



## **Lutheran Retirement Ministries of Alamance County, North Carolina**

**Name of Facility:** Twin Lakes Community  
**Location:** 3701 Wade Coble Drive  
Burlington, North Carolina 27215  
(336) 538-1500

### **Annual Disclosure Statement February 27, 2023**

In accordance with Chapter 58, Article 64 of the North Carolina General Statutes of the State of North Carolina:

- **This Disclosure Statement may be delivered until revised, but not after July 27, 2024;**
- **Delivery of this Disclosure Statement to a contracting party before execution of a contract for continuing care is required;**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to insure accuracy or completeness of the information set out. (North Carolina Statutes do not provide for such governmental approval).**

**LUTHERAN RETIREMENT MINISTRIES  
of Alamance County, North Carolina  
TWIN LAKES COMMUNITY**

**DISCLOSURE STATEMENT**

**TABLE OF CONTENTS**

**THE ORGANIZATION AND FACILITY**

History, Mission and Core Values .....	4
Non-Profit Status .....	4
Licensure and Certification .....	4
Affiliations and Accreditation .....	4
Financial Rating .....	5
Organization and Operation .....	5
Board Member Biographies .....	5
Management Biographies .....	10
Disclosures regarding Financial Interests and Criminal Background .....	12
Location and Description of Physical Property .....	12
Estimated Number of Residents.....	14
Related Party Transactions .....	14

**ADMISSIONS AND RESIDENCY**

Admission .....	14
Health Criteria for Admission .....	15
Financial and Insurance Criteria .....	15
Cancellation and/or Termination .....	15
Moves.....	17
Marriages/New Second Occupant .....	17
Inability to Pay.....	18
Basic Services .....	18
Insurance .....	18
Utilities .....	18
Fixtures .....	18
General Maintenance of Common Areas and Grounds .....	19
Parking Spaces.....	19
Recreational, Social, Religious Activities .....	19
Emergency Nursing Assistance .....	19
Maintenance of the Living Unit .....	19
Group Transportation.....	19
Annual Cleaning .....	19

Grace Days.....	19
Services Available at Extra Charge .....	19
Personal Services Available .....	19
Salon .....	19
Gift Shop .....	19
Guest Quarters .....	19
FEES	
Admission and Occupancy Charges for the Entire Campus.....	20
Occupancy Charges for Previous Five Years .....	21
Dollar Increases in Occupancy Charges for Previous Five Years .....	22
Notification of Fee Increase.....	24
RESERVES, ESCROWS, AND TRUSTS .....	25
FINANCIAL FORECAST .....	26
FINANCIAL DATA .....	27
CURRENT CERTIFIED FINANCIAL STATEMENTS.....	ATTACHMENT 1
FIVE YEAR PROJECTION STATEMENTS.....	ATTACHMENT 2
2021-22 FORECASTED VS. ACTUAL FINANCIAL STATEMENTS.....	ATTACHMENT 3
RESIDENCY CONTRACTS.....	ATTACHMENT 4
INTERIM FINANCIAL STATEMENTS.....	ATTACHMENT 5

## **HISTORY, MISSION and CORE VALUES**

Lutheran Retirement Ministries of Alamance County, North Carolina (“LRM”), 3701 Wade Coble Drive, Burlington, NC 27215, was incorporated in North Carolina in 1980 as a non-profit corporation, thanks to a generous bequest from the estate of Wade and Agnes Coble to Macedonia Evangelical Lutheran Church. We operate a Continuing Care Retirement Community known as Twin Lakes Community (“Twin Lakes”) in Elon, North Carolina, and our mission statement provides that

*“As a non-profit built on Christian values, we celebrate the progression of life and dignity of the individual by empowering all members of our community to live, work and serve to their fullest potential.”*

In keeping with our Lutheran heritage, we are guided by the following values:

**Christ-Centered.** *Love, compassion, care, stewardship and service are at the heart of all we do.*

**Financially Stable.** *To honor our commitments to all members of our community, we must be good stewards of the resources provided to us.*

**People First.** *We provide innovative opportunities for personal fulfillment, dignity and well-being for all members of our community.*

**Quality.** *We are committed to enriching lives by providing superior services with integrity.*

**Inclusive.** *We celebrate the diversity of our community and welcome people of all faiths, races, cultures and life experiences.*

## **NON-PROFIT STATUS**

As a 501(c)(3) organization, we are exempt from corporate income taxes, and gifts to us are eligible for an income tax deduction for the donor. By complying with the requirements of North Carolina law (G.S.105-278.6A) LRM is exempt from paying property taxes on all property used in its exempt function.

## **LICENSURE AND CERTIFICATION**

LRM is licensed to provide continuing care in North Carolina in accordance with state law. The skilled nursing services we provide in Coble Creek Healthcare are certified by both Medicare and Medicaid. Until November 17, 2021, we also provided skilled nursing services in Moneta Springs Memory Care that were certified by Medicare and Medicaid. Effective November 17, 2021, however, Moneta Springs Memory Care is licensed as an adult care home.

## **AFFILIATIONS**

LRM is an affiliated agency of the Evangelical Lutheran Church in America through the sponsoring congregation, Macedonia Evangelical Lutheran Church. However, church-affiliated status does not cause any Lutheran church body to be subjected to the liabilities or debts of LRM, nor does it enable any Lutheran organization to influence or control the operation of LRM. LRM is fully responsible for the management and fiscal affairs of the corporation and solely responsible for any debts and liabilities

it may incur. LRM is also a member of Lutheran Services in America (LSA), Leading Age and its affiliate, LeadingAge North Carolina.

### **ACCREDITATION**

Twin Lakes Community is accredited by CARF, an independent accrediting commission for CCRC's. In its commitment to provide quality services to the residents, Twin Lakes Community presents itself for additional scrutiny and adherence to the strict standards of CARF.

### **FINANCIAL RATING**

The Fitch rating agency has assessed LRM's investment grade rating at BBB.

### **ORGANIZATION AND OPERATION**

#### **BOARD OF DIRECTORS**

The governing body of LRM is the board of directors. There are twenty-one voting members of the board, all of whom serve as volunteers. In addition, there is one non-voting ex-officio member of the board, the pastor of Macedonia Evangelical Lutheran Church. Voting members are nominated by the LRM board and approved by the Church Council of Macedonia. A board member may serve two consecutive three-year terms. Since 1985, there has been resident participation on the board. Currently, there are three residents of Twin Lakes Community who serve as full voting members on the board. Resident board members may serve one three-year term.

There are four officers of the board (Chair, Vice-Chair, Secretary, and Treasurer), and together they comprise the Executive Committee of the board. The Executive Committee has authority to act on the board's behalf when the board is not in session. The board of directors meets six times a year, and the Executive and Finance Committees meet jointly in the months that the board does not meet. Currently, the standing committees of the board are: Executive, Finance, Governance, Nominating, Planning, and Audit. The board also utilizes ad-hoc committees from time to time for special purposes.

#### **BOARD MEMBER BIOGRAPHIES**

##### **Alexis Moore**

300 Blackwell Street Apt 312, Durham, NC 27701

917-671-8530

Leader in education for 15+ years; taught in NY and Elon, serving both as interim chair; Assistant Professor and inaugural faculty member for Elon's PA Program; Attended Brooklyn College, SUNY Downstate, and Columbia University; Doctorate in Medical Science to be completed in 2022; Physician Assistant Education Association, Presenter; Elon University's Daniels-Daneiley Award for Excellence in Teaching, nominee; and Heartbeats of the World, former Board Member.

**Alison Upton**  
4563 Freedom Drive, Burlington, NC 27215

843-902-5844

Managing Director at KPMG LLP; Chair, Elon University Accounting and Advisory Board; Olde Forest Racquet Club Board Member

**Anthony "Tony" Foriest**  
2211 Quail Drive, Graham, NC 27253

336-214-8578

Retired, Xerox Corporation Executive; earned BA in Economics, UNC-Chapel Hill and MBA, Elon University; served two terms in NC State Senate and two terms as chair of Alamance County Democratic Party; serves on the Alamance Community College Board of Directors, and is a member of Alamance Achieves Steering Committee; member of First Baptist Missionary Church of Graham.

**Constance "Connie" Poovey**  
1924 Woodland Avenue, Burlington, NC 27215

336-260-5195

Retired Quality Assurance Officer and Administrator with Twin Lakes Community; BA in Math, MS in Computer Science and MSW in Social Work; served on Board of Directors and past president for Ralph Scott Lifeservices and ARC of Alamance County; current treasurer and past president of HESED Secretariat; member of Macedonia Evangelical Lutheran Church where she has served in multiple positions including church council president.

**Danny Van Fleet - Treasurer**  
104 Oakview Dr. Elon, NC 27244

336-263-2505

Certified Public Accountant, City of Burlington Tax Collector, Treasurer and Chair of the Audit Committee of Lutheran Retirement Ministries of Alamance County, General Fund Treasurer and a board member of Macedonia Evangelical Lutheran Church, Former member of Alamance Burlington Kiwanis Club, Olde Forest Racquet Club Tennis Committee member.

**David Massey**  
7262 Shoe Rd, Burlington, NC 27215

336-516-5880

1983 Elon Business Administration Graduate; Licensed Real Estate Broker 35+ years; State Certified General Appraiser 30+ years; David Massey Real Estate, President; NC Realtors Appraisal section, Chair; Realtors Commercial Alliance, President; Burlington Board of Realtors, Secretary; NC Real Estate Appraisers Associate, Past President; NC Quarter Horse Association, Past President; and Burlington Alamance MLS Service, Past President

**David Cooper**  
120 Old Forest Creek, Chapel Hill, NC 27514

336-675-0824

Retired Professor and Dean of Education, Elon University; member of the TLC Learning Circles Planning Committee; active in research and policy analysis on desegregation of public schools.

**David Koester**

336-524-9060

512 Meadowood Drive, Burlington, NC 27215

Vice President of Engineering, Tyrata, Inc.; Elon University Institutional Review Board, Community Member; member of Alamance Lutheran Church where he has served several terms as congregational president and as finance committee chair for over 10 years.

**Franklin "Frank" Rhue**

336-584-9308

3800 Asbury Court, Burlington, NC 27215

Married to LaVonne since 1974 with two daughters and two grandchildren. Graduated in 1968 with a BS in Applied Mathematics from NC State University. Retired (After 43 ½ years) as Consulting Member of the Technical Staff, LGS Innovations, LLC (Subsidiary of Alcatel-Lucent; previously known as AT&T and Western Electric); Currently Archivist, HESED Retreat Secretariat. Member of Macedonia Evangelical Lutheran Church where served as Church Council Secretary, as chair of the Finance and Stewardship committees; and currently serves on the Altar Guild and as a Stephen Series Leader. Worked as interviewer for Burlington's Christmas Cheer ministry. Served several years on the TLC Board, as Secretary, on the Executive/Finance Committee, on the Planning Committee, and as chair of the Governance Committee. Served as Archivist on Eastern North Carolina Lutheran via de Cristo Secretariat and as Rector for the Mixed 66 weekend retreat. Past Financial Director, Northern Piedmont Chapter of Thrivent Financial.

**Jackie Cole – Chair**

336-563-3554

1257 Tula Lambert Rd, Mebane, NC 27302

Vice President and Secretary of Coleco Inc.; Alamance County Extension Advisory Board; Chair, Lutheran Retirement Ministries Board; Alamance Community College Foundation Board Member; Woodlawn Community Board Member; Registered Instructor and Interim Program Director, North Carolina Therapeutic Riding Center; Former Chair, Alamance County Board of Education; member of Alamance Lutheran Church and serves as chair of Staff Support Committee and as coordinator of Meals on Wheels.

**Jerry "Jay" Tolley, Jr.**

919-219-3847

1708 Cappelquin Way, Burlington, NC 27215

Head of Anatomic Pathology and Digital Pathology at Lab-Corp; BS, US Naval Academy and MBA, Harvard Business School; Veteran, US Navy; Member of Macedonia Lutheran Church, currently serving as Finance Committee Chair and member of the Church Council and Visioning Committee.

**Joy Isley**

336-601-3906

7104 Howertown Road, Gibsonville, NC 27249

Float CSR, Fidelity Bank; Lutheran Retirement Ministries Board; Treasurer, NC Palomino Exhibitors Association; member of Frieden's Lutheran Church

**Julie Ewing**  
2410 Channing Court, Burlington, NC 27215

336-438-1808

Ralph Scott Lifeservices, Inc, President/ CEO 20 years; NC Assn. of Community-based ICF/MR Programs, President; Conference Committee, Chair; Council on Accreditation for Children and Family Services, Peer Reviewer; American Association of Intellectual/Developmental Disabilities, Board Member; Twin Lakes, Resident; Twin Lakes Resident Association, Treasurer; Twin Lakes Art Committee, Member; Twin Lakes DD Committee, Member, Arc of NC, President; Arc of Alamance County, President; Alamance-Caswell Mental Health/Developmental Disabilities & Substance Abuse Authority, Member; NC Community College Advisory Board for Compensatory Education, Member; NC Lifeplan Trust, Board member; Habitat, Board, Restore Committee chair; Chamber of Commerce, Women's Division Member; United Way, committee chair; Community Council Member.

**Michael "Kyle" Corum**  
1216 Jamestowne Drive, Elon, NC 27244

336-278-1316

Partner with Bernard Robinson and leads firm's Advisory Services practice; BS, Business Administration, Appalachian State University; member AICPA, NCACPA, and Association of Certified Fraud Examiners and Community Associations Institute; Leadership Greensboro 2011; former member, Summit House board of directors.

**Melanie Thomas**  
1227 Geneva Albright Rd, Graham, NC 27253

336-228-8703

Quality Management Director with Freedom House Recovery Center in Chapel Hill, NC; NC Behavioral Health Information Management Association President; served on various local behavioral health committees; member of American Health Information Management Association (AHIMA), long-term care committees; member of Alamance Lutheran Church where she serves as Church Council chair.

**Michael Menz**  
7011 Windsor Way, Elon, NC 27244

336-538-2307

Attended University of Buffalo, University of Virginia (medical school) Kansas University- Wichita; Practiced in Tennessee and currently in Burlington (Kernodle Clinic) for 12+ years; Alamance/ Caswell Medical Society, Member; NC Medical Society, Member; and American Academy of Orthopedic Surgeons, Member.

**Reed LaPlante**  
1129 Aycock Ave, Burlington, NC 27215

336-222-8058

Vice President and Triad Business Banking Team Lead for FNB Corporation; Member of FNB Corporation Diversity Council; Past Board Chair for Alamance Chamber of Commerce; Elon Love School of Business Graduate Programs Board Member; Elon Phoenix Club Board Member; Treasurer for Macedonia Lutheran Church Endowment Fund; Member of Graham Rotary Club; 2022 Gala Dancer for Little Pink Houses of Hope; Member of Macedonia Lutheran Church.



**Sam Sink**  
3103 William Penn Court, Burlington, NC 27215

336-603-6935

Retired college instructor (French, Spanish, history, college study skills, and supervisory skills) at two community colleges in NC; teacher for adult faith formation classes, council president, chair of campus ministry and internship committees at Grace Lutheran in Boone, NC; chair of NC Lutheran Synod Campus Ministry Committee; court representative and vice chair of Residents Council, Auxiliary Board, presenter at Twin Lakes; coordinator of training programs through Region D Council of Governments.

**Sherry Hunt**  
6501 Thurlow Court, Stoney Creek, NC 27377

336-209-2190

Former member, boards for the Women's Resource Center of Greensboro and Professional Women's Network Greensboro; volunteer for Coastal Conservation Association Piedmont Chapter and Second Harvest Foodbank; various leadership roles within Ameriprise, including on the Ameriprise Women's Empowerment Network Board of Directors, Elite Growth Forum NC/VA; and Quantum Leap 3 organization of top 100 Ameriprise practices.

**T. Bruce Moore**  
3157 Mattie Florence Drive, Graham, NC 27253

336-437-3340

Retired Senior Technical Advisor, Oil & Natural Gas Sector, US Environmental Protection Agency; Graduate of Texas A&M University (Chemical Engineering); Graduate of Sam Houston State University (Chemistry); served in the US Navy; past Registered Emergency Paramedic (Texas); Committee Chair since 2003, Boy Scouts of America Troop 39; Ruritan National past Club President and Zone Governor; current Chair, Board of Directors, Coble Estates Homeowners' Association; member of Macedonia Evangelical Lutheran Church since 2000, where he has served as Congregation President, Church Council, on the Executive Committee, and as Capital Fund Treasurer since 2009.

**Vernetta Bridges**  
4120 Dublin Court, Burlington NC 27215

336-538-6588

Vice President of Creative Education Solutions, Inc.; Impact Alamance Board of Directors (Equity Committee Chair & Operations Committee); Catalyst in Education for thirty plus years prior to retirement as, Former Director of Student Support Services, Alamance Burlington School System; School Counselor, Assistant Director of Admissions, St. Andrews Presbyterian College; Director of Development, Knoxville College & Regional Director of Ten Million Dollar Major Missions Fund Raising Campaign for the United Presbyterian Church. Member of Alpha Kappa Alpha Sorority/Pi Omicron Omega Chapter (Current Local Archives Chair); American School Counselor Association, National Association of College Admissions Counselors, National Association of School Counselor Advocacy.

## **MANAGEMENT**

The President/CEO, hired by the board of directors, is responsible for the day-to-day operation of Twin Lakes Community. Reporting to the President/CEO are the Chief Financial Officer, Human Resources Officer, Independent Living Administrator, Healthcare Administrator, Memory Care Administrator, Assisted Living Administrator, Sales and Marketing Director, Director of Resident and Community Resources and the Executive Assistant. In the absence of the President/CEO, one of these directors acts on her behalf. All persons listed have offices at Twin Lakes, 3701 Wade Coble Drive, Burlington, NC 27215.

