



Disclosure Statement

February 28, 2025

Amended May 20, 2025

Lutheran Retirement Center-Wilmington, Inc.

Lutheran Home – Wilmington, Inc.

Lutheran Home Wilmington Property, Inc.

DBA

Trinity Landing

5450 Trinity Landing Way

Wilmington, North Carolina 28409

In accordance with Chapter 58, Article 64-20(b) of the North Carolina General Statutes of the State of North Carolina:

- **This disclosure Statement may be delivered until revised, but not after February 27, 2026.**
- **Delivery of the Disclosure Statement to a contracting party before the execution of a contract for the provision of continuing care is required by NCGS 58-64;**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.**

TRINITY LANDING DISCLOSURE STATEMENT

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Included at the end of the Disclosure Statement are five exhibits:

- **Exhibit A:** Interim Financial Statements
- **Exhibit B:** Certified Financial Statements
- **Exhibit C:** Five Year Projection Statements
- **Exhibit D:** Residency Agreement
- **Exhibit E:** Variance Report

I. Organization Introduction and Information

A. Description of Organization

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

LSC is a non-profit corporation headquartered in Salisbury, North Carolina and is affiliated with the North Carolina Evangelical Lutheran Church in America. LSC was established in 1960 and began operations in 1962 as North Carolina Lutheran Homes. LSC has grown from a small nursing home in Hickory to currently managing its three skilled nursing facilities, three skilled nursing/assisted living combination facilities, one stand-alone assisted living home facility, one CCRC, and one rental retirement community. LSC also owns and operates a pharmacy, an adult day service, and a home care company and is co-owner of a therapy company.

LSC has an affiliate company, LSA Management, Inc., (LSAM) which is the management company for all the senior service communities that LSC 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.

B. Mission, Vision and Values

Mission

“Empowered by Christ, we walk together with all we serve.”

Vision

The vision of Lutheran Services Carolinas is to fulfill the proclamation of Christ in John 10:10, “I came that they may have life and have it abundantly.”

Values

- **Compassion:** Compassion is at the foundation of the LSC ministry. To be compassionate is to recognize the hurt or unhappiness of another and act to change it. LSC employees work in a compassionate manner to improve the lives of all they serve.
- **Faith:** Many employees choose to work at LSC because the desire to serve is intrinsic to their faith; they feel called to love and to serve. LSC employees strive to be content and joyful in their work and to create an atmosphere of support and forgiveness.
- **Integrity:** LSC employees work responsibly, honestly, and in a transparent manner. There is an expectation of honesty at all levels of the organization. LSC promotes a just culture, where employees feel comfortable voicing concerns, seeking help, or admitting failures.
- **Respect:** LSC strives to create a diverse and inclusive workplace where everyone is treated with dignity, and differences are accepted and enjoyed. LSC employees embrace the gifts of all and recognize the worth of each person.

- **Excellence:** Any job worth doing is worth doing well. LSC employees strive for excellence and encourage it in others. Employees seek out opportunities for personal growth and development and encourage others to do so as well.
- **Collaboration:** Bringing together the skills and knowledge of many individuals broadens perspective and improves decision making. Collaboration fosters an atmosphere of trust and cooperation while enriching the workplace and the LSC organization.
- **Justice --** God calls us to "Do Justice," to be in a right relationship with God and with each other. Every person should live free of bias, favoritism, and discrimination. The people of LSC will work to create a just culture throughout the organization and in all the communities we serve

II. Community Introduction and Information

A. Description of the Community and its Operation

Trinity Landing is constructed on a site of approximately 49 acres. The site is located at 5450 Trinity Landing Way, Wilmington, North Carolina. Trinity Landing is located approximately two miles from Trinity Grove, which is the community that offers skilled nursing care to the residents of Trinity Landing. Trinity Grove has been in operation since 2011 and consists of 100 skilled nursing beds that are both Medicare and Medicaid certified. Of the 100 beds, 25 are in a secured memory care neighborhood. The total number of residents being served at Trinity Grove on the date of this disclosure statement is 97.

Trinity Landing consist of a total of 208 residences. There are 84 villa residences and a three-story main building, referred to as the "Town Center" that includes 124 apartments. Construction of the first phase of this project began in August 2020 and accomplished substantial completion August 2022. Construction includes the 208 residences, a waterfront pavilion with boat dock, multiple gardens and the "Town Center". The "Town Center", in addition to housing the 124 apartments, includes a bistro, administrative/marketing office suite, beauty/barber spa, library/living area, art studio, parlor/card room, resident mailboxes, dining venues, and a wellness center.

Trinity Landing will offer a variety of community amenities to its Residents in order to provide a quality lifestyle. The community amenities are further defined in the Resident Agreement.

Lutheran Services Carolinas continues to plan for future growth opportunities for the Trinity Landing and Trinity Grove campuses. Potential opportunities for growth include a future residents program which could be part of a continuing care retirement community "without walls" concept, additional independent living apartments, an assisted living community and a home care agency.

The financing for Trinity Landing was finalized in 2020, and the details of the Trinity Landing financing include two different NC Medical Care Commission issued tax-exempt loans totaling \$115,338,000 ("Series 2020A Bonds"). The loans have been made by a banking syndication group led by Truist that also includes First Citizens Bank and Atlantic Union Bank. The Bonds

have a stated maturity date of five years from the date of issuance which is August 2025. The first loan is \$74,088,000 (“Series 2020A Bonds – Long Term Bank Loan”).

Trinity Landing is able to make draws on the Trinity Landing Long-Term Bank Loan. The Trinity Landing Long-Term Bank Loan is structured as interest-only payments until August 1, 2024, at which time monthly principal and interest payments will begin, effective September 1, 2024. Interest for the interest rate for the Trinity Landing Long-Term Bank Loan is based on 79% of 1-Month LIBOR plus 2.09% prior to stabilization (defined by Management as 95% occupancy), and is projected at 2.88% during the Projection Period. The second loan is \$41,250,000 (the “Entrance Fee Direct Purchase Bonds”). Trinity Landing is able to make draws on the Entrance Fee Direct Purchase Bonds, with interest only payments, based on 79% of one-month LIBOR plus 0.97%, payable on a monthly basis. Management has projected the average interest rate for the Entrance Fee Direct Purchase Bonds would be 2.67% during the Principal payments and are required to be made monthly from the initial entrance fees received from the Trinity Landing Project. Management has projected initial entrance fees from the Project’s independent living units to be sufficient to repay the Entrance Fee Direct Purchase Bonds.

The following is the basic outline of uses for the financing:

Trinity Landing construction GMP	\$83,107,658
Trinity Landing addit'l construction	\$273,000
Trinity Landing FFE	\$1,838,000
Trinity Landing soft cost	\$6,001,000
Trinity Landing marketing	\$4,956,000
Trinity Landing owner's contingency	\$5,750,000
Non-Trinity Landing projects	\$5,322,348
Series 2020 CoI	\$2,306,760
Series 2020 funded interest	\$5,783,234
PROJECT TOTAL	\$115,338,000

The key covenants of the loans are:

- Debt Service Coverage Ratio of at least 1.20x, calculated on a last twelve month (“LTM”) basis, measured quarterly
- Days Cash on Hand of 120, measured semi-annually
- Presales of at least 75% at all times prior to funding and during construction
- Occupancy for non-Project units of at least 83%, at all times, measured quarterly
- Occupancy for Project, commencing with the first quarter which ends 60 days from issuance of the certificate of occupancy as follows:

Occupancy Quarter	% of Units Occupied
1	5%
2	10%
3	20%
4	35%
5	45%
6	55%
7	65%
8	75%
9	75%
10	85%

Occupancy for the project is expected to continue to meet the covenant and is conservatively based upon historical estimates. The Trinity Landing project is 100% private pay and therefore changes or fluctuations in government funding should not affect expected revenues.

A significant portion of the land for the Trinity Landing Project was donated decades ago. Additional purchases of adjacent parcels of land have been purchased over the years to total +/-55 acres. The land represents the primary equity contribution to the project.

Trinity Landing is a member of an Obligated Group (the “Obligated Group”) which was established as part of Lutheran Services for the Aging’s (LSA) previous financings. The Obligated Group has a number of existing outstanding debt agreements which the Trinity Landing is subject to. Any additional needed funding for the Trinity Landing project would likely be sourced through a short-term borrowing from other members in the Obligated Group.

Entrance fee receipts and refunds are based on historical experience of operating other facilities of LSA. Additionally, LSA obtained an actuarial study projecting resident turnover. Total first generation entry fees are projected to be \$45,674,000; the entry fees will be booked as revenue based upon the life expectancy of the resident in the Trinity Landing independent living setting.

B. Non-Profit Status and Legal Description

Trinity Landing is a not-for-profit North Carolina corporation sponsored by Lutheran Services for the Aging, Inc., (LSA) which is publicly branded as 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, Lutheran Services for the Aging, Inc. (LSA) created a management company, LSA Management, Inc., (LSAM) to provide management services.

LSAM is an affiliate organization of LSA and is a 501(c)(3) tax-exempt company under the Internal Revenue Code. LSAM will provide management services to Trinity Landing. LSA will be responsible for the financial and/or contractual obligations of Trinity Landing.

Through private contributions, Trinity Landing expects to have, from time to time, funds to assist Residents unable to meet the full cost of the monthly fees, but it cannot contract in advance for such assistance.

C. Organization Leadership

Ted W. Goins, Jr., President and CEO, Lutheran Services Carolinas (LSC) --Prior to being named President in 2000, Ted W. Goins, Jr. began his career in long-term care as a nursing assistant, and was a certified nursing assistant for 20 years. A graduate of Lenoir-Rhyne University, Goins is a licensed nursing home administrator and served at Trinity Village in that capacity for 10 years prior to being named president and CEO in 2000. Goins has served as Board Chair for Lutheran Services in America, on the NC Legislative Study Commission on Aging, on the NC State Board of Examiners for Nursing Home Administrators, and on the Board of LeadingAge. He is currently on the Board of Lutheran Immigration and Refugee Service, the Editorial Board of the North Carolina Journal of Medicine, and the Board of the NC Health Care Facilities Association.

Kirby D. Nickerson, Chief Financial Officer/Treasurer, Lutheran Services Carolinas (LSC) – Kirby joined LSC as CFO/Treasurer in June 2012 after stints in similar roles in senior living organizations beginning in 1995 in Florida, North Carolina and Virginia; he has held a nursing home administrator's license since 2008. He has served on various boards of directors including The Pines at Whiting (NJ CCRC), Shared Services (southeast regional group purchasing organization) and Virginia Senior Care Group (insurance collaboration of CCRCs in VA). Nickerson received undergraduate degrees from Gordon College and an MBA from Florida State University; he is an active church member and also served on the board of directors of a local men's homeless shelter in Winchester, VA.

Kesha L. Smith, Chief Operating Officer, Lutheran Services Carolinas (LSC). Kesha L. Smith provides management and oversight for the LSC senior service operations. Smith holds a BS in Accounting from the University of North Carolina at Charlotte. She is a licensed nursing home administrator and a licensed real estate broker. Smith joined LSC in 2003 and served as special projects coordinator, operations coordinator, and chief administrative officer before being named COO in 2013. In addition to other duties, Smith is charged with LSC construction management.

Bonnie J. Skobel, Executive Director. Trinity Landing – Bonnie J. Skobel joined LSC in May of 2011 as Social Worker of Trinity Grove in Wilmington. Skobel was the Social Worker until 2014 when she received her administrator's license and began serving Trinity Grove in that capacity. In 2021, Skobel was named Executive Director of Trinity Landing. Skobel has Bachelor of Social Work from the University of North Carolina Wilmington and has been serving senior communities since 2004.

Officers and Directors. Below are the names and business addresses of officers and directors of the Provider.

Chair of the Board and Director

Mr. Gregory Hudgins
2 Kersey Court
Durham, NC 27713

Vice Chair of the Board and Director

Mr. Cary Grant
113 Bennington Parkway
Durham, NC 27713

President and Director

(President of Lutheran Retirement
Center – Wilmington, Inc. dba
Trinity Landing)
Mr. Ted W. Goins, Jr.
P.O. Box 947
Salisbury, NC 28145-0947

Secretary

(Corporate Secretary of Lutheran
Retirement Center – Wilmington,
Inc. dba Trinity Landing)
Mrs. Karen K. Maddry
P. O. Box 947
Salisbury, NC 28145-0947

Treasurer

(Treasurer of Lutheran Retirement
Center – Wilmington, Inc. dba
Trinity Landing)
Mr. Kirby Nickerson
PO Box 947
Salisbury, NC 28145-0947

The only officers and directors that have a 10% or greater interest in any organization, or which any organization has in the officers and directors, that currently or is expected to provide \$500 or more of goods, leases or services to the facility or to residents of the facility, are as follows:

Ted W. Goins, Jr. is President and Chief Executive Officer, Kirby Nickerson is Treasurer and Chief Financial Officer, and Karen K. Maddry is Secretary of LSC, which provides financial and management services to Trinity Landing.

No member of the Management Staff nor the Board of Directors (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to this Article or a similar law in another state. [NCGS 58-64-20(a)(3)(c)].

III. Policies and Procedures-Admission and Occupancy

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

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 will be 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 will be credited to the total Entrance Fee. The Entrance Fee for reserving the Residence shall not be increased above the Entrance Fee set forth herein unless this Agreement is terminated pursuant to Section (III) (H) of the Disclosure Statement.

Upon providing the Resident with the Binding Residency Agreement, the Marketing Representative will provide the Resident 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 five addendums. Addendum III "Receipt of the Disclosure Statement", must be signed and returned to Trinity Landing at or prior to execution of the Reservation 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 30 days following the execution of the Residency Agreement.

The Admissions Committee will review the completed Application Forms including financial information as a basis for initial approval for admission to Trinity 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.
- 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.

C. 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 (V). The Resident must begin paying the Monthly Fee on 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 unless otherwise requested by Resident.

E. 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, 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).

F. 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, differ 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.

G. Cancellation/Termination.

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 Section shall be paid within sixty (60) days of termination of this Agreement.

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 (H) 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 (\$1,000) 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 (H).

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. Date that all Resident's property is removed from the Residence, all keys, pendant, key card and garage door opener (if applicable) have been turned in to the Executive Director. See Section (J) for details on Refunds.

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 Living 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, all keys, pendant, key card 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 (K).

(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 of the Entrance Fee except as provided in the Termination and Refund Provisions of Section (III) (H) and (K). 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, pendant, key card and garaged door opener (if applicable) are turned into the Executive Director.

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.

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.

Remedies upon Termination. Upon notification of opportunity to cure any default as described in Section H of this Agreement, the Executive Director may, without further notice to Resident and without further demand for amounts due, terminate this Agreement, suspend all services provided hereunder and enter the Residence and remove all persons and property. Resident hereby waives all demand and any and all service of notice in writing or otherwise, prescribed by any statute or any other law whatever, of intention to re-enter and waives all claims for damages that may be caused by Trinity 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 (H). Pursuit of any of the above remedies shall not preclude pursuit of any other remedies herein provided or any other remedies given by law or equity.

All of the remedies given to Trinity Landing in this document, and all rights and remedies given by law or equity shall be cumulative and concurrent.

H. Marriage/New Second Occupant.

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. Guest are allowed to stay in your apartment or villa during their visit, but not more than 30 consecutive days. Guests must follow all applicable policies as outlined in this disclosure statement and in the Resident Handbook.

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 (III) (H) and (K). The remaining or surviving Resident will thereafter pay the Monthly Fee for one Resident associated with the Residence occupied by the Resident.

New Second Occupant/Sharing Occupancy after Admission. If a Resident, while occupying a Residence, marries a person who is also a Resident, or wishes to share a Residence with a person who is also a Resident, the two Residents may, with the prior written consent of 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 (H) and (K). 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 (H) with respect to a voluntary termination.

I. Moves and Transfers

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, as set forth in a Transfer Amendment to the Residency Agreement. Residents transferring residences will pay an applicable transfer fee and 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 (H) and (K). Please see the Executive Director for further details on residence transfers.

Transfer to Healthcare Center or Hospital. If it is determined by the Executive Director and if needed, other health care support staff that the Resident needs care beyond the scope of the facility and personnel of Trinity Landing, the Resident will be transferred to a qualified hospital, nursing center or 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 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, and/or 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 shall 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.

J. 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 (K) will be made only after the termination of this Agreement.

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 3 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 for and submitted documented justification for special financial consideration. Transfer to Trinity Grove or other LSC community may be considered as an option, if appropriate.

L. Nature and Extent of Rights.

Resident's right to occupy the Residence for a term of years or for life shall exist unless terminated as provided for in 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.

M. 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.

N. 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 of 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.

O. 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.

IV. Services

A. Standard Services. Services provided by Trinity Landing which are included in the base fee are as follows: Residences, individually controlled heating/air conditioning, water/sewer, electricity, internet access, phone, cable, trash removal, certain furnishings, meal allowance, weekly housekeeping services, grounds keeping, maintenance, transportation, activities, maintenance, use of the wellness center, and access to other common areas on the campus.

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

C. Additional Services. A list of additional services provided at an additional cost including, 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.

D. Health Care Services Available

Trinity Grove. Health care accommodations and services at Trinity Grove shall be made available to Residents on a priority basis, if available, subject to the terms of this Agreement and to all admissions requirements imposed by applicable laws and regulatory procedures. In the event Trinity 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 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.

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 as close as possible to the quality and price of Trinity Grove.

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

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 (III) (H) for more details on Termination.

V. 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.

See Section (VIII) (E) for a list of projected rates.

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 to Trinity Landing a Monthly Fee 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 this Disclosure Statement. See Section (E) for details on Fee Change policy.

As of the date of this Agreement, Resident agrees to pay a monthly fee during the term of this Agreement ("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.

See Exhibit D for a list of projected rates.

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.

E. 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.

F.Monthly Statements. Trinity Landing will furnish the Resident with a monthly statement on or about the fifth business day 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).

G. History of Fees for Communities Operated by Lutheran Services for the Aging, Inc.

Lutheran Services for the Aging, Inc. (LSA, Inc.) has included tables that demonstrate the frequency and average dollar amount of increases in charges for the previous five years. LSA, Inc. currently operates two CCRC's: Trinity Oaks and Trinity Elms. Trinity Oaks is located in Salisbury, North Carolina and provides skilled nursing services, assisted living services, and independent living residences. Trinity Elms is located in Clemmons, North Carolina and provides skilled nursing services, assisted living service and rental apartments for independent living.

Lutheran Retirement Center-Salisbury, Inc. d/b/a Trinity Oaks

Lutheran Home at Trinity Oaks, Inc.

Lutheran Home at Trinity Oaks Property, Inc.

Changes in Monthly Fees for the Previous Five Years-2019-2023

Assisted Living	2021	2022	2023	2024	2025
% Increase	3%	3%	3%	4%	4%
\$ Increase	\$167	\$172	\$177	\$184	\$191

Independent Living	2021	2022	2023	2024	2025
% Increase	3%	3%	3%	4%	4%
\$ Increase					
Studio	\$59	\$61	\$63	\$68	\$71
1 Bedroom	\$75	\$77	\$79	\$82	\$85
1 Bedroom Deluxe	\$80	\$82	\$84	\$87	\$90
2 Bedroom	\$95	\$98	\$101	\$105	\$109
2nd Occupant Apt.	\$33	\$34	\$35	\$36	\$37
Cottage	\$103	\$106	\$109	\$113	\$118
2nd Occupant Cottage	\$37	\$38	\$39	\$41	\$43

Lutheran Retirement Center-Clemmons Inc. d/b/a Trinity Elms
Lutheran Home – Forsyth County, Inc.
Lutheran Home – Forsyth County Property, Inc.
LSA Elms at Tanglewood, Inc.
LSA Elms Property, Inc.
Changes in Monthly Fees for the Previous Five Years-2019-2023

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

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.

VI. Miscellaneous Provisions

A. Religious Affiliation. Trinity Landing is a nonprofit, nonstock North Carolina corporation sponsored by Lutheran Services Carolinas (LSC), a not-for-profit social ministry agency affiliated with the North Carolina Synod of the Evangelical Lutheran Church in America, and is a 501(c)(3) tax-exempt facility under the Internal Revenue Code. In 2004, LSA created a management company, LSA Management, Inc., to provide management services. LSA Management, Inc., is an affiliate organization of LSA and is a 501(c)(3) tax-exempt company under the Internal Revenue Code. LSA will not be responsible for the contractual obligations of Trinity 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 fees, but it cannot contract in advance for any such assistance to be made 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 E (a) is only partial, so that the Resident's Residence can be reasonably restored within a period of ninety (90) days to its condition prior to the partial destruction, Trinity 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 instructs its staff to be cordial and helpful to the Resident. The relationship is to remain professional. Employees must not be delayed or deterred by Residents in the performance of their duties. Management is solely responsible for the supervision of staff. Complaints or requests for special assistance must be made to the appropriate supervisor. Giving gratuities or bequests to employees or employees' families is not permitted. The Resident will not employ Trinity Landing employees nor hire former Trinity Landing employees without the prior written consent of management.

