



Disclosure Statement

Lutheran Retirement Center – Salisbury, Inc.

Date of Disclosure Statement: 09/30/2025

Last Date for Delivery: 03/09/2027

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

Financial Snapshot: Key Ratios for Lutheran Retirement Center – Salisbury, Inc.

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

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

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	443	560	659	737	780	825			
CUSH	63	91	108	119	129	140			
OR	82%	77%	77%	84%	84%	84%			
NOM	1.89	1.89	1.89	1.88	1.89	1.89			
NOM-A	19%	16%	18%	16%	16%	16%			
DSCR	16.68	22.23	23.80	15.02	15.60	16.16			
CD	5.40	8.22	10.76	12.07	14.12	16.64			
CED	159%	32%	75%	72%	64%	62%			

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

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

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

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	325	345	408	456	461	467			
CUSH	12	12	19	21	21	22			
OR	86%	83%	80%	90%	90%	90%			
NOM	1.90	1.92	1.92	1.92	1.92	1.93			
NOM-A	10%	12%	11%	11%	11%	10%			
DSCR	3.51	3.11	4.48	3.05	3.14	3.17			
CD	0.66	0.78	1.11	1.28	1.36	1.46			
CED	187%	166%	150%	107%	104%	100%			

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

Liquidity Ratios:

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

Profitability Ratios:

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

Capital Structure Ratios:

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

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

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1. Provider Identification

Legal Responsibility for Continuing Care

Lutheran Retirement Center – Salisbury, Inc. is the entity that enters into continuing care contracts residents and is legally responsible for providing continuing care and performing all obligations under those contracts. No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

Doing Business As (DBA)

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

Item	Information
Legal Provider Name:	Lutheran Retirement Center – Salisbury, Inc.
Doing Business As (DBA):	Trinity Oaks
Business Address:	728 Klumac Road, Salisbury, NC 28144
Telephone Number:	(704)633-1002
Legal Entity Type:	Nonprofit corporation organized under the laws of North Carolina
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	Lutheran Services for the Aging, Inc. is a nonprofit corporation. LSA Management, Inc. is the management company for all of the communities that LSC owns and operates. Lutheran Retirement Center – Salisbury, Inc. is one of those communities.

2. Organizational Structure

2.1 Multi-Entity Organization Status

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 a multi-site senior services organization, managing a portfolio of skilled nursing, assisted living, and continuing care retirement communities, as well as a rental retirement community. 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.

2.2 Consolidation of Financial Statements

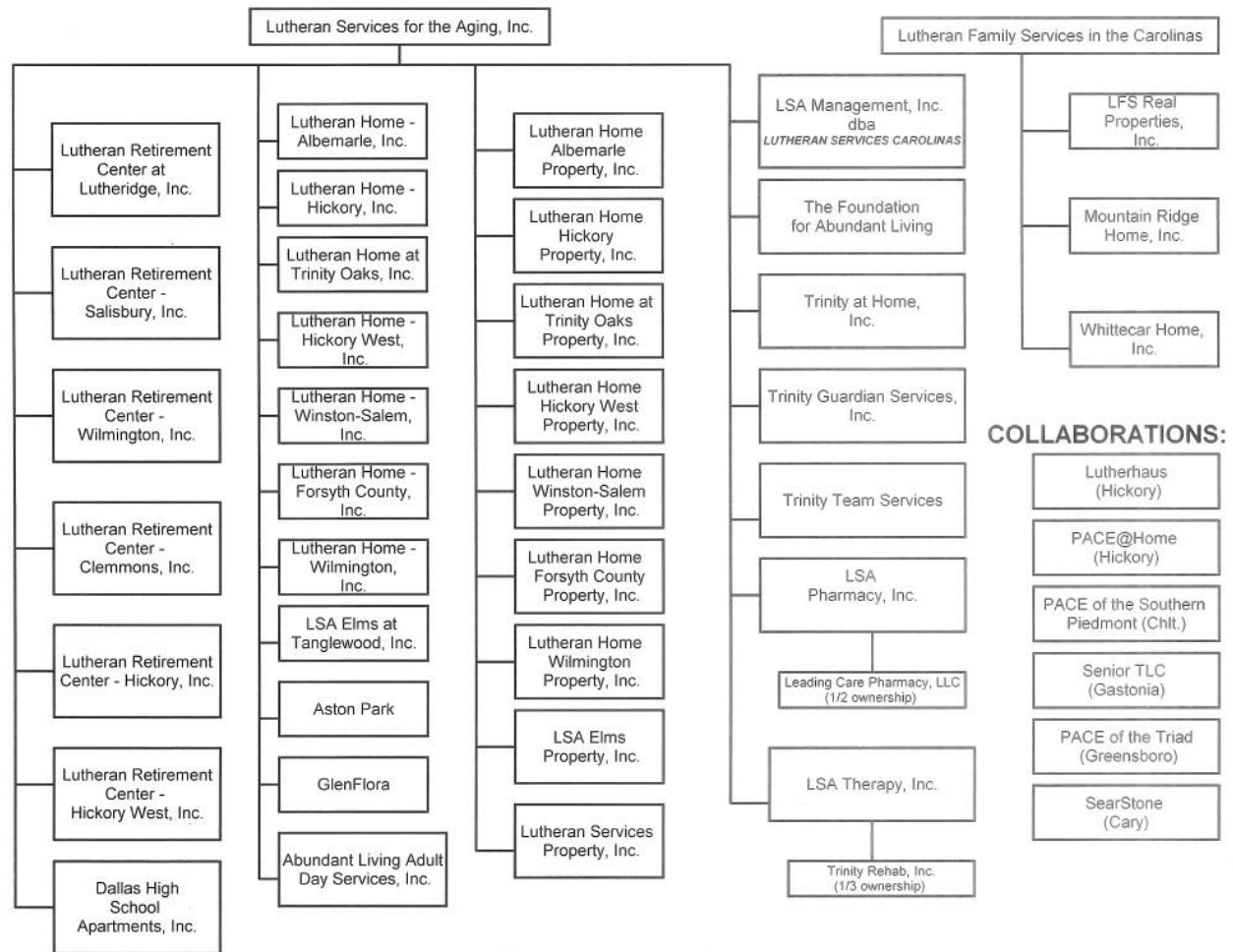
Audited financial statements are prepared on a consolidated basis with LSC and its subsidiaries, which include both continuing care providers and related supporting organizations. Consolidating schedules within the audit present the financial position and results of operations of each subsidiary, including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

2.3 Controlling Entity

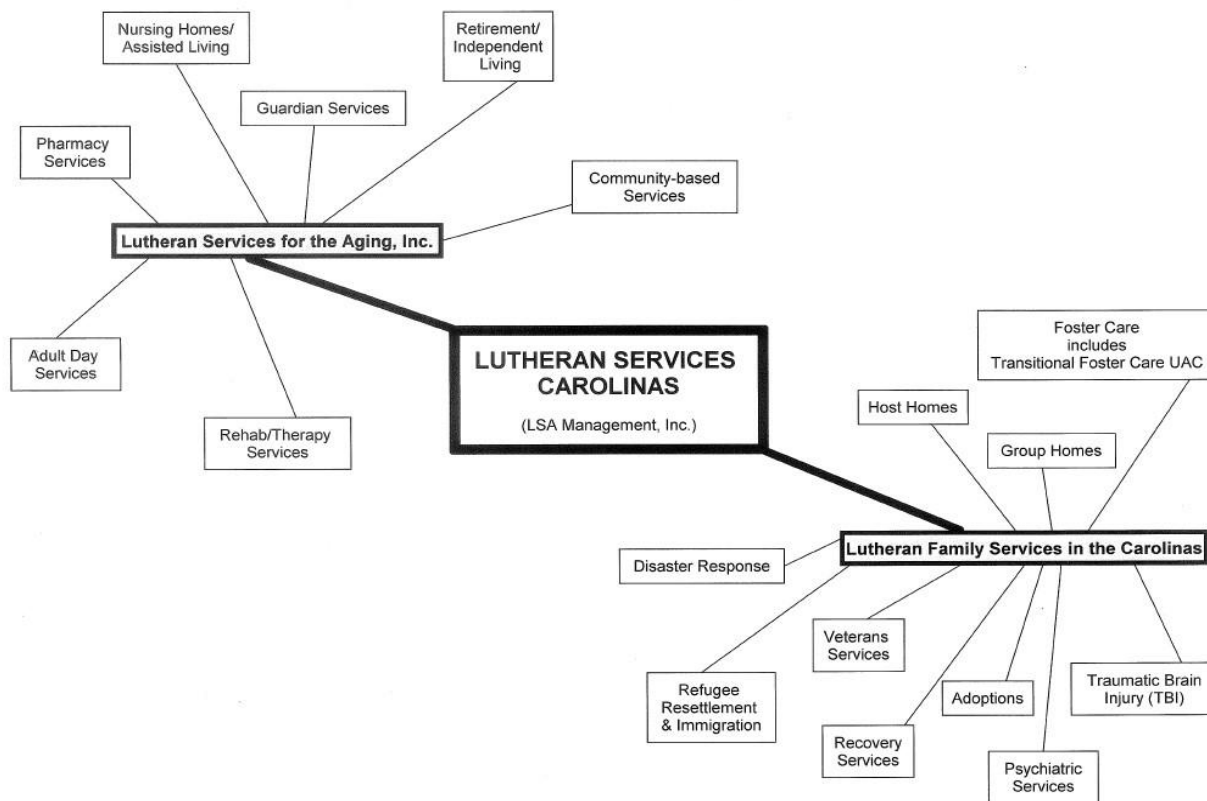
Item	Information
Name:	LSA Management, Inc.
Business Address:	1416 Martin Luther King Jr Ave, Salisbury, NC 28144
Telephone Number:	(704)637-2870

2.4 Company Structure Chart

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



cm/2-10-25



kkm/4-18-23

Accessible Text Equivalent:

- Lutheran Services for the Aging, Inc. (parent and controlling person; nonprofit corporation)
 - LSA Management, Inc. (management company for all the senior service communities that LSC owns and operates)
 - Lutheran Retirement Center – Salisbury, Inc. - provider of continuing care contracts; operator of Trinity Oaks (Salisbury, NC)

3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

- **Outside Interests:** Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of 500 or more 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 Oaks.

- **Adverse Disclosures:** Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action. None.

3.1 Senior Officers of Lutheran Services for the Aging, Inc. and LSA Management, Inc.

Name / Role	Education	Experience	Length of Service
Ted W. Goins – President and CEO	AB Lenoir-Rhyne University MSL Pfeiffer University	30 + years in senior-living operations; former CNA, former LNHA, Service on boards including: Lutheran Services in America, Leading Age, Lutheran Immigration and Refugee Service, NC Health Care Facilities Association	26 years (since 2000); serves as President and CEO of Lutheran Services for the Aging, Inc.
Kirby D. Nickerson – Chief Financial Officer/Treasurer	MBA Florida State University	15 + years in nonprofit healthcare finance; former controller, CCRCs and SNFs	13 years (since 2012); serves as Chief Financial Officer of Lutheran Services for the Aging, Inc.
Kesha L. Smith – Chief Operating Officer	BS Accounting: University of North Carolina at Charlotte.	20+ years in nonprofit senior services.	12 years (since 2013); serves as Chief Operating Officer of Lutheran Services for the Aging, Inc.

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

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

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

Name / Role	Education	Experience	Length of Service
Bill Johnson – Executive Director	BA, Urbana University	Administrator of Nursing and Rehab Building, Executive Director of Trinity Oaks, Licensed Nursing Home Administrator for 30+ Years	19 years (since 2006); served as Administrator of Trinity Oaks Health and Rehab for 7 years; serving as Executive Director of Trinity Oaks (since 2013)

Business Address: 728 Klumac Road, Salisbury, NC 28144

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

3.3 Board of Directors — Lutheran Retirement Center – Salisbury, Inc.

Name / Role	Education	Experience	Length of Service
Doug Nelson – Chair and Director	B.S. Finance, Virginia Tech	Former treasurer of Wake Forest Baptist Medical Center	1 year (since 2025)

Richard Herman – Vice Chair and Director	BA, Concordia University / MA Florida Atlantic University	Former CEO pf national nonprofit social ministry foundation	1 year (since 2025)
Ted Goins, Jr. – President and Director	BA, Lenoir-Rhyne University MSL Pfeiffer University	30 + years in senior-living operations; former CNA, former LNHA, Service on boards including: Lutheran Services in America, Leading Age, Lutheran Immigration and Refugee Service, NC Health Care Facilities Association	26 years (since 2000)
Sheryll Garfola – Director (Resident Seat)	Midlands Tech College-Dental Hygiene	Regional Trainer for Burger King	1 year (since 2025)
Lindsay Wineka – Director (Community Seat)	Deaf Education University of Tennessee	Former Deaf Education Teacher of 42 years	3 years (since 2023)

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

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

3.4 Management Entity — LSA Management, Inc.

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

3.5 10% + Ownership Interests

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

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

4. Governing Body and Oversight

4.1 Provider Governing Body

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

- Reviewing and approving budgets and financial reports.
- Ensuring compliance with applicable laws, regulations, and contractual obligations.
- Overseeing the quality of resident care and services, including safety and satisfaction.
- Monitoring risks to Lutheran Services for the Aging, Inc.’s solvency and operations.

4.1.1 Selection of Members

Directors are elected by the Board of Trustees, subject to synod ratification as provided in the bylaws. Directors serve three-year terms and may be reappointed for up to three consecutive terms. The Chair and Vice Chair are elected by the Board annually

4.1.2 Oversight of Management and Operations

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

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

4.1.3 Committees

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

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

4.2 Controlling Entity Governing Body

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

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

4.2.1 Selection of Members

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

4.2.2 Oversight of Management and Operations

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

- Reviewing and approving consolidated financial reports and audits.
- Monitoring debt covenant compliance and overall system liquidity.

- Overseeing the performance of LSA Management, Inc. and its provision of services to affiliates.
- Evaluating system-level risks, including financing strategies and affiliate performance.

4.2.3 Committees

LSA Management, Inc. Board maintains standing committees for:

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

4.3 Division of Responsibilities

To avoid duplication and ensure effective oversight:

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

5. Related Parties

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

5.1 Leading Care Pharmacy

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

5.2 LSA Management

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

5.3 Trinity Rehab

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

5.4 Trinity at Home

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

6. Relationships with Religious, Charitable, or Other Organizations

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

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

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

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

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

7. Other Persons Responsible for Obligations

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

8. Obligated Groups

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

The Obligated Group was created pursuant to a Master Trust Indenture dated December 2012 (as amended and supplemented from time to time, the "Master Trust Indenture"). Under the Master Trust Indenture, each member of the Obligated Group is jointly and severally liable for each obligation issued under the Master Trust Indenture, and the members are subject to restrictive covenants

(including, among other things, requirements related to debt service coverage, liquidity, reserves, limitations on additional indebtedness, and restrictions on certain asset dispositions).

Members of the Obligated Group: Based on the most recent audited financial statement disclosures available to the provider, the Obligated Group includes the following entities:

- Lutheran Services for the Aging, Inc.
- LSA Management, Inc.
- LSA Pharmacy, Inc.
- Lutheran Home-Albemarle, Inc.
- Lutheran Home-Hickory, Inc.
- Lutheran Home at Trinity Oaks, Inc.
- Lutheran Home-Hickory West, Inc.
- Lutheran Home-Winston-Salem, Inc.
- Lutheran Home-Forsyth County, Inc.
- Lutheran Home Forsyth County Property, Inc.
- Lutheran Home-Wilmington, Inc.
- Lutheran Home Albemarle Property, Inc.
- Lutheran Home Hickory Property, Inc.
- Lutheran Home at Trinity Oaks Property, Inc.
- Lutheran Home Hickory West Property, Inc.
- Lutheran Home Winston-Salem Property, Inc.
- Lutheran Home Wilmington Property, Inc.
- Lutheran Services Property, Inc.
- Lutheran Retirement Center-Salisbury, Inc.
- Lutheran Retirement Center-Wilmington, Inc.
- Lutheran Retirement Center at Lutheridge, Inc.
- Lutheran Services for the Aging Foundation, Inc.
- The Foundation for Abundant Living
- Abundant Living Adult Day Services, Inc.
- LSA Elms at Tanglewood, Inc.
- LSA Elms Property, Inc.

- Lutheran Retirement Center – Clemmons, Inc.
- Aston Park Health Care Center
- GlenFlora
- Lutheran Retirement Center – Hickory, Inc.
- Lutheran Retirement Center – Hickory West, Inc.

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

Membership in the Obligated Group may be amended in connection with future financing or other contractual events permitted under the Master Trust Indenture. As of the date of this Disclosure Statement, the provider is not aware of any separate commitment for the provider to become an obligated group member in the future because the provider is already a current member. See Section 9 for additional discussion of debt covenants and compliance.

9. Debt Covenants and Compliance

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

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

10. Third-Party Management Arrangements

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

11. Real Property Leases

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

12. Endowment Funds

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

- **Endowment funds / access to endowment funds:** Endowment funds for resident assistance may be held directly by the provider and/or held by a related-party charitable supporting organization within the Lutheran Services for the Aging, Inc. ("LSA") / Lutheran Services Carolinas ("LSC") organization. Such funds may include donor-restricted endowments (including endowment earnings) and, in some cases, funds designated by a governing board to function as endowment funds, and may be used for benevolent care and similar resident-assistance purposes, subject to applicable restrictions and policies.
- **Entity holding the funds:** To the extent endowment funds are used to support resident assistance; such funds are maintained by the entity identified above (and not in individual resident accounts). Distributions, if any, are generally made by the holding entity and applied to eligible resident charges in accordance with the provider's hardship policies and the holding entity's policies.

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

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

See Section 23 for additional information regarding the provider's financial hardship policies and the process for determining eligibility for benevolent care. In the event of any inconsistency between this

Disclosure Statement and the restrictions governing a particular endowment fund, the donor restrictions and applicable law governing that endowment fund will control.

13. Description and Location of the Community

Trinity Oaks is constructed on a site of approximately 50 acres. The site is in the city of Salisbury, North Carolina on Klumac Road, north of Jake Alexander Boulevard, adjacent to Trinity Oaks Health and Rehab. This health care facility consists of 115 nursing beds, where we provide short term rehab and long-term care, with 14 of those being in a secured Alzheimer's unit, 12 assisted living beds with 11 of those beds being in a secured Alzheimer's unit, and 12 independent apartments. We provide rehab services for all residents including outpatient specialization services for the campus and community. Trinity Oaks consists of a three-story building containing 125 independent living residential units and 38 assisted living units. There are 42 cottage residential units. The nursing care and assisted living units meet all terms and conditions of the North Carolina Department of Human Resources for the licensing of such units. The total resident population being served on the date of the disclosure statement was 379. Construction of the congregate center was started in October 1991 and completed in January 1993. The facility became operational on January 12, 1993, upon admission of its first resident. Construction of the cottages began in 1997 and was completed in fall 2004. An Alzheimer's facility was added to the nursing facility in the fall of 2007. In the fall of 2008, Trinity Oaks added new common, dining, and wellness areas to the community's main building. Construction on a new assisted living wing was completed in the summer of 2018.

14. Living Units by Level of Care

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

- 179 Independent Living Units (137 apartments and 42 Cottages)
- 115 Nursing Beds (14 being in a secured Alzheimer's unit)
- 50 Assisted Living Beds (11 being in a secured Alzheimer's unit)

15. Continuing Care at Home Program

Lutheran Retirement Center Salisbury, Inc. Does not operate a continuing care at home program.

16. Resident Population Served

As of September 30, 2025, The resident population served by Trinity Oaks CCRC under continuing care contracts are as follows:

- Independent Living: 235 residents.