### **Pamela Sarsfield Fox. President/Chief Executive Officer.**

An attorney and certified public accountant, she obtained her undergraduate degree from the University of Virginia and her law degree from Washington and Lee University. Prior to joining the Twin Lakes staff in 2008, she spent twenty years practicing law as an estate planning attorney and providing wealth management services to affluent clients of a wealth management firm in Greensboro, North Carolina. Fox has volunteered for numerous professional, civic and church organizations in Burlington, Greensboro, and elsewhere in North Carolina. Currently she serves on the boards of New Leaf Society, United Way, and the Anatomical Gift Program at Elon University. In addition, she has held board positions with the NC Bar Association, the NCACPA, Lutheran Retirement Ministries and other not-for-profit organizations.

### **Brent Conklin. Chief Financial Officer.**

Graduated from Appalachian State University in 1999 with a BSBA degree in Accounting. Received his CPA Certificate in 2003. He has over eighteen years' experience in accounting, which includes eight years in public practice with McGladrey & Pullen and Dixon Hughes Goodman, auditing various CCRC's, not-for-profits, manufacturing companies and auto dealerships across the US. In the nine years before he joined Twin Lakes, Conklin worked in private industry for large multi-national manufacturing companies in various finance leadership roles. Member of the American Institute of Certified Accountants, North Carolina Association of Certified Public Accountants and is a Chartered Global Management Accountant. Conklin also serves as the treasurer of his church in Gibsonville, NC, and has served on several not-for-profit boards in Gibsonville and Chapel Hill, NC.

### **Kimberly D. Thomas. Human Resources Officer, Security/Privacy Officer.**

Earned BS degree in Business Administration, Appalachian State University with a double major in marketing and management. Additionally, Thomas earned two certifications that include Senior Professional of Human Resources (SPHR) and SHRM – Senior Certified Professional (SHRMSCP). She has volunteered for several professional, civic and church organizations in Gibsonville, Burlington, and Greensboro, North Carolina. Thomas has spent her career in recruitment, staffing, and employment relations, working in both Burlington and Greensboro. She joined Twin Lakes Community staff as its second Human Resources Officer in 2016 and currently serves on the Alamance County Human Resources Association board.

**J. Patrick Harrison. Administrator, Independent Living.**

A native of southeastern North Carolina, Patrick Harrison graduated from the University of North Carolina at Pembroke in 2004 earning a Bachelor of Science degree with a concentration in marketing. Prior to that, he received two Associate degrees in Banking and Finance and Business Administration from Southeastern Community College. Following studies at the University of North Carolina at Chapel Hill, he became a Licensed Nursing Home Administrator for North Carolina in 2005 and was employed as Administrator for Bayview Nursing and Rehabilitation Center in New Bern, N.C. for two years. Harrison joined Twin Lakes as the Assisted Living Administrator in 2007 and is currently Administrator for The Lakes Independent Living as well as responsible for campus Maintenance, Grounds and Security. He is also a Certified Aging Services Professional.

**Amanda S. Hobbs. Administrator, Deacon Pointe Assisted Living.**

Amanda Hobbs hails from Guilford County, having stayed close to home, and graduated from The University of North Carolina at Chapel Hill in 1994. She earned a Bachelor of Arts degree in Recreation and Leisure Studies with a concentration in Therapeutic Recreation. Hobbs has worked with senior adults since 1994. She joined the Twin Lakes team in 1998 serving first as the IL Activities Director (1998-2000), transitioning to Admissions Coordinator for both Coble Creek and Deacon Pointe (2000-2013), growing into the position of IL Resident Services Coordinator (2013-2017). She earned licensure as a Nursing Home Administrator in 2017 and is currently the Administrator for Deacon Pointe Assisted Living.

**Lauren Davis Cook. Administrator, Coble Creek Healthcare and Rehabilitation.**

A native of Alamance County, Lauren Cook graduated from Appalachian State University in 2004 with a Bachelor of Science degree in Sociology with a concentration in Gerontology. Cook received a Master of Arts degree in Gerontology with a focus in Administration from Appalachian State University in 2006 and joined the Twin Lakes Community family in 2007. Licensed in the state of North Carolina as a Nursing Home Administrator and Assisted Living Administrator, she currently serves as the Administrator for Coble Creek Healthcare and Rehabilitation. She also coordinates the CARF accreditation and risk management processes campus wide. Cook currently serves as preceptor for NC Nursing Home Administrators in Training. Previously she served on the board of American Red Cross Piedmont Carolina Chapter and chaired the Alamance County Walk to End Alzheimer's.

**Tara Patton Kepley. Administrator, Moneta Springs Memory Care.**

A native of Alamance County, Tara Kepley graduated from Appalachian State University in 1998 with a Bachelor of Science degree in Business Administration with a concentration in Information Systems. Mrs. Kepley joined the staff of Twin Lakes Community in 2008 as the Resident Services Coordinator for Independent Living. In 2012, she earned a Graduate Certificate in Gerontology from Appalachian State University. Licensed in the state of North Carolina as a Nursing Home Administrator and Assisted Living Administrator, Kepley is also certified as an Aging Services Professional and Aging-in-Place Specialist. Kepley was the Administrator in Deacon Pointe Assisted Living from 2013 through 2016 and is currently the Administrator for Moneta Springs Memory Care.

**Laura McDaniel. Director of Resident and Community Resources.**

Raised in Lawrenceville, Georgia, Laura McDaniel graduated from The University of the South (Sewanee) with a B.A. in English. Following a year of AmeriCorps Service in an Atlanta Public School she began her career serving a variety of non-profit organizations and joined Twin Lakes Community in May 2012. She completed the Non-Profit Management Certificate Program at Duke University in 2016 and is a graduate of Leadership Alamance. She currently serves on the board of the Salvation Army of Alamance County and the Parent Advisory Committee for the YMCA of Chapel Hill. She is the past president of the Blue Ridge Chapter of ALDE.

**Jennifer Stovall. Sales and Marketing Director.**

A lifelong resident of Alamance County, Jennifer graduated from Elon University where she majored in Business Administration and Marketing. She joined Twin Lakes Community in 2010 as Sales and Marketing Coordinator and was promoted to Director of Sales and Marketing in 2021. Stovall is a Leadership Alamance graduate and has been certified as an Aging Services Professional and an Aging-in-Place Specialist. She and her husband, Thad, are owners of “The Good Fight, LLC” a therapeutic boxing program for people with Parkinson’s disease. They are members of New Hope Baptist Church where Jennifer is assistant treasurer and she and her husband have served in the youth ministry for over 20 years.

**DISCLOSURES**

No member of the management staff or the board of directors (i) has been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any state or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, in an action arising out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Chapter 58, Article 64 of the North Carolina General Statutes.

**LOCATION AND DESCRIPTION OF PHYSICAL PROPERTY**

Twin Lakes Community is located on approximately 215 acres of land in the Town of Elon in Alamance County, North Carolina, bordering the City of Burlington. Our campus includes 434 independent living homes, 36 apartments in Deacon Pointe Assisted Living, 104 skilled nursing beds in Coble Creek Healthcare and Rehabilitation, and 32 beds in Moneta Springs Memory Care. The independent living homes consist of 248 villas, 22 one-bedroom apartments, 34 two-bedroom apartments, and 130 garden homes. We provide internet access to all of our residents with a state-of-the-art Wi-Fi system anchored by a campus-wide fiber optic cable system. In addition to providing internet access to our residents, this system is designed to support new technologies that enhance the independence and security of our residents. We are also home to an award-winning Synergy Home, in which residents can interact and experiment with devices and technologies designed to enhance independence and security for healthy aging.

Deacon Pointe Assisted living, which is known as a multi-unit housing with services facility under North Carolina law, has 36 apartments, administrative offices, and community spaces that include a salon, an ancillary therapy space, a living room, and a private dining room. Its style of architecture and programming is residential in nature and serves as an extension of the independent living lifestyle. Deacon Pointe also houses the Twin Lakes Home Care Agency, a team of nurses, certified nursing assistants, and support staff serving clients on the Twin Lakes campus and in the broader community.

Coble Creek Healthcare and Rehabilitation encompasses 104 skilled nursing beds in a beautiful, spacious new building completed in late 2021. The building also houses outpatient physical and occupational therapy in a therapy gym outfitted with a full range of therapeutic equipment and a hydrotherapy pool. All resident rooms have private baths and showers, and are organized into five neighborhoods. Each neighborhood has its own activities, living, dining and sunrooms as well as a spacious outdoor garden. Each neighborhood also has its own well-stocked kitchen where meals are finished and served fresh, and where made-to-order items can be prepared for residents throughout the day. For the use and enjoyment of all residents of Twin Lakes, the central common areas of Coble Creek contain dining facilities, a salon, rehabilitation and therapy facilities, the campus chapel, a beautifully appointed family room, and a gift shop.

Moneta Springs Memory Care is home to 32 assisted living (also known as adult care home) suites. The building and programming are uniquely designed to meet the needs of persons living with cognitive declines. The suites are organized into households, each of which opens onto Town Center, the facility's activity center. Staff members in Moneta Springs receive specialized training in providing dementia care. Also housed in this building is The Harbor, a licensed adult day program, which is open six days per week and serves twelve participants each day.

The Boland Community Center is a gathering and activity building for our residents. Various civic and community groups from Alamance County regularly use the space for meetings and special events. This building houses The Terrace restaurant, the Blue Heron Pub, meeting spaces, the library and computer room, resident clubroom, and a resident art exhibit area. Administrative offices for the organization are also located in Boland.

Sullivan Park offers additional indoor activity and meeting space as well as outdoor walking trails, a botanical garden, and a quiet area for meditation and reflection. This area, known as Sullivan Park Botanical Woods, has received official wildlife habitat certification. Harris Park offers outdoor activity space and picnic shelters for our residents and staff to enjoy.

The newly renovated and expanded Fitness Center contains a multi-purpose room for exercise and education, a large gym with state-of-the-art fitness equipment, a saltwater swimming pool designed for therapeutic and recreational use, and a walking track. Through two wellness coordinators and a variety of instructors, we offer a comprehensive wellness program that includes more than 75 classes each week and personal training sessions. The building was designed to be a part of the emergency and disaster preparedness program of Twin Lakes and can serve as emergency shelter in the event of weather or other emergencies.

Our 215-acre campus contains several miles of walking paths and sidewalks. A large garden area, a dog park and a woodworking shop are also available for resident use. In addition, numerous clubs and resident-led activities, events and excursions mean the pace at Twin Lakes is always lively.

### **ESTIMATED NUMBER OF RESIDENTS**

As of September 30, 2022, a total of 586 persons were residing in independent living homes. In addition, 31 people were living in Deacon Pointe Assisted Living; 29 people were living in Moneta Springs Memory Care; and 98 people were living in Coble Creek Healthcare and Rehabilitation.

### **RELATED PARTY TRANSACTIONS**

#### **Conflict of Interest Provisions**

Article XII Sections 1 & 2 of the corporation's by-laws require each board member to disclose to the other members of the board any possible conflicts of interest; these sections of the by-laws also prohibit a board member with a possible conflict of interest in any matter from voting on the matter.

### **ADMISSIONS AND RESIDENCY**

North Carolina requires that we specifically address certain policies in this disclosure statement. Those policies include admission criteria; effects of changes in condition prior to entry by a resident, contract cancellation or termination; moves of residents initiated by the facility; marriage of residents to non-residents; and inability to pay.

#### **Admission**

Twin Lakes Community evaluates applications with several criteria in mind and usually accepts for residency those who meet the health, financial, and insurance criteria discussed below. Our goal is to create a campus of care and compassion, to foster a sense of community and belonging among our residents and staff, and to welcome to our community people of all faiths, races, cultures, gender identities, veteran status and abilities.

In light of this, Twin Lakes reserves the right to accept for residency certain applicants who clearly do not meet all of the usual standards and criteria for admission and to refuse admission to certain applicants who clearly meet such standards and criteria. We do not discriminate based on an applicant's race, religion, ethnic or national origin, gender or sexual orientation, ability or veteran status.

To be accepted for residency to Twin Lakes Community and to reside in an independent living home, an applicant must have attained a minimum age of 62, and must meet certain health and financial conditions. Payment of an admission fee provides a resident with the lifetime use of a residence and the services and amenities available at the community. When an applicant is ready to reserve a home and move to Twin Lakes Community, the applicant will sign a residency contract and pay an admission fee deposit to Twin Lakes. The balance of the admission fee will be paid upon the earlier of (i) occupancy or (ii) 120 days after the residency agreement is executed. Every resident in an independent living home must ensure that all charges, including the admission fee, occupancy charge (the monthly

fee for basic services payable to the community), and all charges incurred at the option of the resident are satisfied either through direct payment or through waiver or subsidy by Twin Lakes Community.

### **Health Criteria for Admission**

Each independent living resident must have sufficient physical and cognitive capacities to live independently without posing a danger to his or her health or to the health and safety of other Twin Lakes residents and staff.

If, between the date of the residency contract and the scheduled occupancy, an applicant's health should decline to a level that impairs the applicant's ability to live independently, Twin Lakes may exercise its right to terminate the contract, and the applicant will not be allowed to take up residency in an independent living unit. In such case, any fees paid prior to residency would be refunded to the applicant in accordance with the provisions of the contract.

### **Financial and Insurance Criteria**

Twin Lakes Community is committed to providing service to people from all points along the economic spectrum. If an applicant is unable to pay the total cost of his or her stay at Twin Lakes, the applicant may request financial assistance. Assistance with the cost of care is made on a case-by-case basis, and requests for assistance will remain confidential.

An applicant must also have or obtain health insurance that meets the criteria of Twin Lakes Community. Medicare (or an equivalent for those not eligible) is required, and the applicant should be able to produce evidence of such coverage. In order for financial assessment and analysis to be done properly, the applicant must submit a current financial statement to Twin Lakes Community prior to admission.

### **Cancellation and/or Termination**

A residency contract creates a binding legal obligation on both the resident and Twin Lakes Community. However, there may be circumstances which necessitate that either the resident or Twin Lakes rescind or terminate the contract.

If a resident dies before occupying a home at Twin Lakes, or if, on account of illness, injury, or incapacity, a resident would be precluded from occupying a home at Twin Lakes under the terms of the contract for residency, the contract is automatically cancelled.

A resident may rescind the residency contract within thirty (30) days from the date on which they execute the contract or receive a disclosure statement from us, whichever later occurs. Upon rescinding, the resident is entitled to receive a full refund of any money transferred to Twin Lakes Community less the following: (1) costs incurred by Twin Lakes at the request of the resident, (2) any monthly occupancy charge or other applicable periodic charges, (3) any charges incurred by the resident until the time of rescission, and (4) a service charge equal to 2% of the resident's admission fee.

If a resident chooses to terminate the contract, the refund will be paid to the resident by Twin Lakes Community within sixty (60) days of the later of 1) the conclusion of the resident’s residency at Twin Lakes or 2) after Twin Lakes Community has re-leased the living unit and another resident has paid the admission fee. No interest will be paid on the refundable amount. If within the thirty (30) day rescission period the resident has not taken up occupancy and terminates the contract due to illness, injury, or incapacity which precludes the resident from occupying the living unit, the resident shall receive a refund of all money or property transferred to Twin Lakes less the costs specifically incurred by Twin Lakes at the request of the resident.

**Declining Refund:** If a resident enters into a contract with a fully-declining refundable admission fee, then after the initial occupancy date, the resident may terminate the contract by giving a written notice to Twin Lakes and shall receive a refund in an amount calculated using the following formula:

Amount of Refund in Dollars	EQUALS	$\left( \frac{\text{Admission Fee X 96\%}}{912} \right)$	X	$\left( 912 \text{ MINUS } \begin{array}{l} \text{Number of Days} \\ \text{(Full or Partial) in} \\ \text{your Accrual Period} \\ \text{as determined below.} \end{array} \right)$
<i>(ref. 9.e.i in contract)</i>				

In other words, the refund amount declines ratably over a 30-month period that begins on the resident’s initial occupancy date. As defined in the residency contract, the “Initial Occupancy Date” is “the date on which you receive keys to your Living Unit or that is 120 days after the date of this contract, whichever occurs first; provided, however, that if your Living Unit is not ready for occupancy on that date, then we will provide you with a Notice of Availability specifying the Initial Occupancy Date; provided further that if you receive your keys during the 30-day rescission period, your initial occupancy date shall be deemed to be the 31<sup>st</sup> day after the date of this contract.” The amount that declines ratably is equal to 96% of the resident’s admission fee.

**50% Refundable Refund:** If a resident enters into a 50% refundable contract, then after the initial occupancy date, the resident may terminate the contract by giving a written notice to Twin Lakes and shall receive a refund in an amount calculated using the following formula.

Amount of Refund in Dollars	=	50% of Admission + Fee	+	$\left[ \left( \frac{50\% \text{ of Admission Fee X } 96\%}{912} \right) \right]$	x	$\left( 912 \text{ MINUS } \begin{array}{l} \text{Number of Days} \\ \text{(Full or Partial) in} \\ \text{your Accrual Period} \\ \text{as determined below} \end{array} \right)$	)]
<i>(ref. 9.e.i in contract)</i>							

In other words, the refund amount is equal to the sum of two components. The first component is a fixed amount equal to 50% of the resident’s admission fee. The second component is an amount that declines ratably over a 30-month period equal to 96% of the remaining 50% of the resident’s admission fee.



A resident's right to occupy the independent living unit may be terminated by Twin Lakes Community if (a) Twin Lakes determines after consulting with a physician selected by Twin Lakes, the resident is no longer capable of residing in the living unit without posing a danger to his/her own health or that of other residents of Twin Lakes; (b) the resident requires care which Twin Lakes does not or cannot provide; (c) in the sole judgment of the board of directors the resident is not compatible with other residents of Twin Lakes or is disruptive of the Twin Lakes environment; (d) the resident fails to pay the monthly charge for the living unit or charges for other services and facilities provided by Twin Lakes; or (e) the resident requests financial assistance and it has been determined that such financial difficulties are the result of gift giving, imprudent disbursement of financial resources, or intentional sheltering of assets.