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 the Residency Agreement so long as such performance is delayed or prevented by force majeure, which shall mean acts of God, strikes, material or labor shortages or failures, lockouts, restrictions by any governmental authority, civil riot, floods and any other cause not reasonably within the control of Trinity 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 the Residency Agreement should be illegal, invalid or unenforceable, these provisions shall be deemed to be severable and the remainder of this Agreement shall not be affected by this action. In lieu of the clause or provision that is illegal, invalid, or unenforceable, there shall be substituted a clause or provision as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be legal, valid and enforceable. No amendment of this Agreement will be valid and enforceable unless in writing and executed by the Executive Director and Resident except that management may amend this Agreement from time to time so that this Agreement complies with applicable laws, rules and regulations of the Federal, State or local government.

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

O. Execution. The Residency Agreement will be 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 the Residency Agreement shall be effective unless made in writing and executed by the parties to the Agreement. Nor shall any waivers be deemed to excuse the performance of any act other than those specifically referred to in the written notice of waiver. Any failure of Trinity Landing to insist upon strict and/or prompt performance of the requirements, covenants, terms or conditions of the Residency Agreement, and/or the acceptance of such performance thereafter, will not constitute or be construed as a waiver or the relinquishment of Trinity Landing's 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 the Residency Agreement or affect any of the terms and provisions of the Residency Agreement.

Any reference expressed in any gender shall be deemed to include each of the other genders, and the singular shall be deemed to include the plural and vice versa, unless the context otherwise requires.

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:**

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

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

U. Material Differences Between Forecasted Statements and Actual Statements. In 2021, the material differences between the forecasted statements and the actual statements are in Trinity Landing's favor. Please see following statements for further explanation.

VII. Financial Information

A. Reserves, Escrow and Trusts

B. Section 58-64-33 of the North Carolina General Statutes requires continuing care facilities to establish operating reserves equal to a percentage (based upon maintenance of occupancy levels) of total operating costs projected in forecasted financial statements for the following 12-month periods.

As indicated in the forecasted financial statements, the amount of the operating reserve for 2022 is \$1,304,000. To the extent the operating reserve requirement increases in future years the remaining amount needed to comply with the operating reserve requirement will be funded out of long-term investments and board designated funds, which are presently on hand; investments will be managed by an institutional investment manager.

Trinity Landing has established an escrow account for all priority deposits and future residency deposits.

C. Interim Financial Statements

The Financial Statements of Trinity Landing are included as Exhibit A.

D. Current Certified Financial Statements

The Audited Financial Statements of Lutheran Services for the Aging, Inc. and Lutheran Family Services in the Carolinas and Affiliates for Year End 2020 & 2021 are included as Exhibit B.

E. Five Year Projection Statements

The Projected Financial Statements for the five years ending September 30th, 2026 are included as Exhibit C.

F. Actuarial Report

The Actuarial Report for Trinity Landing is included as Exhibit D.

VIII. Residency Agreement

A. Residency Agreement

The Residency Agreement which complies with all contract specifications as per North Carolina General Statute G.S. 58-64-24 (a) and (b) is included as Exhibit E.

Exhibit A

Interim Financials

Trinity Landing Campus Consolidated Balance Sheet

	YTD Jan FYE 2025
Assets	
Current Assets	
Cash and cash equivalents	\$ 1,888,307
Receivables, net of allowance	2,951,845
Other	14,308,186
Inventories	117,018
Total current assets	<u>19,265,356</u>
Assets limited as to use	3,636,714
Net Property and Equipment	123,457,169
Total assets	<u><u>\$ 146,359,239</u></u>
Liabilities	
Current Liabilities	
Current portion of long-term debt	\$ 194,825
Accounts payable - trade	205,724
Accrued salaries and payroll taxes	515,085
Accrued employee benefits	145,914
Refundable fee deposits - current	49,677
Total current liabilities	<u>1,111,224</u>
Other liabilities and credits	
Refundable fee deposits	18,678,268
Deferred revenue	18,600
Deferred revenue from fee deposits	40,872,436
Long-term debt	87,776,781
Total other liabilities and credits	<u>147,346,085</u>
Unrestricted	(2,123,519)
Temporarily restricted	25,450
Total net assets	<u>(2,098,070)</u>
Total liabilities and net assets	<u><u>\$ 146,359,239</u></u>

Trinity Landing Campus Consolidated Income Statement

	YTD Jan FYE 2025
Revenue and other Support	
Net resident service revenue	\$ 8,607,256
Amortization of deferred entrance fees	1,250,000
Restricted funds released for operations	8,005
Other revenue	798,968
Total revenue and other support	<u>\$ 10,664,229</u>
Expenses	
Salaries and Wages	3,618,601
Employee Benefits	574,948
Supplies and Other	3,265,267
Marketing	48,874
Depreciation	1,123,333
Interest and Amortization	1,146,856
Total expenses	<u>9,777,879</u>
Operating income (loss)	886,350
Other Income	
Investment Income	14,623
Unrealized Gain (Loss)	362
Unrestricted contributions and bequest	27,350
Total other income (loss)	<u>42,335</u>
Excess revenues over expenses	\$ 928,685
Temporary restricted	
Contributions	5,520
Investment income	-
Net assets released from restrictions	(8,005)
Increase (decrease) temp. restricted	<u>(2,485)</u>
Increase (decrease) net assets	926,199
Net assets - beginning of year	(3,024,269)
Net assets - end of year	<u>\$ (2,098,070)</u>

Trinity Landing Campus Consolidated

Statement of Cash Flows

	YTD Jan FYE 2025
CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ 926,199
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
from advance fees	(1,250,000)
Depreciation	1,123,333
(Gain) loss on disposal of assets	
Realized/unrealized (gain) loss on investments	(362)
(Increase) decrease in other current assets	(7,186,477)
Increase (decrease) in accounts payable/accrued expenses	(166,338)
Increase (decrease) in deferred revenue	18,600
Net cash provided by operating activities	<u>(6,535,044)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(16,174)
Investments (net)	119,744
(Increase) decrease in assets whose use is limited	(0)
Net cash used in investing activities	<u>103,570</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net proceeds from bond issue/debt payments	(199,341)
Entry fees received/(refunded), net	327,113
Net cash provided by financing activities	<u>127,772</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,303,703)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>8,192,010</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,888,307</u></u>

Exhibit B

Certified 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, 2024 and 2023



Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Contents
September 30, 2024 and 2023

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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, 2024 and 2023, 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, 2024 and 2023, 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 a year after the date that the consolidated financial statements are available to be 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

**Raleigh, North Carolina
January 28, 2025**

**Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidated Balance Sheets
September 30, 2024 and 2023**

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 64,399,051	\$ 55,862,551
Investments	71,050,153	52,527,232
Accounts receivable, residents and clients, net	24,520,288	23,223,232
Current portion of other receivables	1,427,944	1,672,724
Employee retention credit receivable	5,579,989	5,931,577
Inventories	1,427,426	1,416,589
Prepaid expenses	2,420,706	1,933,418
Residents' funds	299,077	276,509
	<hr/>	<hr/>
Total current assets	171,124,634	142,843,832
	<hr/>	<hr/>
Assets Limited As To Use		
Investments - donor-restricted endowment funds	3,334,410	3,308,845
Investments - temporarily restricted	5,148,794	3,574,085
Investments - board designated funds	11,713,014	9,494,087
Assets limited to use - operating reserve requirement	6,006,000	7,033,000
Assets limited to use - bond funds	11,012,233	10,847,182
Assets restricted by donor for investment in property and equipment	-	1,441,053
	<hr/>	<hr/>
Total assets limited as to use	37,214,451	35,698,252
	<hr/>	<hr/>
Property and equipment, net	232,791,155	227,023,624
Other receivables, less current portion, net	-	406,686
Other assets	17,652,491	15,628,306
	<hr/>	<hr/>
Total assets	<u>\$ 458,782,731</u>	<u>\$ 421,600,700</u>

**Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidated Balance Sheets
September 30, 2024 and 2023**

(Continued)

	2024	2023
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current maturities of long-term debt	\$ 3,134,580	\$ 5,099,347
Current portion of split-interest liability	49,000	49,000
Accounts payable, trade	4,653,673	5,182,866
Accrued salaries and payroll taxes	7,395,371	7,040,657
Accrued health benefits	1,224,604	309,173
Accrued interest payable	497,448	522,026
Refundable fees - current	302,527	231,661
Deferred revenue from grants and other	258,817	227,536
Other accrued liabilities	2,230,891	1,449,961
Residents' funds liability	299,077	276,509
Total current liabilities	<u>20,045,988</u>	<u>20,388,736</u>
Long-Term Liabilities		
Long-term debt, less current maturities	163,133,213	156,377,958
Refundable fees	26,861,682	25,600,828
Deferred revenue from advance fees	51,056,887	52,214,957
Pension liability	124,095	378,887
Split-interest liability	476,620	500,209
Total long-term liabilities	<u>241,652,497</u>	<u>235,072,839</u>
Total liabilities	<u>261,698,485</u>	<u>255,461,575</u>
Net Assets		
Net assets without donor restrictions		
Without donor restrictions, undesignated	172,666,539	145,223,475
Without donor restrictions, board designated funds	11,713,014	9,494,087
Total net assets without donor restrictions	<u>184,379,553</u>	<u>154,717,562</u>
Net assets with donor restrictions	<u>12,704,693</u>	<u>11,421,563</u>
Total net assets	<u>197,084,246</u>	<u>166,139,125</u>
Total liabilities and net assets	<u><u>\$ 458,782,731</u></u>	<u><u>\$ 421,600,700</u></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, 2024 and 2023**

	2024	2023
Changes in net assets without donor restrictions:		
Revenues and other support:		
Net patient service revenue	\$ 174,934,181	\$ 156,767,022
Amortization of deferred entrance fees	5,652,320	4,209,815
Service fees - state, county and other	9,338,487	9,071,500
Federal grants and other	22,646,890	15,038,807
Net assets released from restrictions for operating purposes	1,604,552	1,412,189
Management fees	1,017,972	1,005,429
Other revenue	1,529,710	3,094,398
Total revenue	<u>216,724,112</u>	<u>190,599,160</u>
Expenses:		
Salaries and wages	102,384,924	88,909,019
Employee benefits	17,661,014	14,415,973
Supplies and other	68,108,968	63,337,311
Medicaid bed provider assessment	4,935,266	4,296,846
Marketing expense	809,596	791,833
Depreciation and amortization	10,460,047	9,934,713
Interest expense	5,831,534	3,332,668
Total operating costs and expenses	<u>210,191,349</u>	<u>185,018,363</u>
Operating income	6,532,763	5,580,797
Nonoperating gains (losses):		
Investment income	6,869,368	4,582,076
Net unrealized gains on investments	13,777,604	4,404,714
Net gain (loss) on disposal of property and equipment	(95,894)	295,496
Contributions	1,107,918	2,316,349
Other nonoperating gains (losses)	-	(385,940)
Total net nonoperating gains	<u>21,658,996</u>	<u>11,212,695</u>
Excess of revenues over expenses	<u>28,191,759</u>	<u>16,793,492</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, 2024 and 2023**

(Continued)

	2024	2023
Excess of Revenues Over Expenses	\$ 28,191,759	\$ 16,793,492
Other changes in net assets without donor restrictions:		
Net asset released from restrictions for capital purposes	1,470,232	160,518
Contributions of equity	-	5,437,540
Change in net assets without donor restrictions	<u>29,661,991</u>	<u>22,391,550</u>
Changes in Net Assets with Donor Restrictions		
Contributions and grants	2,225,684	2,088,250
Investment income	934,867	361,966
Net unrealized gains on investments	1,197,363	327,291
Net assets released from restrictions	<u>(3,074,784)</u>	<u>(1,572,707)</u>
Change in net assets with donor restrictions	<u>1,283,130</u>	<u>1,204,800</u>
Change in Net Assets	30,945,121	23,596,350
Net Assets at Beginning of Year	<u>166,139,125</u>	<u>142,542,775</u>
Net Assets at End of Year	<u><u>\$ 197,084,246</u></u>	<u><u>\$ 166,139,125</u></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, 2024 and 2023**

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 30,945,121	\$ 23,596,350
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10,460,047	9,934,713
Amortization of debt issuance costs and premiums	(4,332)	(471,811)
Net (gain) loss on disposal of property and equipment	95,894	(295,496)
Provision for credit losses	2,499,799	2,183,685
Amortization of deferred entrance fees	(5,652,320)	(4,209,815)
Receipt of non-refundable entrance fees	6,693,497	29,681,245
Equity in income of joint ventures	(3,115,156)	(2,984,026)
Dividends received from equity investment	558,000	526,500
Realized gains on investments	2,908,596	(550,966)
Unrealized gains on investments	(14,974,967)	(4,732,005)
Contributions of equity	-	(5,437,540)
Changes in assets and liabilities:		
Accounts receivable, residents and clients	(3,158,700)	(7,656,437)
Other receivables	13,311	2,764,771
Employee retention credit receivable	351,588	(80,344)
Other assets	(8,972)	(1,177,778)
Accounts payable and other accrued liabilities	1,497,304	(1,874,940)
Deferred revenue from grants and other	31,281	(57,616)
Other liabilities	57,056	161,181
Net cash provided by operating activities	<u>29,197,047</u>	<u>39,319,671</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(16,533,022)	(17,543,689)
Proceeds from sale of property and equipment	255,359	-
Cash assumed from acquisition of GlenFlora	-	2,190,426
Purchase of investments	(13,437,936)	(50,612,832)
Proceeds from sale of investments	4,156,238	32,740,470
Net cash used in investing activities	<u>(25,559,361)</u>	<u>(33,225,625)</u>
Cash Flows from Financing Activities		
Proceeds from issuance of debt obligations	10,470,483	3,918,938
Principal payments on debt	(5,675,663)	(9,533,993)
Receipt of refundable entrance fees	3,681,007	9,542,047
Refunds of refundable fees	(4,860,382)	(6,712,712)
Change in obligations under capital leases and other liabilities	(1,021)	(46,397)
Net cash provided (used) by financing activities	<u>3,614,424</u>	<u>(2,832,117)</u>
Net Increase in Cash, Cash Equivalents, and Restricted Cash	<u>7,252,110</u>	<u>3,261,929</u>
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>68,458,251</u>	<u>65,196,322</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u><u>\$ 75,710,361</u></u>	<u><u>\$ 68,458,251</u></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, 2024 and 2023**

(Continued)

	2024	2023
Supplemental Cash Flow Disclosure Information		
Interest paid, net of amounts capitalized	\$ 5,859,814	\$ 3,814,439
Noncash investing and financing activities:		
Assumption of resident funds for GlenFlora	\$ -	\$ 45,175
Assumption of investments for GlenFlora	\$ -	\$ 4,094
Assumption of patient accounts receivable for GlenFlora	\$ -	\$ 867,970
Assumption of other receivable for GlenFlora	\$ -	\$ 299,482
Assumption of inventories for GlenFlora	\$ -	\$ 13,936
Assumption of prepaid expense for GlenFlora	\$ -	\$ 44,073
Assumption of property and equipment for GlenFlora	\$ -	\$ 3,138,247
Assumption of accounts payable for GlenFlora	\$ -	\$ 238,419
Assumption of other accrued liabilities for GlenFlora	\$ -	\$ 161,365
Assumption of pension liability for GlenFlora	\$ -	\$ 637,917
Assumption of deferred revenue for GlenFlora	\$ -	\$ 15,682
Assumption of other liabilities for GlenFlora	\$ -	\$ 112,480

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, four 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.

New Accounting Pronouncement

On October 1, 2023, the Organization adopted ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under CECL methodology is applicable to financial assets measured at amortized cost. It also applies to certain qualifying insurance receivables and reinsurance recoveries and receivables. This accounting pronouncement did not have a significant impact on the consolidated financial statements.

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.

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; interest began to accrue January 1, 2016. Principal payments equal to the excess of cash above 60 days cash on hand will begin the month following the month in which Senior TLC, Inc. achieves 60 days cash on hand. As of September 30, 2024 and 2023, the line had a balance of \$0.

Effective June 1, 2020 LSA purchased a 15% equity interest in PACE of Guilford 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 Guilford and Rockingham Counties, Inc. as of September 30, 2024 and 2023.

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Effective October 2019, LSA had a 50% equity interest in PACE @ Home, Inc. As of September 30, 2024 and 2023, the investment with PACE @ Home, LLC was approximately \$3,043,000 and \$1,162,000, 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:

<u>2024</u>	<u>PACE @ Home, Inc.</u>	<u>50% equity interest PACE @ Home, Inc.</u>
Assets	\$ 8,817,608	\$ 4,408,804
Liabilities	2,547,967	1,273,984
Equity	6,269,639	3,134,820
Net Income	287,379	143,689

<u>2023</u>	<u>PACE @ Home, Inc.</u>	<u>50% equity interest PACE @ Home, Inc.</u>
Assets	\$ 6,887,882	\$ 3,443,942
Liabilities	4,378,427	2,189,214
Equity	2,509,455	1,254,728
Net Income	1,332,586	666,293

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, 2024 and 2023.

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, 2024 and 2023, the investment with PACE of Southern Piedmont, Inc. was approximately \$8,463,000 and \$9,043,000, 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. Condensed financial information for PACE of Southern Piedmont, Inc. at September 30:

<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	393,928	196,964
Distributions	-	-

<u>2023</u>	<u>PACE of Southern Piedmont</u>	<u>50% equity interest PACE of Southern Piedmont</u>
Assets	\$ 10,288,111	\$ 5,144,056
Liabilities	4,253,175	2,126,588
Equity	6,034,936	3,017,468
Net income	413,397	206,699
Distributions	-	-

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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 2024 or 2023.

Trinity Rehab, LLC

LSA originally had a 50% equity interest in Trinity Rehab, LLC. In January 2022, LSA sold 20% of its ownership. Formed during 2013, Trinity Rehab, LLC provides therapeutic services for residents of LSA. As of September 30, 2024 and 2023, the investment with Trinity Rehab, LLC was approximately \$,765,000 and \$299,000, respectively, and is accounted for under the equity method of accounting. Condensed financial information for Trinity Rehab, LLC at September 30:

<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

<u>2023</u>	<u>Trinity Rehab, LLC</u>	<u>30% Equity Interest LSA Therapy, Inc.</u>
Assets	\$ 4,001,423	\$ 1,200,433
Liabilities	1,367,755	410,327
Equity	2,633,668	790,106
Net Income	2,311,495	693,448
Dividends	1,755,000	526,500

At September 30, 2024 and 2023, the Organizations had approximately \$1,092,000 and \$644,000, respectively, in accounts payable due to Trinity Rehab, LLC. The Organizations had incurred approximately \$7,007,000 and \$10,900,000 in expenses to Trinity Rehab, LLC for rehabilitative services, included under the supplies and other expense line item in the years ended September 30, 2024 and 2023, respectively.

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).

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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, 2024 and 2023.

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., 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 - Wilmington, Inc., Lutheran Home Albemarle Property, Inc., Lutheran Home Hickory Property, Inc., Lutheran Home Trinity Oaks Property, Inc., 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., Lutheran Retirement Center - Wilmington, Inc., Lutheran Retirement Center at Lutheridge, Inc., LSA Elms at Tanglewood, Inc., LSA Elms Property, Inc., The Foundation for Abundant Living, Abundant Living Adult Day Services, Inc., LSA Therapy, Inc., Trinity at Home, Inc., Trinity Guardian Services, Inc., LFS Real Properties, Inc., Mountain Ridge Home, Inc., Lutheran Retirement Center - Clemmons Inc., Whittecar Home, Inc., and Dallas High School Apartments, Inc. Transactions between affiliated organizations are eliminated in the consolidated financial statements.

On September 1, 2022, Aston Park Heath Care Center (Aston Park) in Asheville, NC became an affiliate of Lutheran Services for the Aging, Inc. Aston Park is a nonprofit organization that has 120 skilled nursing beds and 19 assisted living beds.

On October 1, 2022, GlenFlora became an affiliate of Lutheran Services for the Aging, Inc. GlenFlora is a nonprofit organization that has 52 skilled nursing beds and 20 assisted living beds.

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 not subject to donor-imposed stipulations.

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. They have not experienced any losses in such accounts and do not believe they are exposed to any significant credit risk on cash.

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 64,399,051	\$ 55,862,551
Residents' funds	299,077	276,509
Assets limited as to use:		
Investments - temporarily restricted	-	32,947
Bond funds	11,012,233	10,845,191
Assets restricted by donor for investment in PPE	<u>-</u>	<u>1,441,053</u>
Total cash, cash equivalents and restricted cash shown in statements of cash flows	<u>\$ 75,710,361</u>	<u>\$ 68,458,251</u>

Net Service Fees

Net service fees for the Organizations 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 2024 and 2023, approximately 55% and 59%, 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 perform an evaluation of the collectability of net revenues recorded and records an allowance credit losses. Provisions for credit loss is primarily estimated based on cash collection analysis by payor classification and the age of the account. The Organization provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Accounts receivable are written off after collection efforts have been pursued in accordance with established policies and procedures. The total credit losses recorded against service fees was approximately \$50,608,00 and \$43,579,000 as of September 30, 2024 and 2023, respectively.

