

TRINITY VILLAGE

Disclosure Statement

Legal Provider: Lutheran Retirement Center-Hickory, Inc.

Date of Disclosure Statement:

September 30, 2025 Date of Permissible Delivery: March 30, 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.

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 the provider to penalties under Article 64A.

Financial Snapshot

Ratio	FY 2023	FY 2024	FY 2025	FY+1 2026	FY+2 2027	FY+3 2028
DCOH	136	159	198	198	199	200
CUSH	11	13	8	10	10	11
OR	97%	94%	93%	91%	92%	93%
NOM	2.02	2.02	2.02	2.00	2.02	2.03
NOM-A	-2%	-2%	-2%	0%	-2%	-3%
DSCR	1.35	2.20	1.95	2.26	1.94	1.93
CD	.90	.65	.63	.78	.79	.79
CED	64%	1326%	228%	67%	70%	71%

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

Ratio	Actual FYE 2023	Actual FYE 2024	Actual FYE 2025	Forecast FYE 2026	Forecast FYE 2027	Forecast FYE 2028
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	.66	.78	1.11	1.28	1.36	1.46
CED	187%	166%	150%	107%	104%	100%

Table FS-2. Financial Snapshot - Key Statutory Financial Ratios, Obligated Group

Ratio Definitions

Days Cash on Hand (DCOH): number of days the provider could pay normal cash operating expenses using unrestricted cash and investments.

Cushion Ratio (CUSH): number of times unrestricted cash and investments could cover one year of debt service.

Operating Ratio (OR): compares current operating expenses, excluding depreciation and amortization, to current operating revenues, excluding entrance fee amortization.

Net Operating Margin (NOM): shows the result from core resident services.

Adjusted Net Operating Margin (NOM-A): shows the operating result after also counting net entrance fee cash received during the year.

Debt Service Coverage (DSCR): measures the provider's ability to pay annual debt service from operations and net entrance fee cash.

Unrestricted Cash and Investments to Long-Term Debt (CD): compares unrestricted cash and investments to long-term debt.

Capital Expenditures to Depreciation (CED): compares capital improvement spending to depreciation.

Table of Contents

Disclosure Statement	1
Legal Provider: Lutheran Retirement Center-Hickory, Inc.	1
Date of Disclosure Statement:.....	1
September 30, 2025 Date of Permissible Delivery: March 30, 2027.....	1
Financial Snapshot.....	2
Ratio Definitions	3
Required Disclosure Sections.....	6
Section 1 — Provider Identification	6
Narrative Statement	7
Section 2 — Organizational Structure.....	8
Section 3 — Key Persons and Management Personnel	9
Section 4 — Governing Body and Oversight.....	13
Section 5 — Related Parties.....	14
Section 6 — Relationships with Religious, Charitable, or Other	15
Organizations	15
Section 7 — Other Persons Responsible for Obligations	15
Section 8 — Obligated Groups	15
Section 9 — Debt Covenants and Compliance	15
Section 10 — Third-Party Management Arrangements	16
Section 12 — Endowment Funds.....	18
Section 13 — Description and Location of the Community.....	18
Section 14 — Living Units by Level of Care	18
Section 15 — Continuing Care at Home Program	18
Section 16 — Resident Population Served.....	19
Section 17 — Occupancy Rates	19
Section 18 — Semiannual Resident Meetings	19
Section 19 — Resident Property Rights.....	20
Section 20 — Services Provided Under the Contract.....	20
Section 21 — Resident Fees.....	20
Section 22 — Refundable Entrance Fee Obligations.....	23
Section 23 — Financial Hardship Policies.....	23
Section 24 — Contract Cancellation and Refund Policies	23
Section 25 — Re-occupancy of Units.....	23
Section 26 — Resident Relocation.....	24
Section 27 — Admission and Continuation Standards	24

Section 28 — Age and Insurance Requirements	24
Section 29 — Reserve Funding and Refund Security	24
Section 30 — Expansion and Renovation Plans	25
Section 31 — Audit Opinion and Timeliness	25
Section 32 — Audited Financial Statements	25
Section 33 — Five-Year Prospective Financial Statements	26
Section 34 — Variances from Prospective Financial Statements	26
Section 35 — Key Financial Metrics	26
Section 36 — Actuarial Opinion and Balance	28
Section 37 — Most Recent Department Examination Report	28
Section 38 — Other Material Information	28
Section 39 — Contract Forms and Attachments	29
Required Appendices	30
Appendix A — Audited Financial Statements	30
Appendix B — Five-Year Prospective Financial Statements	102
Appendix C — Actuarial Opinion	135
Appendix D — Most Recent Department Examination Report	136
Appendix E — Contract Forms and Attachments	137
Appendix F — Statutory Ratio and Supporting Definitions	177
Supporting Definitions	178
Appendix G — Organizational Structure Chart	179

Required Disclosure Sections

Section 1 — Provider Identification

Disclosure Item	Section 1 Response
Legal Provider Name	Lutheran Retirement Center-Hickory, Inc.
Doing Business As (DBA)	Trinity Village
Business Address	1265 21st Street NE, Hickory, North Carolina 28601
Telephone Number	(828) 404-3232
Legal Entity Type	North Carolina nonprofit corporation
Tax Status	Recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Provider is current on all required federal, state, and local tax filings and reporting obligations.
Ownership Status	Privately operated nonprofit corporation; not publicly traded or
Entity Responsible for Continuing Care	Lutheran Retirement Center-Hickory, Inc. is the legal entity responsible for providing continuing care and fulfilling contractual obligations to residents under continuing care contracts offered
Controlling Entity	Lutheran Services for the Aging, Inc. (LSA), which conducts business under the public brand name Lutheran Services Carolinas (LSC), is the sole corporate member and controlling entity.
Controlling Entity Address	1416 Martin Luther King Jr. Avenue, Salisbury, North Carolina
Controlling Entity Telephone	(704) 637-2870

Narrative Statement

Lutheran Retirement Center-Hickory, Inc., doing business as Trinity Village, is a North Carolina nonprofit corporation and is the legal provider responsible for the continuing care program offered at Trinity Village. Trinity Village is a trade name used for branding and operational purposes and does not constitute a separate legal entity.

Lutheran Retirement Center-Hickory, Inc. is recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is current on all required federal, state, and local tax filings and reporting obligations. The Provider is privately operated as a nonprofit corporation and is not publicly traded or publicly owned.

Lutheran Services for the Aging, Inc. (“LSA”), which conducts business under the public brand name Lutheran Services Carolinas (“LSC”), is the sole corporate member and controlling entity of Lutheran Retirement Center-Hickory, Inc. LSA provides strategic governance oversight and support through its affiliated corporate structure while Lutheran Retirement Center-Hickory, Inc. remains the licensed provider responsible for the operation of Trinity Village and for fulfilling contractual obligations to residents.

Lutheran Retirement Center-Hickory, Inc. operates exclusively for charitable purposes through the provision of housing, health care, supportive services, and continuing care programs for older adults. Trinity Village is operated in accordance with applicable provisions of North Carolina General Statutes Chapter 58, Article 64A, and all other applicable federal, state, and local laws and regulations.

Section 2 — Organizational Structure

Multi-Entity Organization Status

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

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

Audited financial statements are prepared on a consolidated basis with LSA and its subsidiaries, including 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 Village, individually.

The organizational structure of Lutheran Services for the Aging, Inc. and its related entities, including Lutheran Retirement Center-Hickory, Inc., is illustrated in Appendix G of the Disclosure Statement.

Item	Information
Controlling Entity	Lutheran Services for the Aging, Inc. (LSA)
Public Brand Name	Lutheran Services Carolinas (LSC)
Business Address	1416 Martin Luther King Jr. Avenue, Salisbury, North Carolina 28144
Telephone	(704) 637-2870

Section 3 — Key Persons and Management Personnel

Lutheran Retirement Center-Hickory, Inc., doing business as Trinity Village, provides the following information regarding the individuals who govern, manage, or exercise control over the Provider and its controlling organization, Lutheran Services for the Aging, Inc. (LSA), which operates publicly as Lutheran Services Carolinas (LSC). This section identifies key officers, directors, trustees, managers, controlling persons, and management personnel responsible for governance, strategic direction, financial oversight, regulatory compliance, and day-to-day operation of Trinity Village.

The business address for all listed officers, directors, trustees, managers, and management personnel is 1416 Martin Luther King Jr. Avenue, Salisbury, North Carolina 28144, unless otherwise noted. Personal residential addresses are not disclosed.

Day-to-day management of Trinity Village is the responsibility of the Executive Director, who administers community operations in coordination with the executive leadership of Lutheran Services Carolinas. The Executive Director is responsible for implementation of organizational policies, resident services, staffing oversight, regulatory compliance, quality initiatives, financial performance, and operational coordination for the community.

Table 3.1: Key Persons and Management Personnel

Board Members Name / Role	Business Address	Education	Relevant Business Experience	Length of Service
Ted W. Goins - President and Chief Executive Officer	1416 Martin Luther King Jr. Avenue, Salisbury, NC 28144	AB, Lenoir-Rhyne University; MS, Pfeiffer University	More than 40 years of senior living operations experience; former CNA and licensed nursing home administrator; service on boards including Lutheran Services in America, LeadingAge, Lutheran Immigration and Refugee Service, and NCHCFA.	25 years and 5 months (since 11/2000)
Kirby D. Nickerson - Chief Financial Officer / Treasurer	1416 Martin Luther King Jr. Avenue, Salisbury, NC 28144	MBA, Florida State University	More than 30 years of nonprofit healthcare finance experience as a chief financial officer.	13 years and 10 months (since 06/2012)
Kesha L. Smith - Chief Operating Officer	1416 Martin Luther King Jr. Avenue, Salisbury, NC 28144	BS Accounting, University of North Carolina at Charlotte	More than 20 years of nonprofit senior services experience.	22 years and 7 months (since 09/2003)

Richard Herman - Vice Chair and Director	1416 Martin Luther King Jr. Avenue, Salisbury, NC 28144	BA, Concordia University	Retired chief executive officer of a national nonprofit social ministry foundation.	2 years (since 09/2024)
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Board Members Name / Role	Business Address	Education	Relevant Business Experience	Length of Service
Executive Director				
Marcheta Campbell - Executive Director, Trinity Village	1416 Martin Luther King Jr. Avenue, Salisbury, NC 28144	BS, Appalachian State University; MS, Ashford University	Administrator and Executive Director responsible for day-to-day administration and operation of Trinity Village	13 years with Lutheran Services Carolinas

To the knowledge of the Lutheran Retirement Center-Hickory, Inc. dba Trinity Village, no individual required to be disclosed in this section directly or indirectly holds a ten percent (10%) or greater equity or beneficial interest in Lutheran Retirement Center-Hickory, Inc. or exercises control over the Provider through an ownership interest. The Provider is a nonprofit corporation and does not have equity owners or shareholders.

To the knowledge of the Lutheran Retirement Center-Hickory, Inc. dba Trinity Village, no listed officer, director, trustee, manager, controlling person, or management employee has reported a ten percent (10%) or greater interest in any professional service firm, association, trust, partnership, corporation, or other entity that currently provides, or is intended to provide, goods, leases, or services to Trinity Village. If any such arrangement exists or is later identified, the Provider will disclose the name of the entity, the goods, leases, or services provided, and the actual or probable cost to the Provider, or explain why the cost cannot be estimated.

To the knowledge of the Provider, none of the individuals required to be disclosed in this section has:

- Been convicted of a felony or pleaded nolo contendere to a felony charge;
- Been held liable or enjoined by final judgment in a civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property;
- Been subject to a currently effective injunctive or restrictive court order; or
- Had any state or federal license or permit suspended or revoked as a result of governmental action within the past five years.

Section 4 — Governing Body and Oversight

Lutheran Retirement Center-Hickory, Inc., doing business as Trinity Village, is a North Carolina nonprofit corporation and an affiliate of Lutheran Services for the Aging, Inc. (LSA), which operates publicly under the name Lutheran Services Carolinas (LSC). Governance oversight of Trinity Village is provided through the corporate governance structure of LSA and its affiliated entities.

The governing body is responsible for overall oversight of the organization, including establishment of policies, monitoring financial performance, safeguarding organizational assets, maintaining compliance with state and federal laws, and ensuring fulfillment of mission and obligations to residents.

Day-to-day management and operational administration of Trinity Village are delegated to LSA Management, Inc. (LSAM), an affiliated management company established in 2004. This delegation does not diminish the governing body's responsibility for oversight of provider operations, financial condition, regulatory compliance, or contractual obligations to residents.

Through regular reports and reviews, the governing body monitors financial performance, resident services, quality initiatives, capital expenditures, risk management, strategic planning, and regulatory compliance matters.

Members of the governing body are nominated and appointed in accordance with the Articles of Incorporation and Bylaws of Lutheran Services for the Aging, Inc. The governing body consists of individuals selected for their experience and expertise in healthcare, finance, business, nonprofit management, law, ministry, and senior services. The governing body of Lutheran Services for the Aging, Inc. serves as the controlling governing body for Trinity Village and provides strategic oversight, policy direction, and fiduciary accountability. Operational authority for day-to-day management is delegated to LSA Management, Inc. and community leadership; however, the governing body retains responsibility for oversight of organizational strategy, financial condition, regulatory compliance, quality of resident services, risk management, and fulfillment of contractual obligations to residents. Management and organizational performance are monitored through regular board reports, financial reviews, compliance reporting, strategic planning activities, and evaluation of key operational and quality indicators. This oversight structure ensures accountability while maintaining appropriate delegation of administrative and operational responsibilities.

Section 5 — Related Parties

Lutheran Retirement Center-Hickory, Inc. is affiliated with Lutheran Services for the Aging, Inc. ("LSA"), which conducts business under the public name Lutheran Services Carolinas ("LSC"). The Provider receives certain administrative, operational, clinical support, pharmacy, therapy, and other services from related organizations that are affiliated through common control or common governance.

The costs presented in Table 5.1 represent either actual amounts incurred during the most recently completed fiscal year or good-faith estimates based on approved budgets, contractual arrangements, and available financial information. Related-party transactions are reviewed through the governance and financial oversight processes of Lutheran Services for the Aging and its affiliated organizations. Additional information regarding related-party transactions is included in the audited financial statements attached as Appendix A.

Table 5.1: Related-Party Relationships and Transactions

Related Party	Goods, Services, or Lease Provided	Actual or Probable Annual Cost	Notes
LSA Management, Inc.	Administrative and management services to support operations.	\$900,000 Trinity Village	Related party service arrangement.
		\$775,000 Trinity Ridge	
Leading Care Pharmacy	Pharmacy services.	\$600,000 Trinity Village	Related party service arrangement.
		\$600,000 Trinity Ridge	
Trinity Rehab	Therapy services.	\$1,285,000 Trinity	Related party service arrangement.
		\$1,330,000 Trinity	
Trinity at Home	Home care services.	\$0	Related party service arrangement.
Unity Senior Care Group : Propel	Risk management or other operational support.	\$1,000 Trinity Village	Related-party service arrangement
		\$1,000 Trinity Ridge	

- Lutheran Home-Albemarle, Inc. DBA Trinity Place - Albemarle, NC
- Lutheran Home-Hickory, Inc. DBA Trinity Village - Hickory, NC
- Lutheran Home-Hickory West, Inc. DBA Trinity Ridge - Hickory, NC
- Lutheran Retirement Center-Clemmons Community DBA Trinity Elms - Clemmons, NC
- Lutheran Retirement Center-Wilmington DBA Trinity Landing - Wilmington, NC

Section 6 — Relationships with Religious, Charitable, or Other Organizations

Trinity Village maintains a historical and mission-based relationship with the Evangelical Lutheran Church in America (ELCA) through Lutheran Services for the Aging, Inc. (LSA), which operates publicly as Lutheran Services Carolinas (LSC). The relationship is historical and mission-based rather than operational. The ELCA and the North Carolina Synod do not participate in day-to-day management, do not direct operational decisions, and do not guarantee financial obligations of Trinity Village.

Section 7 — Other Persons Responsible for Obligations

No other person or entity is responsible, directly or indirectly, for the financial or contractual obligations of the provider.

Section 8 — Obligated Groups

Lutheran Retirement Center-Hickory, Inc. is a member of the Lutheran Services for the Aging Obligated Group. The Obligated Group was established pursuant to applicable financing agreements governing certain indebtedness of affiliated organizations. Members of the Obligated Group may be jointly or severally responsible for specified debt obligations and covenant compliance requirements as set forth in the governing financing documents. Lutheran Retirement Center- Hickory, dba Trinity Village, will identify all obligated group members and describe the nature and scope of shared financial obligations in the audited financial statement notes.

Section 9 — Debt Covenants and Compliance

Lutheran Retirement Center-Hickory, Inc. d/b/a Trinity Village is a member of the Lutheran Services for the Aging Obligated Group, which has outstanding indebtedness issued pursuant to the Master Trust Indenture and related financing agreements. As a member of the Obligated Group, the Provider is subject to certain financial and operational covenants contained within the financing documents governing the Obligated Group's debt obligations. These covenants include, among other things, requirements related to debt service coverage, liquidity, minimum fund balances and reserves, financial reporting, maintenance of tax-exempt status, limitations on the disposition of certain assets, restrictions on additional indebtedness, and maintenance of required insurance coverage.

As of the most recent fiscal year-end and covenant testing period reflected in the audited financial statements, management believes the Obligated Group was in compliance with all debt covenants. Management is not aware of any uncured covenant violation, event of default, or acceleration notice affecting the Provider or the Obligated Group

Section 10 — Third-Party Management Arrangements

LSAM is a related-party management entity. Trinity Village will not employ a third-party outside agency to manage or operate the continuing care retirement community.

Section 11 — Real Property Leases

Lutheran Retirement Center-Hickory, Inc. d/b/a Trinity Village property is currently owned by Lutheran Home-Hickory Property, Inc., an affiliate of Lutheran Services for the Aging, Inc. (LSA). The property is leased to Trinity Village. The lease agreement is attached.

Table 11.1: Summary of Real Property Lease

Lease Item	Disclosure Summary
Landlord	Lutheran Home Hickory Property, Inc.
Tenant	Lutheran Retirement Center-Hickory, Inc.
Property / Demised Premises	Building, parking, driveways, and other improvements located at 1255 21st Street NE, Hickory, Catawba
Effective Date	January 1, 2025.
Initial Term	Five (5) years and eight (8) months, from January 1, 2025 through September 30,
Renewal Rights	Automatic renewal for three additional five-year terms unless either party gives at least sixty (60) days written notice before expiration
Rent Structure	Base rent approved by the Board during the budgeting process, payable monthly on the first day of each month. Rent may be increased only by mutual agreement of
Security Deposit	No security deposit is required.
Licenses and Utilities	Tenant is responsible for occupational and operating licenses and utility services including water,
Taxes and Assessments	Tenant is responsible for sales and use taxes, personal property taxes, ad valorem taxes if any, and governmental assessments for public improvements
Insurance	Tenant is responsible for required insurance premiums, including fire, extended coverage, vandalism, malicious mischief, and comprehensive general liability coverage of not less than \$1,000,000 per occurrence and \$3,000,000 annual aggregate; Landlord is
Repairs and Maintenance	Tenant is responsible for all repairs and maintenance, including parking lot, furnishings, equipment, roof, foundation, structural walls, exterior walls, HVAC,
Permitted Use	Premises must be used and occupied as a nursing care facility.
Assignment and Sublease	Tenant may not assign, mortgage, or encumber the lease. Tenant may sublet only with prior written consent of Landlord and remains liable for rent and lease
Governing Law	State of North Carolina.
Notice Addresses	Landlord and Tenant notices are directed to President, P.O. Box 947, Salisbury, North Carolina 28145.