After a resident takes up occupancy in a living unit, the resident shall have the exclusive right to occupy the living unit in accordance with the terms of the contract with Twin Lakes, and such living unit shall not be made available by Twin Lakes to any other resident so long as the resident is living and the residency contract has not been breached or terminated. If the residency contract is entered into by two individuals for the joint residency of a single living unit, then the following provisions shall apply:

- a. The right to occupy the living unit shall belong to both residents jointly until the right to occupy has been terminated as to one of them in the manner provided for in the residency contract.
- b. If the right to occupy by one of the joint residents shall be terminated as provided for in the residency contract, then the remaining joint resident shall have the right to continue to occupy the living unit under the terms of the residency contract at the regular monthly occupancy charge as provided in the residency contract.

### **Moves**

Twin Lakes Community may require a resident to move from an independent living unit to an assisted living unit, or to a healthcare or memory care room if it is determined that the resident's physical or mental condition precludes independent living. Such action will normally be taken only after determination that in all probability the condition is irreversible and that there is little possibility of recovery that would permit the resident to live independently.

This type of decision to transfer will normally occur only after appropriate consultation with the resident, the resident's family or representative, or a party responsible for the resident. It is the desire of Twin Lakes that these decisions be reached with the consensus of all parties involved. Twin Lakes retains the right to make the final decision.

### **Marriages/New Second Occupant**

If a resident marries someone who also is a resident of Twin Lakes under a CCRC contract, the couple may surrender one of their living units and choose to occupy one. Any refund of admission fee will be made in accordance with the terms of the residency contract on the surrendered unit. The couple will begin paying the monthly occupancy charge for two occupants when they have surrendered one of the units.

If a resident marries someone who is not a resident of Twin Lakes under a CCRC contract (“New Spouse”), the New Spouse may become a resident of the resident’s living unit with all the rights, privileges and duties of a CCRC contract holder if the New Spouse 1) meets all the current requirements for admission to the type of living unit the resident occupies; 2) signs a residency contract and any amendments we deem necessary; and 3) pays an additional admission fee, the amount to be determined by the retirement community. If the New Spouse does not meet Twin Lakes’ requirements for admission or chooses not to become a CCRC contract holder with Twin Lakes, the resident may request that the New Spouse be permitted to occupy the resident’s living unit. If the New Spouse’s occupancy is approved, the resident will pay a second person monthly occupancy charge for the New Spouse, but the New Spouse will have no rights under the residency contract and no claim for care, services or residency from Twin Lakes. In the event the resident predeceases the New Spouse, and the New Spouse thereafter qualifies for admission and wishes to remain at Twin Lakes, the New Spouse must pay, in addition to the applicable monthly occupancy charge, the admission fee then applicable to the unit. Further, if the New Spouse does not wish to remain at Twin Lakes or does not qualify for admission or does not pay the applicable admission fee, then the New Spouse must vacate the unit within sixty (60) days of written notification by Twin Lakes Community.

### **Inability to Pay**

If a resident experiences financial difficulties while living at Twin Lakes Community, the resident may submit a request to Twin Lakes for financial assistance. Each request will be considered on an individual basis. Financial difficulties resulting from a resident’s gift giving, imprudent disbursement of financial resources, or intentional sheltering of assets will not be grounds for financial assistance. The resident will be allowed to remain in the unit during the time the President/CEO is evaluating the request and during such periods of time as the President/ CEO approves the resident’s request for financial assistance.

### **Services**

A person who enters into a residency contract with Twin Lakes for residency in an independent living unit pays a non-refundable \$250 application fee, a one-time admission fee, and a monthly occupancy charge. Twin Lakes provides a specified apartment, villa or garden home for this resident. The monthly occupancy charge covers the following basic services as noted in these excerpts from the current residency contracts:

- a. **Insurance.** We carry fire and extended coverage insurance on our buildings and liability coverage for the Retirement Community. You are responsible for the cost of property and casualty and liability insurance for your personal belongings and other personal property located at the Retirement Community. We do not carry insurance on your personal property.
- b. **Utilities.** We furnish and pay for the cost of heat and electricity, air conditioning, cable television service, internet service, water and sewer services, and trash collection. You are responsible for the cost of installation of telephone service and the monthly charges for that service.
- c. **Fixtures.** We furnish your home with window blinds, an electric range, a built-in microwave, a refrigerator, and a garbage disposal. Washing machines and clothes dryers are accessible to apartment units; washing machines, clothes dryers and dishwashers are standard in all other floor plans.

- d. General Maintenance of Common Areas and Grounds. We maintain all common areas and grounds.
- e. Parking Spaces. You and your guests are entitled to the nonexclusive use of the parking areas designated on the Retirement Community premises for resident and visitor parking.
- f. Recreational, Social and Religious Activities. We provide recreational, physical, social, spiritual, educational and cultural activities as we determine in our discretion.
- g. Emergency Nursing Assistance. Our nursing staff is on call twenty-four hours a day for emergencies.
- h. Maintenance of Living Unit and Fixtures. We maintain the structural portion of your home and the fixtures described in listing in “c. Fixtures” above. This maintenance does not include housekeeping or maintenance of your personal property.
- i. Group Transportation. We provide regularly scheduled group transportation to selected medical facilities, shopping malls and grocery stores. The schedule and locations may be adjusted, modified, and changed at our discretion.
- j. Annual Cleaning. Our housekeeping staff will perform an annual cleaning of your home at no additional charge to you. Advance notice will be given for annual cleaning dates.
- k. Grace Days. We will use good faith efforts to make available each calendar year up to three days per independent living resident of temporary care in one of our facilities without additional occupancy charge to the resident. These grace days do not renew in the event of a long-term move to healthcare. These grace days shall not be cumulative or transferable to another resident. Please note that fees for services (including, but not limited to, salon, therapy, transportation, and pharmacy) used during a stay in Coble Creek Healthcare will not be waived.

### **Services Available at Extra Charge**

For an additional charge established from time to time by Twin Lakes Community, a resident may have the following optional services provided: meal service, housekeeping and laundry, transportation services to specific places, rehabilitation services, and personal care services.

### **Personal Services Available**

Salon. A salon is provided by Twin Lakes Community in Coble Creek Healthcare. Full services are provided by licensed cosmetologists at competitive rates. Hours are convenient and appointments are encouraged.

Gift Shop. A gift shop sponsored and operated by the Twin Lakes Auxiliary, a volunteer organization is located in Coble Creek Healthcare. Profits from the shop’s operation are used by the Auxiliary in its work in support of Twin Lakes Community.

Guest Quarters. Twin Lakes Community has a guest house and guest rooms for guests of Twin Lakes residents. Rates currently are \$65 - \$135 per night. Requests for reservations are made through the independent living department. The guest quarters are also available to prospective residents of Twin Lakes Community on an as-available basis.

**Fees**

The following table shows the fee schedule for Twin Lakes Community. The monthly occupancy charge for basic services and the periodic charges for supplemental services may be adjusted from time to time at the sole discretion of the board of directors. It is the practice of Twin Lakes not to change the monthly occupancy charge more than once each fiscal year, but we reserve the right to make more frequent changes should we deem it appropriate. A number of financial, economic, program and regulatory factors must be considered in developing the annual operating budget and potential increases in resident service fees. These factors include, but are not limited to: competitive market pressures such as employee wages and benefits, insurance costs, and cost of capital; projected increases from vendors and other providers of goods and services; adjustments in governmental programs such as Medicare and Medicaid; additional resident service programs; repair and maintenance of facilities; and technological advances. A schematic showing the frequency and average dollar amount of increase in monthly and daily occupancy charges over the past five years follows the table of fees.

		<b><u>ADMISSION FEES*</u></b>		<b><u>MONTHLY FEES</u></b>	
		<b>STANDARD REFUND</b>	<b>50% REFUND</b>	<b>SINGLE</b>	<b>DOUBLE</b>
<b>ALDRSGATE &amp; BRANDENBURG APARTMENTS:</b>					
Heather; 1BR/1BA	600 SF	\$55,000	\$83,000	\$1,683	\$2,342
Laurel; 2BR/1BA	800 SF	\$65,000	\$98,000	\$1,902	\$2,561
<b>WITTENBERG APARTMENTS:</b>					
Edelweiss; 1BR/1BA	819 SF	\$75,000	\$113,000	\$2,110	\$2,769
Iris; 2BR/2BA	969 SF	\$90,000	\$135,000	\$2,202	\$2,861
Valerian; 2BR/2BA	1007 SF	\$90,000	\$135,000	\$2,202	\$2,861
<i>There is a \$5,000 second person Admission Fee for Apartments and Wittenberg.</i>					
<b>VILLAS: 2BR/2BA</b>					
Acacia	1311 SF	\$125,000	\$188,000	\$2,390	\$3,049
Chestnut	1311 SF	\$133,000	\$200,000	\$2,390	\$3,049
Aspen	1311 SF	\$139,000	\$209,000	\$2,390	\$3,049
Birch	1602 SF	\$173,000	\$260,000	\$2,484	\$3,143
Dogwood	1677 SF	\$185,000	\$278,000	\$2,484	\$3,143
<i>There is a \$10,000 second person Admission Fee for Villas.</i>					
<b><u>GARDEN HOMES: 3BR/2BA</u></b>					
Juniper	1750 SF	\$234,000	\$351,000	\$2,658	\$3,336
Evergreen	1888 SF	\$253,000	\$379,000	\$2,841	\$3,519
Forsythia	1960 SF	\$267,000	\$401,000	\$2,841	\$3,519
Gardenia	2000 SF	\$277,000	\$415,000	\$3,023	\$3,701
Holly	2200 SF	\$305,000	\$458,000	\$3,199	\$3,877
<i>There is a \$15,000 second person Admission Fee for Garden Homes.</i>					

\*Standard contracts have a 30-month declining refund; 50% contracts have no time limitations.

**Deacon Pointe, Assisted Living Apartments:**

Small apartment \$5,419 monthly  
Large apartment \$5,765 monthly

**Coble Healthcare, Skilled Nursing Rooms:**

Private \$320 a day  
Market Rate \$335 a day (Non-Community Members)

**Memory Care Rooms:**

Semi-private \$300 a day  
Private \$310 a day

**PERIODIC CHARGES as needed:**

**Adult Day Care:** 1-2 days per week: \$73 per day 3+ days per week: \$69 per day

**Home Care Services** \$24 per hour      **Housekeeping:** \$24 per hour

*All fees above are effective October 1, 2022 until future changes deemed appropriate by the board of Lutheran Retirement Ministries of Alamance County, North Carolina.*

**OCCUPANCY CHARGES FOR PREVIOUS FIVE FISCAL YEARS**

	<b>FY 2017/ 2018</b>	<b>FY 2018/ 2019</b>	<b>FY 2019/ 2020</b>	<b>FY 2020/ 2021</b>	<b>FY 2021/ 2022</b>
<b>(MONTHLY)</b>					
<b>Heather (1BR)</b>	\$ 1,483	\$ 1,533	\$ 1,590	\$ 1,634	\$ 1,683
<b>Laurel (2BR)</b>	\$ 1,676	\$ 1,733	\$ 1,789	\$ 1,847	\$ 1,902
<b>(MONTHLY)</b>					
<b>Wittenberg (1BR)</b>	\$ 1,859	\$ 1,922	\$ 1,994	\$ 2,049	\$ 2,110
<b>Wittenberg (2BR)</b>	\$ 1,940	\$ 2,006	\$ 2,081	\$ 2,138	\$ 2,202
<b>(MONTHLY)</b>					
<b>Villa A/C</b>	\$ 2,104	\$ 2,176	\$ 2,258	\$ 2,320	\$ 2,390
<b>Villa B</b>	\$ 2,188	\$ 2,262	\$ 2,347	\$ 2,412	\$ 2,484
<b>Villa D</b>	\$ 2,188	\$ 2,262	\$ 2,347	\$ 2,412	\$ 2,484

	<b>FY 2017/ 2018</b>	<b>FY 2018/ 2019</b>	<b>FY 2019/ 2020</b>	<b>FY 2020/ 2021</b>	<b>FY 2021/ 2022</b>
<b>(MONTHLY)</b>	<u>Large</u>	<u>Large</u>	<u>Large</u>	<u>Large</u>	<u>Large</u>
<b>Deacon Pointe</b>	\$5,077	\$5,250	\$5,447	\$5,597	\$5,765
<b>Assisted Living (3 meals included)</b>	<u>Small</u>	<u>Small</u>	<u>Small</u>	<u>Small</u>	<u>Small</u>
	\$4,773	\$4,935	\$5,120	\$5,261	\$5,419
<b>(DAILY)</b>	<u>Private</u>	<u>Private</u>	<u>Private</u>	<u>Private</u>	<u>Private</u>
<b>Coble Creek</b>	\$ 274	\$ 284	\$ 295	\$ 310	\$ 320
<b>Healthcare</b>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>
<b>Skilled Nursing &amp; ACH</b>	\$ 264	\$ 274	\$ 285	\$ 300	
<b>(DAILY)</b>	<u>Private</u>	<u>Private</u>	<u>Private</u>	<u>Private</u>	<u>Private</u>
<b>Moneta Springs</b>	\$ 291	\$ 301	\$ 312	\$ 320	
<b>Memory Care</b>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>
<b>Skilled Nursing</b>	\$ 281	\$ 291	\$ 302	\$ 310	
<b>(DAILY)</b>	<u>Private</u>	<u>Private</u>	<u>Private</u>	<u>Private</u>	<u>Private</u>
<b>Moneta Springs</b>	\$ 281	\$ 291	\$ 302	\$ 310	\$ 310
<b>Memory Care</b>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>	<u>Semi-pvt.</u>
<b>ACH</b>	\$ 271	\$ 281	\$ 292	\$ 300	\$ 300

All rates above are for SINGLE occupancy.

**DOLLAR INCREASES IN MONTHLY & DAILY OCCUPANCY CHARGES**

	<b>FY 2017/ 2018</b>	<b>FY 2018/ 2019</b>	<b>FY 2019/ 2020</b>	<b>FY 2020/ 2021</b>	<b>FY 2021/ 2022</b>	<b>5 YR. AVE. INCREASE</b>
<b>(MONTHLY)</b>						
<b>Heather (1BR)</b>	\$50	\$50	\$57	\$44	\$49	\$50.00
<b>Laurel (2BR)</b>	\$57	\$57	\$56	\$58	\$55	\$56.60
<b>(MONTHLY)</b>						
<b>Wittenberg (1BR)</b>	\$63	\$63	\$72	\$55	\$61	\$62.80
<b>Wittenberg (2BR)</b>	\$66	\$66	\$75	\$57	\$64	\$65.60
<b>(MONTHLY)</b>						
<b>Villa A/C</b>	\$71	\$72	\$82	\$62	\$70	\$71.40
<b>Villa B</b>	\$74	\$74	\$85	\$65	\$72	\$74.00
<b>Villa D</b>	\$74	\$74	\$85	\$65	\$72	\$74.00

	FY 2017/ 2018	FY 2018/ 2019	FY 2019/ 2020	FY 2020/ 2021	FY 2021/ 2022	5 YR. AVE. INCREASE
<b>(MONTHLY)</b>						
<b>Garden J</b>	\$79	\$80	\$91	\$69	\$77	\$79.20
<b>Garden E/F</b>	\$85	\$85	\$97	\$74	\$83	\$84.80
<b>Garden G</b>	\$90	\$91	\$103	\$79	\$88	\$90.20
<b>Garden H/I</b>	\$95	\$96	\$109	\$83	\$93	\$95.20
<b>(MONTHLY)</b>						
<b>Deacon Pointe</b>	<u>Large</u> \$172	<u>Large</u> \$173	<u>Large</u> \$197	<u>Large</u> \$150	<u>Large</u> \$168	\$172.00
<b>Assisted Living (3 meals included)</b>	<u>Small</u> \$161	<u>Small</u> \$162	<u>Small</u> \$185	<u>Small</u> \$141	<u>Small</u> \$158	\$161.40
<b>(DAILY)</b>						
<b>Coble Creek Healthcare</b>	<u>Private</u> \$9	<u>Private</u> \$10	<u>Private</u> \$11	<u>Private</u> \$15	<u>Private</u> \$10	\$11.00
<b>Skilled Nursing and ACH</b>	<u>Semi-pvt.</u> \$9	<u>Semi-pvt.</u> \$10	<u>Semi-pvt.</u> \$11	<u>Semi-pvt.</u> \$15		\$9.00
<b>(DAILY)</b>						
<b>Moneta Springs Memory Care</b>	<u>Private</u> \$9	<u>Private</u> \$10	<u>Private</u> \$11	<u>Private</u> \$8		\$7.60
<b>Skilled Nursing</b>	<u>Semi-pvt.</u> \$9	<u>Semi-pvt.</u> \$10	<u>Semi-pvt.</u> \$11	<u>Semi-pvt.</u> \$8		\$7.60
<b>(DAILY)</b>						
<b>Moneta Springs</b>	<u>Private</u> \$9	<u>Private</u> \$10	<u>Private</u> \$11	<u>Private</u> \$8	<u>Private</u> \$0	\$7.60
<b>Memory Care and ACH</b>	<u>Semi-pvt.</u> \$9	<u>Semi-pvt.</u> \$10	<u>Semi-pvt.</u> \$11	<u>Semi-pvt.</u> \$8	<u>Semi-pvt.</u> \$0	\$7.60

August 26, 2022

3701 Wade Coble Drive  
Burlington, NC 27215

Dear Resident Name(s):

At the meeting of our Board of Directors on August 23, 2022, the Twin Lakes Community operating budget and resident fee schedules for the fiscal year October 1, 2022 through September 30, 2023 were reviewed and approved. Effective October 1, 2022, Independent Living resident monthly occupancy charges will increase by 4.25% over current rates.

The monthly occupancy charge for your residence beginning October 1, 2022, including any applicable second person charge, will be \$New Rate. A copy of the entire fee schedule is included with this letter.

The approved budget includes an average 5% wage increase for Twin Lakes Community employees. Employees also have the opportunity to earn an additional 1% wage increase based on offering excellent customer service. Offering competitive salaries and benefits allows us to attract and keep the best employment candidates while ensuring that all our staff earn a living wage.