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.

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

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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, 2024 and 2023, property and equipment costs incurred under the above-mentioned contracts were approximately \$599,000 and \$613,000, respectively, with a net carrying value of approximately \$166,000 and \$194,000, 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.

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

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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.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-adjusted interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue.

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 \$753,000 and \$56,000, respectively, for the year ended September 30, 2024 and approximately \$987,000 and \$32,000, respectively, for the year ended September 30, 2023.

Derivatives

Derivative financial instruments are recognized in the consolidated financial statements and measured at fair value, regardless of the purpose or intent for holding them. The carrying value of LSA's financial instruments approximate fair value. Fair value is based on estimates using present value or other valuation techniques.

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.

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.

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.

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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.

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, 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	<u>482,916</u>	<u>11,637</u>	<u>815,998</u>	<u>44,225</u>	<u>-</u>	<u>112,305</u>	<u>1,467,081</u>
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>

September 30, 2023							
	<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	\$ 72,868,057	\$ -	\$ 123,341	\$ 473,179	\$ 3,900	\$ 18,580,198	\$ 92,048,675
Private pay	31,408,863	-	26,938,782	5,270,948	-	-	63,618,593
Commercial	8,409,208	-	-	-	-	-	8,409,208
Federal & state grants	198,239	-	-	-	-	15,045,023	15,243,262
Management income	26,583	11,100	40,714	-	1,201,353	-	1,279,750
Other income	513,929	-	57,333	5,584,779	-	29,505	6,185,546
Concessions income	<u>788,464</u>	<u>332,998</u>	<u>1,100,735</u>	<u>60,481</u>	<u>41,753</u>	<u>77,506</u>	<u>2,401,937</u>
Total	<u>\$ 114,213,343</u>	<u>\$ 344,098</u>	<u>\$ 28,260,905</u>	<u>\$ 11,389,387</u>	<u>\$ 1,247,006</u>	<u>\$ 33,732,232</u>	<u>\$ 189,186,971</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.

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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.

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

Asset Categories	2024	2023
Cash and cash equivalents	\$ 64,399,051	\$ 55,862,551
Investments	71,050,153	52,527,232
Accounts receivable, residents and clients, net	24,520,288	23,223,232
Current portion of other receivables	1,427,944	1,672,724
Employee retention credit receivables	<u>5,579,989</u>	<u>5,931,577</u>
	<u>\$ 166,977,425</u>	<u>\$ 139,217,316</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:

	2024	2023
Receivable in less than one year	\$ 8,641	\$ 1,400
Receivable in greater than one year	<u>83,859</u>	<u>63,600</u>
	92,500	65,000
Less allowance for uncollectible pledges	<u>655</u>	<u>655</u>
	<u>\$ 91,845</u>	<u>\$ 64,345</u>

Pledges receivable for LFS are summarized as follows:

	2024	2023
Receivable in less than one year	\$ 158,423	\$ 10,634
Receivable in greater than one year	<u>-</u>	<u>435,779</u>
	158,423	446,413
Less allowance for uncollectible pledges	-	7,358
Less discounts to net present value	<u>-</u>	<u>21,735</u>
	<u>\$ 158,423</u>	<u>\$ 417,320</u>

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Note 5. Investments

Investments, including those included in assets limited as to use and bond funds, except for assets restricted for investment in property and equipment in 2023, consisted of the following at September 30:

	<u>2024</u>	<u>2023</u>
<u>LSA:</u>		
Money market funds	\$ 11,059,556	\$ 10,852,460
Marketable equity securities	59,736,548	45,936,920
U.S. government securities	35,948	48,168
Fixed Income	<u>33,242,686</u>	<u>29,504,824</u>
	<u>104,074,738</u>	<u>86,342,372</u>
<u>LFS:</u>		
Money market funds	100	4,052
Marketable equity securities	380,460	286,863
Fixed Income	<u>168,306</u>	<u>151,144</u>
	<u>548,866</u>	<u>442,059</u>
 Total	 <u>\$ 104,623,604</u>	 <u>\$ 86,784,431</u>

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

	<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 losses	13,777,604	-	13,777,604
Investments with donor restrictions income	891,218	43,649	934,867
Investments with donor restrictions net unrealized losses	<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>
	<u>2023</u>		
	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
Investments without donor restrictions income	\$ 4,574,724	\$ 7,352	\$ 4,582,076
Investments without donor restrictions net unrealized gains	4,404,714	-	4,404,714
Investments with donor restrictions income	354,297	7,669	361,966
Investments with donor restrictions net unrealized gains	<u>303,178</u>	<u>24,113</u>	<u>327,291</u>
 Total investment income	 <u>\$ 9,636,913</u>	 <u>\$ 39,134</u>	 <u>\$ 9,676,047</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.

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 60% equity and 40% 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.

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

		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>7,951,400</u>	<u>7,951,400</u>
		<u>11,713,014</u>	<u>7,951,400</u>	<u>19,664,414</u>
<u>LFS:</u>				
	Donor-restricted endowment funds	<u>-</u>	<u>548,659</u>	<u>548,659</u>
	Total endowment funds	<u>\$ 11,713,014</u>	<u>\$ 8,500,059</u>	<u>\$ 20,213,073</u>
		2023		
		<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Net Endowment Assets</u>
<u>LSA:</u>				
	Board designated funds	\$ 9,494,087	\$ -	\$ 9,494,087
	Donor-restricted endowment funds	<u>-</u>	<u>6,458,158</u>	<u>6,458,158</u>
		<u>9,494,087</u>	<u>6,458,158</u>	<u>15,952,245</u>
<u>LFS:</u>				
	Donor-restricted endowment funds	<u>-</u>	<u>424,772</u>	<u>424,772</u>
	Total endowment funds	<u>\$ 9,494,087</u>	<u>\$ 6,882,930</u>	<u>\$ 16,377,017</u>

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Changes in endowment net assets for the years ended September 30, 2024 and 2023 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, 2022	\$ 8,449,616	\$ 5,759,939	\$ 14,209,555
Investment income	219,210	395,041	614,251
Net appreciation	825,261	303,178	1,128,439
Endowment net assets - September 30, 2023	9,494,087	6,458,158	15,952,245
Investment income	291,350	924,689	1,216,039
Net appreciation	1,927,577	568,553	2,496,130
Endowment net assets - September 30, 2024	11,713,014	7,951,400	19,664,414
<u>LFS:</u>			
Endowment net assets - September 30, 2022	-	391,943	391,943
Investment income	-	8,716	8,716
Net appreciation	-	24,113	24,113
Endowment net assets - September 30, 2023	-	424,772	424,772
Investment income	-	10,230	10,230
Net appreciation	-	113,657	113,657
Endowment net assets - September 30, 2024	-	548,659	548,659
Total	\$ 11,713,014	\$ 8,500,059	\$ 20,213,073

Note 7. Property and Equipment

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

	<u>LSA</u>	<u>2024 LFS</u>	<u>Total</u>
Land	\$ 14,957,106	\$ 239,812	\$ 15,196,918
Land improvements	247,250	91,933	339,183
Building and building improvements	291,014,408	2,476,627	293,491,035
Certificate of need	4,212,500	-	4,212,500
Leasehold improvements	-	432,728	432,728
Furnishings and equipment	25,282,771	352,104	25,634,875
Computer software	-	33,628	33,628
Automotive equipment	1,181,573	801,456	1,983,029
Construction in progress	12,400,103	-	12,400,103
	349,295,711	4,428,288	353,723,999
Less accumulated depreciation	(118,504,997)	(2,427,847)	(120,932,844)
Net property and equipment	\$230,790,714	\$ 2,000,441	\$232,791,155

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	2023		
	LSA	LFS	Total
Land	\$ 15,336,641	\$ 239,812	\$ 15,576,453
Land improvements	4,893,431	90,933	4,984,364
Building and building improvements	286,460,488	2,332,591	288,793,079
Certificate of need	4,212,500	-	4,212,500
Leasehold improvements	-	457,420	457,420
Furnishings and equipment	25,561,717	702,079	26,263,796
Computer software	847,235	39,086	886,321
Automotive equipment	1,401,492	763,345	2,164,837
Construction in progress	<u>238,106</u>	<u>-</u>	<u>238,106</u>
	338,951,610	4,625,266	343,576,876
Less accumulated depreciation	<u>(113,666,883)</u>	<u>(2,886,369)</u>	<u>(116,553,252)</u>
Net property and equipment	<u>\$225,284,727</u>	<u>\$ 1,738,897</u>	<u>\$227,023,624</u>

Total depreciation expense for LSA was approximately \$10,287,000 and \$9,552,000 for the years ended September 30, 2024 and 2023, respectively. Total depreciation expense for LFS was approximately \$163,000 and \$167,000 for the years ended September 30, 2024 and 2023, respectively. At year ended September 30, 2024, there was a current outstanding construction commitment for approximately \$1,960,000.

Note 8. Long-term Debt

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

	2024		
	LSA	LFS	Total
Bonds Payable:			
Series 2021A	\$105,750,000	\$ -	\$105,750,000
Series 2021C	<u>33,300,000</u>	<u>-</u>	<u>33,300,000</u>
	<u>139,050,000</u>	<u>-</u>	<u>139,050,000</u>
HUD Loans:			
Section 202	-	123,256	123,256
Section 811	<u>-</u>	<u>249,800</u>	<u>249,800</u>
	<u>-</u>	<u>373,056</u>	<u>373,056</u>
Construction Note Payable	8,673,359	-	8,673,359
Dallas High School Apartments, Inc. Note Payable	652,787	-	652,787
Hickory IL Loan	10,431,483	-	10,431,483
Other Loans	<u>-</u>	<u>204,870</u>	<u>204,870</u>
	158,807,629	577,926	159,385,555
Less current maturities of long-term debt	(3,072,858)	(61,722)	(3,134,580)
Less bond issuance costs, net	(1,766,684)	-	(1,766,684)
Add 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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	LSA	2023 LFS	Total
Bonds Payable:			
Series 2021A	\$107,280,000	\$ -	\$107,280,000
Series 2021C	<u>34,490,000</u>	<u>-</u>	<u>34,490,000</u>
	<u>141,770,000</u>	<u>-</u>	<u>141,770,000</u>
HUD Loans:			
Section 202	-	131,953	131,953
Section 811	<u>-</u>	<u>249,800</u>	<u>249,800</u>
	<u>-</u>	<u>381,753</u>	<u>381,753</u>
Construction Note Payable	10,978,229	-	10,978,229
Dallas High School Apartments, Inc. Note Payable	679,494	-	679,494
Other Loans	<u>-</u>	<u>240,722</u>	<u>240,722</u>
	153,427,723	622,475	154,050,198
Less current maturities of long-term debt	(5,038,597)	(60,750)	(5,099,347)
Less bond issuance costs, net	(1,801,869)	-	(1,801,869)
Add unamortized bond premiums	<u>9,228,976</u>	<u>-</u>	<u>9,228,976</u>
	<u>\$155,816,233</u>	<u>\$ 561,725</u>	<u>\$156,377,958</u>

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., 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

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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.

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, 2024 was 6.58%). Interest on the outstanding principal balance is due monthly beginning in January 1, 2022. Principal payments begin 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, 2024 was 6.85%).

Dallas High School Apartments, Inc. Note Payable:

Upon the acquisition of Dallas High School Apartments, Inc., LSA assumed a promissory note that will be paid in monthly installments of \$2,799 from December 1, 2020 through its maturity date of September 30, 2025. Interest accrues at a rate of 4.375% per annum.

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, 2024 and 2023.

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Other Loans:

Remaining debt consists primarily of long-term mortgages and vehicle loans. The interest rates for other loans ranged from 0% to 6.64% at September 30, 2024. The Organizations' debt has various maturity dates from 2021 through 2051 and is secured by various deeds of trust on real property and equipment.

	2024		
	LSA	LFS	Total
Interest expense	\$ 5,755,104	\$ 27,254	\$ 5,782,358
Amortization of debt issuance costs and premiums	49,176	-	49,176
Total interest expense	<u>\$ 5,804,280</u>	<u>\$ 27,254</u>	<u>\$ 5,831,534</u>

	2023		
	LSA	LFS	Total
Interest expense	\$ 2,901,395	\$ -	\$ 2,901,395
Amortization of debt issuance costs and premiums	431,273	-	431,273
Total interest expense	<u>\$ 3,332,668</u>	<u>\$ -</u>	<u>\$ 3,332,668</u>

Future maturities of long-term debt are as follows:

	LSA	LFS	Total
<u>Year ending September 30,</u>			
2025	\$ 3,072,858	\$ 61,722	\$ 3,134,580
2026	3,217,872	40,379	3,258,251
2027	3,583,861	25,923	3,609,784
2028	3,787,594	14,520	3,802,114
2029	21,295,397	15,784	21,311,181
Thereafter	<u>123,850,047</u>	<u>419,598</u>	<u>124,269,645</u>
	<u>\$158,807,629</u>	<u>\$ 577,926</u>	<u>\$159,385,555</u>

Amortization expense of approximately \$49,000 and \$431,000 was recognized during 2024 and 2023, respectively, to the interest expense line item of the consolidated statements of operations. Accumulated amortization was approximately \$604,000 and \$555,000 for the years ended September 30, 2024 and 2023, 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, 2024 and 2023 were approximately \$465,000 and \$411,000, respectively. LSA also has a Supplemental Employee Retirement Plan for certain employees. Contributions for the year ended September 30, 2024 and 2023 were approximately \$35,000 and \$26,000, 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, 2024 and 2023 include a liability of approximately \$816,000 and \$698,000, respectively, related to the plan.

Note 10. Fair Value Measurements

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

2024	Measurements at Reporting Date using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
LSA:				
Measured on a recurring basis:				
Assets:				
Money market funds	\$ 11,059,556	\$11,059,556	\$ -	\$ -
Mutual funds:				
Equity	59,736,548	59,736,548	-	-
Fixed income	33,242,686	33,242,686	-	-
U.S. government securities	35,948	35,948	-	-
	<u>104,074,738</u>	<u>104,074,738</u>	<u>-</u>	<u>-</u>
LFS:				
Measured on a recurring basis:				
Assets:				
Money market funds	100	100	-	-
Mutual funds:				
Equity	380,460	380,460	-	-
Fixed income	168,306	168,306	-	-
	<u>548,866</u>	<u>548,866</u>	<u>-</u>	<u>-</u>
Total	<u>\$104,623,604</u>	<u>\$104,623,604</u>	<u>\$ -</u>	<u>\$ -</u>

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<u>2023</u>	<u>Measurements at Reporting Date using</u>			
	<u>Fair Value</u>	<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<u>LSA:</u>				
Measured on a recurring basis:				
Assets:				
Money market funds	\$ 10,852,460	\$ 10,852,460	\$ -	\$ -
Mutual funds:				
Equity	45,936,920	45,936,920	-	-
Fixed income	29,504,824	29,504,824	-	-
U.S. government securities	48,168	48,168	-	-
	<u>86,342,372</u>	<u>86,342,372</u>	<u>-</u>	<u>-</u>
<u>LFS:</u>				
Measured on a recurring basis:				
Assets:				
Money market funds	4,052	4,052	-	-
Mutual funds:				
Equity	286,863	286,863	-	-
Fixed income	151,144	151,144	-	-
	<u>442,059</u>	<u>442,059</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 86,784,431</u>	<u>\$ 86,784,431</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2024 or 2023.

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 2024 or 2023.

Note 11. Net Assets with Donor Restrictions

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

	<u>2024</u>		
	<u>LSA</u>	<u>LFS</u>	<u>Total</u>
Endowment funds	\$ 7,951,400	\$ 548,659	\$ 8,500,059
Property and equipment	-	-	-
Operations	<u>2,466,875</u>	<u>1,737,759</u>	<u>4,204,634</u>
	<u>\$ 10,418,275</u>	<u>\$ 2,286,418</u>	<u>\$ 12,704,693</u>

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		2023	
	LSA	LFS	Total
Endowment funds	\$ 6,458,158	\$ 424,772	\$ 6,882,930
Property and equipment	935,553	505,500	1,441,053
Operations	612,335	2,485,245	3,097,580
	<u>\$ 8,006,046</u>	<u>\$ 3,415,517</u>	<u>\$ 11,421,563</u>

Net assets released from restrictions for operating purposes for LSA were \$850,319 and \$514,459 for the years ended September 30, 2024 and 2023, respectively. Net assets released from restrictions for LFS were \$1,739,697 and \$897,730 for the years ended September 30, 2024 and 2023, respectively.

Note 12. Board Designated Assets

At September 30, 2024 and 2023, the Organizations had \$11,713,014 and \$9,494,087 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, 2024 but not reported. This accrual was determined in conjunction with a health insurance consultant and totaled approximately \$755,000 and \$617,000 at September 30, 2024 and 2023, respectively. The accrual is included in accrued health benefits in the accompanying consolidated balance sheets. Commercial insurance has been obtained for coverage in excess of the self-insured amounts.

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, 2024 and 2023 was approximately \$324,000 and \$432,000, 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, 2024. 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.

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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 \$526,000 and \$549,000 at September 30, 2024 and 2023, 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, 2024 and 2023, respectively under the terms of the agreements.

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, 2024						
	Program Services		Administrative and General	Development	Marketing	Total
	Senior Services	Child and Family Services				
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	5,778,168	18,215	35,151	-	-	5,831,534
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>

September 30, 2023						
	Program Services		Administrative and General	Development	Marketing	Total
	Senior Services	Child and Family Services				
Salary & Wages	\$ 64,091,448	\$ 13,405,685	\$ 9,915,173	\$ 735,483	\$ 761,230	\$ 88,909,019
Fringe Benefits	11,699,099	2,476,479	240,395	-	-	14,415,973
Contract Services	12,171,530	2,194,005	2,006,251	28,496	158,478	16,558,760
Supplies & Other	23,616,340	11,674,104	11,267,463	107,286	113,358	46,778,551
Bed Assessment	4,179,270	-	-	-	-	4,179,270
Provider Assessment	-	117,576	-	-	-	117,576
Advertising and Recruiting	15,676	86,645	140,013	2,311	547,188	791,833
Depreciation	9,700,107	156,305	78,301	-	-	9,934,713
Interest and Amortization	3,296,305	20,294	16,069	-	-	3,332,668
Total expense	<u>\$ 128,769,775</u>	<u>\$ 30,131,093</u>	<u>\$ 23,663,665</u>	<u>\$ 873,576</u>	<u>\$ 1,580,254</u>	<u>\$ 185,018,363</u>

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. The following table sets forth the changes in benefit obligations, changes in plan assets and components of net periodic benefit cost.

	<u>2024</u>	<u>2023</u>
Change in benefit obligations:		
Benefit obligations, beginning of year	\$ 2,965,748	\$ 3,190,977
Service cost	-	-
Interest cost	168,829	167,366
Amendments	-	-
Actuarial (gain) loss	264,748	(239,957)
Benefits paid	<u>(179,639)</u>	<u>(152,638)</u>
Benefit obligations, end of year	<u>\$ 3,219,686</u>	<u>\$ 2,965,748</u>
Change in plan assets:		
Fair value of plan assets, beginning of year	\$ 2,586,861	\$ 2,553,060
Actual return on plan assets	509,688	159,063
Employer contribution	176,681	27,376
Benefits paid	<u>(179,639)</u>	<u>(152,638)</u>
Fair value of plan assets, end of year	<u>\$ 3,095,591</u>	<u>\$ 2,586,861</u>
Net pension liability	<u>\$ 124,095</u>	<u>\$ 378,887</u>
Components of net periodic benefit costs:		
Service cost	\$ -	\$ -
Interest cost	168,829	167,366
Expected return on plan assets	(169,266)	(160,383)
Amortization of prior service cost	-	-
Amortization of net loss	6,874	37,063
Other loss	<u>-</u>	<u>-</u>
Net periodic benefit costs	<u>\$ 6,437</u>	<u>\$ 44,046</u>

Actuarial assumptions used in accounting for net periodic pension costs of the defined benefit pension plan in 2024 and 2023 were:

	<u>2024</u>	<u>2023</u>
Discount rate	5.87%	5.39%
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%

Plan Assets

The composition of plan assets at September 30, 2024 is as follows:

	Target Allocation	2024
Equity securities	40% - 70%	51%
Debt securities	40% - 70%	47%
Cash and cash equivalents	30% - 60%	2%
Total		100%

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 2024 or 2023. There were no changes during 2024 or 2023 to the Plan’s valuation techniques used to measure asset and liability fair values on a recurring basis.