- Assisted Living: 47 residents.
- Skilled Nursing: 108 residents.
- **Waitlist:** As of 09/30/2025, there were 33 members on the waitlist known as the “**Salisbury Tier**”. Additional members of 35 are on the “**Oak Tier**” (a priority waitlist category for prospects indicating they are ready to move now rather than in a few years).
- **Waitlist fees:** The Salisbury Tier requires a \$1,000 fee to join the waitlist. The Oak Tier requires an \$10,000 fee.
- **Application of waitlist fee and refunds:** Subject to the terms and conditions of the applicable reservation/waitlist program, 100% of the waitlist fee may be applied toward a future entrance fee, or the waitlist fee may be refundable at 50%.

17. Occupancy Rates

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

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

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
09/30/2025	93.9%	97.4%	93.5%
09/30/2024	94.4%	97%	92.21%
09/30/2023	93.5%	96.9%	85.82%
09/30/2022	91.2%	95.5%	87.9%
09/30/2021	97.6%	89.2%	83.34%

18. Semiannual Resident Meetings

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

Fiscal Year 2025 Meeting Dates

- September 16, 2025
- March 25, 2025

As required by law, an independent member of the provider's board of directors will be present at each of the meetings beginning with next meeting scheduled: 3/17/26

19. Resident Property Rights

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

20. Services Provided Under the Contract

20.1 Health Care Services

Trinity Oaks is a continuing care retirement community. Health care services listed:

Trinity Oaks will make available to the residents, or make arrangements for other healthcare services, including but not limited to, physical therapy, occupational therapy, rehabilitative treatments and equipment, ambulance services, limited pharmacy services, laboratory tests and other healthcare related services as may be determined by Trinity Oaks. Charges for these health care services will be in addition to the monthly maintenance fee. At various times free services will be available through educations programs and clinics.

Terms of Transfer or Changes in Level of Care. Subject to the terms and conditions set forth in the Agreement, Trinity Oaks agrees to arrange for any needed health care or nursing services through the Assisted Living Center or Trinity Oaks health and rehab, subject to availability of beds, on a priority basis. In the event Trinity Health and Rehab has no bed available, services will be arranged at such other healthcare or nursing facility of similar quality. All residents at Trinity Oaks health and rehab are responsible for their pharmacy copayments. If a temporary stay at Trinity Oaks health and rehab, a resident will continue to pay the Monthly Maintenance Fee in the Independent Living Unit. If a permanent transfer to Trinity Oaks health and rehab, the resident will cease paying the monthly maintenance fee when either the apartment or cottage has been totally vacated.

In addition, Trinity Oaks will make available, at residents' additional expense, the periodic services of other medical professionals as it deems necessary or appropriate. Some of these services will be provided at no additional cost in the form of educational sessions or clinics.

Trinity Oaks assisted living uses a level of care determination process upon admission, every six months and after either a hospital stay or significant health change to determine which services are needed for each resident. The following levels of care are defined as follows:

Independent- This service level provides accommodation, meals, minimal help with ADLs to residents that self-administer medication or minimal help with medication administration, selected additional services such as special dietary planning. Residents in this level are typically independent.

Enhanced Care Services- This level of care provides moderate levels of help with ADLs to residents that can perform part of the activity for him/her, and several additional services including but not limited to, assistance with medication, ambulance, bathing, dressing, grooming, eating, hygiene and toileting. These residents may require some assistance from Licensed Health Professional Support as well as confusion management and/ or fall risk interventions.

Maximum Care- This level of care provides assistance to residents that need someone else to complete the task for the resident most of the time. These residents may require extensive assistance with confusion management and/or management of diabetes, skin integrity, and/or fall risk interventions.

20.2 Continuing Care Retirement Community (CCRC) Contracts

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

20.2.1 Services Included in Monthly Fees

20.2.2 Use of residence and common areas/amenities (per community policies)

- Utilities (as provided by the community)
- Meal plan/allowance
- Bi-weekly housekeeping and linen service
- Maintenance and groundskeeping (normal wear and tear)
- Programs/activities (some may have separate fees)
- Scheduled local transportation (some trips may have separate fees)
- Parking (resident and limited guest)
- Priority access to Trinity Oaks Health and Rehab (skilled nursing, including secured memory care), subject to availability and admission criteria
- Security Staff
- Campus Emergency Pendent

20.2.3 Services Available at Additional Charge

- Salon Services
- Additional residents and guest meals
- Airport transportation M-F during business hours
- Catering

20.3 Delivery of Services

Core residential, assisted living, and skilled nursing services are provided directly by Lutheran Retirement Center- Salisbury, Inc. Certain therapies (physical, occupational, and speech) are furnished under contract with independent third parties.

21. Resident Fees

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

21.1 CCRC Contracts

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

Table 0.1: Current Monthly Fees (CCRC Contracts)

Unit Type	Single Occupant	Double Occupant
Independent Living - Studio	\$2,482	N/A
Independent Living – One Bedroom	\$3,117	\$4,422
Independent Living - One Bedroom Deluxe	\$3,333	\$4,640
Independent Living - Two Bedroom	\$3,981	\$5,286
Independent Living-Cottage	\$4,293	\$5,747
Independent Living-Cottage Freedom Plan	\$2,408	\$2,725
Independent Living-Cottage Unbundled Plan	\$3,351	\$4,302
Unit Type	Single Occupant	Double Occupant

Unit Type	Single Occupant	Double Occupant
Assisted Living- Standard	\$6,906	N/A
Assisted Living- Enhanced Care Services	\$7,271	N/A
Assisted Living- Enhanced Care Plus Services	\$7,636	N/A
Assisted Living- Maximum Care	\$8,001	N/A

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

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

Independent Living	2022	2023	2024	2025	2026
Average % Increase	3%	5%	4%	4%	4%
Average \$ Increase					
Studio	\$61	\$105	\$88	\$92	\$95
1 Bedroom	\$77	\$132	\$111	\$115	\$120
1 Bedroom Deluxe	\$82	\$141	\$119	\$123	\$128
2 Bedroom	\$92	\$169	\$142	\$147	\$153
2 nd Occupant Apartment	\$34	\$35	\$36	\$37	\$38

Independent Living	2022	2023	2024	2025	2026
Cottage	\$106	\$182	\$153	\$159	\$165
2 nd Occupant Cottage	\$38	\$39	\$40	\$41	\$42

Assisted Living	2022	2023	2024	2025	2026
Average % Increase	4%	3%	4%	4%	4%
Average \$ Increase	\$172	\$236	\$246	\$255	\$267

Table 21.3: Current Entrance Fees (CCRC Contracts)

Independent Living	Square Ft	Limited Refund	50% Refund	90% Refund
The Salisburian - Studio	504	\$69,627	\$93,046	\$166,469
The Rowan – One Bedroom Standard	607	\$81,978	\$109,586	\$195,586
The Piedmont – One Bedroom Deluxe	695	\$86,083	\$114,566	\$205,080

Independent Living	Square Ft	Limited Refund	50% Refund	90% Refund
The Carolinian - Two Bedroom	971	\$128,492	\$171,533	\$306,675
Cottage Small	1674-1765	\$151,851	\$202,462	\$362,535
Cottage Medium	1821-2095	\$168,941	\$225,250	\$402,920
Cottage Large	2250-2932	\$220,213	\$293,610	\$499,888
Second Person in Apartment		\$4,704	\$6,269	\$11,284
Second Person in Cottage		\$6,585	\$8,776	\$15,671

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

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

Independent Living 1/1/26	Average % Increase	Limited Refund	50% Refund	90% Refund
Studio	4%	\$69,627	\$93,046	\$166,469
One Bedroom	4%	\$81,978	\$109,190	\$195,586
One Bedroom Deluxe	4%	\$86,083	\$114,566	\$205,080
Two Bedroom	4%	\$128,492	\$171,533	\$306,675
Cottage Sqft:1674-1765	4%	\$145,266	\$193,686	\$346,684
Cottage Sqft:1821-2095	4%	\$162,356	\$216,474	\$387,249
Cottage Sqft:2250-2932	4%	\$213,628	\$284,834	\$484,217

Independent Living 1/1/26		Average % Increase	Limited Refund	50% Refund	90% Refund
Apartment Person	2 nd	3%	\$4,704	\$6,269	\$11,284
Cottage 2 nd Person		3%	\$6,585	\$8,776	\$15,671

Independent Living 1/1/25-12/31/25		Average % Increase	Limited Refund	50% Refund	90% Refund
Studio		3%	\$66,949	\$89,467	\$160,066
One Bedroom		3%	\$78,825	\$104,990	\$188,063
One Bedroom Deluxe		3%	\$82,772	\$110,160	\$197,192
Two Bedroom		3%	\$123,550	\$164,936	\$294,880
Cottage Sqft:1674-1765		3%	\$139,679	\$186,237	\$333,523
Cottage Sqft:1821-2095		3%	\$156,112	\$208,148	\$372,355
Cottage Sqft:2250-2932		3%	\$205,412	\$273,879	\$465,593
Apartment Person	2 nd	3%	\$4,567	\$6,086	\$10,955
Cottage 2 nd Person		3%	\$6,393	\$8,520	\$15,215

Independent Living 1/1/24-12/31/24	Average % Increase	Limited Refund	50% Refund	90% Refund
Studio	3%	\$64,999	\$86,861	\$155,404
One Bedroom	3%	\$76,529	\$101,932	\$182,585
One Bedroom Deluxe	3%	\$80,361	\$106,951	\$191,449
Two Bedroom	3%	\$119,951	\$160,132	\$286,291
Cottage Sqft:1674-1765	3%	\$135,611	\$180,813	\$323,809
Cottage Sqft:1821-2095	3%	\$151,565	\$202,085	\$261,510
Cottage Sqft:2250-2932	3%	\$199,429	\$265,902	\$452,032
Apartment 2 nd Person	3%	\$4,434	\$5,909	\$10,636
Cottage 2 nd Person	%	\$6,207	\$8,272	\$14,722

Independent Living 1/1/23-12/31/23	Average % Increase	Limited Refund	50% Refund	90% Refund
Studio	5%	\$63,106	\$84,331	\$150,878
One Bedroom	5%	\$74,300	\$98,963	\$177,267
One Bedroom Deluxe	5%	\$78,020	\$103,836	\$185,873

Independent Living 1/1/23-12/31/23		Average % Increase	Limited Refund	50% Refund	90% Refund
Two Bedroom		5%	\$116,457	\$155,468	\$277,952
Cottage Sqft:1674-1765		5%	\$131,661	\$175,547	\$314,378
Cottage Sqft:1821-2095		5%	\$147,150	\$196,199	\$350,981
Cottage Sqft:2250-2932		5%	\$193,620	\$258,157	\$438,866
Apartment 2 nd Person		5%	\$4,305	\$5,737	\$10,326
Cottage 2 nd Person		5%	\$6,026	\$8,031	\$14,342

Independent Living 1/1/22-12/31/22		Average % Increase	Limited Refund	50% Refund	90% Refund
Studio		3%	\$60,101	\$80,315	\$143,693
One Bedroom		3%	\$70,762	\$94,250	\$168,826
One Bedroom Deluxe		3%	\$74,305	\$98,891	\$177,022
Two Bedroom		3%	\$110,911	\$148,065	\$264,716
Cottage Sqft:1674-1765		3%	\$125,391	\$167,188	\$299,408
Cottage Sqft:1821-2095		3%	\$140,143	\$186,856	\$334,268

Independent Living 1/1/22-12/31/22		Average % Increase	Limited Refund	50% Refund	90% Refund
Cottage		3%	\$184,398	\$245,864	\$417,968
Sqft:2250-2932					
Apartment	2 nd	3%	\$4,100	\$5,464	\$9,834
Person					
Cottage 2 nd Person		3%	\$5,739	\$7,649	\$13,659

21.2 Household Composition Changes

If a resident marries or otherwise increases the number of persons residing in a living unit, an additional entrance fee is required for the new resident, based on the applicable fee schedule at the time of entry. The monthly fee is adjusted to the two-person rate. If the additional resident does not meet admission requirements, they may not be admitted under a continuing care contract.

21.3 Transfer Fees and Resale Fees

If a resident transfers to an apartment from a cottage a \$10,000 transfer fee is charged. If a resident transfers from an apartment to a cottage a \$20,000 transfer fee is charged. No resale fees are charged because residents do not hold ownership rights in their living units.

22. Refundable Entrance Fee Obligations

22.1 Conditions for Refunds

Certain continuing care contracts at Lutheran Retirement Center - Salisbury, Inc. include a 50% or 90% refund provision. Under these contracts, a portion of the original entrance fee is refundable when a resident permanently vacates their independent living unit, provided that (1) the unit has been resold to a new resident who has paid their entrance fee in full and (2) all other contractual conditions for a refund have been satisfied. Refunds are payable within 30 days after these conditions are met. For clarity, a refund is not considered due until the replacement entrance fee has been received and all contractual requirements have been fulfilled.

In addition, Lutheran Retirement Center- Salisbury, Inc. offers a limited refund contract under which the refundable portion of the entrance fee decreases on a monthly basis and amortizes to 0% after a four-year period. Once the amortization period has elapsed, no refund is payable upon termination of

the contract or the death of the resident. These contracts therefore do not create refundable entrance fee obligations beyond the initial amortization period.

22.2 Refund Obligations as of December 31, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	157	\$8,786,654
Refunds currently due (including amounts 30+ days past due)	0	\$0
Resident now in non-independent living unit – unit not resold	5	\$423,473
Resident now in non-independent living unit – unit resold	3	\$194,674

As of December 31, 2025, Lutheran Retirement Center- Salisbury Inc. had \$9,404,801 in total refundable entrance fee obligations. No refunds were contractually due or past due at year-end. Obligations will be satisfied in accordance with contract terms as independent living units are resold and replacement entrance fees are received; however, the timing of refund payments depends on the pace of independent living unit turnover and resale activity.

23. Financial Hardship Policies

23.1 Policies for Residents Unable to Pay

It is the policy of Lutheran Services for the Aging, Inc. to permit residents to remain in the community if they become unable to pay monthly fees through no fault of their own, provided they have first fully applied their available assets and income. Residents are not discharged or relocated solely due to financial hardship once admitted under a continuing care contract.

23.2 Sources of Financial Support

- **Related-party supporting organization:** A related-party nonprofit supporting organization within the LSA/LSC organization may administer benevolent care support funded by donor contributions and/or endowment earnings. Distributions, if any, are applied directly to eligible resident accounts, subject to donor restrictions, applicable law, and any approval requirements or policies of the supporting organization.

- **Refundable Entrance Fees:** Residents contractually entitled to a refundable entrance fee may, subject to the approval of Lutheran Services for the Aging, Inc., apply available refundable amounts toward unpaid monthly fees. Such applications reduce the remaining refund obligation and do not accelerate contractual payment of refunds.

23.3 Conditions or Limitations

- Eligibility for benevolent care is determined through a confidential financial review conducted by Lutheran Services for the Aging, Inc., with oversight from the Foundation's board of directors.
- Assistance is subject to the availability of Foundation funds and is not guaranteed.
- Residents must annually recertify financial need to continue receiving assistance.

23.4 Narrative

Benevolent care assistance, if provided, may be supported through donor contributions, endowment earnings, and/or other charitable resources available to the provider or related parties within the LSA/LSC organization. The availability, timing, and amount of benevolent care support vary and are subject to donor restrictions, applicable law, and any applicable approval requirements and policies.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Lutheran Retirement Center- Salisbury, Inc. may terminate a continuing care retirement community contract:

- Before occupancy or commencement of services, if:
 - The applicant fails to meet health or financial eligibility requirements at the time of application
 - The applicant provided materially false or misleading information during the application process
 - Admission would pose a direct threat to the health and safety of others.
- After occupancy or commencement of services, if:
 - Persistent nonpayment of monthly fees occurs
 - The resident commits a material breach of contract terms
 - The resident engages in disruptive or harmful conduct that materially impairs the rights of other residents or the orderly operation of the community

24.2 Resident-Initiated Cancellation

A resident may cancel a contract under the following circumstances:

- **Before occupancy or commencement of services:**

After the expiration of the statutory thirty (30) days beginning with the first full calendar day following the execution of the Residency Agreement, and before the resident has begun occupancy in Trinity Oaks, the resident may terminate the Residency Agreement for reasons other than death, illness, injury or any incapacity which would make it appropriate for Trinity Oaks to accept the residents occupancy in the living unit. Resident will receive a refund of all money or property paid or transferred to Trinity Oaks, less that nonstandard cost (custom selections and upgrades), specifically incurred by Trinity Oaks at the request of the sign by resident and the non-refundable processing fee equal to two percent (2%) of the basic cottage or apartment entrance fee. All other refunds due to the resident will be made within 90 days of notification by resident or his/her legal representative.

- **After occupancy or commencement of services:**

After occupancy, subject to the provisions of Section 8 hereof, resident may terminate this residency agreement by giving written notice to Trinity Oaks no less than ninety days (90) before residents intend to move out of Trinity Oaks. Residents are responsible to pay monthly maintenance fees during 90-day period, or until the living unit is vacated, whichever occurs last.

24.3 Refunds Upon Cancellation

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fee Obligations.
- Nonrefundable portions of entrance fees are retained by Lutheran Retirement Center-Salisbury, Inc.
- Prepaid monthly fees are prorated to the date the living unit is vacated or services cease, and any remaining balance is refunded.

24.4 Refunds Upon Death

- **After occupancy or commencement of services:**

In the event of death of a resident after occupancy, the residency agreement shall be subject to termination as follows:

If there is only one resident occupying the living unit, the residency agreement shall be automatically terminated as of the date of death of such resident or the date thereafter upon which all of residents property is removed from the living unit, all keys, pendant, entrance slide, and garage opener have been turned in to the Director of Resident Services. The monthly maintenance fee shall automatically be terminated at this point. Resident's Estate is

responsible for any payment due to or by Trinity Oaks. Residents entrance fee is subject to refund as provided in section 8.

If there is more than one resident occupying the living unit, the second person shall have the option of continuing to reside in the living unit at the single person rate. If the second resident elects to terminate the original residency agreement, Trinity Oaks must receive a written notice of such election within sixty (60) days after the date of the first resident's death. The monthly maintenance fee shall continue until the removal of all residents' property, all keys, pendent, entrance slide and garage opener are turned in to the Director of Resident Services. The surviving residents entrance fee is subject to refund as provided in section 8.

25. Re-occupancy of Units

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

25.1 Resident-Initiated Vacating

- **Voluntary termination:** When a resident cancels their continuing care contract and permanently vacates the living unit.
- **Transfer to a higher level of care:** When a resident moves from independent living to assisted living or skilled nursing, and the contract permits the original living unit to be reassigned.

25.2 Provider-Initiated Vacating

- **Contract termination by provider:** When a contract is terminated by the provider under the circumstances described in Section 24 – Contract Cancellation and Refund Policies.
- **Persistent nonpayment:** When a resident fails to meet contractual payment obligations and the provider declares the contract terminated.

25.3 Temporary Absences

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

25.4 Refunds

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

26. Resident Relocation

Residents of Lutheran Retirement Center - Salisbury, Inc. may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

26.1 Resident Needs

- **Health-Related Transfer:** When a resident's medical condition requires a move to a more supportive level of care, such as assisted living, memory care, or skilled nursing.
- **Safety and Accessibility:** When the current living unit no longer meets the resident's safety or accessibility needs (for example, due to mobility limitations or inability to safely navigate stairs).

26.2 Provider Needs

- **Renovation or Construction:** When construction, renovation, or repair work requires temporary or permanent relocation.
- **Operational Necessity:** When the continued occupancy of a living unit materially interferes with the orderly operation of the community and no reasonable alternative exists. This provision is applied only in limited circumstances.