Section 12 — Endowment Funds

The provider does not maintain any endowment funds and does not have access to endowment funds through a related party.

Section 13 — Description and Location of the Community

Trinity Village is located at 1255 21st Street NE, Hickory, North Carolina 28601, in Catawba County, and is owned and operated by Lutheran Retirement Center-Hickory, Inc., an affiliate of Lutheran Services for the Aging, Inc. The community is a continuing care retirement community offering independent living, assisted living, and skilled nursing care.

The Trinity Village campus includes 72 independent living apartments, 90 assisted living beds, and 204 nursing beds offered through Trinity Village and Trinity Ridge skilled nursing. Services and amenities include residential accommodations, housekeeping, maintenance, utilities, wellness and recreational programming, assisted living services, skilled nursing care, rehabilitation services, pharmacy services, physician services, social services, and other healthcare-related support services.

Section 14 — Living Units by Level of Care

Type	Count
Independent Living Units	72
Adult Care Home Beds	90
Nursing Home Beds	224
Total	386

Section 15 — Continuing Care at Home Program

The provider does not operate a continuing care at home program.

Section 16 — Resident Population Served

As of September 21, 2026, Trinity Village Independent Living had 37 of 72 available units occupied, representing 51.4% occupancy, and approximately 43 residents were residing in Independent Living under residency agreements.

The assisted living and skilled nursing components currently operate as licensed healthcare services on the Trinity Village and Trinity Ridge campuses. Individuals occupying assisted living and skilled nursing beds are served through the existing licensed operations of those facilities. As of the date of this Disclosure Statement, no assisted living or skilled nursing residents are being served under continuing care contracts issued by Lutheran Retirement Center-Hickory, Inc.

Upon implementation of the continuing care program, the Trinity Village continuum will include 72 independent living units, 90 adult care home beds, and 204 nursing beds, for a total of 366 units and licensed beds. The number of residents served will vary based on occupancy, room configuration, admissions, discharges, and whether a unit or room is occupied by one or more residents.

Section 17 — Occupancy Rates

Fiscal Year End	Independent Living	Assisted Living	Skilled Nursing Ridge	Skilled Nursing Village
9.21.2026	51.4%	97%	95%	95%
9.30.2025	33%	88%	96%	87%
9.30.2024	N/A	83%	92%	94%
9.30.2023	N/A	84%	91%	93%
9.30.2022	N/A	83%	86%	88%

Section 18 — Semiannual Resident Meetings

Upon commencement of a licensed CCRC, Trinity Village will conduct two semiannual resident meetings during each fiscal year in accordance with North Carolina law. A member of the governing board will be in attendance for each meeting.

Section 19 — Resident Property Rights

Residents do not hold ownership or property rights in the real estate of Trinity Village Continuing Care Retirement Center. Residency and access to services are governed solely by the continuing care contract.

Section 20 — Services Provided Under the Contract

Services furnished under Trinity Villages continuing care contract vary by level of care and are subject to the terms of the applicable Residency Agreement, clinical appropriateness, licensure requirements, staffing resources, and bed or unit availability.

The following disclosures describe the services included.

- Residents have access to assisted living, skilled nursing, and memory support services on campus.
- Independent living residents receive bi-weekly housekeeping services, basic utilities, use of community amenities, and social, cultural, and recreational programming.
 - Care coordination is available for transitions between levels of care.
 - Services available at additional charge include meal plans, additional housekeeping, salon services, and home care services through Trinity at Home.
- Assisted Living and skilled nursing services are provided through licensed healthcare operations and are available when clinically appropriate and subject to admission criteria and availability.
 - Clinical nursing services
 - Housekeeping
 - Meal Services
 - Pharmacy Services through Leading Care Pharmacy
 - Rehabilitation Services through Trinity Rehab
 - Beauty Barber Services
 - Social Services/ Activity Services

Section 21 — Resident Fees

Monthly fees are reviewed annually and may be adjusted based on changes in operating costs, staffing costs, healthcare expenses, capital needs, inflation, and other financial or operational factors. Adjustments are subject to approval under Lutheran Retirement Center- Hickory, Inc. dba Trinity Village, governance process and are applied as described in the Residency Agreement.

If a resident marries or seeks to add another occupant to an independent living residence, the additional occupant must satisfy applicable admission, health, financial, and age requirements. Additional monthly fees may apply. If the additional occupant does not satisfy applicable requirements, Trinity Village may deny occupancy or require other action consistent with the Residency Agreement.

Resale Fees: The Provider does not charge resale fees because Trinity Village does not offer ownership, condominium, cooperative, or resale-based independent living contracts.

Five-Year Periodic Fee Increase History and Five-Year Entrance Fee Increase History are presented in Tables 21.2 and 21.3. If no entrance fees are charged, the entrance fee table states “No entrance fees charged” for each applicable year.

No entrance fees are charged.

Table 21.1: Current Resident Fee Schedule

Residence Type	Entrance Fee	2026 Monthly Fee
Independent Living 1 Bedroom	None	\$2,163
Independent Living 1 Bedroom Deluxe	None	\$2,524
Independent Living 2 Bedroom	None	\$2,833
Trinity Ridge Nursing Pvt	None	\$375
Trinity Ridge Nursing Semi Pvt	None	\$354
Trinity Ridge Nursing Rehab Pvt	None	\$475
Trinity Village Nursing Pvt	None	\$379
Trinity Village Nursing Semi Pvt	None	\$361
Trinity Village Nursing Rehab Pvt	None	\$475
Trinity Village Assisted Living Pvt	None	\$226
Trinity Village Assisted Living Semi Pvt	None	\$198
Trinity Village Assisted Living Memory Care Pvt	None	\$300
Trinity Village Assisted Living Memory Care Semi- Pvt	None	\$289

Table 21.2: Historical Fee Schedule

Trinity Ridge SNF	2026	2025	2024	2023	2022
Nursing Pvt	\$375	\$357	\$ 347	\$330	\$320
Nursing Semi- Pvt	\$354	\$337	\$327	\$311	\$302
Nursing Rehab Pvt	\$475	\$452	\$439	\$418	\$406
Trinity Village SNF	2026	2025	2024	2023	2022
Nursing Pvt	\$379	\$361	\$350	\$333	\$323
Nursing Semi Pvt	\$361	\$344	\$334	\$318	\$309
Nursing Rehab Pvt	\$475	\$452	\$439	\$418	\$406
Trinity Village ALF	2026	2025	2024	2023	2022
Assisted Living Pvt	\$226	\$219	\$203	\$193	\$187
Assisted Living Semi Pvt	\$198	\$192	\$192	\$183	\$178
Assisted Living Memory Care Pvt	\$300	\$291	\$291	\$277	\$269
Assisted Living Memory Care Semi- Pvt	\$289	\$281	\$281	\$268	\$260
Trintiy Village IL	2026	2025			
Independent Living 1 Bedroom	\$2,163	\$2,100			
Independent Living 1 Bedroom Deluxe	\$2,524	\$2,450			
Independent Living 2 Bedroom	\$2,833	\$2,750			

Section 22 — Refundable Entrance Fee Obligations

Trinity Village CCRC will not offer refundable entrance fee contracts.

Section 23 — Financial Hardship Policies

Trinity Village is a nonprofit organization with a mission to serve older adults through housing, healthcare, and supportive services. The Provider does not guarantee that a resident may remain in the community indefinitely without payment of required fees. However, Trinity Village will review an unexpected financial hardship in good faith and will consider available resources and reasonable alternatives consistent with the Provider's mission, contractual obligations, and financial capacity.

A resident or the resident's authorized representative may request a financial hardship review by providing information reasonably requested by the Provider regarding the resident's income, assets, expenses, insurance coverage, governmental benefits, family support, and other available resources. The review may include consideration of a payment arrangement, assistance with identifying public benefits or community resources, transfer to a more affordable setting or level of care, or other available alternatives.

Any financial assistance is discretionary, subject to approval through the Provider's established governance and financial review processes, and dependent upon the Provider's available resources. This policy does not create a contractual right to a subsidy, waiver of fees, or continued occupancy without payment.

Section 24 — Contract Cancellation and Refund Policies

Trinity Village may terminate a continuing care contract.

- Resident-initiated cancellation before occupancy is permitted within the rescission period specified in the Residency Agreement.
- If death, illness, or incapacity before occupancy prevents eligibility, the resident agreement will automatically terminate.
- After occupancy, a resident may terminate by providing written notice to the Executive Director at least sixty days before the intended move-out date.
- Upon termination, the resident's right to occupy the residence ceases, and any refund due is determined in accordance with the Residency Agreement.

Section 25 — Re-occupancy of Units

Trinity Village operates independent living residences under a rental-based continuing care contract requiring residents to vacate and surrender a unit under specified circumstances.

If Trinity Village determines that transfer is permanent, the residents must surrender the apartment. If the resident can later resume occupancy of an independent living residence, the resident will receive application priority for a comparable apartment when one becomes available, subject to admission requirements and availability.

Section 26 — Resident Relocation

Residents may be required to relocate from their current living unit to another unit within the community under circumstances described in the Residency Agreement.

- Health-related transfer when a resident requires a more supportive level of care.
- Safety and accessibility need when the current living unit no longer meets the resident's needs.
- Construction, renovation, or repair work requiring temporary or permanent relocation.
- Operational necessity when continued occupancy materially interferes with orderly operation of the community.

Section 27 — Admission and Continuation Standards

Admission to Trinity Village is subject to health and financial screening at the time of application. All residents must be at least sixty-two (62) years of age and must satisfy health, functional, and financial qualifications for admission. Continued participation is subject to compliance with the Residency Agreement, payment of required fees, satisfaction of eligibility standards, and availability of accommodations.

Section 28 — Age and Insurance Requirements

Admission to Trinity Village Independent Living is restricted to individuals who are sixty-two (62) years of age or older. Residents are required to maintain Medicare Part A and Medicare Part B coverage or approved alternative health insurance coverage. Residents who are eligible for Medicare Part D or Medicare Advantage Prescription Drug Plan are responsible for maintaining and managing prescription drug coverage. Trinity Village does not require long-term care insurance as a condition of admission or continued residency.

Section 29 — Reserve Funding and Refund Security

Lutheran Retirement Center-Hickory, Inc. will maintain the operating reserve required by N.C. Gen. Stat. Article 64A and the North Carolina Department of Insurance. The amount of the required operating reserve will

be calculated using the Provider's applicable operating costs, occupancy level, debt position, and other statutory factors. Required reserve assets will be maintained in forms permitted by applicable law and may be released only as allowed by law or with required regulatory approval.

The Provider is also a member of the Lutheran Services for the Aging Obligated Group. The Obligated Group maintains cash, investments, assets limited as to use, and other financial resources supporting operations, debt service, capital requirements, and contractual obligations. The Provider's projected financial statements include amounts designated for the statutory operating reserve. Trinity Village operates under a rental and fee-for-service model and does not charge entrance fees. Therefore, Trinity Village does not maintain an entrance-fee escrow account or a separate reserve for refundable entrance-fee obligations. Security deposits and other contractual payments will be administered in accordance with the applicable residency agreement and law.

Section 30 — Expansion and Renovation Plans

No renovation projects are being planned on the Trinity Village campus at this time.

Section 31 — Audit Opinion and Timeliness

The most recent audited consolidated financial statements included in Appendix A were issued with an unqualified independent auditor report dated January 23, 2026. Based on the audit report included in Appendix A, the audited financial statements were completed within 150 days following the fiscal year end of September 30, 2025.

The independent auditor concluded that the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, changes in net assets, and cash flows of the organizations in conformity with generally accepted accounting principles.

Section 32 — Audited Financial Statements

The audited consolidated financial statements of Lutheran Services for the Aging, Inc. and its affiliated entities, including entities associated with the operation of Trinity Village, are attached as Appendix A and incorporated by reference. Appendix A includes the Independent Auditor's Report, Consolidated Statements of Financial Position, Consolidated Statements of Activities and Changes in Net Assets, Consolidated Statements of Cash Flows, Notes to the Consolidated Financial Statements, and related supplemental schedules.

Section 33 — Five-Year Prospective Financial Statements

The five-year prospective financial statements for Trinity Village are attached as Appendix B and incorporated by reference. The prospective financial statements include forecasted statements of operations, balance sheets, cash flow information, occupancy assumptions, and related schedules prepared in accordance with requirements applicable to continuing care retirement communities in North Carolina.

Prospective financial statements are not guarantees of future performance. Actual results may vary from projections due to changes in market conditions, regulatory requirements, resident demand, operating performance, healthcare utilization, interest rates, and other factors beyond the Provider's control.

Section 34 — Variances from Prospective Financial Statements

Because Trinity Village is applying for initial registration as a Continuing Care Retirement Community, there are no previously filed CCRC prospective financial statements against which actual operating results can be compared. Accordingly, no historical variance analysis is available.

Section 35 — Key Financial Metrics

Trinity Village is part of the Lutheran Services for the Aging Obligated Group. Historical financial results and prospective financial projections are reflected in the audited financial statements included as Appendix A and the prospective financial statements included as Appendix B. All ratios are calculated in accordance with statutory definitions contained in N.C. Gen. Stat. §58-64A-145 and Appendix F of this Disclosure Statement.

Financial Metric	FY 2023	FY 2024	FY 2025	FY 2026 Projected	FY 2027 Projected	FY 2028 Projected
Days Cash on Hand (DCOH)	325	345	408	456	461	467
Cushion Ratio (CUSH)	12.0	12.0	19.0	21.0	21.0	22.0
Operating Ratio (OR)	86%	83%	80%	90%	90%	90%
Net Operating Margin (NOM)	1.90	1.92	1.92	1.92	1.92	1.93
Adjusted Net Operating Margin (NOM-A)	10%	12%	11%	11%	11%	10%
Debt Service Coverage Ratio (DSCR)	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 % of Depreciation Expense (CED)	187%	166%	150%	107%	104%	100%

Section 36 — Actuarial Opinion and Balance

Trinity Village operates under a rental and fee-for-service model and does not offer life care contracts, entrance-fee contracts, or actuarially funded future healthcare benefits. The Provider does not have actuarially determined liabilities for future healthcare benefits funded through resident entrance fees. Accordingly, an actuarial opinion is not applicable to Trinity Village at this time.

Section 37 — Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of Lutheran Retirement Center-Hickory, Inc. d/b/a Trinity Village.

Section 38 — Other Material Information

Lutheran Home Retirement Center - Hickory is applying for authority to operate Trinity Village as a continuing care retirement community under N.C. Gen. Stat. Chapter 58, Article 64A. The 72-unit independent living building began occupancy following completion in December 2024 and remains in its lease-up period. The Provider's prospective financial statements project continued independent living occupancy growth during the projection period.

The Lutheran Retirement Center - Hickory, dba Trintiy Village, is a member of the Lutheran Services for the Aging Obligated Group and participates in the affiliated governance, management, financing, and compliance structure described elsewhere in this Disclosure Statement. Additional information concerning the Obligated Group, outstanding indebtedness, financial covenants, related parties, and projected financial performance is included in the audited and prospective financial statements attached to this Disclosure Statement.

Other than the matters disclosed in this Disclosure Statement and its appendices, the Provider is not aware of any additional material fact, regulatory action, financing event, governance change, litigation, or other circumstance that would reasonably be expected to materially affect the Provider's financial condition, operations, or ability to fulfill its obligations under the continuing care contracts.

Section 39 — Contract Forms and Attachments

Trinity Village offers continuing care contracts. Representative forms are attached in Appendix E.

Required Appendices

Appendix A — Audited Financial Statements

Audited financial statements are attached/incorporated by reference.



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

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

September 30, 2025 and 2024



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

Independent Auditor’s Report.....	1
--	----------

Consolidated Financial Statements

Balance Sheets	3
Statements of Operations and Changes in Net Assets.....	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Supplementary Information

Consolidating Balance Sheets	37
Consolidating Statements of Operations and Changes in Net Assets (Deficit)	51

Independent Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

Supplemental Schedules

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

Forvis Mazars, LLP

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

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

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

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

(Continued)

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

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

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

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

(Continued)

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

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

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

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

Note 1. Operations and Summary of Significant Accounting Policies

Nature of Organization

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

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

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

Program of All-Inclusive Care for the Elderly

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

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

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

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

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

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

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

<u>2025</u>	<u>PACE @ Home, Inc.</u>	<u>50% equity interest PACE @ Home, Inc.</u>
Assets	\$ 15,032,143	\$ 7,516,072
Liabilities	3,321,416	1,660,708
Equity	11,710,727	5,855,364
Net Income	4,822,179	2,411,090

<u>2024</u>	<u>PACE @ Home, Inc.</u>	<u>50% equity interest PACE @ Home, Inc.</u>
Assets	\$ 8,817,606	\$ 4,408,804
Liabilities	2,547,967	1,273,984
Equity	6,269,639	3,134,820
Net Income	3,760,184	1,880,092

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

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

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

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

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

Unity Senior Care Group, LLC

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

Trinity Rehab, LLC

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

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

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

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

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

Leading Care Pharmacy, LLC

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

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

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

Income Taxes

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

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

Principles of Consolidation

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

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

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

Basis of Presentation

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

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

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

Cash and Cash Equivalents

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

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

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

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

Net Patient Service Revenue

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

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

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

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

Accounts Receivable, Net

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

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

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

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

Inventory

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

Investments

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

Fair Value of Financial Instruments

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

Fair Market Measurements

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

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

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

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

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

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

Assets Limited as to Use

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

Property and Equipment

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

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

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

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

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

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

Debt Issuance Costs

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

Advance Fees

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

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

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

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

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

Contributions, Grants, and Federal Awards

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

Donated Assets and Services

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

Advertising

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

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

Use of Estimates

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

Risk Management

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

Risks and Uncertainties

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

Revisions

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

Excess of Revenues Over Expenses

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

Note 2. Revenue Recognition

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

Monthly Service Fees:

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

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

Entrance Fees:

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

Net Patient Service Revenue:

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

Service Fees:

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

Federal and Other Grants:

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

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

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

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

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

Note 3. Liquidity and Availability

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

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

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

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

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

Note 4. Pledges Receivable

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

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

Pledges receivable for LFS are summarized as follows:

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

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

Note 5. Investments

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

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

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

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

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

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

Note 6. Endowment Funds

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

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

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

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

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

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

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

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

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

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

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

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

Note 7. Property and Equipment

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

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

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

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

Note 8. Long-term Debt

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

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

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

Bonds Payable

Master Trust Indenture

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

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

Series 2021

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

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

HUD Loans

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

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

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

Construction Notes Payable

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

Hickory IL Loan

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

Dallas High School Apartments, Inc. Note Payable:

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

Line of Credit:

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

Other Loans:

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

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

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

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

Future maturities of long-term debt are as follows:

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

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

Note 9. Retirement Plans

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

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

Note 10. Fair Value Measurements

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

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

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

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

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

Note 11. Net Assets with Donor Restrictions

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

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

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

Note 12. Board Designated Assets

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

Note 13. Contingencies

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

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

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

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

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

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

Note 14. Split Interest Agreements

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

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

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

Note 15. Functional Expenses

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

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

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

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

Note 16. Employee Benefit Plans

Defined Benefit Plan

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

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

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

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

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

Plan Assets

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

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

Investment Policy and Strategy

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

Fair Value of Plan Assets

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

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

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

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

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

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

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

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

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

Determination of Expected Long-Term Rate of Return

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

Expected Future Benefit Payments

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

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

Expected Cash Contributions

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

Defined Contribution Plan

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

Note 17. Subsequent Events

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

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

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

Supplementary Information

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

	Trinity Place Albemarle	Trinity Village Hickory	Trinity Ridge Hickory	Trinity Oaks H&R Salisbury	Trinity Grove Wilmington	Trinity Glen Winston-Salem	Trinity Elms H&R Clemmons	GlenFlora	Aston Park	Total Nursing
ASSETS										
Current Assets										
Cash and cash equivalents	\$ 1,593,439	\$ 1,943,226	\$ 3,138,814	\$ 5,275,222	\$ 3,587,309	\$ 2,743,258	\$ 2,214,295	\$ 510,108	\$ 3,452,352	\$ 24,458,023
Investments	3,950,609	5,057,898	1,160,249	17,793,054	103,904	530,723	2,637,835	2,115,542	13,870,342	47,220,156
Accounts receivable, residents and clients, net	980,952	1,684,638	2,224,877	1,378,076	1,560,935	1,537,517	2,812,476	889,334	1,489,903	14,558,708
Current portion of other receivables	299,835	722,088	378,190	262,802	726,415	243,770	83,238	267,913	177,402	3,161,653
Employee retention credit receivables	54,842	709,817	-	-	235,691	251,666	176,882	-	-	1,428,898
Inventories	59,733	68,796	126,083	55,226	59,700	45,587	54,781	49,845	49,874	563,625
Prepaid expenses	301	(20,033)	(8,277)	1,416	7,355	45	3,212	3,539	9,562	(2,880)
Residents' funds	11,016	42,287	11,163	15,455	9,295	83,156	12,220	37,552	23,045	245,209
Total current assets	6,950,727	10,208,717	7,031,119	24,781,251	6,290,604	5,435,722	7,994,939	3,873,833	19,072,480	91,639,392
Assets Limited as to Use										
Investments - donor-restricted endowment funds	-	-	-	-	-	-	-	-	-	-
Investments - temporarily restricted	-	-	-	-	-	-	-	-	-	-
Investments - board designated funds	348,131	1,231,575	-	1,395,095	-	-	-	-	-	2,974,801
Assets limited to use - operating reserve requirement	-	-	-	-	-	-	-	-	-	-
Assets limited to use - bond funds	-	-	-	-	-	-	-	-	-	-
Assets restricted for investment in property and equipment	-	-	-	-	-	-	-	-	-	-
Total assets limited as to use	348,131	1,231,575	-	1,395,095	-	-	-	-	-	2,974,801
Property and equipment, net	356,027	497,842	237,536	271,992	163,770	285,717	560,267	3,093,376	3,676,733	9,143,260
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-	-	-	-	-	-
Other assets	-	(95,624)	-	-	-	-	-	-	-	(95,624)
Total assets	\$ 7,654,885	\$ 11,842,510	\$ 7,268,655	\$ 26,448,338	\$ 6,454,374	\$ 5,721,439	\$ 8,555,206	\$ 6,967,209	\$ 22,749,213	\$ 103,661,829

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

(Continued)

	Trinity Place Albemarle	Trinity Village Hickory	Trinity Ridge Hickory	Trinity Oaks H&R Salisbury	Trinity Grove Wilmington	Trinity Glen Winston-Salem	Trinity Elms H&R Clemmons	GlenFlora	Aston Park	Total Nursing
LIABILITIES AND NET ASSETS										
Current Liabilities										
Current maturities of long-term debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,336	\$ -	\$ 5,336
Current portion of split-interest liability	-	-	-	-	-	-	-	-	-	-
Accounts payable, trade	136,490	240,367	278,375	272,255	104,267	209,000	234,477	127,112	222,549	1,824,892
Accrued salaries and payroll taxes	426,117	386,065	570,067	510,279	411,167	417,199	357,873	223,153	523,751	3,825,671
Accrued health benefits	42,043	78,218	60,584	63,330	55,161	56,155	45,354	30,661	44,419	475,925
Accrued interest payable	-	-	-	-	-	-	-	-	-	-
Refundable fees - current	-	-	-	-	-	-	-	-	-	-
Deferred revenue from grants and other	24,573	3,190	(60)	-	-	-	-	-	-	27,703
Other accrued liabilities	2,875	-	-	126,635	176,005	1,265,674	146,406	51,630	83,604	1,852,729
Residents' funds liability	11,016	42,287	11,183	15,455	9,295	83,156	12,220	37,552	23,045	245,209
Total current liabilities	643,114	750,127	920,149	987,854	755,895	2,031,184	796,330	475,444	897,368	8,257,465
Long-Term Liabilities										
Long-term debt, less current maturities	135,087	220,908	-	131,909	38,142	1,589	-	-	(1,444)	526,191
Refundable fees	-	500	-	13,883	-	-	-	-	-	14,383
Deferred revenue from advance fees	-	-	-	-	-	-	-	-	36,784	36,784
Pension liability	-	-	-	-	-	-	-	124,095	-	124,095
Split-interest liability	-	-	-	-	-	-	-	-	-	-
Total long-term liabilities	135,087	221,408	-	145,792	38,142	1,589	-	124,095	35,340	701,453
Total liabilities	778,201	971,535	920,149	1,133,646	794,037	2,032,773	796,330	599,539	932,708	8,958,918
Net Assets										
Net Assets without donor restrictions										
Without donor restrictions, undesignated	5,443,397	8,587,877	6,298,928	22,639,086	5,596,223	3,635,652	7,738,721	6,367,570	21,792,200	88,099,654
Without donor restrictions, board designated funds	348,131	1,231,575	-	1,395,095	-	-	-	-	-	2,974,801
Total net assets without donor restrictions	5,791,528	9,819,452	6,298,928	24,034,181	5,596,223	3,635,652	7,738,721	6,367,570	21,792,200	91,074,455
Net assets with donor restrictions	1,085,166	1,051,523	49,578	1,280,511	64,114	53,014	20,155	100	24,305	3,825,456
Total net assets	6,876,694	10,870,975	6,348,506	25,314,692	5,660,337	3,688,666	7,758,876	6,367,670	21,816,505	94,702,911
Total liabilities and net assets	\$ 7,654,885	\$ 11,842,510	\$ 7,268,655	\$ 26,448,338	\$ 6,454,374	\$ 5,721,439	\$ 8,555,206	\$ 6,967,209	\$ 22,749,213	\$ 103,661,829

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

	Lutheran Home Albemarle Property	Lutheran Home Hickory Property	Lutheran Home Hickory West Property	Lutheran Home Salisbury Property	Lutheran Home Wilmington Property	Lutheran Home Winston-Salem Property	Lutheran Home Forsyth County Property	LSA Elms Property	Lutheran Services Property	Total Property
ASSETS										
Current Assets										
Cash and cash equivalents	\$ (451,482)	\$ (954,083)	\$ (332,331)	\$ 1,604,467	\$ (1,325,266)	\$ (1,090,916)	\$ (1,995,444)	\$ 2,963,800	\$ 771,033	\$ (810,222)
Investments	1,105,724	-	5,902,523	5,449,027	31,831	291,988	605,235	1,477,079	326,942	15,190,349
Accounts receivable, residents and clients, net	-	-	-	-	-	-	-	-	-	-
Current portion of other receivables	-	1,287,398	380,470	131,051	199,602	1,400,967	513,533	126,747	1,143	4,040,911
Employee retention credit receivables	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	2,146	-	-	-	-	2,146
Residents' funds	-	-	-	-	-	-	-	-	-	-
Total current assets	654,242	333,315	5,950,662	7,184,545	(1,091,687)	602,039	(876,676)	4,567,626	1,095,118	18,423,184
Assets Limited as to Use										
Investments - donor-restricted endowment funds	-	-	-	-	-	-	-	-	-	-
Investments - temporarily restricted	-	-	-	-	-	-	-	-	-	-
Investments - board designated funds	-	-	-	-	-	-	-	-	-	-
Assets limited to use - operating reserve requirement	-	-	-	-	-	-	-	-	-	-
Assets limited to use - bond funds	-	-	-	-	-	-	-	-	-	-
Assets restricted for investment in property and equipment	-	-	-	-	-	-	-	-	-	-
Total assets limited as to use	-	-	-	-	-	-	-	-	-	-
Property and equipment, net	6,608,652	17,948,486	10,802,908	5,418,049	11,147,711	5,687,241	10,500,107	4,676,584	1,868,773	74,658,511
Assets held for sale	-	-	-	-	-	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 7,262,894	\$ 18,281,801	\$ 16,753,570	\$ 12,602,594	\$ 10,056,024	\$ 6,289,280	\$ 9,623,431	\$ 9,244,210	\$ 2,967,891	\$ 93,081,695

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

(Continued)

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

See Independent Auditor's Report

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

	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Village IL	Trinity Elms IL Clemmons	Total Retirement
ASSETS						
Current Assets						
Cash and cash equivalents	\$ 3,867,378	\$ 2,375,541	\$ 4,931,569	\$ 129,737	\$ 1,214,374	\$ 12,521,599
Investments	5,913,287	4,531,908	7,702,980	-	2,257,203	20,405,378
Accounts receivable, residents and clients, net	99,290	2,842	1,253,999	2,894	7,196	1,366,221
Current portion of other receivables	952,944	415,221	7,681,145	12,808	9,827	9,071,945
Employee retention credit receivables	491,265	57,101	-	-	-	548,366
Inventories	78,277	24,381	38,602	-	-	141,260
Prepaid expenses	8,130	(45)	734,877	-	5,517	748,479
Residents' funds	-	-	-	-	-	-
Total current assets	11,410,571	7,409,949	22,343,172	145,439	3,494,117	44,803,248
Assets Limited as to Use						
Investments - donor-restricted endowment funds	-	-	-	-	-	-
Investments - temporarily restricted	-	-	-	-	-	-
Investments - board designated funds	1,426,350	28,098	-	-	-	1,454,448
Assets limited to use - operating reserve requirement	2,315,000	-	3,287,000	-	242,000	5,844,000
Assets limited to use - bond funds	-	-	(4,286)	-	-	(4,286)
Assets restricted for investment in property and equipment	-	-	-	-	-	-
Total assets limited as to use	3,741,350	28,098	3,282,714	-	242,000	7,294,162
Property and equipment, net	17,728,593	4,645,988	109,622,416	-	8,971,380	140,968,377
Assets held for sale	-	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-	-
Other assets	-	-	-	-	-	-
Total assets	\$ 32,880,514	\$ 12,084,035	\$ 135,248,302	\$ 145,439	\$ 12,707,497	\$ 193,065,787

(Continued)

	Trinity Oaks RC Salisbury	Trinity View Arden	Trinity Landing Wilmington	Trinity Village IL	Trinity Elms IL Clemmons	Total Retirement
LIABILITIES AND NET ASSETS						
Current Liabilities						
Current maturities of long-term debt	\$ -	\$ -	\$ 204,283	\$ -	\$ -	\$ 204,283
Current portion of split-interest liability	-	-	-	-	-	-
Accounts payable, trade	166,983	46,809	238,512	11,173	12,674	476,151
Accrued salaries and payroll taxes	379,716	94,413	260,328	59,048	(16,663)	776,842
Accrued health benefits	39,191	18,278	29,187	(208)	-	86,448
Accrued interest payable	-	-	-	-	-	-
Refundable fees - current	-	-	643,055	15,450	-	658,505
Deferred revenue from grants and other	-	-	-	-	-	-
Other accrued liabilities	131,051	-	-	950,000	-	1,081,051
Residents' funds liability	-	-	-	-	-	-
Total current liabilities	716,941	159,500	1,375,365	1,035,463	(3,989)	3,283,280
Long-Term Liabilities						
Long-term debt, less current maturities	3,036,578	1,361,432	75,633,158	-	10,760,693	90,791,861
Refundable fees	9,748,656	950	19,523,426	-	136,218	29,428,250
Deferred revenue from advance fees	8,111,492	-	40,024,849	-	-	48,136,341
Pension liability	-	-	-	-	-	-
Split-interest liability	-	-	-	-	-	-
Total long-term liabilities	20,896,726	1,362,382	135,181,433	-	10,916,911	168,357,452
Total liabilities	21,613,667	1,521,882	136,556,798	1,035,463	10,912,922	171,640,732
Net Assets						
Net Assets without donor restrictions						
Without donor restrictions, undesignated	9,768,679	10,523,386	(1,313,217)	(890,024)	1,794,575	19,883,399
Without donor restrictions, board designated funds	1,426,350	28,098	-	-	-	1,454,448
Total net assets without donor restrictions	11,195,029	10,551,484	(1,313,217)	(890,024)	1,794,575	21,337,847
Net assets with donor restrictions	71,818	10,669	4,721	-	-	87,208
Total net assets	11,266,847	10,562,153	(1,308,496)	(890,024)	1,794,575	21,425,055
Total liabilities and net assets	\$ 32,880,514	\$ 12,084,035	\$ 135,248,302	\$ 145,439	\$ 12,707,497	\$ 193,065,787

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

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

(Continued)

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

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

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

(Continued)

LIABILITIES AND NET ASSETS						
Current Liabilities						
LSA	LSA Management	LSA Foundation	LSA Therapy	DHS	Total Other	
\$	\$	\$	\$	\$	\$	
-	2,985,000	-	-	14,202	2,999,202	
-	-	49,000	-	-	49,000	
899	174,976	2,312	-	10,328	188,515	
-	611,884	-	-	-	611,884	
-	32	-	-	-	32	
-	521,034	5,281	-	2,030	528,345	
-	43,381	-	-	-	43,381	
-	38,839	-	-	-	38,839	
-	18,544,716	300,100	-	-	18,844,816	
-	-	-	-	-	-	
899	22,919,862	356,693	-	26,560	23,304,014	
Total current liabilities						
Long-Term Liabilities						
-	3,361,129	-	-	617,969	3,979,098	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	453,269	-	-	453,269	
-	3,361,129	453,269	-	617,969	4,432,367	
Total long-term liabilities						
899	26,280,991	809,962	-	644,529	27,736,381	
Total liabilities						
Net Assets						
Net Assets without donor restrictions						
Without donor restrictions, undesignated	(2,550,088)	10,395,396	7,180,243	1,112,501	41,162,731	
Without donor restrictions, board designated funds	8,805,078	-	-	-	8,805,078	
Total net assets without donor restrictions	6,254,990	10,395,396	7,180,243	1,112,501	49,967,809	
Net assets with donor restrictions	5,080,540	1,004,930	-	-	7,433,017	
Total net assets	11,335,530	11,742,943	7,180,243	1,112,501	57,400,826	
Total liabilities and net assets	\$ 11,336,429	\$ 12,552,905	\$ 7,180,243	\$ 1,757,030	\$ 85,137,207	

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

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

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

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

(Continued)

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

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

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

	Total LSA	Total LFS	Eliminations	Total	Obligated Group*	Total Trinity Oaks**	Total Trinity Landing***	Total Trinity Elms ****
ASSETS								
Current Assets								
Cash and cash equivalents	\$ 50,639,057	\$ 3,856,457	\$ -	\$ 54,495,514	\$ 50,639,057	\$ 10,747,067	\$ 7,193,612	\$ 7,327,503
Investments	111,092,671	2,318	-	111,094,989	111,092,671	29,155,368	7,838,715	12,651,907
Accounts receivable, residents and clients, net	17,728,992	6,181,516	-	23,910,508	17,728,992	1,477,366	2,814,934	3,028,282
Current portion of other receivables	26,860,637	1,051,942	(26,700,967)	1,211,612	26,860,637	1,346,797	8,607,162	829,157
Employee retention credit receivables	2,190,621	110,409	-	2,301,030	2,190,621	491,265	235,691	264,531
Inventories	759,268	-	-	759,268	759,268	133,503	98,302	93,531
Prepaid expenses	1,591,319	179,998	-	1,771,317	1,591,319	9,546	744,378	8,365
Residents' funds	257,093	-	-	257,093	257,093	15,455	9,295	24,104
Total current assets	211,119,658	11,382,640	(26,700,967)	195,801,331	211,119,658	43,376,367	27,542,089	24,227,400
Assets Limited as to Use								
Investments - donor-restricted endowment funds	3,071,977	113,249	-	3,185,226	3,071,977	-	-	-
Investments - temporarily restricted	5,806,876	508,190	-	6,315,066	5,806,876	-	-	-
Investments - board designated funds	13,234,327	-	-	13,234,327	13,234,327	2,821,445	-	-
Assets limited to use - operating reserve requirement	5,844,000	-	-	5,844,000	5,844,000	2,315,000	3,287,000	242,000
Assets limited to use - bond funds	11,222,743	-	-	11,222,743	11,222,743	-	(4,286)	-
Assets restricted for investment in property and equipment	-	-	-	-	-	-	-	-
Total assets limited as to use	39,179,923	621,439	-	39,801,362	39,179,923	5,136,445	3,282,714	242,000
Property and equipment, net	227,703,843	2,077,350	-	229,781,193	227,703,843	23,418,634	120,933,897	24,936,738
Assets held for sale	-	-	-	-	-	-	-	-
Other receivables, less current portion, net	-	-	-	-	-	-	-	-
Other assets	25,788,923	832,835	-	26,621,758	25,788,923	-	-	-
Total assets	\$ 503,792,347	\$ 14,914,264	\$ (26,700,967)	\$ 492,005,644	\$ 503,792,347	\$ 71,931,446	\$ 151,758,700	\$ 49,406,138

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

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

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

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

(Continued)

	Total LSA	Total LFS	Eliminations	Total	Obligated Group*	Total Trinity Oaks**	Total Trinity Landing***	Total Trinity Elms ****
LIABILITIES AND NET ASSETS								
Current Liabilities								
Current maturities of long-term debt	\$ 3,208,821	\$ 47,895	\$ -	\$ 3,256,716	\$ 3,208,821	\$ -	\$ 204,283	\$ -
Current portion of split-interest liability	49,000	-	-	49,000	49,000	-	-	-
Accounts payable, trade	2,606,215	3,413,036	(2,825,562)	3,193,689	2,606,215	443,216	346,584	291,047
Accrued salaries and payroll taxes	5,431,152	1,423,656	-	6,856,808	5,431,152	889,995	671,495	554,549
Accrued health benefits	600,499	-	-	600,499	600,499	102,521	84,348	71,536
Accrued interest payable	528,345	921	-	529,266	528,345	-	-	-
Refundable fees - current	701,886	-	-	701,886	701,886	-	643,055	-
Deferred revenue from grants and other	203,467	-	-	203,467	203,467	-	-	133,582
Other accrued liabilities	25,138,384	1,382,719	(23,875,405)	2,645,698	25,138,384	257,586	1,726,379	235,719
Residents' funds liability	257,093	-	-	257,093	257,093	15,455	9,295	24,104
Total current liabilities	38,724,862	6,270,227	(26,700,967)	18,294,122	38,724,862	1,708,773	3,685,439	1,310,547
Long-Term Liabilities								
Long-term debt, less current maturities	161,280,275	500,002	-	161,780,277	161,280,275	4,437,039	87,117,509	27,078,498
Refundable fees	29,443,633	-	-	29,443,633	29,443,633	9,762,539	19,523,426	156,218
Deferred revenue from advance fees	48,173,125	62,137	-	48,235,262	48,173,125	8,111,492	40,024,849	-
Pension liability	124,095	-	-	124,095	124,095	-	-	-
Split-interest liability	453,269	-	-	453,269	453,269	-	-	-
Total long-term liabilities	239,474,397	562,139	-	240,036,536	239,474,397	22,311,070	146,665,784	27,234,716
Total liabilities	278,199,259	6,832,366	(26,700,967)	258,330,658	278,199,259	24,019,843	150,351,223	28,545,263
Net Assets								
Net Assets without donor restrictions								
Without donor restrictions, undesignated	201,097,689	4,443,047	-	205,540,736	201,097,689	43,737,829	1,338,642	20,785,072
Without donor restrictions, board designated funds	13,234,327	-	-	13,234,327	13,234,327	2,821,445	-	-
Total net assets without donor restrictions	214,332,016	4,443,047	-	218,775,063	214,332,016	46,559,274	1,338,642	20,785,072
Net assets with donor restrictions	11,261,072	3,638,851	-	14,899,923	11,261,072	1,352,329	68,835	75,803
Total net assets	225,593,088	8,081,898	-	233,674,986	225,593,088	47,911,603	1,407,477	20,860,875
Total liabilities and net assets	\$ 503,792,347	\$ 14,914,264	\$ (26,700,967)	\$ 492,005,644	\$ 503,792,347	\$ 71,931,446	\$ 151,758,700	\$ 49,406,138