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Notes to Consolidated Financial Statements**

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, 2024:

September 30, 2024				
	Level 1	Level 2	Level 3	Fair Value
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	<u>\$ 3,095,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,095,313</u>

September 30, 2023				
	Level 1	Level 2	Level 3	Fair Value
Money market funds	\$ 47,939	\$ -	\$ -	\$ 47,939
Exchange-traded funds	743,211	-	-	743,211
Mutual funds	1,793,345	-	-	1,793,345
Total	<u>\$ 2,584,495</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,584,495</u>

The above table does not include cash and accrued income of \$278 and \$2,366 at September 30, 2024 and 2023, 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 2024.

Expected Future Benefit Payments

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

2025	\$ 183,125
2026	\$ 187,521
2027	\$ 201,878
2028	\$ 197,093
2029	\$ 192,301
2030 - 2034	\$ 976,019

Expected Cash Contributions

The Organizations expects to make cash contributions to the pension plan in the amount of \$11,586 in 2025.

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 \$466,000 and \$693,000 in 2024 and 2023 , respectively.

Note 17. Subsequent Events

Management has evaluated subsequent events through January 28, 2025, the date which the financial statements were issued.

Note 18. CARES Act

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law on March 27, 2020. One provision of the CARES Act was the establishment of the Provider Relief Funds, administered by the U.S. Department of Health and Human Services (HHS). The Provider Relief Funds are being distributed to healthcare providers throughout the country to support the battle against the COVID-19 outbreak. These funds are intended to reimburse qualifying expenses and lost revenues attributable to COVID-19 and are subject to the terms, conditions, and regulatory requirements set forth by HHS. If the total distributions received by the Organizations exceed the cumulative amount of qualifying expenses and lost revenues attributable to COVID-19 through July 31, 2021, any excess funding may be subject recoupment. The Provider Relief Funds are accounted for as conditional contributions and related revenues are recognized as conditions are substantially met. During the year ended September 30, 2023 the Organizations recognized approximately \$198,000 in revenues and other support, which is presented within the federal grants and other line item on the consolidated statement of operations and changes in net assets.

Supplementary Information

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

	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	\$ 1,629,414	\$ 2,092,793	\$ 3,057,827	\$ 6,550,012	\$ 2,266,610	\$ 976,531	\$ 1,541,869	\$ 863,329	\$ 2,926,101	\$ 21,904,486
Investments	3,013,733	3,987,623	98,605	12,756,059	91,386	5,854	1,859,113	1,860,676	11,277,468	34,950,517
Accounts receivable, residents and clients, net	839,101	1,638,379	2,904,048	1,903,725	1,815,581	1,778,510	2,582,042	805,039	1,703,469	15,969,894
Current portion of other receivables	204,765	561,655	417,780	353,764	566,259	(947,604)	38,688	62,893	73,672	1,331,872
Employee retention credit receivables	508,372	876,334	-	-	652,516	664,352	489,700	-	-	3,191,274
Inventories	45,903	69,727	81,196	44,336	65,079	61,403	50,594	64,205	72,797	555,240
Prepaid expenses	283	(20,401)	(7,699)	2,250	5,364	(61)	1,290	(14,550)	6,596	(26,928)
Residents' funds	8,998	48,499	10,956	15,455	49,677	68,789	21,587	45,288	18,863	288,112
Total current assets	6,250,569	9,254,609	6,562,713	21,625,601	5,512,472	2,607,774	6,584,883	3,686,880	16,078,966	78,164,467
Assets Limited as to Use										
Investments - donor-restricted endowment funds	-	-	-	-	-	-	-	-	-	-
Investments - temporarily restricted	-	-	-	-	-	-	-	-	-	-
Investments - board designated funds	308,113	1,090,003	-	1,234,726	-	-	-	-	-	2,632,842
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	308,113	1,090,003	-	1,234,726	-	-	-	-	-	2,632,842
Property and equipment, net	419,515	541,114	263,206	389,439	193,797	237,516	399,805	3,037,317	3,928,909	9,410,618
Other assets	-	(74,374)	-	-	-	-	-	-	-	(74,374)
Total assets	<u>\$ 6,978,197</u>	<u>\$ 10,811,352</u>	<u>\$ 6,825,919</u>	<u>\$ 23,249,766</u>	<u>\$ 5,706,269</u>	<u>\$ 2,845,290</u>	<u>\$ 6,984,688</u>	<u>\$ 6,724,197</u>	<u>\$ 20,007,875</u>	<u>\$ 90,133,553</u>

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

(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	138,132	270,935	214,857	236,786	114,556	276,821	203,520	77,389	248,369	1,781,365
Accrued salaries and payroll taxes	411,680	366,121	539,204	552,075	395,992	425,543	469,398	247,621	653,198	4,060,832
Accrued health benefits	80,557	147,913	111,683	109,919	104,624	102,930	85,615	41,069	60,181	844,491
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Refundable fees - current	-	-	-	-	-	-	-	-	-	-
Deferred revenue from grants and other	24,573	3,190	(60)	-	-	-	-	-	36,784	64,487
Other accrued liabilities	-	-	(1)	-	-	-	-	-	-	(1)
Residents' funds liability	8,998	48,499	10,956	15,455	49,677	68,789	21,587	45,288	18,863	288,112
Total current liabilities	663,940	836,658	876,639	914,235	664,849	874,083	780,120	416,703	1,017,395	7,044,622
Long-Term Liabilities										
Long-term debt, less current maturities	145,299	237,607	-	141,881	41,026	1,709	-	-	(1,444)	566,078
Refundable fees	-	2,500	-	13,883	-	-	-	-	-	16,383
Deferred revenue from advance fees	-	-	-	-	-	-	-	-	-	-
Pension liability	-	-	-	-	-	-	-	124,095	-	124,095
Split-interest liability	-	-	-	-	-	-	-	-	-	-
Total long-term liabilities	145,299	240,107	-	155,764	41,026	1,709	-	124,095	(1,444)	706,556
Total liabilities	809,239	1,076,765	876,639	1,069,999	705,875	875,792	780,120	540,798	1,015,951	7,751,178
Net Assets										
Net Assets without donor restrictions										
Without donor restrictions, undesignated	5,557,479	8,363,427	5,931,935	20,157,207	4,973,179	1,950,137	6,196,855	6,183,299	18,986,559	78,300,077
Without donor restrictions, board designated funds	308,113	1,090,003	-	1,234,726	-	-	-	-	-	2,632,842
Total net assets without donor restrictions	5,865,592	9,453,430	5,931,935	21,391,933	4,973,179	1,950,137	6,196,855	6,183,299	18,986,559	80,932,919
Net assets with donor restrictions	303,366	281,157	17,345	787,834	27,215	19,361	7,713	100	5,365	1,449,456
Total net assets	6,168,958	9,734,587	5,949,280	22,179,767	5,000,394	1,969,498	6,204,568	6,183,399	18,991,924	82,382,375
Total liabilities and net assets	\$ 6,978,197	\$ 10,811,352	\$ 6,825,919	\$ 23,249,766	\$ 5,706,269	\$ 2,845,290	\$ 6,984,688	\$ 6,724,197	\$ 20,007,875	\$ 90,133,553

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

	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	\$ (535,652)	\$ (125,388)	\$ (55,915)	\$ 1,168,826	\$ (992,722)	\$ (769,211)	\$ (1,567,831)	\$ 2,771,289	\$ 703,194	\$ 596,590
Investments	972,513	-	5,191,424	4,792,563	27,996	256,812	532,319	1,299,130	287,554	13,360,311
Accounts receivable, residents and clients, net	-	-	-	-	-	-	-	-	-	-
Current portion of other receivables	-	453,218	376,607	131,056	(1,335,439)	996,026	513,531	117,930	(788,573)	464,356
Employee retention credit receivables	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Residents' funds	-	-	-	-	-	-	-	-	-	-
Total current assets	436,861	327,830	5,512,116	6,092,445	(2,300,165)	483,627	(521,981)	4,188,349	202,175	14,421,257
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	7,211,234	15,967,286	11,111,678	5,737,650	11,260,971	5,571,700	10,825,206	4,868,912	1,923,356	74,477,993
Other assets	-	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 7,648,095</u>	<u>\$ 16,295,116</u>	<u>\$ 16,623,794</u>	<u>\$ 11,830,095</u>	<u>\$ 8,960,806</u>	<u>\$ 6,055,327</u>	<u>\$ 10,303,225</u>	<u>\$ 9,057,261</u>	<u>\$ 2,125,531</u>	<u>\$ 88,899,250</u>

	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	121,293	622,947	-	-	18,534	-	-	-	-	762,774
Accrued salaries and payroll taxes	-	-	-	-	-	-	-	-	-	-
Accrued health benefits	-	-	-	-	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Refundable fees - current	-	-	-	-	-	-	-	-	-	-
Deferred revenue from grants and other	-	-	-	-	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-	-	-	-	-
Residents' funds liability	-	-	-	-	-	-	-	-	-	-
Total current liabilities	121,293	622,947	-	-	18,534	-	-	-	-	762,774
Long-Term Liabilities										
Long-term debt, less current maturities	3,918,828	12,061,202	11,283,876	1,270,114	11,910,471	7,991,694	9,943,608	7,331,775	15,385	65,726,953
Refundable fees	-	-	-	-	-	-	-	-	-	-
Deferred revenue from advance fees	-	-	-	-	-	-	-	-	-	-
Pension liability	-	-	-	-	-	-	-	-	-	-
Split-interest liability	-	-	-	-	-	-	-	-	-	-
Total long-term liabilities	3,918,828	12,061,202	11,283,876	1,270,114	11,910,471	7,991,694	9,943,608	7,331,775	15,385	65,726,953
Total liabilities	4,040,121	12,684,149	11,283,876	1,270,114	11,929,005	7,991,694	9,943,608	7,331,775	15,385	66,489,727
Net Assets										
Net Assets without donor restrictions										
Without donor restrictions, undesignated	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
Without donor restrictions, board designated funds	-	-	-	-	-	-	-	-	-	-
Total net assets without donor restrictions	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 with donor restrictions	-	-	-	-	-	-	-	-	-	-
Total net assets	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
Total liabilities and net assets	\$ 7,648,095	\$ 16,295,116	\$ 16,623,794	\$ 11,830,095	\$ 8,960,806	\$ 6,055,327	\$ 10,303,225	\$ 9,057,261	\$ 2,125,531	\$ 88,899,250

Lutheran Services for the Aging, Inc. and
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	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Elms IL Clemmons	Total Retirement
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 6,267,495	\$ 3,198,466	\$ 6,918,122	\$ 656,518	\$ 17,040,601
Investments	306,959	3,064,068	-	1,929,670	5,300,697
Accounts receivable, residents and clients, net	211,543	38,580	469,643	(9,910)	709,856
Current portion of other receivables	768,028	467,053	7,114,601	2,893	8,352,575
Employee retention credit receivables	742,254	187,399	-	-	929,653
Inventories	24,426	19,089	51,939	-	95,454
Prepaid expenses	5,082	(45)	735,352	5,669	746,058
Residents' funds	-	-	-	-	-
Total current assets	8,325,787	6,974,610	15,289,657	2,584,840	33,174,894
Assets Limited as to Use					
Investments - donor-restricted endowment funds	-	-	-	-	-
Investments - temporarily restricted	-	-	-	-	-
Investments - board designated funds	1,262,388	24,868	-	-	1,287,256
Assets limited to use - operating reserve requirement	2,129,000	-	3,641,000	236,000	6,006,000
Assets limited to use - bond funds	-	-	(4,286)	-	(4,286)
Assets restricted for investment in property and equipment	-	-	-	-	-
Total assets limited as to use	3,391,388	24,868	3,636,714	236,000	7,288,970
Property and equipment, net	17,878,544	3,642,106	113,109,560	9,244,354	143,874,564
Other assets	-	-	-	-	-
Total assets	<u>\$ 29,595,719</u>	<u>\$ 10,641,584</u>	<u>\$ 132,035,931</u>	<u>\$ 12,065,194</u>	<u>\$ 184,338,428</u>

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

(Continued)

	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Elms IL Clemmons	Total Retirement
LIABILITIES AND NET ASSETS					
Current Liabilities					
Current maturities of long-term debt	\$ -	\$ -	\$ 194,825	\$ -	\$ 194,825
Current portion of split-interest liability	-	-	-	-	-
Accounts payable, trade	116,481	55,058	112,530	2,517	286,586
Accrued salaries and payroll taxes	401,638	97,771	245,534	(17,538)	727,405
Accrued health benefits	68,199	30,495	41,290	-	139,984
Accrued interest payable	-	-	-	-	-
Refundable fees - current	22,032	-	259,207	-	281,239
Deferred revenue from grants and other	-	-	18,600	-	18,600
Other accrued liabilities	-	-	-	-	-
Residents' funds liability	-	-	-	-	-
Total current liabilities	<u>608,350</u>	<u>183,324</u>	<u>871,986</u>	<u>(15,021)</u>	<u>1,648,639</u>
Long-Term Liabilities					
Long-term debt, less current maturities	3,266,131	1,464,351	76,024,625	10,760,693	91,515,800
Refundable fees	8,719,334	950	17,978,945	146,070	26,845,299
Deferred revenue from advance fees	8,176,909	-	42,216,839	-	50,393,748
Pension liability	-	-	-	-	-
Split-interest liability	-	-	-	-	-
Total long-term liabilities	<u>20,162,374</u>	<u>1,465,301</u>	<u>136,220,409</u>	<u>10,906,763</u>	<u>168,754,847</u>
Total liabilities	20,770,724	1,648,625	137,092,395	10,891,742	170,403,486
Net Assets					
Net Assets without donor restrictions	-	-	-	-	-
Without donor restrictions, undesignated	7,305,129	8,958,342	(5,057,184)	1,173,452	12,379,739
Without donor restrictions, board designated funds	1,262,388	24,868	-	-	1,287,256
Total net assets without donor restrictions	<u>8,567,517</u>	<u>8,983,210</u>	<u>(5,057,184)</u>	<u>1,173,452</u>	<u>13,666,995</u>
Net assets with donor restrictions	257,478	9,749	720	-	267,947
Total net assets	<u>8,824,995</u>	<u>8,992,959</u>	<u>(5,056,464)</u>	<u>1,173,452</u>	<u>13,934,942</u>
Total liabilities and net assets	<u>\$ 29,595,719</u>	<u>\$ 10,641,584</u>	<u>\$ 132,035,931</u>	<u>\$ 12,065,194</u>	<u>\$ 184,338,428</u>

Lutheran Services for the Aging, Inc. and
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	Trinity Elms AL Clemmons	Trinity Living Center Salisbury	Trinity at Home Salisbury	LSA Pharmacy Salisbury	Total Other Operations
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 4,482,362	\$ 27,754	\$ 411,925	\$ 5,693,773	\$ 10,615,814
Investments	3,083,287	213,147	482,712	7,790,297	11,569,443
Accounts receivable, residents and clients, net	244,361	31,994	75,686	445,028	797,069
Current portion of other receivables	16,195	(145,795)	14,704	1,373,404	1,258,508
Employee retention credit receivables	242,657	-	195,149	-	437,806
Inventories	51,492	-	-	725,240	776,732
Prepaid expenses	(5,802)	(119)	8,293	(218)	2,154
Residents' funds	10,965	-	-	-	10,965
Total current assets	8,125,517	126,981	1,188,469	16,027,524	25,468,491
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	196,459	46,419	-	168,251	411,129
Other assets	-	-	-	-	-
Total assets	<u>\$ 8,321,976</u>	<u>\$ 173,400</u>	<u>\$ 1,188,469</u>	<u>\$ 16,195,775</u>	<u>\$ 25,879,620</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
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(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	38,317	689	1,768	27,739	68,513
Accrued salaries and payroll taxes	172,740	24,299	36,972	187,146	421,157
Accrued health benefits	47,910	4,772	14,138	21,102	87,922
Accrued interest payable	-	-	-	-	-
Refundable fees - current	-	-	-	-	-
Deferred revenue from grants and other	133,592	3,333	(34)	-	136,891
Other accrued liabilities	-	-	-	-	-
Residents' funds liability	10,965	-	-	-	10,965
Total current liabilities	403,524	33,093	52,844	235,987	725,448
Long-Term Liabilities					
Long-term debt, less current maturities	34,188	-	-	5,128	39,316
Refundable fees	-	-	-	-	-
Deferred revenue from advance fees	-	-	-	-	-
Pension liability	-	-	-	-	-
Split-interest liability	-	-	-	-	-
Total long-term liabilities	34,188	-	-	5,128	39,316
Total liabilities	437,712	33,093	52,844	241,115	764,764
Net Assets					
Net Assets without donor restrictions					
Without donor restrictions, undesignated	7,863,682	105,623	1,132,282	15,954,660	25,056,247
Without donor restrictions, board designated funds	-	-	-	-	-
Total net assets without donor restrictions	7,863,682	105,623	1,132,282	15,954,660	25,056,247
Net assets with donor restrictions	20,582	34,684	3,343	-	58,609
Total net assets	7,884,264	140,307	1,135,625	15,954,660	25,114,856
Total liabilities and net assets	\$ 8,321,976	\$ 173,400	\$ 1,188,469	\$ 16,195,775	\$ 25,879,620

Lutheran Services for the Aging, Inc. and
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	LSA	LSA Management	LSA Foundation	LSA Therapy	Trinity Guardian	DHS	Total Other
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 2,092,674	\$ 7,120,828	\$ 614,770	\$ 635,006	\$ -	\$ 289,050	\$ 10,752,328
Investments	73,451	2,991,026	2,787,421	-	-	-	5,851,898
Accounts receivable, residents and clients, net	-	(1,237)	-	-	-	15	(1,222)
Current portion of other receivables	103,202	(11,680,845)	(76,584)	4,727,574	-	-	(6,926,653)
Employee retention credit receivables	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-
Prepaid expenses	-	855,631	-	-	-	2,051	857,682.00
Residents' funds	-	-	-	-	-	-	-
Total current assets	2,269,327	(714,597)	3,325,607	5,362,580	-	291,116	10,534,033
Assets Limited as to Use							
Investments - donor-restricted endowment funds	-	-	3,063,464	-	-	-	3,063,464
Investments - temporarily restricted	-	-	4,888,161	-	-	-	4,888,161
Investments - board designated funds	7,792,916	-	-	-	-	-	7,792,916
Assets limited to use - operating reserve requirement	-	-	-	-	-	-	-
Assets limited to use - bond funds	-	11,016,519	-	-	-	-	11,016,519
Assets restricted for investment in property and equipment	-	-	-	-	-	-	-
Total assets limited as to use	7,792,916	11,016,519	7,951,625	-	-	-	26,761,060
Property and equipment, net	220,763	827,296	-	-	-	1,568,351	2,616,410
Other assets	187,399	16,739,729	-	765,235	-	-	17,692,363
Total assets	<u>\$ 10,470,405</u>	<u>\$ 27,868,947</u>	<u>\$ 11,277,232</u>	<u>\$ 6,127,815</u>	<u>\$ -</u>	<u>\$ 1,859,467</u>	<u>\$ 57,603,866</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
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(Continued)

	LSA	LSA Management	LSA Foundation	LSA Therapy	Trinity Guardian	DHS	Total Other
LIABILITIES AND NET ASSETS							
Current Liabilities							
Current maturities of long-term debt	\$ -	\$ 2,845,000	\$ -	\$ -	\$ -	\$ 27,697	\$ 2,872,697
Current portion of split-interest liability	-	-	49,000	-	-	-	49,000
Accounts payable, trade	898	366,510	-	-	-	10,754	378,162
Accrued salaries and payroll taxes	-	641,220	-	-	-	-	641,220
Accrued health benefits	-	39,331	-	-	-	-	39,331
Accrued interest payable	-	489,784	4,652	-	-	2,091	496,527
Refundable fees - current	-	21,288	-	-	-	-	21,288
Deferred revenue from grants and other	-	38,839	-	-	-	-	38,839
Other accrued liabilities	-	1,327,690	-	-	-	-	1,327,690
Residents' funds liability	-	-	-	-	-	-	-
Total current liabilities	898	5,769,662	53,652	-	-	40,542	5,864,754
Long-Term Liabilities							
Long-term debt, less current maturities	-	4,146,433	-	-	-	622,429	4,768,862
Refundable fees	-	-	-	-	-	-	-
Deferred revenue from advance fees	-	-	-	-	-	-	-
Pension liability	-	-	-	-	-	-	-
Split-interest liability	-	-	476,620	-	-	-	476,620
Total long-term liabilities	-	4,146,433	476,620	-	-	622,429	5,245,482
Total liabilities	898	9,916,095	530,272	-	-	662,971	11,110,236
Net Assets							
Net Assets without donor restrictions							
Without donor restrictions, undesignated	1,082,353	16,966,544	4,685,243	6,127,815	-	1,196,496	30,058,451
Without donor restrictions, board designated funds	7,792,916	-	-	-	-	-	7,792,916
Total net assets without donor restrictions	8,875,269	16,966,544	4,685,243	6,127,815	-	1,196,496	37,851,367
Net assets with donor restrictions	1,594,238	986,308	6,061,717	-	-	-	8,642,263
Total net assets	10,469,507	17,952,852	10,746,960	6,127,815	-	1,196,496	46,493,630
Total liabilities and net assets	\$ 10,470,405	\$ 27,868,947	\$ 11,277,232	\$ 6,127,815	\$ -	\$ 1,859,467	\$ 57,603,866