26.3 Process

- Relocation decisions are made in consultation with the resident, the resident's family (if applicable), and appropriate health professionals.
- The provider makes reasonable efforts to relocate the resident to a comparable living unit within the community, meaning one of similar size, type, and monthly fee level whenever possible.
- If relocation is required for renovation or construction purposes, the provider will inform the resident in advance and clarify whether the move is temporary or permanent.

26.4 Financial Obligations

All entrance fee and monthly fee obligations continue in accordance with the terms of the resident's contract, regardless of relocation.

27. Admission and Continuation Standards

27.1 Admission Requirements

Admission to Lutheran Retirement Center - Salisbury, Inc. is subject to both health and financial screening at the time of application.

27.1.1 CCRC Contracts (Campus-Based)

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

27.2 Continuation Requirements

- **CCRC Contracts:** Once admitted, residents may remain at the community regardless of changes in health or financial status, subject to the hardship policies described in Section 23 – Financial Hardship Policies. Residents may be required to relocate to a higher level of care (see Section 26 – Resident Relocation) if their health needs can no longer be met safely in their current living unit.

27.3 Changes in Condition Before Occupancy or Commencement of Services

- **CCRC Contracts:** If a resident's health materially declines between signing a contract and the date of initial occupancy, the provider may re-evaluate eligibility for independent living and may require admission to a higher level of care, if available. If no suitable accommodation is available or if the applicant no longer meets entry requirements, the contract may be canceled and entrance fees refunded in accordance with Section 24 – Contract Cancellation and Refund Policies. If a material change in financial condition occurs before occupancy (such as loss of income or assets needed to pay monthly fees), the provider will re-evaluate eligibility. If standards are no longer met, the contract may be canceled and entrance fees refunded.

28. Age and Insurance Requirements

28.1 Age Requirements

- The minimum age for admission to Lutheran Retirement Center - Salisbury, Inc. under a continuing care contract is 60 years.
- A younger spouse or partner may also be admitted if the primary applicant meets the minimum age requirement.
- There is no maximum age limit for admission, provided the applicant meets the health and financial eligibility standards described in Section 27 - Admission and Continuation Standards.

28.2 Insurance Requirements

Applicants for CCRC contracts must:

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

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

28.3 Special Conditions

- Exceptions to the minimum age requirement may be considered on a case-by-case basis if a younger applicant is married to or partnered with an eligible applicant, or if otherwise required to maintain household composition.
- Waivers of the insurance requirement may be granted only if the applicant demonstrates alternative coverage or financial capacity sufficient to meet anticipated health care expenses.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of December 31, 2025, Lutheran Retirement Center- Salisbury, Inc. held \$9,704,000 in unrestricted cash and investments. Within this balance, \$2,821,445 has been designated by the Boards of Lutheran Services for the Aging, Inc. . to prioritize liquidity for future entrance fee refunds. These funds remain unrestricted for accounting purposes but reflect the Boards' intent to maintain liquidity for resident entrance fee refund obligations.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 659 days, representing approximately twenty two months of projected operating expenses without new revenues.

29.2 Investment Management and Oversight

- **Oversight Body:** Finance Committee of the Board of Directors of Lutheran Services for the Aging, Inc.
- **Day-to-Day Management:** Chief Financial Officer (CFO).
- **Experience:** CFO has 15+ years of experience.
- **Policy and Controls:** Investments are managed under a Board-approved policy emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds, and broadly diversified public

funds/ETFs. The CFO executes within these limits, reports quarterly to the Finance Committee, and maintains controls over custody, counterparty limits, and rebalancing.

29.3 Statutory Operating Reserve Requirement

As of December 31, 2025, Lutheran Retirement Center - Salisbury, Inc.'s 12-month rolling average independent living unit occupancy was 93.9%. Based on this level of occupancy, the required statutory operating reserve was 12.5% of projected operating costs for the next 12 months.

Because Lutheran Services for the Aging, Inc. is part of an obligated group that maintains a separate Debt Service Reserve Fund, principal and interest payments are excluded from the operating reserve calculation.

Table 29.1: Statutory Operating Reserve Calculation (as of December 31, 2025)

Component	Amount
Total projected operating expenses	\$26,774,000
Add: Debt service (principal and interest)	\$240,000
Less: Principal and interest (covered by Debt Service Reserve Fund)	
Less: Depreciation and amortization	(\$2,310,000)
Less: Commissioner approved extraordinary items	(\$15,000,000)
Net projected operating costs	\$9,704,000
Applicable reserve percentage based on occupancy	12.5%
Required operating reserve	\$1,213,000
Unrestricted cash & investments on hand	\$9,704,000
Excess above required reserve	\$8,491,000

Summary: The required statutory operating reserve was \$1.213 million. Lutheran Retirement Center-Salisbury, Inc. held \$9.70 million in unrestricted cash and investments, providing an excess cushion of \$8.49 million above the statutory minimum.

29.4 Refund Security (Entrance Fee Refunds)

Entrance fee refund obligations are supported by unrestricted liquidity, including:

- \$2,821,445 Board-designated for refunds, and
- \$9,704,000 of unrestricted liquidity above the statutory operating reserve.

The statutory operating reserve cannot be used for any purpose, including refund payments, without prior regulatory approval.

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

Table 29.2: Unrestricted Cash and Investment Summary as of December 31, 2025

Category	Amount	Notes
Total unrestricted cash & investments	\$9,704,000	All liquid balances (cash and investments)
Less: Required operating reserve	(\$1,213,000)	Must be maintained; release requires regulatory approval
Less: Board-designated for refunds	(\$2,821,445)	Internal designation; unrestricted under GAAP
Excess unrestricted cash and investments above operating reserve and board designated refund reserve	\$5,669,555	Available for operations and refund needs (outside of designated reserves)

30. Expansion and Renovation Plans

As of December 31, 2025, Lutheran Retirement Center- Salisbury, Inc. Has no plans for expansion. Renovations are completed on units at the time of turnover between occupants.

31. Audit Opinion and Timeliness

The consolidated financial statements of Lutheran Services for the Aging, Inc. and its subsidiaries, including Lutheran Retirement Center- Salisbury, Inc. for the fiscal year ended December 31, 2025, were audited by ABC CPAs, PLLC (Raleigh, NC).

- **Timeliness:** The audit was completed and issued within 150 days of fiscal year-end, meeting statutory requirements.

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

Lutheran Retirement Center- Salisbury, Inc. does not issue separate stand-alone audited financial statements; its financial information is presented within the consolidated audit of Lutheran Services for the Aging, Inc., with consolidating schedules.

32. Audited Financial Statements

The audited consolidated financial statements of Lutheran Retirement Center- Salisbury, Inc. and its subsidiaries, including Lutheran Services for the Aging, Inc., for the fiscal year ended December 31, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Lutheran Retirement Center- Salisbury, Inc. and its subsidiaries, including Lutheran Services for the Aging, Inc., for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by ABC CPAs, PLLC, and include a summary of significant assumptions and accounting policies.

34. Variances from Prospective Financial Statements

For the fiscal year ended December 31, 2025, management reviewed the results of operations for Lutheran Retirement Center- Salisbury, Inc. against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions, such as occupancy, used in preparing the projections. The following material variances were identified:

Table 34.1: Variance Analysis - Fiscal Year Ended 12/31/25

Category	Projected Amount	Actual Amount	Variance	Explanation
Independent Living Occupancy	94.0%	95.4%	1.4%	Marketing Efforts
Entrance Fee Receipts	\$397,250	\$730,445	\$335,195	Marketing Efforts

Category	Projected Amount	Actual Amount	Variance	Explanation
Staffing Costs	\$3,851,000	\$3,940,109	\$89,109	Increased Census
Debt Service	\$104,250	\$101,959	\$(2,291)	On Target

35. Key Financial Metrics

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

For the tables below, FY = the most recent fiscal year end.

Full statutory text of definitions is provided in Appendix F.

35.1 Liquidity Ratios

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

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

Table 35.1: Liquidity Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	443	560	659	737	780	825
CUSH	63	91	108	119	129	140

Narrative – Provider Only:

The annual financial performance and investment growth have helped these ratios improve year after year.

Table 35.1A: Liquidity Ratios – Obligated Group

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

Narrative – Obligated Group:

The annual financial performance and investment growth have helped these ratios improve year after year.

35.2 Profitability Ratios

Operating Ratio (OR). Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.

Net Operating Margin (NOM). Shows the result from core resident services. Higher values mean a stronger operating result from resident services.

Adjusted Net Operating Margin (NOM-A). Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Table 35.2: Profitability Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	82%	77%	77%	84%	84%	84%
NOM	1.89	1.89	1.89	1.88	1.89	1.89
NOM-A	19%	16%	18%	16%	16%	16%

Narrative Provider:

Ratios have remained strong due to consistent annual financial performance.

Table 35.2A: Profitability Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	86%	83%	80%	90%	90%	90%
NOM	1.90	1.92	1.92	1.92	1.92	1.93
NOM-A	10%	12%	11%	11%	11%	10%

Narrative Obligated Group:

Ratios have remained strong due to consistent annual financial performance.

35.3 Capital Structure Ratios

Debt Service Coverage (DSCR). Measures ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.

Unrestricted Cash & Investments to Long-Term Debt (CD). Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

Capital Expenditures to Depreciation (CED). Indicates reinvestment relative to depreciation expense. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

Table 35.3: Capital Structure Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	16.68	22.23	23.80	15.02	15.60	16.16
CD	5.40	8.22	10.76	12.07	14.12	16.64
CED	159%	32%	75%	72%	64%	62%

Narrative Provider:

There is little debt on the balance sheet making the debt ratios abnormally strong/high. The capital expenditures ratio has been under 100% for the past few years due to heavier expenditures in 2022 & 2023.

Table 35.3A: Capital Structure Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	3.51	3.11	4.48	3.05	3.14	3.17
CD	.66	.78	1.11	1.28	1.36	1.46
CED	187%	166%	150%	107%	104%	100%

Narrative Obligated Group:

The LSA OG continues to be well above their Debt Service Coverage ratio bond covenant of 1.20. The Unrestricted Cash and Investments have grown to help this ratio improve year over year. The LSA OG reinvest Capital expenditures back in its communities to ensure a solid infrastructure.

35.4 Overall Summary

Both entities show improving liquidity ratios driven by annual financial performance and investment growth, and maintain strong profitability ratios due to consistent financial results. The Provider exhibits abnormally strong debt ratios due to minimal debt and has capital expenditures under 100% in recent years because of higher spending in 2022 and 2023. Lutheran Services for the Aging OG maintains a Debt Service Coverage ratio well above its bond covenant of 1.20, with growing unrestricted cash and investments supporting this improvement, alongside reinvestment in community infrastructure through capital expenditures .

36. Actuarial Opinion and Balance

Lutheran Retirement Center- Salisbury, Inc. does not have a Statement of Actuarial Opinion.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of Lutheran Services for the Aging, Inc. pursuant to Article 64A of the North Carolina General Statutes.

38. Other Material Information

Management has reviewed whether there are any additional facts, circumstances, risks, or events that could reasonably be expected to influence a prospective or current resident's decision to contract with Lutheran Retirement Center- Salisbury, Inc.. Other than the disclosures provided in prior sections of this Disclosure Statement, management has determined that no additional material information requires disclosure at this time.

39. Contract Forms and Attachments

Lutheran Retirement Center- Salisbury. offers continuing care contracts. Representative forms are attached here to as Appendix D.

39.1 Continuing Care Contracts

Lutheran Retirement Center- Salisbury, Inc. offers three forms of continuing care contracts, which differ primarily in their entrance fee refund provisions:

- **90% Refundable Contract** – 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 (.5%) per month for the first eighteen (18) months of occupancy after which an ninety percent (90%) refund will be paid to the resident to residents estate if the living unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the living unit is vacated and the re-occupancy of the Apartment or Cottage.
- **50% Refundable Contract** – The Entrance Fee is refundable at a minimum of fifty percent (50%). The Entrance Fee is reduced by a two percent (2%) at the time of initial occupancy and by one percent (1%) 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 residents estate if the living unit is vacated. The balance of the Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the living unit is vacated and the re-occupancy of the apartment or cottage.
- **Limited Refund Contract** – 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 the Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the living unit is vacated and the re-occupancy of the apartment or cottage.

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 Oaks, shall become part of the funds and

property of Trinity Oaks, may be commingled with any other funds received by Trinity Oaks, and maybe used by Trinity Oaks for any ordinary and necessary purposes related to the operation of Trinity Oaks, including payment of the principle amount and any interest with respect to any loans made to Trinity Oaks. Trinity Oaks reserves the right to run entrance fee incentive programs during the year.

All other terms and conditions of the independent living contracts are substantially similar. A representative form of these contracts is included in Appendix D.

Appendix Index

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

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Appendix A — Audited Financial Statements

Trinity Oaks Campus Consolidated Cash Flow

	Actual FYE 2025	Forecast FYE 2025	Difference	Notes
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 10,747,067	\$ 14,208,000	\$(3,460,933)	Cash to investments
Investments	29,155,368	21,259,000	7,896,368	Cash to investments
Receivables - Net of Allowance	1,477,366	2,190,000	(712,634)	Collections
Other	1,346,797	1,786,000	(439,203)	
Employee retention credit	491,265	490,000	1,265	
Inventories	133,503	73,000	60,503	
Prepaid Expenses	9,546	-	9,546	
Assets Limited - Residents	15,455	15,000	455	
Total Current Assets	43,376,367	40,021,000		
Non-Current Assets Limited as to Use				
Donor Restricted Endowments	-	-	-	
Temporarily Restricted Funds	-	-	-	
Board Designated Funds	2,821,445	2,497,000	324,445	
Operating Reserve Requirement	2,315,000	2,315,000	-	
Deposits Held in Escrow	-	-	-	
Bond Funds	-	-	-	
Assets Restricted for Property & Equip	-	-	-	
Total Assets Limited as to Use	5,136,445	4,812,000		
Property & Equipment				
Property and Equipment	23,418,633	23,530,000	(111,367)	
Total Property & Equipment	23,418,633	23,530,000		
Assets Held for Sale				
Assets Held for Sale	-	-		
Total Assets Held for Sale	-	-		
Other Assets				
Other Assets	-	-		
Total Other Assets	-	-		
Total Assets	\$ 71,931,445	\$ 68,363,000		

Trinity Oaks Campus Consolidated Balance Sheet

	Actual	Forecast		
	FYE2025	FYE2025	Difference	Notes
LIABILITIES				
Current Liabilities				
Current Portion of Long-Term Debt	\$ 252,000	\$ 252,000	\$ -	
Current Portion of Capital Leases	-	-	-	
Split-Interest Liability	-	-	-	
Accounts Payable - Trade	443,216	384,000	59,216	
Accrued Salaries and Payroll	889,995	986,000	(96,005)	
Accrued Employee Benefits	102,521	170,000	(67,479)	
Accrued Interest Payable	-	-	-	
Refundable Fees - Current Portion	-	22,000	(22,000)	
Accounts Payable - Other	257,586	15,000	242,586	
Resident' Funds	15,455	15,000	455	
Total Current Liabilities	1,960,773	1,844,000		
Other Liabilities and Credits				
Long-Term Debt	4,185,039	5,007,000	(821,961)	Timing
Long-Term Capital Leases	-	-	-	
Deferred Revenue	-	-	-	
Refundable Fees	9,762,539	7,348,000	2,414,539	Contract types
Deferred Revenue from Advance Fees	8,111,492	9,715,000	(1,603,509)	Contract types
Fair Market of Swap Agreement	-	-	-	
Long-Term Split-Interest Liability	-	-	-	
Total Other Liabilities and Credits	22,059,069	22,070,000		
Total Liabilities	24,019,842	23,914,000		
Net Assets				
Unrestricted	46,559,274	43,404,000		
Temporarily Restricted	1,352,329	1,045,000		
Total Net Assets	47,911,603	44,449,000		
Total Liabilities and Net Assets	\$ 71,931,445	\$ 68,363,000		

Explanation of Material Differences Between Projected Statements of Operations and Changes in Net Assets for the Year Ended September 30, 2025 and Year Ended September 30, 2025 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 above explanation is furnished pursuant to Section 58-64A-150 of the General Statutes of North Carolina.

	Actual FYE 2025	Forecast FYE 2025	Difference	Notes
Revenue and Other Support				
Net Resident Service Revenue	\$ 26,857,042	\$26,144,000	\$ 713,042	Increased rates
Amortization of Deferred Entrance Fees	1,439,133	1,265,000	174,133	
Released from Restrictions for Operation	138,117	-	138,117	
Management Fees	-	-	-	
Other Revenue	986,233	409,000	577,233	Therapy services
In-Kind Contribution	4,746	-	4,746	
Total Operating Income	29,425,271	27,818,000		
Expenses				
Salaries and Wages	12,758,920	12,300,000	458,920	Needed levels
Employee Benefits	2,332,502	2,200,000	132,502	
Supplies and Other	9,439,338	8,750,000	689,338	Therapy services
Bed Assessment	-	-	-	
Marketing	266,062	251,000	15,062	
Depreciation	2,362,482	2,310,000	52,482	
Interest and Amortization	164,043	146,000	18,043	
Total Expenses	27,323,347	25,957,000		
Operating Income (Loss)	2,101,924	1,861,000		
Non-Operating Gains (Losses)				
Investment Income	1,642,730	958,000	684,730	Better performance
Unrealized Gain (Loss) on Investment	2,711,145	-	2,711,145	Not forecasted
Loss on Refinancing	-	-	-	
Contributions	14,383	66,000	(51,617)	
Gain/Loss on Fixed Asset Disposal	(15,367)	-	(15,367)	
Gain/Loss on Fixed Asset Revaluation	-	-	-	
Gain/Loss on Impairment of Asset	-	-	-	
Market Value Adjustment Swap Agreement	-	-	-	
Intercompany	-	-	-	
Total Non-Operating Gains (Losses)	4,352,891	1,024,000		
Excess Revenues Over Expenses	6,454,815	2,885,000		
Other Changes in Unrestricted Net Assets				
Non-Recurring Transactions	-	-	-	
Release of Restricted Funds for Capital	199,766	-	199,766	
Total Change in Unrestricted Net Assets	6,654,581	2,885,000		

	Actual FYE 2025	Forecast FYE 2025	Difference Note
Temporarily Restricted			-
Contributions and Grants	120,330	-	120,330
Investment Income	-	-	-
Unrealized Gains on Investments	-	-	-
Release of Restricted Funds	(337,883)	-	(337,883) Not forecasted
Other Adjustments	-	-	-
Intercompany	-	-	-
Prior Year Equity Adjustment	-	-	-
		-	-
Change in Temporarily Restricted Net Assets	(217,553)	-	
Permanently Restricted			
Contributions	-	-	-
Intercompany	-	-	-
Investment Income	-	-	-
			-
Change in Permanently Restricted Net Assets	-	-	
Increase (Decrease) in Net Assets	6,437,028	2,885,000	
Net Assets Beginning of Year	41,474,575	41,564,000	
Current Net Assets	\$47,911,603	\$ 44,449,000	

Explanation of Material Differences Between Projected Statements of Operations and Changes in Net Assets for the Year Ended September 30,

2025 and Year Ended September 30, 2025 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 above explanation is furnished pursuant to Section 58-64A-150 of the General Statutes of North Carolina.