The Board of Directors and management remain committed to keeping annual rate increases as low as possible while balancing the need to maintain and improve our services and our facilities. The operations and costs of each department are reviewed during the budget process to ensure that we are providing our services as cost effectively as possible. Twin Lakes continues to be a financial leader among North Carolina's continuing care retirement communities. Our financial strength enables us both to invest our reserves in maintaining the beauty of our grounds and facilities and to respond quickly and efficiently to emergencies and uncertainties such as the COVID-19 pandemic and inflation, without these investments affecting your fees.

We have scheduled two meetings to discuss our budget with you and to answer questions you may have. Both meetings will be held in the Club Room in the Boland Community building. The meetings will be conducted in a hybrid meeting approach, by which you may participate either through an online service called Zoom or by attending in person. The first is scheduled for Wednesday, August 31 at 10:00 a.m. The second will be held Tuesday, September 6 at 2:00 p.m. We look forward to seeing you at one of these meetings.

Sincerely,



Jackie S. Cole  
Chair of the Board of Directors



Pamela S. Fox  
President / Chief Executive Officer



## **RESERVES, ESCROWS, AND TRUSTS**

### **Reserves**

N.C.G. S. 58-64-33 requires Twin Lakes Community, as a CCRC, to maintain an operating reserve equal to 50 % of total operating costs projected for the subsequent year, or 25% of such total operating costs, if our occupancy level exceeds 90%.

Twin Lakes Community has exceeded the 90% occupancy requirement since its first year of operation (1983) and anticipates the occupancy level to continue to exceed the 90% requirement.

The required reserve is based on a modified annual operating expense and occupancy level. Twin Lakes Community meets required reserve requirements now and is projected to continue in that position.

On September 30, 2022, there was \$8,377,650 in cash and operating reserves and a reserve requirement of \$8,357,200.

2022-2023 Projected Total Operating Costs:	\$ 40,694,300
Add Payments of Long-Term Debt	1,385,000
Minus Depreciation and Amortization	<u>(8,650,500)</u>
Operating Reserve Requirement:	
Total Operating Costs for 2022-2023:	\$ 33,428,800
TOTAL Operating Reserve Required as of September 30, 2022 for the 2022-2023 fiscal year: (25% based on occupancy exceeding 90%)	\$ 8,357,200

The responsibility for maintenance of the reserves and the investing of the reserves rests with the President/CEO and the Chief Financial Officer. All investment decisions are shared with the Executive and Finance Committees of the board of directors and subsequently reported to the board of directors.

As of September 30, 2022, Operating Reserve Investments were as follows:

Investment Account:	
Fixed Income Securities	\$ 4,619,759
Equity Securities	3,737,650
Accrued Interest	<u>20,241</u>
	<u>\$ 8,377,650</u>

## **FINANCIAL FORECAST**

The financial forecast included in this Disclosure Statement for the years ending September 30, 2023 through September 30, 2027, includes the following construction during the next five years. There will usually be differences between forecasted and actual construction because the events and circumstances frequently do not occur as expected and those differences may be material.

Description of Construction	Year	Cost
Renovations & Capital Replacement	2023	2,441,000
Site Development	2023	300,000
Deacon Pointe/Memory Care Kitchen Renovation	2023	735,900
Deacon Pointe - Salon/Rehab	2023	90,000
Skilled Nursing Facility Replacement	2023	2,159,000
Renovations & Capital Replacement	2024	2,200,000
Site Development	2024	300,000
Apartment Buildings - IL (Phase 1)	2025	61,300,000
Renovations & Capital Replacement	2025	2,200,000
Site Development	2025	1,031,800
Renovations & Capital Replacement	2026	2,200,000
Site Development	2026	300,000
Renovations & Capital Replacement	2027	2,200,000
Site Development	2027	300,000
		<b>\$ 77,757,700</b>
<i>Less Costs Incurred thru 9-30-22</i>		<i>(5,784,400)</i>
		<b>\$ 71,973,300</b>

Twin Lakes has continually developed and renovated its campus throughout its 40-year history. Twin Lakes uses a master campus plan that projects construction projects up to ten years in the future. Our goal is to maintain the soundness of our facilities and the beauty of our campus, both for current residents and for prospective residents. This forecast also projects we will spend approximately \$2,200,000 each year to renovate existing structures and replace existing equipment. This five-year forecast also includes the replacement renovations to the Deacon Pointe/Moneta Springs kitchens as well as renovating an existing space in Deacon Pointe for a Salon. It further includes the construction of a 48-unit Independent Living Apartment building as well as a Community building and Memorial Garden Chapel. The 48-unit Independent Living Apartment building (Stockton) will be financed through the issuance of tax-exempt bonds.

## **FINANCIAL DATA**

**Financial Overview Statement:** Twin Lakes Community has been operated as a retirement community since 1983. It has a history of fulfilling its obligations to its residents, and to that end has operated in a fiscally conservative manner. Its financial position is strong and the board of directors has an operating philosophy consistent with maintaining that financial strength.

**Certified Financial Statements:** Copies of the certified financial statements for the year ending September 30, 2022 are included as **Attachment 1**.

**Five-Year Projection Statements:** Copies of the Five-Year Projection Statements, Balance Sheet, Statement of Operations, Statement of Cash Flows, and Statement detailing all significant assumptions, including an independent CPA Compilation Statement are included as **Attachment 2**.

**Forecasted versus Actual:** Included as **Attachment 3** is a comparison of ACTUAL Balance Sheet, Statement of Operations, and Statement of Cash Flows for 2021-2022 versus the PROJECTED Balance Sheet, Statement of Operations, and Statement of Cash Flows included in last year's disclosure statement.

**Residency Contract:** A copy of the LRM/Twin Lakes Community Residency Contract is included as **Attachment 4**. *Note: There are two contracts – one for declining refunds and one for 50% refundable contracts.*

### **Interim Financial Statements**

A copy of the LRM Interim Financial Statements as of December 31, 2022 is included as **Attachment 5**.

**LUTHERAN RETIREMENT MINISTRIES  
OF ALAMANCE COUNTY, NORTH CAROLINA  
d/b/a  
TWIN LAKES COMMUNITY  
DISCLOSURE STATEMENT  
ATTACHMENT 1  
CURRENT CERTIFIED FINANCIAL STATEMENT**

**Lutheran Retirement Ministries  
of Alamance County,  
North Carolina**

Audited Financial Statements

September 30, 2022 and 2021

## Contents

Independent Auditors' Report.....	Page 2
Audited Financial Statements:	
Statements of Financial Position .....	4
Statements of Operations .....	6
Statements of Changes in Net Assets .....	7
Statements of Functional Expenses.....	8
Statements of Cash Flows .....	9
Notes to Financial Statements .....	11



## Independent Auditors' Report

January 24, 2023

The Board of Directors  
Lutheran Retirement Ministries of Alamance County, North Carolina  
Burlington, North Carolina

### Opinion

We have audited the accompanying financial statements of Lutheran Retirement Ministries of Alamance County, North Carolina (a nonprofit organization) which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of operations, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lutheran Retirement Ministries of Alamance County, North Carolina as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lutheran Retirement Ministries of Alamance County, North Carolina and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Retirement Ministries of Alamance County, North Carolina's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Lutheran Retirement Ministries of Alamance County, North Carolina 's 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lutheran Retirement Ministries of Alamance County, North Carolina's 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.

*Gillian Bell Moser LLP*

Certified Public Accountants  
Burlington, North Carolina  
January 24, 2023



**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Statements of Financial Position**  
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 17,339,319	\$ 16,643,189
Investments	7,412,233	7,712,440
Accounts receivable - net	1,301,380	980,687
Prepaid expenses	94,021	35,746
Inventory	<u>421,049</u>	<u>372,561</u>
 Total current assets	 <u>26,568,002</u>	 <u>25,744,623</u>
 Assets whose use is limited:		
Cash and cash equivalents	2,376,291	2,193,095
Cash held for state operating reserve	377,711	230,315
Investments	2,772,442	3,359,716
Investments held for state operating reserve	7,979,698	8,294,289
Interest receivable restricted for state operating reserve	<u>20,241</u>	<u>24,221</u>
 Total assets whose use are limited	 <u>13,526,383</u>	 <u>14,101,636</u>
 Other assets:		
Long-term investments	336,378	647,375
Derivative contract	1,428,910	-
Property and equipment - net	<u>152,492,910</u>	<u>152,605,680</u>
 Total other assets	 <u>154,258,198</u>	 <u>153,253,055</u>
 <b>Total assets</b>	 <u><u>\$ 194,352,583</u></u>	 <u><u>\$ 193,099,314</u></u>

The accompanying notes are an integral part of these financial statements.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Statements of Financial Position**  
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Liabilities</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 1,385,000	\$ 1,335,000
Accounts payable	890,689	1,344,020
Construction contracts payable	1,520,947	549,562
Accrued expenses	2,686,802	2,774,942
Current portion of deferred revenue	4,353,942	4,119,927
Deposits on unoccupied units	202,284	251,610
	<u>11,039,664</u>	<u>10,375,061</u>
Total current liabilities		
Long-term debt, excluding current maturities	65,582,483	64,119,056
Deferred revenue	39,996,131	39,801,501
Refundable admission fees	18,295,400	17,926,925
Reserve on derivative contract	-	814,241
	<u>134,913,678</u>	<u>133,036,784</u>
Total liabilities		
<b>Net Assets</b>		
Without donor restrictions:		
Designated by board	17,201,719	18,055,697
Undesignated	37,876,238	37,186,084
	<u>55,077,957</u>	<u>55,241,781</u>
Total without donor restrictions		
With donor restrictions:		
Purpose restriction	1,541,038	1,413,227
Perpetual in nature	2,819,910	3,407,522
	<u>4,360,948</u>	<u>4,820,749</u>
Total with donor restrictions		
Total net assets	<u>59,438,905</u>	<u>60,062,530</u>
<b>Total liabilities and net assets</b>	<u>\$ 194,352,583</u>	<u>\$ 193,099,314</u>

The accompanying notes are an integral part of these financial statements.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Statements of Operations**

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Revenues, Gains and Other Support:</b>		
Admission fees earned	\$ 5,100,082	\$ 5,306,095
Ancillary services	1,567,065	1,245,744
Assisted living	1,836,933	1,807,086
Dietary	382,401	212,684
Home care and adult day care	613,463	491,078
Independent living facilities	13,929,112	13,486,775
Memory care	3,107,658	3,095,774
Nursing care	10,824,070	9,338,885
Other operating revenues from residents	427,763	248,015
Gain on disposal of property and equipment	271,700	6,947
Investment return - net	710,900	610,257
Donations and grants without donor restrictions	<u>227,725</u>	<u>425,057</u>
	38,998,872	36,274,397
Less:		
Medicare and Medicaid contractual adjustments	1,011,301	471,091
Charitable and other contractual allowances	566,100	746,517
Bad debts	<u>30,038</u>	<u>65,019</u>
Total revenues, gains and other support	<u>37,391,433</u>	<u>34,991,770</u>
<b>Operating Expenses:</b>		
Activities and social services	375,040	330,985
Ancillary services	1,061,456	814,280
Assisted living	1,191,434	1,126,443
Home care and adult day care	797,869	620,670
Independent living	2,005,397	1,555,072
Memory care	2,541,353	2,311,296
Nursing services	6,319,668	5,749,525
Support services	9,553,282	7,618,752
Administrative and general	4,155,500	3,681,762
Depreciation	8,119,901	6,767,444
Interest and related fees	<u>2,197,223</u>	<u>690,944</u>
Total operating expenses	<u>38,318,123</u>	<u>31,267,173</u>
<b>Operating income (loss)</b>	<u>\$ (926,690)</u>	<u>\$ 3,724,597</u>

The accompanying notes are an integral part of these financial statements.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Statements of Changes in Net Assets**  
For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Change in Net Assets without Donor Restrictions:</b>		
Operating income (loss)	\$ (926,690)	\$ 3,724,597
Interfund transfers	41,315	49,405
Net unrealized gain (loss) on investments	(1,393,789)	1,416,669
Change in value on derivative contract	2,243,151	997,124
SBA Paycheck Protection Program loan forgiveness	-	2,932,300
Net assets transferred to restrictions	<u>(127,811)</u>	<u>(338,488)</u>
 Increase (decrease) in net assets without donor restrictions	 <u>(163,824)</u>	 <u>8,781,607</u>
<b>Change in Net Assets with Donor Restrictions:</b>		
Interfund transfers	(41,315)	(49,405)
Endowment donations	27,051	17,177
Investment return - net	172,620	262,594
Net unrealized gain (loss) on investments	(745,968)	300,754
Net assets transferred from those without restrictions	<u>127,811</u>	<u>338,488</u>
 Increase (decrease) in net assets with donor restrictions	 <u>(459,801)</u>	 <u>869,608</u>
 <b>Increase (decrease) in net assets</b>	 <b>\$ (623,625)</b>	 <b>\$ 9,651,215</b>
 Net assets - beginning	 <u>60,062,530</u>	 <u>50,411,315</u>
 <b>Net assets - ending</b>	 <b><u>\$ 59,438,905</u></b>	 <b><u>\$ 60,062,530</u></b>

The accompanying notes are an integral part of these financial statements.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Statements of Functional Expenses**

For the Years Ended September 30, 2022 and 2021

	Program Services	Fundraising	Management and General	2022	Program Services	Fundraising	Management and General	2021
Advertising	\$ -	\$ -	\$ 104,865	\$ 104,865	\$ -	\$ -	\$ 97,725	\$ 97,725
Contracted services	2,533	-	-	2,533	-	-	-	-
Contributions	97,666	52,337	-	150,003	107,268	25,124	-	132,392
Depreciation	7,957,503	-	162,398	8,119,901	6,632,095	-	135,349	6,767,444
Employee benefits	3,255,118	10,819	295,980	3,561,917	2,570,545	8,171	261,030	2,839,746
Food purchases	1,006,524	-	-	1,006,524	725,907	-	-	725,907
Insurance	904,250	-	18,454	922,704	871,055	-	17,777	888,832
Interest and related fees	2,153,279	-	43,944	2,197,223	677,125	-	13,819	690,944
Legend drugs	103,418	-	-	103,418	59,251	-	-	59,251
Other expenses	-	24,167	-	24,167	-	25,039	-	25,039
Outside consultants	952,082	-	26,773	978,855	752,108	-	36,604	788,712
Professional fees	-	-	136,909	136,909	-	-	109,832	109,832
Salaries and wages	13,894,170	49,651	1,551,041	15,494,862	11,484,199	40,548	1,385,666	12,910,413
Supplies and other expenses	3,168,310	-	802,531	3,970,841	3,188,123	-	642,306	3,830,429
Utilities	1,512,533	-	30,868	1,543,401	1,372,497	-	28,010	1,400,507
<b>Total expenses</b>	<u>\$ 35,007,386</u>	<u>\$ 136,974</u>	<u>\$ 3,173,763</u>	<u>\$ 38,318,123</u>	<u>\$ 28,440,173</u>	<u>\$ 98,882</u>	<u>\$ 2,728,118</u>	<u>\$ 31,267,173</u>

The accompanying notes are an integral part of these financial statements.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Statements of Cash Flows**

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Cash received from residents and third party payers	\$ 36,090,984	\$ 36,036,384
Investment income received	343,212	240,216
Donations - net	133,722	348,665
Cash paid to suppliers and employees	(28,503,771)	(24,174,599)
Interest paid and related fees	<u>(2,197,223)</u>	<u>(690,944)</u>
Net cash provided by operating activities	<u>5,866,924</u>	<u>11,759,722</u>
<b>Cash Flows from Investing Activities</b>		
Acquisition of property and equipment	(6,907,507)	(33,594,167)
Interest capitalized on construction in progress	(784,011)	(2,236,674)
Proceeds from sale of property and equipment	618,069	12,172
Proceeds from sale of investments	8,184,179	8,786,401
Purchases of investments	<u>(8,235,455)</u>	<u>(9,283,636)</u>
Net cash used in investing activities	<u>(7,124,725)</u>	<u>(36,315,904)</u>
<b>Cash Flows from Financing Activities</b>		
Refundable admission fees received	981,250	333,700
Admission fees refunded	(487,775)	(1,752,945)
Proceeds from Memorial Garden fees	23,750	11,250
Endowment donations	27,051	17,177
Debt proceeds	3,075,247	2,693,721
Principal payments on long-term debt	<u>(1,335,000)</u>	<u>(875,000)</u>
Net cash provided by financing activities	<u>2,284,523</u>	<u>427,903</u>
Net increase (decrease) in cash and cash equivalents	1,026,722	(24,128,279)
Cash and cash equivalents - beginning	<u>19,066,599</u>	<u>43,194,878</u>
<b>Cash and cash equivalents - ending</b>	<u>\$ 20,093,321</u>	<u>\$ 19,066,599</u>
<b>Supplemental disclosures</b>		
Cash paid for interest	\$ 2,683,648	\$ 2,627,266
<b>Supplemental disclosure of non-cash activities</b>		
Acquisition of property and equipment in accounts payable	\$ 1,620,065	\$ 958,083

The accompanying notes are an integral part of these financial statements.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Statements of Cash Flows**

For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ (623,625)	\$ 9,651,215
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Endowment donations	(27,051)	(17,177)
Change in value of derivative contract	(2,243,151)	(997,124)
Memorial Garden earnings	(16,500)	(14,750)
Gain on disposal of property and equipment	(271,700)	(6,947)
Amortization of deferred revenues from admission fees	(5,100,082)	(5,306,095)
Receipt of non-refundable admission fees	5,596,171	7,913,318
Refunds on non-refundable contracts	(249,020)	(404,710)
Proceeds from HHS Provider Relief	-	(708,200)
SBA Paycheck Protection Program loan forgiveness	-	(2,932,300)
Depreciation	8,119,901	6,767,444
Amortization of debt issuance costs	39,062	48,721
Amortization of bond premium	(265,882)	(265,882)
Net unrealized (gain) loss on investments	2,139,757	(1,717,423)
Net realized gain on investments	(575,412)	(662,373)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(316,713)	607,533
Increase in inventory	(48,488)	(23,296)
(Increase) decrease in prepaid expenses	(58,275)	6,428
Decrease in accounts payable	(143,928)	(354,092)
Increase (decrease) in accrued expenses	(88,140)	175,432
Net cash provided by operating activities	<u>\$ 5,866,924</u>	<u>\$ 11,759,722</u>

The accompanying notes are an integral part of these financial statements.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 1: Summary of Significant Accounting Policies**

**Nature of organization** - Lutheran Retirement Ministries of Alamance County, North Carolina, doing business as Twin Lakes Community (the "Community"), provides a continuing care retirement community licensed by the State of North Carolina. The Community consists of 104 nursing care beds, 36 assisted living units, 434 apartments, villas, and garden homes, and 32 memory care beds.