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

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

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

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

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

	Trinity Place Albemarle	Trinity Village Hickory	Trinity Ridge Hickory	Trinity Oaks H&R Salisbury	Trinity Grove Wilmington	Trinity Glen Winston-Salem	Trinity Elms H&R Clemmons	GlenFlora	Aston Park	Total Nursing
Changes in Net Assets Without Donor Restrictions										
Revenues and Other Support										
Net service revenue	\$ 10,722,783	\$ 18,618,769	\$ 16,082,076	\$ 16,559,896	\$ 13,957,224	\$ 14,607,242	\$ 13,724,707	\$ 6,847,180	\$ 16,034,818	\$ 127,154,895
Amortization of deferred entrance fees	-	-	-	-	-	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-	-	-	-	-	-
Federal grants and other	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions for operating purposes	16,980	9,714	-	56,239	5,229	-	-	-	72,595	160,757
Management fees	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	1,150	-	2,534	-	-	-	-	-	3,684
Other revenue	22,893	83,130	69,730	64,667	26,185	35,901	51,321	25,715	28,610	408,152
Total revenue	10,762,656	18,712,763	16,151,806	16,683,336	13,988,638	14,643,143	13,776,028	6,872,895	16,136,023	127,727,288
Expenses										
Salaries and wages	5,758,096	10,125,342	7,841,377	8,528,048	6,826,872	6,853,464	5,839,088	3,356,814	8,417,192	63,646,293
Employee benefits	1,020,225	1,763,471	1,342,049	1,466,926	1,128,772	1,100,779	932,464	709,443	1,531,996	10,996,125
Supplies and other	3,311,770	5,946,989	5,779,938	5,875,793	5,795,859	4,308,254	5,981,472	2,371,299	4,154,346	43,525,720
Medicaid bed provider assessment	619,071	839,986	943,667	-	-	1,014,124	-	423,278	1,010,051	4,850,177
Marketing expense	5,831	7,266	11,756	15,308	2,755	1,996	3,227	4,496	27,437	80,572
Depreciation and amortization	87,081	138,082	72,700	116,206	74,679	74,248	104,391	181,460	305,433	1,164,280
Interest expense	5,073	8,294	-	4,979	1,432	60	-	-	-	19,838
Total operating costs and expenses	10,807,147	18,829,430	16,091,487	16,007,760	13,830,369	13,352,925	12,860,642	7,056,790	15,446,455	124,283,005
Operating Income (Loss)	(44,491)	(116,667)	60,319	675,576	158,269	1,290,218	915,386	(183,895)	689,568	3,444,283
Nonoperating Gains (Losses)										
Investment income	324,366	544,086	262,380	929,220	442,608	399,544	376,912	73,753	343,970	3,696,839
Net unrealized gains on investments	336,155	484,299	53,162	1,555,383	8,895	22,352	202,744	181,114	1,272,675	4,116,779
Net gain (loss) on disposal of property and equipment	(27,396)	-	-	(2,465)	-	-	-	-	386,318	356,457
Contributions	117,089	232,099	8,507	9,105	30,050	6,729	50,475	172,360	113,110	739,524
Total nonoperating gains (losses)	750,214	1,260,484	324,049	2,491,243	481,553	428,625	630,131	427,227	2,116,073	8,909,599
Excess (Deficit) of Revenues Over Expenses	705,723	1,143,817	384,368	3,166,819	639,822	1,718,843	1,546,517	243,332	2,805,641	12,353,882

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

(Continued)

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

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

	Lutheran Home Albemarle Property	Lutheran Home Hickory Property	Lutheran Home Hickory West Property	Lutheran Home Salisbury Property	Lutheran Home Wilmington Property	Lutheran Home Winston-Salem Property	Lutheran Home Forsyth County Property	LSA Elms Property	Lutheran Services Property	Total Property
Changes in Net Assets Without Donor Restrictions										
Revenues and Other Support										
Net service revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization of deferred entrance fees	-	-	-	-	-	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-	-	-	-	-	-
Federal grants and other	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	-	-	-
for operating purposes	-	-	-	-	-	-	-	-	-	-
Management fees	-	-	-	-	-	-	-	-	-	-
In-kind contributions	-	-	-	-	-	-	-	-	-	-
Other revenue	385,000	1,506,000	820,000	653,600	750,000	650,412	700,000	885,000	153,000	6,503,012
Total revenue	385,000	1,506,000	820,000	653,600	750,000	650,412	700,000	885,000	153,000	6,503,012
Expenses										
Salaries and wages	-	-	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	-	-	-	-	-	-
Supplies and other	30,767	36,979	34,197	40,045	54,633	32,002	47,601	25,263	28,588	330,075
Medicaid bed provider assessment	-	-	-	-	-	-	-	-	-	-
Marketing expense	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	602,582	662,302	379,612	454,884	260,855	246,471	363,809	321,439	110,519	3,402,473
Interest expense	138,908	835,225	393,586	45,051	414,511	278,152	347,107	295,079	537	2,708,196
Total operating costs and expenses	772,257	1,534,506	807,395	539,980	729,999	556,625	758,517	601,781	139,644	6,440,704
Operating Income (Loss)	(387,257)	(28,506)	12,605	113,620	20,001	93,787	(58,517)	283,219	13,356	62,308
Nonoperating Gains (Losses)										
Investment income	38,549	-	205,777	189,966	1,109	10,179	21,100	51,494	11,398	529,572
Net unrealized gains on investments	94,662	-	505,322	466,497	2,725	24,998	51,815	126,454	27,989	1,300,462
Net gain (loss) on disposal of property and equipment	-	-	-	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-	-	-	-
Total nonoperating gains (losses)	133,211	-	711,099	656,463	3,834	35,177	72,915	177,948	39,387	1,830,034
Excess (Deficit) of Revenues Over Expenses	(254,046)	(28,506)	723,704	770,083	23,835	128,964	14,398	461,167	52,743	1,892,342

See Independent Auditor's Report

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

(Continued)

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

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

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

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

(Continued)

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

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

	Trinity Elms AL Clemmons	Trinity Living Center Salisbury	Trinity at Home Salisbury	LSA Pharmacy Salisbury	Total Other Operations
Changes in Net Assets Without Donor Restrictions					
Revenues and Other Support					
Net service revenue	\$ 5,889,652	\$ 381,753	\$ -	\$ -	\$ 6,271,405
Amortization of deferred entrance fees	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-
Federal grants and other	-	-	-	-	-
Net assets released from restrictions for operating purposes	-	13,070	345	-	13,415
Management fees	-	-	-	214,737	214,737
In-kind contributions	3,500	5,155	-	-	8,655
Other revenue	20,408	1,206	973,754	926	996,294
Total revenue	5,913,560	401,184	974,099	215,663	7,504,506
Expenses					
Salaries and wages	2,977,318	355,368	664,762	(53,817)	3,943,621
Employee benefits	475,771	85,448	120,338	(2,633)	678,924
Supplies and other	2,320,008	172,198	97,469	32,847	2,622,522
Medicaid bed provider assessment	-	-	-	-	-
Marketing expense	6,387	1,119	3,723	-	11,229
Depreciation and amortization	40,628	8,966	-	-	49,624
Interest expense	1,229	-	-	180	1,409
Total operating costs and expenses	5,821,341	623,129	886,282	(23,423)	7,307,329
Operating Income (Loss)	92,219	(221,945)	87,817	239,086	197,177
Nonoperating Gains (Losses)					
Investment income	341,892	27,385	85,937	401,783	856,997
Net unrealized gains on investments	436,649	20,747	46,966	1,037,182	1,541,564
Net gain (loss) on disposal of property and equipment	(10,370)	(214)	-	-	(10,584)
Contributions	707	42,534	50	-	43,291
Total nonoperating gains (losses)	768,878	90,452	132,973	1,438,965	2,431,268
Excess (Deficit) of Revenues Over Expenses	861,097	(131,493)	220,790	1,678,051	2,628,445

See Independent Auditor's Report

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

(Continued)

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

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

	LSA	LSA Management	LSA Foundation	LSA Therapy	DHS	Total Other
Changes in Net Assets Without Donor Restrictions						
Revenues and Other Support						
Net service revenue	\$ -	\$ -	\$ 1,139	\$ -	\$ 1,036	\$ 2,175
Amortization of deferred entrance fees	-	-	-	-	-	-
Service fees - state, county and other	-	-	-	-	-	-
Federal grants and other	-	-	-	-	-	-
Net assets released from restrictions for operating purposes	14,912	-	52,668	-	-	67,580
Management fees	-	12,343,351	-	-	-	12,343,351
In-kind contributions	-	-	-	-	-	-
Other revenue	38	102,638	346	-	273,535	376,557
Total revenue	14,950	12,445,989	54,153	-	274,571	12,789,663
Expenses						
Salaries and wages	-	7,036,355	-	-	42,224	7,078,579
Employee benefits	-	1,068,853	-	-	-	1,068,853
Supplies and other	215,852	3,920,289	26,854	1,000	206,412	4,370,407
Medicaid bed provider assessment	-	-	-	-	-	-
Marketing expense	-	106,954	-	-	-	106,954
Depreciation and amortization	-	164,835	-	-	80,600	245,535
Interest expense	37	57,888	-	-	29,492	87,417
Total operating costs and expenses	215,889	12,355,274	26,854	1,000	358,728	12,957,745
Operating Income (Loss)	(200,939)	90,715	27,299	(1,000)	(84,157)	(168,082)
Nonoperating Gains (Losses)						
Investment income	483,359	7,324,279	103,639	1,053,428	162	8,964,867
Net unrealized gains on investments	538,858	342,406	253,379	-	-	1,134,643
Net gain (loss) on disposal of property and equipment	-	-	-	-	-	-
Contributions	41,294	10,650	(25,729)	-	-	26,215
Total nonoperating gains (losses)	1,063,511	7,677,335	331,289	1,053,428	162	10,125,725
Excess (Deficit) of Revenues Over Expenses	862,572	7,768,050	358,588	1,052,428	(83,995)	9,957,643

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

(Continued)

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

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

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

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

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

(Continued)

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

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

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

	Total LSA	Total LFS	Eliminations	Total	Obligated Group*	Total Trinity Oaks**	Total Trinity Landing***	Total Trinity Elms ****
Changes in Net Assets Without Donor Restrictions								
Revenues and Other Support								
Net service revenue	\$ 163,884,788	\$ 8,904,811		\$ 172,789,599	\$ 163,884,788	\$ 26,857,042	\$ 27,826,621	\$ 21,074,899
Amortization of deferred entrance fees	6,404,492	-		6,404,492	6,404,492	1,439,133	4,965,359	-
Service fees - state, county and other	-	10,538,776		10,538,776	-	-	-	-
Federal grants and other	-	14,402,883		14,402,883	-	-	-	-
Net assets released from restrictions					-	-	-	-
for operating purposes	354,587	1,594,786		1,949,373	354,587	138,117	8,306	-
Management fees	12,598,088	-	(10,812,819)	1,745,269	4,986,253	-	-	-
In-kind contributions	17,192	675,041	-	692,233	17,192	4,746	2,641	3,500
Other revenue	9,105,816	611,172	(6,275,402)	3,441,586	2,830,414	986,233	989,334	1,656,991
Total revenue	192,324,963	36,727,469	(17,088,221)	211,964,211	178,477,726	29,425,271	33,792,261	22,735,390
Expenses								
Salaries and wages	84,888,481	16,134,304	-	101,022,785	84,888,481	12,758,920	10,881,575	8,912,890
Employee benefits	14,652,588	3,149,027	-	17,801,615	14,652,588	2,332,502	1,824,606	1,418,759
Supplies and other	62,287,071	18,240,594	(17,088,221)	63,439,444	48,439,634	9,439,338	10,961,175	8,727,209
Medicaid bed provider assessment	4,850,177	115,238	-	4,965,415	4,850,177	-	-	-
Marketing expense	642,490	70,109	-	712,599	642,490	266,062	131,646	11,879
Depreciation and amortization	10,830,726	251,213	-	11,081,939	10,830,726	2,362,482	3,888,864	1,134,729
Interest expense	6,120,624	29,719	(1,541)	6,148,802	6,119,083	164,043	3,172,137	985,895
Total operating costs and expenses	184,272,157	37,990,204	(17,089,762)	205,172,599	170,423,379	27,323,347	30,860,003	21,191,361
Operating Income (Loss)	8,052,806	(1,262,735)	1,541	6,791,612	8,054,347	2,101,924	2,932,258	1,544,029
Nonoperating Gains (Losses)								
Investment income	15,064,613	400,687	(1,541)	15,463,759	15,063,072	1,642,730	652,254	886,839
Net unrealized gains on investments	10,121,626	-	-	10,121,626	10,121,626	2,711,145	793,062	1,031,622
Net gain (loss) on disposal of property and equipment	338,862	-	-	338,862	338,862	(15,367)	-	(10,370)
Contributions	815,658	851,443	-	1,667,101	815,658	14,383	30,050	51,182
Total nonoperating gains (losses)	26,340,759	1,252,130	(1,541)	27,591,348	26,339,218	4,352,891	1,475,366	1,959,273
Excess (Deficit) of Revenues Over Expenses	34,393,565	(10,605)	-	34,382,960	34,393,565	6,454,815	4,407,624	3,503,302

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

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

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

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

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

(Continued)

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

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

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

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

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

Appendix B — Five-Year Prospective Financial Statements

Five-year prospective financial statements are attached/incorporated by reference.

COLLABORATORS | COACHES | ADVOCATES | MENTORS | FRIENDS |
VOLUNTEERS | REGULARS | DINERS | VISITORS | CPAs |
CONSULTANTS | WEALTH ADVISORS | NEIGHBORS
COLLABORATORS | COACHES | ADVOCATES | MENTORS |
CONNOISSEURS | CUSTOMERS | TEACHERS | PA
| VOLUNTEERS | REGULAR

LUTHERAN RETIREMENT CENTER – HICKORY, INC.
LUTHERAN HOME – HICKORY, INC.
LUTHERAN HOME HICKORY PROPERTY, INC.
LUTHERAN HOME – HICKORY WEST, INC.
LUTHERAN HOME HICKORY WEST PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY VILLAGE

PROJECTED COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANTS' COMPILATION
REPORT

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

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TABLE OF CONTENTS

Independent Accountants' Compilation Report	1
Projected Combined Statements of Operations and Changes in Net Assets For the Years Ending September 30, 2026 through 2030	3
Projected Combined Statements of Cash Flows For the Years Ending September 30, 2026 through 2030	4
Projected Combined Balance Sheets At September 30, 2026, 2027, 2028, 2029 and 2030	5
Summary of Significant Projection Assumptions and Accounting Policies:	
Background Information.....	6
Summary of Significant Accounting Policies.....	10
Management's Basis for Projection of Revenue	14
Management's Basis for Projection of Expenses.....	19
Management's Basis for Projection of Other Items	21
Supplemental Schedule of Detailed Operating Expenses by Entity	29



INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

Board of Trustees

Lutheran Retirement Center – Hickory, Inc.
Lutheran Home – Hickory, Inc.
Lutheran Home Hickory Property, Inc.
Lutheran Home – Hickory West, Inc.
Lutheran Home Hickory West Property, Inc.
Salisbury, North Carolina

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

Furthermore, even if the hypothetical assumptions as noted in Management’s Summary of Significant Projection Assumptions and Accounting Policies on page 6 (the “Hypothetical Assumptions”) occur as projected the projected results may not be achieved, as there will usually be differences between the projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

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

Board of Trustees
Lutheran Retirement Center – Hickory, Inc.
Lutheran Home – Hickory, Inc.
Lutheran Home Hickory Property, Inc.
Lutheran Home – Hickory West, Inc.
Lutheran Home Hickory West Property, Inc.

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Charlotte, North Carolina
September 10, 2026

LUTHERAN RETIREMENT CENTER – HICKORY, INC.
LUTHERAN HOME – HICKORY, INC.
LUTHERAN HOME HICKORY PROPERTY, INC.
LUTHERAN HOME – HICKORY WEST, INC.
LUTHERAN HOME HICKORY WEST PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY VILLAGE
PROJECTED COMBINED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
FOR YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
Revenues and Other Support					
Patient Service Revenues:					
Monthly Fee Revenues	\$ 1,750	\$ 1,904	\$ 2,187	\$ 2,252	\$ 2,320
Health Care Revenues - Assisted Living and Nursing	35,962	36,913	36,542	37,485	38,462
Other Operating Revenue	109	273	281	290	299
Total Operating Revenue	37,821	39,090	39,010	40,027	41,081
Expenses					
Salaries and Wages	19,310	19,949	20,549	21,164	21,799
Employee Benefits	2,922	3,183	3,279	3,378	3,479
Supplies and Other	9,043	8,224	8,471	8,724	8,986
Medicaid bed provider assessment	2,054	2,273	-	-	-
Management Fees	1,761	1,863	1,859	1,907	1,957
Depreciation and Amortization	1,121	1,516	1,779	1,996	2,220
Interest Expense	1,285	1,243	1,188	1,119	1,069
Total Operating Costs and Expenses	37,496	38,251	37,125	38,288	39,510
Operating Income	325	839	1,885	1,739	1,571
Non-Operating Gains:					
Investment Income	475	443	449	477	496
Contributions	25	25	25	27	27
Total Non-Operating Income	500	468	474	504	523
Excess of Revenues over Expenses	825	1,307	2,359	2,243	2,094
Changes in Net Assets	825	1,307	2,359	2,243	2,094
Net Assets at Beginning of Year	25,976	26,801	28,108	30,467	32,710
Net Assets at End of Year	\$ 26,801	\$ 28,108	\$ 30,467	\$ 32,710	\$ 34,804

**LUTHERAN RETIREMENT CENTER – HICKORY, INC.
LUTHERAN HOME – HICKORY, INC.
LUTHERAN HOME HICKORY PROPERTY, INC.
LUTHERAN HOME – HICKORY WEST, INC.
LUTHERAN HOME HICKORY WEST PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY VILLAGE
PROJECTED COMBINED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
FOR YEARS ENDING SEPTEMBER 30,
(In Thousands of Dollars)**