**Trinity Oaks Campus Consolidated
Cash Flow**

	Actual	Forecast		
Cash Flows from Operating Activities	FYE 2025	FYE 2025	Difference	Notes
Change in net assets	\$ 6,437,028	\$ 2,885,000	\$3,552,028	Better performance Adjustments
to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization	2,362,482	2,310,000	52,482	
Amortization of debt issuance costs and premium	(21,839)	(39,000)	17,161	
Net (gain) loss on disposal of property and equipment	(15,367)	-	(15,367)	
Loss on early extinguishment of debt	-	-	-	
Amortization of deferred entrance fees	(1,439,133)	(1,265,000)	(174,133)	
Receipt of non-refundable entrance fees	1,373,716	1,503,000	(129,285)	
Market value adjustment on swap agreement	-	-	-	
Equity in income of joint ventures	-	-	-	
Dividends received from equity investment	-	-	-	
Realized gains on investments	(1,642,730)	-	(1,642,730)	Better performance

Unrealized gains on investments	(2,711,145)	-	(2,711,145)	Not forecasted
Contributions of equity	-		-	
Changes in assets and liabilities:			-	
Accounts receivable, residents and clients	637,902	416,000	221,902	
Other receivables	(93,949)	-	(93,949)	
Employee retention credit receivable	250,989	251,000	(11)	
Other assets	19,625	3,000	16,625	
Accounts payable and other accrued liabilities	460,219	69,000	391,219	
Deferred revenue from grants and other	-		-	
Other liabilities	-		-	
Net cash provided by operating activities	5,617,797	6,133,000		
Cash Flows from Investing Activities				
Dividends received from equity investment	-			
Purchase of property and equipment	(1,775,482)	(1,834,000)	58,518	
Proceeds from sale of property and equipment	(15,367)	-	(15,367)	
Purchase of investments	(7,580,417)	(3,589,000)	(3,991,417)	Cash to investments
Purchase of equity method investment	-		-	
Proceeds from sale of investments	-		-	
Net cash used in investing activities	(9,371,266)	(5,423,000)		
Cash Flows from Financing Activities				
Proceeds from issuance of debt obligations	-			
Principal payments on debt	(493,087)	(241,000)	(252,087)	
Receipt of refundable entrance fees	1,007,290	(85,000)	1,092,290	Contract types
Refunds of refundable fees	-		-	
Change in obligations under finance leases and oth	s-		-	
Net cash provided (used) by financing activ	514,203	(326,000)		
Net Change in Cash, Cash Equivalents, and Restricted	(3,239,266)	384,000		
Cash, Cash Equivalents, and Restricted Cash, Beginn	13,986,33	14,001,000		
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$10,747,067	\$ 14,385,000		

Explanation of Material Differences Between Projected Statements of Operations and Changes in Net Assets for the Year Ended September 30, 2025 and Year Ended September 30, 2025 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 above explanation is furnished pursuant to Section 58-64A-150 of the General Statues of North Car

Appendix B — Five-Year Prospective Financial Statements

**LUTHERAN RETIREMENT CENTER – SALISBURY,
INC.
LUTHERAN HOME AT TRINITY OAKS, INC.
LUTHERAN HOME AT TRINITY OAKS PROPERTY,
FORECASTED COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' COMPILATION
FOR THE YEARS ENDING SEPTEMBER 30, 2026
THROUGH SEPTEMBER 30, 2030**



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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Trustees

Lutheran Retirement Center – Salisbury,
Inc. Lutheran Home at Trinity Oaks, Inc.

Lutheran Home at Trinity Oaks Property,
Inc. Salisbury, North Carolina

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

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

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

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

Board of Trustees

Lutheran Retirement Center – Salisbury, Inc.
Lutheran Home at Trinity Oaks, Inc.
Lutheran Home at Trinity Oaks Property, Inc.

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte,
February 10, 2026

North

Carolina

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

	2026	2027	2028	2029	2030
Revenues					
and					
Other					
Support					
Patient Service Revenues:					
Monthly Fee Revenues	\$ 7,474	\$ 7,702	\$ 7,933	\$ 8,172	\$ 8,417
Health Care Revenues - Assisted Living and Nursing	19,610	20,136	20,672	21,218	21,783
Amortization of Deferred Entrance Fees	1,200	1,236	1,273	1,311	1,350
Other Revenue	438	451	465	478	493
Total Revenue	28,722	29,525	30,343	31,179	32,043
Expenses					
Salaries and Wages	13,075	13,467	13,871	14,288	14,717
Employee Benefits	2,329	2,399	2,471	2,545	2,622
Supplies and Other	7,436	7,658	7,887	8,125	8,367
Marketing Expense	197	203	209	215	222
Management Fees	1,307	1,344	1,380	1,418	1,458
Depreciation and Amortization	2,265	2,609	2,778	2,953	3,132
Interest Expense	165	153	140	128	116
Total Operating Costs and Expenses	26,774	27,833	28,736	29,672	30,634
Operating Income	1,948	1,692	1,607	1,507	1,409
Non-Operating Gains:					
Investment Income	1,430	1,598	1,767	1,943	2,127
Contributions	66	68	70	72	74
Total Non-Operating Income	1,496	1,666	1,837	2,015	2,201
Excess of Revenues over Expenses	3,444	3,358	3,444	3,522	3,610
Changes in Net Assets	3,444	3,358	3,444	3,522	3,610
Net Assets at Beginning of Year	47,911	51,355	54,713	58,157	61,679
Net Assets at End of Year	\$ 51,355	\$ 54,713	\$ 58,157	\$ 61,679	\$ 65,289

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

**LUTHERAN RETIREMENT CENTER – SALISBURY, INC.
LUTHERAN HOME AT TRINITY OAKS, INC.
LUTHERAN HOME AT TRINITY OAKS PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY OAKS
FORECASTED COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING SEPTEMBER 30,
*(In Thousands of Dollars)***

2026 2027 2028 2029 2030

Changes in Net Assets	\$	3,444	\$	3,358	\$	3,444	\$	3,522	\$	3,610
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:										
Depreciation and Amortization		2,265		2,609		2,778		2,953		3,132
Amortization of Debt Issuance Costs Included in Interest Expense		2		2		2		2		2
Amortization of Debt Premium Included in Interest Expense		(11)		(11)		(11)		(11)		(11)
Amortization of Deferred Entrance Fees		(1,200)		(1,236)		(1,273)		(1,311)		(1,350)
Receipt of Non-Refundable Entrance Fees		2,218		2,283		2,351		2,422		2,495
Changes in Assets and Liabilities:										
Accounts Receivable, Residents and Clients		(23)		(60)		(40)		(40)		(40)
Other Current Assets		10		(22)		(4)		(4)		(4)
Change in Employee Retention Credit Receivables		491		-		-		-		-
Accounts Payable and Other Accrued Liabilities		(68)		39		39		39		39
Accrued Interest Payable		14		(1)		(1)		(1)		(1)
Net Cash Provided by Operating Activities		7,142		6,961		7,285		7,571		7,872
Cash Flows from Investment Activities:										
Routine Purchases of Property and Equipment		(1,626)		(1,670)		(1,720)		(1,770)		(1,820)
Change in Investments, Net		(5,394)		(4,014)		(4,251)		(4,452)		(4,669)
Change in Assets Whose Use is Limited, Net		1,102		(31)		(36)		(37)		(39)
Net Cash Used in Investment Activities		(5,918)		(5,715)		(6,007)		(6,259)		(6,528)
Cash Flows from Financing Activities:										
Allocated Payments of Long-Term Debt		(252)		(265)		(279)		(292)		(304)
Receipt of Refundable Entrance Fees		950		979		1,008		1,038		1,069
Refunds of Refundable Fees		(1,579)		(1,627)		(1,675)		(1,726)		(1,777)
Net Cash Used in Financing Activities		(881)		(913)		(946)		(980)		(1,012)
Change in Cash, Cash Equivalents and Restricted Cash		343		333		332		332		332
Cash, Cash Equivalents and Restricted Cash, Beginning of Year		10,762		11,105		11,438		11,770		12,102
Cash, Cash Equivalents and Restricted Cash, End of Year	\$	11,105	\$	11,438	\$	11,770	\$	12,102	\$	12,434
Supplemental Disclosure of Cash Flow Information:										
Cash Paid During the Year for Interest	\$	175	\$	163	\$	150	\$	138	\$	126

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

**LUTHERAN RETIREMENT CENTER – SALISBURY, INC.
LUTHERAN HOME AT TRINITY OAKS, INC.
LUTHERAN HOME AT TRINITY OAKS PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY OAKS
FORECASTED COMBINED BALANCE SHEETS
AT SEPTEMBER 30,
(In Thousands of Dollars)**

	2026	2027	2028	2029	2030
ASSETS					
Cash and Cash Equivalents	\$ 10,921	\$ 11,247	\$ 11,573	\$ 11,899	\$ 12,225
Investments	34,549	38,563	42,814	47,266	51,935
Current Portion of Assets Limited as to Use	169	176	182	188	194
Accounts Receivable, Residents, and Clients, Net	1,500	1,560	1,600	1,640	1,680
Other Receivable	97	97	97	97	97
Inventories	134	156	160	164	168
Residents' Funds	15	15	15	15	15
Total Current Assets	47,385	51,814	56,441	61,269	66,314
Assets Limited as to Use:					
Investments - Board Designated Funds	2,821	2,821	2,821	2,821	2,821
Assets Limited as to Use - Operating Reserve Requirement	1,213	1,244	1,280	1,317	1,356
Bond Funds	169	176	182	188	194
Total Assets Limited as to Use	4,203	4,241	4,283	4,326	4,371
Less: Current Portion	(169)	(176)	(182)	(188)	(194)
	4,034	4,065	4,101	4,138	4,177
Due from Affiliate	1,184	1,184	1,184	1,184	1,184
Property and Equipment, Net	22,780	21,841	20,783	19,600	18,288
Total Assets	\$ 75,383	\$ 78,904	\$ 82,509	\$ 86,191	\$ 89,963
LIABILITIES AND NET ASSETS					
Current Liabilities	\$ 265	\$ 279	\$ 292	\$ 304	\$ 316
Accounts Payable, Trade	468	482	496	510	524
Accrued Salaries and Payroll Taxes	792	814	836	858	880
Accrued Health Benefits	108	111	114	117	120
Accrued Interest Payable	14	13	12	11	10
Residents' Funds Liability	15	15	15	15	15
Total Current Liabilities	1,662	1,714	1,765	1,815	1,865
Long-Term Liabilities:					
Long-Term Debt, Less Current Maturities, Debt Issuance Costs and Original Issuance Premium	4,103	3,815	3,514	3,201	2,876
Refundable Fees	9,134	8,486	7,819	7,131	6,423
Deferred Revenue from Advance Fees	9,129	10,176	11,254	12,365	13,510
Total Long-Term Liabilities	22,366	22,477	22,587	22,697	22,809
Total Liabilities	24,028	24,191	24,352	24,512	24,674
Net Assets:					
Net Assets Without Donor Restriction					
Unrestricted, Undesignated	47,182	50,540	53,984	57,506	61,116
Unrestricted, Board Designated Funds	2,821	2,821	2,821	2,821	2,821
Total Net Assets Without Donor Restriction	50,003	53,361	56,805	60,327	63,937
Net Assets With Donor Restriction	1,352	1,352	1,352	1,352	1,352
Total Net Assets	51,355	54,713	58,157	61,679	65,289
Total Liabilities and Net Assets	\$ 75,383	\$ 78,904	\$ 82,509	\$ 86,191	\$ 89,963

See Summary of Significant Forecast Assumptions and Accounting Policies and

Summary of Significant Forecast Assumptions and Accounting Policies

INTRODUCTION

Basis **of**

Presentation

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

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

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

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

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION

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

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

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

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

The Obligated Group consists of the following:

Table 1						
LSA Obligated Group						
Operating Entity	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					
Lutheran Home - Hickory, Inc. (Trinity Village) (2)	Lutheran Home Hickory Property, Inc.	Albemarle, NC	-	27	76	103
<u>Retirement Communities</u>						
Lutheran Retirement Center at Lutheridge, Inc. (Trinity View) (2)	-	Arden, NC	78	24	-	102
Lutheran Retirement Center - Salisbury, Inc. (Trinity Oaks retirement) (3)	-	Salisbury, NC	167	38	-	205
Lutheran Home at Trinity Oaks, Inc. (Trinity Oaks health & rehab) (3)	Lutheran Home at Trinity Oaks Property, Inc.	Salisbury, NC	12	12	115	139
Lutheran Home - Forsyth County, Inc. (Trinity Elms health & rehab) (4)	Lutheran Home Forsyth County Property, Inc.	Clemmons, NC	-	-	100	100
LSA Elms at Tanglewood, Inc. (Trinity Elms assisted living) (4) (5)	LSA Elms Property, Inc.	Clemmons, NC	-	104	-	104
Lutheran Retirement Center - Clemmons, Inc. (Trinity Elms retirement) (4)	-	Clemmons, NC	54	-	-	54
Lutheran Retirement Center - Wilmington, Inc. (Trinity Landing) (6)	-	Wilmington, NC	208	-	-	208
Lutheran Retirement Center - Hickory, Inc. (7)	-	Hickory, NC	-	-	-	-
Lutheran Retirement Center - Hickory West, Inc. (8)	-	Hickory, NC	-	-	-	-
Aston Park Health Care Center		Ashville, NC	-	19	120	139
GlenFlora		Lumberton, NC	-	20	52	72
<u>Other</u>						
Abundant Living Adult Day Services, Inc.	Lutheran Services Property, Inc.	Salisbury, NC	-	-	-	-
LSA Management, Inc.	-	Salisbury, NC	-	-	-	-

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

Notes to Table 1:

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

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

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

Overview of Services Provided by Trinity Oaks

Trinity Oaks retirement

Lutheran Retirement Center – Salisbury, Inc., d/b/a “Trinity Oaks retirement,” is a fee-for-service retirement community consisting of 167 independent living units (125 apartments and 42 cottages) and 38 assisted living residences. The independent living apartments, housed in a three-story building, include 45 two-bedroom units, 63 one-bedroom units and 17 studio units. All 38 assisted living residences are single occupancy rooms. Trinity Oaks retirement currently occupies approximately 11 acres, part of the larger 40-acre site upon which the skilled nursing facility known as Trinity Oaks Health & Rehab is located. Trinity Oaks retirement and Trinity Oaks health and rehab (as defined hereinafter) operate together as a North Carolina licensed continuing care retirement community (a “CCRC”).

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

Trinity Oaks retirement offers three entrance fee plans for all of its apartments and cottages (as further described in “Refundable Fees and Deferred Revenue from Advance Fees” on page 14).

The entrance fee entitles occupancy of a residence by the resident at Trinity Oaks retirement, together with the use and benefits of its common areas, amenities, services and programs. The entrance fee also assures the residents priority access to the assisted living center and Trinity Oaks health and rehab. Upon leaving

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

Trinity Oaks retirement's independent living units, the resident or the resident's estate will receive a refund of the entrance fee, depending upon the entrance plan selected. A monthly service fee for the independent living apartments include all occupancy costs (except telephone service and cable TV) and includes two meals per day in the dining room. Service fees are based on the size and type of apartment occupied. Apartments occupied by more than one person are assessed a fee for each additional occupant to cover the additional maintenance and meal cost. Monthly fees and services for cottage residents are modeled after those provided apartment residents, with variations in dietary and certain other services. Monthly fees for the assisted living residents include three meals per day and all occupancy costs (except telephone service and cable TV). Trinity Oaks provides activity and transportation opportunities for all of its residents.

Trinity Oaks health and rehab

Lutheran Home at Trinity Oaks, Inc., d/b/a "Trinity Oaks health and rehab," consists of 115 nursing facility beds (14 in an Alzheimer's unit), 12 assisted living beds (11 in an Alzheimer's unit) and 12 independent living apartments located in the lower level of the facility. The facility was opened in 1976 with 110 beds and 12 apartments and was expanded to its current complement of beds in 1991. The addition of the Virginia Casey Center provides both skilled nursing and assisted living beds for those residents with Alzheimer's in a secure unit. The facility occupies a portion of the Salisbury campus, which it shares with Trinity Oaks retirement.

Health Care Services

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

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

Residents of the assisted living or nursing units also receive housekeeping service and a total of three meals per day. Certain additional ancillary health care services are not included in the per diem fees and will be charged to the resident. Examples of additional ancillary health care charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, occupational therapy, speech therapy, rehabilitative treatments, wheelchairs, other medical equipment and supplies, and any other

medical services beyond those available at Trinity Oaks health and rehab. Also, additional professional services (medical or otherwise) contracted by the resident or on the resident's behalf will be charged to the resident.

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Combination

The forecasted combined financial statements include the accounts of Lutheran Retirement Center – Salisbury, Inc., Lutheran Home at Trinity Oaks, Inc. and Lutheran Home at Trinity Oaks Property, Inc. All related party balances and intra-company transactions have been eliminated in combination.

Cash and Cash Equivalents

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

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

		As of September 30,				
		2026	2027	2028	2029	2030
Cash and Cash Equivalents		\$ 10,921	\$ 11,247	\$ 11,573	\$ 11,899	\$ 12,225
Residents' Funds		15	15	15	15	15
Assets	Limited					
	as					
	to					
	Use					
Bond Funds		169	176	182	188	194
Total Cash, Cash Equivalents and Restricted Cash Shown in						
Forecasted Combined Statements of Cash Flows		\$ 11,105	\$ 11,438	\$ 11,770	\$ 12,102	\$ 12,434

Investments

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

Service Fees

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

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Revenue Recognition

Trinity Oaks 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.

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Patient Service Revenue:

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

Assets Limited as to Use

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

Debt Issuance Costs

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

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

Original Issuance Premium

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

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

Property and Equipment

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

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensation Absences

Compensated absences are forecasted to be accrued for employees as benefits are earned. **Refundable Fees and Deferred Revenue from Advance Fees**

Fees paid by a resident upon entering into a residency agreement at Trinity Oaks continuing care retirement community, 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.

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 nonrefundable. 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 reoccupancy or within two years, whichever occurs first. Trinity Oaks records a current portion of refundable fees that is expected to be refunded in the next year.

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

Net Assets With Donor Restrictions

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

Excess of Revenue Over Expenses

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

acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donor-Restricted Gifts

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

Advertising Costs

Advertising costs are charged to operations when incurred.

Long-Lived Assets

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

Income Taxes

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

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE

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

Resident service revenue is composed of:

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

Forecasted Occupancy Levels

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

Table 2

Average Yearly Forecasted Utilization of Trinity Oaks - Independent Living Units

For the Years Ending September 30,

Location	Facility Name	2026	2027	2028	2029	2030
Salisbury	Trinity Oaks retirement	94%	94%	94%	94%	94%
Salisbury	Trinity Oaks health and rehab	96%	96%	96%	96%	96%
	Weighted-average	94%	94%	94%	94%	94%

Source: Management

Management has forecasted second person occupancy percentages of 38% for Trinity Oaks retirement and 0% for Trinity Oaks health and rehab for each year of the Forecast Period.

