.63			
CD	0.27	0.14	0.21	0.25	0.32	0.39			
CED	320%	36%	7%	18%	20%	23%			

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 25 th % ¹	NC 50 th % ¹	NC 75 th % 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%	100%			

¹ **NC Provider Quartiles.** Values will be compiled annually by the North Carolina Department of Insurance, stratified by community model (Entrance Fee, Rental, Equity), and are expected to be available in late 2026.

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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1. Provider Identification

Legal Responsibility for Continuing Care

Lutheran Retirement Center – Wilmington, 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-Wilmington, Inc. DBA Trinity Landing is an affiliate of Lutheran Services for the Aging, Inc. (LSA). LSA is publicly branded as Lutheran Services Carolinas (LSA).

Item	Information
Legal Provider Name:	Lutheran Retirement Center – Wilmington, Inc.
Doing Business As (DBA):	Trinity Landing
Business Address:	5450 Trinity Landing Way, Wilmington, NC 28409
Telephone Number:	(910) 398-9400
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 – Wilmington, Inc. is one of those communities.

2. Organizational Structure

2.1 Multi-Entity Organization Status

2.2 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.

2.3 Consolidation of Financial Statements

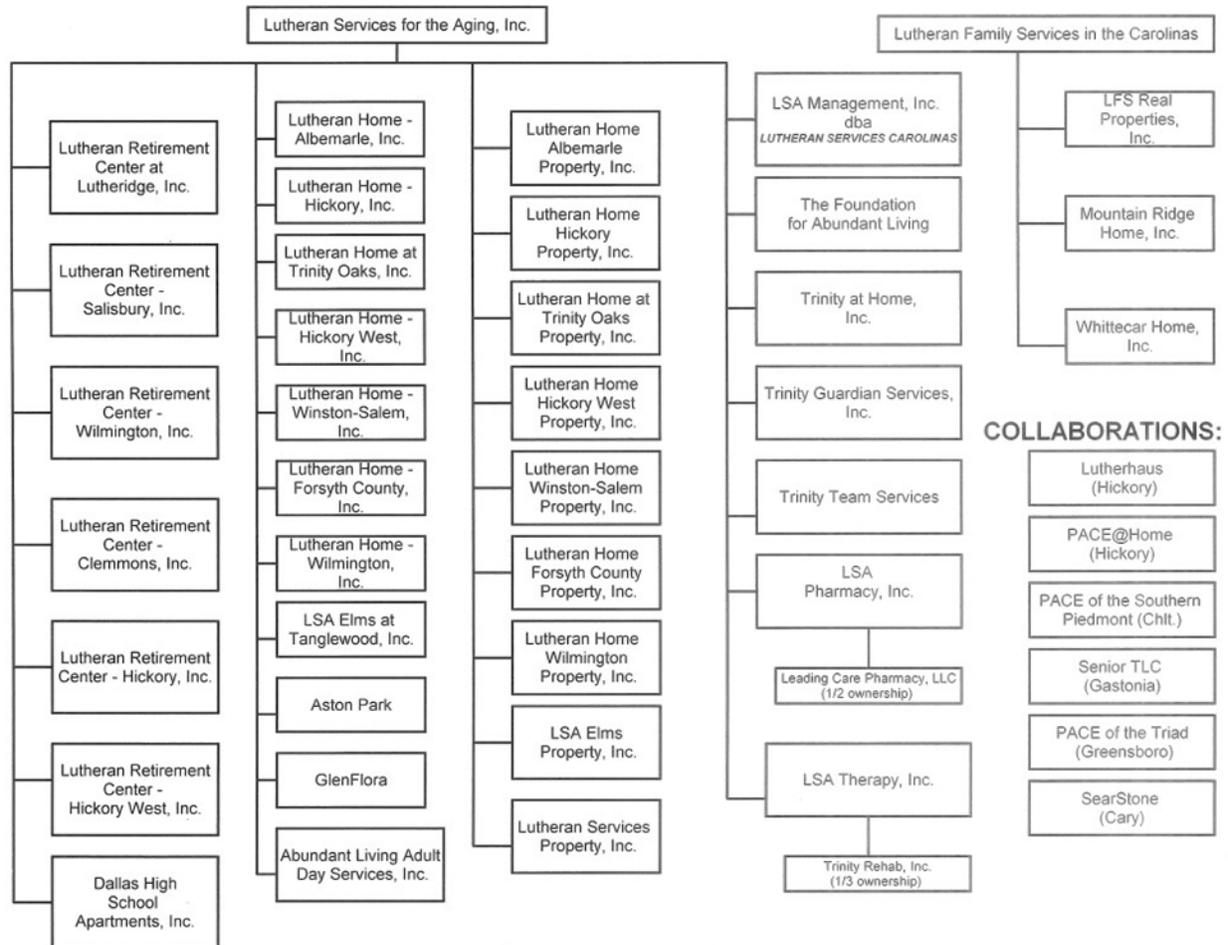
Audited financial statements are prepared on a consolidated basis with LSA and its subsidiaries, which include both continuing care providers and related supporting organizations. Consolidating schedules within the audit present the financial position and results of operations of each subsidiary, including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

2.4 Controlling Entity

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

2.5 Company Structure Chart

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



cm/2-10-25

3. 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.”

3.1 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, former 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 – Wilmington, 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 – Wilmington, 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.

3.2 Community Management – Lutheran Retirement Center – Wilmington, Inc.

Name / Role	Education	Experience	Length of Service
Bonnie J. Skobel – Executive Director	BSW, University of North Carolina Wilmington	20+ years in senior communities; prior Social Worker in skilled nursing, 7 years of service as LNHA of Trinity Grove	11 years 10 months (since 05/2014); served as Administrator of Trinity Grove for 7 years; serving as Executive Director of Trinity Landing (since 2021)

Business Address: 5450 Trinity Landing Way, Wilmington, NC 28409

Disclosure: The Executive Director has reported no Outside Interests or Adverse Disclosures.

3.3 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)
Shirley Gerrior – Director	MPH, UNC; B.S. Biology, Clemson	Former hospital system CEO; system governance and strategy	2 years (since 08/2024)
Nancy Scheunemann – Director	MBA, UNC; B.A. Economics, William & Mary	Higher-ed executive; finance & facilities committees	2 years (since 08/2024)

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

Disclosure: None of the directors of Lutheran Retirement Center - Wilmington, Inc. have reported any Outside Interests or Adverse Disclosures.

3.4 Management Entity — LSA Management, Inc.

- Nature of Role: Nonprofit supporting organization controlled by Lutheran Services for the Aging, Inc.; employs the Chief Executive Officer, Chief Financial Officer, and Chief Operating Officer; provides administrative support, financial management, IT, resource development, and support services across affiliates.
- Business Address: 1416 Martin Luther King Jr Ave, Salisbury, NC 28144
- Key Officers: Ted Goins (President & CEO), Kirby Nickerson (CFO), Kesha Smith (COO) — see Senior Officers of Lutheran Services for the Aging, Inc. and LSA Management, Inc. for education, experience, and length of service.

3.5 10% + Ownership Interests

(Individuals holding ten percent (10%) or more equity or beneficial interest in the provider or any controlling person)

Lutheran Retirement Center – Wilmington, Inc. and its controlling Entity LSA, are organized as nonprofit corporations and therefore have no equity ownership interests. No individual holds a ten percent (10%) or greater beneficial interest in either entity.

4. Governing Body and Oversight

4.1 Provider Governing Body

Lutheran Retirement Center – Wilmington, Inc. is governed by a Board of Directors consisting of five members. The Board is responsible for the overall direction and oversight of Trinity Landing’s operations, financial condition, and resident welfare. Its duties include:

- Reviewing and approving budgets and financial reports.
- Ensuring compliance with applicable laws, regulations, and contractual obligations.
- Overseeing the quality of resident care and services, including safety and satisfaction.

4.1.1 Selection of Members

Directors are elected by the Board of Trustees of Lutheran Services for the Aging, Inc.,. At-large directors may serve a maximum of three one-year terms. The Chair and Vice Chair of parent Lutheran Services for the Aging, Inc. serve as the Chair and Vice Chair of the board of Lutheran Retirement Center -Wilmington, Inc.

4.1.2 Oversight of Management and Operations

The Board oversees operations of Lutheran Services for the Aging, Inc. and senior management employed by LSA Management, Inc. The Board maintains oversight through:

- Regular review of financial and operating reports.
- Approval of major contracts, capital projects, and debt issuances.
- Quarterly board meetings and periodic committee reports.
- Evaluation of management performance and compliance with the management agreement.

4.1.3 Committees

The Lutheran Services for the Aging, Inc. Board maintains standing committees for:

- **Finance:** budget review, financial performance monitoring.
- **Quality and Resident Experience:** care quality, regulatory compliance, and resident engagement.

4.2 Controlling Entity Governing Body

The sole corporate member and controlling entity of Lutheran Retirement Center - Wilmington, Inc. LSA, is governed by its own Board of Directors. That board is responsible for system-level strategy and oversight, including:

- Approving system-wide budgets and consolidated audits.
 - Coordinating policies across subsidiaries.
 - Ensuring accountability for the management company and obligated group entities.
- Selection of Members

LSA is governed by a Board of Trustees. Trustees are elected by the Board and are subject to ratification by the Evangelical Lutheran Church in America synods referenced in the bylaws. Trustees serve three-year terms and may be re-elected for up to three consecutive terms, after which a break in service is required before further service. Vacancies are filled by election of the Board for the unexpired term, subject to the applicable synod's ratification. In addition, the bishop (or the bishop's designee) of each referenced synod serves as an ex officio trustee with voice and vote.

4.2.1 Oversight of Management and Operations

Lutheran Services for the Aging, Inc. does not directly employ staff. Administrative and operational support is provided through LSA Management, Inc. The Board oversees management and system operations by:

- Reviewing and approving consolidated financial reports and audits.
- Monitoring debt covenant compliance and overall system liquidity.
- Evaluating system-level risks, including financing strategies and affiliate performance.

4.2.2 Committees

LSA Board of Trustees maintains standing committees for:

- **Finance and Audit:** system-level budgeting, financial reporting, independent auditor oversight, and debt covenant compliance.
- **Governance:** system board recruitment, evaluation, and succession.
- **Strategic Planning:** long-term planning, market development, and risk management.

4.3 Division of Responsibilities

To avoid duplication and ensure effective oversight:

- Lutheran Retirement Center - Wilmington, Inc. Board focuses on resident-level matters, including community operations, quality of care, resident satisfaction, and local financial performance.
- Lutheran Services for the Aging, Inc. Board focuses on system-level matters, including appointment of affiliate directors, consolidated financial oversight, debt covenant compliance, and long-term strategic planning.

5. Related Parties

Lutheran Retirement Center - Wilmington, Inc. has relationships with related parties under common control with its controlling entity LSA Each arrangement exceeded \$5,000 in FY2025 and is therefore disclosed below. For purposes of this section, Actual/Probable Cost refers to the cost incurred by Lutheran Services for the Aging, Inc.

5.1 Leading Care Pharmacy

- **Nature of Relationship:** Related party under common control. Leading Care Pharmacy, LLC is a long-term care pharmacy joint venture in which an LSA affiliate (LSA Pharmacy, Inc.) holds a 50% ownership interest (equity method investment).
- **Goods/Leases/Services Provided:** Provides long-term care pharmacy services to the provider, including prescription dispensing and delivery, medication packaging and labeling, formulary support, and related pharmacy consulting and billing/claims support services.
- **Actual/Probable Cost:** Billed based on pharmacy utilization (e.g., prescriptions dispensed and related pharmacy services) at contracted rates; total annual cost varies with resident census and acuity.

5.2 LSA Management

- **Nature of Relationship:** Related nonprofit affiliate under common control. LSA Management, Inc. (LSAM) is the system management company for the communities affiliated with LSA (LSA).
- **Goods/Leases/Services Provided:** Provides management and centralized administrative services to the provider pursuant to a management services agreement, which may include executive oversight, accounting/finance, human resources, information technology, regulatory/compliance support, and other shared operational support services.
- **Actual/Probable Cost:** Management fee is charged as a percentage of net resident revenue (net of contractual adjustments) per the management services agreement; total cost varies with resident revenue.

5.3 Trinity Rehab

- **Nature of Relationship:** Related party under common control. Trinity Rehab, LLC provides therapy services to LSA (LSA) communities and is partially owned by an LSA affiliate (LSA Therapy, Inc.) through an equity interest.
- **Goods/Leases/Services Provided:** Provides rehabilitative therapy services, including physical therapy, occupational therapy, and speech therapy, to residents as ordered/appropriate, and related therapy program support.
- **Actual/Probable Cost:** Billed based on therapy utilization and services delivered at contracted rates; total annual cost varies with resident census, case mix, and volume of therapy services provided.

5.4 Trinity at Home

- **Nature of Relationship:** Related nonprofit affiliate under common control. Trinity at Home, Inc. is an LSA (LSA) affiliated home care agency.
- **Goods/Leases/Services Provided:** Provides home care services (including companion, sitter and respite services, and in-home aide/personal care assistance) and related care coordination/support services for eligible participants.
- **Actual/Probable Cost:** Billed based on services delivered (e.g., hours/visits) at established rates; total annual cost varies with participant enrollment and utilization.

6. Relationships with Religious, Charitable, or Other Organizations

The disclosures in this section address organizational relationships and are distinct from the related-party transactions reported in Section 5.

The provider's public mission and historical roots are faith-based and Lutheran; however, the provider operates as a North Carolina nonprofit corporation and is governed by its Board of Directors in accordance with applicable law and its governing documents.

- **Religious affiliation:** Lutheran Services for the Aging, Inc. (publicly branded as Lutheran Services Carolinas) is affiliated with the Evangelical Lutheran Church in America (ELCA), including the North Carolina Synod, consistent with its mission and history. This affiliation may be reflected in organizational identity, values, and community relationships, but does not create any third-party obligation to fund the provider.
- **Charitable support:** The provider may receive benevolent care assistance through a related-party nonprofit supporting organization within the LSA/LSA organization. Availability and amount of assistance depend on donor restrictions and the supporting organization's policies and are not guaranteed.

Professional and trade associations: The provider and/or its affiliates may participate in professional and trade associations relevant to senior living and long-term care (for example, Lutheran Services in America, LeadingAge, and the North Carolina Health Care Facilities Association) through organizational membership and/or leadership participation. These affiliations support advocacy, education, benchmarking, and best-practice sharing and do not grant any association authority over the provider’s governance or operations.

Other than the relationships described above, the provider is not aware of any additional external religious, charitable, or other organizations or persons that materially affect, or have the ability to affect, the provider’s governance, operations, or financial support.

7. Other Persons Responsible for Obligations

Except as described in Section 8 regarding the Obligated Group and joint and several liability under the Master Trust Indenture, the Provider is not aware of any third-party guarantees of, or commitments to satisfy, Lutheran Services for the Aging, Inc.’s continuing care contract obligations.

8. Obligated Groups

The provider is currently a member of an obligated group (the “Obligated Group”). The Obligated Group structure is intended to support certain system-wide financings by combining the credit and financial resources of multiple affiliated entities; as a result, membership may affect the provider’s financial condition and long-term stability through shared debt obligations, shared covenants, and restrictions on additional borrowing and asset transfers.

The Obligated Group was created pursuant to a Master Trust Indenture dated December 2012 (as amended and supplemented from time to time, the “Master Trust Indenture”). Under the Master Trust Indenture, each member of the Obligated Group is jointly and severally liable for each obligation issued under the Master Trust Indenture, and the members are subject to restrictive covenants (including, among other things, requirements related to debt service coverage, liquidity, reserves, limitations on additional indebtedness, and restrictions on certain asset dispositions).

Members of the Obligated Group:

- 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.
- Lutheran Retirement Center – Hickory West, Inc.
- Trinity Guardian, Inc.
- Trinity Team Services
- Trinity at Home, Inc.
- LSA Therapy, Inc.
- Dallas High School Apartments, Inc.

Because obligations issued under the Master Trust Indenture are supported on a joint and several basis, financial stress or covenant noncompliance at one obligated group member could affect the entire Obligated Group, including the provider. Conversely, the provider may benefit from being part of a larger obligated group with pooled liquidity and system-level oversight. Certain indebtedness under the Master Trust Indenture is additionally secured by deeds of trust on certain obligated group properties and related security documents, and the Master Trust Indenture contains restrictions that may limit the ability of individual members to incur additional debt, transfer assets, or take other actions without satisfying covenant requirements and other conditions.

Membership in the Obligated Group may be amended in connection with future financing or other contractual events permitted under the Master Trust Indenture. As of the date of this Disclosure Statement, the provider is not aware of any separate commitment for the provider to become an obligated group member in the future because the provider is

already a current member. See Section 9 for additional discussion of debt covenants and compliance.

9. Debt Covenants and Compliance

Lutheran Retirement Center – Wilmington, Inc. (as a part of Lutheran Services for the Aging, Inc.) is a member of the obligated group and subject to covenants contained in bond indentures and related debt agreements, including requirements for minimum debt service coverage, liquidity, and restrictions on additional borrowing.

As of September 30, 2025, Lutheran Services for the Aging, Inc. and the obligated group were in full compliance with all covenants contained in debt agreements.

10. Third-Party Management Arrangements

Lutheran Services for the Aging, Inc., does not employ an unrelated third-party manager to operate Lutheran Retirement Center - Wilmington, Inc.. Day-to-day operations are carried out by the Executive Director and senior management employed by LSA Management, Inc., a related nonprofit supporting organization under the control of Lutheran Services for the Aging, Inc.

11. Real Property Leases

Lutheran Services for the Aging, Inc. does not lease any of the real property that makes up Lutheran Retirement Center - Wilmington, Inc..

12. Endowment Funds

The provider maintains and/or has access to endowment funds that may be available to provide benevolent care or other financial hardship assistance to residents. These endowment funds are intended to support residents who, after admission, experience an inability to pay monthly fees through no fault of their own and who otherwise meet the provider’s financial hardship criteria described in Section 23.