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Balance Sheets
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	LFS Real Properties	Lutheran Family Services in the Carolinas	Total LFS
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 129,123	\$ 3,360,109	\$ 3,489,232
Investments	-	17,287	17,287
Accounts receivable, residents and clients, net	-	7,044,691	7,044,691
Current portion of other receivables	935,040	(720,584)	214,456
Employee retention credit receivables	-	1,021,256	1,021,256
Inventories	-	-	-
Prepaid expenses	-	841,740	841,740
Residents' funds	-	-	-
Total current assets	\$ 1,064,163	\$ 11,564,499	\$ 12,628,662
Assets Limited as to Use			
Investments - donor-restricted endowment funds	-	270,946	270,946
Investments - temporarily restricted	-	260,633	260,633
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	-	531,579	531,579
Property and equipment, net	1,550,825	449,616	2,000,441
Other assets	-	34,502	34,502
Total assets	\$ 2,614,988	\$ 12,580,196	\$ 15,195,184

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

(Continued)

	LFS Real Properties	Lutheran Family Services in the Carolinas	Total LFS
LIABILITIES AND NET ASSETS			
Current Liabilities			
Current maturities of long-term debt	\$ 11,304	\$ 50,418	\$ 61,722
Current portion of split-interest liability	-	-	-
Accounts payable, trade	15,182	4,628,261	4,643,443
Accrued salaries and payroll taxes	-	1,544,757	1,544,757
Accrued health benefits	-	112,876	112,876
Accrued interest payable	921	-	921
Refundable fees - current	-	-	-
Deferred revenue from grants and other	-	-	-
Other accrued liabilities	-	903,202	903,202
Residents' funds liability	-	-	-
Total current liabilities	<u>27,407</u>	<u>7,239,514</u>	<u>7,266,921</u>
Long-Term Liabilities			
Long-term debt, less current maturities	475,548	40,656	516,204
Refundable fees	-	-	-
Deferred revenue from advance fees	-	663,139	663,139
Pension liability	-	-	-
Split-interest liability	-	-	-
Total long-term liabilities	<u>475,548</u>	<u>703,795</u>	<u>1,179,343</u>
Total liabilities	502,955	7,943,309	8,446,264
Net Assets			
Net Assets without donor restrictions			
Without donor restrictions, undesignated	2,112,033	2,350,469	4,462,502
Without donor restrictions, board designated funds	-	-	-
Total net assets without donor restrictions	<u>2,112,033</u>	<u>2,350,469</u>	<u>4,462,502</u>
Net assets with donor restrictions	-	2,286,418	2,286,418
Total net assets	<u>2,112,033</u>	<u>4,636,887</u>	<u>6,748,920</u>
Total liabilities and net assets	<u>\$ 2,614,988</u>	<u>\$ 12,580,196</u>	<u>\$ 15,195,184</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
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	Total LSA	Total LFS	Eliminations	Total	Obligated Group*	Total Trinity Oaks**	Total Trinity Landing***	Total Trinity Elms ****
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 60,909,819	\$ 3,489,232	\$ -	\$ 64,399,051	\$ 55,784,408	\$ 13,986,333	\$ 8,192,010	\$ 7,884,207
Investments	71,032,866	17,287	-	71,050,153	57,412,010	17,855,581	119,382	8,703,519
Accounts receivable, residents and clients, net	17,475,597	7,044,691	-	24,520,288	14,891,388	2,115,268	2,285,224	2,816,493
Current portion of other receivables	4,480,658	214,456	(3,267,170)	1,427,944	(398,185)	1,252,848	6,345,421	689,237
Employee retention credit receivables	4,558,733	1,021,256	-	5,579,989	4,363,584	742,254	652,516	732,357
Inventories	1,427,426	-	-	1,427,426	1,290,424	68,762	117,018	102,086
Prepaid expenses	1,578,966	841,740	-	2,420,706	1,576,576	7,332	740,716	1,157
Residents' funds	299,077	-	-	299,077	234,926	15,455	49,677	32,552
Total current assets	161,763,142	12,628,662	(3,267,170)	171,124,634	135,155,131	36,043,833	18,501,964	20,961,608
Assets Limited as to Use								
Investments - donor-restricted endowment funds	3,063,464	270,946	-	3,334,410	3,063,464	-	-	-
Investments - temporarily restricted	4,888,161	260,633	-	5,148,794	4,888,161	-	-	-
Investments - board designated funds	11,713,014	-	-	11,713,014	11,713,014	2,497,114	-	-
Assets limited to use - operating reserve requirement	6,006,000	-	-	6,006,000	6,006,000	2,129,000	3,641,000	236,000
Assets limited to use - bond funds	11,012,233	-	-	11,012,233	11,012,233	-	(4,286)	-
Assets restricted for investment in property and equipment	-	-	-	-	-	-	-	-
Total assets limited as to use	36,682,872	531,579	-	37,214,451	36,682,872	4,626,114	3,636,714	236,000
Property and equipment, net	230,790,714	2,000,441	-	232,791,155	222,256,137	24,005,633	124,564,328	25,534,736
Other assets	17,617,989	34,502	-	17,652,491	16,852,754	-	-	-
Total assets	<u>\$ 446,854,717</u>	<u>\$ 15,195,184</u>	<u>\$ (3,267,170)</u>	<u>\$ 458,782,731</u>	<u>\$ 410,946,894</u>	<u>\$ 64,675,580</u>	<u>\$ 146,703,006</u>	<u>\$ 46,732,344</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 2012A, Series 2017 and Series 2020). The Obligated Group is comprised of the LSA Organizations exclusive of Trinity at Home Salisbury, LSA Therapy, Trinity Guardian, Glenflora, Aston Park, and DHS.

** 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 IL Clemmons, and Trinity Elms AL Clemmons

Lutheran Services for the Aging, Inc. and
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Consolidating Balance Sheets
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(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	\$ 3,072,858	\$ 61,722	\$ -	\$ 3,134,580	\$ 3,039,825	\$ -	\$ 194,825	\$ -
Current portion of split-interest liability	49,000	-	-	49,000	49,000	-	-	-
Accounts payable, trade	3,277,400	4,643,443	(3,267,170)	4,653,673	2,939,120	353,267	245,620	244,354
Accrued salaries and payroll taxes	5,850,614	1,544,757	-	7,395,371	4,912,823	953,713	641,526	624,600
Accrued health benefits	1,111,728	112,876	-	1,224,604	996,340	178,118	145,914	133,525
Accrued interest payable	496,527	921	-	497,448	494,436	-	-	-
Refundable fees - current	302,527	-	-	302,527	302,527	22,032	259,207	-
Deferred revenue from grants and other	258,817	-	-	258,817	222,067	-	18,600	133,592
Other accrued liabilities	1,327,689	903,202	-	2,230,891	1,327,689	-	-	-
Residents' funds liability	299,077	-	-	299,077	234,926	15,455	49,677	32,552
Total current liabilities	16,046,237	7,266,921	(3,267,170)	20,045,988	14,518,753	1,522,585	1,555,369	1,168,623
Long-Term Liabilities								
Long-term debt, less current maturities	162,617,009	516,204	-	163,133,213	161,996,024	4,678,126	87,976,122	28,070,264
Refundable fees	26,861,682	-	-	26,861,682	26,861,682	8,733,217	17,978,945	146,070
Deferred revenue from advance fees	50,393,748	663,139	-	51,056,887	50,393,748	8,176,909	42,216,839	-
Pension liability	124,095	-	-	124,095	-	-	-	-
Split-interest liability	476,620	-	-	476,620	476,620	-	-	-
Total long-term liabilities	240,473,154	1,179,343	-	241,652,497	239,728,074	21,588,252	148,171,906	28,216,334
Total liabilities	256,519,391	8,446,264	(3,267,170)	261,698,485	254,246,827	23,110,837	149,727,275	29,384,957
Net Assets								
Net Assets without donor restrictions								
Without donor restrictions, undesignated	168,204,037	4,462,502	-	172,666,539	134,577,586	38,022,317	(3,052,204)	17,319,092
Without donor restrictions, board designated funds	11,713,014	-	-	11,713,014	11,713,014	2,497,114	-	-
Total net assets without donor restrictions	179,917,051	4,462,502	-	184,379,553	146,290,600	40,519,431	(3,052,204)	17,319,092
Net assets with donor restrictions	10,418,275	2,286,418	-	12,704,693	10,409,467	1,045,312	27,935	28,295
Total net assets	190,335,326	6,748,920	-	197,084,246	156,700,067	41,564,743	(3,024,269)	17,347,387
Total liabilities and net assets	\$ 446,854,717	\$ 15,195,184	\$ (3,267,170)	\$ 458,782,731	\$ 410,946,894	\$ 64,675,580	\$ 146,703,006	\$ 46,732,344

* 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 2012A, Series 2020, and Series 2021A). The Obligated Group is comprised of the LSA Organizations exclusive of Trinity at Home Salisbury, LSA Therapy, Trinity Guardian, Glenflora, Aston Park, and DHS.

** 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 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, 2024

	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	\$ 10,604,264	\$ 18,252,873	\$ 15,901,452	\$ 15,690,035	\$ 13,762,442	\$ 13,546,107	\$ 13,105,537	\$ 6,797,358	\$ 15,850,580	\$ 123,510,648
Amortization of deferred entrance fees	-	-	-	-	-	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-	-	-	-	-	-
Federal grants and other	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for operating purposes	4,814	12,394	13,214	25,059	3,618	762	600	22,257	-	82,718
Management fees	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	31,562	-	-	-	-	350	-	31,912
Total revenue	<u>10,609,078</u>	<u>18,265,267</u>	<u>15,946,228</u>	<u>15,715,094</u>	<u>13,766,060</u>	<u>13,546,869</u>	<u>13,106,137</u>	<u>6,819,965</u>	<u>15,850,580</u>	<u>123,625,278</u>
Expenses										
Salaries and wages	5,754,826	10,395,577	7,814,874	8,117,122	6,869,857	6,779,607	5,984,078	3,403,420	8,375,499	63,494,860
Employee benefits	981,722	1,742,022	1,218,211	1,378,053	1,067,562	1,187,315	982,525	766,314	1,411,064	10,734,788
Supplies and other	3,380,209	5,929,561	5,839,971	5,449,918	5,619,849	4,389,590	5,545,550	2,277,315	4,471,068	42,903,031
Medicaid bed provider assessment	642,886	829,589	972,329	-	-	942,230	-	429,127	992,570	4,808,731
Marketing expense	7,350	8,585	6,006	15,327	6,753	2,565	3,819	2,465	15,715	68,585
Depreciation and amortization	218,872	143,240	83,182	85,571	61,061	87,350	176,756	182,447	597,746	1,636,225
Interest expense	5,407	6,750	-	5,280	1,527	65	-	-	(6,324)	12,705
Total operating costs and expenses	<u>10,991,272</u>	<u>19,055,324</u>	<u>15,934,573</u>	<u>15,051,271</u>	<u>13,626,609</u>	<u>13,388,722</u>	<u>12,692,728</u>	<u>7,061,088</u>	<u>15,857,338</u>	<u>123,658,925</u>
Operating Income (Loss)	(382,194)	(790,057)	11,655	663,823	139,451	158,147	413,409	(241,123)	(6,758)	(33,647)
Nonoperating Gains (Losses)										
Investment income	83,521	109,697	74,861	432,052	75,909	32,074	73,218	46,828	308,597	1,236,757
Net unrealized gains on investments	542,333	742,571	263,623	2,213,921	159,626	158,089	433,379	303,399	1,845,294	6,662,235
Net gain (loss) on disposal of property and equipment	(5,686)	(22,819)	-	(22,990)	-	(6,186)	(24,027)	-	(1,710)	(83,418)
Contributions	4,857	24,433	3,850	12,245	29,029	6,320	2,266	315	300	83,615
Total nonoperating gains (losses)	<u>625,025</u>	<u>853,882</u>	<u>342,334</u>	<u>2,635,228</u>	<u>264,564</u>	<u>190,297</u>	<u>484,836</u>	<u>350,542</u>	<u>2,152,481</u>	<u>7,899,189</u>
Excess (Deficit) of Revenues Over Expenses	<u>242,831</u>	<u>63,825</u>	<u>353,989</u>	<u>3,299,051</u>	<u>404,015</u>	<u>348,444</u>	<u>898,245</u>	<u>109,419</u>	<u>2,145,723</u>	<u>7,865,542</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, 2024

(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	\$ 242,831	\$ 63,825	\$ 353,989	\$ 3,299,051	\$ 404,015	\$ 348,444	\$ 898,245	\$ 109,419	\$ 2,145,723	\$ 7,865,542
Other changes net assets without donor restrictions										
Net assets released from restrictions for capital	-	-	-	-	-	-	-	-	-	-
Change in net assets without donor restrictions	<u>242,831</u>	<u>63,825</u>	<u>353,989</u>	<u>3,299,051</u>	<u>404,015</u>	<u>348,444</u>	<u>898,245</u>	<u>109,419</u>	<u>2,145,723</u>	<u>7,865,542</u>
Changes in Net Assets with Donor Restrictions										
Contributions and grants	21,200	3,340	6,146	12,455	5,375	200	2,250	254,842	3,325	309,133
Investment income	-	-	-	-	-	-	-	25	281	306
Net unrealized gains (losses) on investments	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	(4,814)	(12,394)	(13,214)	(25,059)	(3,618)	(762)	(600)	(22,257)	-	(82,718)
Change in net assets with donor restrictions:	<u>16,386</u>	<u>(9,054)</u>	<u>(7,068)</u>	<u>(12,604)</u>	<u>1,757</u>	<u>(562)</u>	<u>1,650</u>	<u>232,610</u>	<u>3,606.00</u>	<u>226,721</u>
Change in Net Assets	259,217	54,771	346,921	3,286,447	405,772	347,882	899,895	342,029	2,149,329	8,092,263
Net Assets at Beginning of Year	5,909,741	9,679,816	5,602,359	18,893,320	4,594,622	1,621,616	5,304,673	5,841,370	16,842,595	74,290,112
Net Assets at End of Year	<u>\$ 6,168,958</u>	<u>\$ 9,734,587</u>	<u>\$ 5,949,280</u>	<u>\$ 22,179,767</u>	<u>\$ 5,000,394</u>	<u>\$ 1,969,498</u>	<u>\$ 6,204,568</u>	<u>\$ 6,183,399</u>	<u>\$ 18,991,924</u>	<u>\$ 82,382,375</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2024

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,637	\$ -	\$ -	\$ -	\$ 11,637
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	-	-	-	-	-	-	-	-	-	-
Other revenue	385,000	600,000	820,000	653,600	765,750	370,000	700,000	885,000	138,000	5,317,350
Total revenue	385,000	600,000	820,000	653,600	765,750	381,637	700,000	885,000	138,000	5,328,987
Expenses										
Salaries and wages	-	-	-	-	-	-	-	-	335	335
Employee benefits	-	-	-	-	-	-	-	-	-	-
Supplies and other	23,597	43,445	31,443	33,835	48,719	28,058	36,800	23,372	33,388	302,657
Medicaid bed provider assessment	-	-	-	-	-	-	-	-	-	-
Marketing expense	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	617,617	351,812	297,911	567,530	253,947	202,837	285,094	292,788	92,069	2,961,605
Interest expense	138,176	60,641	409,191	44,711	420,940	282,473	369,997	259,182	573	1,985,884
Total operating costs and expenses	779,390	455,898	738,545	646,076	723,606	513,368	691,891	575,342	126,365	5,250,481
Operating Income (Loss)	(394,390)	144,102	81,455	7,524	42,144	(131,731)	8,109	309,658	11,635	78,506
Nonoperating Gains (Losses)										
Investment income	27,747	-	80,401	120,248	19,109	2,570	13,355	32,597	7,215	303,242
Net unrealized gains on investments	174,512	-	599,238	779,063	94,879	22,736	86,532	211,182	46,744	2,014,886
Net gain (loss) on disposal of property and equipment	(36,701)	(3,155)	-	(132)	-	-	-	-	-	(39,988)
Contributions	-	-	-	-	-	-	-	-	-	-
Total nonoperating gains (losses)	165,558	(3,155)	679,639	899,179	113,988	25,306	99,887	243,779	53,959	2,278,140
Excess (Deficit) of Revenues Over Expenses	(228,832)	140,947	761,094	906,703	156,132	(106,425)	107,996	553,437	65,594	2,356,646

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2024

(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	\$ (228,832)	\$ 140,947	\$ 761,094	\$ 906,703	\$ 156,132	\$ (106,425)	\$ 107,996	\$ 553,437	\$ 65,594	\$ 2,356,646
Other changes net assets without donor restrictions										
Net assets released from restrictions for capital	-	-	-	-	-	-	-	-	-	-
Change in net assets without donor restrictions	(228,832)	140,947	761,094	906,703	156,132	(106,425)	107,996	553,437	65,594	2,356,646
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	(228,832)	140,947	761,094	906,703	156,132	(106,425)	107,996	553,437	65,594	2,356,646
Net Assets at Beginning of Year	3,836,806	3,470,020	4,578,824	9,653,278	(3,124,331)	(1,829,942)	251,621	1,172,049	2,044,552	20,052,877
Net Assets at End 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

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2024

	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Elms IL Clemmons	Total Retirement
Changes in Net Assets Without Donor Restrictions					
Revenues and Other Support					
Net service revenue	\$ 10,237,706	\$ 4,381,928	\$ 13,644,147	\$ 1,335,664	\$ 29,599,445
Amortization of deferred entrance fees	1,232,600	-	4,419,720	-	5,652,320
Service fees - state, county and other	-	-	-	-	-
Federal grants and other	-	-	-	-	-
Net assets released from restrictions for operating purposes	36,620	6,946	21,540	-	65,106
Management fees	-	-	-	-	-
Other revenue	-	51,928	-	-	51,928
Total revenue	<u>11,506,926</u>	<u>4,440,802</u>	<u>18,085,407</u>	<u>1,335,664</u>	<u>35,368,799</u>
Expenses					
Salaries and wages	4,071,745	1,551,445	4,020,486	124,352	9,768,028
Employee benefits	823,369	276,055	693,760	13,649	1,806,833
Supplies and other	3,535,115	1,106,382	3,944,125	336,157	8,921,779
Medicaid bed provider assessment	-	-	-	-	-
Marketing expense	250,904	43,299	254,354	3,322	551,879
Depreciation and amortization	1,942,393	319,480	2,715,880	294,693	5,272,446
Interest expense	121,531	54,487	3,211,168	379,108	3,766,294
Total operating costs and expenses	<u>10,745,057</u>	<u>3,351,148</u>	<u>14,839,773</u>	<u>1,151,281</u>	<u>30,087,259</u>
Operating Income (Loss)	<u>761,869</u>	<u>1,089,654</u>	<u>3,245,634</u>	<u>184,383</u>	<u>5,281,540</u>
Nonoperating Gains (Losses)					
Investment income	112,930	75,729	-	69,322	257,981
Net unrealized gains on investments	604,663	455,814	-	379,980	1,440,457
Net gain (loss) on disposal of property and equipment	(16,137)	-	-	-	(16,137)
Contributions	7,490	1,080	(3,229)	-	5,341
Total nonoperating gains (losses)	<u>708,946</u>	<u>532,623</u>	<u>(3,229)</u>	<u>449,302</u>	<u>1,687,642</u>
Excess (Deficit) of Revenues Over Expenses	<u>1,470,815</u>	<u>1,622,277</u>	<u>3,242,405</u>	<u>633,685</u>	<u>6,969,182</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, 2024

(Continued)

	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Elms IL Clemmons	Total Retirement
Excess (Deficit) of Revenue Over Expenses	\$ 1,470,815	\$ 1,622,277	\$ 3,242,405	\$ 633,685	\$ 6,969,182
Other changes net assets without donor restrictions					-
Net assets released from restrictions for capital	1,470,232	-	-	-	1,470,232
Change in net assets without donor restrictions	<u>2,941,047</u>	<u>1,622,277</u>	<u>3,242,405</u>	<u>633,685</u>	<u>8,439,414</u>
Changes in Net Assets with Donor Restrictions					
Contributions and grants	150,132	-	18,864	-	168,996
Investment income	-	-	-	-	-
Net unrealized gains (losses) on investments	-	-	-	-	-
Net assets released from restrictions	(1,506,852)	(6,946)	(21,540)	-	(1,535,338)
Change in net assets with donor restrictions:	<u>(1,356,720)</u>	<u>(6,946)</u>	<u>(2,676)</u>	<u>-</u>	<u>(1,366,342)</u>
Change in Net Assets	1,584,327	1,615,331	3,239,729	633,685	7,073,072
Net Assets at Beginning of Year	<u>7,240,668</u>	<u>7,377,628</u>	<u>(8,296,193)</u>	<u>539,767</u>	<u>6,861,870</u>
Net Assets at End of Year	<u>\$ 8,824,995</u>	<u>\$ 8,992,959</u>	<u>\$ (5,056,464)</u>	<u>\$ 1,173,452</u>	<u>\$ 13,934,942</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2024