	2026	2027	2028	2029	2030
Cash Flows from Operating Activities:					
Changes in Net Assets	\$ 825	\$ 1,307	\$ 2,359	\$ 2,243	\$ 2,094
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	1,121	1,516	1,779	1,996	2,220
Amortization of Debt Issuance Costs Included in Interest Expense	13	13	13	13	13
Amortization of Debt Premium Included in Interest Expense	(65)	(65)	(65)	(65)	(65)
Changes in Assets and Liabilities:					
Accounts Receivable, Residents and Clients	(343)	(120)	-	(120)	(120)
Other Current Assets	(41)	(6)	-	(6)	(6)
Employee Retention Credit Receivable	710	-	-	-	-
Accounts Payable and Other Accrued Liabilities	164	47	19	54	61
Accrued Interest Payable	42	(4)	(6)	(4)	(5)
Deferred Revenue from Grants and Other	(3)	-	-	-	-
Net Cash Provided by Operating Activities	2,423	2,688	4,099	4,111	4,192
Cash Flows from Investment Activities:					
Routine Purchases of Property and Equipment	(1,920)	(2,273)	(2,140)	(2,200)	(2,270)
Change in Investments, Net	2,545	881	(1,577)	(425)	(398)
Change in Assets Whose Use is Limited, Net	(1,250)	(198)	702	(55)	(11)
Net Cash Used in Investment Activities	(625)	(1,590)	(3,015)	(2,680)	(2,679)
Cash Flows from Financing Activities:					
Allocated Payments of Long-Term Debt	(769)	(1,014)	(1,088)	(1,324)	(1,360)
Net Cash Used in Financing Activities	(769)	(1,014)	(1,088)	(1,324)	(1,360)
Change in Cash, Cash Equivalents and Restricted Cash	1,029	84	(4)	107	153
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	3,978	5,007	5,091	5,087	5,194
Cash, Cash Equivalents and Restricted Cash, End of Year	\$ 5,007	\$ 5,091	\$ 5,087	\$ 5,194	\$ 5,347
Supplemental Disclosure of Cash Flow Information:					
Cash Paid During the Year for Interest	\$ 1,340	\$ 1,299	\$ 1,246	\$ 1,175	\$ 1,126

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

LUTHERAN RETIREMENT CENTER – HICKORY, INC.
LUTHERAN HOME – HICKORY, INC.
LUTHERAN HOME HICKORY PROPERTY, INC.
LUTHERAN HOME – HICKORY WEST, INC.
LUTHERAN HOME HICKORY WEST PROPERTY, INC.
COLLECTIVELY D/B/A TRINITY VILLAGE
PROJECTED COMBINED BALANCE SHEETS
ASSUMING THE HYPOTHETICAL ASSUMPTIONS ON PAGE 6
AT SEPTEMBER 30,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 4,320	\$ 4,365	\$ 4,230	\$ 4,320	\$ 4,455
Investments	9,576	8,695	10,272	10,697	11,095
Current Portion of Assets Limited as to Use	634	673	804	821	839
Accounts Receivable, Residents, and Clients, Net	4,160	4,280	4,280	4,400	4,520
Other Receivable	134	134	134	134	134
Inventories	208	214	214	220	226
Residents' Funds	53	53	53	53	53
Total Current Assets	19,085	18,414	19,987	20,645	21,322
Assets Limited as to Use:					
Assets Limited to Use - Board Designated Funds	1,232	1,232	1,232	1,232	1,232
Assets Limited to Use - Operating Reserve Requirement	1,250	1,448	746	801	812
Assets Limited to Use - Bond Funds	634	673	804	821	839
Total Assets Limited as to Use	3,116	3,353	2,782	2,854	2,883
Less: Current Portion	(634)	(673)	(804)	(821)	(839)
	2,482	2,680	1,978	2,033	2,044
Due from Affiliate	2,838	2,838	2,838	2,838	2,838
Property and Equipment, Net	30,285	31,042	31,403	31,607	31,657
Total Assets	\$ 54,690	\$ 54,974	\$ 56,206	\$ 57,123	\$ 57,861
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Current Maturities of Long-Term Debt	\$ 1,014	\$ 1,088	\$ 1,324	\$ 1,360	\$ 1,398
Accounts Payable, Trade	672	679	658	672	693
Accrued Salaries and Payroll Taxes	1,098	1,134	1,170	1,206	1,242
Accrued Health Benefits	122	126	130	134	138
Accrued Interest Payable	42	38	32	28	23
Residents' Funds Liability	53	53	53	53	53
Total Current Liabilities	3,001	3,118	3,367	3,453	3,547
Long-Term Liabilities:					
Long-Term Debt, Less Current Maturities, Debt Issuance Costs and Original Issuance Premium	24,872	23,732	22,356	20,944	19,494
Deposit Liability	16	16	16	16	16
Total Long-Term Liabilities	24,888	23,748	22,372	20,960	19,510
Total Liabilities	27,889	26,866	25,739	24,413	23,057
Net Assets:					
Net Assets Without Donor Restriction					
Unrestricted, Undesignated	25,700	27,007	29,366	31,609	33,703
Total Net Assets Without Donor Restriction	25,700	27,007	29,366	31,609	33,703
Net Assets With Donor Restriction	1,101	1,101	1,101	1,101	1,101
Total Net Assets	26,801	28,108	30,467	32,710	34,804
Total Liabilities and Net Assets	\$ 54,690	\$ 54,974	\$ 56,206	\$ 57,123	\$ 57,861

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

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND INFORMATION

Basis of Presentation

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

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

Hypothetical Assumptions – A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that may not occur as expected, but is consistent with the purpose of presentation. Management has prepared its financial projection with the following hypothetical assumptions (the “Hypothetical Assumptions”):

- The Project, as defined herein, fills and operates as projected;
- Management is able to refinance the Hickory IL Loan, as defined herein, and the interest rate and terms, as projected; and
- Management has projected Lutheran Home – Hickory, Inc. (Trinity Village) to operate as a North Carolina licenses “continuing care retirement community”.

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

Even if the hypothetical assumptions occur as projected, the projected results may not be achieved as there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected and those differences may be material. Management does not intend to revise this Projection to reflect changes in present circumstances or the occurrence of unanticipated events.

Trinity Village 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 Village and LSA are nonprofit corporations under section 501(c)(3) of the Internal Revenue Code and are located in Clemmons, North Carolina and Salisbury, North Carolina, respectively.

Trinity Village began operations in 1962 as North Carolina Lutheran Homes, in Hickory, NC. It was reported to be the first combination nursing home/rest home (assisted living) in the State of North Carolina.

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND INFORMATION

Carolina. With the addition of 72 independent living apartments in December of 2024, Trinity Village now has a complete continuum of care on its campus.

Trinity Village 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.

The Obligated Group consists of the following:

Table 1
LSA Obligated Group

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

Source: Management

Projection Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

Notes to Table 1:

- (1) In January 2020, the number of assisted living beds at Trinity Place increased from 10 to 27.
- (2) Although Trinity View is licensed for 24 assisted living units, the facility consistently operates only 20 units due to using four semi-private rooms as private rooms.
- (3) Trinity Oaks health and rehab, Lutheran Home at Trinity Oaks Property, Inc. and Trinity Oaks retirement operate together as a North Carolina licensed “continuing care retirement community.”
- (4) Trinity Elms retirement, Trinity Elms health and rehab, Trinity Elms assisted living, Lutheran Home Forsyth County Property, Inc., and LSA Elms Property, Inc. operate together as a North Carolina licensed “continuing care retirement community.”
- (5) Although Trinity Elms is licensed for 104 assisted living units, the facility typically operates only 89 units due to using some semi-private rooms as private rooms.
- (6) Trinity Landing, Trinity Grove, and Lutheran Home Wilmington Property, Inc. operate together as a North Carolina licensed “continuing care retirement community.”
- (7) Lutheran Retirement Center – Hickory, Inc., Trinity Ridge, Lutheran Home Hickory West Property, Inc. Trinity Village, 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 as well as Aston Park Health Care Center and GlenFlora. 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 Village

Trinity Village retirement

In December 2024, LSA Lutheran Home Hickory Property, Inc. finished construction of a 72-unit independent living apartment building adjacent to Trinity Village which houses 90 assisted living units and 104 skilled nursing beds. In addition, Trinity Ridge offers services to residents through 120 skilled nursing beds at a nearby campus. Trinity Village retirement is a rental retirement community that does not charge entrance fees. Trinity Village retirement provides most utilities including internet, water, sewer, valet, trash removal and cable services, and housekeeping services every other week are also provided. A Trinity Village retirement resident may purchase an individual meal/monthly meal plan and laundry services for an additional fee. Activities and transportation services are available and may require an additional cost.

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

Summary of Significant Projection Assumptions and Accounting Policies

BACKGROUND INFORMATION (CONTINUED)

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

Health Care Services

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

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

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

Project

Trinity Village completed construction on a 72 rental independent living units facility (the “Project”) in December 2024. The Obligated Group has projected to apply to operate Trinity Village as a continuing care retirement community under the North Carolina licensed “continuing care retirement community” upon completion and filling of the Project's independent living units. The construction was completed in December 2024 and fill up is projected to be completed in March 2027. Total debt assumed to be used for construction of the Project is \$15,000,000, financed under a draw down loan structure from a financial institution (the “Hickory IL Loan”).

See Summary of Significant Projected Assumptions and Accounting Policies and

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Combination

The projected combined financial statements include the accounts of Lutheran Retirement Center – Hickory, Inc., Lutheran Home – Hickory, Inc., Lutheran Home Hickory Property, Inc., Lutheran Home – Hickory West, Inc., and Lutheran Home Hickory West Property, Inc., collectively d/b/a Trinity Village (“Trinity Village”). All related party balances and intra-company transactions have been eliminated in combination.

Cash and Cash Equivalents

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

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

	As of September 30,				
	2026	2027	2028	2029	2030
Cash and Cash Equivalents	\$ 4,320	\$ 4,365	\$ 4,230	\$ 4,320	\$ 4,455
Residents' Funds	53	53	53	53	53
Assets Limited as to Use:					
Bond Funds	634	673	804	821	839
Total Cash, Cash Equivalents and Restricted Cash Shown in Forecasted Combined Statements of Cash Flows	\$ 5,007	\$ 5,091	\$ 5,087	\$ 5,194	\$ 5,347

Investments

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

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Service Fees

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

Payment arrangements include prospectively determined rates. However, federal and state regulations provide for certain retroactive adjustments, to current and prior years' payment rates, based on 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 Village 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 Village generates revenues, primarily by providing housing and health services to its residents and patients. The following streams of revenue are recognized as follows:

Monthly service fees:

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

Patient Service Revenue:

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

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

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

Debt Issuance Costs

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

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

Original Issuance Premium

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

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

Property and Equipment

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

Compensation Absences

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

Net Assets With Donor Restrictions

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

Summary of Significant Projection Assumptions and Accounting Policies

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Excess of Revenue Over Expenses

The projected combined statements of operations and changes in net assets include excess of revenue over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenue over expenses, consistent with industry practice, include 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).

Donor-Restricted Gifts

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

Advertising Costs

Advertising costs are charged to operations when incurred.

Long-Lived Assets

Trinity Village 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 Village reviews the expected undiscounted future net operating cash flows from its facilities, as well as property valuations. Any permanent impairment of value is recognized as a charge against earnings in the projected combined statements of operations and changes in net assets. Management has not projected any impairment of its long-lived assets.

Income Taxes

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF REVENUES

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

Resident service revenue is composed of:

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

Projected Occupancy Levels

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

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

Facility Name	2026	2027	2028	2029	2030
Trinity Village retirement (1)	78%	84%	92%	92%	92%

Source: Management

Note: (1) Management assumes that fill up of the Independent Living Units will achieve stabilized occupancy of 92 by September 2027.

Management has not projected any second person occupancy for Trinity Village retirement for each year of the Projection Period.

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

Facility Name	2026	2027	2028	2029	2030
Trinity Village assisted living	85%	85%	85%	85%	85%

Source: Management

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

Facility Name	2026	2027	2028	2029	2030
Trinity Village health and rehab	95%	95%	95%	95%	95%
Trinity Ridge health and rehab	94%	95%	95%	95%	95%

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTION OF REVENUES (CONTINUED)

Projected Monthly Fees and Daily Fees Increases

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

Table 5
Trinity Village Projected Rate Increases
For the Years Ending September 30,

Nursing						
	Insurance	n/a (1)	n/a (2)			
	Medicaid/Hospice	n/a (1)	n/a (2)			
	Private Pay	n/a (1)	n/a (2)			
	Independent Living					
		2026	2027	2028	2029	2030
	Private Pay	n/a (1)	n/a (2)			
	Medicare	n/a (1)	n/a (2)	3.00%	3.00%	3.00%
	Assisted Living			3.00%	3.00%	3.00%
	Medicaid / State Special Assistance	n/a (1)	n/a (2)	3.00%	3.00%	3.00%
	Monthly Service Fee	n/a (1)	n/a (2)	2.00%	2.00%	2.00%
				3.00%	3.00%	3.00%
				0.00%	0.00%	0.00%
				3.00%	3.00%	3.00%

Source: Management

Note: (1) Existing facility rates are in 2026 dollars. 2027 rates are based on Management’s 2027 budget. Inflation begins in the following year.

Assisted Living Fees

The following table summarizes Management’s projected per diem rates for the assisted living facility of Trinity Village:

Table 6
Trinity Village – Projected Assisted Living Daily Rates
For the Years Ending September 30,

Facility Name		2026	2027	2028	2029	2030
Payer Mix						
Trinity Village assisted living						
Private Pay - Private Room	\$	226 \$	233 \$	240 \$	247 \$	255
Private Pay - Semi-Private Room	\$	198 \$	204 \$	210 \$	216 \$	223
Private Pay - Private Room (Special)	\$	67 \$	69 \$	71 \$	73 \$	75
Private Pay - Semi-Private Room (Special)	\$	67 \$	69 \$	71 \$	73 \$	75
Private Pay - Private Memory Support	\$	300 \$	309 \$	318 \$	328 \$	338
Private Pay - Semi-Private Memory Support	\$	289 \$	298 \$	307 \$	316 \$	326
Special Assistance - Traditional Assisted Living	\$	60 \$	60 \$	60 \$	60 \$	60
Special Assistance - Memory Support	\$	80 \$	80 \$	80 \$	80 \$	80

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTION OF REVENUES (CONTINUED)

Assisted Living Payer Mix

The following table summarizes Management’s projected payer mix by resident days for Trinity Village assisted living facility:

Table 7
Trinity Village – Projected Assisted Living Payer Mix
For the Years Ending September 30,

Payer Mix	2026	2027	2028	2029	2030
Trinity Village assisted living					
Private Pay - Private Room	33%	34%	34%	34%	34%
Private Pay - Semi-Private Room	9%	6%	6%	6%	6%
Private Pay - Private Room (Special)	9%	0%	0%	0%	0%
Private Pay - Semi-Private Room (Special)	19%	28%	28%	28%	28%
Private Pay - Private Memory Support	5%	9%	9%	9%	9%
Private Pay - Semi-Private Memory Support	2%	0%	0%	0%	0%
Special Assistance - Traditional Assisted Living	12%	10%	10%	10%	10%
Special Assistance - Memory Support	11%	13%	13%	13%	13%

Source: Management

Nursing Fees

The following table summarizes Management’s projected per diem rates for the nursing facility of Trinity Village:

Table 8
Trinity Village – Projected Nursing Daily Rates
For the Years Ending September 30,

Facility Name		2026	2027	2028	2029	2030
Payer Mix						
Trinity Village health and rehab						
Private Pay - Private Room	\$	379	\$ 390	\$ 402	\$ 414	\$ 426
Private Pay - Semi Private	\$	361	\$ 372	\$ 383	\$ 395	\$ 406
Private Pay - Rehab	\$	475	\$ 489	\$ 504	\$ 519	\$ 534
Insurance	\$	550	\$ 550	\$ 567	\$ 584	\$ 601
Medicare	\$	550	\$ 550	\$ 567	\$ 584	\$ 601
Medicaid ⁽¹⁾	\$	341	\$ 358	\$ 330	\$ 337	\$ 344
Hospice	\$	341	\$ 358	\$ 369	\$ 380	\$ 391
Trinity Ridge health and rehab						
Private Pay - Private Room	\$	375	\$ 386	\$ 398	\$ 410	\$ 422
Private Pay - Semi Private	\$	354	\$ 365	\$ 376	\$ 387	\$ 399
Private Pay - Rehab	\$	475	\$ 489	\$ 504	\$ 519	\$ 534
Insurance	\$	463	\$ 475	\$ 489	\$ 504	\$ 519
Medicare	\$	599	\$ 600	\$ 618	\$ 637	\$ 656
Medicaid ⁽¹⁾	\$	343	\$ 365	\$ 337	\$ 344	\$ 351
Hospice	\$	343	\$ 365	\$ 376	\$ 387	\$ 399
PACE	\$	343	\$ 365	\$ 372	\$ 380	\$ 387

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTION OF REVENUES (CONTINUED)

Source: Management

Note: (1) Management projects that Medicaid rates will decrease in 2028 in relation to the projected approval of Trinity Village to operate as a continuing care retirement community and related elimination of the Medicaid Bed Assessment.

Nursing Payer Mix

The following table summarizes Management’s projected payer mix by resident days for Trinity Village nursing facility:

Table 9
Trinity Village – Projected Nursing Payer Mix
For the Years Ending September 30,

Facility Name Payer Mix	2026	2027	2028	2029	2030
Trinity Village health and rehab					
Private Pay	30%	32%	32%	32%	32%
Insurance	6%	7%	7%	7%	7%
Medicare	15%	10%	10%	10%	10%
Medicaid	49%	51%	51%	51%	51%
Trinity Ridge health and rehab					
Private Pay	33%	30%	30%	30%	30%
Insurance	7%	6%	6%	6%	6%
Medicare	11%	11%	11%	11%	11%
Medicaid	49%	53%	53%	53%	53%

Source: Management

Independent Living Monthly Fees

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

Table 10
Trinity Village retirement Independent Living – 2026 Monthly Fees

Unit Type	No. of Units	Monthly Fee
One bedroom	30	\$ 2,163
One bedroom - den	6	\$ 2,524
Two bedroom	36	\$ 2,833
Total/Weighted Average	72	\$ 2,528

Source: Management

Investment Income

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTION OF REVENUES (CONTINUED)

Table 11
Projected 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 project any unrealized gains/losses from the valuation of investments during the Projection Period for 2026 through 2030.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTION OF EXPENSES

Expenses

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

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

Salaries and Wages

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

Employee Benefits

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

Medicaid Bed Assessment

Nursing facilities in North Carolina are required to pay a bed assessment monthly on all skilled nursing non-Medicare days, which is then received as part of the Medicaid reimbursement. The amount due per bed day can vary based on the number of skilled nursing beds in each facility. Management projected expense is based on Medicaid bed assessment historical experience. Management assumes that the bed assessment will no longer be required upon approval of Trinity Village to operate in North Carolina as a licensed “continuing care retirement community” and as such, Management has not projected any Medicaid bed assessment expense in 2028 and thereafter during the Projection Period.

Management Fees

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

See Independent Accountants’ Compilation Report

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTION OF EXPENSES (CONTINUED)

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 Village, net of governmental contractual adjustments. The expense is shown as an operating expense on the projected combined statements of operations and changes in net assets.

Interest Expense

Interest expense is projected 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 Projection Assumptions and Accounting Policies

MANAGEMENT'S BASIS FOR PROJECTED OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalent balances for the Projection Period are based on the results of the Projected Combined Statements of Cash Flows 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 45 days for 2026, 2027, 2028, 2029 and 2030. Amounts in excess of these amounts are classified as investments.

Accounts Receivable, Residents, Net

Accounts receivable, net of allowance for current expected credit losses, are projected based on historical levels based on 41 days of operating revenues.

Other Receivable

Other accounts receivable has been projected based upon historical levels for Trinity Village based on 29 days of operating revenues.

Inventories

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

Accounts Payable, Trade

Accounts payable, trade, have been projected based on historical levels for Trinity Village based on 7 days of operating expenses.

Accrued Health Benefits

Accrued Health Benefits have been projected based on historical levels for the Trinity Village based on 2 days of total salaries and taxes.

Accrued Salaries and Payroll Taxes

Accrued salaries and payroll taxes have been projected based on historical levels for Trinity Village based on 18 days of total salaries and taxes.

Employee Retention Credit Receivables

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

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

Summary of Significant Projection Assumptions and Accounting Policies

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

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. As of September 30, 2025, the Community has a receivable of approximately \$710,000 recorded on the combined balance sheet. Management has projected the collection of the receivable in 2026.