- **Endowment funds / access to endowment funds:** Endowment funds for resident assistance may be held directly by the provider and/or held by a related-party charitable supporting organization within the Lutheran Services for the Aging, Inc. (“LSA”) / Lutheran Services Carolinas (“LSA”) organization. Such funds may include donor-restricted endowments (including endowment earnings) and, in some cases, funds designated by a governing board to function as endowment funds, and may be used for benevolent care and similar resident-assistance purposes, subject to applicable restrictions and policies.

- **Entity holding the funds:** To the extent endowment funds are used to support resident assistance, such funds are maintained by the entity identified above (and not in individual resident accounts). Distributions, if any, are generally made by the holding entity and applied to eligible resident charges in accordance with the provider’s hardship policies and the holding entity’s policies.

Endowment funds and related earnings may be **restricted** or **subject to conditions** imposed by donors, applicable law, or the governing body of the holding entity. Restrictions and conditions may include, without limitation: (i) limitations on purpose (for example, use only for benevolent care or a specified population or campus), (ii) requirements to preserve the original gift amount (corpus) and use only income or a portion of investment returns, (iii) spending-rate policies adopted by the holding entity’s board, (iv) requirements for committee or board approval of distributions, and (v) limitations or suspension of distributions when investment performance or market value is insufficient under the holding entity’s policies or applicable law.

Accordingly, while endowment funds may provide important support to residents facing financial hardship, the **availability, timing, and amount** of assistance may vary significantly from year to year. Assistance is not guaranteed and is dependent on the existence of eligible endowment funds, satisfaction of any donor restrictions and legal requirements, and any approval requirements or distribution policies of the entity holding the funds.

See Section 23 for additional information regarding the provider’s financial hardship policies and the process for determining eligibility for benevolent care. In the event of any inconsistency between this Disclosure Statement and the restrictions governing a particular endowment fund, the donor restrictions and applicable law governing that endowment fund will control.

13. Description and Location of the Community

Trinity Landing (the “Community”) is a continuing care retirement community (CCRC) campus located at 5450 Trinity Landing Way, Wilmington, North Carolina. The Community is situated on approximately 49 acres in the “Monkey Junction” area of Wilmington, near the Intracoastal Waterway, and is part of the Trinity Landing/Trinity Grove CCRC as licensed under North Carolina law.

Trinity Landing consists of 208 independent living residences, including 124 apartments located within a three-story main building (the “Town Center”) and 84 villa residences located in separate buildings on the campus. Common areas and amenities include multiple dining venues, wellness and fitness space (including a heated saltwater pool and spa), a salon, a library and resident gathering spaces, an art studio, and outdoor amenities , including gardens, pickleball court, and a waterfront pavilion with boat lifts.

Skilled nursing services for Trinity Landing residents are provided through Trinity Grove, an affiliated skilled nursing facility that has been in operation since 2011 and is located

approximately two miles from Trinity Landing. Trinity Grove consists of 100 skilled nursing beds (including a secured memory care neighborhood) and is Medicare and Medicaid certified. Under the Community's residency agreements, Trinity Landing residents have priority access to health care accommodations and services at Trinity Grove, subject to availability and applicable admission criteria.

14. Living Units by Level of Care

As of September 30, 2025, Lutheran Retirement Center - Wilmington, Inc. included:

- 208 independent living units (124 apartments and 84 villas)

15. Continuing Care at Home Program

N/A

15.1 Program Description

N/A

15.2 Geographic Areas Served

N/A

15.3 Enrollment

N/A

15.4 15.5 Financial and Actuarial Integration

N/A

15.5 Staffing and Resources

N/A

16. Resident Population Served

The provider serves residents through the Trinity Landing independent living community and Trinity Grove skilled nursing facility. Resident and participant counts and waitlist information are as follows.

- **As of 09/30/2025**, the estimated resident population served was as follows:
 - **Trinity Landing:** 315 residents.
 - **Trinity Grove:** 95 residents.

- **Waitlist:** As of 09/30/2025, there were 80 people on the waitlist known as the “**Landing Club**”, including 24 members of “**Landing Club+**” (a priority waitlist category for prospects indicating they are ready to move now rather than in a few years).
- **Waitlist fees:** The Landing Club requires a \$1,000 fee to join the waitlist. Landing Club+ requires an \$11,000 fee.
- **Application of waitlist fee and refunds:** Subject to the terms and conditions of the applicable reservation/waitlist program, 100% of the waitlist fee may be applied toward a future entrance fee, or the waitlist fee may be refundable at 50%. A 100% refund may be granted if a prospective resident experiences medical or financial changes that prevent the prospective resident from being able to live independently, if the prospective resident passes away, or in the event of other significant changes outside the prospective resident’s control.

17. Occupancy Rates

The 12-month daily average occupancy rates for Lutheran Retirement Center - Wilmington, Inc. for the past five fiscal years were as follows:

Table 17.1 – Historical Occupancy Rates (12-Month Daily Average)

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
09/30/2025	98.0%	n/a	95.4%
09/30/2024	97.7%	n/a	94.2%
09/30/2023	75.6%	n/a	94.3%
09/30/2022	4.3%	n/a	90.6%
09/30/2021	n/a	n/a	92.0%

18. Semiannual Resident Meetings

Lutheran Retirement Center - Wilmington, Inc. holds meetings with residents at least twice each year, as required by law.

Fiscal Year 2025 Meeting Dates

- September 19, 2025
- March 21, 2025

As required by law, an independent member of the provider's board of directors will be present at each of the meetings beginning with next meeting scheduled: 3/20/26

19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of Lutheran Retirement Center - Wilmington, Inc.. Residency and access to services are governed solely by the continuing care contract.

20. Services Provided Under the Contract

20.1 Health Care Services

Trinity Landing is a continuing care retirement community offering independent living on its campus, with access to higher levels of health care through affiliated settings. Skilled nursing services are provided through Trinity Grove, an affiliated skilled nursing facility located approximately two miles from Trinity Landing. Trinity Grove consists of 100 skilled nursing beds (including a secured memory care neighborhood) and is Medicare and Medicaid certified. Admission to Trinity Landing independent living requires that an applicant be capable of living safely and independently at the time of entry (with or without reasonable accommodations), based on health screening and a physician-completed medical history/health assessment; applicants requiring immediate assisted living, memory care, or skilled nursing are not eligible for independent living entry. Under the residency agreements, Trinity Landing residents have priority access to accommodations and services at Trinity Grove, subject to bed availability and applicable admission criteria. Because skilled nursing is provided at an off-campus facility with finite capacity, wait times or alternative arrangements may be necessary when Trinity Grove is at or near capacity or when an individual does not meet admission requirements.

20.2 Continuing Care Retirement Community (CCRC) Contracts

Residents living on the Lutheran Retirement Center - Wilmington, Inc. campus receive the following services as part of their monthly fees, with additional services available at an extra charge.

20.2.1 Services Included in Monthly Fees

- Utilities (as provided by the community)
- Meal plan/allowance
- Weekly housekeeping and weekly linen service

- Maintenance and groundskeeping (normal wear and tear)
- Programs/activities (some may have separate fees)
- Scheduled local transportation (some trips may have separate fees)
- Parking (resident and limited guest)
- Priority access to Trinity Grove (skilled nursing, including secured memory care), subject to availability and admission criteria

20.2.2

- Indoor saltwater swimming pool and hot tub
- Fully equipped gym (treadmills, elliptical, Keiser weight equipment, etc.)
- Art studio
- Library
- Private dining room
- Full-service salon offering hair, facial, nail, and massage services
- Ping pong table
- Pickleball court
- Waterfront pavilion, pier and boat slips

20.2.3 Services Available at Additional Charge

- Personal care services through Trinity at Home
- Catering services
- On-site physical, occupational, and speech therapy
- Handyperson services

20.3 Continuing Care at Home (CCaH) Contracts

N/A

20.3.1 Services Included in Monthly Fees

N/A

20.3.2 Services Available at Additional Charge

N/A

20.4 Delivery of Services

Core services under the continuing care contract are provided by Lutheran Retirement Center Wilmington, Inc. through Trinity Landing and affiliated health care settings. Skilled nursing services for Trinity Landing residents are provided through **Trinity Grove**, an

affiliated skilled nursing facility, subject to availability and applicable admission criteria (see Section 20.1). Certain services are provided through related parties under common control, including: (i) **Trinity at Home, Inc.**, which provides home care services (including companion, sitter/respice, and in-home aide/personal care assistance) (see Section 5.4); (ii) **Trinity Rehab, LLC**, which provides physical, occupational, and speech therapy services (see Section 5.3); and (iii) **Leading Care Pharmacy, LLC**, which provides long-term care pharmacy services (see Section 5.1). Administrative and management services are provided through **LSA Management, Inc.** pursuant to a management services agreement (see Section 5.2). Related-party service arrangements are disclosed in Section 5.

21. Resident Fees

Nonancillary fees at Lutheran Retirement Center - Wilmington, Inc. consist of required, ongoing fees such as entrance fees, monthly service fees, and transfer fees. The following tables show Lutheran Services for the Aging, Inc.'s current fee schedules, along with historical information on entrance fee and monthly fee increases over the past five fiscal years. Narrative explanations of household composition changes and transfer fees are also included.

21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at the Lutheran Retirement Center - Wilmington, Inc. campus.

Table 0.1: Current Monthly Fees (CCRC Contracts)

Pamlico- 1 BR	\$3,656
Pamlico II - 1 BR	\$4,191
Ocracoke - 1 BR / Den	\$4,405
Ocracoke II - 1 BR / Den	\$4,698
Ocracoke III - 1 BR/ Den	\$4,781
Currituck - 2 BR	\$5,058
Currituck II - 2 BR	\$5,036
Roanoke- 2 BR Deluxe	\$5,249
Roanoke II - 2 BR Deluxe	\$5,314
Roanoke III -2 BR Deluxe	\$5,415
Roanoke IV - 2 BR Deluxe	\$5,481
Manteo - 2 BR / Den	\$5,574

Manteo II - 2 BR / Den	\$5,703
Beaufort - 2 BR / Den Deluxe	\$5,832
Beaufort II - 2 BR / Den Deluxe	\$5,950
Sealevel - 1 BR / Den	\$4,708
Rodanthe - 2 BR	\$5,034
Nags Head - 2 BR Deluxe	\$5,560
Hatteras - 2 BR Sunrise	\$5,838
Kitty Hawk - 2 BR / Den	\$5,848
Southport - 2 BR / Den Deluxe	\$5,942
Bald Head - 2 BR Sunrise / Den	\$6,377
Second Person Fee	\$1,120

Monthly fees are reviewed annually and may be adjusted to reflect changes in operating costs, staffing, and capital needs. Adjustments are subject to board approval, with no contractual cap on increases.

Current Daily Fees for Lutheran Home – Wilmington, Inc. (dba Trinity Grove):

Private Room	\$332
Shared Room	\$320
Memory Care Private	\$341
Memory Care Shared	\$321

Table 21.2: Historical Increases in Monthly Fees (CCRC contracts)

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
9/30/2025	3%	\$126	Month
9/30/2024	7%	\$149	Month
9/30/2023	4%	\$324	Month
9/30/2022	3%	\$178	Month
9/30/2021	3%	\$130	Month

Table 21.3: Current Entrance Fees (CCRC Contracts)

Unit Type	Limited Refund	50% Refund	90% Refund
Apartment Style			
Pamlico	\$165,961 - \$203,308	\$240,655 - \$294,802	\$298,775 - \$365,977
Ocracoke	\$218,519 - \$249,282	\$316,824 - \$361,436	\$393,334 - \$448,730
Currituck	\$274,596 - \$286,856	\$398,215 - \$415,924	\$494,250 - \$516,386
Roanoke	\$294,688 - \$319,208	\$427,275 - \$462,806	\$530,462 - \$574,620
Manteo	\$330,219 - \$358,939	\$478,812 - \$520,472	\$594,371 - \$646,135
Beaufort	\$356,214 - \$366,998	\$516,499 - \$532,164	\$641,140 - \$660,551
Villa Style			
Sealevel	\$279,818 - \$282,542	\$405,707 - \$409,680	\$503,672 - \$508,553
Rodanthe	\$298,775 - \$313,759	\$433,178 - \$454,973	\$537,840 - \$564,744
Nags Head	\$342,706 - \$352,922	\$496,974 - \$511,731	\$616,848 - \$635,237
Hatteras	\$383,912 - \$398,896	\$556,684 - \$578,366	\$691,087 - \$717,991
Kitty Hawk	\$394,696 - \$410,248	\$572,349 - \$594,825	\$710,499 - \$738,424
Southport	\$421,827 - \$438,173	\$611,626 - \$635,351	\$759,311 - \$788,711
Bald Head	\$473,249 - \$477,790	\$679,849 - \$692,790	\$843,880 - \$859,999
Second Occupant	\$12,406	\$17,990	\$22,332

Refundability terms vary by contract and are disclosed in Section 22.

Table 21.4: Historical Increases in Entrance Fees (CCRC contracts)

Fiscal Year-End	Average % Increase	Average \$ increase (Limited)	Average \$ increase (50%)	Average \$ increase (90%)	Frequency
9/30/2025	3%	\$8,860	\$12,846	\$15,947	Annual

Fiscal Year-End	Average % Increase	Average \$ increase (Limited)	Average \$ increase (50%)	Average \$ increase (90%)	Frequency
9/30/2024	7%	\$19,319	\$28,013	\$34,775	Annual
9/30/2023	0%	n/a	n/a	n/a	Annual
9/30/2022	0%	n/a	n/a	n/a	Annual
9/30/2021	0%	n/a	n/a	n/a	Annual

21.2 CCaH Contracts

N/A

21.3 Household Composition Changes

If a resident marries or otherwise requests to add a second occupant to a living unit, the change is subject to Trinity Landing’s approval and the terms of the continuing care contract. If the new occupant is not already a Trinity Landing resident, the new occupant may be admitted only if the individual meets Trinity Landing’s then-current admission requirements (see Section 27), executes a then-current residency agreement, and pays an additional entrance fee as determined under the applicable fee schedule at the time of entry. The monthly fee will be adjusted to the then-current two-person rate (including the Second Person Fee, if applicable). If a resident marries (or wishes to share occupancy) with a person who is already a Trinity Landing resident, the two residents may, with Trinity Landing’s prior written consent, occupy one of the residences and surrender the other, and the monthly fee will be adjusted to the then-current two-person rate for the residence occupied. If the proposed additional occupant does not meet Trinity Landing’s admission requirements, the additional occupant may not be admitted under a continuing care contract; in that event, the resident’s options (including any right to terminate) are governed by the continuing care contract and the cancellation and refund provisions described in Section 24.

21.4 Transfer Fees and Resale Fees

If a resident transfers to a different independent living unit, a transfer fee of \$5,000 is charged. No resale fees are charged because residents do not hold ownership rights in their living units.

22. Refundable Entrance Fee Obligations

22.1 Conditions for Refunds

Trinity Landing offers continuing care contracts with entrance fee refund provisions, including a **90% Refund Plan**, a **50% Refund Plan**, and a **Declining Balance (0% Refundable) Plan**. Under the 90% and 50% Refund Plans, the refundable portion of the entrance fee is achieved after the resident has met the applicable reduction schedule described in the residency agreement (i.e., the entrance fee is reduced by a stated percentage at occupancy and by an additional stated percentage per month during the initial occupancy period, after which the resident is eligible for a refund of 90% or 50%, as applicable, upon vacating the residence). Under the Declining Balance Plan, the refundable portion of the entrance fee decreases over time and becomes nonrefundable after the stated period described in the residency agreement.

For contracts with a refundable entrance fee provision, any refund is generally payable only after the resident (or resident's estate) has permanently vacated the independent living residence (including removal of personal property and return of keys and access devices, as applicable) and the residence has been reoccupied by a new resident. Under the residency agreement, the balance of any entrance fee to be reimbursed after termination of the residency agreement is paid by Trinity Landing after the residence is vacated and after the residence is reoccupied. Refunds may also be subject to offset for amounts owed to Trinity Landing as permitted under the residency agreement (for example, unpaid monthly fees or other charges). For purposes of this Disclosure Statement, a refund is not considered contractually due until the contractual conditions described above have been satisfied. Once all contractual conditions have been met, refunds are payable in accordance with the timing provisions described in the applicable residency agreement and as further addressed in Sections **24** (Contract Cancellation and Refund Policies) and **25** (Re-occupancy of Units).

22.2 Refund Obligations as of September 30, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	206	\$20,879,754
Refunds currently due (including amounts 30+ days past due)	n/a	n/a
Resident now in non-independent living unit – unit not resold	n/a	n/a
Resident now in non-independent living unit – unit resold	n/a	n/a

As of December 31, 2025, Lutheran Services for the Aging, Inc. had \$20,879,754 in total refundable entrance fee obligations. No refunds were contractually due or past due at year-end. Obligations will be satisfied in accordance with contract terms as independent living units are resold and replacement entrance fees are received; however, the timing of refund payments depends on the pace of independent living unit turnover and resale activity.

23. Financial Hardship Policies

23.1 Policies for Residents Unable to Pay

It is the policy of Lutheran Retirement Center – Wilmington, Inc. (d/b/a Trinity Landing), consistent with its charitable, not-for-profit mission, not to terminate a resident’s occupancy solely because the resident becomes unable to pay the Monthly Fee or other charges after admission. This policy is subject to the terms of the continuing care contract and the Provider’s financial hardship policies and procedures. In general, a resident requesting financial hardship consideration must first fully apply available income and assets toward the resident’s obligations and must cooperate with a confidential financial review.

23.2 Sources of Financial Support

- Related-party supporting organization / charitable resources:** Financial hardship assistance, if any, may be supported through donor contributions and/or endowment earnings held by the Provider and/or a related-party charitable supporting organization within the Lutheran Services for the Aging, Inc. (“LSA”) / Lutheran Services Carolinas (“LSA”) organization (see Section 12). Amounts approved for assistance are generally applied directly to eligible resident accounts,

subject to donor restrictions, applicable law, and the policies and approval processes of the entity administering the funds.