	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	\$ 5,891,435	\$ 322,074	\$ 308	\$ 10,631,586	\$ 16,845,403
Amortization of deferred entrance fees	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-
Federal grants and other	-	-	-	-	-
Net assets released from restrictions for operating purposes	254	9,223	2,720	-	12,197
Management fees	-	-	-	-	-
Other revenue	-	-	805,218	-	805,218
Total revenue	<u>5,891,689</u>	<u>331,297</u>	<u>808,246</u>	<u>10,631,586</u>	<u>17,662,818</u>
Expenses					
Salaries and wages	2,810,209	339,804	537,431	1,760,783	5,448,227
Employee benefits	464,882	77,239	100,088	313,375	955,584
Supplies and other	2,286,288	144,543	91,686	7,437,273	9,959,790
Medicaid bed provider assessment	-	-	-	-	-
Marketing expense	1,498	4,614	3,387	-	9,499
Depreciation and amortization	36,537	6,910	-	32,196	75,643
Interest expense	1,307	-	-	192	1,499
Total operating costs and expenses	<u>5,600,721</u>	<u>573,110</u>	<u>732,592</u>	<u>9,543,819</u>	<u>16,450,242</u>
Operating Income (Loss)	290,968	(241,813)	75,654	1,087,767	1,212,576
Nonoperating Gains (Losses)					
Investment income	122,140	5,348	12,175	140,636	280,299
Net unrealized gains on investments	501,209	34,645	78,884	927,159	1,541,897
Net gain (loss) on disposal of property and equipment	-	-	-	-	-
Contributions	1,070	25,255	88	-	26,413
Total nonoperating gains (losses)	<u>624,419</u>	<u>65,248</u>	<u>91,147</u>	<u>1,067,795</u>	<u>1,848,609</u>
Excess (Deficit) of Revenues Over Expenses	<u>915,387</u>	<u>(176,565)</u>	<u>166,801</u>	<u>2,155,562</u>	<u>3,061,185</u>

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2024

(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	\$ 915,387	\$ (176,565)	\$ 166,801	\$ 2,155,562	\$ 3,061,185
Other changes net assets without donor restrictions					
Net assets released from restrictions for capital	-	-	-	-	-
Change in net assets without donor restrictions	915,387	(176,565)	166,801	2,155,562	3,061,185
Changes in Net Assets with Donor Restrictions					
Contributions and grants	3,050	16,530	165	-	19,745
Investment income	-	-	-	-	-
Net unrealized gains (losses) on investments	-	-	-	-	-
Net assets released from restrictions	(254)	(9,223)	(2,720)	-	(12,197)
Change in net assets with donor restrictions:	2,796	7,307	(2,555)	-	7,548
Change in Net Assets	918,183	(169,258)	164,246	2,155,562	3,068,733
Net Assets at Beginning of Year	6,966,081	309,565	971,379	13,799,098	22,046,123
Net Assets at End of Year	\$ 7,884,264	\$ 140,307	\$ 1,135,625	\$ 15,954,660	\$ 25,114,856

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, 2024

	LSA	LSA Management	LSA Foundation	LSA Therapy	Trinity Guardian	DHS	Total Other
Changes in Net Assets Without Donor Restrictions							
Revenues and Other Support							
Net service revenue	\$ 209	\$ (17,778)	\$ 1	\$ -	\$ -	\$ -	\$ (17,568)
Amortization of deferred entrance fees	-	-	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-	-	-
Federal grants and other	-	-	-	-	-	-	-
Net assets released from restrictions for operating purposes	86,734	69,207	74,625	-	-	-	230,566
Management fees	-	11,924,591	-	-	-	-	11,924,591
Other revenue	-	-	-	-	-	247,098	247,098
Total revenue	86,943	11,976,020	74,626	-	-	247,098	12,384,687
Expenses							
Salaries and wages	-	6,633,388	-	-	-	48,681	6,682,069
Employee benefits	-	1,040,373	-	-	-	7,597	1,047,970
Supplies and other	103,759	3,620,972	25,130	1,000	-	107,422	3,858,283
Medicaid bed provider assessment	-	-	-	-	-	-	-
Marketing expense	-	123,167	-	-	-	-	123,167
Depreciation and amortization	97,774	148,656	-	-	-	105,016	351,446
Interest expense	1,228	12,098	-	-	-	24,572	37,898
Total operating costs and expenses	202,761	11,578,654	25,130	1,000	-	293,288	12,100,833
Operating Income (Loss)	(115,818)	397,366	49,496	(1,000)	-	(46,190)	283,854
Nonoperating Gains (Losses)							
Investment income	195,222	3,717,667	70,620	807,383	-	197	4,791,089
Net unrealized gains on investments	1,294,896	386,767	436,466	-	-	-	2,118,129
Net gain (loss) on disposal of property and equipment	-	-	-	-	-	-	-
Contributions	48,255	213,009	(25,411)	-	-	-	235,853
Total nonoperating gains (losses)	1,538,373	4,317,443	481,675	807,383	-	197	7,145,071
Excess (Deficit) of Revenues Over Expenses	1,422,555	4,714,809	531,171	806,383	-	(45,993)	7,428,925

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, 2024

(Continued)

	LSA	LSA Management	LSA Foundation	LSA Therapy	Trinity Guardian	DHS	Total Other
Excess (Deficit) of Revenue Over Expenses	\$ 1,422,555	\$ 4,714,809	\$ 531,171	\$ 806,383	\$ -	\$ (45,993)	\$ 7,428,925
Other changes net assets without donor restrictions							
Net assets released from restrictions for capital	-	-	-	-	-	-	-
Change in net assets without donor restrictions	1,422,555	4,714,809	531,171	806,383	-	(45,993)	7,428,925
Changes in Net Assets with Donor Restrictions							
Contributions and grants	99,875	1,004,930	-	-	-	-	1,104,805
Investment income	-	511,995	412,336	-	-	-	924,331
Net unrealized gains (losses) on investments	-	-	1,121,518	-	-	-	1,121,518
Net assets released from restrictions	(86,734)	(69,207)	(74,625)	-	-	-	(230,566)
Change in net assets with donor restrictions:	13,141	1,447,718	1,459,229	-	-	-	2,920,088
Change in Net Assets	1,435,696	6,162,527	1,990,400	806,383	-	(45,993)	10,349,013
Net Assets at Beginning of Year	9,033,811	11,790,325	8,756,560	5,321,432	-	1,242,489	36,144,617
Net Assets at End of Year	\$ 10,469,507	\$ 17,952,852	\$ 10,746,960	\$ 6,127,815	\$ -	\$ 1,196,496	\$ 46,493,630

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2024

	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	\$ -	\$ 9,992,125	\$ 9,992,125
Amortization of deferred entrance fees	-	-	-
Service fees - state, county and other	-	9,338,487	9,338,487
Federal grants and other	-	22,646,890	22,646,890
Net assets released from restrictions for operating purposes	-	1,213,965	1,213,965
Management fees	-	-	-
Other revenue	214,952	281,602	496,554
Total revenue	<u>214,952</u>	<u>43,473,069</u>	<u>43,688,021</u>
Expenses			
Salaries and wages	5,086	16,986,319	16,991,405
Employee benefits	-	3,115,839	3,115,839
Supplies and other	59,984	23,437,922	23,497,906
Medicaid bed provider assessment	-	126,535	126,535
Marketing expense	-	56,466	56,466
Depreciation and amortization	60,361	102,321	162,682
Interest expense	21,965	5,289	27,254
Total operating costs and expenses	<u>147,396</u>	<u>43,830,691</u>	<u>43,978,087</u>
Operating Income (Loss)	67,556	(357,622)	(290,066)
Nonoperating Gains (Losses)			
Investment income	-	-	-
Net unrealized gains on investments	-	-	-
Net gain (loss) on disposal of property and equipment	-	43,649	43,649
Contributions	13,114	743,582	756,696
Total nonoperating gains (losses)	<u>13,114</u>	<u>787,231</u>	<u>800,345</u>
Excess (Deficit) of Revenues Over Expenses	<u>80,670</u>	<u>429,609</u>	<u>510,279</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, 2024

(Continued)

	LFS Real Properties	Lutheran Family Services in the Carolinas	Total LFS
Excess (Deficit) of Revenue Over Expenses	\$ 80,670	\$ 429,609	\$ 510,279
Other changes net assets without donor restrictions			
Net assets released from restrictions for capital	-	-	-
Change in net assets without donor restrictions	80,670	429,609	510,279
Changes in Net Assets with Donor Restrictions			
Contributions and grants	-	623,005	623,005
Investment income	-	10,230	10,230
Net unrealized gains (losses) on investments	-	75,845	75,845
Net assets released from restrictions	-	(1,213,965)	(1,213,965)
Change in net assets with donor restrictions:	-	(504,885)	(504,885)
Change in Net Assets	80,670	(75,276)	5,394
Net Assets at Beginning of Year	2,031,363	4,712,163	6,743,526
Net Assets at End of Year	\$ 2,112,033	\$ 4,636,887	\$ 6,748,920

Lutheran Services for the Aging, Inc. and
Lutheran Family Services in the Carolinas and Affiliates
Consolidating Statements of Operations and Change
in Net Assets (Deficit)
Year Ended September 30, 2024

	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	\$ 169,949,565	\$ 9,992,125	\$ (5,007,509)	\$ 174,934,181	\$ 142,293,810	\$ 25,927,741	\$ 27,406,589	\$ 20,332,636
Amortization of deferred entrance fees	5,652,320	-	-	5,652,320	5,652,320	1,232,600	4,419,720	-
Service fees - state, county and other	-	9,338,487	-	9,338,487	-	-	-	-
Federal grants and other	-	22,646,890	-	22,646,890	-	-	-	-
Net assets released from restrictions for operating purposes	390,587	1,213,965	-	1,604,552	365,610	61,679	25,158	854
Management fees	11,924,591	-	(10,906,619)	1,017,972	4,263,722	-	-	-
Other revenue	6,453,506	496,554	(5,420,350)	1,529,710	118,140	653,600	765,750	1,585,000
Total revenue	194,370,569	43,688,021	(21,334,478)	216,724,112	152,693,602	27,875,620	32,617,217	21,918,490
Expenses								
Salaries and wages	85,393,519	16,991,405	-	102,384,924	73,028,488	12,188,867	10,890,343	8,918,639
Employee benefits	14,545,175	3,115,839	-	17,661,014	12,260,112	2,201,422	1,761,322	1,461,056
Supplies and other	65,945,540	23,497,906	(21,334,478)	68,108,968	41,045,971	9,018,868	9,612,693	8,228,167
Medicaid bed provider assessment	4,808,731	126,535	-	4,935,266	3,387,034	-	-	-
Marketing expense	753,130	56,466	-	809,596	731,563	266,231	261,107	8,639
Depreciation and amortization	10,297,365	162,682	-	10,460,047	9,412,156	2,595,494	3,030,888	1,085,868
Interest expense	5,804,280	27,254	-	5,831,534	5,786,032	171,522	3,633,635	1,009,594
Total operating costs and expenses	187,547,740	43,978,087	(21,334,478)	210,191,349	145,651,356	26,442,404	29,189,988	20,711,963
Operating Income (Loss)	6,822,829	(290,066)	-	6,532,763	7,042,246	1,433,216	3,427,229	1,206,527
Nonoperating Gains (Losses)								
Investment income	6,869,368	-	-	6,869,368	5,694,188	665,230	95,018	310,632
Net unrealized gains on investments	13,777,604	-	-	13,777,604	11,550,027	3,597,647	254,505	1,612,282
Net gain (loss) on disposal of property and equipment	(139,543)	43,649	-	(95,894)	(137,833)	(39,259)	-	(24,027)
Contributions	351,222	756,696	-	1,107,918	350,519	19,735	25,800	3,336
Total nonoperating gains (losses)	20,858,651	800,345	-	21,658,996	17,456,901	4,243,353	375,323	1,902,223
Excess (Deficit) of Revenues Over Expenses	27,681,480	510,279	-	28,191,759	24,499,147	5,676,569	3,802,552	3,108,750

* 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 2012A, Series 2017 and Series 2020). The Obligated Group is comprised of the LSA Organizations exclusive of Trinity at Home Salisbury, LSA Therapy, Trinity Guardian, Glenflora, Aston Park, and DHS.

** 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 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 Change
in Net Assets (Deficit)
Year Ended September 30, 2024

(Continued)

	Total LSA	Total LFS	Eliminations	Total	Obligated Group*	Total Trinity Oaks**	Total Trinity Landing***	Total Trinity Elms ****
Excess (Deficit) of Revenue Over Expenses	\$ 27,681,480	\$ 510,279	\$ -	\$ 28,191,759	\$ 24,499,147	\$ 5,676,569	\$ 3,802,552	\$ 3,108,750
Other changes net assets without donor restrictions						-	-	-
Net assets released from restrictions for capital	1,470,232	-	-	1,470,232	1,470,232	1,470,232	-	-
Change in net assets without donor restrictions	29,151,712	510,279	-	29,661,991	25,969,379	7,146,801	3,802,552	3,108,750
Changes in Net Assets with Donor Restrictions								
Contributions and grants	1,602,679	623,005	-	2,225,684	1,344,347	162,587	24,239	5,300
Investment income	924,637	10,230	-	934,867	924,331	-	-	-
Net unrealized gains (losses) on investments	1,121,518	75,845	-	1,197,363	1,121,518	-	-	-
Net assets released from restrictions	(1,860,819)	(1,213,965)	-	(3,074,784)	(1,835,842)	(1,531,911)	(25,158)	(854)
Change in net assets with donor restrictions:	1,788,015	(504,885)	-	1,283,130	1,554,354	(1,369,324)	(919)	4,446
Change in Net Assets	30,939,727	5,394	-	30,945,121	27,523,733	5,777,477	3,801,633	3,113,196
Net Assets at Beginning of Year	159,395,599	6,743,526	-	166,139,125	129,176,334	35,787,266	(6,825,902)	14,234,191
Net Assets at End of Year	<u>\$ 190,335,326</u>	<u>\$ 6,748,920</u>	<u>\$ -</u>	<u>\$ 197,084,246</u>	<u>\$ 156,700,067</u>	<u>\$ 41,564,743</u>	<u>\$ (3,024,269)</u>	<u>\$ 17,347,387</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 2012A, Series 2020, and Series 2021A). The Obligated Group is comprised of the LSA Organizations exclusive of Trinity at Home Salisbury, LSA Therapy, Trinity Guardian, Glenflora, Aston Park, and DHS.

** 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 IL Clemmons, and Trinity Elms AL Clemmons

Exhibit C

Five Year Projection

Statements

**LUTHERAN HOME – WILMINGTON, INC.
LUTHERAN HOME WILMINGTON PROPERTY, INC.
LUTHERAN RETIREMENT CENTER – WILMINGTON, INC.**

**PROJECTED COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' COMPILATION REPORT
FOR THE YEARS ENDING SEPTEMBER 30, 2025 THROUGH
SEPTEMBER 30, 2029**



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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

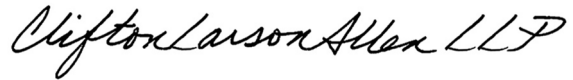
Management is responsible for the accompanying projected financial statements of Lutheran Home – Wilmington, Inc., Lutheran Home Wilmington Property, Inc., and Lutheran Retirement Center – Wilmington, Inc. (“Trinity Landing”), collectively referred to as the “Community”, which comprise the projected combined balance sheets as of September 30, 2025, 2026, 2027, 2028 and 2029, and the related projected combined statements of operations and changes in net assets, and cash flows for the years then ending, and the related summaries of significant projection assumptions and accounting policies in accordance with the guidelines for presentation of a financial projection 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 projected 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 projected combined financial statements or the assumptions. Furthermore, even if the hypothetical assumptions as noted in Management’s Summary of Significant Projection Assumptions and Accounting Policies on page 6 (the “Hypothetical Assumptions”) occur as projected, the projected results may not be achieved, as there will usually be differences between the projected 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 projection. 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 projection 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 64 and is included in the Community’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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Charlotte, North Carolina
February 7, 2025

LUTHERAN HOME – WILMINGTON, INC.
LUTHERAN HOME WILMINGTON PROPERTY, INC.
LUTHERAN RETIREMENT CENTER – WILMINGTON, INC.
PROJECTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
FOR YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2025	2026	2027	2028	2029
Operating Revenue					
Resident Service Revenues:					
Monthly Fee Revenues	\$ 13,511	\$ 13,844	\$ 14,261	\$ 14,688	\$ 15,129
Health Care Revenues - Assisted Living and Nursing	14,160	14,554	14,949	15,351	15,760
Amortization of Deferred Entrance Fees	3,756	3,673	3,625	3,573	3,551
Other Operating Revenue	242	249	257	265	273
Total Operating Revenue	31,669	32,320	33,092	33,877	34,713
Expenses					
Health Care	7,545	7,771	8,005	8,245	8,492
Operations:					
Maintenance	608	626	645	664	684
Utilities	566	583	600	618	637
Laundry	126	130	133	137	142
Housekeeping	1,383	1,425	1,468	1,512	1,557
Groundskeeping	314	324	334	344	354
Security	210	216	222	229	236
Dietary	4,129	4,252	4,380	4,512	4,647
Activities, Transportation, and Ministry	880	907	934	962	991
Administrative	5,198	5,353	5,514	5,680	5,850
Management Fees	1,315	1,349	1,387	1,427	1,468
Depreciation	3,370	3,472	3,554	3,646	3,751
Interest Expense and Amortization	3,623	3,586	3,545	3,505	3,463
Total Operating Costs and Expenses	29,267	29,994	30,721	31,481	32,272
Operating Income	2,402	2,326	2,371	2,396	2,441
Non-Operating Gains:					
Investment Income	168	248	425	620	829
Contributions	22	23	23	24	25
Total Non-Operating Income	190	271	448	644	854
Excess of Revenues over Expenses	2,592	2,597	2,819	3,040	3,295
Changes in Net Assets	2,592	2,597	2,819	3,040	3,295
Net Assets (Deficit) at Beginning of Year	(3,024)	(432)	2,165	4,984	8,024
Net Assets (Deficit) at End of Year	\$ (432)	\$ 2,165	\$ 4,984	\$ 8,024	\$ 11,319

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

LUTHERAN HOME – WILMINGTON, INC.
LUTHERAN HOME WILMINGTON PROPERTY, INC.
LUTHERAN RETIREMENT CENTER – WILMINGTON, INC.
PROJECTED COMBINED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
FOR YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2025	2026	2027	2028	2029
Cash Flows from Operating Activities:					
Changes in Net Assets	\$ 2,592	\$ 2,597	\$ 2,819	\$ 3,040	\$ 3,295
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation	3,370	3,472	3,554	3,646	3,751
Amortization of Debt Issuance Costs	43	43	43	43	43
Amortization of Bond Premium	(215)	(215)	(215)	(215)	(215)
Amortization of Deferred Entrance Fees	(3,756)	(3,673)	(3,625)	(3,573)	(3,551)
Receipt of Non-Refundable Entrance Fees - Unit Turnover	4,867	5,475	5,779	6,083	6,083
Changes in Assets and Liabilities:					
Accounts Receivable, Residents and Clients	6	(60)	(90)	(60)	(60)
Other Current Assets	(206)	(28)	(42)	(28)	(28)
Employee Retention Credit	653	-	-	-	-
Accounts Payable and Other Accrued Liabilities	(38)	30	30	30	52
Accrued Interest Payable	50	(3)	(3)	(3)	(3)
Net Cash Provided by Operating Activities	7,366	7,638	8,250	8,963	9,367
Cash Flows from Investment Activities:					
Routine Purchases of Property and Equipment	(642)	(756)	(871)	(986)	(1,101)
Change in Investments, Net	(3,397)	(4,227)	(4,554)	(5,150)	(5,252)
Change in Assets Limited as to Use	(98)	(87)	(90)	(94)	(101)
Net Cash Used in Investment Activities	(4,137)	(5,070)	(5,515)	(6,230)	(6,454)
Cash Flows from Financing Activities:					
Allocated Payments of Long-Term Debt	(650)	(682)	(716)	(750)	(789)
Refunds of Refundable Fees	(1,621)	(1,586)	(1,719)	(1,683)	(1,824)
Net Cash Used by Financing Activities	(2,271)	(2,268)	(2,435)	(2,433)	(2,613)
Change in Cash, Cash Equivalents and Restricted Cash	958	300	300	300	300
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	8,242	9,200	9,500	9,800	10,100
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 9,200	\$ 9,500	\$ 9,800	\$ 10,100	\$ 10,400
Supplemental Disclosure of Cash Flow Information:					
Cash Paid During the Year for Interest	\$ 3,798	\$ 3,761	\$ 3,720	\$ 3,680	\$ 3,638