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

Assets Limited as to Use

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

Held by Trustee

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

Board Designated Funds – The Obligated Group restricts assets designated by the Board of Trustees for use at its discretion and deposits from future residents.

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

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

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

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTED 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. However, Management has not projected the average independent living occupancy to be in excess of ninety-three percent (93%). As such, Management has projected an operating reserve of 25.0% of the total operating costs of the continuing care retirement community during the Projection Period, except for in 2026 and 2027.

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

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

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

	2026	2027	2028	2029	2030
Forecasted Total Operating Expenses	\$ 37,496	\$ 38,251	\$ 37,125	\$ 38,288	\$ 39,510
Less:					
Depreciation	(1,121)	(1,516)	(1,779)	(1,996)	(2,220)
Interest Expense and Amortization	(1,285)	(1,243)	(1,188)	(1,119)	(1,069)
Projected Operating Expenses of Lutheran Home - Hickory West, Inc., Lutheran Home - Hickory, Inc., Lutheran Home Hickory Property, Inc., and Lutheran Home Hickory West Property, Inc. ⁽¹⁾	(33,435)	(33,641)	(32,239)	(33,197)	(34,186)
Adjusted Operating Expenses	\$ 1,655	\$ 1,851	\$ 1,919	\$ 1,976	\$ 2,035
Include:					
Principal Payment--Trinity Village ⁽²⁾	-	206	239	436	436
Interest Payment--Trinity Village ⁽²⁾	844	839	825	790	777
Total Operating Costs	\$ 2,499	\$ 2,896	\$ 2,983	\$ 3,202	\$ 3,248
Operating Reserve Percentage ⁽³⁾	50.00%	50.00%	25.00%	25.00%	25.00%
Operating Reserve - Trinity Village	\$ 1,250	\$ 1,448	\$ 746	\$ 801	\$ 812

Source: Management

Notes:

- (1) Management has excluded the operating expenses of Lutheran Home - Hickory West, Inc., Lutheran Home - Hickory, Inc., Lutheran Home Hickory Property, Inc., and Lutheran Home Hickory West Property, Inc.
- (2) The principal and interest allocated above represent the principal and interest owed on the Construction Loan, which is the sole responsibility of Lutheran Retirement Center - Hickory, Inc. Lutheran Retirement Center - Hickory, Inc. is not allocated any of the principal and interest payments from other outstanding long-term indebtedness of the Obligated Group.
- (3) Lutheran Retirement Center - Hickory, Inc. average independent living occupancy for the year ending September 30,

	2026	2027	2028	2029	2030
Available Units	72.0	72.0	72.0	72.0	72.0
AL Available Units					
Total Available Units	72.0	72.0	72.0	72.0	72.0
Occupied Units	56.5	60.2	66.2	66.2	66.2
AL Occupied Units					
Total Occupied Units	56.5	60.2	66.2	66.2	66.2
Average Occupancy Percentage - Trinity Village	78%	84%	92%	92%	92%

Summary of Significant Projection Assumptions and Accounting Policies

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

Investments

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

Property and Equipment

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

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

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

	2026	2027	2028	2029	2030
Land and Land Improvements	\$ 2,273	\$ 2,273	\$ 2,273	\$ 2,273	\$ 2,273
Building and Building Improvements	26,807	28,398	29,896	31,436	33,025
Certificate of Need	15,117	15,117	15,117	15,117	15,117
Furnishings and Equipment	6,415	7,097	7,739	8,399	9,080
Automotive Equipment	122	122	122	122	122
	50,770	53,043	55,183	57,383	59,653
Less: Accumulated Depreciation	(20,485)	(22,001)	(23,780)	(25,776)	(27,996)
Net Property and Equipment	\$ 30,285	\$ 31,042	\$ 31,403	\$ 31,607	\$ 31,657

Source: Management

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

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

	2026	2027	2028	2029	2030
Routine Purchases of Capital Expenditures	1,920	2,273	2,140	2,200	2,270

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTED OF OTHER ITEMS (CONTINUED) Long-

Term Debt and Interest Expense

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

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

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

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

In October 2023, the LSA entered into a \$15,000,000 Hickory IL Loan to finance the construction, equipment, and furnishings of 72 rental independent living units. Interest on the outstanding principal balance of the Hickory IL Loan shall be due and payable monthly, in arrears, beginning December 1, 2023. Principal shall be due and payable monthly, in arrears, beginning November 2, 2026. All outstanding principal and interest is due on October 30, 2028. Interest will accrue at a rate of SOFA plus 1.85% (interest rate at September 30, 2025 was 6.05%). Management has projected refinancing the Hickory IL Loan, effective October 2028, into a 30 year term loan, with monthly principal and interest payments, at a fixed 5.00% interest rate.

Summary of Significant Projection Assumptions and Accounting Policies

MANAGEMENT’S BASIS FOR PROJECTED 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 projected the allocation of the deferred loan costs and original issuance premium through intercompany accounts. Trinity Village presents amortization of deferred financing costs and amortization of original issuance premium as a component of interest expense on the projected combined statements of operations and changes in net assets.

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

	Construction Loan	Series 2021A Bonds	Series 2021C Bonds
Lutheran Home - Hickory West, Inc. (Trinity Ridge)	0.0%	0.0%	0.0%
Lutheran Home - Hickory, Inc. (Trinity Village)	0.0%	1.0%	0.0%
Lutheran Home Hickory Property, Inc.	0.0%	7.2%	0.0%
Lutheran Home Hickory West Property, Inc.	0.0%	23.8%	17.8%
Lutheran Retirement Center - Hickory, Inc.	100.0%	0.0%	0.0%
All Other Members of the Obligated Group	0.0%	68.0%	82.2%
	100.0%	100.0%	100.0%

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

Table 15
Projected Principal Payments
(In Thousands of Dollars)

Year	Hickory IL Loan	Series 2021A Bonds	Series 2021C Bonds	Total
2026	\$ -	\$ 535	\$ 234	\$ 769
2027	206	562	246	1,014
2028	239	591	258	1,088
2029	436	618	270	1,324
2030	436	643	281	1,360
Thereafter	11,880	3,716	4,416	20,012
Total	\$ 13,197	\$ 6,665	\$ 5,705	\$ 25,567

Source: Management

Summary of Significant Projection Assumptions and Accounting Policies

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

Obligated Group – Security on Long-Term Debt

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

Table 16
Obligated Group Facilities Pledged as Mortgaged Property

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

Source: Management

Notes:

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

Summary of Significant Projection Assumptions and Accounting Policies

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

Other Items

Related Party Transactions

As noted previously, there are a number of related party transactions between Trinity Village 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 projected any receipts during the Projection Period. In addition, bond premiums and debt issuance costs have been allocated to Village for presentation purposes during the Projection Period

Summary of Significant Projection Assumptions and Accounting Policies

SUPPLEMENTAL SCHEDULE OF DETAILED OPERATING EXPENSES BY ENTITY

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

For the fiscal year ending September 30, 2026							Combined
	Trinity Village IL	Trinity Ridge Hickory	Lutheran Home Hickory West Property	Trinity Village Hickory	Lutheran Home Hickory Property	Eliminations	Total Operating Expenses
Expenses							
Salaries and Wages	\$ 183	\$ 8,503	\$ -	\$ 10,624	\$ -	\$ -	\$ 19,310
Employee Benefits	19	1,313	-	1,590	-	-	2,922
Supplies and Other	218	3,779	36	4,973	37	-	9,043
Medicaid bed provider assessment	-	991	-	1,063	-	-	2,054
Rent Expense	1,200	820	-	600	-	(2,620)	-
Management Fees	35	790	-	936	-	-	1,761
Subtotal	\$ 1,655	\$ 16,196	\$ 36	\$ 19,786	\$ 37	\$ (2,620)	\$ 35,090
Depreciation and Amortization							1,121
Interest Expense							1,285
Total Operating Costs and Expenses						\$	\$ 37,496

For the fiscal year ending September 30, 2027							Combined
	Trinity Village IL	Trinity Ridge Hickory	Lutheran Home Hickory West Property	Trinity Village Hickory	Lutheran Home Hickory Property	Eliminations	Total Operating Expenses
Expenses							
Salaries and Wages	\$ 244	\$ 8,758	\$ -	\$ 10,947	\$ -	-	\$ 19,949
Employee Benefits	43	1,360	-	1,780	-	-	3,183
Supplies and Other	237	3,746	28	4,184	29	-	8,224
Medicaid bed provider assessment	-	1,211	-	1,062	-	-	2,273
Rent Expense	1,236	845	-	618	-	(2,699)	-
Management Fees	91	823	-	949	-	-	1,863
Subtotal	1,851	16,743	28	19,540	29	(2,699)	35,492
Depreciation and Amortization						\$	1,516
Interest Expense							1,243
Total Operating Costs and Expenses						\$	\$ 38,251

For the fiscal year ending September 30, 2028							Combined
	Trinity Village IL	Trinity Ridge Hickory	Lutheran Home Hickory West Property	Trinity Village Hickory	Lutheran Home Hickory Property	Eliminations	Total Operating Expenses
Expenses							
Salaries and Wages	\$ 252	\$ 9,021	\$ -	\$ 11,276	\$ -	-	\$ 20,549
Employee Benefits	44	1,401	-	1,834	-	-	3,279
Supplies and Other	245	3,858	29	4,309	30	-	8,471
Rent Expense	1,273	870	-	637	-	(2,780)	-
Management Fees	105	811	-	943	-	-	1,859
Subtotal	1,919	15,961	29	18,999	30	(2,780)	34,158
Depreciation and Amortization						\$	1,779
Interest Expense							1,188
Total Operating Costs and Expenses						\$	\$ 37,125

Summary of Significant Projection Assumptions and Accounting Policies

SUPPLEMENTAL SCHEDULE OF DETAILED OPERATING EXPENSES BY ENTITY (CONTINUED)

For the fiscal year ending September 30, 2029							
	Trinity Village IL	Trinity Ridge Hickory	Lutheran Home Hickory West Property	Trinity Village Hickory	Lutheran Home Hickory Property	Eliminations	Combined Total Operating Expenses
Expenses							
Salaries and Wages	\$ 259	\$ 9,291	\$ -	\$ 11,614	\$ -	-	\$ 21,164
Employee Benefits	46	1,443	-	1,889	-	-	3,378
Supplies and Other	252	3,974	29	4,438	31	-	8,724
Rent Expense	1,311	896	-	656	-	(2,863)	-
Management Fees	108	832	-	967	-	-	1,907
Subtotal	1,976	16,436	29	19,564	31	(2,863)	35,173
Depreciation and Amortization						\$	1,996
Interest Expense							1,119
Total Operating Costs and Expenses						\$	38,288

For the fiscal year ending September 30, 2030							
	Trinity Village IL	Trinity Ridge Hickory	Lutheran Home Hickory West Property	Trinity Village Hickory	Lutheran Home Hickory Property	Eliminations	Combined Total Operating Expenses
Expenses							
Salaries and Wages	\$ 267	\$ 9,570	\$ -	\$ 11,962	\$ -	-	\$ 21,799
Employee Benefits	47	1,487	-	1,945	-	-	3,479
Supplies and Other	260	4,093	30	4,571	32	-	8,986
Rent Expense	1,350	923	-	676	-	(2,949)	-
Management Fees	111	854	-	992	-	-	1,957
Subtotal	2,035	16,927	30	20,146	32	(2,949)	36,221
Depreciation and Amortization						\$	2,220
Interest Expense							1,069
Total Operating Costs and Expenses						\$	39,510



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Appendix C — Actuarial Opinion

Actuarial opinion is not applicable

Appendix D — Most Recent Department Examination Report

Not Applicable.

Appendix E — Contract Forms and Attachments

Representative forms include Trinity Village Independent Living Residency Agreement, Trinity Village Assisted Living Residency Agreement, and LSC Nursing Facility Admission Agreement for Trinity Village and Trinity Ridge Nursing Home.

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 preeminently under any other circumstances.
8. 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.
9. 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 _____

LSC NURSING FACILITY ADMISSION AGREEMENT

This agreement is made by and between _____ (hereinafter called _____) and _____ (herein after called "**Resident**") identified in this Agreement. The individual(s) signing this agreement affirm that the information provided in the Pre-Admission Application and/or Financial Application is true and correct to the best of their knowledge, and acknowledge that the submission of any false information may constitute grounds to terminate this agreement. Therefore the Facility, and the individual(s) signing below, intending to be legally bound, agree to the following terms and conditions:

I. DEFINITIONS:

- a. A "Financial Legal Representative" is a person who has legal access to and control over Resident's personal property and/or funds, including cash, social security or other government benefits, annuities, pensions or other sources of payment for care provided at the Facility. The Financial Legal Representative may be a guardian of Resident's estate appointed by a Court, an agent under a valid durable power of attorney, or any person legally-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-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 _____ y 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 _____ tive 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.

_____ 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 _____ rge 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 the 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 to 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-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 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 the

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 ability 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 on, including death, this Agreement shall operate as an assignment, transfer, and conveyance to the Facility of so much of Resident's property as is 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	_____	Date	_____
Representative	_____		
Relationship to	_____		
Resident	_____	Date	_____
Facility	_____	Date	_____

February 2025

Resident_____

**LUTHERAN SERVICES CAROLINAS FINANCIAL
LEGAL REPRESENTATIVE AGREEMENT**

This Financial Legal Representative Agreement (hereinafter "Agreement") is made between _____, (hereinafter referred to as "Facility") and _____, the Financial Legal Representative (hereinafter referred to as "Financial Legal Representative") of the Resident, _____ (name of Resident) (hereinafter referred to as "Resident").

WHEREAS, the Financial Legal Representative and Facility enter into this Agreement to facilitate the provision of care to Resident.

WHEREAS, the Financial Legal Representative is the 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.

WHEREAS, Facility shall discuss and consult with Financial Legal Representative regarding pertinent decisions related to payment for Resident's stay and care at the Facility.

THEREFORE, Facility and Financial Legal Representative agree to the following terms and conditions:

1. Financial Legal Representative affirms that the information provided in the LSC Admission Agreement (hereinafter "Admission Agreement") and related documents are true and correct to the best of his or her knowledge. Financial Legal Representative acknowledges that the submission of any false information, misrepresentation or lack of disclosure may result in the termination of the Admission Agreement and may result in the discharge of Resident from the Facility at Resident and/or Financial Legal Representative's expense.

2. Financial Legal Representative shall sign this Agreement and the Admission Agreement between Facility and Resident in recognition of this designation with the intent to be legally bound by this Agreement and the Admission Agreement. The Financial Legal Representative shall be obligated to fulfill the payment and financial obligations on behalf of Resident imposed by the Admission Agreement in accordance with the law governing fiduciary duties. Facility may petition a court to appoint a guardian and take other legal action if Facility reasonably believes that Resident's needs are not being properly met or the duties imposed by the Admission Agreement are not being fulfilled by the Financial Legal Representative. Resident, Resident's estate, or Financial Legal Representative shall pay the cost of such guardianship proceedings, including attorneys' fees.

3. Financial Legal Representative affirms that he or she has access to Resident's income and resources and that Resident's income and resources are available to pay for Resident's care in the Facility. The Financial Legal Representative shall provide payment from Resident's income and resources for such care. Financial Legal Representative shall apply Resident's income and resources to the costs and charges incurred during Resident's stay unless and until such costs are paid by private insurance or other benefits such as Medicare, Veteran's Health Insurance or Medicaid/Medical Assistance. When the Resident's financial resources

warrant it, Financial Legal Representative shall take any and all actions necessary and appropriate to initiate, make, conclude and/or renew application and eligibility for Medicaid/Medical Assistance benefits on behalf of Resident, including providing all necessary documentation, complying with deadlines and pursuing all necessary appeals. Financial Legal Representative shall exercise diligent efforts in the application and appeal processes to assure continued benefits from any third party or government payor. Financial Legal Representative shall utilize Resident's income and resources only for Resident and shall not utilize any of Resident's income or resources for Financial Legal Representative's benefit nor transfer any of Resident's real property except for proceeds at fair market value for the benefit of Resident.

4. Financial Legal Representative is obligated to pay Facility from Resident's financial resources for services and supplies provided to Resident in accordance with the Admission Agreement. If the Financial Legal Representative withholds or misappropriates Resident's financial resources for personal use or gifts, or otherwise does not use Resident's financial resources to fulfill Resident's financial obligations to Facility for services and supplies provided to Resident in accordance with the Admission Agreement, then Financial Legal Representative shall be held liable for payment, but only up to the amount of Resident's financial resources. Financial Legal Representative is also obligated to pay Facility for all losses or damages incurred by Facility by the failure of the Financial Legal Representative to fulfill his/her duties under the Admission Agreement. Failure to do so will result in legal action by Facility to assure payment for amounts that are Resident's obligations. In the event that Facility initiates any legal actions or proceedings to collect payments due from Resident and Financial Legal Representative under this Agreement, or to enforce Financial Legal Representative's obligations under the Admission Agreement, then Resident and Financial Legal Representative shall pay all damages, attorneys' fees and costs incurred by Facility in pursuing the enforcement of Resident's and/or Financial Legal Representative's financial or other obligations under the Admission Agreement. Such damages, fees and costs may include, in the discretion of Facility, an amount equivalent to revenue lost by Facility due to Financial Legal Representative's failure to timely submit or complete a Medicaid/Medical Assistance application or to cooperate with the North Carolina Division of Medicaid Assistance (hereinafter "DMA") or county officials in the Medicaid/Medical Assistance eligibility determination. Financial Legal Representative shall timely assist Resident in the preparation, completion and submission, if applicable, of Resident's application for Medicaid/Medical Assistance benefits. If Facility, in its sole discretion, decides to assist in the Medicaid/Medical Assistance application, Resident and Financial Legal Representative are still fully obligated to initiate, make and complete the Medicaid/Medical Assistance application. Facility's assistance in the Medicaid/Medical Assistance application process does not waive Resident's or Financial Legal Representative's duty or responsibility to timely complete and submit a Medicaid/Medical Assistance application if Resident's financial resources become insufficient to pay amounts under the Admission Agreement. The failure to initiate, make and complete the Medicaid/Medical Assistance application process may result in the discharge of Resident for nonpayment and may result in personal liability of Financial Legal Representative for losses incurred by Facility for Financial Legal Representative's failure to apply timely for Medicaid/Medical Assistance benefits. In the event Resident applies for Medicaid/Medical Assistance benefits, Financial Legal Representative shall pay the Monthly Patient Liability, as defined by the Department of Social Services or

LSC NURSING FACILITY ADMISSION CHECKLIST AND INFORMED CONSENT AGREEMENT

MEDICAL CARE AND SERVICES

___ I agree to receive general medical care and specialized rehabilitation services provided by the facility, as directed by my physician.

___ I understand that each resident must consent to procedures, treatments, and x-ray examinations that may be ordered or requested by the attending physician for the resident before services can be provided.

I understand that I have a choice regarding physician services.

___ I agree to utilize the services of the facility attending physician/medical director.

___ I do not wish to use the facility physician, and I understand that I must arrange for the services of an attending physician. The physician will commit to meeting all applicable state and federal regulations for physician services. Such physicians shall not be considered either teammates or agents of the facility, nor is the facility responsible for supervising the services to the resident by the physician. Phone: _____

I authorize the facility to arrange for the following services to be provided if required by my physician and/or my plan of care and I understand the costs are not included in the daily rate.

Dental Yes___ No___

Podiatry Yes___ No___

Psychiatric Services Yes___ No___

Optometry Yes___ No___

Audiology Yes___ No___

Psychotherapy Yes___ No___

___ I have been informed of my right to participate in quarterly **Resident Care Plan Conferences**. I would like the person listed to also be invited. Name: _____ Phone: _____ Address: _____

PHARMACY AND MEDICATIONS

I understand that all medications must be prescribed by a licensed physician and administered by licensed nurses, medication aides or medication technicians unless I request to be evaluated for self-administration of medications. Medications must be ordered by the facility and delivered directly from the pharmacy to the nursing facility.