- **Refundable entrance fee (if applicable):** To the extent permitted under the residency agreement, Trinity Landing may, in its discretion, credit unpaid Monthly Fees or other charges against amounts that would otherwise be refundable to the resident (or the resident's estate), including any refundable portion of the Entrance Fee. Any such credit reduces the remaining refund amount and does not accelerate when a refund becomes contractually due (see Sections 22, 24, and 25).

23.3 Conditions or Limitations

- Eligibility for financial hardship consideration is determined through a confidential financial review conducted in accordance with the Provider's policies and procedures, which may require documentation of income, assets, and expenses and ongoing cooperation by the resident.
- Assistance is subject to the availability of charitable resources (including any donor-restricted funds) and is not guaranteed; the availability, timing, and amount of assistance may vary from year to year.
- Residents receiving assistance may be required to recertify financial need periodically and to notify Trinity Landing of material changes in financial condition.
- Financial hardship accommodation is conditioned on Trinity Landing's ability to continue to operate on a sound financial basis not being impaired and may be denied if the resident has, without Trinity Landing's prior written consent, taken actions that materially impair the resident's ability to meet financial obligations.

23.4 Narrative

Financial hardship assistance, if provided, may be supported through donor contributions, endowment earnings, and/or other charitable resources available to the Provider or related parties within the LSA/LSA organization (see Section 12). The availability, timing, and amount of any assistance vary and are subject to donor restrictions, applicable law, and applicable approval requirements and policies.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Trinity Landing may terminate a continuing care contract in accordance with the residency agreement and applicable law.

Before occupancy (or commencement of services), Trinity Landing may terminate the contract if Trinity Landing determines that the applicant does not meet the physical, mental, or financial requirements for admission, or if the applicant provided materially false or misleading information during the application process.

After occupancy, Trinity Landing may terminate the residency agreement for good cause, which is limited to:

- Proof that the resident is a danger to self or others;
- Nonpayment of any fee due to the community;
- Repeated conduct that interferes with other residents' quiet enjoyment of the community;
- Persistent refusal to comply with the reasonable written rules and regulations of the community;
- Material misrepresentation made intentionally or recklessly in the application for residency (or related materials) regarding information which, if accurately provided, would have resulted in failure to qualify for residency or a material increase in the cost of providing care and services under the agreement; or
- Material breach of the residency agreement.

Trinity Landing will provide written notice and a reasonable opportunity to cure, consistent with the residency agreement. Once a resident has occupied the residence, Trinity Landing provides written notice of non-monetary defaults and generally allows thirty (30) days to correct such default; if not corrected within that period, Trinity Landing may terminate the residency agreement as provided in the contract.

24.2 Resident-Initiated Cancellation

Residents may cancel a continuing care contract in accordance with the residency agreement and applicable law.

- **Right of rescission (within 30 days):** A resident may rescind a continuing care contract requiring the payment of an entrance fee within thirty (30) days of the later of (i) execution of the contract or (ii) receipt of the disclosure statement, in which case amounts paid will be returned in full, less any standard customary charges the resident and Trinity Landing agree in advance are nonrefundable. If a resident moves into the residence during the rescission period and rescinds within the rescission period, the refund is reduced by the service charge and other items described in Section 24.3 below.
- **After rescission period, prior to occupancy:** A resident may terminate at any time by written notice. In that event, the resident will receive a refund of the entrance fee paid less (i) any nonstandard costs incurred by Trinity Landing at the resident's request and (ii) a service charge determined by Trinity Landing not to exceed the greater of \$1,000 or 1% of the entrance fee.
- **After occupancy:** A resident may terminate the residency agreement by providing written notice to the Executive Director no less than ninety (90) days before the resident intends to move out. The resident is responsible to pay monthly fees during

the ninety (90)-day period or until the residence is vacated, whichever occurs last, as provided in the residency agreement.

24.3 Refunds Upon Cancellation

Refunds, if any, are governed by the residency agreement and depend on whether the contract is canceled before occupancy, during the rescission period, or after occupancy.

- **Rescission period (including if the resident moved in during the rescission period):** If the resident rescinds during the rescission period after moving into the residence, amounts refunded may be reduced as follows:
 - **Entrance Fee:** refunded less a service charge determined by Trinity Landing not to exceed the greater of \$1,000 or 1% of the entrance fee;
 - **Monthly Fee:** refund further reduced by the prorated monthly fee for the period the resident occupied the residence; and
 - **Nonstandard costs:** refund further reduced by any nonstandard costs incurred by Trinity Landing at the resident's request.

Any refund due under the rescission provisions is paid within sixty (60) days of termination, consistent with the residency agreement.

- **Termination after rescission period, prior to occupancy:** If the contract is terminated (by the resident or Trinity Landing) after the rescission period but prior to occupancy, the entrance fee is refunded subject to the deductions described in Section 24.2 (including nonstandard costs and, for resident-initiated termination, the service charge cap), and refunds are paid within sixty (60) days as provided in the residency agreement.
- **Termination after occupancy:** Any refundable portion of the entrance fee (if applicable under the resident's refund plan) is handled in accordance with Section 22 and the residency agreement, including the requirement that the residence be vacated and reoccupied before the refund becomes payable. Amounts owed to Trinity Landing may be offset against any refund to the extent permitted by the residency agreement. Prepaid monthly fees, if any, are generally prorated through the date the residence is vacated (or services cease, as applicable), with any remaining balance refunded.

24.4 Refunds Upon Death

Refunds upon death depend on whether death occurs before occupancy or after occupancy, and on whether there is a surviving co-resident.

- **Death prior to occupancy (after rescission period):** If a resident (or the resident's spouse/companion/roommate) dies prior to occupancy, the contract is automatically terminated, and the resident (or the resident's estate) receives a full refund of the entrance fee paid, without interest, less any nonstandard costs

incurred by Trinity Landing at the resident's request. Refund timing is as provided in the residency agreement (generally within sixty (60) days).

- **Death after occupancy – single occupant:** If there is only one resident occupying the residence, the residency agreement terminates as of the date of death (or the later date when the residence is vacated and keys/access devices are returned, as provided in the residency agreement). The resident's estate remains responsible for amounts due to Trinity Landing. Any refundable portion of the entrance fee is handled in accordance with Section 22 and the residency agreement (including vacate-and-reoccupy conditions).
- **Death after occupancy – multiple occupants:** If there is more than one resident occupying the residence, the residency agreement may continue in effect as to the surviving resident, who may have the option to remain in the residence (or move to a smaller residence) as provided in the residency agreement. If the surviving resident elects to terminate the original residency agreement, Trinity Landing must receive written notice within sixty (60) days after the date of the first resident's death. Any entrance fee refund, if applicable, is governed by the residency agreement and Section 22.

25. Re-occupancy of Units

A living unit at Lutheran Retirement Center - Wilmington, Inc. may be reassigned to a new resident under the following circumstances:

25.1 Resident-Initiated Vacating

- **Voluntary termination:** When a resident cancels their continuing care contract and permanently vacates the living unit.
- **Transfer to a higher level of care:** When a resident transfers from independent living at Trinity Landing to skilled nursing at Trinity Grove or another appropriate health care setting and permanently vacates the independent living residence, and the residency agreement permits the residence to be reassigned.

25.2 Provider-Initiated Vacating

- **Contract termination by provider:** When a contract is terminated by the provider under the circumstances described in Section 24 – Contract Cancellation and Refund Policies.

25.3 Temporary Absences

Hospitalizations, rehabilitative stays, or other temporary absences do not constitute a vacating of the living unit and do not permit re-occupancy by a new resident.

25.4 Refunds

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Refundable Entrance Fee Obligations. Refunds are contingent upon re-occupancy by a new resident, and the timing of repayment may vary depending on market demand and the pace of living unit turnover.

26. Resident Relocation

Trinity Landing residents may be required to relocate from their current independent living residence to another residence within Trinity Landing, or to transfer to an affiliated health care setting (including Trinity Grove), in accordance with the residency agreement and applicable law.

26.1 Resident Needs

- **Health-Related Transfer:** When a resident’s medical condition requires a higher level of care that cannot be provided safely in independent living. In such cases, the resident may be required to transfer to skilled nursing at Trinity Grove (including its secured memory care neighborhood), subject to availability and applicable admission criteria (see Section 20.1).
- **Safety and Accessibility:** When the current residence no longer meets the resident’s safety or accessibility needs (for example, due to mobility limitations or inability to safely navigate the layout). Trinity Landing may require the resident to relocate to a different independent living residence that better meets the resident’s needs and/or to arrange supplemental services (for example, through Trinity at Home) to support safe occupancy, consistent with community policies.

26.2 Provider Needs

- **Renovation or Construction:** When construction, renovation, major repairs, or remediation work on the Trinity Landing campus requires temporary or permanent relocation of a resident for safety, access, or operational reasons.
- **Operational Necessity:** When continued occupancy of a residence is not feasible due to safety, regulatory, or significant operational requirements and no reasonable alternative exists. This provision is intended to be applied only in limited circumstances.

26.3 Process

- Relocation decisions are made in consultation with the resident and, as appropriate, the resident’s representative(s) and health professionals.
- If relocation within Trinity Landing is required, Trinity Landing will make reasonable efforts to relocate the resident to another independent living residence (for

example, a Town Center apartment or a villa) that is appropriate based on availability and the resident's needs. A "comparable" residence refers generally to a residence of similar type and size; however, monthly fees may differ by unit type and then-current fee schedule.

- If relocation is required due to renovation, construction, or major repairs, Trinity Landing will provide advance notice when practicable and will inform the resident whether the relocation is expected to be temporary or permanent.

26.4 Financial Obligations

A resident's financial obligations in connection with a relocation are governed by the residency agreement and applicable fee schedules. Monthly fees may change if a resident relocates to a different independent living residence with a different monthly fee, and any charges associated with care provided at Trinity Grove (or another setting) are governed by the residency agreement and applicable policies, subject to availability and applicable admission criteria. Any entrance fee refundability (if applicable) is governed by Sections 22, 24, and 25.

27. Admission and Continuation Standards

27.1 Admission Requirements

Admission to Trinity Landing (campus-based CCRC contracts) and Trinity at Home (CCaH contracts) is subject to health and financial screening at the time of application.

27.1.1 CCRC Contracts (Campus-Based)

- **Financial Standards:** Applicants must demonstrate sufficient resources to reasonably cover the entrance fee and projected monthly fees for the chosen living unit.
- **Health Standards:** Applicants for independent living must be capable of living safely and independently at the time of entry, with or without reasonable accommodations. A current medical history and health assessment completed by the applicant's physician is required. Applicants requiring immediate assisted living, memory care, or skilled nursing are not eligible for independent living entry.

27.1.2 CCaH Contracts (Continuing Care at Home)

N/A

27.2 Continuation Requirements

- **CCRC Contracts:** Once admitted, residents may remain at Trinity Landing regardless of changes in health or financial status, subject to the hardship policies described in Section 23 – Financial Hardship Policies. Residents may be required to relocate within Trinity Landing and/or to transfer to skilled nursing at Trinity Grove if

their health needs can no longer be met safely in independent living (see Sections 20.1 and 26), subject to availability and applicable admission criteria.

- **CCaH Contracts:** N/A

27.3 Changes in Condition Before Occupancy or Commencement of Services

- **CCRC Contracts:** If an applicant's health materially declines between signing a contract and the date of initial occupancy, Trinity Landing may re-evaluate eligibility for independent living. If the applicant no longer meets independent living entry requirements, the contract may be canceled and entrance fees refunded in accordance with Section 24 – Contract Cancellation and Refund Policies; if appropriate accommodations are available and the applicant meets applicable admission criteria, Trinity Landing may offer alternative arrangements consistent with the residency agreement. If a material change in financial condition occurs before occupancy (such as loss of income or assets needed to pay monthly fees), Trinity Landing will re-evaluate eligibility. If standards are no longer met, the contract may be canceled and entrance fees refunded in accordance with Section 24.
- **CCaH Contracts:** N/A

28. Age and Insurance Requirements

28.1 Age Requirements

- The minimum age for admission to Trinity Landing under a continuing care contract is 62 years.
- A younger spouse or partner may also be admitted if the primary applicant meets the minimum age requirement.
- There is no maximum age limit for admission, provided the applicant meets the health and financial eligibility standards described in Section 27 - Admission and Continuation Standards.

28.2 Insurance Requirements

Applicants for both Trinity Landing contracts must:

- Be enrolled in Medicare Parts A and B at the time of admission; and
- Maintain a Medicare supplement (Medigap) policy or equivalent health insurance to cover services not provided by Medicare.

Long-term care insurance is not required but may be considered in satisfaction of certain financial eligibility criteria on a case-by-case basis.

28.3 Special Conditions

- Exceptions to the minimum age requirement may be considered on a case-by-case basis if a younger applicant is married to or partnered with an eligible applicant, or if otherwise needed to maintain household composition, consistent with Trinity Landing's admission policies.
- Waivers of the insurance requirement may be granted only if the applicant demonstrates alternative coverage or financial capacity sufficient to meet anticipated health care expenses, consistent with Trinity Landing's (or Trinity at Home's) admission policies.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of September 30, 2025, unrestricted cash and investments are reflected in the audited consolidated financial statements described in Appendix A, including supplementary consolidating schedules that provide entity-level detail for Lutheran Retirement Center – Wilmington, Inc. (d/b/a Trinity Landing). For purposes of the statutory operating reserve and refund-security disclosures in this section, Table 29.2 summarizes unrestricted cash and investments used in the liquidity analysis and identifies amounts designated by the boards of the Lutheran Services for the Aging, Inc. (LSA) organization to prioritize liquidity for future entrance fee refunds. Board designations are internal and do not create legal restrictions under GAAP.

As of September 30, 2025, Trinity Landing's statutory Days Cash on Hand (DCOH) is presented in the Financial Snapshot and in Section 35.1.

29.2 Investment Management and Oversight

- **Oversight Body:** Finance and Audit Committee (or Finance Committee) of the Board of Trustees of Lutheran Services Carolinas (Lutheran Services for the Aging, Inc.).
- **Day-to-Day Management:** Chief Financial Officer (CFO).
- **Experience:** Finance Committee members average 15 years of financial oversight and investment policy.
- **Policy and Controls:** Investments are managed under a Board-approved policy emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds, and broadly diversified public funds/ETFs. The CFO executes within these limits, reports quarterly to the Finance Committee, and maintains controls over custody, counterparty limits, and rebalancing.

29.3 Statutory Operating Reserve Requirement

As of September 30, 2025, Lutheran Retirement Center - Wilmington, Inc.'s 12-month rolling average independent living unit occupancy was in excess of 93%. Based on this level of occupancy, the required statutory operating reserve was 25% of projected operating costs for the next 12 months.

Table 29.1: Statutory Operating Reserve Calculation (as of September 30, 2025)

Component	Amount
Total projected operating expenses	\$30,498,000
Add: Debt service (principal and interest)	\$206,000
Less: Principal and interest (covered by Debt Service Reserve Fund)	
Less: Depreciation and amortization	(\$4,194,000)
Less: Commissioner approved extraordinary items:	(\$12,989,000)
Net projected operating costs	\$13,521,000
Applicable reserve percentage based on occupancy	12.5%
Required operating reserve	\$1,690,000
Unrestricted cash & investments on hand	\$18,319,327
Excess above required reserve	\$16,629,327

29.4 Refund Security (Entrance Fee Refunds)

Entrance fee refund obligations are supported by unrestricted liquidity and operating cash flow. Based on Table 29.1, unrestricted cash and investments exceed the required operating reserve by \$16,629,327. Based on Table 29.2 excess unrestricted cash and investments above the operating reserve and board designated refund amount totals \$16,629,327.

The statutory operating reserve is required to be maintained pursuant to applicable law, and use or release of statutory reserve amounts generally requires prior regulatory approval.

Lutheran Services for the Aging, Inc. is not required by statute to escrow entrance fees and none are maintained in escrow.

Table 29.2: Unrestricted Cash and Investment Summary as of September 30, 2025

Category	Amount	Notes
Total unrestricted cash & investments	\$18,319,327	All liquid balances (cash and investments)
Less: Required operating reserve	(\$1,690,000)	Must be maintained; release requires regulatory approval
Less: Board-designated for refunds	n/a	
Excess unrestricted cash and investments above operating reserve	\$16,629,327	Available for operations and refund needs (outside of designated reserves)

30. Expansion and Renovation Plans

N/A

31. Audit Opinion and Timeliness

The consolidated financial statements of **Lutheran Services for the Aging, Inc. and Lutheran Family Services in the Carolinas and Affiliates** (which include **Lutheran Retirement Center – Wilmington, Inc. (d/b/a Trinity Landing)**) for the fiscal year ended **September 30, 2025** were audited by **Forvis Mazars, LLP**.

- **Timeliness:** The Independent Auditor's Report is dated **January 23, 2026**.

- **Audit Opinion:** The independent auditor issued an unqualified opinion (a “clean” audit opinion) on the consolidated financial statements.

Lutheran Retirement Center – Wilmington, Inc. (d/b/a Trinity Landing) does not issue separate stand-alone audited financial statements; its financial information is presented within the audited consolidated financial statements, including in the consolidating schedules.

32. Audited Financial Statements

The audited consolidated financial statements of **Lutheran Services for the Aging, Inc. and Lutheran Family Services in the Carolinas and Affiliates** for the fiscal years ended **September 30, 2025 and 2024**, audited by **Forvis Mazars, LLP**, are attached hereto as **Appendix A** and form an integral part of this Disclosure Statement. These statements include the consolidated balance sheets, consolidated statements of operations and changes in net assets, consolidated statements of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

Because the audited financial statements are presented on a consolidated basis, they include **supplementary consolidating schedules** that provide entity-level detail, including for **Lutheran Retirement Center – Wilmington, Inc. (d/b/a Trinity Landing)**, **Lutheran Home – Wilmington, Inc. (dba Trinity Grove)** and **Lutheran Home Wilmington Property, Inc.** within the audited consolidated financial statements.