Table 3

Average Yearly Forecasted Utilization of Trinity Oaks - Assisted Living

For the Years Ending September 30,

Location	Facility Name	2026	2027	2028	2029	2030
Salisbury	Trinity Oaks retirement	97%	97%	97%	97%	97%
Salisbury	Trinity Oaks health and rehab	97%	97%	97%	97%	97%
	Weighted-average	97%	97%	97%	97%	97%

Source: Management

Table 4

Average Yearly Forecasted Utilization of Trinity Oaks - Nursing

For the Years Ending September 30,

Location	Facility Name	2026	2027	2028	2029	2030
Salisbury	Trinity Oaks health and rehab	95%	95%	95%	95%	95%

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Forecasted Entrance Fees, Monthly Fees and Daily Fees Increases

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

Table 5
Trinity Oaks Forecasted Rate Increases

For the Years Ending September 30,

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

Source: Management

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

Assisted Living Fees

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

Table 6
Trinity Oaks – Forecasted Assisted Living Daily Rates
For the Years Ending September 30,

Payer Mix	2026	2027	2028	2029	2030
Trinity Oaks retirement					
Private Pay	\$ 227	\$ 234	\$ 241	\$ 248	\$ 255
Medicaid / State Special Assistance	n/a	n/a	n/a	n/a	n/a
Private Pay - Memory Support	n/a	n/a	n/a	n/a	n/a
Trinity Oaks health and rehab					
Private Pay	\$ 226	\$ 233	\$ 240	\$ 247	\$ 254
Medicaid / State Special Assistance	\$ 45	\$ 45	\$ 45	\$ 45	\$ 45
Private Pay - Memory Support	\$ 320	\$ 330	\$ 339	\$ 350	\$ 360

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Assisted Living Payer Mix

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

Table 7								
Trinity Oaks – Forecasted Assisted Living Payer Mix								
For the Years Ending September 30,								
Location	Facility Payer Mix		Name	2026	2027	2028	2029	2030
Salisbury	Trinity	Oaks	retirement					
	Private Pay			100%	100%	100%	100%	100%
Salisbury	Trinity	Oaks	health and rehab					
	Private Pay			9%	9%	9%	9%	9%
	Private Pay	Memory Support		91%	91%	91%	91%	91%
Total	Weighted-average							
	Private Pay			78%	78%	78%	78%	78%
	Private Pay	Memory Support		22%	22%	22%	22%	22%

Source: Management

Nursing Fees

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

Table 8						
Trinity Oaks – Forecasted Nursing Daily Rates						
For the Years Ending September 30,						
Payer Mix	2026	2027	2028	2029	2030	
Trinity Oaks health and rehab						
Private Pay	\$ 348	\$ 358	\$ 369	\$ 380	\$ 392	
Private Pay - Semi Private	\$ 335	\$ 345	\$ 355	\$ 366	\$ 377	
Insurance	\$ 360	\$ 371	\$ 382	\$ 393	\$ 405	
Medicare	\$ 590	\$ 608	\$ 626	\$ 645	\$ 664	
Medicaid	\$ 330	\$ 336	\$ 343	\$ 350	\$ 357	
Hospice	\$ 330	\$ 336	\$ 343	\$ 350	\$ 357	

Source:

Management

Nursing Payer Mix

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

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Table 9

Trinity Oaks – Forecasted Nursing Payer Mix

For the Years Ending September 30,

Location	Payer Mix	2026	2027	2028	2029	2030
Salisbury	Trinity Oaks health and rehab					
	Private Pay	42%	42%	42%	42%	42%
	Insurance	4%	4%	4%	4%	4%
	Medicare	5%	5%	5%	5%	5%
	Medicaid/Hospice	49%	49%	49%	49%	49%

Source: Management

Independent Living Entrance Fees and Monthly Service Fees

Trinity Oaks Retirement

Below is a table setting forth the Entrance Fee and Monthly Service Fees for Trinity Oaks retirement's independent living units:

Table 10

Trinity Oaks Retirement

Independent Living 2026 Entrance Fees and Monthly Fees

	No. of Units	Square Ft.	Monthly Fee	Entrance Fees		
				Limited-Refund	50% Refund	90% Refund
Apartments:						
Studio	17	504	\$2,482	\$69,627	\$93,046	\$166,469
One Bedroom	18	607	\$3,117	\$81,978	\$109,190	\$195,586
One Bedroom Deluxe	45	695	\$3,335	\$86,083	\$114,566	\$205,080
Two Bedroom	45	971	\$3,981	\$128,492	\$171,533	\$306,675
Cottages	42	1,453 – 3,049	\$4,293	\$122,162 - \$213,628	\$162,673 - \$284,834	\$291,163 - \$484,217
Second Person - Apartments			\$1,305	\$4,704	\$6,269	\$11,284
Second Person - Cottages			\$1,454	\$6,585	\$8,776	\$15,671
Total/Weighted Average	167	1,152	\$3,640	\$115,968	\$154,607	\$240,476

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Trinity Oaks Health and Rehab

The following table reflects the monthly rental fee for each independent living unit type at Trinity Oaks health and rehab:

Table 11		
Trinity Oaks Health and Rehab Independent Living – 2025 Monthly Fees		
Unit Type	No. of Units	Monthly Fee
One Bedroom	7	\$943 - \$1,002
Two Bedroom	5	\$1,081 - \$1,352
Total/Weighted Average	12	\$ 1,091

Source: Management

Entrance Fee Receipts and Refund

Entrance fee receipts and refunds are based on information provided by Management based on historical experience. The following table reflects entrance fees received and refunds paid during the Forecast Period for Trinity Oaks, as forecasted by Management.

Table 12					
Trinity Oaks Independent Living Forecasted Entrance Fees, Net					
For the Years Ending September 30,					
(In Thousands of Dollars)					
	2026	2027	2028	2029	2030
Entrance fees received from unit turnover	\$ 3,168	\$ 3,262	\$ 3,359	\$ 3,460	\$ 3,564
Entrance fees refunded from unit turnover	(1,579)	(1,627)	(1,675)	(1,726)	(1,777)
Total entrance fees received, net of refunds	\$ 1,589	\$ 1,635	\$ 1,684	\$ 1,734	\$ 1,787

Source: Management

Management has assumed that selection of the entrance fee plans would be as follows:

- 100 percent selecting the Limited-Refund Plan;
- 0 percent selecting the 50% Refund Plan; and
- 0 percent selecting the 90% Refund Plan.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF REVENUE (CONTINUED)

Investment Income

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

Table 13
Forecasted Investment Earning Rates
For the Years Ending September 30,

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

Source: Management

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

Contributions

Management has forecasted contributions based upon historical experience.

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF EXPENSES

Expenses

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

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

A full-time equivalent employee ("FTE") represents 2,080 hours of time paid annually. Average hourly rates are forecasted to increase at a rate of 3.0 percent in 2027 and annually, thereafter, for inflation throughout the Forecast Period. Management has not forecasted any change in FTEs during the Forecast Period.

Employee Benefits

Benefit costs include payroll taxes and employee benefits including FICA, unemployment taxes, workers' compensation, health insurance, pension plan, incentives and other miscellaneous benefits for Trinity Oaks. These benefit costs have been forecasted by department based on the historical experience of Trinity Oaks. Management has forecasted that benefits would approximate 17.8 percent of wages and salaries during the Forecast Period. Management assumes that these costs would increase at approximately 3.0 percent in 2027 and annually, thereafter, for inflation throughout the Forecast Period.

Supplies and Other

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

Marketing Expense

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

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF EXPENSES (CONTINUED)

Management Fee

Effective October 1, 2020, Trinity Oaks entered into a Management Services Agreement with LSA Management, Inc. to provide management services on behalf of Trinity Oaks. 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 Oaks. The Management Services Agreement may be immediately terminated if any party is in default under its terms and the default is not cured within the applicable cure period. Management has forecasted that it would extend the Management Services Agreement upon its expiration.

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

Interest Expense

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

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR FORECAST OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalent balances for the Forecast Period are based on the results of the Forecasted Combined Statements of Cash Flows and reflect amounts that are highly liquid with a maturity of three months or less. For purposes of presentations, cash and cash equivalent balances are estimated to be approximately 160 days for 2026, 2027, 2028, 2029, and 2030. Amounts in excess of these amounts are classified as investments.

Accounts Receivable, Residents, Net

Accounts receivable, net of current expected credit losses, are forecasted based on historical levels

based on 20 days of operating revenues.

Other Receivable

Other accounts receivable has been forecasted based upon historical experience based on 18 days of

operating revenues.

Inventories

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

Accounts Payable, Trade

Accounts payable, trade, have been forecasted based on historical levels for Trinity Oaks based on 7

days of operating expenses.

Accrued Health Benefits

Accrued health benefits have been forecasted based on historical levels for Trinity Oaks based on 3 days

of total salaries and taxes.

Accrued Salaries and Payroll Taxes

Accrued salaries and payroll taxes have been forecasted based on historical levels for Trinity Oaks based

on 25 days of total salaries, benefits, and taxes.

Refundable Fees – Current

Refundable fees – current - have been forecasted based on a fixed amount and Management has not

forecasted that the current balances would change during the Forecast Period.

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.

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

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

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

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. As of September 30, 2025, Trinity Oaks had a receivable of approximately \$491,000 recorded on the combined balance sheet. Management has forecasted the collection of the receivable during 2026.

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

Assets Limited as to Use

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

Under Board Designation

Board Designated Investments – Funds designed by the Board are for capital acquisitions and are assumed to remain stable throughout the Forecast Period.

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

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

A provider who has a 12-month daily average independent living unit occupancy rate equal to or in excess of ninety-three percent (93%) and has not long-term debt or a debt service coverage ratio in excess of 2.00 as of the provider’s most recent fiscal year-end shall only be required to maintain an operating reserve equal to twelve and one-half percent (12.5%)

of total operating costs of the continuing care retirement community, unless otherwise instructed by the NCDOL.

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

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

As of the Obligated Group's most recent fiscal year-end, the debt service ratio of the Obligated Group was in excess of 2.00. Management has forecasted the average independent living occupancy to be in excess of ninety-three percent (93%). As such, Management has forecasted an operating reserve of 12.5% of the total operating costs of the continuing care retirement community during the Forecast Period.

Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance. Management has forecasted, based on its forecasted occupancies, meeting the 12.5 percent operating reserve requirement for all years of the Forecast Period.

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

Table 14
Forecasted Operating Reserve Calculation – Trinity Oaks
For the Years Ending September 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Forecasted Total Operating Expenses	\$ 26,774	\$ 27,833	\$ 28,736	\$ 29,672	\$ 30,634
Less:					
Depreciation	(2,265)	(2,609)	(2,778)	(2,953)	(3,132)
Interest Expense and Amortization	(165)	(153)	(140)	(128)	(116)
Forecasted Operating Expenses of Lutheran Home at Trinity Oaks and Lutheran Home at Trinity Oaks Property, Inc. (1)	(15,000)	(15,479)	(15,940)	(16,417)	(16,906)
Adjusted Operating Expenses	\$ 9,344	\$ 9,592	\$ 9,878	\$ 10,174	\$ 10,480
Include:					
Principal Payment--Trinity Oaks (2)	240	253	266	278	289
Interest Payment--Trinity Oaks (2)	120	109	97	86	75
Total Operating Costs	\$ 9,704	\$ 9,954	\$ 10,241	\$ 10,538	\$ 10,844
Operating Reserve Percentage (3)	12.5%	12.5%	12.5%	12.5%	12.5%

Operating Reserve - Lutheran Retirement Center - Salisbury, Inc.

\$	1,213	\$	1,244	\$	1,280	\$	1,317	\$	1,356
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Source: Management

Notes:

- (1) Management has excluded the operating expenses of Lutheran Home at Trinity Oaks and Lutheran Home at Trinity Oaks Property, Inc.
- (2) Management has allocated to Lutheran Retirement Center - Salisbury, Inc.'s its pro-rata portion of the principal and interest of the Obligated Group's Series 2021 Bonds.
- (3) Lutheran Retirement Center - Salisbury, Inc. average independent living occupancy for the year ending September 30,

	2026	2027	2028	2029	2030
Available Units	167.0	167.0	167.0	167.0	167.0
Occupied Units	156.7	156.6	156.6	156.6	156.6
Average Occupancy Percentage - Lutheran Retirement Center - Salisbury, Inc.	94%	94%	94%	94%	94%

Investments

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

See Independent Accountants' Compilation Report

Summary of Significant Forecast Assumptions and Accounting Policies

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

Property and Equipment

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

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

Table 15					
Forecasted Property and Equipment as of September 30,					
(In Thousands of Dollars)					
	2026	2027	2028	2029	2030
Land and Land Improvements	\$ 595	\$ 595	\$ 595	\$ 595	\$ 595
Building and Building Improvements	58,888	60,057	61,261	62,500	63,774
Furnishings and Equipment	3,355	3,856	4,372	4,903	5,449
Construction in Progress	506	506	506	506	506
	63,344	65,014	66,734	68,504	70,324
Less: Accumulated Depreciation	(40,564)	(43,173)	(45,951)	(48,904)	(52,036)
Net Property and Equipment	\$ 22,780	\$ 21,841	\$ 20,783	\$ 19,600	\$ 18,288

Source: Management

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

Table 16					
Forecasted Property and Equipment Additions					
For the Years Ending September 30,					
(In Thousands of Dollars)					
	2026	2027	2028	2029	2030
Routine Purchases of Capital Expenditures	\$ 1,626	\$ 1,670	\$ 1,720	\$ 1,770	\$ 1,820

Source: Management

Summary of Significant Forecast Assumptions and Accounting Policies

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

Long-Term Debt and Interest Expense

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

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

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

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

Summary of Significant Forecast Assumptions and Accounting Policies

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

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

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

	Series Bonds	2021A Bonds	Series 2021C Bonds
Trinity Oaks retirement		14.4%	0.0%
Trinity Oaks health and rehab		0.6%	0.0%
Lutheran Home at Trinity Oaks Property		0.1%	0.0%
All Other Members of the Obligated Group		84.9%	100.0%
Total		100.0%	100.0%

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

Table 17
Forecasted Principal Payments
(In Thousands of Dollars)

	Series 2021A Bonds	Series 2021C Bonds	Total
For the Year Ending September 30,			
2026	\$ 252	-	\$ 252
2027	265	-	265
2028	279	-	279
2029	292	-	292
2030	304	-	304
Thereafter	3,045	-	3,045
Total	\$ 4,437	-	\$ 4,437

Source: Management

Obligated Group – Security on Long-Term Debt

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

Summary of Significant Forecast Assumptions and Accounting Policies

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

Table 18

Obligated Group Facilities Pledged as Mortgaged Property

<u>Member of Obligated Group</u>	<u>Name of Facility</u>
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

Related Party Transactions

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

Due from Affiliate

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

Summary of Significant Forecast Assumptions and Accounting Policies

SUPPLEMENTAL SCHEDULE OF DETAIL OPERATING EXPENSES BY ENTITY

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

For the fiscal year ending September 30, 2026

Expenses	Lutheran Retirement	Lutheran Lutheran Home	Home Home	Combined Operating	Total
Salaries and wages	\$ 4.601	\$ -	\$ 8.474	\$ -	\$ 13.075
Employee Benefits	929	-	1.400	-	2.329
Supplies and Other Expense	3.064	42	4.330	-	7.436
Marketing Expense	197	-	-	-	197
Management Fees	553	-	754	-	1,307
Subtotal	9.344	42	14.958	-	24.344
Depreciation and Amortization				2.265	
Interest Expense				165	
Total Operating Costs and				\$ 26.774	

For the fiscal year ending September 30, 2027

Expenses	Lutheran Retirement	Lutheran Lutheran Home	Home Home	Combined Operating	Total
Salaries and wages	\$ 4.739	\$ -	\$ 8.728	\$ -	\$ 13.467
Employee Benefits	957	-	1.442	-	2.399
Supplies and Other Expense	3.156	43	4.459	-	7.658
Marketing Expense	203	-	-	-	203
Management Fees	537	-	807	-	1,344
Subtotal	9.592	43	15.436	-	25.071
Depreciation and Amortization				2.609	
Interest Expense				153	
Total Operating Costs and				\$ 27,833	

For the fiscal year ending September 30, 2028

Expenses	Retirement	Lutheran Lutheran Home	Home Home	Combined Operating	Total
Salaries and wages	\$ 4.881	\$ -	\$ 8.990	\$ -	\$ 13.871
Employee Benefits	986	-	1.485	-	2.471
Supplies and Other Expense	3.250	44	4.593	-	7.887
Marketing Expense	209	-	-	-	209
Management Fees	552	-	828	-	1,380
Subtotal	9.878	44	15.896	-	25.818
Depreciation and Amortization				2.778	
Interest Expense				140	
Total Operating Costs and				\$ 28.736	

Summary of Significant Forecast Assumptions and Accounting Policies

MANAGEMENT'S SCHEDULE OF DETAIL OPERATING EXPENSES BY ENTITY

(CONTINUED)

For the fiscal year ending September 30, 2029

	Retirement Center -	Lutheran Home at Trinity Oaks	Lutheran Home at Trinity Oaks,	Combined Total Operating Eliminations	Expenses
Expenses					
Salaries and wages	\$ 5,028	\$ -	\$ 9,260	\$ -	\$ 14,288
Employee Benefits	1,015	-	1,530	-	2,545
Supplies and Other Expense	3,348	46	4,731	-	8,125
Marketing Expense	215	-	-	-	215
Management Fees	568	-	850	-	1,418
Subtotal	10,174	46	16,371	-	26,591
Depreciation and Amortization				2,953	
Interest Expense				128	
Total Operating Costs and Expenses				\$ 29,672	

For the fiscal year ending September 30, 2030

	Retirement Center -	Lutheran Home at Trinity Oaks	Lutheran Home at Trinity Oaks,	Combined Total Operating Eliminations	Expenses
Expenses					
Salaries and wages	\$ 5,179	\$ -	\$ 9,538	\$ -	\$ 14,717
Employee Benefits	1,046	-	1,576	-	2,622
Supplies and Other Expense	3,448	47	4,872	-	8,367
Marketing Expense	222	-	-	-	222
Management Fees	585	-	873	-	1,458
Subtotal	10,480	47	16,859	-	27,386
Depreciation and Amortization				3,132	
Interest Expense				116	
Total Operating Costs and Expenses				\$ 30,634	

See Independent Accountants' Compilation Report

Appendix C — Statement of Actuarial Opinion

Lutheran Retirement Center- Salisbury, Inc. Does not have a Statement of Actuarial Opinion.

Appendix D — Representative Contract(s)

**RESERVATION AGREEMENT
FOR A COTTAGE
TRINITY OAKS - SALISBURY**

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

WHEREAS, Trinity Oaks owns and operates the retirement community located at 728 Klumac Road in Salisbury, Rowan County, North Carolina; and

WHEREAS, Resident desires a Cottage located at Trinity Oaks and designated in the Reservation Agreement, and Trinity Oaks desires to make such Cottage available to Resident;

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

I. COTTAGE RESERVATION. Resident agrees to reserve the Cottage at _____. A Cottage Reservation must be accompanied by a deposit of Ten Thousand Dollars (\$10,000.00) upon the execution of this Reservation Agreement by the Resident. Reservation is contingent upon any prior reservation received from a current resident for a like unit and the current resident will have first right of refusal to proceed with a new Residency Agreement within 7 days after the signing of this Agreement.

II. PROJECTED DATE OF OCCUPANCY. Resident estimates the projected date of occupancy of the Cottage to be on or about _____, _____.

III. ADMISSIONS PROCESS. Trinity Oaks and Resident agree to proceed with the admissions process as outlined below:

A. Application Forms. Within fifteen (15) days after execution of this Reservation Agreement, the Resident agrees to submit an Application for Admission, a Personal Health History and a Confidential Financial Statement on forms provided by Trinity Oaks. Updated forms may be required within thirty (30) days of occupancy.

B. Personal Interview. The Resident shall have an interview with a representative from Trinity Oaks prior to an Admissions Committee review.

C. Admissions Committee Review. The Admissions Committee will review the Application Forms as a basis for initial acceptance for admission to Trinity Oaks. The Admissions Committee will accept or deny the application based on the criteria and policies established by the Board of Directors. The Executive Director or representative appointed by Trinity Oaks will notify the Resident in writing of the action taken by the Admissions Committee.

D. Residency Agreement. At the time of execution of this Reservation Agreement, the Resident will be provided a copy of the Residency Agreement included in the Disclosure Statement. The Resident shall execute the Residency Agreement within ten (10) days of notification of initial acceptance by the Admissions Committee.

E. Disclosure Statement. Upon execution of this Reservation Agreement, Trinity Oaks shall provide the Resident a copy of the Disclosure Statement which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and other vital information.

IV. FINANCIAL ARRANGEMENTS

A. Entrance Fee. The Resident agrees to pay Trinity Oaks an Entrance Fee equal to \$_____ under the _____ Entrance Fee Refund Plan as a condition of becoming a Resident. The amount and terms of the Entrance Fee shall be paid as follows:

1. Reservation Deposit. A Reservation Deposit of Ten Thousand Dollars (\$10,000.00) is paid upon the execution of this Reservation Agreement by the Resident.