**Financial statement presentation** - The Community is organized by fund for internal accounting purposes. The Operating Fund reflects the general operations of the Community and all other activity not accounted for by the Endowment Fund. The Endowment Fund was established to receive and administer endowed gifts and bequests received by the Community. The resolution by the Board of Directors of the Community establishing the Endowment Fund stipulates that income generated by the Endowment Fund shall be distributed at such times as deemed necessary to enhance the charitable mission of Lutheran Retirement Ministries of Alamance County, North Carolina. The principal amounts of gifts and bequests received are not to be expended.

**Use of accounting estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Cash and cash equivalents** - Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less. The Community maintains its cash balances in Board-designated banks located in North Carolina. There is credit risk exposure for certain cash balances that exceed federally insured limits of \$250,000. The amounts in excess of the FDIC limit totaled \$19,315,729 and \$18,139,762 at September 30, 2022 and 2021, respectively.

**Investments** - Investments in equity securities with readily determinable fair values and all investments in fixed income securities are reported at their fair value. The fair values of investments are determined based upon quoted market prices. Investment income (including both realized gains and losses, interest and dividends) is included in the change in net assets. Other investments, which consist of a venture capital investment and equity securities of a closely held corporation, are also reported at estimated fair value.

It is the general policy of the Community to invest funds with a sense of stewardship for the sake of carrying out its mission and objectives. The funds include those restricted in perpetuity and by purpose as well as Board-designated reserves. Notwithstanding this policy, all restrictions placed by donors on the interest and investment earnings on donated funds will be honored. Investments authorized by organizational policy include debt and equity securities publicly traded in the United States, highly rated cash equivalents and select Board approved investments which are not publicly traded. Allocation of investments across asset classes are managed to achieve long-term objectives of capital preservation and income generation.

**Accounts receivable** - Accounts receivable are stated net of an allowance for doubtful accounts. This allowance is based on management's estimate of the amount of current receivables which will prove to be uncollectible. Amounts are written off against the allowance when deemed uncollectible by management. To help mitigate risk associated with trade receivables, management evaluates each customer's risk prior to extending credit. Management does not believe significant credit risk exists at September 30, 2022 and 2021.

**Inventory** - Inventory consists of operating supplies and is stated at the lower of cost or net realizable value. Cost is determined principally on the first-in, first-out method.



**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 1: Summary of Significant Accounting Policies (continued)**

**Property and equipment** - It is the policy of the Community to capitalize property and equipment over \$2,500; lesser amounts are expensed. Property and equipment are valued at cost less accumulated depreciation. Maintenance and repair costs are charged to expense as incurred. Gains and losses on disposal are reflected in operating income. Donated assets are recorded at their estimated fair value on the date of the donation.

For the years ended September 30, 2022 and 2021, the Community capitalized \$784,011 and \$2,236,674, respectively, of interest incurred during construction of the new healthcare facility. The facility was placed into service in November 2021. Cost of this project was classified as construction in process as of September 30, 2021. Interest was incurred on loans used to finance the project.

Depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings	30 Years
Paving	20 Years
Furniture and equipment	5 - 10 Years
Building renovations and refurbishments	10 - 15 Years
Automobiles	5 Years
Land improvements	20 - 30 Years

The Community periodically assesses the realizability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicate the carrying amount of any asset may not be recoverable.

**Debt issuance costs** - Costs associated with obtaining long-term debt are amortized over the debt period. The costs related to the Series 2019A and 2019B bond issuance have been amortized on the effective interest method for the years ended September 30, 2022 and 2021.

**HHS Provider Relief** - The Health Resources and Services Administration distributed payments to eligible recipients under the Provider Relief Fund, funded through appropriations in the Coronavirus Aid, Relief, and Economic Security Act. As provided by terms and conditions of the agreement, revenue is recognized as funds are expended.

**Admission fees** - Payment of an admission fee is required before a resident acquires the right to reside in an independent living unit. The Community offers two different types of independent living contracts. One contract type provides for an admission fee of which 50% is fully refundable and 50% is refundable on a declining pro rata basis during the first 30 months of occupancy. The other contract type provides for the entire admission fee to be refundable on a declining pro rata basis during the first 30 months of occupancy. After the 30-month period, no portion of the admission fee is refundable.

Similar to an independent living unit, an assisted living unit requires payment of an admission fee before a resident acquires the right to reside in the unit. For this type of contract, the admission fee is refundable on a declining pro rata basis during the first 6 months of occupancy. After the 6-month period, no portion of the admission fee is refundable.

Any refunds due on a residency contract are payable upon the lease of the unit to a subsequent occupant. The Community has elected to classify refundable admission fees as a long-term liability as the amount to be refunded within one year cannot be reasonably estimated.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 1: Summary of Significant Accounting Policies (continued)**

**Derivative instruments** - The Community uses interest rate swap agreements to reduce the exposure to adverse and unanticipated changes in interest rates. The Community does not use derivative instruments for trading or speculative purposes. The fair value of the interest rate swap is included in the statements of financial position as an asset for the year ended September 30, 2022 and a liability for the year ended September 30, 2021. Cash flows are classified as operating, consistent with classification of the hedged item.

**Advertising costs** - The Community expenses advertising costs as incurred. Total advertising costs for the years ended September 30, 2022 and 2021 were \$104,865 and \$97,725, respectively.

**Functional allocation of expenses** - The costs of program and supporting services activities have been summarized on a functional basis in the statements of operations. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Obligation to provide future services** - The Community annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from admission fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from admission fees, a liability is recorded (obligation to provide future services and use of facilities) against the corresponding charge to income. As of September 30, 2022 and 2021, no liability was required to be recorded.

**Net assets** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (i.e. when a stipulated time restriction ends or a purpose restriction is accomplished) in the year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When the restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of changes in net assets as net assets are transferred from restrictions.

**Revenue recognition** - Resident fee revenue is reported in the amount that reflects consideration the Community expects to receive or to have earned in exchange for services provided. Services encompass different levels of care, including Independent Living, Assisted Living, Skilled Nursing and Memory Care. Performance obligations are determined based on the nature of the services provided, and revenue is recognized as performance obligations are satisfied.

Contractual relationships with residents sometimes involve a third-party payor, and transaction prices for these services rendered are dependent upon the terms provided by or negotiated with third-party payors. The Community has agreements with third-party payors that provide for payments to the Community at amounts that are generally less than established rates. The Community determines the transaction price based on its established charges for goods and services less price concessions. Price concessions are contractual adjustments under agreements with third-party payors or residents qualifying for financial assistance.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 1: Summary of Significant Accounting Policies (continued)**

**Revenue recognition (continued)** - Implicit price concessions represent differences between amounts billed and the estimated consideration the Community expects to receive from residents, which are primarily based on historical collection experience. Accordingly, resident fees are reported at the estimated net realizable amounts to be received from residents and third-party payors, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Adjustments are accrued on an estimated basis in the period the related services are rendered and retroactively adjusted in future periods as changes to estimates become known and tentative and final settlement adjustments are identified.

The Community bills residents and third-party payors once a month on the first of the month for services. Resident payments are due the tenth of the month and invoices to third-party payors are due upon receipt. The Community does not adjust revenue for any implicit financing cost associated with credit terms.

The Community requires advance payment for admission fees, which include refundable and non-refundable amounts. The non-refundable portion of an admission fee creates a contract liability for the Community and is recorded as deferred revenue when received. The liability is amortized into revenue over the estimated remaining life expectancy of the resident, which is adjusted on an annual basis.

**Note 2: Available Resources and Liquidity**

The following reflects the Community's financial assets as of year-end, reduced by amounts not available for general use due to Board designations or donor-imposed restrictions.

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 17,339,319	\$ 16,643,189
Investments	7,412,233	7,712,440
Accounts receivable - net	<u>1,301,380</u>	<u>980,687</u>
Financial assets available	26,052,932	25,336,316
Less Board designations	<u>8,732,621</u>	<u>9,506,872</u>
Available resources	<u>\$ 17,320,311</u>	<u>\$ 15,829,444</u>

The Community routinely collects admission and patient fees and has sufficient cash to fund near-term operating expenses. Furthermore, management and the Board monitor public support and revenues through regular review of the budget and other financial information.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 3: Cash and Cash Equivalents**

Cash and cash equivalents are summarized as follows:

	<u>2022</u>	<u>2021</u>
Board designated:		
Medical self-insurance	\$ 202,305	\$ 653,830
Capital reserve	942,413	925,633
Debt service	60,664	41,450
Undesignated	16,133,937	15,022,276
Assets whose use is limited:		
New healthcare facility fund	582,798	548,282
Chapel fund	1,039	1,214
Donations	1,054,368	927,743
Memorial Garden fund	204,180	180,430
Resident assistance - endowment	17,346	20,433
Resident assistance - operating	486,670	485,484
Resident trust funds	803	3,350
State mandated reserve	377,711	230,315
Sullivan Trust	29,087	26,159
Cash and cash equivalents	<u>\$ 20,093,321</u>	<u>\$ 19,066,599</u>

**Note 4: Assets Whose Use is Limited**

The composition of assets whose use is limited is as follows:

	<u>2022</u>	<u>2021</u>
Operating Fund:		
State mandated reserve	\$ 8,377,650	\$ 8,548,825
New healthcare facility fund	582,798	548,282
Resident trust funds	803	3,350
Donations	1,054,368	927,743
Memorial Garden fund	204,180	180,430
Resident assistance	486,670	485,484
Endowment Fund:		
Sullivan Trust	2,090,430	2,572,846
Resident assistance	684,987	780,428
Chapel fund	44,497	54,248
Assets whose use is limited	<u>\$ 13,526,383</u>	<u>\$ 14,101,636</u>

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 5: Property and Equipment**

Property and equipment are summarized as follows:

	<u>2022</u>	<u>2021</u>
Land	\$ 8,661,846	\$ 8,694,791
Land improvements	20,913,614	16,272,185
Buildings	173,858,013	141,098,245
Paving	2,772,470	1,926,890
Furniture and equipment	17,730,921	13,107,450
Construction in progress	<u>5,784,389</u>	<u>57,982,416</u>
Total property and equipment	229,721,253	239,081,977
Less accumulated depreciation	<u>77,228,343</u>	<u>86,476,297</u>
Property and equipment - net	<u>\$ 152,492,910</u>	<u>\$ 152,605,680</u>

**Note 6: Accounts Receivable**

Accounts receivable are summarized as follows:

	<u>2022</u>	<u>2021</u>
Resident services	\$ 1,377,387	\$ 978,940
Sales tax	63,085	160,907
Other	10,000	-
Interest receivable	<u>16,508</u>	<u>21,840</u>
Total accounts receivable	1,466,980	1,161,687
Less allowance for doubtful accounts	<u>165,600</u>	<u>181,000</u>
Accounts receivable - net	<u>\$ 1,301,380</u>	<u>\$ 980,687</u>

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 7: Investments and Fair Value**

**Investments** - The following schedule summarizes the fair value of investments.

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 35,251	\$ 43,341
Board designated:		
Debt service	4,219,461	4,384,929
Capital reserve	3,157,521	3,284,170
Education endowment	226,997	276,951
Deferred compensation	17,933	370,424
Venture capital investment	91,448	-
Assets whose use is limited:		
State mandated reserve	7,979,698	8,294,289
Resident assistance	667,641	759,995
Sullivan Trust	2,061,343	2,546,687
Chapel fund	<u>43,458</u>	<u>53,034</u>
Total investments	<u>\$ 18,500,751</u>	<u>\$ 20,013,820</u>

**Fair value** - Certain assets and liabilities are required to be recognized and disclosed at fair value. A fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3: Unobservable inputs that are supported by little or no market activity. Level 3 assets are those whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with significant unobservable inputs, as well as instruments for which the determination of fair value requires significant judgement or estimation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Community believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at that reporting date.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 7: Investments and Fair Value (continued)**

Fair value measurements at September 30, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Equity securities	\$ 9,193,649	\$ 9,193,649	\$ -	\$ -
Fixed income securities	9,103,542	9,103,542	-	-
Venture capital investment	91,448	-	91,448	-
Closely held company securities	112,112	-	112,112	-
Interest rate swaps	1,428,910	-	1,428,910	-
	<u>\$ 19,929,661</u>	<u>\$ 18,297,191</u>	<u>\$ 1,632,470</u>	<u>\$ -</u>

Fair value measurements at September 30, 2021:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Equity securities	\$ 10,430,283	\$ 10,430,283	\$ -	\$ -
Fixed income securities	9,469,691	9,469,691	-	-
Closely held company securities	113,846	-	113,846	-
	<u>\$ 20,013,820</u>	<u>\$ 19,899,974</u>	<u>\$ 113,846</u>	<u>\$ -</u>
Liabilities:				
Interest rate swaps	<u>\$ 814,241</u>	<u>\$ -</u>	<u>\$ 814,241</u>	<u>\$ -</u>

Level 2 assets at September 30, 2022 consist of an investment in common stock of a private, closely held entity, investment in a venture capital fund and interest rate swaps. Fair value of the closely held security has been estimated based upon net book value as reported in the entity's audited financial statements. Fair value of the venture capital investment is based upon initial acquisition cost and is adjusted for the Community's proportionate share of income or loss. Interest rate swaps, representing an asset as of September 30, 2022 and a liability as of September 30, 2021, have been valued on the "income approach" within the meaning of ASC 820, *Fair Value Measurements and Disclosures*. This involves using (i) quoted prices for economically equivalent swaps, or (ii) valuation methodologies, assumptions and inputs, which in the case of projected future cash flows, discount such cash flows to a single net present value amount.

The Community incurred investment fees in the amount of \$118,320 and \$104,898 during the years ended September 30, 2022 and 2021, respectively.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 8: Reconciliation of Endowment Funds**

Changes in endowment net assets, for the years ended September 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>Board Designated</u>	<u>With Donor Restriction</u>
Endowment net assets - beginning	\$ 3,690,866	\$ 283,344	\$ 3,407,522
Contributions and bequests	27,051	-	27,051
Interest and dividends	136,406	32,782	103,624
Fees	(31,122)	(2,696)	(28,426)
Net realized and unrealized losses	(729,546)	(81,000)	(648,546)
Appropriation of endowment assets	<u>(41,315)</u>	<u>-</u>	<u>(41,315)</u>
Endowment net assets - ending	<u>\$ 3,052,340</u>	<u>\$ 232,430</u>	<u>\$ 2,819,910</u>
	<u>2021</u>	<u>Board Designated</u>	<u>With Donor Restriction</u>
Endowment net assets - beginning	\$ 3,098,734	\$ 222,332	\$ 2,876,402
Contributions and bequests	17,177	-	17,177
Interest and dividends	76,458	4,380	72,078
Fees	(29,515)	(2,600)	(26,915)
Net realized and unrealized gains	577,417	59,232	518,185
Appropriation of endowment assets	<u>(49,405)</u>	<u>-</u>	<u>(49,405)</u>
Endowment net assets - ending	<u>\$ 3,690,866</u>	<u>\$ 283,344</u>	<u>\$ 3,407,522</u>

**Note 9: Deferred Gifts**

The Community has been designated as the beneficiary of a number of life insurance policies, gift annuities and charitable remainder trusts. As of September 30, 2022 and 2021 the gross amount of gifts made was approximately \$1,270,000, and the estimated present value of the gifts was approximately \$579,000 and \$571,000, respectively. In most cases, donors have the ability to stipulate terms of the giving, thus adding an element of uncertainty regarding present value and beneficiary status. It is management's opinion that these deferred gifts are conditional, and accordingly have not been recorded in the financial statements.

**Note 10: Interfund Payable**

At September 30, 2022 and 2021 the Community had an interfund payable due to the Operating Fund from the Endowment Fund in the amount of \$35,251 and \$43,341, respectively.



**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 11: Accrued Expenses**

Accrued expenses consist of the following:

	2022	2021
Accrued interest	\$ 535,706	\$ 535,750
Salaries and wages	280,155	239,689
Paid annual leave	1,267,876	1,079,086
Profit sharing contribution	386,364	378,462
Deferred compensation	38,433	389,924
Payroll taxes	3,268	2,031
Self-insured medical claims	175,000	150,000
Accrued expenses	\$ 2,686,802	\$ 2,774,942

**Note 12: Paid Annual Leave**

The Community's employees are allowed to accumulate paid annual leave up to a maximum 60 days as of September 30 each year. Paid annual leave is payable when the leave is taken or upon the favorable termination of the employee. The Community recorded a liability of \$1,267,876 and \$1,079,086 for accrued paid annual leave at September 30, 2022 and 2021, respectively.

**Note 13: Reserve on Derivative Contracts**

The Community has three interest rate swap agreements, measured at fair value in Note 7, to minimize exposure from interest rate changes on its floating rate long-term debt. This enables the Community to maintain a synthetic fixed rate on a significant portion of its overall long-term debt. This type of hedging activity has been recorded as a cash flow hedge with the change in value on the derivative contracts recorded in the statements of changes in net assets. The swap agreements are structured as follows:

Notional Amount	Effective Date	Maturity Date	Pay Rate	Receive Rate
\$ 5,950,000	10/10/2007	01/01/2018	3.556%	63% of one-month LIBOR plus 0.3%
\$ 8,175,000	10/09/2019	01/01/2034	1.232%	79% of one-month LIBOR
\$ 5,795,000	06/01/2021	01/01/2034	1.203%	79% of one-month LIBOR

The notional amounts amortize steadily to maturity.