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements for the period **2026 through 2030** are attached hereto as **Appendix B**. These prospective financial statements were prepared on a basis intended to be consistent with the format of the audited consolidated financial statements of **Lutheran Services for the Aging, Inc. and Lutheran Family Services in the Carolinas and Affiliates**, and were compiled by CliftonLarsonAllen LLP, an independent certified public accountant in accordance with applicable professional standards.

34. Variances from Prospective Financial Statements

For the fiscal year ended September 30, 2025, management reviewed the results of Trinity Landing Campus operations against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions, such as occupancy, used in preparing the projections. The following material variances were identified:

Table 34.1: Variance Analysis - Fiscal Year Ended 9/30/25

Category	Projected Amount	Actual Amount	Variance	Explanation
Independent Living Occupancy	95.0%	98.0%	+3.0%	Actual independent living occupancy exceeded the projected level. Stronger-than-expected occupancy supports operating performance and is generally consistent with the year-end occupancy information presented elsewhere in this Disclosure Statement.
Entrance Fee Receipts	\$3,246,000	\$4,701,698	+\$1,455,698	Entrance fee cash receipts were higher than projected, driven primarily by higher refundable entrance fee receipts. (Non-refundable entrance fees: \$2,773,369 actual vs. \$2,446,000 projected; Refundable entrance fees: \$1,928,329 actual vs. \$800,000 projected.)
Staffing Costs	\$11,650,000	\$12,706,181	+\$1,056,181	Staffing costs exceeded projections due to higher salaries and wages and higher employee benefits than forecast (Salaries & Wages: \$10,881,575 actual vs. \$10,250,000 projected; Employee Benefits: \$1,824,606 actual vs. \$1,400,000 projected).
Debt Service	\$650,000	\$858,613	+\$208,613	Principal payments on debt were higher than

Category	Projected Amount	Actual Amount	Variance	Explanation
				projected. (The variance analysis also notes interest and amortization expense was lower than forecast, reflecting lower variable interest.)

35. Key Financial Metrics

This section presents the statutory financial ratios required under N.C. Gen. Stat. § 58-64A-150(a)(39) and related statutes. Historical values are based on audited financial statements; prospective values are derived from the Provider’s five-year prospective financial statements. Comparative statewide medians are expected to be published by the North Carolina Department of Insurance beginning in late 2026.

For purposes of this section, “Provider Only” refers to the Trinity Landing campus consolidated ratios, and “Obligated Group” refers to the Lutheran Services for the Aging (“LSA”) obligated group ratios. Because the Provider is a member of an obligated group under the Master Trust Indenture (see Sections 8 and 9), certain financings and covenants apply on a joint-and-several basis among obligated group members, and obligated group liquidity and capital structure may differ from the Provider’s standalone results.

For the tables below, FY means the most recent fiscal year end. Full statutory text and definitions are provided in Appendix F.

35.1 Liquidity Ratios

Days Cash on Hand (DCOH). Number of days the provider (obligated group) could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.

Cushion Ratio (CUSH). Number of times unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Table 35.1: Liquidity Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	431	172	248	295	361	428
CUSH	6	3	5	5	6	8

Narrative – Provider Only:

Provider liquidity fluctuated over the periods shown, reflecting the timing of cash receipts and disbursements, including entrance fee activity, capital spending, and allocation of cash to investments. Based on the Provider’s FY 2025 actual-to-forecast reporting, cash and cash equivalents were lower than forecast in part due to greater-than-projected purchases of investments (i.e., a cash-to-investments reallocation), even though net cash provided by operating activities remained positive. The same reporting also reflects higher-than-projected refundable entrance fee receipts and principal payments on debt, both of which affect period-end cash levels and liquidity measures.

Prospective periods show a gradual improvement in liquidity beginning in FY+1. Projected increases in Days Cash on Hand and the Cushion Ratio reflect assumptions of stable operations and the timing of cash flows, including entrance fee receipts, investment activity, and routine operating and capital needs.

Table 35.1A: Liquidity Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	325	345	408	456	461	467
CUSH	12	12	19	21	21	22

Narrative – Obligated Group:

Obligated group liquidity is materially stronger than Provider-only liquidity because the obligated group reflects pooled liquidity and diversification across multiple affiliated entities.

Obligated group liquidity supports obligated group debt and obligations on a joint-and-several basis under the Master Trust Indenture (see Sections 8 and 9). While system-level

liquidity can provide resilience, the availability of cash and investments at any specific entity can be affected by debt documents, covenant requirements, and internal governance and cash-management practices.

35.2 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.

Table 35.2: Profitability Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	92%	91%	89%	91%	90%	91%
NOM	1.89	1.79	1.83	1.80	1.80	1.80
NOM-A	14%	31%	23%	30%	30%	30%

Narrative – Provider Only:

The Provider’s Operating Ratio indicates that cash operating revenues have generally covered cash operating expenses across the periods presented, with FY showing improvement relative to the prior year. The Provider’s FY 2025 actual-to-forecast reporting identifies several material drivers of operating performance, including higher salaries and wages and employee benefits than forecast and higher “supplies and other” expense and other revenue associated with therapy services.

The statutory Net Operating Margin (NOM) and Adjusted Net Operating Margin (NOM-A) ratios incorporate statutory definitions that may differ from GAAP presentation. NOM-A reflects the impact of net cash proceeds from entrance fees in addition to resident operating income. Accordingly, changes in entrance fee activity and related accounting can affect the relationship between NOM and NOM-A from period to period. For example, the Provider’s FY 2025 actual-to-forecast reporting reflects accelerated amortization of deferred entrance fees relative to forecast and also reflects variability in interest and

amortization expense (including lower-than-forecast interest and amortization attributed to lower variable interest). The FY 2025 reporting also reflects higher-than-forecast investment income and unrealized gains; depending on statutory definitions, those non-operating items may not be reflected in the operating ratios shown in this section.

Table 35.2A: Profitability Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
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%

Narrative – Obligated Group:

Obligated group profitability reflects consolidated performance across multiple obligated group members and may differ from Provider-only performance due to differences in campus mix, payer mix at affiliated operating entities, and the effect of centralized services and system-level allocations.

As a result, obligated group trends may be influenced by performance at other obligated group members in addition to Trinity Landing. The ratios are presented to provide context for system-level performance and capacity.

35.3 Capital Structure Ratios

Debt Service Coverage (DSCR). Measures 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). Indicates reinvestment relative to depreciation expense. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

Table 35.3: Capital Structure Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	0.71	2.66	2.10	2.41	2.52	2.63
CD	0.27	0.14	0.21	0.25	0.32	0.39
CED	320%	36%	7%	18%	20%	23%

Narrative – Provider Only:

Provider debt-service capacity, as reflected by DSCR, varies across the periods shown and can be sensitive to operating cash flows and net cash proceeds from entrance fees, as well as annual debt service requirements. The Provider’s FY 2025 actual-to-forecast reporting reflects principal payments on debt that were higher than projected, and it also reflects higher refundable entrance fee receipts than forecast; both items can influence debt-service related measures and cash available for debt service.

The Unrestricted Cash & Investments to Long-Term Debt ratio (CD) indicates the Provider’s unrestricted liquidity relative to long-term debt and shows improvement over the prospective periods. Because liquidity can be affected by the timing of cash held versus invested (including cash-to-investments reallocation), CD may fluctuate even when operations are stable. The Capital Expenditures to Depreciation ratio (CED) can vary significantly based on the timing of capital projects and may therefore be volatile from year to year; differences between cash spending, capitalization timing, and depreciation expense can also affect the ratio in any given period.

Table 35.3A: Capital Structure Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
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%	100%

Narrative – Obligated Group:

At the obligated group level, DSCR remains strong across the periods shown, reflecting the combined cash flow capacity of multiple obligated group members. The obligated group CD ratio also indicates substantial unrestricted liquidity relative to debt, consistent with the group’s consolidated cash and investment position. CED values reflect system-wide capital reinvestment patterns and may vary with the timing of capital initiatives across obligated group members.

Because obligated group debt obligations and covenants apply on a joint-and-several basis, obligated group capital structure ratios are relevant to covenant monitoring and system-level financial management. Covenant compliance as of the most recent reporting date is addressed in Section 9.

35.4 Overall Summary

Overall, the ratios presented reflect (i) Provider-level variability consistent with the timing of entrance fee activity, investment activity, capital spending, and other operating cash flow drivers, and (ii) obligated group results that reflect broader diversification and pooled liquidity across multiple entities. The Provider’s FY 2025 actual-to-forecast reporting (see Section 34 and Table 34.1) identifies specific items that contributed to FY 2025 performance, including higher staffing-related costs, differences in entrance fee receipts, investment performance, and interest and amortization expense. These ratios should be read together with Sections 8 and 9 (Obligated Group; Debt Covenants and Compliance), Sections 22–25 (refund obligations and re-occupancy conditions), and the audited and prospective financial statements referenced in Sections 31–33.

36. Actuarial Opinion and Balance

Lutheran Retirement Center – Wilmington, 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.

37. Most Recent Department Examination Report

Based on the Provider’s records, the North Carolina Department of Insurance has not conducted an examination of **Lutheran Retirement Center – Wilmington, Inc. (d/b/a Trinity Landing)** pursuant to Article 64A of Chapter 58 of the North Carolina General Statutes as of the date of this Disclosure Statement.

38. Other Material Information

Management of **Lutheran Retirement Center – Wilmington, Inc. (d/b/a Trinity Landing)** has reviewed whether there are any additional facts, circumstances, risks, or events that

could reasonably be expected to influence a prospective or current resident's decision to contract with the Provider. Other than the disclosures provided in this Disclosure Statement (including the descriptions of the Provider's obligated group membership, audited and prospective financial information, and contract terms), management is not aware of any additional material information that is required to be disclosed as of the date of this Disclosure Statement.

39. Contract Forms and Attachments

Lutheran Retirement Center – Wilmington, Inc. (d/b/a Trinity Landing) offers continuing care contracts for campus-based residents and continuing care at home (CCaH) contracts through its Trinity at Home program. Representative forms of each are attached hereto as Appendix D.

39.1 Continuing Care Contracts

Trinity Landing offers three primary forms of continuing care contracts for campus-based residents, which differ primarily in their entrance fee refund provisions:

- **90% Refund Plan** – Residents pay a higher entrance fee, and (subject to the residency agreement) up to 90% of the entrance fee (less applicable deductions) may be refundable after the resident vacates and the residence is reoccupied, as described in Sections 22 and 25.
- **50% Refund Plan** – Residents pay a moderate entrance fee, and (subject to the residency agreement) up to 50% of the entrance fee (less applicable deductions) may be refundable after the resident vacates and the residence is reoccupied, as described in Sections 22 and 25.
- **Declining Balance (0% Refundable) Plan** – Residents pay a lower entrance fee. The refundable portion of the entrance fee, if any, decreases over time as described in the residency agreement and may become nonrefundable after the stated period. Once the refundable portion is reduced to 0%, no entrance fee refund is payable upon termination or death of the resident.

All other terms and conditions of Trinity Landing's continuing care contracts are substantially similar, subject to the specific residency agreement executed by the resident. A representative form of these contracts is included in Appendix D.

39.2 Continuing Care at Home (CCaH) Contracts

N/A

Appendix Index

The following Appendices are incorporated into and form an integral part of this Disclosure Statement. Each Appendix begins on a separate page.

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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
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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)

	2025	2024
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
Lutheran Family Services in the Carolinas and Affiliates
Notes to Consolidated Financial Statements
September 30, 2025 and 2024**

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

**Lutheran Services for the Aging, Inc. and
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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.

**Lutheran Services for the Aging, Inc. and
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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

**Lutheran Services for the Aging, Inc. and
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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

**Lutheran Services for the Aging, Inc. and
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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.

**Lutheran Services for the Aging, Inc. and
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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						
	<u>Nursing</u>	<u>Property</u>	<u>Retirement</u>	<u>Other Operations</u>	<u>Other</u>	<u>Family Services</u>	<u>Total</u>
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	<u>\$ 127,557,413</u>	<u>\$ 361,412</u>	<u>\$ 37,947,586</u>	<u>\$ 7,481,793</u>	<u>\$ 1,633,140</u>	<u>\$ 34,341,261</u>	<u>\$ 209,322,605</u>

	September 30, 2024						
	<u>Nursing</u>	<u>Property</u>	<u>Retirement</u>	<u>Other Operations</u>	<u>Other</u>	<u>Family Services</u>	<u>Total</u>
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	<u>\$ 123,542,210</u>	<u>\$ 27,387</u>	<u>\$ 35,550,791</u>	<u>\$ 12,627,312</u>	<u>\$ 993,230</u>	<u>\$ 42,378,630</u>	<u>\$ 215,119,560</u>

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:

<u>Asset Categories</u>	<u>2025</u>	<u>2024</u>
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:

	<u>2025</u>	<u>2024</u>
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:

	<u>2025</u>	<u>2024</u>
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		Total
	LSA	LFS	
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	2,185,725	-	2,185,725
	<u>357,540,422</u>	<u>4,753,041</u>	<u>362,293,463</u>
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		Total
	LSA	LFS	
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	12,400,103	-	12,400,103
	<u>349,295,711</u>	<u>4,428,288</u>	<u>353,723,999</u>
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		Total
	LSA	LFS	
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		
	LSA	LFS	Total
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		
	LSA	LFS	Total
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		
	LSA	LFS	Total
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.

**Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Notes to Consolidated Financial Statements
September 30, 2025 and 2024**

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
Lutheran Family Services in the Carolinas and Affiliates
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
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
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
September 30, 2025

	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
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

	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
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
September 30, 2025

	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	<u>192,324,963</u>	<u>36,727,469</u>	<u>(17,088,221)</u>	<u>211,964,211</u>	<u>178,477,726</u>	<u>29,425,271</u>	<u>33,792,261</u>	<u>22,735,390</u>
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	<u>184,272,157</u>	<u>37,990,204</u>	<u>(17,089,762)</u>	<u>205,172,599</u>	<u>170,423,379</u>	<u>27,323,347</u>	<u>30,860,003</u>	<u>21,191,361</u>
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)	<u>26,340,759</u>	<u>1,252,130</u>	<u>(1,541)</u>	<u>27,591,348</u>	<u>26,339,218</u>	<u>4,352,891</u>	<u>1,475,366</u>	<u>1,959,273</u>
Excess (Deficit) of Revenues Over Expenses	<u>34,393,565</u>	<u>(10,605)</u>	<u>-</u>	<u>34,382,960</u>	<u>34,393,565</u>	<u>6,454,815</u>	<u>4,407,624</u>	<u>3,503,302</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 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 HOME – WILMINGTON, INC.
LUTHERAN HOME WILMINGTON PROPERTY, INC.
LUTHERAN RETIREMENT CENTER – WILMINGTON, INC.**

**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 Home – Wilmington, Inc.
Lutheran Home Wilmington Property, Inc.
Lutheran Retirement Center – Wilmington, Inc.
Wilmington, North Carolina

Management is responsible for the accompanying forecasted financial statements of Lutheran Home – Wilmington, Inc., Lutheran Home Wilmington Property, Inc., and Lutheran Retirement Center – Wilmington, Inc. (“Trinity Landing”), collectively referred to as the “Community”, 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 combined 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 combined 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 the Trinity Landing’s 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 Home – Wilmington, Inc.
Lutheran Home Wilmington Property, Inc.
Lutheran Retirement Center – Wilmington, 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 HOME – WILMINGTON, INC.
LUTHERAN HOME WILMINGTON PROPERTY, INC.
LUTHERAN RETIREMENT CENTER – WILMINGTON, INC.
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	\$ 14,063	\$ 14,486	\$ 14,920	\$ 15,368	\$ 15,829
Health Care Revenues - Assisted Living and Nursing	14,513	14,913	15,307	15,725	16,149
Amortization of Deferred Entrance Fees	3,875	3,991	4,111	4,234	4,361
Other Revenue	259	267	275	284	292
Total Revenue	<u>32,710</u>	<u>33,657</u>	<u>34,613</u>	<u>35,611</u>	<u>36,631</u>
Expenses					
Salaries and Wages	11,447	11,790	12,144	12,508	12,883
Employee Benefits	1,740	1,792	1,846	1,901	1,958
Supplies and Other	8,279	8,527	8,782	9,045	9,316
Marketing Expense	188	194	199	205	212
Management Fees	1,357	1,396	1,436	1,477	1,519
Depreciation and Amortization	3,885	3,995	4,081	4,180	4,290
Interest Expense	3,602	3,561	3,521	3,479	3,438
Total Operating Costs and Expenses	<u>30,498</u>	<u>31,255</u>	<u>32,009</u>	<u>32,795</u>	<u>33,616</u>
Operating Income	2,212	2,402	2,604	2,816	3,015
Non-Operating Gains:					
Investment Income	528	696	910	1,138	1,384
Contributions	22	23	23	24	25
Total Non-Operating Gains	<u>550</u>	<u>719</u>	<u>933</u>	<u>1,162</u>	<u>1,409</u>
Excess of Revenues Over Expenses	2,762	3,121	3,537	3,978	4,424
Changes in Net Assets	2,762	3,121	3,537	3,978	4,424
Net Assets at Beginning of Year	1,408	4,170	7,291	10,828	14,806
Net Assets at End of Year	<u>\$ 4,170</u>	<u>\$ 7,291</u>	<u>\$ 10,828</u>	<u>\$ 14,806</u>	<u>\$ 19,230</u>