2. Ten Percent (10%) Deposit. An amount equal to ten percent (10%) of the Entrance Fee, less the Ten Thousand Dollar (\$10,000.00) Reservation Deposit, or \$_____, is due and payable within ten (10) days of Resident having received written notice of initial acceptance by the Admissions Committee. Payment is due prior to any work for any options or custom features..

3. Balance of the Entrance Fee. The balance of ninety (90%) of the total Entrance Fee will be due and payable within ninety (90) days of the date of this Reservation Agreement or one week prior to occupancy of the Cottage by the Resident, unless otherwise agreed to in writing by Trinity Oaks.

B. Monthly Maintenance Fee. In addition to the Entrance Fee, the Resident agrees to pay a Monthly Maintenance Fee. As of the date of this Reservation Agreement, the Monthly Maintenance Fee for the Cottage is \$_____ per month for the first Resident, and an additional \$_____ per month if a second Resident occupies the Cottage. The Monthly Maintenance Fee will begin within ninety (90) days of the date of this Reservation Agreement or upon occupancy of the Cottage by the Resident, whichever first occurs, unless otherwise agreed to in writing by Trinity Oaks.

V. TERMINATION AND REFUND. The Resident may terminate this Agreement prior to entering into the Residency Agreement for any reason by giving written notice to Trinity Oaks. The Resident shall be refunded the entire amount of the Cottage Reservation Deposit of Ten Thousand Dollars (\$10,000.00), minus a processing fee of Five Thousand Dollars (\$5,000.00), within thirty (30) days of such notice.

VI. PRELIMINARY AGREEMENT. The Reservation Agreement is preliminary in nature and precedent to the Residency Agreement which will be entered into within ten (10) days upon notification of initial acceptance by the Admissions Committee.

IN WITNESS WHEREOF, Trinity Oaks and Resident have executed this Agreement and the Cottage Reservation of Ten Thousand Dollars (\$10,000.00) has been paid as of the day and year first written above.

Witness Resident

Witness Resident

Current Address (Number and Street)

City, State, Zip Code

Telephone

LUTHERAN RETIREMENT CENTER - SALISBURY, INC.
d/b/a TRINITY OAKS

Signature

**RESERVATION AGREEMENT
FOR AN APARTMENT
TRINITY OAKS - SALISBURY**

THIS RESERVATION AGREEMENT is made this _____ day of _____,
_____, between **LUTHERAN RETIREMENT CENTER - SALISBURY, INC.**, a North Carolina nonprofit corporation operating under the name of Trinity Oaks, and

_____, (herein individually or collectively called "Resident"). If a husband and wife or two other persons desiring to share an Apartment at Trinity Oaks enter into this Agreement, the term Resident shall apply to them jointly and severally and to the survivor of them.

WHEREAS, Trinity Oaks owns and operates the retirement community located at 728 Klumac Road in Salisbury, Rowan County, North Carolina; and

WHEREAS, Resident desires to reserve the living unit ("Apartment") located at Trinity Oaks and designated in the Reservation Agreement, and Trinity Oaks desires to make such Apartment available to Resident;

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

I. APARTMENT RESERVATION. Resident agrees to reserve Apartment number _____, a _____ Apartment. Reservation is contingent upon any prior reservation received by a current resident for a like unit and the current resident shall have first right of refusal to proceed with a new Residency Agreement within 7 days.

II. PROJECTED DATE OF OCCUPANCY. Resident estimates the projected date of occupancy of the Apartment to be on or about _____, _____.

III. ADMISSIONS PROCEDURES.

A. Application Forms. Within fifteen (15) days after execution of this Reservation Agreement, the Resident agrees to submit an Application for Admission, a Personal Health History and a Confidential Financial Statement on forms provided by Trinity Oaks. Updated forms may be required within thirty (30) days of occupancy.

B. Personal Interview. The Resident shall have an interview with a representative from Trinity Oaks prior to an Admissions Committee review.

C. Admissions Committee Review. The Admissions Committee will review the Application Forms as a basis for initial acceptance for admission to Trinity Oaks. The Admissions Committee will accept or deny the application based on the criteria and policies established by the Board of Directors. The Executive Director or representative appointed by Trinity Oaks will notify the Resident in writing of the action taken by the Admissions Committee.

D. Residency Agreement. At the time of execution of this Reservation Agreement, the Resident will be provided a copy of the Residency Agreement included in the Disclosure Statement. The Resident shall execute the Residency Agreement within ten (10) days of notification of initial acceptance by the Admissions Committee.

E. Disclosure Statement. Upon execution of this Reservation Agreement, Trinity Oaks shall

provide the Resident a copy of the Disclosure Statement which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and other vital information.

IV. FINANCIAL ARRANGEMENTS

A. Entrance Fee. The Resident agrees to pay Trinity Oaks an Entrance Fee equal to \$_____ under the _____ Entrance Fee Refund Plan as a condition of becoming a Resident. The amount and terms of the Entrance Fee shall be paid as follows:

1. Reservation Deposit. A Reservation Deposit of Ten Thousand Dollars (\$10,000.00) is paid upon the execution of this Reservation Agreement by the Resident.

2. Ten Percent (10%) Deposit. An amount equal to ten percent (10%) of the Entrance Fee, less the Ten Thousand Dollar (\$10,000.00) Reservation Deposit, or \$_____, is due and payable within ten (10) days of Resident having received written notice of initial acceptance by the Admissions Committee.

3. Balance of the Entrance Fee. The balance of ninety (90%) of the total Entrance Fee will be due and payable within ninety (90) days of the date of this Reservation Agreement or one (1) day prior to occupancy of the Apartment by the Resident, unless otherwise agreed to in writing by Trinity Oaks.

B. Monthly Maintenance Fee. In addition to the Entrance Fee, the Resident agrees to pay a Monthly Maintenance Fee. As of the date of this Reservation Agreement, the Monthly Maintenance Fee for the Apartment is \$_____ per month for the first Resident, and an additional \$_____ per month if a second Resident occupies the Apartment. The Monthly Maintenance Fee will begin within ninety (90) days of the date of this Reservation Agreement or upon occupancy of the Apartment by the Resident, whichever first occurs, unless otherwise agreed to in writing by Trinity Oaks.

V. TERMINATION AND REFUND. The Resident may terminate this Agreement prior to entering into the Residency Agreement for any reason by giving written notice to Trinity Oaks. The Resident shall be refunded the entire amount of the Reservation Fee of Ten Thousand Dollars (\$10,000.00), minus a processing fee of Five Thousand Dollars (\$5,000.00), within thirty (30) days of such notice.

VI. PRELIMINARY AGREEMENT. The Reservation Agreement is preliminary in nature and precedent to the Residency Agreement which will be entered into within ten (10) days upon notification of initial acceptance by the Admissions Committee.

IN WITNESS WHEREOF, Trinity Oaks and Resident have executed this Agreement and the Reservation Deposit of Ten Thousand Dollars (\$10,000.00) has been paid as of the day and year first written above.

Witness Resident

Witness Resident

Current Address (Number and Street)

City, State, Zip Code

Telephone

LUTHERAN RETIREMENT CENTER - SALISBURY, INC. d/b/a TRINITY OAKS

Signature

Title

Date

**Trinity Oaks Retirement Community
Cottage Unbundling of Services Program**

January 1 thru December 31, 2026

	1st Occupant	2nd Occupant	Total Mthly Rate
Unbundled Base Rate	\$3,351.00	\$951.00	\$4,302.00

A la carte options

Dining Services (All meals are charged to your monthly statement)

Breakfast	\$5.00 per meal
Lunch/Dinner	\$10.00 per meal

Fee for Service Transportation

Bordering Counties	\$40.00 one way
CLT & GSO airport	\$60.00 one way
Activity Trips	No transportation fee

Housekeeping: Can be contracted through Trinity at Home
(Minimum of 2 hours)

I agree with the unbundling program fee structure and the additional a la carte pricing as listed for January 1 through December 31, 2026

_____	_____	Base	\$3,351
Signature	Date	Trans	_____
		Mthly rate	\$
_____	_____	2nd person	_____
Signature	Date	Total mthly rate	\$

LSC ASSISTED LIVING FACILITY ADMISSION AGREEMENT

This agreement is made by and between _____ (hereinafter called “**Facility**”) and the person(s) indicated on the signature page, for the provision of services for the resident

(“Resident”) known as _____. The individual(s) signing this agreement affirm that any information provided to the facility is true and correct to the best of their knowledge, and acknowledge that the submission of any false information may constitute grounds to terminate this agreement.

Therefore the Facility and the individual(s) signing below agree to the following terms and

conditions: **DEFINITIONS:**

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

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

THE FACILITY AGREES:

1. To provide Services and Accommodations including:

- personal care services which are adequate and appropriate to Resident’s needs,
- staff coverage twenty-four hours per day, including authorized staff to dispense prescribed medications and assist Resident with bathing and dressing,
- room accommodations, including basic furnishings and utilities,
- three meals and three snacks per day,
- linen, laundry, and housekeeping services at least once weekly,
- maintenance and grounds keeping services,
- maintenance and replacement of property, furnishings and equipment owned or leased by the Facility necessitated by normal wear and tear,
- parking and transportation services as specified by the Facility,
- a minimum of 14 hours of planned group activities per week, and
- personal items at the charge specified by the Facility.

2. To furnish a current Statement of Charges to Resident or the Financial Legal Representative upon request. Billing will be one month in advance.

3. To use the services of Resident’s attending physician. If Resident’s physician is not available to treat Resident, the Facility shall (1) use its best efforts to arrange for an alternate physician or (2) secure emergency room physicians’ services, and such expense shall be borne of Resident. The Facility is not obligated to provide Resident with any medicines, treatment, special diets, or equipment without specific orders or directions from Resident’s attending physician.

4. To offer services from time to time of outside providers such as a licensed dentist, pharmacist, laboratory, x-ray, podiatry, optometry, ambulance services, etc. Such services are available under guidelines and procedures established by the Facility and may be utilized by Resident at his or her own expense, unless otherwise covered by a third-party payor. Resident or Financial Legal Representative is obligated to pay such fees and costs whether the goods and services are furnished by a person or provider

made available by the Facility, or by a person or provider selected by Resident, and whether the goods were provided at the Facility or elsewhere.

5. To place Resident in appropriate accommodations, consistent with Resident's Bill of Rights.

6. To be responsible only for those personal items which are left in the custody of the Executive Director. Resident hereby releases Facility from any liability for safeguarding all other personal property of Resident.

7. To exercise reasonable care when Resident is taken from the Facility by Facility staff on Facility-sanctioned outings. The Facility assumes no responsibility for Resident's welfare when Resident is taken from the Facility either temporarily or permanently under any other circumstances.

0. 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.
1. If changes are made in the contract, to provide an amended contract or an amendment to the contract for review and signature within 30 days of the change.

THE RESIDENT/LEGAL REPRESENTATIVE AGREES:

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

TERMINATION, TRANSFER, OR DISCHARGE

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

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

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

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

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

FINANCIAL AGREEMENT

☐Resident or Financial Legal Representative will pay or arrange payment for services hereunder in accordance with

the Facility's then prevailing Room Rates, as amended from time to time. All room and board charges are billed one (1) month in advance. All charges billed on the monthly statement are due

and payable by the **10th day** of the current month. Any invoice not paid within 30 days of the date of the invoice are subject to a late charge of 1.5% per month (annual rate of 18%) and Resident or Financial Legal Representative is obligated to pay any late charges. In the event the Facility initiates any legal actions or proceedings to collect payments due from Resident under this Agreement, Resident or Financial Legal Representative shall be responsible to pay all attorney's fees and costs incurred by the Facility in pursuing the enforcement of Resident's financial obligations under this agreement.

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

REFUND POLICY

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

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

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

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

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

ADDITIONAL RESPONSIBILITIES AND PROVISIONS

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

shall remain responsible to pay for all such prescriptions, drugs, supplies, other medications or pharmaceuticals. The Facility is not responsible for and has made no representations regarding the actions or decisions of any PDP.

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

MISCELLANEOUS PROVISIONS:

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

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

_____	_____
Resident Signature	Date
_____	_____
Financial Legal Representative	Date
_____	_____
Personal Legal Representative	Date
_____	_____
Facility Representative	Date

RECEIPT OF THE DISCLOSURE STATEMENT

OF LUTHERAN RETIREMENT CENTER - SALISBURY, INC.

KNOWN AS "TRINITY OAKS"

I _____, with this statement,

acknowledge receipt of the Disclosure Statement of Trinity Oaks Retirement Community dated March 1, 2026. This statement was

made available to me prior to signing the Residency Agreement for Trinity Oaks.

_____ Name

_____ Name

_____ Address

_____ City, State, Zip

_____ Date

LSC NURSING FACILITY ADMISSION AGREEMENT

This agreement is made by and between _____ (hereinafter called "Facility") and

Lutheran Home at Trinity Oaks

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

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

I. DEFINITIONS:

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

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

- b. A "Personal Legal Representative" is a person designated by Resident or law to (i) receive certain notices that the Facility must provide to Resident, and if known, to a legal representative or interested family member, pursuant to Federal and State law, including notice of a significant change in Resident's condition, a need to alter treatment, a decision to transfer or discharge Resident from the Facility, or a roommate change, among others; and (ii) to provide consent for medical treatment and related decisions on behalf of a resident who is unable to make or communicate such decisions. Resident hereby appoints

_____ (name) as his/her Personal Legal Representative. By signing this Agreement, the individual designated by Resident as Personal Legal Representative agrees to undertake and perform the obligations of the Personal Legal Representative defined and described in this Agreement.

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

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

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

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

Resident's spouse;

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

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

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

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

II. THE FACILITY AGREES:

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

III. TERMINATION, TRANSFER, OR DISCHARGE:

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

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

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

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

IV. THE LEGAL FINANCIAL REPRESENTATIVE AGREES:

1. To provide clothing and personal effects as may be needed by Resident.
2. To provide the Facility with current insurance information.

3. To provide an appropriate amount of spending money as Resident's needs warrant.
4. To abide by all policies and rules of the Facility.

V. FINANCIAL AGREEMENT:

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

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

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

1. Private Pay Residents agree:

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

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

2. Medicaid Recipients agree:

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

3. Medicare Recipients agree:

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

4. Veterans' Administration Contract Recipients agree:

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

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

- (a) To notify the Facility in writing prior to enrolling with a MCO or MA or switching Resident's MCO or MA enrollment. Resident acknowledges that any MCO or MA for whom the Facility is not an authorized provider may not approve payment for services provided by the Facility. Resident acknowledges that the Facility is not responsible for the actions or decisions of any MCO or MA for whom the Facility is an authorized provider, including decisions related to denial of coverage.
- (b) To pay co-payments and any other costs assigned to Resident under the specific terms of the managed care plan.
- (c) To pay for service which the MCO or MA refuses to preauthorize.

For all Residents described in Part V above:

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

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

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

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

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

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

VII. MISCELLANEOUS PROVISIONS:

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

ASSIGNMENT OF BENEFITS

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

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

Resident _____ Date

Resident Representative _____ Date

Relationship to Resident _____

Facility Representative _____ Date

**TRINITY OAKS
RESIDENCY AGREEMENT**

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

WHEREAS, Lutheran Retirement Center - Salisbury, Inc. owns and operates the retirement center and adjacent Cottages known as Trinity Oaks (herein "Trinity Oaks"), located at 728 Klumac Road in Salisbury, Rowan County, North Carolina; and

WHEREAS, Resident desires to use and occupy the residence ("Apartment") or ("Cottage") located in Trinity Oaks and designated in this Agreement and Trinity Oaks desires to make the selected Apartment or Cottage available to Resident;

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

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 Oaks residents and staff. The Resident will provide a Personal Health Application.

Financial: The Resident shall have furnished information to Trinity Oaks with respect to the Resident's financial resources demonstrating that the Resident has the financial income and assets to pay the Entrance Fee, Monthly Maintenance Fee, extra meal charges, charges for additional services, personal living expenses, and the future adjustments of these charges during the term of this Agreement.

Age: The Resident must be at least 60 years of age at the time he or she occupies an Apartment or Cottage at Trinity Oaks, with an exception in the case of one of two married Residents.

1. Residence, Related Services and Programs. Subject to the terms and conditions of this Agreement,

Trinity Oaks shall make available to Resident an Apartment or Cottage, related services, programs and amenities at Trinity Oaks as described below:

(a) Description of Apartment or Cottage. Resident shall be entitled to the exclusive use of

Apartment _____ or Cottage _____ at Trinity Oaks.

- (b) Furnishings. Trinity Oaks will provide all major kitchen appliances and a washer and dryer in each unit. All Cottages are equipped with hardwood floors, all Apartments are equipped with LVP ceramic tile floors and showers, and such other furnishings and fixtures as may be described in the informational brochures published by Trinity Oaks for the purpose of describing Trinity Oaks. All other Living Unit furnishings and furniture are to be provided by Resident.
- (c) Utilities. Includes individually controlled heating, air conditioning, water, sewer, gas, electricity, and trash removal. Resident shall be responsible for and pay for all telephone, internet and cable television services, including installation and hookup charges. As of January 2003, Cottage residents shall pay their own gas and electric bills as shown on the resident's monthly statement.
- (d) Meals. All apartment residents and cottage residents are provided breakfast each day. Apartment residents are provided one other meal per day (their choice of lunch or dinner). Missed meals (except breakfast) may be made up in the month that they are missed (no rollovers month to month). Cottage residents receive 180 meals per year in addition to daily breakfast.
- (e) Housekeeping Services. Housekeeping services, every two weeks for Apartment Residents and weekly for Cottage Residents, shall include cleaning all sinks, tubs, bathroom fixtures and floors, dusting, and vacuuming. Additional housekeeping service shall be available at the Resident's expense.
- (f) Laundry. Apartment Residents shall be provided laundering of regular flat and bed linen on a weekly basis. Laundry facilities are provided on each floor for personal laundry, free of charge. Cottage Residents are provided a washer and dryer in each residence and will be responsible for their own laundry.
- (g) Maintenance Services. Trinity Oaks 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 Oaks. Resident will be responsible for any damage to such property, furnishings and equipment, including the cost of repair or replacement or the diminution 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.
- (h) Changes to Apartment or Cottage. Any structural or physical change or redecoration and remodeling of any kind within or outside the Apartment or Cottage may be made by Resident only with the prior written consent of the Trinity Oaks Executive Director and at the sole expense of Resident. Resident shall pay the appropriate cost necessary to return the Apartment or Cottage to its original condition and the cost of redecoration. All such improvements or changes shall be the property of Trinity Oaks.
- (i) Groundskeeping. Trinity Oaks will maintain and repair grounds surrounding Apartments and Cottages and common areas, including lawns, trees and shrubbery. Personal plantings and customization of landscaped areas are subject to approval by the Trinity Oaks Executive Director and are not maintained by the Groundskeeping Department.
- (j) Programs. Recreational, social, spiritual, educational and cultural programs and activities will be coordinated by staff in conjunction with Resident Committees. Some activities are subject to an additional charge.
- (k) Parking. Parking areas for Residents' personal vehicles and limited parking for guests of Residents will be provided.