I understand that this facility uses Leading Care Pharmacy. If I choose to obtain my medications from another source, I understand that my pharmacy must provide delivery and unit dose packaging that is consistent with our designated pharmacy. I understand that

Leading Care Pharmacy cannot repackage medications. My choice of pharmacy is _____.

I understand that upon release or discharge, medications, including controlled drugs will be released to me or my legal representative only by the order of my physician. Medications will not be released to the family in the event of death or for residents covered under Medicare Part A.

ADDITIONAL CONSENTS AND AGREEMENTS

I consent to having all removable oral appliances, eyeglasses, and hearing aids permanently marked with my name (if requested).

I consent to being released for facility sponsored activities in the community.

I release the facility from liability for my care during the times when I leave the facility alone or in the company of a friend or family member for temporary leaves.

I ___do___do not desire barber/beauty services to be provided at the facility. I will assume the cost for services not included in the per diem rate of the approved payment source.

I ___do___do not desire cable television. I have received rate information and will assume the cost for the service.

I ___do___do not authorize the facility to launder my personal clothing.

MAIL PREFERENCES (check all that apply)

___ I do not need assistance with my mail. Please give it to me or leave in my bedside stand.

___ I consent to having my mail opened and handed to me. ___ I consent to having my mail opened and read to me.

___ I wish to have (circle all that apply) financial/personal/all mail forwarded to the following person: _____.

Resident Name: _____ Medical Record # _____

ACKNOWLEDGEMENTS

I have received explanation and been given a copy of the **Resident Handbook** including written material concerning the following issues that relate to residence at this Lutheran Services Carolinas facility:

- Resident Rights
- Privacy Act Notification/Transmission of MDS
- Resident Responsibilities
- Discharge/Transfer/Bed-Hold Policies
- Personal Funds
- Grievances/Concerns

Explanation of Agency Inspection of Medical Records; agencies that may review my medical record include State Certification and Licensing Agencies and Social Security or its intermediaries

My right to accept or refuse medical treatment and my right to formulate **Advance Directives**.

___ I understand that I am not required to have an Advance Directive to receive medical treatment in this facility. ___ I understand that the terms of any Advance Directive that I have executed will be followed by the Facility and my caregivers to the extent permitted by law.

___ **Tobacco/Smoking Policies: I understand that this is a smoke and tobacco free facility.**

___ Additionally, I have received information concerning:

- Statement of Room Rates and Ancillary Charges
- Influenza and Pneumonia Vaccinations
- Understanding Aging Brochure

___ I understand that for the protection of residents and staff, video surveillance cameras may be present in some common areas of this facility. I also understand that this facility is diligent in the protection of resident privacy and dignity, therefore, video cameras are not to be installed in resident rooms except under specific circumstances with prior approval from the Administrator.

RELEASE OF PHOTOGRAPHS AND IDENTIFICATION

(if applicable). I understand that if I do not consent

I ___ do ___ do not want my name included as part of the Facility's **Resident Directory** to this disclosure, visitors such as family and friends, outside phone callers, and delivery people, may not be able to contact me.

I ___ do ___ do not consent to the disclosure of my religious affiliation to members of the clergy. I understand that if I do not consent to disclosure, members of the clergy who do not know to ask for me by name may not be able to contact me.

___ I understand and consent to the capture of photographs for the purpose of medical

records identification., I ___ do ___ do not want my photograph posted outside of my door at

the Facility (if applicable).

I ___ do ___ do not want photographs, including video and voice recordings, and general information to be released at the discretion of the facility to public media, including internet websites, newspapers, brochures, and television.

I ___ do ___ do not give my permission for my photograph to be used *within the facility* for in-house activities and publications.

Release of Information:

___ I hereby authorize the facility to furnish such professional information as may be necessary for the completion of health care claims for third-party payee, i.e., Medicare, Medicaid, VA, or private insurance. I release the facility from legal liability that may arise from the release of this information.

I hereby authorize the facility and its staff to furnish information from, or to allow direct access to, the medical and financial records as maintained at the facility to any provider, its teammates, or agents that provide products/services to the resident in conjunction

with the care at the facility. I further release the facility from any liability associated with the release of information as permitted by this authorization.

I hereby authorize the facility to allow the following individuals to receive Protected Health Information. Unless otherwise stated, these individuals may also review my medical record and receive a copy of my medical record.

RESIDENT FUND AUTHORIZATION

I hereby authorize and entrust the Facility to receive, deposit on my behalf in the facility's Resident Trust Fund Account, and to disburse there from for any of the following purposes: to pay certain bills, which I will determine; to reimburse family members, facility staff, or others for personal items purchased on my behalf when evidenced by a paid receipt; to pay beauty/barber charges not covered by any third party payor source; for Medicaid recipients to pay the Resident's monthly Medicaid liability and excess pharmacy charges when not covered by the Medicaid program.

It is understood that an accounting of such funds will be provided quarterly, I request the quarterly statement be given to _____

I _____ do _____ do not grant such permission for office personnel to open mail containing checks or other negotiable instruments.

In the event of death, I hereby authorize the Facility to give my trust fund balance to the personal representative of my estate if such individual is appointed within thirty (30) days of my death and if no personal representative is appointed within such time, to the Clerk of Superior Court of any County where my estate may be administered under North Carolina law.

_____ I do **not** authorize the Facility to receive, deposit, or disburse funds from a Resident Trust Fund Account at this time.

SIGNATURES

Signature of Resident: _____ Date: _____

Signature of Representative: _____ Date: _____

Representative's Relationship to Resident: _____

Facility Representative Signature: _____ Date: _____

LUTHERAN SERVICES CAROLINAS ARBITRATION AGREEMENT

This is a voluntary agreement, and it is not a condition for admission to this Facility. You may receive care and treatment even if you do not sign this agreement.

This voluntary Arbitration Agreement (this “Agreement”) is entered into by and between

_____ (“Facility”) and _____ (“Resident”) and, if applicable, _____ (“Resident’s Legally Authorized Representative” / “Representative”), each a “Party” and collectively hereinafter referred to as the “Parties.” This Agreement is an addendum to the admission agreement between the Parties, for which good and valuable legal consideration has been given and received by the Parties. In further consideration for this Agreement, the parties acknowledge they will receive mutual benefits from resolution of any dispute/controversy through efficient arbitration and other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged by all Parties.

- 1. Not a Pre-Condition to Admission.** Resident and/or Resident’s Legally Authorized Representative is not required to sign this Agreement as a condition of admission to, or as a requirement to continue to receive care at, the Facility.
_____ *Resident’s Initials* _____ *Representative’s Initials*
- 2. Agreement to Arbitrate All Disputes.** This is a voluntary Agreement by the Parties to have all disputes, specifically excluding those outlined in Section 3 of this Agreement, resolved through binding arbitration. Arbitration is an out-of-court alternate form of dispute resolution, decided by an impartial third party. Arbitration is different than traditional litigation in the court system, which has a judge, sometimes a jury, and trial. In the event of any dispute or controversy, specifically excluding those outlined in Section 3 of this Agreement, between the Parties, the dispute or controversy shall be submitted to binding arbitration.
- 3. Exclusions.** Notwithstanding anything herein to the contrary, this Agreement to arbitrate specifically excludes any and all claims by the Facility against Resident/Participant for nonpayment for services rendered to the Resident/Participant by the Facility or a claim by Resident/Participant against the Facility for a refund for overpayment for such services, together with claims for all court costs and fees incurred in pursuing such claims. Any such claims referenced in this Section 3 may, in the sole discretion of the Facility, be decided by either arbitration or by a court of competent jurisdiction through a court action filed by the Facility.
- 4. Parties Defined.** The Facility includes, but is not limited to, the operator, governing body, officers, directors, members, shareholders, administrator, employees, managers, agents, and any parent company, subsidiary, or affiliates, and any person or entity alleged to be responsibility for the acts or omissions of the Facility. The Resident includes, but is not limited to, the Resident, the Resident’s Representative, guardian, conservator, attorney-in fact, agent, sponsor, or any other person whose claim is derived through or on behalf of the Resident, including his/her spouse, child, parent, executor, administrator, personal

LUTHERAN SERVICES CAROLINAS ARBITRATION AGREEMENT

representative, heir, survivor, and anyone entitled to bring a wrongful death claim relating to the Resident.

- 5. Application of Federal Arbitration Act.** The parties agree that the underlying Admission Agreement involves interstate commerce, through the Facility's Medicare participation and because the Facility may purchase items from out-of-state. Accordingly, the Federal Arbitration Act applies to this Agreement.
- 6. Duty to Demand Arbitration.** It is the responsibility of the person/entity making the claim to demand arbitration, by giving notice to the other Party or Parties. The demand for arbitration will describe the nature of the controversy and the remedy sought. Subject to those matters set forth in Section 3 hereof, if a Party overlooks its obligation to arbitrate all such disputes and participates in litigating a matter in the court system, that Party will not be deemed to have waived the right to compel arbitration, as long as the motion to compel arbitration is served before the first day of trial.
- 7. The Arbitrator Has Sole Jurisdiction.** The arbitrator will be the only one with the authority and jurisdiction to resolve all Party disputes, including, without limitation, wrongful death claims and all disputes about the validity, enforceability, scope, interpretation, severability and waiver of this Agreement, as well as the competency of the Parties.
- 8. Waiver of Judge, Jury, and Trial. Appeal.** By signing this Agreement, you are waiving the right to have all disputes decided by a judge, jury, or by trial. The arbitrator's decision is final and binding. Appeals are only permitted as allowed by state statute.
- 9. Arbitration Panel.** Within fifteen days after a Party to this Agreement has given written notice to the other of demand for arbitration of a dispute or controversy, the Parties to the dispute or controversy will select a neutral arbitrator agreed upon by both Parties and a venue that is convenient to both parties. If the parties do not wish to select an arbitrator, then the American Health Lawyers Association (AHLA) will administer the arbitration. The arbitrator shall hold a hearing within a reasonable time from the date of notice of selection of the neutral arbitrator.
- 10. Scheduling Order, Hearing, and Location.** The Parties will agree to a scheduling order, or the arbitrator will enter a scheduling order with the Parties input. Unless otherwise ordered upon good cause, the hearing will occur within 180 days after selection of the arbitrator, which is in the best interest of the Parties for an efficient process and quick resolution. The location of the hearing will be in a location agreed upon by the Parties or, in the Parties cannot agree, then the location shall be set by the arbitrator.
- 11. Confidential Decision & Document Retention.** The arbitrator will make written findings on each matter in dispute. The decision, which includes findings of fact, conclusions of law, and signatures, is required to be marked "Confidential" and kept confidential by all Parties and the arbitrator. The arbitrator will apply federal law or the substantive law of the state where the Facility is located, and that would have applied had the claim(s) been

LUTHERAN SERVICES CAROLINAS ARBITRATION AGREEMENT

brought in the court system, including any limitation periods, and any caps on damages, unless otherwise preempted by the Federal Arbitration Act. If any damages are awarded, the decision must specify an amount for each type of damages awarded. The Facility will retain copies of the signed Agreement for binding arbitration and the arbitrator's final decision for 5 years after the resolution of any dispute resolved through arbitration and will make these documents available for inspection by CMS.

12. Expenses. The arbitration expenses will be paid as provided in the arbitration award, consistent with state law.

13. Representation by Lawyer(s). The Parties may be represented by a lawyer prior to, during, and after arbitration.

14. Grievances and Discharge/Transfers. Despite this Agreement, the Resident may file its grievances directly with the Facility, with a representative of the Office of the State Long Term Care Ombudsman, with federal, state, or local officials, including federal or state surveyors, or other federal or state health department employees, or with any applicable regulatory agency. Appeals of involuntary discharges or transfers will be heard by an administrative law judge as required by state/federal laws and regulations.

_____ *Resident's Initials* _____ *Representative's Initials*

15. Confidentiality. The discovery, arbitration, and arbitration award are confidential.

16. Severability. If any term, phrase, or provision in this Agreement is held to be invalid or unenforceable by law, the Agreement will be deemed amended to conform with such law and will otherwise remain in full force and effect, as it is the parties' intent to ensure that any dispute is resolved solely by arbitration.

17. Survival. This Agreement applies to the Resident's readmissions to this Facility and survives any termination of the Admission Agreement.

_____ *Resident's Initials* _____ *Representative's Initials*

18. Rescission Rights. The Resident or his/her Representative has a right to rescind this agreement this Agreement within thirty (30) calendar days of signature by providing written notice of rescission. This Agreement will apply to any disputes that may arise prior to any rescission pursuant to this provision.

_____ *Resident's Initials* _____ *Representative's Initials*

19. Care Will Be Provided Regardless. Care, diagnosis, or treatment will be provided whether or not the Resident or, if applicable, the Resident's Representative, signs this Agreement to arbitrate

LUTHERAN SERVICES CAROLINAS ARBITRATION AGREEMENT

You are strongly encouraged to consult with an attorney or a trusted advisor before signing this agreement. You have the opportunity to ask questions before signing this document.

Please do not hesitate to ask any questions that you may have.

The Resident/Resident's Legally Authorized Representative, by signing this agreement, also acknowledges that he/she has been informed and understands that:

- a. Care, diagnosis, or treatment will be provided whether or not the Resident signs the agreement to arbitrate.
- b. The agreement may not be submitted to a Resident for approval when the Resident has been deemed incompetent by two physicians.
- c. The decision whether or not to sign the agreement is solely a matter for the Resident's (or the Resident's legally authorized representative) determination without any influence.
- d. The agreement waives the Resident's right to a trial in court for any future malpractice claim the Resident may have against the healthcare provider, absent revocation of the agreement consistent with state law.

THE RESIDENT:

Signature of Resident

Date

FOR THE RESIDENT, BY A LEGALLY AUTHORIZED REPRESENTATIVE: By signing below, I, Resident's Legally Authorized Representative, certify that the Resident has vested in me the authority to sign this Agreement on his/her behalf.

Signature of Resident's Legally Authorized Representative (if applicable)

Date **FOR THE FACILITY:**

Signature of Facility Representative
(Provision of services by the Facility will constitute acceptance
in absence of Facility Signature)

Date

**LUTHERAN SERVICES CAROLINAS
ADVANCE DIRECTIVE AND CODE STATUS
ACKNOWLEDGEMENT OF RECEIPT**

This is to acknowledge that I have been informed, in writing and in language that I understand, of my rights and all rules and regulations regarding decisions concerning medical care, including:

The right to accept or refuse medical or surgical treatment

The right to formulate and to issue Advance Directives to be followed should I become incapacitated. I understand that I am not required to have an Advance Directive in order to receive medical treatment at this facility. I also understand that the terms of any Advance Directive I have executed will be followed by the health care facility and my caregivers to the extent permitted by law.

– I do not choose to formulate or issue any Advance Directives at this time.

☐ I have chosen to formulate and issue Advance Directives.

CODE STATUS

I acknowledge that my attending physician or other health care professional has explained to me **cardiopulmonary resuscitation (CPR)**, including possible benefits and the usual and most frequent risk and hazards associated with CPR, and I understand these possible benefits and risks. I understand that I may revoke these directions at any time.

☐ I want efforts to prolong my life and want life-sustaining treatment to be provided. I hereby direct that in the event of my cardio-respiratory arrest, or that of the resident named below for whom I am the personal legal representative, efforts at CPR **SHOULD** be initiated.

☐ I hereby direct that in the event of my cardio-respiratory arrest, or that of the resident named below for whom I am the personal legal representative, efforts at CPR should **NOT** be initiated.

DOCUMENTATION

I understand it is my responsibility to provide the facility copies of all pertinent documentation which verify advance directives and code status specified below for placement in my medical record. Items received at the time of admission are checked below. Documentation brought in at a later date will be scanned to the medical record at that time.

- ☐ Medical Durable Power of Attorney or Durable POA
- ☐ Other Legal Representative or Agent (describe):
- ☐ Living Will MOST form
- ☐ Do Not Resuscitate Do Not Hospitalize
- ☐ Organ Donation Autopsy Request

SIGNATURES

Resident: _____ Date: _____

Personal _____ Legal _____ Representative: _____
Date _____

: If Personal Legal Representative, complete the following:

Print Name Relationship to resident Type of Legal Representative

Facility Representative/Title: _____ Date: _____

Transportation and Appointment Acknowledgment

Resident Name: _____ **Medical Record Number:** _____

Purpose

This acknowledgment outlines the facility's expectations for scheduling appointments and arranging transportation services for residents. These expectations are based on Medicare and insurance billing requirements, including Skilled Nursing Facility (SNF) consolidated billing provisions, and are intended to support care coordination and compliance with coverage guidelines.

Overview of Expectations

1. Consolidated Billing Requirements:

Under Medicare and other payer guidelines, services provided during a Skilled Nursing Facility stay may be subject to consolidated billing. Certain services, equipment, and appointments may not be separately covered unless directly related to the resident's qualifying stay or condition.

2. Appointment Coordination:

The facility coordinates medically necessary appointments during a resident's stay, in accordance with insurance guidelines. Appointments are reviewed for medical necessity, coverage eligibility, and timing.

3. Scheduling Limitations:

The facility may limit, reschedule, or defer appointments that are not medically necessary, may not be covered under consolidated billing, or can reasonably be postponed until after discharge.

4. Physician Orders:

All appointments must have an appropriate physician or provider order prior to scheduling.

5. Resident/Representative-Scheduled Appointments:

If a resident or responsible party independently schedules an appointment outside of facility coordination, they assume responsibility for ensuring insurance compliance and arranging transportation unless otherwise approved.

6. Transportation Services:

Transportation is arranged only for appointments scheduled and approved through facility processes, based on medical necessity and resource availability.

7. Accompaniment Requirement:

Residents are expected to be accompanied by a family member or responsible party when appropriate. Facility teammates may not be available to accompany residents.

8. Special Circumstances:

If no family member or representative is available, alternative arrangements may be considered case-by-case. Requests must be made in advance and are not guaranteed.

Acknowledgment and Understanding

I acknowledge that I have received, read, and understand the facility's expectations regarding appointment coordination and transportation services. I understand that coverage may be governed by Medicare or other payer rules, including consolidated billing. I understand the facility will coordinate care accordingly, and that failure to follow these expectations may result in personal financial responsibility for non-covered services or transportation. _____

Resident/Responsible Party Signature: _____

Printed Name: _____

Relationship to Resident: _____

Date:

Facility Representative Signature: _____

Printed Name/Title: _____ Date: _____

**LEASE AGREEMENT FOR AN APARTMENT
D/B/A TRINITY VILLAGE
(AN AFFILIATE OF LUTHERAN SERVICES CAROLINAS)**

This Lease Agreement (this "Agreement") is made as of the _____ day _____ by and between Lutheran Retirement Center- Hickory Inc., d/b/a Trinity Village, hereinafter referred to as "**TRINITY VILLAGE**", and _____ herein referred to as "Resident" (and, if more than one, collectively the "resident").

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

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

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

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

Type:

Address/Unit:

Description:

b. **Utilities.** Trinity Village will provide water, sewer, trash removal, local telephone service, internet and cable services. Electricity is **not** included.