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

**LUTHERAN HOME – WILMINGTON, INC.
LUTHERAN HOME WILMINGTON PROPERTY, INC.
LUTHERAN RETIREMENT CENTER – WILMINGTON, INC.
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	\$ 2,762	\$ 3,121	\$ 3,537	\$ 3,978	\$ 4,424
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	3,885	3,995	4,081	4,180	4,290
Amortization of Debt Issuance Costs	40	40	40	40	40
Amortization of Bond Premium Included in Interest Expense	(196)	(196)	(196)	(196)	(196)
Amortization of Deferred Entrance Fees Included in Interest Expense	(3,875)	(3,991)	(4,111)	(4,234)	(4,361)
Receipt of Non-Refundable Entrance Fees - Unit Turnover	5,060	5,211	5,368	5,529	5,695
Changes in Assets and Liabilities:					
Accounts Receivable, Residents and Clients	(107)	(74)	(111)	(74)	(74)
Other Current Assets	(40)	(28)	(28)	(28)	(28)
Employee Retention Credit	236	-	-	-	-
Accounts Payable and Other Accrued Liabilities	31	33	33	33	54
Accrued Interest Payable	47	(3)	(3)	(3)	(4)
Net Cash Provided by Operating Activities	7,843	8,108	8,610	9,225	9,840
Cash Flows from Investment Activities:					
Routine Purchases of Property and Equipment	(694)	(810)	(926)	(1,044)	(1,161)
Change in Investments, Net	(6,515)	(5,176)	(5,491)	(5,909)	(6,330)
Change in Assets Limited as to Use	1,128	(54)	(57)	(62)	(61)
Net Cash Used in Investment Activities	(6,081)	(6,040)	(6,474)	(7,015)	(7,552)
Cash Flows from Financing Activities:					
Allocated Payments of Long-Term Debt	(682)	(716)	(750)	(789)	(831)
Receipt of Refundable Entrance Fees- Unit Turnover	1,427	1,470	1,514	1,559	1,606
Refunds of Refundable Fees	(2,519)	(2,594)	(2,672)	(2,752)	(2,835)
Net Cash Used by Financing Activities	(1,774)	(1,840)	(1,908)	(1,982)	(2,060)
Change in Cash, Cash Equivalents and Restricted Cash	(12)	228	228	228	228
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	7,203	7,191	7,419	7,647	7,875
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 7,191	\$ 7,419	\$ 7,647	\$ 7,875	\$ 8,103
Supplemental Disclosure of Cash Flow Information:					
Cash Paid During the Year for Interest	\$ 3,761	\$ 3,720	\$ 3,680	\$ 3,638	\$ 3,598

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

**LUTHERAN HOME – WILMINGTON, INC.
LUTHERAN HOME WILMINGTON PROPERTY, INC.
LUTHERAN RETIREMENT CENTER – WILMINGTON, INC.
FORECASTED COMBINED BALANCE SHEETS
AT SEPTEMBER 30,
(In Thousands of Dollars)**

	2026	2027	2028	2029	2030
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 7,182	\$ 7,410	\$ 7,638	\$ 7,866	\$ 8,094
Investments	14,354	19,530	25,021	30,930	37,260
Current Portion of Assets Limited as to Use	465	482	501	523	543
Accounts Receivable, Residents, and Clients, Net	2,923	2,997	3,108	3,182	3,256
Current portion of Other Receivables	97	97	97	97	97
Inventories	126	130	134	138	142
Prepaid Expenses	756	780	804	828	852
Residents' Funds	9	9	9	9	9
Total Current Assets	25,912	31,435	37,312	43,573	50,253
Assets Limited as to Use:					
Assets Limited to Use - Operating Reserve Requirement	1,690	1,727	1,765	1,805	1,846
Assets Limited to Use - Bond Funds	465	482	501	523	543
Total Assets Limited as to Use	2,155	2,209	2,266	2,328	2,389
Less: Current Portion	(465)	(482)	(501)	(523)	(543)
Total Assets Limited as to Use	1,690	1,727	1,765	1,805	1,846
Receivable from Affiliate	10,206	10,206	10,206	10,206	10,206
Property and Equipment, Net	117,743	114,558	111,403	108,267	105,138
Total Assets	\$ 155,551	\$ 157,926	\$ 160,686	\$ 163,851	\$ 167,443
LIABILITIES AND NET ASSETS					
Current Liabilities					
Current Maturities of Long-Term Debt	\$ 716	\$ 750	\$ 789	\$ 831	\$ 873
Accounts Payable, Trade	379	391	403	415	427
Accrued Salaries and Payroll Taxes	684	703	722	741	779
Accrued Health Benefits	72	74	76	78	82
Accrued Interest Payable	47	44	41	38	34
Refundable Fees - Current	2,519	2,594	2,672	2,752	2,835
Residents' Funds Liability	9	9	9	9	9
Total Current Liabilities	4,426	4,565	4,712	4,864	5,039
Long-Term Liabilities:					
Long-Term Debt, Less Current Maturities	85,924	85,174	84,385	83,554	82,681
Unamortized Issuance Costs	(844)	(804)	(764)	(724)	(684)
Unamortized Bond Premium	4,110	3,914	3,718	3,522	3,326
Refundable Fees	16,555	15,356	14,120	12,847	11,535
Deferred Revenue from Advance Fees	41,210	42,430	43,687	44,982	46,316
Total Long-Term Liabilities	146,955	146,070	145,146	144,181	143,174
Total Liabilities	151,381	150,635	149,858	149,045	148,213
Net Assets:					
Net Assets Without Donor Restriction					
Unrestricted, Undesignated	4,101	7,222	10,759	14,737	19,161
Total Net Assets Without Donor Restriction	4,101	7,222	10,759	14,737	19,161
Net Assets With Donor Restriction	69	69	69	69	69
Total Net Assets (Deficit)	4,170	7,291	10,828	14,806	19,230
Total Liabilities and Net Assets	\$ 155,551	\$ 157,926	\$ 160,686	\$ 163,851	\$ 167,443

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

Summary of Significant Forecast Assumptions and Accounting Policies

INTRODUCTION

Basis of Presentation

The financial forecast (the “Forecast”) presents, to the best of the knowledge and belief of management (“Management”) of Lutheran Home – Wilmington, Inc., Lutheran Home Wilmington Property, Inc. (collectively “Trinity Grove”), and Lutheran Retirement Center – Wilmington, Inc. (“Trinity Landing”), collectively Trinity Landing and Trinity Grove are the “Community”, 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 the Community depends.

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 the Community’s 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

INTRODUCTION

Trinity Grove and Trinity Landing are affiliates 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. Lutheran Home – Wilmington, Inc., Lutheran Home Wilmington Property, Inc., Lutheran Retirement Center – Wilmington, Inc., and LSA are nonprofit corporations under section 501(c)(3) of the Internal Revenue Code and are located in Wilmington, North Carolina (the members of the Community) and Salisbury, North Carolina (LSA).

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 Grove and Trinity Landing are included along with 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

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) 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 JV 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.

Trinity Grove

Trinity Grove consists of 100 nursing facility beds (60 private), with 25 of those beds being certified for Alzheimer’s care. Trinity Grove opened in June 2011. Trinity Grove was designed with a home-like environment being its core focus. This facility has what is referred to as a “neighborhood design” concept with each neighborhood containing approximately 25 beds.

Trinity Landing

LSA was donated property in the “Monkey Junction” section of Wilmington, North Carolina years ago with the goal of being able to establish retirement services in the area. Over the years, LSA has purchased adjacent tracts and now owns approximately 50 contiguous acres of property bordering the inland coastal waterway on Masonboro Loop Road.

In 2007, LSA applied for, and was granted by the State of North Carolina, a certificate of need (CON) for a 100 bed nursing home in Wilmington. As a part of the CON, LSA planned to sell the acres on Masonboro Loop Road to help fund the nursing home project that was planned a few miles away. The real estate market for the inland waterway property deteriorated, and therefore construction of the new 100-bed nursing home named Trinity Grove proceeded during 2009 and 2010 without the funds from the 50 acres on Masonboro Loop Road.

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

As the real estate market has rebounded since 2008, proposals were considered for the development of land adjacent to Trinity Grove as well as the inland waterway property on Masonboro Loop Road. Ultimately, the inland waterway property on Masonboro Loop Road was chosen and was developed into a 208 independent living units facility ("Trinity Landing").

Trinity Landing and Trinity Grove are associated and are officially licensed as a Continuing Care Retirement Community ("CCRC") as defined in the North Carolina State regulation. Trinity Landing opened in August 2022.

Trinity Landing is a Type C, fee-for-service facility. Trinity Landing began construction in August 2020, consisting with the development of 208 independent living units comprised of 124 apartments and 84 villas. Phase I of Trinity Landing included the construction of 124 apartments and 60 villa units. Phase II of Trinity Landing was the construction of 24 additional villas that was completed in 2023. The main building contains 124 one and two bedroom apartments along with multiple dining venues, a fitness center, pool, hair salon and other amenities. Additionally, there are several two and three story villas containing 84 villas, a pavilion building near the waterfront and 9 boat slips for water access.

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

Trinity Landing offers three entrance fee ("Entrance Fee") plans for all of its apartments and villas (as further described in "Refundable Fees and Deferred Revenue from Advance Fees" on page 15). Trinity Landing is a Type C, fee-for-service facility. The Entrance Fee entitles occupancy of a residence by the resident at Trinity Landing, together with the use and benefits of its common areas, amenities, services and programs. The Entrance Fee also provides the residents priority access to healthcare services at Trinity Grove. Upon leaving Trinity Landing's independent living units, the resident or the resident's estate will receive a refund of the Entrance Fee, once the vacated unit has been reoccupied, depending upon the Entrance Fee plan selected. The monthly service fee for the independent living apartments and villas will include all occupancy costs and a monthly dining allowance that can be used in any of the dining venues on campus. Service fees are based on the size and type of apartment or villa occupied. Apartments and villas occupied by more than one person are assessed a fee for each additional occupant to cover the additional maintenance and meal cost.

Health Care Services

Trinity Grove offers nursing services to residents. The health care facilities house their own dining facilities, lounges, and recreational areas. In general, the operations of the health care units are supervised by a 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 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.

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

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 Trinity Grove residents professional care, immediate attention, and emergency consultations 24 hours per day. When a Trinity Landing resident's medical condition requires health care services, the resident will move from a Trinity Landing independent living 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 Trinity Grove also receive housekeeping service and a total of three meals per day. Certain additional ancillary health care services are not included in the Private Pay 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 Grove. 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

The Community 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 Home – Wilmington, Inc., Trinity Grove, and Trinity Landing. All related party balances and intra-company transactions have been eliminated in combination.

Cash and Cash Equivalents

The Community considers all unrestricted short-term investments with an original maturity of three months or less when purchased to be cash equivalents. The Community maintains their cash accounts with high quality financial institutions, which, at times, may exceed federally insured limits. The Community has not experienced any losses in such accounts. The Community 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.

	2026	2027	2028	2029	2030
Cash and Cash Equivalents	\$ 7,182	\$ 7,410	\$ 7,638	\$ 7,866	\$ 8,094
Residents' Funds	9	9	9	9	9
Total Cash, Cash Equivalents and Restricted Cash Shown in Forecasted Combined Statements of Cash Flows	\$ 7,191	\$ 7,419	\$ 7,647	\$ 7,875	\$ 8,103

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 the Community are reported at the estimated transaction price from residents, third party payors and others for services rendered. The Community provides services to patients covered under the Medicaid and Medicare 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

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Community performs an evaluation of the collectability of net revenues recorded and records an allowances for expected credit losses. Provisions for expected credit losses are 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

The Community 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 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.

Entrance fees:

The nonrefundable entrance fees are recognized as deferred revenue upon receipt of the payment and included in liabilities on the balance sheet 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 balance sheet. 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.

Resident Service Revenue:

The Community provides nursing care to residents and other patients who are covered by government, commercial, and private payors. The Community 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.

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

Assets limited as to use are forecasted to primarily include investments for which the board has designated, the operating reserve required by the North Carolina Department of Insurance, or 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.

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 defined hereinafter) 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.

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.

The Community evaluates, 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. Management has not assumed any impairment on property and equipment during the Forecast Period.

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensation Absences

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

Refundable Fees and Deferred Revenue from Advance Fees

Fees paid by a resident upon entering into a residency agreement at Trinity Landing, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue from advance fees and are amortized to income using the straight-line method over the estimated remaining life expectancy of the resident.

For Entrance Fees, Trinity Landing offers a limited refund plan (the "Limited Refund Plan"), a 50 percent refundable plan (the "50% Refund Plan") and a 90 percent refundable plan (the "90% Refund Plan").

Limited Refund Plan—This 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.

50% Refund Plan—This 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 a 50% refund will be paid to the resident or the resident's estate if the living unit is vacated and then re-occupied.

90% Refund Plan—This 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 a 90% refund will be paid to the resident or the resident's estate if the living unit is vacated and then re-occupied.

Net Assets

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 Restriction – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Resources that carry a donor imposed restriction that permits the Community to use or expend the donated assets as specified, is satisfied by the passage of time or by action of the Community, or that the assets be maintained in perpetuity. Donor restricted net assets are available primarily to fund certain resident care expenses. Generally, the donors of assets required to be maintained in perpetuity permit the Community to use all or part of the earnings on related investments for general or specific purposes.

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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).

Donor-Restricted Gifts

Unconditional promises to give cash and other assets 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 restriction in the same period.

Advertising Costs

Advertising costs are charged to operations when incurred.

Long-Lived Assets

The Community 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, the Community 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.

Use of Estimates

The preparation of forecasted combined financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the forecasted combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income Taxes

The Community has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The Community 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 REVENUE

Revenues for the Community are primarily generated from monthly service fees for the independent living units, per diem charges from the nursing beds and amortization of entrance fees.

Resident service revenue is composed of:

- 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; and
- Revenue for the nursing units based on assumed daily charges, as well as based on management's expectations of Medicare and Medicaid reimbursement, as well as other state supplemental income.

Forecasted Occupancy Levels

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

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

Location	Facility Name	2026	2027	2028	2029	2030
Wilmington	Trinity Landing	95%	95%	95%	95%	95%

Source: Management

Management has forecasted 63 percent throughout the Forecast Period for second person occupancy percentage.

Table 3
Average Yearly Forecasted Utilization of Nursing - Trinity Grove
For the Years Ending September 30,

Location	Facility Name	2026	2027	2028	2029	2030
Wilmington	Trinity Grove	95%	95%	95%	95%	95%

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Forecasted Entrance Fees, 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 for 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%
Independent Living					
Monthly Service Fee	n/a ⁽²⁾	3.00%	3.00%	3.00%	3.00%
Entrance Fee	n/a ⁽²⁾	3.00%	3.00%	3.00%	3.00%

Source: Management

Notes:

(1) Rates on Table 5 are in 2026 dollars. Inflation begins in following year.

(2) Rates on Table 7 are in 2026 dollars. Inflation begins in following year.

Nursing Fees

The following tables summarize Management's forecasted per diem rates for Trinity Grove based on inflationary increases.

Facility Name	2026		2027		2028		2029		2030	
Payer Mix										
Trinity Grove										
Private Pay - Private Room	\$	332	\$	342	\$	352	\$	363	\$	374
Private Pay - Semi Private	\$	320	\$	330	\$	339	\$	350	\$	360
Insurance	\$	422	\$	435	\$	448	\$	461	\$	475
Medicare	\$	605	\$	623	\$	642	\$	661	\$	681
Medicaid	\$	320	\$	326	\$	333	\$	339	\$	346
Hospice	\$	320	\$	326	\$	333	\$	339	\$	346

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Nursing Payor Mix

The following table summarizes Management's forecasted payor mix by resident days for Trinity Grove:

Payer Mix	2026	2027	2028	2029	2030
Trinity Grove					
Private Pay	43.4%	43.4%	43.4%	43.4%	43.4%
Insurance	5.6%	5.6%	5.6%	5.6%	5.6%
Medicare	19.0%	19.0%	19.0%	19.0%	19.0%
Medicaid	32.0%	32.0%	32.0%	32.0%	32.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Independent Living Entrance Fees and Monthly Service Fees

Trinity Landing

Below is a table setting forth the Entrance Fee and monthly service fees for Trinity Landing retirement's independent living units:

Table 7
Trinity Landing Retirement
Independent Living 2026 Entrance Fees and Monthly Service Fee

Unit Name	Unit Type	No. of Units	Square Feet	Monthly Service Fee (2026)	Entrance Fees (2026)		
					Limited Refund	50% Refund	90% Refund
Apartments:							
Pamlico	1 BR	22	870	\$ 3,656	\$165,961 - \$177,767	\$240,654 - \$257,796	\$298,775 - \$320,002
Pamlico II	1 BR	1	1,000	\$ 4,191	\$203,308	\$294,801	\$365,977
Ocracoke	1 BR/Den	25	1,070	\$ 4,405	\$218,519 - \$234,071	\$316,824 - \$339,414	\$393,334 - \$421,373
Ocracoke II	1 BR/Den	2	1,115	\$ 4,698	\$242,585	\$351,787	\$436,679
Ocracoke III	1 BR/Den	2	1,150	\$ 4,781	\$246,898 - \$249,282	\$358,030 - \$361,436	\$444,416 - \$448,730
Currituck	2 BR	21	1,310	\$ 5,058	\$275,844 - \$286,856	\$400,031 - \$415,923	\$496,521 - \$516,385
Currituck II	2 BR	1	1,305	\$ 5,036	\$274,596	\$398,216	\$494,250
Roanoke	2 BR Deluxe	3	1,390	\$ 5,249	\$294,688 - \$297,526	\$427,275 - \$431,362	\$530,461 - \$535,570
Roanoke II	2 BR Deluxe	15	1,410	\$ 5,314	\$295,256 - \$301,159	\$428,070 - \$436,697	\$531,483 - \$542,041
Roanoke III	2 BR Deluxe	2	1,435	\$ 5,257	\$303,883 - \$308,651	\$440,670 - \$447,595	\$547,035 - \$555,549
Roanoke IV	2 BR Deluxe	2	1,470	\$ 5,481	\$319,208	\$462,806	\$574,619
Manteo	2 BR / Den	16	1,505	\$ 5,574	\$330,219 - \$343,273	\$478,812 - \$497,769	\$594,372 - \$617,869
Manteo II	2 BR / Den	1	1,505	\$ 5,703	\$358,939	\$520,472	\$646,134
Beaufort	2 BR / Den Deluxe	9	1,640	\$ 5,832	\$356,214 - \$359,847	\$516,500 - \$521,834	\$641,140 - \$647,724
Beaufort II	2 BR / Den Deluxe	2	1,660	\$ 5,950	\$363,365 - \$366,998	\$526,830 - \$532,164	\$654,081 - \$660,551
Total / Weighted Average		124	1,250	\$ 4,848	\$ 259,175	\$ 375,810	\$ 466,525
Second Person				\$ 1,087	\$ 12,045	\$ 17,466	\$ 21,682