- (l) Transportation. Scheduled local transportation within Rowan County is provided, including group transportation for shopping, medical appointments and some other recreational activities. Some transportation is subject to an additional charge.
- (m) Emergency Response System. Trinity Oaks will provide, on a twenty-four (24) hour basis, an emergency call system. Response to a call shall be limited to an evaluation of the needs of the Resident. If other medical response is determined necessary, the Resident is responsible for costs by such private physician or nurse and such other medical care provider as may be selected by the Resident, including emergency medical transportation. In the event that Resident is admitted to the Assisted Living Center or to Trinity Oaks health and rehab after such emergency response, the fees described in Section 6(c) shall apply.
- Medical Response. Trinity Oaks provides security staff who have been trained in CPR and first aid to respond to a medical emergency. However, with the exception of initiating CPR in the case of a resident who requests to be a full code, medical care will not be provided. Staff will call 911 if immediate help is needed, or assist the resident in calling other appropriate medical professionals or family members. If there is any question about the resident's condition or safety, emergency services will be called.
- (n) Insurance. Trinity Oaks 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(g) regarding Resident's responsibility for damage to property owned or leased by Trinity Oaks.
- (o) Optional Services. A schedule of fees for services provided at extra cost including, but not limited to those optional services described above, shall be established by Trinity Oaks' Board of Directors and shall be made available to Resident no later than the date upon which Resident occupies the Apartment or Cottage.
- (p) Trash Removal. Apartment Residents shall dispose of trash in the areas designated on each Apartment floor. Cottage Residents' trash should be placed in approved containers to be collected at curbside.
- (q) Pets. Pets are permitted per residence 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 Maintenance Fee described in the Residency Agreement, unless otherwise indicated for alternate plans.

2. Terms of Residence.

- (a) Nature and Extent of Rights. Resident's right to occupy the Apartment or Cottage 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 Oaks care for the Resident for life, nor shall this Agreement be construed as a life-care contract.

- (b) Terms of Occupancy. 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 Oaks and to all amendments, modifications, replacements or refunding thereof. Resident agrees to execute and deliver any document required by Trinity Oaks 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 Oaks may alter or modify the Apartment or Cottage 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 Apartment or Cottage.
- (d) Use. The Apartment or Cottage 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 Apartment or Cottage depends in part upon the number of persons regularly occupying the Apartment or Cottage. It is therefore agreed that the Resident(s) named herein and no other person(s) shall reside in or occupy the Apartment or Cottage during the term of this Agreement, except with the express prior written approval of the Executive Director. If a second occupant, including a resident marrying a new spouse, who is not a party to this Agreement is accepted for residency after the date of this Agreement, such acceptance shall be subject to the approval of the Admissions Committee and adherence to policies then governing all other admissions. If the second occupant does not meet the requirements for residency, or does not execute a Residency Agreement, he/she shall not be permitted to occupy the Apartment or Cottage. The Resident may terminate this Agreement as provided in Section 8. If two residents marry and decide to live in one of the two current Living Units, they would pay the two-person Monthly Maintenance Fee for the Living Unit. The surrendered Living Unit's refund would be paid according to the refund policy in 8(a) under Entrance Fees. If both Residents surrender their Living Units and move to a different Living Unit, an additional Entrance Fee may or may not be required as defined in the Transfers Section 8(g)(2). This will be determined based on the size of the Living Unit they are moving into and the size of the Living Units they are vacating. A revised contract will be signed by the couple, outlining the terms of any refund.
- (f) Transfers. Should a Resident desire to transfer to another Apartment or Cottage he/she must notify the Executive Director in writing. Following receipt of this request, Resident shall be granted an option to move to the next available Apartment or Cottage of the size requested, subject to the Executive Director satisfying prior, similar requests of other Residents, and subject to the rights other Residents may have in their Residency Agreements.
If the Entrance Fee for the new apartment or cottage is higher than the Entrance Fee paid by the Resident for their original accommodation, the Resident will pay the difference between then-current Entrance Fee for the smaller accommodation from which the Resident is moving and the then-

current Entrance Fee for the larger accommodation into which the Resident is moving. The Resident will be responsible for paying the difference in these two Entrance Fees prior to occupancy. When the contract is terminated, the

amount of the refund, if any, will be based on the total Entrance Fee paid.

The Resident acknowledges and agrees that any such difference required to be paid towards the Entrance Fee will be deemed to be included in the original Entrance Fee as of the Effective Date and will be subject to the terms and conditions of this Agreement regarding refunds in the same manner as any portion of the original Entrance Fee paid by the Resident.

If the Resident elects to move to a smaller residence, the Resident will not be entitled to any refund of the Entrance Fee as a result of the move. When the contract is terminated, the amount of the refund, if any, will be based on the total Entrance Fee paid.

With all transfers, the Monthly Maintenance Fee for the month in which the move takes place shall be prorated to reflect the percentage of the month that the Resident spends in each type of residence. When transferring, the Resident shall pay the then current Monthly Maintenance Fee. With all transfers, there will be an up-fitting charge of \$10,000 for Apartment residents and \$20,000 for Cottage residents, for the vacated residence. Resident will move all furnishings and belongings to the new residence within 30 days of the established occupancy date for the new residence. Any moving expense and service connections for phone will be the responsibility of the Resident.

- (g) Death or Transfer of One Resident. If one of the Residents named herein dies, moves out or is permanently transferred to the Assisted Living Center, Trinity Oaks health and rehab or any other nursing center, the remaining Resident may elect to continue to occupy the Apartment or Cottage at the single occupancy rate then in effect.

3. Admissions Requirements and Procedures. Upon execution of this Agreement and subject to fulfillment of his/her obligations hereunder, the Resident will be qualified for admission as an occupant of Trinity Oaks:

- (a) Nondiscrimination. The requirements for admission to Trinity Oaks are nondiscriminatory except as to age. Admission is restricted to persons sixty (60) years of age or older with the exception of a younger spouse. Trinity Oaks is open to both single and married men and women of all races, religions, sexual orientation, gender identity, and geographical boundaries.

- (g) Reservation Agreement. At the time a Resident selects an Apartment or Cottage, he/she will complete a Reservation Agreement and submit it to a Marketing Representative at Trinity Oaks along with a Reservation Deposit of \$10,000. This Reservation Deposit will be applied to the 10% Deposit required at the time of initial acceptance by the Admissions Committee and execution of this Residency Agreement.

The Resident may terminate the Reservation Agreement prior to entering into the Residency Agreement for any reason by giving written notice to Trinity Oaks. The Resident shall be refunded the Reservation Deposit of \$10,000, minus the processing fee of \$5,000 as noted in the Reservation Agreement

within 30 days of such notice. The Reservation Agreement is preliminary in nature and precedent to the Residency Agreement.

- (h) Disclosure Statement. Upon execution of the Reservation Agreement, the Marketing Representative will provide the Resident a copy of Trinity Oaks' Disclosure Statement

which fully describes the organization, facilities, policies, services, fees, financial condition, projections, and the vital information related to Trinity Oaks. Included in the Disclosure Statement is a Residency Agreement.

- (i) Application. Within fifteen (15) days of execution of the Reservation Agreement, the Resident will complete an Application for Admission, a Personal Health History and a Confidential Financial Statement and/or other evidence of sufficient financial means for the review and approval by the Admissions Committee.
- (j) Admissions Committee Review. The Admissions Committee will review the completed Application Forms as a basis for initial approval for admission to Trinity Oaks. The Admission Committee will accept or deny the application 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.
- (k) Residency Agreement. The Resident shall execute the Residency Agreement and submit it with a 10% deposit of the Entrance Fee (minus the \$10,000 Reservation Deposit previously paid) within 10 days of notification of initial acceptance by the Admissions Committee. At the same time, Resident will be notified of availability of the Apartment or Cottage for occupancy. See Section 4.
- (l) Physician's Report. Trinity Oaks asks that residents provide a copy of their most recent physical after occupancy along with copies of health insurance cards for emergency purposes. We respect the privacy of the Resident's personal health information and are committed to maintaining the Resident's confidentiality. This applies to all information and records related to the Resident's health that Trinity Oaks has received or created.
- (m) Interview. The Resident must have an interview with a representative from Trinity Oaks prior to being approved by the Admissions Committee. Upon review of the information outlined in subparagraphs (b), (d) and (e) above, the Executive Director may request additional personal interviews with the Resident.
- (n) Representations and Warranties. The Resident affirms that the representations made in the Application for Admission, Personal Health History and Confidential Financial Statement, or other statements of financial capability, are accurate and reflect the Resident's current status and, as such, are the basis for which Trinity Oaks agrees to enter into this Agreement.
- (o) Financial Condition. Immediately prior to entering Trinity Oaks for occupancy, the Resident will affirm to the Admissions Committee that his/her personal financial situation does not differ materially or adversely from the financial situation as presented in the Resident's Confidential Financial Statement described in Section 3(e) of this Agreement. If the Resident's then Personal Financial Statement differs materially and adversely from prior financial situation, the Admissions Committee may terminate this Agreement.
- (p) Additional Financial Statements. After occupancy, the Executive Director may require updated financial information. In the case of two Residents occupying an Apartment or Cottage and in the event of the death of one of the occupants, the surviving

Resident may be required to submit an update of the original application and provide a new Confidential Financial Statement.

- (l) Rules and Regulations. Upon entering Trinity Oaks, 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 Oaks 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.

4. Notification of Availability. After the Resident is initially approved for admission as stated in Section 3, the Executive Director will notify the Resident of the Apartments or Cottages projected date of availability for occupancy. Residents have sixty (60) days from date of notification to occupy the Apartment or Cottage, pay the remaining Entrance Fee, and begin paying the Monthly Maintenance Fee. All notifications shall be in writing and mailed to the address of the Resident as provided in this Agreement.

5. Health Services for Independent Living Residents.

- (a) Transfer or Changes in Level of Care. Subject to the terms and conditions set forth in this Agreement, Trinity Oaks agrees to arrange for any needed health care or nursing services through the Assisted Living Center or Trinity Oaks health and rehab, subject to availability of beds, on a priority basis. In the event Trinity Oaks health and rehab has no bed available, services will be arranged at such other health care or nursing facility of similar quality ("Nursing Center"). All Residents at Trinity Oaks health and rehab are responsible for their pharmacy copayments. If a temporary stay at Trinity Oaks health and rehab, a Resident will continue to pay the Monthly Maintenance Fee in the Independent Living Unit. If a permanent transfer to Trinity Oaks health and rehab, the Resident will cease paying the Monthly Maintenance Fee when the apartment has been totally vacated. In addition, Trinity Oaks will make available to Resident, at Resident's expense, the periodic services of other medical professionals as it deems necessary or appropriate. Some of these services will be provided at no additional cost in the form of educational sessions or clinics.

Trinity Oaks assisted living uses a level of care determination process upon admission, every six months and after either a hospital stay or significant health change to determine which services are needed for each Resident. The following levels of care are defined as follows:

Independent-This service level provides accommodation, meals, minimal help with ADLs and residents that self administer medication or minimal help with medication administration, selected additional services such as special dietary planning. Residents in this level are typically independent.

Enhanced Care Services-This level of care provides moderate levels of help with ADLs to residents that can perform part of the activity for him/her, and several additional services including but not limited to, assistance with medications, ambulation, bathing, dressing, grooming, eating, hygiene and toileting. These residents may require some assistance from Licensed Health Professional Support as well as confusion management and/or management of diabetes, skin integrity, and/or fall risk interventions.

Enhanced Care Plus Services-This level of care provides a significant degree of help with ADLs and is geared towards residents who can perform part of the activity and are very frail/impaired or will require several services on a regular basis. These residents may

require some assistance from Licensed Health Professional Support as well as confusion management and/or management of diabetes, skin integrity, and/or fall risk interventions.

Maximum Care-This level of care provides assistance to residents that need someone else to complete the task for the resident most of the time. These residents may require extensive assistance with confusion management and/or management of diabetes, skin integrity, and/or fall risk interventions.

- (b) Role of Medical Director. Trinity Oaks assisted living will employ as a consultant, a licensed physician (herein referred to as the "Medical Director") to assist in establishing and implementing health care related policies and practices for Trinity Oaks assisted living and to perform such other related duties described in this Agreement. Trinity Oaks will also employ licensed personnel to perform all such duties prescribed by the Medical Director within such person's licensed authority.
- (c) Availability of Health Services. The Director of Nursing, the Social Worker, Director of Community Relations 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. Charges for these health care services will be in addition to the Monthly Maintenance Fee.
- (d) Limitations. Trinity Oaks is comprised of three entities; Lutheran Retirement Center-Salisbury, Inc. is the entity that provides independent living services and assisted living services; Lutheran Home at Trinity Oaks, Inc. is the entity that provides skilled nursing services and assisted living services. All residents will have priority access to these different service levels if needed as long as the resident meets the admission requirements for the needed level of care. Lutheran Home at Trinity Oaks will provide medical, nursing, and personal care services which are adequate and appropriate to Resident's needs pursuant to physician orders as well as to provide room and meal accommodations, Lutheran Retirement Center- Salisbury, Inc. will provide assisted living services such as personal care services which are adequate and appropriate to Resident's needs, staff coverage 24 hours per day to dispense medications, assist with bathing and dressing, as well as to provide room accommodations, programs, and amenities and independent living services will provide residence, related services, programs, and amenities (refer to 1a-q in residency agreement). Residents will have priority access between all service levels, e.g. IL to SNF, IL to AL, AL to SNF, SNF to AL, etc. as residents of Trinity Oaks. Trinity Oaks 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 level will need to be signed.
- (e) Designation of Personal Physician. The Resident will be required to designate a local North Carolina licensed physician as his/her personal physician. The Resident will be responsible for the cost of any personal services of his/her

physician or related services as requested by the Resident or Trinity Oaks. The Provider may, after occupancy, require the Resident to have other physical examinations by their personal physician or another physician selected by Trinity Oaks at Resident's expense. Annual updates of each Resident's Physician's History and Physical Examination Report will be requested.

6. Fees and Other Charges.

(a) Entrance Fees.

(i) Entrance Fees for Apartment Residents

For the right to reside in Apartment_____ for a term of years or for life as long as all terms and conditions of the agreement are met at Trinity Oaks, Resident agrees to pay to Trinity Oaks an Entrance Fee of \$

under the Entrance Fee Refund Plan:

Ten percent (10%) of the Entrance Fee (less the \$10,000 reservation fee) is due and payable upon the execution of this Agreement and the balance of the Entrance Fee shall be due and payable prior to occupancy. Resident is required to occupy the Apartment within sixty (60) days after notification of availability (see Section 4).

Independent Apartment and Cottage Entrance Fee - 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 Living Unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the Living Unit is vacated and the reoccupancy of the Apartment or Cottage.

Independent Apartment and Cottage 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 Living Unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the Living Unit is vacated and the reoccupancy of the Apartment or Cottage.

Independent Apartment and Cottage 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. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the Living Unit is vacated and the reoccupancy of the Apartment or Cottage.

(ii) Entrance Fees for Cottage Residents

For the right to reside in Cottage at _____ for a term of years or for

life as long as all terms and conditions of the agreement are met,
Resident agrees

to pay to Trinity Oaks an Entrance Fee of \$ _____ under
the _____ Cottage Refund Plan. The Entrance Fee is an amount equal to
the basic Cottage fee and the total of all Major Options selected, and
varies based

on the selection of foundation type, refund plan, and Major Options selected (See Addendum VI).

Ten percent (10%) of the Cottage Entrance Fee and one hundred percent (100%) of the cost of Major Options selected is due and payable upon the execution of this Agreement less any Reservation Deposit already paid.

Payment for any custom features may be due prior to any work on those features being initiated.

A final payment equal to the balance (90%) of the basic Cottage Entrance Fee is due and payable prior to occupancy. Resident is required to occupy the Cottage within sixty (60) days after notification of availability (see Section 4).

Independent Apartment and Cottage Entrance Fee - 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 Living Unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the Living Unit is vacated and the reoccupancy of the Apartment or Cottage.

Independent Apartment and Cottage 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 Living Unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the Living Unit is vacated and the reoccupancy of the Apartment or Cottage.

Independent Apartment and Cottage 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. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the Living Unit is vacated and the reoccupancy of the Apartment or Cottage.

- (iii) Resident agrees that, notwithstanding any right to a reimbursement of all or any portion of the Entrance Fees as provided in this Agreement, such Entrance Fees, when paid to Trinity Oaks, shall become part of the funds and property of Trinity Oaks, may be commingled with any other

funds received by Trinity Oaks, and may be used by Trinity Oaks for any ordinary and necessary purposes related to the operation of Trinity Oaks, including payment of the principal amount and any interest with respect to any loans made to Trinity Oaks.

(b) Monthly Fees and Charges.

(i) Monthly Fees and Charges for Apartment or Cottage Residents:

Resident shall pay to Trinity Oaks by the tenth (10th) of each month after

occupancy commences a Monthly Maintenance Fee of \$ _____. If there is a second Resident in the Apartment or Cottage, the second Resident shall

pay the published Second Person Monthly Maintenance Fee of \$ _____. The Monthly Maintenance Fee for any part of a month occurring at the beginning of occupancy shall be prorated and become due and payable upon occupancy.

(ii) The Monthly Maintenance Fee generally is adjusted annually. Fee adjustments are approved by the Board of Directors with sixty (60) days prior written notice given to Resident. Fee adjustments are to cover the cost to Trinity Oaks of maintaining services and the financial integrity of Trinity Oaks including maintaining adequate reserve funds. Residents can generally anticipate an annual increase in monthly maintenance fees of 4-6% based on inflation, health care inflation, market conditions, insurance increases, rising expenses, etc. It is agreed that payments of the Monthly Maintenance Fee shall continue during any temporary absence from Trinity Oaks. However, if Resident is absent from Trinity Oaks for seven (7) or more consecutive days, a daily meal credit will apply from the first day of absence, provided that Resident has given Trinity Oaks prior written notice of such absence, excepting those instances in which a resident is hospitalized. Fees for additional and optional services may be increased or decreased at Trinity Oaks' discretion without such notice.

(iii) The Assisted Living Center and Trinity Oaks health and rehab Monthly and Daily Fees/Charges.

Trinity Oaks will obtain and publish, from time to time, daily rates from Trinity Oaks health and rehab, for Assisted Living, and nursing care services provided by the Nursing Center.

If a Resident is admitted to Trinity Oaks health and rehab (or any other nursing center if space is not first available at Trinity Oaks health and rehab), the Resident will continue to pay the Monthly Maintenance Fee for his/her Independent or Assisted Living Unit. All Residents at Trinity Oaks health and rehab are responsible for their pharmacy copayments.

If a transfer to the Trinity Oaks health and rehab is determined likely to be permanent in accordance with Section 7(b) of this document, then the Resident will continue payment of the Monthly Maintenance Fee up to the point that the Apartment or Cottage is vacated including the return of the keys to the residence, entrance door cards, personal pendant(s), and garage door opener, if applicable. However, in such an event, a reduction in the Monthly Maintenance Fee will be made in an

amount determined by Trinity Oaks to eliminate, where possible, the duplication of services and charges to the Resident.

(c)Additional Charges. Resident also 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 (see Section 15).

- (d) Monthly Statements. The Business Office will furnish the Resident with a monthly statement showing the total amount of the Monthly Maintenance 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).
- (e) Inability to Pay. 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 Oaks may, at its sole discretion, credit such fees or charges against any amounts which Trinity Oaks would be required to reimburse to Resident under the provisions of Section 8 of this document. Trinity Oaks 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 Oaks, the ability of Trinity Oaks 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 Oaks; and (iii) Resident has applied for and submitted documented justification for special financial consideration.

7. Transfer or Changes in Levels of Care.

- (a) Procedure. In the event it is determined that the Resident requires a transfer or change in the level of care and accommodations, the Resident hereby agrees to make such a change. Such determination will be made by and based on the professional opinion of the Director of Community Relations, the Executive Director and if needed, other health care support staff. A decision to transfer the Resident will be made in the best interest of the Resident and only after consultation to the extent possible with the Resident, the representatives of the Resident's family or sponsor, and the Resident's physician.
- (b) Transfer Outside Trinity Oaks. If it is determined by the Director of Community Relations, 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 Oaks, 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.
- (c) Medical/Mental Condition. Trinity Oaks 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 Director of Community Relations, the Executive Director and if needed, 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 Oaks 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 Apartment or Cottage shall be assigned to others, subject to the rights of any remaining second Apartment or Cottage 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. (Also see Section 14, Personal Belongings).