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

**LUTHERAN HOME – WILMINGTON, INC.
LUTHERAN HOME WILMINGTON PROPERTY, INC.
LUTHERAN RETIREMENT CENTER – WILMINGTON, INC.
PROJECTED COMBINED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
AT SEPTEMBER 30,
(In Thousands of Dollars)**

	2025	2026	2027	2028	2029
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 9,150	\$ 9,450	\$ 9,750	\$ 10,050	\$ 10,350
Investments	3,516	7,743	12,297	17,447	22,699
Current Portion of Assets Limited as to Use	448	465	482	501	523
Accounts Receivable, Residents, and Clients, Net of Current Expected Credit Loss	2,280	2,340	2,430	2,490	2,550
Other Receivable	117	117	117	117	117
Inventories	152	156	162	166	170
Prepaid Expenses	912	936	972	996	1,020
Residents' Funds	50	50	50	50	50
Total Current Assets	16,625	21,257	26,260	31,817	37,479
Assets Limited as to Use:					
Operating Reserve Requirement	3,287	3,357	3,430	3,505	3,584
Bond Funds	448	465	482	501	523
Total Assets Limited as to Use	3,735	3,822	3,912	4,006	4,107
Less: Current Portion	(448)	(465)	(482)	(501)	(523)
Total Assets Limited as to Use	3,287	3,357	3,430	3,505	3,584
Receivable from Affiliate	10,185	10,185	10,185	10,185	10,185
Property and Equipment, Net	121,836	119,120	116,437	113,777	111,127
Total Assets	\$ 151,933	\$ 153,919	\$ 156,312	\$ 159,284	\$ 162,375
LIABILITIES AND NET ASSETS					
Current Liabilities					
Current Maturities of Long-Term Debt	\$ 682	\$ 716	\$ 750	\$ 789	\$ 831
Accounts Payable, Trade	245	253	261	269	277
Accrued Salaries and Payroll Taxes	630	648	666	684	720
Accrued Health Benefits	140	144	148	152	160
Accrued Interest Payable	50	47	44	41	38
Refundable Fees - Current	1,621	1,586	1,719	1,683	1,824
Residents' Funds Liability	50	50	50	50	50
Total Current Liabilities	3,418	3,444	3,638	3,668	3,900
Long-Term Liabilities:					
Long-Term Debt, Less Current Maturities	86,839	86,123	85,373	84,584	83,753
Unamortized Issuance Costs	(944)	(901)	(858)	(815)	(772)
Unamortized Bond Premium	4,728	4,513	4,298	4,083	3,868
Refundable Fees	14,996	13,445	11,593	9,946	7,981
Deferred Revenue from Advance Fees	43,328	45,130	47,284	49,794	52,326
Total Long-Term Liabilities	148,947	148,310	147,690	147,592	147,156
Total Liabilities	152,365	151,754	151,328	151,260	151,056
Net Assets:					
Net Assets (Deficit) Without Donor Restriction					
Unrestricted, Undesignated	(460)	2,137	4,956	7,996	11,291
Total Net Assets (Deficit) Without Donor Restriction	(460)	2,137	4,956	7,996	11,291
Net Assets With Donor Restriction	28	28	28	28	28
Total Net Assets (Deficit)	(432)	2,165	4,984	8,024	11,319
Total Liabilities and Net Assets	\$ 151,933	\$ 153,919	\$ 156,312	\$ 159,284	\$ 162,375

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

Summary of Significant Projection Assumptions and Accounting Policies

INTRODUCTION

Basis of Presentation

The financial projection 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", expected combined balance sheets, combined statements of operations and changes in net assets, and combined cash flows as of September 30, 2025, 2026, 2027, 2028 and 2029 and for each of the years then ending (the "Projection Period").

Accordingly, the projection reflects Management's judgment as of February 7, 2025 the date of this projection, of the expected conditions and its expected course of action during the Projection Period. The financial projection is based on Management's assumptions concerning future events and circumstances. The assumptions disclosed herein are those that Management believes are significant to the Projection or are key factors upon which the financial results of the Community depends.

Hypothetical Assumptions – A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that may not occur as expected, but is consistent with the purpose of presentation.

Management has prepared its financial projection with the following hypothetical assumptions (the "Hypothetical Assumptions"):

- Management is able to achieve the operating revenue inflationary rate increases and operating expense inflationary increases as projected; and
- Management has projected the collection of the Employee Retention Credit in 2025.

The accompanying projection 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 64 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 projection results may not be achieved as there will usually be differences between the projected 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 projection to reflect changes in present circumstances or the occurrence of unanticipated events.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND INFORMATION

Background

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 pharmacy, a home care agency and a foundation. 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.

The Obligated Group consists of the following:

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND INFORMATION

Table 1
LSA Obligated Group

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) ⁽⁸⁾	Lutheran Home Hickory Property, Inc.	Hickory, NC	-	90	104	194
<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. ⁽⁷⁾	-	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.		Salisbury, NC	-	-	-	-
Trinity Team Services		Salisbury, NC	-	-	-	-
Dallas School Apartments, Inc.		Dallas, NC	33	-	-	33
Total			552	334	904	1,790

Source: Management

Summary of Significant Projection 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. and Lutheran Retirement – Hickory West, Inc. currently have no operations.
- (8) Management has projected Lutheran Home – Hickory, Inc. (Trinity Village) to operate as a North Carolina licensed “continuing care retirement community” after the Project, as defined herein, is completed.

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. 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 Projection 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 14). 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 Projection 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 Projection 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 projected 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 projected combined statements of cash flows. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the projected combined balance sheets that sum to the total amounts shown in the projected combined statements of cash flows for the periods ending September 30, 2025, 2026, 2027, 2028 and 2029.

	As of September 30,				
	2025	2026	2027	2028	2029
Cash and Cash Equivalents	\$ 9,150	\$ 9,450	\$ 9,750	\$10,050	\$10,350
Residents' Funds	50	50	50	50	50
Total Cash, Cash Equivalents and Restricted Cash Shown in Projected Combined Statements of Cash Flows	\$ 9,200	\$ 9,500	\$ 9,800	\$10,100	\$10,400

Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the projected 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 projected combined statement of operations and changes in net assets. Management has not projected unrealized gains or losses during the Projection 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 Projection 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 Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

Assets limited as to use are projected 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 projected to be used within the next fiscal year have been classified as current assets on the projected 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 projected the allocation of the debt issuance costs associated with the Series 2021 Bonds through due from affiliate accounts. Management has projected the amortization to be included as a component of interest expense on the projected 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 projected the allocation of the original issuance premium associated with the Series 2021 Bonds through due from affiliate accounts. Management has projected the amortization to be included as a component of interest expense on the projected 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 projected to be stated at cost if purchased or at fair market value at the date of donation. Maintenance and repairs are projected to be charged to expense as incurred and renewals and betterments are projected 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 Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensation Absences

Compensated absences are projected 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 Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess of Revenue over Expenses

The projected 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 projected 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 projected combined statements of operations and changes in net assets. Management has not projected any impairment of its long-lived assets.

Use of Estimates

The preparation of projected 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 projected combined financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 projected 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 Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION 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.

Projected Occupancy Levels

Management has assumed the following projected occupancy levels at the Community throughout the Projection Period.

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

Location	Facility Name	2025	2026	2027	2028	2029
Wilmington	Trinity Landing	95%	95%	95%	95%	95%

Source: Management

Management has projected 60 percent throughout the Projection Period for second person occupancy percentage.

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

Location	Facility Name	2025	2026	2027	2028	2029
Wilmington	Trinity Grove	95%	95%	95%	95%	95%

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

Projected Entrance Fees, Monthly Fees and Daily Fees Increases

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

Table 4
The Community Projected Rate Increases
For the Years Ending September 30,

	2025	2026	2027	2028	2029
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 2025 dollars. Inflation begins in following year.

(2) Rates on Table 7 are in 2025 dollars. Inflation begins in following year.

Nursing Fees

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

Table 5
Projected Nursing Daily Rates
For the Years Ending September 30,

Facility Name	2025	2026	2027	2028	2029
Payer Mix					
Trinity Grove					
Private Pay - Private Room	\$ 322	\$ 332	\$ 342	\$ 352	\$ 362
Private Pay - Semi Private	\$ 311	\$ 320	\$ 330	\$ 340	\$ 350
Insurance	\$ 567	\$ 584	\$ 602	\$ 620	\$ 638
Medicare	\$ 587	\$ 605	\$ 623	\$ 641	\$ 661
Medicaid	\$ 312	\$ 318	\$ 325	\$ 331	\$ 338
Hospice	\$ 310	\$ 316	\$ 322	\$ 329	\$ 335

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

Nursing Payor Mix

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

Table 6					
Trinity Grove – Projected Nursing Payor Mix By Resident Type					
For the Years Ending September 30,					
Payer Mix	2025	2026	2027	2028	2029
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

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:

Summary of Significant Projection Assumptions and Accounting Policies
MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

Table 7
Trinity Landing Retirement
Independent Living 2025 Entrance Fees and Monthly Service Fee

					Entrance Fees (2025)			
				Monthly				
		No. of	Square	Service Fee				
Unit Name	Unit Type	Units	Feet	(2025)	Limited Refund	50% Refund	90% Refund	
Apartments:								
Pamlico	1 BR	22	870	\$ 3,549	\$161,127 - \$172,589	\$233,645 - \$250,287	\$290,073 - \$310,682	
Pamlico II	1 BR	1	1,000	\$ 4,069	\$197,386	\$286,215	\$355,317	
Ocracoke	1 BR/Den	25	1,070	\$ 4,277	\$212,154 - \$227,253	\$307,596 - \$329,528	\$381,878 - \$409,100	
Ocracoke II	1 BR/Den	2	1,115	\$ 4,561	\$230,890 - \$235,519	\$334,818 - \$341,541	\$415,602 - \$423,978	
Ocracoke III	1 BR/Den	2	1,150	\$ 4,642	\$239,707 - \$242,021	\$347,602 - \$350,909	\$431,472 - \$435,660	
Currituck	2 BR	21	1,310	\$ 4,911	\$267,810 - \$278,501	\$388,380 - \$403,809	\$482,059 - \$501,345	
Currituck II	2 BR	1	1,305	\$ 4,889	\$266,598	\$386,617	\$479,854	
Roanoke	2 BR Deluxe	3	1,390	\$ 5,096	\$286,105 - \$288,860	\$414,830 - \$418,798	\$515,011 - \$519,971	
Roanoke II	2 BR Deluxe	15	1,410	\$ 5,159	\$286,656 - \$292,387	\$415,602 - \$423,978	\$516,003 - \$526,253	
Roanoke III	2 BR Deluxe	2	1,435	\$ 5,257	\$295,032 - \$299,661	\$427,835 - \$434,558	\$531,102 - \$539,368	
Roanoke IV	2 BR Deluxe	2	1,470	\$ 5,321	\$306,935 - \$309,911	\$445,028 - \$449,326	\$552,483 - \$557,883	
Manteo	2 BR / Den	16	1,505	\$ 5,412	\$320,601 - \$333,275	\$464,866 - \$483,271	\$577,060 - \$599,873	
Manteo II	2 BR / Den	1	1,505	\$ 5,537	\$348,484	\$505,313	\$627,315	
Beaufort	2 BR / Den Deluxe	9	1,640	\$ 5,662	\$345,839 - \$349,366	\$501,456 - \$506,635	\$622,466 - \$628,858	
Beaufort II	2 BR / Den Deluxe	2	1,660	\$ 5,776	\$352,782 - \$356,309	\$511,485 - \$516,664	\$635,030 - \$641,312	
Total / Weighted Average		124	1,250	\$ 4,709	\$ 255,964	\$ 371,153	\$ 460,744	
Second Person				\$ 1,087	\$ 12,045	\$ 17,466	\$ 21,682	

					Entrance Fees (2025)		
		No. of	Square	Monthly			
Unit Type		Units	Feet	Service Fee (2025)	Limited Refund	50% Refund	90% Refund
Villas:							
Sealevel	1 BR/Den	2	1,165	\$ 4,571	\$271,668 - \$274,313	\$393,891 - \$397,748	\$489,002 - \$493,741
Rodanthe	2 BR	16	1,260	\$ 4,887	\$290,073 - \$304,620	\$420,561 - \$441,722	\$522,175 - \$548,295
Nags Head	2 BR Deluxe	10	1,450	\$ 5,398	\$332,724 - \$342,643	\$482,499 - \$496,827	\$598,881 - \$616,735
Hatteras	2 BR / Den	6	1,550	\$ 5,668	\$372,730 - \$387,278	\$540,470 - \$561,520	\$670,958 - \$697,078
Kitty Hawk	2 BR / Den	24	1,590	\$ 5,677	\$383,200 - \$398,299	\$555,679 - \$577,500	\$689,804 - \$716,916
Southport	2 BR / Den Deluxe	20	1,675	\$ 5,769	\$409,540 - \$425,411	\$593,811 - \$616,845	\$737,195 - \$765,739
Bald Head	2 BR Sunrise / Den	6	1,765	\$ 6,191	\$455,167 - \$463,874	\$660,048 - \$672,612	\$819,301 - \$834,951
Total / Weighted Average		84	1,530	\$ 5,525	\$ 374,346	\$ 542,800	\$ 673,827
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 operations of Trinity Landing. The following table reflects entrance fees received and refunds paid during the projected period for Trinity Landing, as projected by Management.

Summary of Significant Projection Assumptions and Accounting Policies
MANAGEMENT'S BASIS FOR PROJECTION OF REVENUE (CONTINUED)

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

	2025	2026	2027	2028	2029
Entrance Fee Receipts from Unit Turnover	\$ 4,867	\$ 5,475	\$ 5,779	\$ 6,083	\$ 6,083
Entrance Fee Refunded from Unit Turnover	(1,621)	(1,586)	(1,719)	(1,683)	(1,824)
Entrance Fees Received, Net of Refunds	\$ 3,246	\$ 3,889	\$ 4,060	\$ 4,400	\$ 4,259

Source: Management

Management has projected 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 Projection Period for funds invested by the Community.

Table 9
Projected Investment Earning Rates
For the Years Ending September 30,

	2025	2026	2027	2028	2029
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 project any unrealized gains/losses from the valuation of investments during the Projection Period.

Amortization of Deferred Entrance Fees

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES

Operating Expenses

Operating expenses have been projected to be recognized during the month incurred. Management has projected 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 projected to increase approximately 3.0 percent in 2026 and annually, thereafter, throughout the Projection 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 projected to increase at a rate of 3.0 percent in 2026 and annually, thereafter, for inflation throughout the Projection 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 projected by department based on the historical experience of the Community. Management has projected that benefits would approximate 15.8 percent of wages and salaries during the Projection Period. Management assumes that these costs would increase at approximately 3.0 percent in 2026 and annually, thereafter, for inflation throughout the Projection Period.

Healthcare

Healthcare costs have been estimated based upon the historical costs of the Community, Management's estimates, and industry experience. Management assumes that these costs will increase 3.0 percent in 2026 and annually, thereafter, for inflation throughout the Projection Period.

Maintenance / Groundskeeping / Security

Non-salary related costs in these departments include Management's estimate of the costs for service contracts, repairs, general maintenance, and operating supplies which Management assumes are primarily fixed in nature. Management assumes that these costs would increase 3.0 percent in 2026 and annually, thereafter, for inflation throughout the Projection Period.

Utilities

Utilities costs' have been estimated based upon Management's estimates and industry experience. Management assumes that these costs would increase 3.0 percent in 2026 and annually, thereafter, for inflation throughout the Projection Period.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES (CONTINUED)

Housekeeping / Laundry

Non-salary costs of housekeeping and laundry services include Management's estimate of the costs for contract services, supplies, and other miscellaneous costs associated with providing housekeeping and laundry services to residents. Management assumes that these costs would increase 3.0 percent in 2026 and annually, thereafter, for inflation throughout the Projection Period.

Dietary

Non-salary related costs of the dining services department include Management's estimate of the costs for raw food, contracted services, dietary supplies, equipment, linens and other such costs. Management assumes that these costs would increase 3.0 percent in 2026 and annually, thereafter, for inflation throughout the Projection Period.

Activities, Transportation, Concessions, and Ministry

Activity, transportation, concessions, and ministry costs have been estimated based upon Management's estimates and industry experience. Management assumes that these costs would increase 3.0 percent in 2026 and annually, thereafter, for inflation throughout the Projection Period.

Administrative

Non-salary related costs of administration are projected to include Management's estimate of costs for professional fees, insurance, supplies, equipment rentals, and other miscellaneous costs. Non-salary related costs of marketing and sales are projected to include Management's estimates 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 2026 and annually, thereafter, for inflation throughout the Projection Period.

Management Fee

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 projected 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 projected combined statements of operations and changes in net assets.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION 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 projected that LSA Management, Inc. will be paid a management fee equal to 4.75% of gross revenue of Trinity Landing in 2025, net of contractual adjustments. The expense is shown as an operating expense on the projected combined statements of operations and changes in net assets.

Depreciation

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

Interest Expense and Amortization

Interest expense is projected 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 Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalent balances for the Projection Period are based on the results of the projected combined statements of cash flows.

Accounts Receivable, Residents, Net of Current Expected Credit Losses

Accounts receivable, net of current expected credit losses, are projected by Management to approximate 30 days of operating resident revenues during the Projection Period.

Other Receivables

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

Inventories

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

Prepaid Expenses

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

Residents' Funds

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

Accounts Payable, Trade

Accounts payable, trade, have been projected by Management to approximate 4 days of operating expenses, net of salaries, benefits, depreciation, amortization, and interest expense, for each year of the Projection Period.

Accrued Salaries and Payroll Taxes

Accrued salaries and payroll taxes have been projected by Management to approximate 18 days of salaries and benefits expense for each year of the Projection Period

Accrued Health Benefits

Accrued Health Benefits have been projected by Management to approximate 4 days of salaries and benefits expense.

Residents' Funds Liability

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION 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, 2024, the Community has a receivable of approximately \$653,000 recorded on the combined balance sheet. Management projected the collection of the receivable during the year ending September 30, 2025.

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.

Operating Reserve Requirement – In North Carolina, continuing care retirement communities are required to establish an operating reserve equal to 50 percent of operating expenses if the community's average occupancy is below 90 percent, and 25 percent if the occupancy is in excess of 90 percent. The statutory operating reserve is based on operating expenses (excluding depreciation and amortization), and Trinity Landing can exclude interest and principal payments if a separate debt service reserve fund has been established. The statutory operating reserve can be accessed for operating needs, but permission must be granted by the North Carolina Department of Insurance.

Management has projected the statutory operating reserve as follows:

Summary of Significant Projection Assumptions and Accounting Policies

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

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

	2025	2026	2027	2028	2029
Projected Total Operating Expenses	\$ 29,267	\$ 29,994	\$ 30,721	\$ 31,481	\$ 32,272
Less:					
Depreciation	(3,370)	(3,472)	(3,554)	(3,646)	(3,751)
Interest Expense and Amortization	(3,623)	(3,586)	(3,545)	(3,505)	(3,463)
Projected Operating Expenses of Lutheran Home Wilmington, Inc. and Lutheran Home Wilmington Property Inc. ⁽¹⁾	(12,631)	(13,008)	(13,398)	(13,797)	(14,208)
Adjusted Operating Expenses	\$ 9,643	\$ 9,928	\$ 10,224	\$ 10,533	\$ 10,850
Include:					
Principal Payment--Trinity Landing ⁽²⁾	197	206	216	225	241
Interest Payment--Trinity Landing ⁽²⁾	3,307	3,293	3,278	3,263	3,245
Total Operating Costs	\$ 13,147	\$ 13,427	\$ 13,718	\$ 14,021	\$ 14,336
Operating Reserve Percentage (3)	25%	25%	25%	25%	25%
Operating Reserve - Trinity Landing	\$ 3,287	\$ 3,357	\$ 3,430	\$ 3,505	\$ 3,584

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. occupancies as of September 30,

Total Independent Living Available Units	208	208	208	208	208
Total Independent Living 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. Projected changes in investments are a result of the projected combined statements of cash flows, less amounts that are included in cash and cash equivalents.