Unit Type	No. of Units	Square Feet	Monthly Service Fee (2026)	Entrance Fees (2026)			
				Limited Refund	50% Refund	90% Refund	
Villas:							
Sealevel	1 BR/Den	2	1,165	\$ 4,708	\$279,818 - \$282,542	\$405,708 - \$409,680	\$503,672 - \$508,553
Rodanthe	2 BR	16	1,260	\$ 5,034	\$298,775 - \$313,759	\$433,178 - \$454,974	\$537,840 - \$564,744
Nags Head	2 BR Deluxe	10	1,450	\$ 5,560	\$342,706 - \$352,922	\$496,974 - \$511,732	\$616,847 - \$635,237
Hatteras	2 BR / Den	6	1,550	\$ 5,838	\$383,912 - \$398,896	\$556,684 - \$578,366	\$691,087 - \$717,990
Kitty Hawk	2 BR / Den	24	1,590	\$ 5,848	\$394,696 - \$410,248	\$572,349 - \$594,825	\$710,498 - \$738,423
Southport	2 BR / Den Deluxe	20	1,675	\$ 5,942	\$421,826 - \$438,173	\$611,625 - \$635,350	\$759,311 - \$788,711
Bald Head	2 BR Sunrise / Den	6	1,765	\$ 6,377	\$468,822 - \$477,790	\$679,849 - \$692,790	\$843,880 - \$860,000
Total / Weighted Average		84	1,530	\$ 5,691	\$ 385,576	\$ 559,084	\$ 694,041
Second Person				\$ 1,087	\$ 12,045	\$ 17,466	\$ 21,682

Source: Management

Entrance Fee Receipts and Refunds

Entrance fee receipts and refunds are based on information provided by Management based on historical experience of operating other facilities of LSA, as well as Management's assumptions relating to the operations of Trinity Landing. The following table reflects entrance fees received and refunds paid during the forecasted period for Trinity Landing, as forecasted by Management.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Table 8
Trinity Landing Independent Living Forecasted Entrance Fees, Net
For the Years Ending September 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Entrance Fee Receipts from Unit Turnover	\$ 6,487	\$ 6,681	\$ 6,882	\$ 7,088	\$ 7,301
Entrance Fee Refunded from Unit Turnover	(2,519)	(2,594)	(2,672)	(2,752)	(2,835)
Entrance Fees Received, Net of Refunds	\$ 3,968	\$ 4,087	\$ 4,210	\$ 4,336	\$ 4,466

Source: Management

Management has forecasted a contract mix be as follows:

- 78 percent selecting the Limited Refund Plan;
- 6 percent selecting the 50% Refund Plan; and
- 16 percent selecting the 90% Refund Plan.

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 the Community.

Table 9
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.

Amortization of Deferred Entrance Fees

Management has forecasted amortization income relating to deferred revenue from entrance fees based on the anticipated life expectancy of residents.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF EXPENSES

Operating Expenses

Operating expenses have been forecasted to be recognized during the month incurred. Management has forecasted operating expenses based upon Management's operating plans for the Community, based on the historical operations of other facilities of LSA. 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 the Community. These benefit costs have been forecasted by department based on the historical experience of the Community. Management has forecasted that benefits would approximate 15.87 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 throughout 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.

Marketing Expense

Non-salary related costs of marketing expense are forecasted to include Management's estimate of costs for advertising, print and online materials and website, contract services, professional fees and other miscellaneous costs. Management assumes these costs would increase 3.0 percent in 2027 and annually, thereafter, for inflation throughout the Forecast Period.

Management Fees

Trinity Grove

Effective October 1, 2020, Trinity Grove entered into a Management Services Agreement with LSA Management, Inc. to provide management services on behalf of Trinity Grove. 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 Grove. 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 Grove, 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.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF EXPENSES (CONTINUED)

Trinity Landing

Trinity Landing has entered into a Management Services Agreement with LSA Management, Inc. to provide management services on behalf of Trinity Landing. The Management Services Agreement is anticipated to 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 consistent with the period the facility is owned by Trinity Landing. 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 LSA Management, Inc. will be paid a management fee equal to 4.75% of gross revenue of Trinity Landing in 2026, net of contractual adjustments. The expense is shown as an operating expense on the forecasted combined statements of operations and changes in net assets.

Depreciation and Amortization

Property and equipment are forecasted to be depreciated over their estimated useful lives by the straight-line method.

Interest Expense

Interest expense is forecasted related to the debt service requirements of the Series 2021 Bonds and the Bank Loan 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 FORECAST 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.

Accounts Receivable, Residents, Net

Accounts receivable, net of current expected credit losses, are forecasted by Management to approximate 37 days of operating resident revenues during the Forecast Period.

Other Receivables

Other receivables have been forecasted based on historical experience and Management has not forecasted that the balances would change during the Forecast Period.

Inventories

Inventories have been forecasted by Management to approximate 2 days of operating expenses, net of depreciation, amortization, and interest expense.

Prepaid Expenses

Prepaid expenses have been forecasted by Management to approximate 12 days of operating expenses, net of depreciation, amortization, and interest expense.

Residents' Funds

Residents' funds have been forecasted based on a fixed amount and Management has not forecasted that the balances would change during the Forecast Period.

Accounts Payable, Trade

Accounts payable, trade, have been forecasted by Management to approximate 6 days of operating expenses, net of salaries, benefits, depreciation, amortization, and interest expense, for each year of the Forecast Period.

Accrued Salaries and Payroll Taxes

Accrued salaries and payroll taxes have been forecasted by Management to approximate 19 days of salaries and benefits expense for each year of the Forecast Period

Accrued Health Benefits

Accrued Health Benefits have been forecasted by Management to approximate 2 days of salaries and benefits expense.

Residents' Funds Liability

Residents' funds liability has been forecasted based on historical experience and Management's assumed collection of deposits for future residence at the Project during the Forecast Period.

Summary of Significant Forecast Assumptions and Accounting Policies

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

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.

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 \$236,000 recorded on the combined balance sheet. Management has forecasted the collection of the receivable during 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.

Statutory Operating Reserve Requirement – 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 not 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

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

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

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. Management has forecasted the average independent living occupancy to be in excess of ninety-three percent (93%). As such, Management has forecasted an operating reserve of 12.5% 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 12.5 percent operating reserve requirement for all years of the Forecast Period.

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

Table 10
Forecasted Operating Reserve Calculation – Trinity Landing ⁽¹⁾⁽²⁾
For the Years Ending September 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Forecasted Total Operating Expenses	\$ 30,498	\$ 31,255	\$ 32,009	\$ 32,795	\$ 33,616
Less:					
Depreciation	(3,885)	(3,995)	(4,081)	(4,180)	(4,290)
Interest Expense and Amortization	(3,602)	(3,561)	(3,521)	(3,479)	(3,438)
Forecasted Operating Expenses of Lutheran Home Wilmington, Inc. and Lutheran Home Wilmington Property Inc. ⁽¹⁾	(12,989)	(13,376)	(13,774)	(14,185)	(14,608)
Adjusted Operating Expenses	\$ 10,022	\$ 10,323	\$ 10,633	\$ 10,951	\$ 11,280
Include:					
Principal Payment–Trinity Landing ⁽²⁾	206	216	225	241	258
Interest Payment–Trinity Landing ⁽²⁾	3,293	3,278	3,263	3,245	3,226
Total Operating Costs	\$ 13,521	\$ 13,817	\$ 14,121	\$ 14,437	\$ 14,764
Operating Reserve Percentage ⁽³⁾	12.5%	12.5%	12.5%	12.5%	12.5%
Operating Reserve - Trinity Landing	\$ 1,690	\$ 1,727	\$ 1,765	\$ 1,805	\$ 1,846

Source: Management

Notes:

(1) Management has excluded the operating expenses of Lutheran Home Wilmington, Inc. and Lutheran Home Wilmington Property, Inc.

(2) The principal and interest allocated above represent the principal and interest owed on the Series 2021 Bonds and the Bank Loan, which is the sole responsibility of Lutheran Retirement Center - Wilmington, Inc. Lutheran Retirement Center - Wilmington, 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 - Wilmington, Inc. average independent living occupancy for the year ending September 30,

	2026	2027	2028	2029	2030
Total Available Units	208	208	208	208	208
Total Occupied Units	198	198	198	198	198
Occupancy Percentage - Trinity Landing	95%	95%	95%	95%	95%

Investments

Investments reflect amounts whose maturities exceeding 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 FORECAST OF OTHER ITEMS (CONTINUED)

Property and Equipment

Property and equipment balances, net of accumulated depreciation, were forecasted based on 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 11
Forecasted Property and Equipment as of September 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Land	\$ 5,930	\$ 5,930	\$ 5,930	\$ 5,930	\$ 5,930
Building and Building Improvements	128,749	129,316	129,964	130,695	131,508
Furnishing and Equipment	2,930	3,173	3,451	3,764	4,112
	137,703	138,513	139,439	140,483	141,644
Less: Accumulated Depreciation	(19,960)	(23,955)	(28,036)	(32,216)	(36,506)
Net Property and Equipment	\$ 117,743	\$ 114,558	\$ 111,403	\$ 108,267	\$ 105,138

Source: Management

The following table reflects management's assumed capital additions during the Forecast.

Table 12
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	\$ 694	\$ 810	\$ 926	\$ 1,044	\$ 1,161

Source: Management

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.

Summary of Significant Forecast Assumptions and Accounting Policies

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

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.

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 Landing 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 Grove	0.2%	0.0%
Trinity Landing	0.1%	0.0%
Lutheran Home Wilmington Property, Inc.	0.0%	36.0%
All Other Members of the Obligated Group	99.7%	64.0%
	<u>100.0%</u>	<u>100.0%</u>

Based in part on initial strong demand for Trinity Landing's independent living units, Management constructed 24 additional villa units, which is included in the total 208 independent living units. Management entered into a bank loan (the "Bank Loan") for the funding of the construction on the additional 24 village units. The total amount of the Bank Loan drawn was approximately \$10,978,000. The Bank Loan is interest only for the first 18 months, bearing interest at the Daily Simple SOFR rate plus 1.75%. The rate as of September 30, 2025 was 5.87% which is the rate used throughout the Forecast Period. Interest on the outstanding principal is due monthly beginning in January 1, 2022. Principal payments began in July 2023 and monthly payments of principal and interest will occur through December 2045. The total balance of the Bank Loan as of September 30, 2025 was approximately \$8,498,000.

Summary of Significant Forecast Assumptions and Accounting Policies

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

The following table summarizes the existing and proposed debt obligations:

Table 13
Forecasted Principal Payments
For the Years Ending September 30,
(In Thousands of Dollars)

Year	Series 2021A	Series 2021C	Bank Loan	Total
	Bonds	Bonds		
2026	\$ 5	\$ 473	\$ 204	\$ 682
2027	5	497	214	716
2028	5	522	223	750
2029	5	545	239	789
2030	6	569	256	831
Thereafter	67,305	8,932	7,317	83,554
Total	\$ 67,331	\$ 11,538	\$ 8,453	\$ 87,322

Source: Management

Obligated Group – Security on Long-Term Debt

The Series 2021 Bonds were evidenced by the parity obligations issued by the Obligated Group under the Master Indenture. As security for repayment of all obligations issued under the Master 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 FORECAST OF OTHER ITEMS (CONTINUED)

Table 14
Obligated Group Facilities Pledged as Mortgaged Property

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

Due from Affiliate

The receivable from affiliate reflects amounts that have been provided by Trinity Landing to members of LSA. The balance includes the balances of previous cash transfers that were funded by other members of the Obligated Group as well as cash transfers received and paid related to funding of the Project. In addition, bond premiums and debt issuance costs have been allocated for presentation purposes during the Forecast Period. There is no formal payback or receipt agreement and, as such, payments or receipts could be materially different than forecasted.

Summary of Significant Forecast Assumptions and Accounting Policies

SUPPLEMENTAL SCHEDULE OF DETAIL OPERATING EXPENSES BY ENTITY

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

For the fiscal year ending September 30, 2026					
	LRC - Wilmington	Lutheran Home Wilmington Property	Trinity Grove Wilmington	Eliminations	Combined Total Operating Expenses
Expenses					
Salaries and Wages	\$ 4,467	\$ -	\$ 6,980	\$ -	\$ 11,447
Employee Benefits	698	-	1,042	-	1,740
Supplies and Other	4,001	61	4,217	-	8,279
Marketing Expense	188	-	-	-	188
Management Fees	668	-	689	-	1,357
Subtotal	10,022	61	12,928	-	23,011
Depreciation and Amortization					3,885
Interest Expense					3,602
Total Operating Costs and Expenses					\$ 30,498

For the fiscal year ending September 30, 2027					
	LRC - Wilmington	Lutheran Home Wilmington Property	Trinity Grove Wilmington	Eliminations	Combined Total Operating Expenses
Expenses					
Salaries and Wages	\$ 4,601	\$ -	\$ 7,189	\$ -	\$ 11,790
Employee Benefits	719	-	1,073	-	1,792
Supplies and Other	4,121	63	4,343	-	8,527
Marketing Expense	194	-	-	-	194
Management Fees	688	-	708	-	1,396
Subtotal	10,323	63	13,313	-	23,699
Depreciation and Amortization					3,995
Interest Expense					3,561
Total Operating Costs and Expenses					\$ 31,255

For the fiscal year ending September 30, 2028					
	LRC - Wilmington	Lutheran Home Wilmington Property	Trinity Grove Wilmington	Eliminations	Combined Total Operating Expenses
Expenses					
Salaries and Wages	\$ 4,739	\$ -	\$ 7,405	\$ -	\$ 12,144
Employee Benefits	741	-	1,105	-	1,846
Supplies and Other	4,245	64	4,473	-	8,782
Marketing Expense	199	-	-	-	199
Management Fees	709	-	727	-	1,436
Subtotal	10,633	64	13,710	-	24,407
Depreciation and Amortization					4,081
Interest Expense					3,521
Total Operating Costs and Expenses					\$ 32,009

Summary of Significant Forecast Assumptions and Accounting Policies

SUPPLEMENTAL SCHEDULE OF DETAIL OPERATING EXPENSES BY ENTITY (CONTINUED)

For the fiscal year ending September 30, 2029					
	LRC - Wilmington	Lutheran Home Wilmington Property	Trinity Grove Wilmington	Eliminations	Combined Total Operating Expenses
Expenses					
Salaries and Wages	\$ 4,881	\$ -	\$ 7,627	\$ -	\$ 12,508
Employee Benefits	763	-	1,138	-	1,901
Supplies and Other	4,372	66	4,607	-	9,045
Marketing Expense	205	-	-	-	205
Management Fees	730	-	747	-	1,477
Subtotal	10,951	66	14,119	-	25,136
Depreciation and Amortization					4,180
Interest Expense					3,479
Total Operating Costs and Expenses					\$ 32,795

For the fiscal year ending September 30, 2030					
	LRC - Wilmington	Lutheran Home Wilmington Property	Trinity Grove Wilmington	Eliminations	Combined Total Operating Expenses
Expenses					
Salaries and Wages	\$ 5,027	\$ -	\$ 7,856	\$ -	\$ 12,883
Employee Benefits	786	-	1,172	-	1,958
Supplies and Other	4,503	68	4,745	-	9,316
Marketing Expense	212	-	-	-	212
Management Fees	752	-	767	-	1,519
Subtotal	11,280	68	14,540	-	25,888
Depreciation and Amortization					4,290
Interest Expense					3,438
Total Operating Costs and Expenses					\$ 33,616



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLGlobal.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 – Wilmington, 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)

Lutheran Retirement Center – Wilmington, Inc : Residency Agreement

Lutheran Home - Wilmington, Inc. Admission Agreement



An Affiliate of Lutheran Services Carolinas

RESIDENCY AGREEMENT

THIS RESIDENCY AGREEMENT is made this _____ day of _____, between LUTHERAN RETIREMENT CENTER - WILMINGTON, INC., a North Carolina nonprofit corporation operating under the name of Trinity Landing, and _____ (herein individually or collectively called "Resident"). If a husband and wife or two other persons desiring to share a Residence at Trinity Landing enter into this Agreement, the term Resident shall apply to them jointly and severally and to the survivor of them.

WHEREAS, Lutheran Retirement Center - Wilmington, Inc. owns and operates the retirement center known as Trinity Landing (hereafter "Trinity Landing"), located at 5450 Trinity Landing Way in Wilmington, New Hanover County, North Carolina; and

WHEREAS, Resident desires to use and occupy the Residence ("Apartment") or ("Villa") located in Trinity Landing and designated in this Agreement and pay an initial entrance fee and other fees upon terms and conditions as provided in this Agreement; and

WHEREAS, Trinity Landing desires to make the selected Residence available to Resident and the Resident may use and enjoy the facilities, programs and services provided at Trinity Landing subject to the terms and conditions of this Agreement.

NOW, THEREFORE, Resident and Trinity Landing agree as follows:

As conditions precedent to the execution of this Agreement, the Resident shall meet the following requirements to the satisfaction of Trinity Landing, subject to such exceptions as the Board of Directors of Trinity Landing may approve in writing:

Health: Each 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 Landing residents and staff. The Resident will complete an application which includes a "Medical Information" section that must be completed. A recent

physician's physical may be requested by Trinity Landing to accompany the Application. An updated physical may be requested annually by Trinity Landing.

Financial: The Resident shall have furnished information to Trinity Landing with respect to the Resident's financial resources demonstrating that the Resident has the financial income and assets to pay the Entrance Fee, Monthly Fee, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of this Agreement. The Application includes a "Confidential Financial Information" section which must be completed.

Age: Admission is restricted to persons sixty-two (62) years of age or older, except in the case of two residents desiring to share a Residence in which one person is at least sixty two (62) years of age, the other person shall be at least fifty-five (55) years of age.