- (l) Release/Readmission. If a determination is made by the Director of Community Relations, the Executive Director and if needed, other health care support staff, that any such transfer or change described in this Section will likely be permanent in nature, the Resident hereby agrees to release his/her rights and use of the Apartment or Cottage, subject to the rights of any remaining second Apartment or Cottage Resident [see Section 2(f) and (g)]. If, however, the Director of Community Relations, 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 Section 10

8. Termination.

- (a) Statutory 30-Day Period. This Agreement may be rescinded by Resident at any time within thirty (30) days following the later of the date of execution of this Agreement or the receipt by Resident of the Disclosure Statement required by Article 64 of Chapter 58 of the North Carolina General Statutes. During this thirty (30) day period, Resident shall not be required to move into Trinity Oaks. If such rescission is made, any money or property paid or transferred to Trinity Oaks, except those periodic charges specified in this Agreement and applicable only to such period as the Apartment was actually occupied by the Resident, shall be returned in full to the Resident or to the party who made the payment or payments on behalf of the Resident except for a non-refundable processing fee of 2% of the Apartment or Cottage Entrance Fee and any nonstandard costs (including Major Options, custom selections and upgrades, and requested change orders for a Cottage) specifically incurred by Trinity Oaks at the request of the Resident and described in the Residency Agreement or an amendment to it signed by the resident. Thereafter neither party shall have any further obligation or duty to the other. Reimbursement due will be refunded within 90 days of written notification of rescission by Resident.
- (b) Death or Illness Prior to Occupancy. If Resident dies before occupying an Apartment or Cottage or if, on account of illness, injury or incapacity Resident is precluded from occupying an Apartment or Cottage under the terms of this Agreement, this Agreement is automatically canceled and Resident or his legal representative shall receive a refund of all money or property paid or transferred to Trinity Oaks, less (i) those nonstandard costs (custom selections and upgrades) specifically incurred by Trinity Oaks at the request of the Resident and described in this Agreement or an addition to it signed by the Resident and (ii) the non-refundable processing fee of \$1000. Reimbursement due will be refunded within 90 days of written notification by Resident or his/her legal representative.
- (c) Termination by Resident After Statutory 30-Day Period. Beginning with the first full calendar day following expiration of the statutory 30-day period, and before Resident has begun occupancy in Trinity Oaks, Resident may terminate this Agreement for reasons other than (i) death, or (ii) illness, injury or other incapacity which would make it inappropriate for Trinity Oaks to accept the Resident's occupancy in the Apartment or Cottage. Resident will receive reimbursement of

all monies paid or transferred to Trinity Oaks, less those nonstandard costs (custom selections and upgrades) specifically incurred by Trinity Oaks at the request of the Resident and described in this Agreement or an addition to it signed by the Resident, and the non-refundable processing fee equal to two percent (2%) of the Apartment or Cottage Entrance Fee which shall be retained by Trinity Oaks as liquidated

damages for costs incurred due to the termination by Resident. Refunds will be made within 90 days of notification by Resident or his/her legal representative.

- (d) Termination by Resident After Occupancy. After occupancy, subject to the provisions of Section 10, 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 Oaks. Resident is responsible to pay Monthly Maintenance Fees during the ninety (90) day period or until the Independent Living Apartment or Cottage is vacated, whichever occurs last (see Section 10, Reimbursement of Entrance Fees - Independent Living).
- (e) Death of Resident After Occupancy. In the event of the death of Resident after occupancy, this Agreement shall be subject to termination as follows:
 - (i) If there is only one Resident occupying the Living Unit, 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 Living Unit, all keys, pendant, entrance slide and garage door opener (if applicable) have been turned into the Director of Resident Services. The Monthly Maintenance Fee shall automatically be terminated at this point. Resident's Estate is responsible for any payment due Trinity Oaks. Resident's Entrance Fee is subject to refund as provided in Section 8.
 - (ii) If there is more than one Resident occupying the Living Unit, the second person shall have the option of continuing to reside in the Living Unit at the single person rate under the terms of the Residency Agreement. The surviving Resident's Entrance Fee is subject to refund as provided in Section 8.
- (f) Termination by Trinity Oaks. The Executive Director may, subject to the provisions of Section 10, upon notice and opportunity to cure as herein provided, revoke Resident's right to reside at Trinity Oaks 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 Oaks 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 Section 3;

6. Material breach by you of this Agreement.

However, we shall not terminate the Agreement as provided herein until we give you written notice of, and a reasonable opportunity to cure within a reasonable period, the conduct warranting the cancellation of this Agreement.

- (g) Notice and Right to Cure. Once Resident has occupied the Apartment or Cottage, the Executive Director shall give Resident notice in writing of any default by Resident and Resident shall have thirty (30) days within which to correct the default. If Resident fails to correct the default within thirty (30) days, Trinity Oaks may, at its sole option, terminate this Agreement at the expiration of the thirty (30) day period.

9. Remedies Upon Termination. Upon notification of opportunity to cure any default as described in Section 8(f) and (g) 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 re-enter the Apartment or Cottage 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 Oaks in re-entering and taking possession of the Apartment or Cottage. If Resident shall abandon or vacate the Apartment or Cottage before the termination of this Agreement, Resident will pay Trinity Oaks liquidated damages in an amount equal to the full amount of the Monthly Maintenance Fee due for the period of abandonment or vacation until a termination of this Agreement is effected as provided in Section 8(d). 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 Oaks in this document, and all rights and remedies given by law or equity shall be cumulative and concurrent.

10. Reimbursement of Entrance Fee - Independent Living

- (a) Amount. If, after Resident has commenced occupancy at Trinity Oaks, if Resident or Trinity Oaks terminates this Agreement, or in the event of the death of the Resident, the Resident (or Resident's estate) will be reimbursed as follows:

Independent Apartment and Cottage Residents - 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 Living Unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by TrinityOaks after the Living Unit is vacated and the reoccupancy of the Apartment or Cottage.

Independent Apartment and Cottage Residents - 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 Living Unit is vacated. The balance of any Entrance Fees to be reimbursed after termination of the Residency Agreement will be paid by Trinity Oaks after the Living Unit is vacated and the reoccupancy of the Apartment or Cottage. Independent Apartment and Cottage Residents - 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 Oaks after the Living Unit is vacated and the reoccupancy of the Apartment or Cottage.

In addition, Trinity Oaks 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 Oaks for Resident's care during the term of his/her residency, unpaid by Resident at date of termination;
 - (ii) The amount of any Monthly Maintenance Fee or other sums owed by Resident to Trinity Oaks under this Agreement including late charges;
 - (iii) The amount of any Monthly Maintenance Fee, the collection of which may have been deferred on behalf of Resident under Section 6(e); and
 - (iv) The cost of any extraordinary repairs or refurbishing with respect to the Apartment or Cottage, including the entries and doors, or any alterations required to restore the Apartment or Cottage to standard design or condition.
- (b) **Multiple Residents.** It is understood that when two persons are named in this Agreement, reimbursement of the refundable portion of the Entrance Fee, if any, and in accordance with Section 10(a), will be made only after the termination of this Agreement.

11. Required Health Insurance Coverage. 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 Oaks 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 Oaks. 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. If insurance coverage is not maintained, or if Resident refuses medical treatment, which, in the opinion of Resident's attending physician or the Medical Director is medically required for the health of the Resident or the health or safety of other Residents of Trinity Oaks, the Executive Director may terminate Resident's right to reside at Trinity Oaks and terminate this Agreement as provided in Section 8(f).

12. Religious Affiliation. Religious Affiliation. Trinity Oaks 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

Oaks. Through private contributions, Trinity Oaks 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)).

13. Funeral Expenses. Trinity Oaks 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.
14. Personal Belongings. Jewelry and personal possessions or effects brought into Trinity Oaks 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 Oaks will not be responsible for the loss or theft thereof. Resident shall, prior to occupancy of the Apartment or Cottage, make provisions in a last will and testament for the final disposition of his/her furniture and possessions located at Trinity Oaks, for burial and payment of funeral expenses and for the appointment of a personal representative; and shall deliver to the Director of Community Relations a copy of the pertinent provisions of the Resident's Last Will and Testament at the time he/she commences occupancy. If removal of Resident's property is not accomplished within thirty (30) days after termination of residency, Trinity Oaks 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 Apartment or Cottage Resident. Trinity Oaks 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.
15. Indebtedness to Trinity Oaks and LSA Affiliates. To the extent allowed by applicable law, Trinity Oaks 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 Oaks 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 Oaks and other LSC affiliates by Resident.
16. Casualty Loss, Condemnation.

 - (a) Total Destruction. If Resident's Apartment or Cottage at Trinity Oaks is totally destroyed or damaged by fire or other casualty not occurring through fault or negligence of Trinity Oaks or those employed by or acting for Trinity Oaks, 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 Maintenance Fee shall abate for the balance of the term as of the date of the casualty. Trinity Oaks 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 16(a) above is only partial, so that the Resident's Apartment or Cottage can be reasonably restored within a period of ninety (90) days to its condition prior to the partial destruction, Trinity Oaks may,

at its option, terminate this Agreement, provide alternative temporary housing, or restore Trinity Oaks to such condition reserving the right to enter the Apartment or Cottage for that purpose. In any event, the Monthly Maintenance Fee shall be reduced during the time Trinity Oaks is in possession, taking into account the extent that the Apartment or Cottage is rendered untenable and the duration of Trinity Oaks' possession. Trinity Oaks 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 Oaks 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 Oaks can no longer be operated reasonably in the opinion of Trinity Oaks' Board of Directors, this Agreement shall terminate as the date title shall rest in the condemner, and the Monthly Maintenance Fee shall abate. In the event of condemnation, the Resident waives all claims against Trinity Oaks, and Resident agrees that he/she will not make or be entitled to any claim or recovery against the condemning authority.

17. Government Eligibilities. Should either Trinity Oaks 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.
18. Liability of Trinity Oaks. The death of the Resident will cancel any and all obligations or liability of Trinity Oaks under the terms of this Agreement [see Section 8(e)].
19. Rights of Management. The absolute rights of management are reserved by Trinity Oaks. Trinity Oaks 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 Oaks, to determine admissions or terms of admission of any other Resident, to alter common areas within Trinity Oaks, or to make unapproved alterations to their Apartment or Cottage.
20. 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 Oaks prior to occupancy of the Apartment or Cottage.
21. Binding Effect. The covenants and conditions of this Agreement shall bind and benefit respectively Trinity Oaks 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.

17. Interruptions. Trinity Oaks 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 Oaks and which by the exercise of ordinary care Trinity Oaks is unable, wholly or in part, to prevent or overcome.
18. 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.
19. Governing Law. This Agreement will be governed by and construed under the laws of the State of North Carolina.
20. Execution. This Agreement has been executed on behalf of Trinity Oaks by its duly authorized agent. No officer, director, agent or employee of Trinity Oaks shall have any personal liability hereunder to Resident under any circumstances.
21. 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 Oaks 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 Oaks' right to thereafter enforce the same strictly in the event of a continuing or subsequent default on the part of the Resident.
22. Interpretation. 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.
23. 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 Oaks:

- (i) LUTHERAN RETIREMENT CENTER - SALISBURY, INC.
d/b/a TRINITY OAKS
728 Klumac Road
Salisbury, North Carolina 28144-5714

(b) If to the Resident:

(i) If before Occupancy, as follows:

(ii) If after Occupancy, at the Apartment or Cottage.

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

30. Acknowledgment of Receipt. Resident acknowledges that he has received an executed copy of this Agreement, including Addendums I through IV.

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

LUTHERAN RETIREMENT CENTER –
SALISBURY, INC., d/b/a/
TRINITY OAKS

Executive Director _____ Witness_

Resident _____ Witness_

Resident _____ Witness

Date:

Appendix E — Examination Report

Personal Health Application

Present/Former Occupation _____ Retirement Date _____

Do you live alone? Yes _____ No _____ If no, with whom do you live? _____

Describe the general condition of your health: Excellent _____ Good _____ Fair _____ Poor _____

Please provide contact information for your personal physician:

Name _____ Address _____

City _____ State _____ Zip _____ Phone _____

Do you authorize Trinity Oaks to discuss your health with the above physician?

Please initial Yes _____ No _____

Are you presently under the care of your personal physician? Yes _____ No _____

Have you ever been under the care of any of the following?

Cardiologist	Name _____	Last Visit _____
Neurologist	Name _____	Last Visit _____
Psychologist/Psychiatrist	Name _____	Last Visit _____
Ophthalmologist	Name _____	Last Visit _____
Urologist	Name _____	Last Visit _____
Podiatrist	Name _____	Last Visit _____
Rheumatologist	Name _____	Last Visit _____
Audiologist	Name _____	Last Visit _____

List any conditions currently being treated: _____

List any medications being taken: _____

Medicare Number _____ Part A _____ Part B _____

Supplemental or Other Health Insurance Policies:

Company	Policy Number	Nature of Coverage
_____	_____	_____
_____	_____	_____
_____	_____	_____

Signature _____ Date _____

Received by _____ Date _____

LEVEL OF CARE DETERMINATION

Our philosophy of providing assisted living services in a Level of Care Format allows us the opportunity to provide residents with certain services as needs arise.

Assessment Date _____

Resident Name _____ **Apt. #** _____

Responsible Party _____ **Phone** _____

Attending Physician _____ **Phone** _____

Levels of Care are defined as follows:

_____ Independent

This service level provides accommodation, meals, minimal help with ADLs and residents that self administer medication or minimal help with medication administration, selected additional services such as special dietary planning. Residents in this level are typically independent.

_____ Enhanced Care services

This level of care provides moderate levels of help with ADLs to residents that can perform part of the activity for him/her, and several additional services including but not limited to, assistance with medications, ambulation, bathing, dressing, grooming, eating, hygiene and toileting. These residents may require some assistance from Licensed Health Professional Support as well as confusion management and/or management of diabetes, skin integrity, and/or fall risk intervention.

_____ Enhanced Care Plus services

This level of care provides a significant degree of help with ADLs and is geared towards residents who can perform part of the activity and are very frail/impaired or will require several services on a regular basis. These residents may require some assistance from Licensed Health Professional Support as well as confusion management and/or management of diabetes, skin integrity, and/or fall risk interventions.

_____ Maximum Care

This level of care provides assistance to residents that need someone else to complete the task for the resident most of the time. These residents may require extensive assistance with confusion management and/or management of diabetes, skin integrity, and /or fall risk interventions.

DETERMINATION OF LEVEL OF CARE AND RELATED EXPENSES

PERFORMANCE CODE TOTAL from ADL and BEHAVIORAL Assessment Tool _____

_____Independent

_____Enhanced

_____Enhanced Plus

_____Maximum

(0-8)

(9-15)

(16-22)

(23+)

RESIDENT ASSESSMENT FORM

Level of Care before Assessment

Level of Care after Assessment

RESIDENT _____

ADL NEEDS CHECKLIST

ADL

BATHING	0	1	2	3	4
---------	---	---	---	---	---

DRESSING	0	1	2	3	4
----------	---	---	---	---	---

HYGIENE	0	1	2	3	4
---------	---	---	---	---	---

TOILETING	0	1	2	3	4
-----------	---	---	---	---	---

TRANSFERRING	0	1	2	3	4
--------------	---	---	---	---	---

EATING	0	1	2	3	4
--------	---	---	---	---	---

Mobility/Ambulation	0	1	2	3	4
---------------------	---	---	---	---	---

(may include assistive devices, fall risk)

Medication Administration	1	2	3	4
---------------------------	---	---	---	---

(1-4 meds) (5-10 meds) (11-15 meds) (16+ meds)

Or self adm.

LPHS tasks	0	1	2	3	4
------------	---	---	---	---	---

(except meds by injection, ambulation with assistive devices or transferring)

Other ADL:	0	1	2	3	4
------------	---	---	---	---	---

ie: skin care

BEHAVIORAL

- 0 Generally oriented to time and place
- 1 Oriented but occasionally forgetful. Some confusion – may need prompting and orienting
- 2 Shows feelings of hopelessness, depression, nervousness or restlessness requiring intervention
- 3 Obvious impairment of memory. Some disorientation and may display anxiety or irritability with memory difficulties. Verbally and/or physically abusive to others
- 4 Sever impairment most of the time. Demonstrates poor judgement – requires behavior management

TOTAL SCORE _____

DEFINITION OF PERFORMANCE CODES

0. INDEPENDENT

The resident performs the activity without help, or may require minimal supervision of assistance only once or twice a week. For example, a resident who usually transfers on and off the toilet unassisted may need someone to stand by the toilet room door after an especially tiring day away from the home.

1. SUPERVISION

The resident can perform the activity when another person provides oversight, encouragement and prompting, or with supervision plus some physical assistance only once or twice a week. For example, an incontinent resident may be able to use the toilet room unassisted if regularly reminded to do so.

2. LIMITED ASSISTANCE

The resident is highly involved in performing the activity for him/herself. The resident also requires help from another person in guided maneuvering of limbs or other non-weight bearing assistance only once or twice during a week. For example, a resident may need another person to hold up his/her shirt and physically guide his/her hand to the sleeve opening, but the resident can push his/her arm through the sleeve.

3. EXTENSIVE ASSISTANCE

The resident can perform part of the activity for him/herself. The resident also requires other weight bearing support from another person three or more times a week, or someone else to perform the task for him/her (three or more times) during part, but not all, of the week). For example, on three occasions the resident needed another person to lean against and steady him/her while transferring from standing with a walker into a bed or chair.

4. TOTALLY DEPENDENT

Someone else must complete the task for the resident at all times. For example, a resident who cannot do any part of dressing for him/herself, and requires total assistance with dressing from other people.

Staff completing assessment _____ Date

Appendix F — Statutory Ratio and Supporting Definitions

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

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

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

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

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

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

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

Debt Service Coverage Ratio. *“A capital structure ratio that measures a provider’s ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees, minus entrance fee amortization, entrance fee refunds contractually past due, and other noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of*

indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness.” (G.S. 58-64A-5(17))

Net Cash Proceeds from Entrance Fees. *“Total entrance fees received less entrance fees refunded, and less initial entrance fees received for new independent living units.” (G.S. 58-64A-5(30))*

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

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

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

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

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

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

Unrestricted Cash and Investments to Long-Term Debt Ratio. *“A capital structure ratio that (i) measures a provider's position in available cash and marketable securities in relation to its long-term debt and (ii) measures a provider's ability to withstand annual fluctuations in cash. The quotient shall be calculated by dividing unrestricted cash and investments by total long-term debt, less the current portion of long-term debt.” (G.S. 58-64A-145(13))*

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

Trinity Oaks Campus Consolidated Ratios

	Actual FYE 2023	Actual FYE 2024	Actual FYE 2025	Forecast FYE 2026	Forecast FYE 2027	Forecast FYE 2028
Liquidity ratios						
Days cash on hand ratio	443	560	659	737	780	825
Cushion ratio	63	91	108	119	129	140
Profitability ratios						
Operating ratio	82%	77%	77%	84%	84%	84%
Net operating ratio	1.89	1.89	1.89	1.88	1.89	1.89
Adjusted Net Operating Ratio	19%	16%	18%	16%	16%	16%
Capital structure ratios						
Debt service coverage ratio	16.68	22.23	23.80	15.02	15.60	16.16
Unrestricted cash and investments to long-term debt ratio	5.40	8.22	10.76	12.07	14.12	16.64
Capital expenditures as a percentage of depreciation expense ratio	159%	32%	75%	72%	64%	62%

Lutheran Services for the Aging Obligated Group Ratios

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