The Community is exposed to credit risk if the counterparty to an interest rate swap fails to meet the terms and obligations of its contracts. The Community mitigates credit risk by entering into transactions with highly rated counterparties.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 14: Deferred Revenue**

Changes in deferred revenue, for the years ended September 30, 2022 and 2021, are as follows:

	<u>2022</u>	<u>Admission Fees</u>	<u>Memorial Garden</u>
Deferred revenue - beginning	\$ 43,921,428	\$ 43,802,678	\$ 118,750
Deposits received	5,669,247	5,645,497	23,750
Deposits refunded	(249,020)	(249,020)	-
Deposits earned	<u>(4,991,582)</u>	<u>(4,975,082)</u>	<u>(16,500)</u>
Deferred revenue - ending	44,350,073	44,224,073	126,000
Less current portion	<u>4,353,942</u>	<u>4,353,942</u>	<u>-</u>
Deferred revenue – long-term portion	<u>\$ 39,996,131</u>	<u>\$ 39,870,131</u>	<u>\$ 126,000</u>
	<u>2021</u>	<u>Admission Fees</u>	<u>Memorial Garden</u>
Deferred revenue - beginning	\$ 41,636,536	\$ 41,514,286	\$ 122,250
Deposits received	8,002,557	7,991,307	11,250
Deposits refunded	(404,710)	(404,710)	-
Deposits earned	<u>(5,312,955)</u>	<u>(5,298,205)</u>	<u>(14,750)</u>
Deferred revenue - ending	43,921,428	43,802,678	118,750
Less current portion	<u>4,119,927</u>	<u>4,119,927</u>	<u>-</u>
Deferred revenue – long-term portion	<u>\$ 39,801,501</u>	<u>\$ 39,682,751</u>	<u>\$ 118,750</u>

**Note 15: SBA Paycheck Protection Program Loan**

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was passed into law. One of the provisions of this law is the Paycheck Protection Program ("PPP"), which guarantees loans from the Small Business Administration ("SBA") for organization payroll and other, qualifying business expenses. If certain requirements are met, these loans can be forgiven.

In April 2020, the Community received an SBA PPP loan totaling \$2,932,300 with an interest rate of 1% and a scheduled maturity of April 2022. Management filed for loan forgiveness and in September 2021, the total loan amount was forgiven. The SBA PPP loan balance was recorded as loan forgiveness income for the year ended September 30, 2021 since the Community was released from repayment obligations and the loan was legally forgiven. The loan forgiveness income has been included as a separate addition to net assets in the statements of changes in net assets.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 16: Long-Term Debt**

Long-term debt consists of the following:

	<u>2022</u>	<u>2021</u>
In October 2019, the North Carolina Medical Care Commission (the "Commission") issued \$42,860,000 of tax-exempt revenue bonds and lent the proceeds to the Community. These Series 2019A public fixed rate bonds were issued at a premium of \$6,361,157. Interest is fixed at 5.0% (effective rate of 4.45% after amortization of bond premium and debt issuance costs). Interest is payable monthly at the fixed rate to the Interest Account. Beginning January 2034, monthly payments are due to the Sinking Fund Account for amounts required to retire bonds as they mature between 2038 and 2049. The loan is secured by a deed of trust on property and equipment.	\$ 48,423,511	\$ 48,689,393
In October 2019, the North Carolina Medical Care Commission issued \$23,025,000 of tax-exempt revenue bonds for the purpose of lending the proceeds to the Community. The Community may draw up to the aggregate principal amount of the bonds according to terms of a trust agreement between the Commission and a trustee. \$16,792,100 of these Series 2019B bank placement bonds were drawn at closing to fund repayment of a prior debt obligation and certain issuance fees. Additional amounts were drawn to fund a capital project. Interest is payable monthly at a variable rate equal to 79% of One-Month LIBOR plus 0.77%. Annual principal payments are scheduled through a maturity date of 2034. \$1,385,000 is payable in fiscal year 2023. The loan is secured by a deed of trust on property and equipment.	<u>19,496,068</u>	<u>17,755,821</u>
Total debt	67,919,579	66,445,214
Less current maturities	1,385,000	1,335,000
Less unamortized debt issuance costs	<u>952,096</u>	<u>991,158</u>
Long-term debt - net	<u>\$ 65,582,483</u>	<u>\$ 64,119,056</u>

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 16: Long-Term Debt (continued)**

Scheduled principal maturities of long-term debt at September 30, 2022 are as follows:

2023	\$	1,385,000
2024		1,435,000
2025		1,490,000
2026		1,545,000
2027		1,605,000
Thereafter		<u>60,459,579</u>
Total maturities	<u>\$</u>	<u>67,919,579</u>

The Community has various financial covenants relating to the aforementioned debt. As of September 30, 2022, all financial covenants were met.

**Note 17: Assets Whose Use is Limited for State Mandated Reserve**

North Carolina General Statute 58-64-33 requires the establishment of an operating reserve equal to 50% of the total operating costs projected by the Community for the next twelve-month period. If occupancy is in excess of 90%, the operating reserve requirement decreases to 25% of total operating costs. Total operating costs include debt service and exclude depreciation. If debt service is accounted for by way of another reserve account, it may be excluded from operating costs. The operating reserve cannot be expended without written approval of the State of North Carolina.

The Community's operating reserve requirement as of September 30, 2022 was \$8,377,650, based upon occupancy which exceeded 90% at that time, and projected 2022-2023 operating costs of \$33,510,600. The operating reserve balance at September 30, 2022 was \$8,377,650.

The Community's operating reserve requirement as of September 30, 2021 was \$8,548,825, based upon occupancy which exceeded 90% at that time, and projected 2021-2022 operating costs of \$34,195,300. The operating reserve balance at September 30, 2021 was \$8,548,825.

**Note 18: Net Assets Designated by Board**

The following is a summary of Board designated net assets:

	<u>2022</u>	<u>2021</u>
Operating Fund:		
Self-insurance	\$ 27,305	\$ 503,830
Capital reserve	4,106,407	4,219,201
Debt service	4,288,299	4,438,817
Memorial Garden	78,180	61,680
State mandated reserve	8,377,650	8,548,825
Venture capital investment	91,448	-
Endowment Fund:		
Education endowment	<u>232,430</u>	<u>283,344</u>
Board designated net assets	<u>\$ 17,201,719</u>	<u>\$ 18,055,697</u>

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 19: Net Assets with Donor Restrictions**

The following describes net assets restricted by donor with time restrictions:

Sullivan Trust - During the year ended September 30, 1988, the Community received a bequest from the estates of James and Beulah Sullivan. The will of James Sullivan requires that the bequest be held in trust for the benefit of the Community with the income generated by the trust to be delivered to the Community at least annually. The fair value of these net assets at September 30, 2022 and 2021 total \$2,090,426 and \$2,572,846, respectively.

Chapel Fund - Contributions have been made to the Chapel Endowment Fund, for the benefit of chapel maintenance. The assets of the fund are held in perpetuity. The fair value at September 30, 2022 and 2021 was \$44,497 and \$54,248, respectively.

Resident Assistance Fund - Contributions have been made to the Resident Assistance Fund, for the benefit of the Community's residents. Assets of the fund are held in perpetuity. The fair value at September 30, 2022 and 2021 was \$684,987 and \$780,428, respectively.

The following is a summary of net assets restricted by donor for purpose:

	2022	2021
Resident assistance - operating	\$ 486,670	\$ 485,484
Donations	1,054,368	927,743
Net assets restricted by donor for purpose	<u>\$ 1,541,038</u>	<u>\$ 1,413,227</u>

**Note 20: Retirement Plan**

The Community maintains a defined contribution retirement plan covering substantially all of its full-time employees. Effective October 1, 2013, the Community adopted Safe Harbor provisions, requiring a three percent annual employer contribution, with additional employer contributions allowed, as approved by the Board of Directors. The Board elected to make contributions of four percent of eligible compensation totaling \$386,364 and \$378,462 for the years ended September 30, 2022 and 2021, respectively.

During the year ended September 30, 2015 the Board of Directors established a supplemental benefit deferred compensation plan under IRS Code Section 457(f). Under terms of the plan, the Board may decide each year to make discretionary contributions for the benefit of select employees. The approved benefits are payable on a specified distribution date selected by the Board. Benefits under the plan generally vest on the specified distribution date to employees still employed on that date. The Board approved contributions to the Plan for the years ended September 30, 2022 and 2021 of \$20,500 and \$19,500, respectively. The amount funded totaled \$19,500 and \$55,000 during the years ended September 30, 2022 and 2021, respectively.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 21: Self-Insured Medical Insurance Plan**

The Community maintains an employee benefits plan to provide substantially all employees with medical benefits. The plan obtains insurance from commercial carriers to cover payments under the plan in excess of \$90,000 per individual per plan year, same as in 2021. Self-insured medical claims, net of employee contributions, were \$2,026,402 and \$1,740,837 for the years ended September 30, 2022 and 2021, respectively. Claims accrued at September 30, 2022 and 2021 were \$175,000 and \$150,000, respectively.

**Note 22: Risk Management**

The Community is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Community has in place insurance coverage for possible litigation in the ordinary course of business related to professional liability claims. Management believes that claims, if asserted, would be settled within the limits of coverage, which is on an occurrence basis.

As discussed in Note 13, the Community has entered interest rate swap agreements to minimize exposure to changes in interest rates on its long-term debt. The swap agreements have been recorded on the statements of financial position at their fair value, and any changes in fair value have been recorded in the statements of changes in net assets.

**Note 23: Contingencies**

Contracts between the Community and its residents provide for a refund of a portion of the resident's admission fee if the resident leaves during the first thirty months of occupancy. In addition, contracts between the Community and its independent living residents provide that 50% of the admission fee will be refundable. Contracts provide for the refund to be payable when the dwelling unit is re-leased to another resident. Until November 7, 2019, the 50% refundable contracts provided for the refund to be payable when the resident no longer resided at the Community.

The total amount of contractual refund obligations was \$24,758,213 and \$28,271,145 at September 30, 2022 and 2021, respectively. Of the total amount, \$18,295,400 and \$17,926,925 are for the 50% refundable admission fees at September 30, 2022 and 2021, respectively.

Revenues received under cost reimbursement and prospective payment agreements with Medicare and Medicaid are subject to audit and retroactive adjustment by third-party payors. Such audits can result in the payment to or receipt from the intermediary of additional funds. Management believes that audit adjustments, if any, will be immaterial.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 24: Operating Leases**

The Community has leases for equipment, which are classified as operating leases. Rent expense for operating leases was \$55,787 and \$53,106 for the years ended September 30, 2022 and 2021, respectively.

Future minimum lease payments under non-cancelable operating leases with initial or remaining terms in excess of one year are as follows:

2023	\$	36,709
2024		36,709
2025		<u>15,296</u>
Total minimum lease payments	<u>\$</u>	<u>88,714</u>

**Note 25: Concentrations of Credit Risk**

The Community grants credit without collateral to its residents. Concentrations of credit risk with respect to resident accounts are limited due to the large number of individual accounts and agreements with third party payors. The Community has certain accounts receivable whose collectability is dependent upon performance of the Medicare and Medicaid programs. Management does not believe there are significant credit risks associated with these governmental programs.

**Note 26: Tax Status**

The Community is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state laws. Therefore, no income taxes are reflected in the accompanying financial statements. Management is unaware of any uncertain tax position in the financial statements that would jeopardize the Community's tax-exempt status or otherwise requires disclosure.

**Note 27: Construction Commitments**

The Community has commitments for construction projects in connection with building and improvement additions, including construction of a new healthcare facility. The cost to complete projects at September 30, 2022 and 2021 was \$3,009,510 and \$4,937,422, respectively.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 28: Resident Fee Income**

Net resident fee income consists of the following:

	<u>2022</u>	<u>2021</u>
Residency fees at normal rates:		
Admission fees earned	\$ 5,100,082	\$ 5,306,095
Ancillary service	1,567,065	1,245,744
Assisted living	1,836,933	1,807,086
Dietary sales to residents	286,951	158,139
Home care and adult day care	613,463	491,078
Independent living	13,929,112	13,486,775
Memory care	3,107,658	3,095,774
Nursing care	10,824,070	9,338,885
Other operating revenues from residents	<u>427,763</u>	<u>248,015</u>
Total residency fees at normal rates	37,693,097	35,177,591
Less adjustments:		
Medicare and Medicaid contractual adjustments	1,011,301	471,091
Charitable and other contractual adjustments	566,100	746,517
Bad debts	<u>30,038</u>	<u>65,019</u>
Net resident fee income	<u>\$ 36,085,658</u>	<u>\$ 33,894,964</u>

**Note 29: Charity Care and Community Benefit**

The Community provides nursing care to residents under Medicaid. Reimbursements under the Medicaid program are less than the Community's cost of providing these services. In addition, the Community provides other charitable care through the forgiveness of admission and monthly fees in cases of financial need.

The Community provides additional community benefit through participation in various community outreach and education programs. The Community also donates the volunteer services of its employees to various charitable organizations in the community.



**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Notes to Financial Statements**  
September 30, 2022 and 2021

**Note 29: Charity Care and Community Benefit (continued)**

Charity care and community benefit are valued at cost and are summarized as follows.

	2022	2021
Charity care:		
Unreimbursed costs under Medicaid	\$ 1,971,597	\$ 1,528,419
Forgiven monthly and daily fees	508,728	359,991
Bad debt	73,130	82,027
Total charity care	2,553,455	1,970,437
Community benefit:		
Expenses incurred by the Community to provide health, recreation, community research, and education activities to the community at large	2,444	4,263
Charitable donations	160,297	107,507
Donated volunteer services and space to community service projects and organizations	65,758	51,934
Total charity care and community benefit	\$ 2,781,954	\$ 2,134,141

**Note 30: Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses allocated based on estimates of time and effort include salaries and related benefits, outside consultants, supplies, and other expenses. Expenses allocated based on a calculation of space used by the Community include depreciation, insurance, interest, and utilities.

**Note 31: Reclassification of Prior Year Presentation**

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported financial position, results of operation or cash flows. Changes in operating assets and liabilities as presented on the statements of cash flow for the year ended September 30, 2021 are shown in greater detail. Additionally, the amount of cash paid for interest presented in the statements of cash flows was updated for the year ended September 30, 2021.

**Note 32: Subsequent Events**

The Community has evaluated events and transactions that occurred between September 30, 2022 and January 24, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

In December 2022, the North Carolina Medical Care Commission issued \$58,100,000 in direct bank placement bonds, the proceeds of which will be loaned to the Community to assist with construction financing on a new apartment home development. The Community entered a contract with a general contractor to construct the apartment home development and provided the contractor with notice to proceed on the project in December 2022. The agreed contract sum is in an amount not to exceed \$52,526,670, before change orders. Project completion is anticipated to be July 2024.

**LUTHERAN RETIREMENT MINISTRIES  
OF ALAMANCE COUNTY, NORTH CAROLINA  
d/b/a  
TWIN LAKES COMMUNITY  
DISCLOSURE STATEMENT  
ATTACHMENT 2  
FIVE YEAR PROJECTION STATEMENT**

**Lutheran Retirement Ministries  
Of Alamance County,  
North Carolina**

Financial Forecasts

For the Years Ending September 30, 2023  
through September 30, 2027

## Contents

Accountants' Compilation Report.....	Page 2
Financial Statements:	
Exhibit A Forecasted Statements of Financial Position .....	3
Exhibit B Forecasted Statements of Operations.....	4
Exhibit C Forecasted Statements of Cash Flows.....	5
Exhibit D Summary of Significant Forecast Assumptions and Accounting Policies .....	6



Gilliam Bell Moser<sup>LLP</sup>  
we hear you

## Accountants' Compilation Report

The Board of Directors  
Lutheran Retirement Ministries of Alamance County, North Carolina  
Burlington, North Carolina

We have compiled the accompanying forecasted statements of financial position, statements of operations, statements of cash flows, and summary of significant forecast assumptions and accounting policies of Lutheran Retirement Ministries of Alamance County, North Carolina as of September 30, 2023 through September 30, 2027 and for the years then ending, in accordance with attestation standards established by the American Institute of Certified Public Accountants.

A compilation is limited to presenting, in the form of a forecast, information that is the representation of management and does not include evaluation of the support for the assumptions underlying the forecast. We have not examined the forecast and, accordingly, do not express an opinion or any other form of assurance on the accompanying statements or assumptions. Furthermore, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying forecast and this report were prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64 and should not be used for any other purpose.