1. Residence, Related Services and Programs Subject to the terms and conditions of this Agreement, Trinity Landing shall make available to Resident a Residence, related services, programs and amenities at Trinity Landing as described below:

Type: ____
Residence: _
Number: __
Description:

A. Furnishings. Trinity Landing will provide all major kitchen appliances and a washer and dryer in each Residence and such other furnishings and fixtures as may be described in the informational brochures published by Trinity Landing for the purpose of describing Trinity Landing. All other Residence furnishings and furniture are to be provided by Resident.

B. Utilities. Includes individually controlled heating, air conditioning, water, sewer, electricity, internet access, cable, phone, and trash removal.

C. Meals. A meal allowance of \$ _____ will be included in the base fee. This meal allowance is subject to change with a sixty (60) day written notice from Trinity Landing. Addendum IV includes the current meal allowance amount. The Resident shall be entitled to dine at any of Trinity Landing's dining venues, for food and beverages, except for alcoholic beverages. The monthly meal plan credit may also be used for the food and beverages, except for alcoholic beverages, of any guest of the Resident. The charges shall be deducted from the declining balance of the meal plan credit. If the monthly charges of the Resident exceed the amount of the monthly meal plan credit, such additional charges shall be billed to the Resident on a monthly basis.

D. Housekeeping Services. Housekeeping services will be furnished every week, and shall include cleaning all sinks, tubs, bathroom fixtures and floors, dusting, and vacuuming. Additional housekeeping service shall be available at the Resident's expense.

E. Laundry. Residents shall be provided laundering of regular flat and bed linen on a weekly basis. Residents are provided a washer and dryer in each residence and will be responsible for their own personal laundry.

F. Maintenance Services. Trinity Landing will be responsible for normal wear and tear, maintenance and replacement of the property, furnishings and equipment owned by or leased for use at Trinity Landing. Resident will be responsible for any damage to such property, furnishings and equipment, including the cost of repair or replacement or the decrease in value thereof, caused by the negligence or intentional acts of

Resident or Resident's guests. Resident will be responsible for the maintenance and repair of his/her personal property.

. **Changes to Residence.** Any structural or physical change or redecoration and remodeling of any kind within or outside the Residence may be made by Resident only with the prior written consent of the Trinity Landing Executive Director and at the sole expense of Resident. Resident shall pay the appropriate cost necessary to return the Residence to its original condition and the cost of redecoration if requested by Trinity Landing. All such improvements or changes shall be the property of Trinity Landing.

A. Grounds keeping. Trinity Landing will maintain and repair grounds surrounding the Residences and common areas, including lawns, trees and shrubbery. Personal plantings and customization of landscaped areas are subject to approval by the Trinity Landing Executive Director and are not maintained by the grounds keeping department.

B. Programs. Recreational, social, spiritual, educational and cultural programs and activities will be coordinated by staff in conjunction with Resident Committees. Some activities may be subject to an additional charge.

. **Parking.** Parking areas for Residents' personal vehicles and limited parking for guests of Residents will be provided.

C. Transportation. Scheduled local transportation within New Hanover County is provided, including group transportation for shopping, medical appointments and some recreational activities. Some transportation is subject to an additional charge.

D. Emergency Response System. Trinity Landing will provide an option for an emergency response system for Residents. The Executive Director can provide an overview of available options.

E. Insurance. Trinity Landing will maintain general liability insurance but will not be responsible for the personal property of Residents. Residents are encouraged to obtain insurance to cover such liabilities. See Section 1(f) regarding Resident's responsibility for damage to property owned or leased by Trinity Landing.

F. Optional Services. A list of additional services provided at an additional cost including, but not limited to those optional services described above, shall be established by Trinity Landing's Board of Directors and shall be made available to Resident at or before the time the Resident receives the Disclosure Statement.

G. Trash Removal. Apartment Residents shall dispose of trash in the areas designated on each Apartment floor. Villa Residents' trash should be placed in approved containers to be collected at curbside.

H. Pets. Pets may be permitted per residence in accordance with the pet policy and upon completion of a Pet Agreement and payment of a \$500 non-refundable fee. The pet can be replaced in accordance with the Pet Policy.

Charges for services listed above in subparagraphs (A) through (P) are included within the Monthly Fee described in the Residency Agreement, unless otherwise indicated for alternate plans.

2. Terms of Residency

A. 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 Section (8) of the Residency Agreement. Nothing contained herein shall be construed or is intended to require that Trinity Landing care for the Resident for life, nor shall this Agreement be construed as a life-care contract.

B. Rights of Resident. Signing of this Residency Agreement and payment of the Entrance Fee 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 Landing and to all amendments, modifications, replacements or refunding thereof. Resident agrees to execute and deliver any document required by Trinity Landing or by the holder of any mortgage, deed of trust or other interest to evidence or effect such subordination.

C. Alteration or Modification. Notwithstanding any other provisions in this Agreement, Trinity Landing 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. If Trinity Landing approves an alteration or modification, all work must be arranged and completed by a contractor approved by Trinity Landing. The Resident understands that Trinity Landing may require the Resident to return the Residence to its original design at time of vacancy. If this request is made, the Resident is responsible for all costs associated with returning the Residence to its original design.

D. Use. 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.

E. Permitted Occupants. The parties hereto recognize and agree that the amount of wear and tear evident in the Residence depends in part upon the number of persons regularly occupying the Residence. It is therefore 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.

F. 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, in which event there will be no refund of the Entrance Fee, except as provided in the Termination and Refund Provisions of Sections (8) and (9). The remaining or surviving Resident will thereafter pay the Monthly Fee for one Resident associated with the Residence occupied by the Resident.

G. 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 the Trinity Landing, 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 as provided in the Termination and Refund Provisions of Sections (8) and (9). Such Residents will pay the Monthly/Daily Fee for double occupancy associated with the Residence occupied by them. In the event that a Resident shall marry a person who is not a Resident of Trinity Landing, 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 Landing; enters into a then current version of the Residency Agreement with the Corporation; and pays an Entrance Fee in an amount determined by the Corporation in its sole discretion. The Resident and new Resident shall pay the Monthly Fee for double occupancy associated with the Residence occupied by them. If the Non-Resident does not meet the requirements of Trinity Landing for entry as a Resident, the Resident may terminate this Agreement in the manner as provided in Section (8).

3. Transfers

A. Transfer to another Residence. All residence transfers must be approved by the Executive Director of Trinity Landing. The Monthly Fee will be adjusted, and the Entrance Fee may be adjusted accordingly, all as set forth in a Transfer Amendment (Addendum V) to the Residency Agreement. Residents transferring residences will pay an applicable transfer fee and a portion of the charges and expenses associated with refurbishing the residence being vacated. The Monthly Fee paid by the resident will be adjusted to the level of the current Monthly Fee for the new residence as of the date of occupancy of the new residence. The Resident will be responsible for paying any difference in the Entrance Fee, if the amount of the Entrance Fee of the new Residence is greater than the Entrance Fee for the previous Residence to be vacated. If the Entrance Fee for the new Residence is smaller than the Entrance Fee for the previous Residence to be vacated, no refund will be paid for the difference except as provided in the Termination and Refund Provisions of Sections (8) and (9). Please see the Executive Director for further details on residence transfers.

B. Transfer to Healthcare Center or Hospital. If it is determined by the Executive Director that the Resident requires care from other health care support beyond the scope of the facility and personnel of Trinity Landing, the Resident will be transferred to a qualified hospital or other institution equipped to give such care, at the expense of the Resident. Such transfer of the Resident will be made only after consultation to the extent possible with the Resident, a representative of the Resident's family or sponsor, and the Resident's physician.

If one of multiple Residents occupying a residence dies, moves out or is permanently transferred to Trinity Grove, or any other health care center, the remaining Resident(s) may elect to continue to occupy that residence at the applicable occupancy rate then in effect. In the event it is determined that the Resident requires a permanent transfer or change in the level of care and accommodations while at Trinity Landing, the Resident hereby agrees to make such a change. Such determination of a change will be made by and based on the professional opinion of the Resident’s personal physician, the Executive Director, and if needed, other health care support staff of the health care center. Such a decision to transfer the Resident will be made only after consultation to the extent possible with the Resident, the representatives of the Resident's family or sponsor, and the Resident's physician.

Trinity Landing is not designed or licensed to care for persons who have certain medical or mental conditions or suffer from certain contagious or dangerous diseases. If it is determined by the Executive Director and/or other health care support staff, using standard legal/medical and acceptable evaluation procedures, that a Resident suffers from a medical or mental condition, so that a Resident's continuing presence at Trinity Landing is detrimental to the health or safety of the Resident or other Residents, then the Resident may be transferred to an institution capable of administering needed care and his/her Residence may be assigned to others, subject to the rights of any remaining second Residence Resident. In such situations, the expenses of such institution will be the responsibility of the Resident. The final determination will be at the discretion of the Executive Director.

If the Resident's physician, the Executive Director and if needed, other health care support staff, subsequently determine that the Resident can resume occupancy in accommodations equivalent to those previously occupied by the Resident, the Resident shall have priority to such accommodations as soon as they become available, with no additional Entrance Fee unless the Entrance Fee has been refunded under the provisions described in this Agreement.

See Section (5) for more information on temporary and permanent transfer to healthcare center.

4. Admissions Policies and Procedures

Admission is restricted to persons sixty-two (62) years of age or older. However, a Resident may have a spouse/companion/roommate that is fifty-five (55) years of age or older live in the same residence. Trinity Landing is open to anyone regardless of race, color, religion, sex, handicap, familial status, or national origin

A. Binding Residency Agreement. Upon selection of a Residence, Resident will execute a Residency Agreement. Accompanying this Residency Agreement will be a Reservation Fee, which is equal to 10% of the current Entrance Fee. The Reservation Fee will be placed in Escrow with an FDIC-insured financial institution by Trinity Landing, subject to applicable law. Interest earned on the Reservation Fee will be retained by Trinity Landing and will not be paid to Resident or credited toward the fees due by Resident at the time of signing this Agreement. The 10% Entrance Fee and any Priority Deposit paid to Trinity Landing, pursuant to the Non-Binding Reservation Agreement, will be credited to the total Entrance Fee. The Entrance Fee for reserved Residence shall not be increased above the Entrance Fee set forth herein unless this Agreement is terminated pursuant to Section (8) of the Residency Agreement.

Upon providing the Resident with the Binding Residency Agreement, the Marketing Representative will provide the Resident with a copy of Trinity Landing's Disclosure Statement which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and the vital information related to Trinity Landing.

Included in the Disclosure Statement is a Residency Agreement and multiple addendums. Addendum III "Receipt of the Disclosure Statement", must be signed and returned to Trinity Landing at the time of, or prior to, the execution of the Residency Agreement.

B. 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 no later than 15 days following the execution of the Residency Agreement.

The Admissions Committee will review the completed Application Forms as a basis for initial approval for admission to Trinity Landing. The Resident must have an interview with a representative from Trinity Landing prior to being approved by the Admissions Committee. The Admissions Committee will accept or deny the application within 45 days of receipt of completed documents, based on criteria and policies established by the Board of Directors. The Executive Director will notify the Resident in writing of the action taken by the Admissions Committee. If the Resident does not meet Trinity Landing's admissions requirements, this Agreement shall be null and void and the Resident shall receive a refund of any Entrance Fee 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 Landing as soon as possible. Based on the available information, Trinity Landing will make every effort to provide a final determination regarding residency at least 90 days prior to the availability date for occupancy.

C. Addendums

- Addendum I, Commencement of Residency. This addendum must be signed to acknowledge the Availability Date of the Residence. The monthly fee will begin on the Availability Date. The remainder of the Entrance Fee must be paid no later than 10 days prior to 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. This addendum must be returned no later than the day the Application for admission is submitted.
- Addendum IV, Meal Allowance. This addendum will be provided to the Resident upon request or no later than the date the Disclosure Statement is given to the Resident.
- Addendum V, 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.

D. Health Criteria.

Admission is restricted to persons sixty-two (62) years of age or older. However, a Resident may have a companion/roommate that is fifty-five (55) years of age or older live in the same residence.

Trinity Landing 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 Landing 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 and personal health history and physical examination, Trinity Landing shall have the right to decline admission of the Resident(s) and to terminate the agreement, or at the discretion of Trinity Landing, to permit the Resident(s) to take occupancy of accommodations at Trinity Grove suitable to the needs of the Resident(s).

E. 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 Landing are expected to have sufficient financial resources to pay the entrance fee, 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, differs

materially from that disclosed in the Resident's Application, Trinity Landing shall have the right to decline admission of the Resident(s) and to terminate the agreement, or at the discretion of Trinity Landing, to permit the Resident(s) to take occupancy of accommodations at Trinity Grove suitable to the needs of the Resident(s).

Resident shall maintain Medicare Part A, Medicare Part B and one supplemental health insurance policy or maintain equivalent insurance coverage comparable to Medicare and approved by the Executive Director to assure Resident's ability to cover such health care related costs, and shall furnish to Trinity Landing 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 Landing. 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.

F. Representations and Warranties. The Resident affirms that the representations made in the Application for Admission, Personal Health History and Confidential Financial Information, or other statements of financial capability, are accurate and reflect the Resident's current status and, as such, are the basis for which Trinity Landing agrees to enter into this Agreement.

G. Rules and Regulations. Upon entering Trinity Landing, the Resident agrees to live in harmony with his/her neighbors in a spirit of good will. The Resident agrees to abide by the administrative policies and procedures as established by the Board of Directors and Trinity Landing including such amendments, modifications or change in those policies and procedures. These policies and procedures are designed for the comfort, safety and security of all Residents.

H. Notification of Availability. After the Resident is initially approved for admission, the Executive Director will notify the Resident of the Residence's projected date of availability for occupancy. Trinity Landing will make every effort to give a ninety (90) day notice of availability. A resident must pay the remaining Entrance Fee at least 10 days prior to the date of Availability, as described in Section (6) (b). Resident must begin paying the Monthly Fee from the date of Availability. All notifications of availability shall be in writing and mailed to the address of the Resident as provided in this Agreement.

5. Health Care Services

A. Trinity Grove. Provides health care accommodations and services.

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 Grove has no beds available, Trinity Landing will assist Resident in finding another health care center as close as possible to quality and price as Trinity Grove. Trinity Landing will work with each resident to ensure the resident is residing at the appropriate level of care.

Trinity Grove will contract 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 Grove and to perform such other duties described in this document or prescribed by Trinity Grove. Expenses for Resident-related physician services are the responsibility of the Resident. Trinity Grove 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, limited pharmacy services, and laboratory tests. All Residents at Trinity Grove are responsible for their pharmacy copayments. Charges for these

health care services will be in addition to the Monthly Fee.

B. Other Health Care Center. In the event a Resident requires the services of a health care center and there is no availability at Trinity Grove, Trinity Landing will assist a Resident in finding another health care center of similar quality and price.

C. Temporary Stay. If a temporary stay at Trinity Grove, a Resident will continue to pay the Monthly Fee for their Trinity Landing residence.

D. Permanent Stay. If a permanent transfer to Trinity Grove, the Resident will continue paying the Monthly Fee until the residence is vacated including the return of the keys to the residence, entrance door cards, and personal pendent if applicable. See Section 8 for more details on Termination.

6. Fees

A. Entrance Fees. For the right to reside at Trinity Landing for a period longer than one year as long as all terms and conditions are met, Resident agrees to pay to Trinity Landing an Entrance Fee described below:

- **90% Refund Plan:** The Entrance Fee is refundable at a minimum of ninety percent (90%). The Entrance Fee is reduced by a one percent (1.0%) at the time of initial occupancy and by one half of one percent (0.5%) per month for the first eighteen (18) months of occupancy after which a ninety percent (90%) refund will be paid to the Resident or the Resident's estate if the Living Residence is vacated. The balance of any Entrance Fees will be reimbursed by Trinity Landing after termination of the Residency Agreement, after the Residence is vacated and after the Residence has been reoccupied.

- Amount of Entrance Fee:\$

- **50% Refund Plan:** The Entrance Fee is refundable at a minimum of fifty percent (50%). The Entrance Fee is reduced by a two percent (2.0%) at the time of initial occupancy and by one percent (1.0%) per month for the first forty-eight (48) months of occupancy after which a fifty percent (50%) refund will be paid to the Resident or the Resident's estate if the Residence is vacated. The balance of any Entrance Fees will be reimbursed by Trinity Landing after termination of the Residency Agreement, after the Residence is vacated and after the Residence has been reoccupied.

- Amount of Entrance Fee: \$

- **Limited Refund Plan:** The Entrance Fee is reduced by a four percent (4%) service fee at the time of occupancy and by two percent (2%) per month for the first forty-eight (48) months of occupancy. The Entrance Fee is non-refundable after forty-eight (48) months.

- Amount of Entrance Fee: \$

Resident Agrees to pay Trinity Landing an Entrance Fee deposit of \$ _____ which shall be 10% of the required Entrance Fee as designated above. The Entrance Fee deposit will be due and payable upon signing of this Agreement. The balance of the Entrance Fee will be due and payable no later than ten (10) days prior to Resident's Availability Date. Resident's projected Availability Date is _____ 20____. Resident's Residency Date will begin on the Availability Date of the Residence as described in this Agreement and Addendum I.

Resident agrees that, subject to the escrow provisions referred to below, notwithstanding any right to a

reimbursement for all or any portion of the Entrance Fee as provided in the Residency Agreement, such Entrance Fee, when paid to Trinity Landing, shall become part of the funds and property of Trinity Landing, may be commingled with any other funds received by Trinity Landing, and may be used by Trinity Landing for any ordinary and necessary purposes related to the operation of Trinity Landing, including payment of the principal amount and any interest with respect to any loans made to Trinity Landing. Trinity Landing reserves the right to run entrance fee incentive programs during the year.

Article 64 of Chapter 58 of the General Statutes of North Carolina includes a requirement that Residents' Entrance Fees received by Trinity Landing be placed in an escrow account as specified in the statutes. Facilities that have met pre-sales or occupancy requirements as outlined in NCGS 58-64-35(a) (2) a, are not required to escrow Entrance Fees, unless otherwise required by the Commissioner of Insurance. Trinity Landing has not met these particular requirements and is currently escrowing Entrance Fees.