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

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

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

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

- g. Maintenance and Repairs.** Trinity Village shall provide for the maintenance, repair and up-keep of The Community's facilities, improvements, fixtures, furnishings, and equipment. Individual apartment maintenance is included for appliances, fixtures, etc. that belong to Trinity Village and are part of the Apartment. Trinity Village will not be responsible for the cost of equipment and/or labor for maintenance required for any personal belongings of the Resident. It is the responsibility of the Resident to review the Maintenance Policy for the Apartments, which is included in the Resident Handbook. A Resident must contact Trinity Village immediately in the event of a maintenance need that would be considered an emergency, including, without limitation, water leaks, electrical issues and plumbing issues. Notwithstanding anything herein to the contrary, Trinity Village shall not be responsible for any maintenance and/or repairs that arise as a result of the Resident's negligence or intentional acts.
- h. Groundskeeping.** Trinity Village shall furnish grounds keeping services to The Community, including lawn, tree and shrubbery care. Subject to approval by Trinity Village, Residents may plant and maintain certain areas designated for such purposes by Trinity Village. Trinity Village must pre-approve in writing all plantings in accordance with the landscape design plan.
- i. Parking.** Trinity Village shall provide parking areas for the Resident's personal vehicle (limited to one vehicle for each individual apartment, unless otherwise approved in writing by Trinity Village).
- j. Common Facilities.** Trinity Village will provide common facilities for the common use and benefit of all Residents such as a multi-purpose room, day room with fireplace, and the community building. Residents of Trinity Village will also have access to common facilities in Trinity Village health and rehab and Trinity Village assisted living facilities located adjacent to the community each of which are operated by separate entity affiliates of Lutheran Retirement Center – Hickory Inc..
- k. Transportation.** Trinity Village may provide transportation for community-scheduled outings for residents at no additional charge.
- l. Activities.** Trinity Village may provide, from time to time, planned social, recreational, spiritual, educational, and cultural activities for the Residents.
- m. Emergency Assistance.** Trinity Village does not provide emergency call systems in the Apartments or common areas. The Resident may elect to purchase equipment and services for their own personal emergency assistance device. Residents are not permitted to install any emergency assistance device/equipment in an Apartment or common area without the prior, written approval from the Director of Independent Living of Trinity Village.
- n. Health Care.** Residents of the Trinity Village apartments will have priority application access to assisted living and skilled nursing care at the adjacent facilities operated by its affiliates. A Resident must meet all of the regulatory and admission requirements to receive assisted living or skilled nursing care. Trinity Village cannot guarantee that a room will be available at the time a Resident needs a higher level of care; if there is no availability and/or the Resident does not qualify for such admission, Trinity Village will make every effort to assist the Resident in finding placement in another community. The Resident will be given priority access to other assisted living and skilled nursing communities owned and operated by affiliates of Lutheran Services Carolinas.
- o. Beauty/Barber Shop Services.** Residents of Trinity Village may schedule an appointment with the campus beautician by calling 828-328-2006 for an appointment.

2. **Admission Requirements.** All residents of The Community must be 62 years of age or older. Trinity Village will provide facilities and services to individuals regardless of race, color, religion, sex, handicap, familial status, national origin, marital status, veteran status, sexual orientation, or any other prohibited categories. The Resident is required to meet the following standards prior to admission to Trinity Village:

- a. **Age.** The Resident must be 62 years of age or older.
- b. **Personal Interview.** The Resident may be requested to have an interview with a representative from Trinity Village prior to taking residency.
- c. **Application Forms.** The Resident shall submit for review an Application for Admission (the "Application") provided by Trinity Village upon or prior to execution of this Agreement.
- d. **Notification.** Trinity Village shall review the information provided on the Application forms and the personal interview and will notify the Resident about qualifying for admission within ten (10) business days of receipt of the completed Application. If a Resident does not qualify for admission, this Agreement will automatically terminate on the date of notification of such qualifications.
- e. **Health Requirements.** The Resident shall be in good general health, able to live independently without assistance, and free of any communicable diseases in order to meet the admission requirements for the Apartment.
- f. **Financial Requirements.** The Resident must have assets and income sufficient under foreseeable circumstances to pay the financial obligations of the Resident under this Agreement and to meet ordinary living expenses of the Resident.

3. **Terms of Residency.**

- a. **Use.** The Apartment and the Community are for the use, benefit and enjoyment of the Resident as their full-time personal residence and for no other purpose whatsoever. The Resident agrees only the Resident, except for short-term guests from time to time, will occupy the Apartment.
- b. **Term.** The initial term of this Agreement is for thirteen (13) months from the initial date of occupancy defined as the date the Monthly Charge commences and shall continue on a month-to-month basis after the first twelve (13) months, subject, however, to the earlier termination provisions of Section 4 hereof.
- c. **Availability Date.** The Availability Date is the date that the Apartment is ready for occupancy. The Resident does not have to take occupancy on the Availability Date [see Section 3(d) herein below for details on occupancy], but the Resident agrees to begin paying the rent for the selected Apartment on the Availability Date of the Apartment. Lutheran Retirement Center-Hickory Inc. will make every effort to give advanced notice to the Resident(s) of the Availability Date. It is further understood that if a Resident fails to begin paying the Monthly Charge on the Availability Date of the Apartment unless otherwise agreed to in writing by the Director of Independent Living and the Resident may forfeit their right to rent the Apartment, and this Agreement may automatically terminate at the sole and absolute discretion of Trinity Village.
- d. **Occupancy.** The "Date of Occupancy" shall be defined as the date the Monthly Charge commences.
- e. **Visitors.** Except for short-term visitors, no person other than the Resident may reside in the Apartment without the prior, written approval of Trinity Village. Short-term visitors shall mean visitors who stay less than 14 consecutive days or 21 days in the aggregate in any calendar month period, and no longer than 30 days in any given calendar year, unless otherwise pre-approved in writing by the Director of Independent Living, at the Director of Independent Living's sole discretion.

- f. **Loss of Property.** Trinity Village shall not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, flood, water drainage, fire or any other cause whatsoever. It is understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss of its property.
- g. **Assignment and Subletting.** Without the prior written consent of Trinity Village, Resident shall not assign under this Agreement or sublet the Apartment or any part thereof. Consent by Trinity Village to one assignment or subletting shall not be deemed to be consent to any subsequent assignment or subletting.

Showing Premises. Resident hereby grants permission to Trinity Village to show the Apartment to prospective residents at reasonable hours during the sixty (60) days written notice period as outlined in Section (4) below.

- . **Entry for Inspection, Repairs, and Alterations.** Trinity Village shall have the right to enter the Apartment at reasonable hours for inspection and, whenever necessary, to make necessary repairs and alterations to the Apartment.
 - a. **Care of Apartment and Premises.** Trinity Village shall deliver to the Resident the Apartment in good and habitable condition. Resident shall maintain the Apartment and deliver the Apartment and all property belonging to Trinity Village in good, clean and habitable order and condition, reasonable wear and tear excepted, upon termination of this Agreement. Resident may paint the Apartment only with the prior written consent of Trinity Village. It is agreed that Resident will not make or permit any alterations, improvements, or changes to the Apartment without, in each case, first obtaining the prior, written consent of Trinity Village. All such alterations, changes, and improvements, except for fixtures owned by the Resident and removable without damage, shall, unless otherwise provided by written agreement between Trinity Village and Resident, be the property of Trinity Village and remain in the Apartment premises at the termination of this Agreement.
 - b. **Pets.** All pets must meet the established criteria per the Pet Policy which can be found in the Resident Handbook. Residents with pets must abide by all guidelines and policies.
 - c. **Neat and Orderly Condition.** Resident agrees to keep the Apartment and premises in a neat and orderly condition, free of any trash or materials considered to be a nuisance by Trinity Village.
 - d. **Policies, Procedures, Rules, and Regulations.** Resident agrees to abide by the policies, procedures, rules, and regulations and such reasonable guidelines as set forth in the Resident's Handbook (as may be amended from time to time by Trinity Village), which will be made available for Resident prior to execution of this Agreement.
 - e. **Laws/Ordinances.** Resident agrees to fully comply with all applicable laws, rules, regulations, ordinances.
4. **Rescission and Termination Provisions.**
- a. **Termination by Resident before Occupancy.** The Resident has the right to rescind this Agreement for any or no reason within seven (7) days from the date of this Agreement by giving Trinity Village written notice of such intention to rescind. In the event of such a rescission, Trinity Village will, within thirty (30) days of notification thereof, refund the Resident one half of the Security Deposit paid to Trinity Village. Any cost for upgrades agreed upon by Trinity Village and the Resident that have already been paid for by Trinity Village will be the financial responsibility of the Resident and will be deducted from the Security Deposit or directly billed to the Resident, if not already collected. Resident shall pay any amount due to Trinity Village within thirty (30) days of Resident's receipt of such bill.

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

a. Full refund will be made, however, if such termination should occur because of death of Resident or a Resident's spouse if the Resident hereunder consists of a married couple, or because of a change in the physical or mental condition, which would make Resident or Resident's spouse ineligible for admission to Trinity Village, minus the cost of upgrades completed by Trinity Village at the request of the Resident. Trinity Village will, within thirty (30) Days of notification thereof, provide the Resident with any refund. The Resident agrees to pay any outstanding balance to Trinity Village within thirty (30) days of termination of the date of this Agreement.

- b. Termination after Occupancy.** After occupancy by Resident, this Agreement shall terminate no earlier than thirteen (13) months from the initial Date of Occupancy, if Resident shall provide Trinity Village with at least sixty (60) days' advance notice prior to termination. Without such notice, this Agreement shall continue in full force and effect on a month-to-month basis thereafter, subject to increases as set forth in Section (6) below and subject to the foregoing requirement of 60-days' advance written notice.

If the Resident terminates this Agreement prior to the completion of the initial thirteen (13) month term for any reason other than by death or if the Resident no longer meets the Admission Requirements, the Resident forfeits the entire Security Deposit, unless otherwise determined by Trinity Village.

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

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

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

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

5. Transfers.

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

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

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

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

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

6. Financial Arrangements.

a. One-Time Administrative Fee. In consideration for refurbishment of the Apartment at the conclusion of this Agreement, and certain administrative costs associated with the initiation and maintenance of this Agreement, Resident agrees to pay a one-time administrative fee of \$ _____. Such fee is due upon execution of this Agreement and is non-refundable after the seven (7) day rescission period expires. Such a fee will be deducted from the Security Deposit referenced in Section 6.b. hereof.

b. Security Deposit. A resident will provide a Security Deposit equal to one month's rent. Upon termination of the Agreement, the Resident will receive a refund of the Security Deposit, less any money owed to Trinity Village for damages beyond normal wear and tear or any other charges or fees owed to Trinity Village hereunder and less the \$500.00 administrative fee referenced in Section 6.a. hereof.

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

d. Monthly Charge. Commencing on the initial Date of Occupancy and continuing throughout the entire term of this Agreement, Resident agrees to pay Trinity Village a Monthly Charge. The Monthly Charge from the initial Date of

Occupancy until October 1, 2026, shall be equal to \$ ____ per month. Trinity Village shall have the right to adjust such Monthly Charges on an annual basis as of October 1st of each year during the term of this Agreement. The Monthly Charge is payable in advance on or before the tenth day of such calendar month during the entire term of this Agreement.

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

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

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

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

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

7. General Provisions

a. Assignment. The rights and privileges of Resident under this Agreement are personal to the Resident and may not be assigned or transferred.

b. Tax Status and Ownership. Trinity Village is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code of 1986 through the sponsorship of Lutheran Services Carolinas, Inc. Trinity Village is governed by a volunteer Board of Directors.

c. Power of Attorney. Resident is required to have a written Power of Attorney, and an executed copy must be given to the Director of Independent Living of Trinity Village.

d. Will. Resident is strongly encouraged to have a will providing for the disposition of his or her real and personal property and provision for proper burial at his or her own expense. Resident agrees to notify the

Director of Independent Living of Trinity Village as to the location of this will and to notify Trinity Village of the Resident's the Executor under such will.

e. Subordination. Resident's rights under this Agreement shall be subject and subordinate to the lien of any deed of trust now or hereafter placed on the premises by Trinity Village.

f. Entire Agreement. This Agreement constitutes the entire agreement between Trinity Village and the Resident.

g. Successors and Assigns. Except as set forth herein, this Agreement shall bind and inure to the benefit of the successors and assigns of Trinity Village and the heirs, executors, administrators, and assigns of Resident.

h. Governing Law. This Agreement shall be governed by the laws of the State of North Carolina. The venue for any action arising hereunder shall be Forsyth County, North Carolina.

i. Counterparts/Copies. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Further, copies of signatures hereto shall constitute originals for all purposes.

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

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

ATTEST:

TRINITY VILLAGE

WITNESS

By: _____
Director of Independent Living

WITNESS

By: _____
Resident

WITNESS

By: _____
Resident

Current Address:

(street)

(city)

(state)

(zip code)

Attach a copy of check for verification of deposit.

Addendum I
Commencement of Residency

On the availability date of the residence, the resident must sign this form as an agreement that the date on this form indicates the day the resident becomes an official resident at Trinity Village.

Please note that the availability date and the actual occupancy date may be different dates. However, the resident is responsible for the monthly fee beginning on the availability date. The date on this form, the availability date, will be recorded as the first day of residency.

I, _____, understand that this _____ day
of _____ 20 _____ is the availability date for residence

Resident Signature

Date

Trinity Village Executive Director or Designee

Date

Attach a copy of the check for verification of receipt.

Addendum II
Notice of Health and Financial Status

If the personal health statement and financial statement were completed more than sixty (60) days prior to the availability date of the residence, the resident(s) will complete this form to note any changes in health or financial status from the time when the application was completed.

Any changes that may affect one's eligibility to live independently at Trinity Village must be disclosed at this time. Trinity Village, at their sole discretion, may request updated financial and medical forms to be submitted with this form prior to occupancy.

I, _____, attest that there have been **no** changes in my financial or health status that would negatively affect my eligibility to live at Trinity Village.

Resident Signature

Date

Trinity Village Director or Designee

Date

Witness Name (please print)

Witness Signature

Date

Addendum III
Receipt of Disclosure Statement

I, _____, with this statement,
acknowledge receipt of the Disclosure Statement for Trinity Village, Inc. dated _____.

The Disclosure Statement was made available to me prior to signing the Residency
Agreement for Trinity Village.

Name

Address

City, State, Zip Code

Date

**Addendum IV
Transfers**

By signing the Amendment, the Resident(s) also agree to pay for any applicable transfer fee and a portion of the charges and expenses associated with refurbishing the residence being vacated.

Transfer Fee: _____

Refurbishing Fee: _____

Residence Being Vacated: _____

Date Residence will be Vacated: _____

Current Monthly Fee: _____

New Residence: _____

Date Occupancy to Begin: _____

New Monthly Fee: _____

Resident Signature: _____ Date: _____

Director of Independent Living Signature: _____ Date: _____

(12)

Appendix F — Statutory Ratio and Supporting Definitions

Adjusted Net Operating Margin (NOM-A); Capital Expenditures to Depreciation (CED); Cushion Ratio (CUSH); Days Cash on Hand (DCOH); Debt Service Coverage Ratio (DSCR); Net Operating Margin (NOM); Operating Ratio (OR); Unrestricted Cash and Investments to Long-Term Debt (CD).

Supporting Definitions

Days Cash on Hand (DCOH): number of days the provider could pay normal cash operating expenses using unrestricted cash and investments.

Cushion Ratio (CUSH): number of times unrestricted cash and investments could cover one year of debt service.

Operating Ratio (OR): compares current operating expenses, excluding depreciation and amortization, to current operating revenues, excluding entrance fee amortization.

Net Operating Margin (NOM): shows the result from core resident services.

Adjusted Net Operating Margin (NOM-A): shows the operating result after also counting net entrance fee cash received during the year.

Debt Service Coverage (DSCR): measures the provider's ability to pay annual debt service from operations and net entrance fee cash.

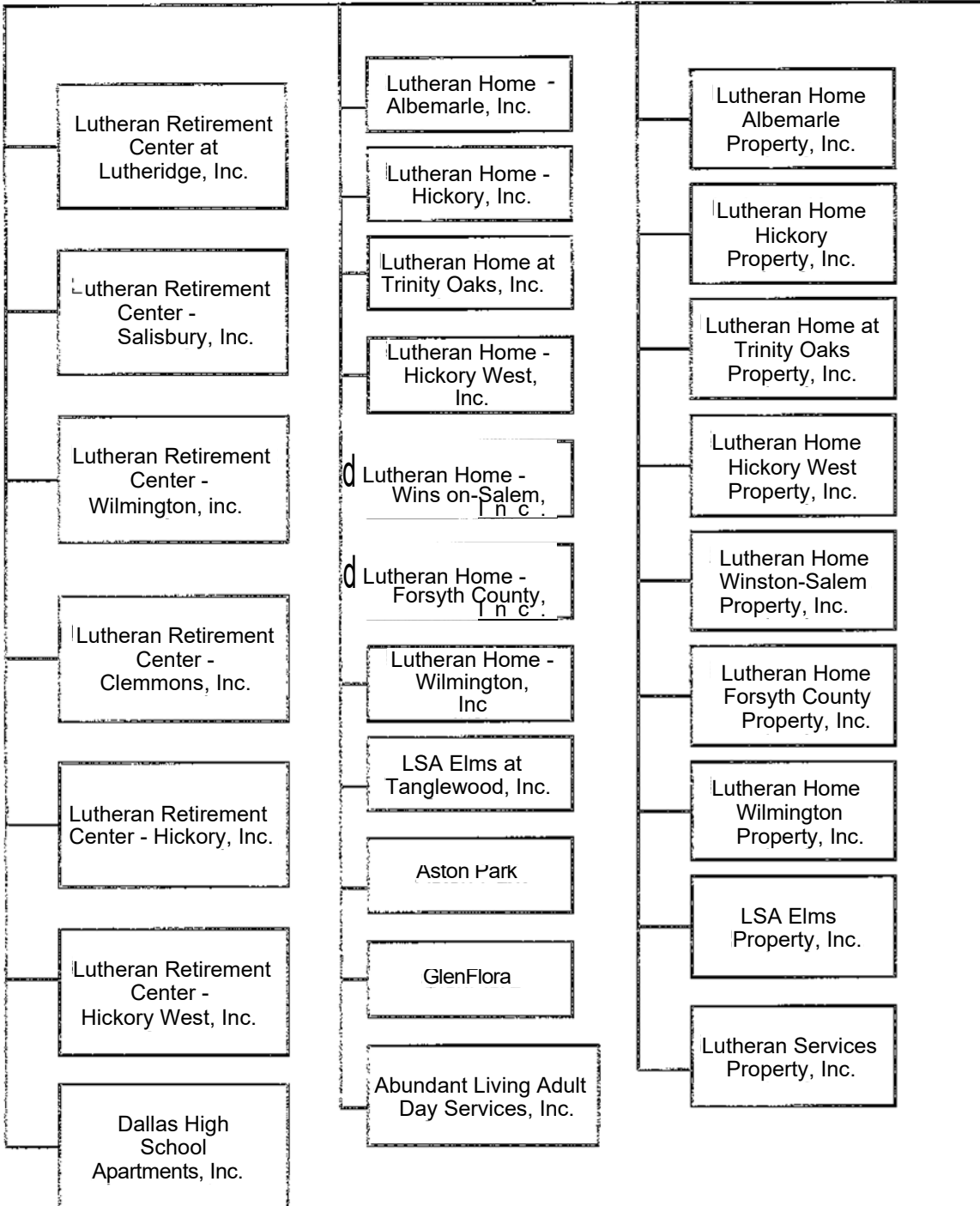
Unrestricted Cash and Investments to Long-Term Debt (CD): compares unrestricted cash and investments to long-term debt.

Capital Expenditures to Depreciation (CED): compares capital improvement spending to depreciation.

Appendix G — Organizational Structure Chart

The current LSA organizational structure chart from the corporate records

Lutheran Services for the Aging, Inc.



Lutheran Family Services in the Carolinas