*Gilliam Bell Moser LLP*

Certified Public Accountants  
February 17, 2023



## Lutheran Retirement Ministries of Alamance County, North Carolina

## Forecasted Statements of Financial Position

September 30, 2023 through September 30, 2027

	2023	2024	2025	2026	2027
<b>CURRENT ASSETS:</b>					
CASH AND CASH EQUIVALENTS	\$ 28,001,800	\$ 64,040,000	\$ 21,678,000	\$ 24,613,500	\$ 27,430,100
INVESTMENTS	7,782,800	8,171,900	8,580,500	9,009,500	9,460,000
ACCOUNTS RECEIVABLE - NET	1,365,600	1,448,700	1,656,400	1,660,500	1,718,500
ACCRUED INTEREST RECEIVABLE	98,700	103,600	108,800	114,200	119,900
INVENTORY	442,100	464,200	487,400	511,800	537,400
<b>TOTAL CURRENT ASSETS</b>	<b>37,691,000</b>	<b>74,228,400</b>	<b>32,511,100</b>	<b>35,909,500</b>	<b>39,265,900</b>
<b>ASSETS WHOSE USE IS LIMITED :</b>					
CASH AND CASH EQUIVALENTS - DONATIONS	1,827,000	1,911,100	1,997,800	2,087,100	2,179,200
INVESTMENTS - RESTRICTED OPERATING RESERVE	8,742,800	9,202,000	9,698,200	10,308,400	10,823,800
LONG-TERM INVESTMENTS - ENDOWMENT	2,904,500	2,991,600	3,081,300	3,173,700	3,268,900
<b>TOTAL ASSETS WHOSE USE IS LIMITED</b>	<b>13,474,300</b>	<b>14,104,700</b>	<b>14,777,300</b>	<b>15,569,200</b>	<b>16,271,900</b>
<b>OTHER ASSETS :</b>					
LONG-TERM INVESTMENTS	370,000	405,400	442,200	480,300	519,800
PROPERTY AND EQUIPMENT - NET	147,966,600	141,889,400	192,897,500	184,989,700	177,281,200
RESERVE ON DERIVATIVE CONTRACT	1,428,900	1,428,900	1,428,900	1,428,900	1,428,900
DEFERRED BOND COSTS - NET	1,566,100	1,486,100	1,406,100	1,326,100	1,246,100
<b>TOTAL OTHER ASSETS</b>	<b>151,331,600</b>	<b>145,209,800</b>	<b>196,174,700</b>	<b>188,225,000</b>	<b>180,476,000</b>
<b>TOTAL ASSETS</b>	<b>\$ 202,496,900</b>	<b>\$ 233,542,900</b>	<b>\$ 243,463,100</b>	<b>\$ 239,703,700</b>	<b>\$ 236,013,800</b>
<b>CURRENT LIABILITIES:</b>					
CURRENT MATURITIES OF LONG-TERM DEBT	\$ 1,385,000	\$ 1,435,000	\$ 13,490,000	\$ 2,545,000	\$ 2,528,300
ACCOUNTS PAYABLE	1,128,000	1,173,700	1,213,200	1,242,800	1,267,700
ACCRUED EXPENSES	2,821,100	2,962,200	3,110,300	3,265,800	3,429,100
DEPOSITS ON UNOCCUPIED UNITS	202,300	151,700	151,700	151,700	159,300
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,536,400</b>	<b>5,722,600</b>	<b>17,965,200</b>	<b>7,205,300</b>	<b>7,384,400</b>
LONG-TERM DEBT, EXCLUDING CURRENT MATURITIES	69,936,100	101,451,100	88,006,100	96,406,100	93,894,500
LONG-TERM DEBT, BOND PREMIUM	5,297,600	5,031,700	4,765,800	4,499,900	4,234,000
DEFERRED REVENUE FROM ADMISSION FEES - REFUNDABLE	7,645,800	7,263,500	6,537,200	5,556,600	4,445,300
DEFERRED REVENUE FROM ADMISSION FEES - NON-REFUNDABLE	36,517,000	36,660,200	48,810,100	49,836,300	50,095,500
REFUNDABLE ADMISSION FEES	17,995,400	17,695,400	17,395,400	17,395,400	17,395,400
<b>TOTAL LIABILITIES</b>	<b>142,928,300</b>	<b>173,824,500</b>	<b>183,479,800</b>	<b>180,899,600</b>	<b>177,449,100</b>
<b>NET ASSETS:</b>					
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS:</b>					
DESIGNATED BY BOARD FOR SELF-INSURANCE	28,700	30,100	31,600	33,200	34,900
DESIGNATED BY BOARD FOR ENDOWMENT	239,400	246,600	254,000	261,600	269,400
DESIGNATED BY BOARD FOR CAPITAL RESERVE	3,981,200	3,860,800	3,738,000	3,612,800	3,685,100
DESIGNATED BY BOARD FOR DEBT SERVICE	4,450,200	4,628,200	4,813,300	5,005,800	5,206,000
DESIGNATED BY BOARD FOR RESTRICTED OPERATING RESERVE	8,742,800	9,202,000	9,698,200	10,308,400	10,823,800
UNDESIGNATED	37,394,800	36,848,000	36,369,100	34,321,500	33,097,400
<b>TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>54,837,100</b>	<b>54,815,700</b>	<b>54,904,200</b>	<b>53,543,300</b>	<b>53,116,600</b>
<b>NET ASSETS WITH DONOR RESTRICTIONS:</b>					
PURPOSE RESTRICTION	1,827,000	1,911,100	1,997,800	2,087,100	2,179,200
PERPETUAL IN NATURE	2,904,500	2,991,600	3,081,300	3,173,700	3,268,900
<b>TOTAL NET ASSETS</b>	<b>59,568,600</b>	<b>59,718,400</b>	<b>59,983,300</b>	<b>58,804,100</b>	<b>58,564,700</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 202,496,900</b>	<b>\$ 233,542,900</b>	<b>\$ 243,463,100</b>	<b>\$ 239,703,700</b>	<b>\$ 236,013,800</b>

See accompanying summary of significant forecast assumptions and accounting policies and accountants' compilation report.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Forecasted Statements of Operations**

For the Years Ending September 30, 2023 through 2027

	2023	2024	2025	2026	2027
REVENUES, GAINS AND OTHER SUPPORT:					
NURSING CARE	\$ 11,877,000	\$ 12,401,300	\$ 12,929,300	\$ 13,494,500	\$ 14,026,500
MEMORY CARE	3,508,800	3,661,100	3,793,500	3,946,800	4,108,300
ASSISTED LIVING	2,266,600	2,382,900	2,478,300	2,577,300	2,680,300
INDEPENDENT LIVING	15,386,900	16,025,800	17,773,800	18,744,300	20,015,300
ADMISSION FEES EARNED	5,287,200	5,389,700	5,476,400	5,454,400	5,544,500
ANCILLARIES	1,720,900	2,007,800	2,090,400	2,180,200	2,266,900
HOME CARE AND ADULT DAY SERVICES	801,000	1,044,100	1,087,000	1,133,700	1,178,800
DIETARY	444,000	568,500	614,100	644,800	680,800
OTHER OPERATING REVENUES	488,000	430,900	462,200	484,500	510,400
INVESTMENT EARNINGS	647,800	864,800	1,340,800	733,700	781,300
NET UNREALIZED GAIN ON INVESTMENTS	7,000	7,200	7,400	7,600	7,800
DONATIONS	160,000	166,400	173,100	180,000	187,200
<b>TOTAL</b>	<b>42,595,200</b>	<b>44,950,500</b>	<b>48,226,300</b>	<b>49,581,800</b>	<b>51,988,100</b>
LESS MEDICARE AND MEDICAID CONTRACTURAL ADJUSTMENTS	1,368,700	1,991,200	2,310,100	2,339,400	2,514,300
LESS CHARITABLE AND OTHER CONTRACTURAL ALLOWANCES	562,100	603,200	647,100	678,400	714,500
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>40,664,400</b>	<b>42,356,100</b>	<b>45,269,100</b>	<b>46,564,000</b>	<b>48,759,300</b>
OPERATING EXPENSES:					
NURSING CARE	5,182,900	5,390,200	5,605,800	5,810,000	6,017,400
MEMORY CARE	2,799,300	2,911,300	3,027,800	3,148,900	3,274,900
DIETARY	2,721,100	2,829,900	2,943,100	3,035,800	3,127,200
HOUSEKEEPING	647,500	673,400	700,300	728,300	757,400
LAUNDRY	201,500	209,600	218,000	226,700	235,800
PHARMACY	97,000	100,900	104,900	109,100	113,500
THERAPIES	912,500	1,004,600	1,038,400	1,067,000	1,123,300
SOCIAL SERVICES	185,800	193,200	200,900	208,900	217,300
ACTIVITIES	227,800	236,900	246,400	256,300	266,600
NURSING ADMINISTRATION / MEDICAL RECORDS	1,233,900	1,283,300	1,334,600	1,388,000	1,443,500
MAINTENANCE	4,114,200	4,278,800	4,490,000	4,678,600	4,840,700
GROUPS	1,218,500	1,267,200	1,327,900	1,381,000	1,431,200
SECURITY	629,700	654,900	681,100	708,300	736,600
ADMINISTRATION AND GENERAL	3,836,500	3,990,000	4,174,600	4,346,600	4,500,500
PASTORAL SERVICES	129,600	134,800	140,200	145,800	151,600
ASSISTED LIVING	1,235,300	1,284,700	1,336,100	1,389,500	1,445,100
TERRACE CAFE	570,000	592,800	616,500	641,200	666,800
INDEPENDENT LIVING	2,036,100	2,117,500	2,222,200	2,316,100	2,403,700
SALES AND MARKETING	582,500	605,800	630,000	655,200	681,400
DEVELOPMENT AND OUTREACH	277,000	288,100	299,600	311,600	324,100
HOME CARE AND ADULT DAY CARE	888,400	1,044,100	1,087,000	1,133,700	1,178,800
BEAUTY AND BARBER	82,700	86,000	89,400	93,000	96,700
INTEREST EXPENSE	2,234,000	2,358,200	2,803,100	3,468,200	3,671,300
AMORTIZATION	80,000	80,000	80,000	80,000	80,000
DEPRECIATION	8,495,500	8,677,200	9,696,000	10,507,800	10,308,500
<b>TOTAL OPERATING EXPENSES</b>	<b>40,619,300</b>	<b>42,293,400</b>	<b>45,093,900</b>	<b>47,835,600</b>	<b>49,093,900</b>
<b>OPERATING INCOME (LOSS)</b>	<b>45,100</b>	<b>62,700</b>	<b>175,200</b>	<b>(1,271,600)</b>	<b>(334,600)</b>
CHANGES IN NET ASSETS PERPETUAL IN NATURE:					
NET UNREALIZED GAIN ON INVESTMENTS	84,600	87,100	89,700	92,400	95,200
<b>TOTAL INCREASE (DECREASE) IN NET ASSETS</b>	<b>\$ 129,700</b>	<b>\$ 149,800</b>	<b>\$ 264,900</b>	<b>\$ (1,179,200)</b>	<b>\$ (239,400)</b>
NET ASSETS - BEGINNING OF YEAR	59,438,900	59,568,600	59,718,400	59,983,300	58,804,100
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 59,568,600</b>	<b>\$ 59,718,400</b>	<b>\$ 59,983,300</b>	<b>\$ 58,804,100</b>	<b>\$ 58,564,700</b>

See accompanying summary of significant forecast assumptions and accounting policies and accountants' compilation report.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Forecasted Statements of Cash Flows**

For the Years Ending September 30, 2023 through 2027

	2023	2024	2025	2026	2027
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
CASH RECEIVED FROM RESIDENTS AND THIRD PARTY PAYORS	\$ 34,498,200	\$ 35,844,900	\$ 38,063,700	\$ 40,184,200	\$ 42,180,500
INVESTMENT INCOME RECEIVED	663,400	859,900	1,335,600	728,300	775,600
DONATIONS RECEIVED	160,000	166,400	173,100	180,000	187,200
CASH PAID TO SUPPLIERS AND EMPLOYEES	(29,459,200)	(31,013,300)	(32,350,400)	(33,618,900)	(34,871,500)
INTEREST PAID	(2,499,900)	(2,624,100)	(3,069,000)	(3,734,100)	(3,937,200)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,362,500</b>	<b>3,233,800</b>	<b>4,153,000</b>	<b>3,739,500</b>	<b>4,334,600</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
PURCHASE OF INVESTMENTS	(3,980,200)	(876,500)	(934,200)	(1,069,700)	(997,600)
ACQUISITION OF PROPERTY AND EQUIPMENT	(5,490,100)	(2,600,000)	(60,704,100)	(2,600,000)	(2,600,000)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(9,470,300)</b>	<b>(3,476,500)</b>	<b>(61,638,300)</b>	<b>(3,669,700)</b>	<b>(3,597,600)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
ADMISSION FEES RECEIVED	5,600,000	5,300,000	17,100,000	6,000,000	5,200,000
ADMISSION FEES REFUNDED	(800,000)	(500,000)	(500,000)	(500,000)	(500,000)
BOND ISSUANCE COST	(694,000)	-	-	-	-
PROCEEDS OF LONG-TERM DEBT	13,500,000	33,000,000	12,100,000	-	-
PAYMENTS OF LONG-TERM DEBT	(1,385,000)	(1,435,000)	(13,490,000)	(2,545,000)	(2,528,300)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>16,221,000</b>	<b>36,365,000</b>	<b>15,210,000</b>	<b>2,955,000</b>	<b>2,171,700</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>10,113,200</b>	<b>36,122,300</b>	<b>(42,275,300)</b>	<b>3,024,800</b>	<b>2,908,700</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>19,715,600</b>	<b>29,828,800</b>	<b>65,951,100</b>	<b>23,675,800</b>	<b>26,700,600</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 29,828,800</b>	<b>\$ 65,951,100</b>	<b>\$ 23,675,800</b>	<b>\$ 26,700,600</b>	<b>\$ 29,609,300</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS</b>					
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
INCREASE (DECREASE) IN NET ASSETS	\$ 129,700	\$ 149,800	\$ 264,900	\$ (1,179,200)	\$ (239,400)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS					
TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
AMORTIZATION OF ADMISSION FEES	(5,287,200)	(5,389,700)	(5,476,400)	(5,454,400)	(5,544,500)
DEPRECIATION AND AMORTIZATION	8,575,500	8,757,200	9,776,000	10,587,800	10,388,500
AMORTIZATION OF BOND PREMIUM	(265,900)	(265,900)	(265,900)	(265,900)	(265,900)
NET INCREASE IN RECEIVABLES, INVENTORY AND PREPAID EXPENSES	(69,600)	(110,100)	(236,100)	(33,900)	(89,300)
NET INCREASE IN PAYABLES AND ACCRUED EXPENSES	371,600	186,800	187,600	185,100	188,200
NET UNREALIZED GAIN ON INVESTMENTS	(91,600)	(94,300)	(97,100)	(100,000)	(103,000)
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 3,362,500</b>	<b>\$ 3,233,800</b>	<b>\$ 4,153,000</b>	<b>\$ 3,739,500</b>	<b>\$ 4,334,600</b>

See accompanying summary of significant forecast assumptions and accounting policies and accountants' compilation report.



**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Summary of Significant Forecast Assumptions and Accounting Policies**  
 September 30, 2023 through September 30, 2027

**I. Introduction**

This financial forecast presents, to the best of management's knowledge and belief, Lutheran Retirement Ministries of Alamance County, North Carolina's expected financial position, results of operations and cash flows for the forecast period. Accordingly, the forecast reflects its judgment as of February 17, 2023, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. The financial forecast was prepared to provide Lutheran Retirement Ministries of Alamance County, North Carolina ("the Ministries") residents and prospective residents information about the expected financial results of the organization. Management does not expect to update the financial forecast after issuance. However, management expects to prepare a new forecast annually to provide to residents and prospective residents, and since events and circumstances frequently do not occur as anticipated, subsequent forecasts may vary materially from those currently provided.

**II. Summary of Significant Accounting Policies**

**Basis of Presentation** – The Ministries forecasted financial position and results of operations have been reported on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial forecast presents combined totals for the Operating Fund and the Endowment Fund.

**Cash and Cash Equivalents** - For presentation purposes in the financial forecast, cash and cash equivalents include all cash on hand and in banks, all certificates of deposit and all repurchase agreements. The Ministries places deposits that exceed federally insured amounts. The Ministries has not experienced a financial loss related to such deposits.

**Allowance for Doubtful Accounts** - Accounts receivable are forecast net of an allowance for doubtful accounts. This allowance is based on management's estimate of the amount of receivables which will prove to be uncollectible.

**Inventory** - Inventory consists of operating supplies and is stated in the forecast at lower of cost or market with cost determined on a first-in, first-out basis.

**Investments** - Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair value. Investment income (including both realized gains and losses, interest income and dividend income) is included in the change in net assets. Other investments, which consist of a venture capital investment and equity securities of a closely held corporation, are also reported at estimated fair value. The forecast includes annual appreciation of investments of 4-5%.

**Property and Equipment** - Property and equipment are stated at the forecast cost net of accumulated depreciation. Forecasted depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Buildings	30 Years
Paving	20 Years
Furniture and equipment	5 to 10 Years
Building renovations and refurbishments	10 to 15 Years
Automobiles	5 Years
Land improvements	20 to 30 Years

**Loan Costs** - Costs associated with obtaining tax-exempt revenue bonds are being amortized using the effective interest method over the debt period.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Summary of Significant Forecast Assumptions and Accounting Policies**  
September 30, 2023 through September 30, 2027

**II. Summary of Significant Accounting Policies (continued)**

**Admission Fees** - Payment of an admission fee is required before a resident acquires the right to reside in an independent living unit. The Ministries offers two different types of independent living contracts. One contract type provides for an admission fee of which 50% is fully refundable and 50% is refundable on a declining pro rata basis during the first 30 months of occupancy. The other contract type provides for the entire admission fee to be refundable on a declining pro rata basis during the first 30 months of occupancy. After this 30-month period, no portion of the admission fee is refundable.

Similar to an independent living unit, an assisted living unit requires the payment of an admission fee before a resident acquires the right to reside in the unit. For this type of contract, the admission fee is refundable on a declining pro rata basis during the first 6 months of occupancy. After this 6-month period, no portion of the admission fee is refundable.

**Tax Status** - Lutheran Retirement Ministries of Alamance County, North Carolina is a North Carolina Non-Stock Non-Profit Corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and North Carolina Income Taxes pursuant to Internal Revenue Code Section 509(a)(2).

**III. Operating Fund**

**Accounts Receivable:**

Accounts receivable are forecast as follows:

	2023	2024	2025	2026	2027
Resident services	\$ 1,287,100	\$ 1,369,400	\$ 1,586,100	\$ 1,582,300	\$ 1,636,400
Other	175,000	182,000	189,300	196,900	204,800
Accounts receivable - gross	1,462,100	1,551,400	1,775,400	1,779,200	1,841,200
Allowance for doubtful accounts	(96,500)	(102,700)	(119,000)	(118,700)	(122,700)
Accounts receivable - net	\$ 1,365,600	\$ 1,448,700	\$ 1,656,400	\$ 1,660,500	\$ 1,718,500

Resident service accounts receivable are forecast at 31 days of nursing care and memory care revenues and 12 days of independent living and assisted living revenues. The allowance for doubtful accounts is forecast at 7.5% of resident services receivables.

**Inventory:**

Inventory is forecast to increase by 5% annually.

**Assets Whose Use is Limited by Sullivan Trust:**

During the year ended September 30, 1988, the Ministries received a bequest from the estates of James and Beulah Sullivan. The will of James Sullivan requires that the bequest be held in trust for the benefit of the Ministries with the income generated by the trust to be delivered to the Ministries at least annually. The assets of the Sullivan Trust are reported as perpetual in nature on the Statements of Financial Position. The fair value of assets comprising the Sullivan Trust have been forecast to appreciate by 3% annually.