B. Monthly Fee. Resident shall pay a Monthly Fee to Trinity Landing by the 10th day of each month after occupancy commences. An additional Resident shall pay a Second Resident Fee. The Monthly Fee for any part of a month occurring at the beginning of occupancy shall be prorated and become due and payable upon occupancy. Late payments will be assessed a penalty of twenty-five dollars (\$25). It is agreed that monthly payments for residency shall continue during any temporary absence from Trinity Landing.

The initial Monthly Fee will be equal to the then current Monthly Fee for the Reserved Residence as of the Availability Date and will begin on the Availability Date, unless otherwise agreed to in writing by Trinity Landing. The Monthly Fee is subject to change as described in the Disclosure Statement.

As of the date of this Agreement, Resident agrees to pay a monthly fee beginning on the Availability Date of the Residence ("Monthly Fee"). As of the date of this Agreement, the current monthly fee associated with the Residence indicated in this Agreement is approximately \$ _____ per month, and an additional \$ _____ per month if a second Resident occupies the Residence. This rate is subject to change by Trinity landing prior to occupancy of the Residence. See Section E for details on Fee Change policy.

If you do not take occupancy by the Availability Date, you shall accept financial responsibility for the Reserved Residence and pay the balance of any unpaid Non-Standard Costs, and begin paying the applicable Monthly Fees on the Availability Date, unless the Binding Agreement is terminated prior to the Availability Date pursuant to Section 8 of this Agreement.

C. Fee Change Policy. Trinity Landing may, at its sole discretion and upon sixty (60) days prior written notice to Resident, increase or decrease the Monthly Fee to cover the cost of maintaining the services and to maintain the financial integrity of Trinity Landing, including maintaining adequate reserve funds. Residents can generally anticipate an annual increase in monthly fees of 2-6% based on inflation, health care inflation, market conditions, insurance increases, rising expenses, etc. Fees for additional and optional services may be increased or decreased at Trinity Landing's discretion without such notice.

D. Trinity Grove Daily Fees/Charges. Trinity Landing will obtain and publish, from time to time, daily rates from Trinity Grove. If a Resident is admitted to Trinity Grove (or any other nursing center if space is not first available at Trinity Grove), the Resident will continue to pay the Monthly Fee for his/her Residence. When eligible for Medicare benefits, Medicare pays first for health care. All Residents at Trinity Grove are responsible for their pharmacy copayments.

I. Additional Charges. Trinity Landing 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 this Agreement and any and all charges for additional or optional services provided to the Resident.

J. Monthly Statements. Trinity Landing will furnish the Resident with a monthly statement on or about the fifth business of the month showing the total amount of the Monthly Fee and all other charges owed by the Resident. All charges will be due and payable by the fifteenth (15th) day of each month. Late payments will be assessed a penalty of twenty-five dollars (\$25).

K. Inability to Pay. Resident agrees that in the event he/she shall become unable to pay the Monthly Maintenance Fee, or any part thereof, Trinity Landing may, at its sole discretion, credit such fees or charges against any amounts which Trinity Landing would be required to reimburse to Resident under the provisions of Section (9) of this document.

Trinity Landing is a charitable, not-for-profit organization with a desire not to terminate the residency of Resident solely by reason of financial inability of Resident to pay the total Monthly Maintenance Fee described herein or any other fees or charges assessed under the Residency Agreement, even though Resident's right to reimbursement of any portion of the Entrance Fee has been extinguished by reason of the credits referred to above, so long as the following conditions have been met: (i) in the sole discretion of Trinity Landing, the ability of Trinity Landing to operate on a sound financial basis is not impaired; and (ii) after entering into the Residency Agreement, Resident shall not have impaired his/her ability to meet financial obligations to Trinity Landing; and (iii) Resident has applied and submitted documented justification for special financial consideration.

7. Right of Rescission

A. Right of Rescission. Notwithstanding anything herein to the contrary, Resident may rescind any contract with Trinity Landing requiring the payment of an entrance 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 Landing will be returned in full, less any standard customary charges the Resident and Trinity Landing 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 Landing's current Disclosure Statement that meets the requirements of Section 58-64-20, et seq. 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 receive a refund of any money paid to Trinity landing less a service charge as follows:

- **Entrance Fee:** Resident shall receive a refund of the Entrance Fee paid to Trinity Landing less a service charge as determined by Trinity Landing not to exceed the greater of one thousand dollars (\$1000) or one percent (1%) of the Entrance Fee.
- **Monthly Fee:** Resident's refund shall be further reduced by the prepared Monthly Fee applicable for the period Resident occupied his/her Residence.
- **Nonstandard Costs:** Resident's refund shall be further reduced by any nonstandard costs, if any, specifically incurred by Trinity Landing at the request of Resident consistent with terms and conditions of this Agreement.

Any refund due under this paragraph (7) (a) shall be paid within sixty (60) days of termination of this

Agreement.

8. Termination of Agreement

A. 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 Landing 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 any Entrance Fee paid by Resident, without interest, less (i) any nonstandard costs, if any, incurred by Trinity Landing at the request of Resident.

This Agreement may be terminated by Resident at any time for any reason prior to Resident taking occupancy at Trinity Landing and after the Rescission Period as described in Section 7 (a) by Resident giving written notice to Trinity Landing. In this event, Resident will receive a refund of the Entrance Fee paid by Resident less a (i) any nonstandard costs, if any, and; (ii) less a service charge as determined by Trinity Landing not to exceed the greater of one thousand dollars (\$1000) or one percent (1%) of the Entrance Fee.

This Agreement may be terminated by Trinity Landing at any time prior to the date that the Resident takes occupancy if Trinity Landing 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 Entrance Fee paid by the Resident, less (i) any nonstandard costs, if any.

Any refund due shall be paid within sixty (60) days of (i) Trinity Landing's receipt of written request to terminate Agreement; (ii) from the day the Agreement automatically terminates; or (iii) from the day Trinity Landing terminates Agreement for any of the reasons in Section (8).

B. Termination after Occupancy: 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 ninety (90) days before Resident intends to move out of Trinity Landing. Resident is responsible to pay Monthly Fees during the ninety (90) day period or until the residence is vacated, whichever occurs last. See Section (9) for details on Refunds.

C. Termination by Death after Occupancy: In the event of the death of Resident after occupancy, the Residency Agreement shall be subject to termination as follows:

- (i) If there is only one Resident occupying the Residence, the Residency Agreement shall be automatically terminated as of the date of death of such Resident or the date thereafter upon which all of Resident's property is removed from the Residence, and all keys, pendant, entrance slide and garage door opener (if applicable) have been turned in to the Executive Director. The Monthly Fee shall automatically be terminated at this point. Resident's Estate is responsible for any payment due Trinity Landing. The balance of the Entrance Fee to be reimbursed to the Resident after termination of the Residency Agreement (or to the Resident's estate upon death) will be paid by Trinity Landing after the Residence is vacated and reoccupied. Resident's Entrance Fee is subject to refund as provided in Section (9).
- (ii) If there is more than one Resident occupying the Residence, 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, in which event there

will be no refund on the Entrance Fee except as provided in the Termination and Refund Provisions of Sections (8) and (9). If the second Resident elects to terminate the original Residency Agreement, Trinity Landing must receive a written notice of such election within sixty (60) days after the date of the first Resident's death. The Monthly Fee shall continue until the removal of all Resident's property, and until all keys, pendent, entrance slide and garaged door opener (if applicable) are turned into the Executive Director. After death of the first resident, the monthly fee for that resident will automatically be terminated, effective the day of death.

D. Termination by Trinity Landing. The Executive Director may, upon notice and opportunity to cure as herein provided, revoke Resident's right to reside at Trinity Landing 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 Landing 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 Landing shall not terminate the Agreement as provided herein until Trinity Landing has given Resident written notice of, and a reasonable opportunity to cure within a reasonable period, the conduct warranting the cancellation of this Agreement.

E. Notice and Right to Cure after Occupancy: Trinity Landing shall not terminate the Agreement as provided herein until Trinity Landing 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 Landing 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 Landing may, at its sole option, terminate the Residency Agreement at the expiration of the thirty (30) day period.

F. Remedies upon Termination. Upon notification of opportunity to cure any default as described in Section (8) 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 Landing 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 Landing liquidated damages in an amount equal to the full amount of the Monthly Fee due for the period of abandonment or vacation until a termination of this Agreement is effected as provided in Section (8). 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 Landing in this document, and all rights and remedies given by law or equity shall be cumulative and concurrent.

9. Refunds

If, after Resident has commenced occupancy, Resident or Trinity Landing terminates the Residency Agreement, or in the event of the death of the Resident, Resident (or Resident's estate) will be reimbursed as follows:

90% Refund Plan: The Entrance Fee is refundable at a minimum of ninety percent (90%). The Entrance Fee is reduced by a one percent (1.0%) at the time of initial occupancy and by one half of one percent (0.5%) per month for the first eighteen (18) months of occupancy after which an ninety percent (90%) refund will be paid to the Resident or the Resident's estate if the Residence is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Landing after the Residence is vacated and after the Residence is reoccupied.

50% Refund Plan: The Entrance Fee is refundable at a minimum of fifty percent (50%). The Entrance Fee is reduced by a two percent (2.0%) at the time of initial occupancy and by one percent (1.0%) per month for the first forty-eight (48) months of occupancy after which a fifty percent (50%) refund will be paid to the Resident or the Resident's estate if the Residence is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Landing after the Residence is vacated and after the Residence is reoccupied.

Limited Refund Plan: The Entrance Fee is reduced by a four percent (4%) service fee at the time of occupancy and by two percent (2%) per month for the first forty-eight (48) months of occupancy. The Entrance Fee is non-refundable after forty-eight (48) months. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Landing after the Residence is vacated and after the Residence is reoccupied.

In addition, Trinity Landing will retain as reimbursement for previously incurred expenses on behalf of the Resident, a sum equal to:

- I. The amount of medical expenses incurred by Trinity Landing for Resident's care during the term of his/her residency, unpaid by Resident at date of termination;
- II. The amount of any Monthly Fee or other sums owed by Resident to Trinity Landing under the Residency Agreement;
- III. The amount of any Monthly Fee, the collection of which may have been deferred by Trinity Landing on behalf of Resident; and

- IV. The cost of any extraordinary repairs or refurbishing with respect to the residence, including entry and doors, or any alterations required to restore the residence to standard design or condition.

It is understood that when two persons are named in this Agreement, reimbursement of the refundable portion of Entrance Fee, if any, and in accordance with Section (9), will be made only after the termination of this Agreement.

10. Miscellaneous Provisions

A. Religious Affiliation. Trinity Landing is a nonprofit, non-stock 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 Landing. Through private contributions, Trinity Landing may have, from time to time, funds available to assist Residents unable to meet the full cost of the monthly maintenance fees, but it cannot contract in advance for such assistance to be may available. LSA recently rebranded as Lutheran Services Carolinas (LSC).

B. Funeral Expenses. Trinity Landing 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 Landing by the Resident will remain the property of the Resident. Unless special arrangements are made in writing by the Resident with the Executive Director, Trinity Landing will not be responsible for the loss or theft thereof. Resident shall, prior to occupancy of the Residence make provisions in a last will and testament for the final disposition of his/her furniture and possessions located at Trinity Landing, for burial and payment of funeral expenses and for the appointment of a personal representative. If removal of Resident's property is not accomplished within thirty (30) days after termination of residency, Trinity Landing may remove and place in storage with a bonded moving or storage company, all of Resident's property and possessions, and Resident or Resident's estate, as the case may be, shall be charged for all costs associated with the storage. These provisions are subject to the rights of any remaining second Resident. Trinity Landing shall not be responsible for the loss of, or damage to, any property belonging to the Resident due to theft, mysterious disappearance, fire or any other cause. The Resident maintains the responsibility for obtaining desired insurance protection covering any such liability.

D. Indebtedness to Trinity Landing and LSA Affiliates. To the extent allowed by applicable law, Trinity Landing 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 Landing 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 Landing and other LSC affiliates by Resident.

E. Casualty Loss, Condemnation

- (a) Total Destruction. If Resident's Residence at Trinity Landing is totally destroyed or damaged by fire or other casualty not occurring through fault or negligence of Trinity Landing or those employed by or acting for Trinity Landing, 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 Fee shall abate for the balance of the term as of the date of the casualty. Trinity Landing will maintain "property" insurance coverage to cover the building and contents losses sustained because of the necessary termination of operations from an insured peril.
- (b) Partial Destruction. If the damage caused as described in Section 10(a) above 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 Landing may, at its option, terminate this Agreement, provide alternative temporary housing, or restore Trinity Landing to such condition reserving the right to enter the Residence for that purpose. In any event, the Monthly Fee shall be reduced during the time Trinity Landing is in possession, taking into account the extent that the Residence is rendered untenable and the duration of Trinity Landing's possession. Trinity Landing will maintain "business income" and "extra expense" insurance coverage to cover losses sustained because of the necessary suspension of operations from an insured peril.
- (c) Condemnation. If Trinity Landing 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 Landing can no longer be operated reasonably in the opinion of Trinity Landing's 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 Landing, and Resident agrees that he/she will not make or be entitled to any claim or recovery against the condemning authority.

F. Government Eligibilities. Should either Trinity Landing or the Resident be eligible for federal, state or other funds on behalf of the Resident, nothing in this Agreement shall be construed so as to make either party ineligible for such funds, and the Resident expressly waives any provision in this Agreement which might now or hereafter be in conflict with any federal, state or other law or regulations, and agrees to apply for and cooperate in obtaining such benefits.

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

H. Rights of Management. The absolute rights of management are reserved by Trinity Landing. Trinity Landing reserves the right to accept or reject any person for residency. The rights of the Residents do not include any right to participate in the management of Trinity Landing, to determine admissions or terms of admission of any other Resident, to alter common areas within Trinity Landing, or to make unapproved alterations to their Residence. Resident agrees to allow Trinity Landing, including its employees and agents, to enter the Residence for purposes of housekeeping, repairs, maintenance, inspection, and in the event of an emergency.

I. Relationships between Residents and Staff. Trinity Landing is built on mutual respect and instruct 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. Trinity Landing is solely responsible for the supervision of staff. Complaints or request for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not

permitted. You will not employ Trinity landing employees nor hire former Trinity Landing employees without the prior written consent of the Executive Director.

J. Durable Power of Attorney. Resident agrees to execute under seal and maintain in effect a Durable Power of Attorney that is valid under North Carolina law and will survive Resident's incapacity or mental incompetence.

This Durable Power of Attorney may be effective only upon certification by a licensed physician that Resident is incapacitated or mentally incompetent, and shall designate as Resident's attorney-in-fact a bank or some responsible person of his/her choice to act for him/her managing his/her financial affairs and in filing for insurance and/or other benefits under private and public assistance programs in as full and complete a manner as Resident could do if acting personally for himself/herself. Resident shall deliver a fully executed original of this Durable Power of Attorney to Trinity Landing prior to occupancy of the Residence.

K. Binding Effect. The covenants and conditions of this Agreement shall bind and benefit respectively Trinity Landing 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.

L. Interruptions. Trinity Landing shall not be required to perform any condition, term or covenant in this 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 Landing and which by the exercise of ordinary care Trinity Landing is unable, wholly or in part, to prevent or overcome.

M. Severability. If any clause or provision of this 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.

N. Governing Law. This Agreement will be governed by and construed under the laws of the State of North Carolina.

O. Execution. This Agreement has been executed on behalf of Trinity Landing by its duly authorized agent. No officer, director, agent or employee of Trinity Landing shall have any personal liability hereunder to Resident under any circumstances.

P. Waiver. No waiver of any term or condition of this 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

Landing to insist upon strict and/or prompt performance of the requirements, covenants, terms or conditions of this Agreement, and/or the acceptance of such performance thereafter, will not constitute or be construed as a waiver or the relinquishment of Trinity Landing' right to thereafter enforce the same strictly in the event of a continuing or subsequent default on the part of the Resident.

Q. Interruption. The captions contained herein are for convenience and reference only and in no way define, limit, or describe the scope or intent of this Agreement or affect any of the terms and provisions of this 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.

R. 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 Landing campus.

S. 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):

(a) If to Trinity Landing:

- (i) LUTHERAN RETIREMENT CENTER - WILMINGTON, INC.
Attn: Executive Director
5450 Trinity Landing Way
Wilmington, N. C. 28409

(b) If to the Resident:

- (i) If before Occupancy, as follows:

- Prefer to receive notification by email.

- (ii) If after Occupancy, at the Residence.

T. Multiple Originals. This Agreement shall be executed in multiple originals, so that each Resident and Trinity Landing shall retain an original, fully executed document.

U. Acknowledgement of Receipt. Resident acknowledges that he has received an executed copy of this Agreement, including Addendums I through V.

IN WITNESS WHEREOF, the parties hereto duly executed this Agreement under seal as of the day and year first above written.

LUTHERAN RETIREMENT CENTER –
WILMINGTON, INC., d/b/a/
TRINITY LANDING

By: _____
Executive Director

Witness

Resident

Witness

Resident

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 – Wilmington, Inc. (d/b/a Trinity Landing) pursuant to Article 64A of Chapter 58 of the North Carolina General Statutes 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. §§ 58-64A-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. 58-64A-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. 58-64A-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. 58-64A-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 Landing 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	431	172	248	295	361	428
Cushion ratio	6	3	5	5	6	8
Profitability ratios						
Operating ratio	92%	91%	89%	91%	90%	91%
Net operating ratio	1.89	1.79	1.83	1.80	1.80	1.80
Adjusted Net Operating Ratio	14%	31%	23%	30%	30%	30%
Capital structure ratios						
Debt service coverage ratio	0.71	2.66	2.10	2.41	2.52	2.63
Unrestricted cash and investments to long-term debt ratio	0.27	0.14	0.21	0.25	0.32	0.39
Capital expenditures as a percentage of depreciation expense ratio	320%	36%	7%	18%	20%	23%

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%