Property and Equipment

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

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

Summary of Significant Projection Assumptions and Accounting Policies
MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

Table 11
Projected Property and Equipment as of September 30,
(In Thousands of Dollars)

	2025	2026	2027	2028	2029
Land	\$ 5,930	\$ 5,930	\$ 5,930	\$ 5,930	\$ 5,930
Building and Building Improvements	128,511	129,040	129,650	130,340	131,111
Furnishing and Equipment	2,860	3,087	3,348	3,644	3,974
	137,395	138,151	139,022	140,008	141,109
Less: Accumulated Depreciation	(15,559)	(19,031)	(22,585)	(26,231)	(29,982)
Net Property and Equipment	\$ 121,836	\$ 119,120	\$ 116,437	\$ 113,777	\$ 111,127

Source: Management

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

Table 12
Projected Property and Equipment Additions
For the Years Ending September 30,
(In Thousands of Dollars)

	2025	2026	2027	2028	2029
Routine Purchases of Capital Expenditures	\$ 642	\$ 756	\$ 871	\$ 986	\$ 1,101
Total	\$ 642	\$ 756	\$ 871	\$ 986	\$ 1,101

Source: Management

Long-Term Debt and Interest Expense

The Obligated Group has a number of existing outstanding debt agreements which the Community is subject to. Management has indicated that the long-term debt of the Obligated Group consisted of the following at October 1, 2024:

- \$105,750,000 (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 ("Commission") under the Master Trust Indenture and other related agreements.

The Series 2021A Bonds was 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 2021A 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 \$33,300,000 Series 2021C Bonds closed on December 1, 2021 (fiscal year 2022). The Series 2021C Bonds refunded the Series 2012A Bonds. The Series 2021C Bonds consist of the following at October 1, 2024:

See Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

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

- \$10,135,000 of tax-exempt fixed-rate serial bonds issued with a fixed coupon ranging from 4.00% to 5.00% with principal payments from March 1, 2023 through 2031. Interest is payable March 1 and September 1 of each year beginning on March 1, 2022, with principal payments beginning March 1, 2023.
- \$9,280,000 of tax-exempt fixed-rate term bonds issued with a fixed coupon of 4.00%, maturing March 1, 2036, subject to annual sinking fund redemptions from March 1, 2032 through March 1, 2036. Interest is payable March 1 and September 1 of each year beginning on March 1, 2022, with principal payments beginning March 1, 2032.
- \$13,885,000 of tax-exempt fixed-rate term bonds issued with a fixed coupon of 4.00%, maturing March 1, 2042, subject to annual sinking fund redemptions from March 1, 2037 through March 1, 2042. Interest is payable March 1 and September 1 of each year beginning on March 1, 2022, with principal payments beginning March 1, 2037.

The Series 2021A Bonds and Series 2021C Bonds are collectively referred to as the "Series 2021 Bonds".

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 projected 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 projected combined statements of operations and changes in net assets.

Regarding the Series 2021 Bonds, Management has allocated the principal during the Projection 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%
	100.0%	100.0%

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, 2023 was 7.04% which is the rate used throughout the Projection Period. Interest on the outstanding principal is due monthly beginning in January 1, 2022. Principal payments began on 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, 2024 was approximately \$8,648,000.

The following table summarizes the existing and proposed debt obligations:

Summary of Significant Projection Assumptions and Accounting Policies
MANAGEMENT'S BASIS FOR PROJECTION OF OTHER ITEMS (CONTINUED)

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

Year	Series 2021A Bonds	Series 2021C Bonds	Bank Loan	Total
2025	\$ 5	\$ 450	\$ 195	\$ 650
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
2031	6	592	275	873
2032	6	616	294	916
2033	6	641	318	965
2034	7	668	341	1,016
Thereafter	67,307	6,587	6,089	79,983
Total	\$ 67,363	\$ 12,160	\$ 8,648	\$ 88,171

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 Projection Assumptions and Accounting Policies
MANAGEMENT'S BASIS FOR PROJECTION 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

Note:

- (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 Projection Period. There is no formal payback or receipt agreement and, as such, payments or receipts could be materially different than projected.

See Independent Accountants' Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

SUPPLEMENTAL SCHEDULE OF DETAIL OPERATING EXPENSES BY ENTITY

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

For the fiscal year ending September 30, 2025					
	LRC - Wilmington	Lutheran Home Wilmington Property	Trinity Grove Wilmington	Eliminations	Combined Total Operating Expenses
Expenses					
Health Care	\$ -	\$ -	\$ 7,545	\$ -	\$ 7,545
Operations:					
Maintenance	441	-	167	-	608
Utilities	306	-	260	-	566
Laundry	-	-	126	-	126
Housekeeping	999	-	384	-	1,383
Groundskeeping	270	-	44	-	314
Security	207	-	3	-	210
Dietary	2,970	-	1,159	-	4,129
Activities, Transportation, and Ministry	585	-	295	-	880
Administrative	3,223	53	2,672	(750)	5,198
Management Fees	642	-	673	-	1,315
Subtotal	9,643	53	13,328	(750)	22,274
Depreciation					3,370
Interest Expense and Amortization					3,623
Total Operating Costs and Expenses					\$ 29,267

For the fiscal year ending September 30, 2026					
	LRC - Wilmington	Lutheran Home Wilmington Property	Trinity Grove Wilmington	Eliminations	Combined Total Operating Expenses
Expenses					
Health Care	\$ -	\$ -	\$ 7,771	\$ -	\$ 7,771
Operations:					
Maintenance	454	-	172	-	626
Utilities	315	-	268	-	583
Laundry	-	-	130	-	130
Housekeeping	1,029	-	396	-	1,425
Groundskeeping	278	-	46	-	324
Security	213	-	3	-	216
Dietary	3,059	-	1,193	-	4,252
Activities, Transportation, and Ministry	602	-	305	-	907
Administrative	3,320	55	2,751	(773)	5,353
Management Fees	658	-	691	-	1,349
Subtotal	9,928	55	13,726	(773)	22,936
Depreciation					3,472
Interest Expense and Amortization					3,586
Total Operating Costs and Expenses					\$ 29,994

Summary of Significant Projection Assumptions and Accounting Policies

SUPPLEMENTAL SCHEDULE OF DETAIL OPERATING EXPENSES BY ENTITY (CONTINUED)

For the fiscal year ending September 30, 2027					
	LRC - Wilmington	Lutheran Home Wilmington Property	Trinity Grove Wilmington	Eliminations	Combined Total Operating Expenses
Expenses					
Health Care	\$ -	\$ -	\$ 8,005	\$ -	\$ 8,005
Operations:					
Maintenance	468	-	177	-	645
Utilities	325	-	275	-	600
Laundry	-	-	133	-	133
Housekeeping	1,060	-	408	-	1,468
Groundskeeping	286	-	48	-	334
Security	220	-	2	-	222
Dietary	3,151	-	1,229	-	4,380
Activities, Transportation, and Ministry	621	-	313	-	934
Administrative	3,416	57	2,837	(796)	5,514
Management Fees	677	-	710	-	1,387
Subtotal	10,224	57	14,137	(796)	23,622
Depreciation					3,554
Interest Expense and Amortization					3,545
Total Operating Costs and Expenses					\$ 30,721

For the fiscal year ending September 30, 2028					
	LRC - Wilmington	Lutheran Home Wilmington Property	Trinity Grove Wilmington	Eliminations	Combined Total Operating Expenses
Expenses					
Health Care	\$ -	\$ -	\$ 8,245	\$ -	\$ 8,245
Operations:					
Maintenance	482	-	182	-	664
Utilities	334	-	284	-	618
Laundry	-	-	137	-	137
Housekeeping	1,092	-	420	-	1,512
Groundskeeping	295	-	49	-	344
Security	226	-	3	-	229
Dietary	3,245	-	1,267	-	4,512
Activities, Transportation, and Ministry	639	-	323	-	962
Administrative	3,522	58	2,920	(820)	5,680
Management Fees	698	-	729	-	1,427
Subtotal	10,533	58	14,559	(820)	24,330
Depreciation					3,646
Interest Expense and Amortization					3,505
Total Operating Costs and Expenses					\$ 31,481

Summary of Significant Projection 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					
Health Care	\$ -	\$ -	\$ 8,492	\$ -	\$ 8,492
Operations:					
Maintenance	496	-	188	-	684
Utilities	344	-	293	-	637
Laundry	-	-	142	-	142
Housekeeping	1,124	-	433	-	1,557
Groundskeeping	304	-	50	-	354
Security	233	-	3	-	236
Dietary	3,343	-	1,304	-	4,647
Activities, Transportation, and Ministry	658	-	333	-	991
Administrative	3,629	60	3,006	(845)	5,850
Management Fees	719	-	749	-	1,468
Subtotal	10,850	60	14,993	(845)	25,058
Depreciation					3,751
Interest Expense and Amortization					3,463
Total Operating Costs and Expenses					\$ 32,272

See Independent Accountants' Compilation Report

Exhibit D

Residency Agreement

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 third-party 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

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Resident

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.

VIII. ACCESS TO SERVICES

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

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 (circle all that apply): Financial Legal Personal Legal Other (explain) _____

Facility Representative _____ Date

Witness: _____ Date



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 options, including the Juice Bar/Market, 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.

C. 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.

D. 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.

E. 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 the Trinity Landing. All such improvements or changes shall be the property of Trinity Landing.

F. 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.

G. 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.

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

H. 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.

I. 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.

J. 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.

K. 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.

L. 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.

P. 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 selected 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. Non-Binding Reservation Agreement. Upon execution of the Non-Binding Reservation Agreement, Resident will provide a \$100.00 Priority Deposit to Trinity Landing. If a Residency Agreement is signed, this \$100.00 will be credited towards the balance of the 10% deposit due at time of signing the Residency Agreement. If for any reason the Resident terminates the Non-Binding Reservation Agreement, Trinity Landing will provide a 100% refund of the \$100.00 Priority Deposit. The Priority Deposit reserves a Resident's place on the Waiting List to choose the desired residence. The Waiting List will be the method that Trinity Landing uses to determine the order of which Resident's select their Residence. The first selection will be given to the Resident first on the list and then continue in consecutive order.

B. 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.

M. 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 30 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.

N. 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.

E. 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).

F. 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.

G. 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.

H. 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.

I. 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.

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

K. 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. Priority Deposit. Upon execution of the Non-Binding Reservation Agreement, Resident will provide at \$100.00 Priority Deposit to Trinity Landing. If a Residency Agreement is signed, this \$100.00 will be credited towards the balance of the 10% Deposit due at time of signing the Residency Agreement. If for any reason the Resident terminates the Non-Binding Reservation Agreement, Trinity Landing will provide a 100% refund of the \$100.00 Priority Deposit. The Priority Deposit reserves a Resident's place on the Waiting List to choose the desired Independent Living Residence. The Waiting List will be the method which Trinity Landing uses to determine the order of which Resident's select their Independent Living Residence. The first selection will be given to the Resident first on the list and then continue in consecutive order. Once Trinity Landing is accepting 10% deposits, priority deposits will no longer being accepted. At this time, Trinity Landing will work with the remaining list of priority depositors to either provide a refund per the above agreement or transition the \$100.00 deposit to a 10% deposit if the Resident desires to sign a Residency Agreement.

B. 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.

C. 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.

L. 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.

M.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.

N. 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.

O. Monthly Statements. Trinity Landing will furnish the Resident with a monthly statement on or about the fifth 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 tenth (10th) day of each month. Late payments will be assessed a penalty of twenty-five dollars (\$25).

P. Inability to Pay. Resident agrees that in the event he/she shall become unable to pay the Monthly 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.

It is the declared policy of Trinity Landing to operate as a charitable, not-for-profit organization and not to terminate the residency of Resident solely by reason of financial inability of Resident to pay the total Monthly Fee 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, without Trinity Landing's prior written consent, have impaired his ability to meet financial obligations to Trinity Landing, and (iii) Resident has applied for and 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 non-stock, nonprofit North Carolina Corporation sponsored by Lutheran Services for the Aging, Inc., a not-for-profit social ministry agency serving senior adults of all faiths. It is affiliated with the North Carolina Synod of the Evangelical Lutheran Church in America, and is a 501(c)(3) tax exempt organization under the Internal Revenue Code. Lutheran Services for the Aging will be responsible for the contractual obligations of Trinity Landing. Through private contributions, Trinity Landing expects to have, from time to time, funds to assist Residents unable to meet the full cost of the monthly fees, but it cannot contract in advance for such assistance [see Section 6(e)].

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's 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.
d/b/a TRINITY LANDING
5450 Trinity Landing Way
Wilmington, N. C. 28409

(b) If to the Resident:

- (i) If before Occupancy, as follows:

- (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:



**Trinity Landing
Continuing Care Retirement Community
Disclosure of Services**

Lutheran Retirement Center-Wilmington, Inc. dba Trinity Landing is part of a Continuing Care Retirement Community licensed as Trinity Landing. Trinity Landing is comprised of three entities; Lutheran Retirement Center-Wilmington, Inc. is the entity that provides independent living services; Lutheran Home-Wilmington, Inc. is the entity that provides skilled nursing services; and Lutheran Home-Wilmington, Inc. is the entity that holds assets for Lutheran Home-Wilmington, Inc.

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

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

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

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

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

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

If a resident has a temporary stay from independent living to skilled nursing, a Resident will continue to pay the Monthly Fee for their residence at Lutheran Retirement Center-Wilmington, Inc. If a Resident has a permanent transfer from independent living to skilled nursing, the Resident will continue paying the Monthly Fee and any other applicable fees until the residence is vacated including the return of the keys to the residence.

Charges

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

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

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

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

Resident _____ Date

Resident Representative _____ Date

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

Facility Representative _____ Date

Witness: _____ Date

Exhibit E

Variance Report

Trinity Landing Campus Consolidated Balance Sheet

	Actual 2024	Forecast 2024	Difference	Explanation
Assets				
Current Assets				
Cash and cash equivalents	\$ 8,192,010	\$ 8,700,000	\$ (507,990)	Funds held in cash
Investments	119,382	2,071,000	(1,951,618)	Funds held in cash
Receivables, net of allowance	8,630,645	8,797,000	(166,355)	
Other	1,442,909	1,825,000	(382,091)	
Inventories	117,018	73,000	44,018	
Total current assets	18,501,964	21,466,000		
Assets limited as to use	3,636,714	3,641,000	(4,286)	
Net Property and Equipment	124,564,328	123,566,000	998,328	Timing of construction
Total assets	\$ 146,703,006	\$ 148,673,000		
Liabilities				
Current Liabilities				
Current portion of long-term debt	\$ 194,825	\$ 650,000	(455,175)	
Accounts payable - trade	245,620	290,000	(44,380)	
Accounts payable to affiliate	-	-	-	
Accrued salaries and payroll taxes	641,526	570,000	71,526	
Accrued employee benefits	145,914	30,000	115,914	
Accrued interest payable	-	53,000	(53,000)	
Refundable fee deposits - current	327,484	838,000	(510,516)	Fewer refunds due
Total current liabilities	1,555,369	2,431,000		
Other liabilities and credits				
Refundable fee deposits	17,978,945	15,455,000	2,523,945	Higher occupancy
Deferred revenue	-	-	-	
Deferred revenue from fee deposits	42,216,839	43,816,000	(1,599,161)	Different refund options chosen
Long-term debt	87,976,122	91,319,000	(3,342,878)	Timing/allocation of debt payments
Total other liabilities and credits	148,171,906	153,021,000		
Unrestricted	(3,052,204)	(4,373,000)		
Temporarily restricted	27,935	25,000		
Total net assets	(3,024,269)	(4,348,000)		
Total liabilities and net assets	\$ 146,703,006	\$ 148,673,000		

Explanation of Material Differences Between Projected Statements of Operations and Changes in Net Assets for the Year Ended September 30, 2024 and Year Ended September 30, 2024 Actual Results. Please note that the basic threshold for a comment on variances was >\$500,000 on the balance sheet and cash flow statement and >\$200,000 on the income statement.

The following explanation is furnished pursuant to Section 58-94-30 of the General Statutes of North Carolina. The explanation pertains to material difference between the Projected Statement of Activities and Changes in Net Assets for the Year Ended September 30, 2024 contained as part of the Disclosure Statement.

Trinity Landing Campus Consolidated Income Statement

	Actual 2024	Forecast 2024	Difference	Explanation
Revenue and other Support				
Net resident service revenue	\$ 27,406,589	\$ 25,951,000	\$ 1,455,589	Revenue categorization
Amortization of deferred entrance fees	4,419,720	3,698,000	721,720	Actual move-ins
Restricted funds released for operation	25,158	-	25,158	
Other revenue	15,750	800,000	(784,250)	Revenue categorization
Total revenue and other support	<u>\$ 31,867,217</u>	<u>\$ 30,449,000</u>	<u>\$ 1,418,217</u>	
Expenses				
Health care	7,541,590	7,399,000	142,590	
Maintenance	1,543,790	1,219,000	324,790	Outside contract services
Laundry	118,273	142,000	(23,727)	
Housekeeping	1,238,047	1,301,000	(62,953)	
Grounds	265,014	264,000	1,014	
Security	119,925	142,000	(22,075)	
Dietary	3,876,634	3,923,000	(46,366)	
Life Enrichment Services	818,868	874,000	(55,132)	
Administration	6,149,881	5,944,000	205,881	Benefit expenses
Depreciation	3,030,888	3,355,000	(324,112)	One-time true up adj
Interest expense	3,737,077	3,675,000	62,077	
Total expenses	<u>28,439,988</u>	<u>28,238,000</u>	<u>201,988</u>	
Operating income (loss)	3,427,229	2,211,000	1,216,229	
Other Income				
Investment Income	95,018	245,000	(149,982)	
Unrealized Gain (Loss)	254,505	-	254,505	Not usually forecasted
Unrestricted contributions and beques	25,800	22,000	3,800	
Total other income (loss)	<u>375,323</u>	<u>267,000</u>	<u>108,323</u>	
Excess revenues over expenses	\$ 3,802,552	\$ 2,478,000	\$ 1,324,552	
Other changes in unrestricted net assets	-	-	-	
Increase (decrease) unrestricted assets	\$ 3,802,552	\$ 2,478,000	\$ 1,324,552	
Temporary restricted				
Contributions	24,239	-	24,239	
Investment income	-	-	-	
Net assets released from restrictions	(25,158)			
Increase (decrease) temp. restricted	<u>(919)</u>	<u>-</u>	<u>24,239</u>	
Increase (decrease) net assets	3,801,633	2,478,000	1,348,791	
Net assets - beginning of year	(6,825,902)	(6,826,000)		
Net assets - end of year	<u>\$ (3,024,269)</u>	<u>\$ (4,348,000)</u>		

Explanation of Material Differences Between Projected Statements of Operations and Changes in Net Assets for the Year Ended September 30, 2024 and Year Ended September 30, 2024 Actual Results. Please note that the basic threshold for a comment on variances was >\$500,000 on the balance sheet and cash flow statement and >\$200,000 on the income statement.

The following explanation is furnished pursuant to Section 58-94-30 of the General Statutes of North Carolina. The explanation pertains to material difference between the Projected Statement of Activities and Changes in Net Assets for the Year Ended September 30, 2024 contained as part of the Disclosure Statement.

Trinity Landing Campus Consolidated Statement of Cash Flows

	Actual 2024	Forecast 2024	Difference	Explanation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	\$ 3,801,633	\$ 2,478,000	\$ 1,323,633	
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Amortization from advance fees	(4,419,720)	(3,870,000)	(549,720)	Actual move-ins
Depreciation and amortization	3,030,888	3,355,000	(324,112)	
Realized/unrealized (gain) loss on investments	(254,505)	-	(254,505)	
(Increase) decrease in other current assets	(4,551,231)	3,050,000	(7,601,231)	Better than expected performance
Increase (decrease) in accounts payable/accrued	274,719	162,000	112,719	
Net cash provided by operating activities	(2,118,216)	5,175,000		
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of property and equipment	(1,098,948)	(425,000)	(673,948)	Timing of construction
Investments (net)	135,123	(4,288,000)	4,423,123	Funds held in cash
(Increase) decrease in assets whose use is limited	1,244,339	808,000	436,339	Reduction in escrow
Net cash used in investing activities	280,514	(3,905,000)		
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash Paid to Related Party	(12,925,134)	(10,366,000)	(2,559,134)	Timing of payments
Net proceeds from bond issue/debt payments	(21,807)	(2,718,000)	2,696,193	Timing of construction
Entry fees received/(refunded), net	3,847,638	(832,000)	4,679,638	Unexpected refunds
Net cash provided by financing activities	(9,099,302)	(13,916,000)		
NET CHANGE IN CASH AND CASH EQUIVALENTS	(10,937,003)	\$ (12,646,000)		
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	19,129,013	\$ 21,352,000		
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 8,192,010	\$ 8,706,000	*	

* Includes cash With Donor Restrictions

Explanation of Material Differences Between Projected Statements of Operations and Changes in Net Assets for the Year Ended September 30, 2024 and Year Ended September 30, 2024 Actual Results. Please note that the basic threshold for a comment on variances was >\$500,000 on the balance sheet and cash flow statement and >\$200,000 on the income statement.

The following explanation is furnished pursuant to Section 58-94-30 of the General Statutes of North Carolina. The explanation pertains to material difference between the Projected Statement of Activities and Changes in Net Assets for the Year Ended September 30, 2024 contained as part of the Disclosure Statement.