**Assets Whose Use is Limited for Operating Reserve:**

North Carolina General Statute 58-64-33 requires the establishment of an operating reserve equal to 50% of the total operating costs projected by the Ministries for the next twelve-month period. If occupancy is in excess of 90%, the operating reserve requirement decreases to 25% of total operating costs. Total operating costs include debt service and exclude depreciation. The operating reserve cannot be expended without written approval of the State of North Carolina. The forecast includes appreciation of operating reserve assets of 4% annually. Average occupancy is forecast to exceed 90%.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Summary of Significant Forecast Assumptions and Accounting Policies**  
September 30, 2023 through September 30, 2027

**III. Operating Fund (continued)**

**Assets Whose Use is Limited for Operating Reserve (continued):**

Operating reserve requirements under North Carolina General Statute 58-64-33 are forecast as follows for 2023 through 2027.

	2023	2024	2025	2026	2027
Total operating expenses	\$ 40,619,300	\$ 42,293,400	\$ 45,093,900	\$ 47,835,600	\$ 49,093,900
Add principal requirement	1,385,000	1,435,000	1,490,000	1,545,000	2,528,300
Less depreciation	(8,495,500)	(8,677,200)	(9,696,000)	(10,507,800)	(10,308,500)
Less amortization of bond costs	(80,000)	(80,000)	(80,000)	(80,000)	(80,000)
Net operating costs for reserve requirements	\$ 33,428,800	\$ 34,971,200	\$ 36,807,900	\$ 38,792,800	\$ 41,233,700
Operating reserve requirement: Required reserve based on 90% occupancy	\$ 8,357,200	\$ 8,742,800	\$ 9,202,000	\$ 9,698,200	\$ 10,308,400
Operating reserve:					
Cash and investments	\$ 8,082,000	\$ 8,405,300	\$ 8,741,500	\$ 9,091,200	\$ 9,454,800
Allocation of debt service reserve	433,800	539,000	609,000	812,000	1,217,700
Total operating reserve	8,515,800	8,944,300	9,350,500	9,903,200	10,672,500
Amount (over) under funded	\$ (158,600)	\$ (201,500)	\$ (148,500)	\$ (205,000)	\$ (364,100)

**Property and Equipment:**

Property and equipment are forecast as follows:

	2023	2024	2025	2026	2027
Land	\$ 8,661,800	\$ 8,661,800	\$ 8,661,800	\$ 8,661,800	\$ 8,661,800
Land improvements	20,913,600	20,913,600	20,913,600	20,913,600	20,913,600
Buildings	183,511,600	186,011,600	246,615,700	249,115,700	251,615,700
Paving	2,772,500	2,772,500	2,772,500	2,772,500	2,772,500
Furniture and equipment	17,830,900	17,930,900	18,030,900	18,130,900	18,230,900
Total property and equipment	233,690,400	236,290,400	296,994,500	299,594,500	302,194,500
Less accumulated depreciation	85,723,800	94,401,000	104,097,000	114,604,800	124,913,300
Property and equipment - net	\$ 147,966,600	\$ 141,889,400	\$ 192,897,500	\$ 184,989,700	\$ 177,281,200

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Summary of Significant Forecast Assumptions and Accounting Policies**  
September 30, 2023 through September 30, 2027

**III. Operating Fund (continued)**

**Property and Equipment (continued):**

Major property and equipment additions are forecast to include:

Year Completed	Description	Forecast Construction Cost
2023	Renovations & Capital Replacement	\$ 2,441,000
2023	Site Development	300,000
2023	Deacon Pointe/Memory Care Kitchen Renovation	735,900
2023	Deacon Pointe - Salon/Rehab	90,000
2023	Skilled Nursing Facility Replacement	2,159,000
2024	Renovations & Capital Replacement	2,200,000
2024	Site Development	300,000
2025	Apartment Buildings - IL (Phase 1)	61,300,000
2025	Renovations & Capital Replacement	2,200,000
2025	Site Development	1,031,800
2026	Renovations & Capital Replacement	2,200,000
2026	Site Development	300,000
2027	Renovations & Capital Replacement	2,200,000
2027	Site Development	300,000
		\$ 77,757,700

**Accounts Payable and Accrued Expenses:**

Accounts payable are forecast to total 31 days operating expenses excluding depreciation and interest expense. Accrued expenses are forecast to increase by 5% annually.

**Long Term Debt:**

During the fiscal year ended September 30, 2020, the Ministries, through the North Carolina Medical Care Commission, issued \$42,860,000 of Series 2019A Public Fixed Rate Bonds and received a premium of \$6,361,157. Interest is fixed at 5.0% with an effective rate of 4.45% after consideration of bond premium and debt issuance costs. Interest only payments are required until January 2034. At that time interest and principal payments are required until the bonds are retired in 2049. Series 2019B Bank Placement Bonds in the amount of \$23,025,000 were also issued at this time in order to refinance former bank qualified bonds. Interest is payable on a variable rate equal to 79% of one-month LIBOR plus a 0.77% credit spread. Interest and principal payments are required until the bonds are retired in 2034. Both bond issues are collateralized by revenues and property and equipment. There are various restrictive covenants on the issuance of additional debt, sale of property, and the proper maintenance of financial ratios.

On December 14, 2022, the Ministries, through the North Carolina Medical Care Commission, issued \$45,100,000 of Series 2022A-1 Long-Term Bonds and \$13,000,000 of Series 2022A-2 Intermediate-Term Bonds. Series 2022A-1 is structured as a draw-down loan and bears interest at a variable rate equal to 79% of one-month SOFR plus a credit spread of 1.18%. The bank-bought minimum holding period for Series 2022A-1 will expire December 14, 2037. The Ministries entered into an interest rate swap agreement to fix at 3.68% an initial notional amount of \$2,030,967 for the Series 2022A-1 bonds. Series 2022A-2 is also structured as a draw-down loan and bears interest at 79% of one-month SOFR plus a credit spread of 1.07%.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Summary of Significant Forecast Assumptions and Accounting Policies**  
September 30, 2023 through September 30, 2027

**III. Operating Fund (continued)**

**Reserve on Derivative Contracts:**

The Ministries has interest rate swap agreements in order to minimize exposure to the impact of interest rate changes on its long-term debt. This enables the Ministries to maintain a synthetic fixed rate debt on a significant portion of its overall long-term debt. When the prevailing variable rate differs from the fixed rate covered by the swap agreements, an asset or liability exists. The asset or liability represents the true benefit or cost the Ministries would receive or accrue if the swap agreements were terminated. The Ministries anticipates holding the interest rate swap agreements until the notional amount of debt is retired. This asset has been recorded in the five-year forecast based on the value at September 30, 2022 and has not been adjusted for the periods ended September 30, 2023 through September 30, 2027.

**Deferred Revenue from Admission Fees:**

Deferred revenue from admission fees has been forecast as follows:

	2023	2024	2025	2026	2027
Balance - beginning of year	\$ 62,847,700	\$ 62,360,500	\$ 61,770,800	\$ 72,894,400	\$ 72,940,000
Net unit contracts:					
Apartments (phase 1)	-	-	12,000,000	1,000,000	-
Turnover contracts:					
Apartments and Villas	5,000,000	4,700,000	4,500,000	4,400,000	4,600,000
Garden Homes (non-refundable portion)	300,000	300,000	300,000	300,000	300,000
Garden Homes (refundable portion)	300,000	300,000	300,000	300,000	300,000
Amortization of existing contract fees	(4,349,700)	(4,047,400)	(3,754,600)	(3,471,100)	(3,197,200)
Amortization of new contract fees	(337,500)	(642,300)	(921,800)	(1,183,300)	(1,447,300)
Amortization turnover	(600,000)	(700,000)	(800,000)	(800,000)	(900,000)
Refunds	(800,000)	(500,000)	(500,000)	(500,000)	(500,000)
Balance - end of year	<u>\$ 62,360,500</u>	<u>\$ 61,770,800</u>	<u>\$ 72,894,400</u>	<u>\$ 72,940,000</u>	<u>\$ 72,095,500</u>
Income for the year	<u>\$ 5,287,200</u>	<u>\$ 5,389,700</u>	<u>\$ 5,476,400</u>	<u>\$ 5,454,400</u>	<u>\$ 5,544,500</u>
Refundable admission fees	\$ 17,995,400	\$ 17,695,400	\$ 17,395,400	\$ 17,395,400	\$ 17,395,400
Deferred revenue - refundable	7,645,800	7,263,500	6,537,200	5,556,600	4,445,300
Deferred revenue - non-refundable	36,719,300	36,811,900	48,961,800	49,988,000	50,254,800
Total deferred revenue - end of year	<u>\$ 62,360,500</u>	<u>\$ 61,770,800</u>	<u>\$ 72,894,400</u>	<u>\$ 72,940,000</u>	<u>\$ 72,095,500</u>

All new units have been forecast to be leased during the year construction is completed.

Admission fees received from the lease of existing units and admission fee refunds have been forecast based on the Ministries historical averages.

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Summary of Significant Forecast Assumptions and Accounting Policies**  
September 30, 2023 through September 30, 2027

**III. Operating Fund (continued)**

**Resident Service Revenues:**

Resident service revenues have been forecast based on 93% average occupancy for nursing, 94% for memory care, 88% for assisted living and 95% for independent living. All rates have been forecast to increase by 4.0% per year and include the forecasted addition of new units. The forecast reflects a discount from these published rates for independent living residents who signed residency contracts prior to September 30, 2003. Forecast rates are as follows:

	2023	2024	2025	2026	2027
Health Care:					
Private	\$ 338	\$ 352	\$ 366	\$ 381	\$ 396
Market rate (non-community member)	355	369	384	399	415
Memory Care:					
Assisted - private	323	336	349	363	378
Assisted - semi - private	313	326	339	353	367
Assisted Living:					
Small	5,649	5,875	6,110	6,354	6,608
Large	6,010	6,250	6,500	6,760	7,030
2nd Person	2,623	2,728	2,837	2,950	3,068
Independent Living - residents prior to 10-01-03:					
Apartment - one bedroom	1,671	1,738	1,808	1,880	1,955
Apartment - two bedroom	1,959	2,037	2,118	2,203	2,291
Villa home A	1,959	2,037	2,118	2,203	2,291
Villa home B	2,136	2,221	2,310	2,402	2,498
Villa home C	1,959	2,037	2,118	2,203	2,291
Villa home D	2,136	2,221	2,310	2,402	2,498
Villa home - 2nd person	618	643	669	696	724
Independent Living - residents subsequent to 10-01-03:					
Apartment - one bedroom	1,755	1,825	1,898	1,974	2,053
Apartment - two bedroom	1,983	2,062	2,144	2,230	2,319
Wittenberg - small	2,200	2,288	2,380	2,475	2,574
Wittenberg - large	2,296	2,388	2,484	2,583	2,686
Villa home A	2,492	2,592	2,696	2,804	2,916
Villa home B	2,590	2,694	2,802	2,914	3,031
Villa home C	2,492	2,592	2,696	2,804	2,916
Villa home D	2,590	2,694	2,802	2,914	3,031
Villa home - 2nd person	687	714	743	773	804
Garden home - E&F	2,962	3,080	3,203	3,331	3,464
Garden home - G	3,151	3,277	3,408	3,544	3,686
Garden home - H&I	3,335	3,468	3,607	3,751	3,901
Garden home - J	2,771	2,882	2,997	3,117	3,242
Garden home - 2nd person	707	735	764	795	827
New Construction Independent Living Apartments (Phase 1):					
Magnolia	2,532	2,633	2,738	2,848	2,962
Oak	2,587	2,690	2,798	2,910	3,026
Poplar	2,660	2,766	2,877	2,992	3,112
Redbud	2,746	2,856	2,970	3,089	3,213
Sycamore	2,875	2,990	3,110	3,234	3,363
Tupelo	3,085	3,208	3,336	3,469	3,608
Willow	3,102	3,226	3,355	3,489	3,629
2nd person	707	735	764	795	827

**Lutheran Retirement Ministries of Alamance County, North Carolina**  
**Summary of Significant Forecast Assumptions and Accounting Policies**  
 September 30, 2023 through September 30, 2027

**III. Operating Fund (continued)**

**Other Operating Revenues:**

Other operating revenues are forecast based on their relationship to nursing revenue.

**Operating Expenses:**

The 2023 operating expenses were taken from the 2022-2023 adopted budget. Operating expenses have been forecast to increase as follows in the following departments for 2023 through 2027.

Activities		4%
Administration and general		4%
Assisted living		4%
Beauty and barber		4%
Development and outreach		4%
Dietary		4%
Grounds		4%
Home care and adult day care	Equals home care and adult day care revenue	
Housekeeping		4%
Independent living		4%
Laundry		4%
Maintenance		4%
Memory care		4%
Nursing administration/medical records		4%
Nursing services		4%
Pastoral services		4%
Pharmacy		4%
Sales and marketing		4%
Security		4%
Social services		4%
Terrace Café		4%
Therapies	Equals 70% of ancillary revenue less pharmacy	

**IV. Endowment Fund**

The Board of Directors of Lutheran Retirement Ministries of Alamance County, North Carolina has established an Endowment Fund to receive and administer gifts and bequests received by the organization. The resolution establishing the Endowment Fund stipulates that income generated by the Endowment Fund shall be distributed at such times as deemed necessary to enhance the charitable mission of the Ministries. The principal amount of gifts and bequests received are not to be expended.

Endowment Fund investment earnings are forecast at 3% per annum. Investment earnings less investment expenses are forecast to be transferred to the Operating Fund annually.

**LUTHERAN RETIREMENT MINISTRIES  
OF ALAMANCE COUNTY, NORTH CAROLINA**

**d/b/a**

**TWIN LAKES COMMUNITY**

**DISCLOSURE STATEMENT**

**ATTACHMENT 3**

**FORECASTED VS. ACTUAL**

**BALANCE SHEET**

**STATEMENT OF OPERATIONS**

**STATEMENT OF CASH FLOWS**



**LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NC**  
**FORECASTED VS ACTUAL BALANCE SHEET**  
**FOR THE YEAR ENDING SEPTEMBER 30, 2022**

	2022 Forecast	2022 Actual	Favorable / (Unfavorable)		NOTES
			\$ Variance	% Variance	
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
CASH AND CASH EQUIVALENTS	20,974,750	17,339,319	(3,635,431)	-17.33%	(1)
INVESTMENTS	8,098,000	7,412,233	(685,767)	-8.47%	(1)
ACCOUNTS RECEIVABLE (NET)	1,198,500	1,301,380	102,880	8.58%	
INVENTORY	391,200	94,021	(297,179)	-75.97%	
PREPAID EXPENSES	37,500	421,049	383,549	N/A	
<b>TOTAL CURRENT ASSETS</b>	<b>30,699,950</b>	<b>26,568,002</b>	<b>(4,131,948)</b>	<b>-13.46%</b>	
<b>ASSETS WHOSE USE IS LIMITED :</b>					
CASH - RESTRICTED DONATIONS	1,670,100	2,376,291	706,191	42.28%	(1)
INVESTMENTS - OPERATING RESERVE	7,884,300	8,377,650	493,350	6.26%	
LONG-TERM INVESTMENTS - ENDOWMENT	3,509,800	2,772,442	(737,358)	-21.01%	(1)
<b>TOTAL ASSETS WHOSE USE IS LIMITED</b>	<b>13,064,200</b>	<b>13,526,383</b>	<b>462,183</b>	<b>3.54%</b>	
<b>OTHER ASSETS :</b>					
LONG-TERM INVESTMENTS	720,500	1,765,288	1,044,788	145.01%	(2)
PROPERTY AND EQUIPMENT, NET	149,336,700	152,492,910	3,156,210	2.11%	(3)
DEFERRED BOND COSTS, NET	942,450	-	(942,450)	-100.00%	(4)
<b>TOTAL OTHER ASSETS</b>	<b>150,999,650</b>	<b>154,258,198</b>	<b>3,258,548</b>	<b>2.16%</b>	
<b>TOTAL ASSETS</b>	<b>194,763,800</b>	<b>194,352,583</b>	<b>(411,217)</b>	<b>-0.21%</b>	
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
CURRENT MATURITIES OF LONG-TERM DEBT	1,335,000	1,385,000	50,000	3.75%	
ACCOUNTS PAYABLE	828,100	890,689	62,589	7.56%	
CONSTRUCTION CONTRACTS PAYABLE	-	1,520,947	1,520,947	N/A	(5)
ACCRUED EXPENSES	2,913,600	2,686,802	(226,798)	-7.78%	
DEFERRED REVENUE	-	4,353,942	4,353,942	N/A	(6)
DEPOSITS ON UNOCCUPIED UNITS	251,600	202,284	(49,316)	-19.60%	
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,328,300</b>	<b>11,039,664</b>	<b>5,711,364</b>	<b>107.19%</b>	
<b>LONG-TERM DEBT, EXCLUDING CURRENT MATURITIES</b>					
DEFERRED REVENUE FROM ADMISSION FEES - REFUNDABLE	66,782,700	65,582,483	(1,200,217)	-1.80%	(1)
DEFERRED REVENUE FROM ADMISSION FEES - NON-REFUNDABLE	10,910,300	7,281,743	(3,628,557)	-33.26%	(6)
DEFERRED REVENUE FROM OCCUPANCY FEES	32,960,400	32,714,388	(246,012)	-0.75%	
DEFERRED REVENUE FROM OCCUPANCY FEES	-	-	-	N/A	
REFUNDABLE ADMISSION FEES	17,626,900	18,295,400	668,500	3.79%	(6)
RESERVE ON DERIVATIVE CONTRACT	814,300	-	(814,300)	-100.00%	(2)
<b>TOTAL LIABILITIES</b>	<b>134,422,900</b>	<b>134,913,678</b>	<b>490,778</b>	<b>0.37%</b>	
<b>NET ASSETS:</b>					
<b>UNRESTRICTED (DESIGNATED BY BOARD):</b>					
SELF-INSURANCE	529,000	27,305	(501,695)	-94.84%	(7)
ENDOWMENT	291,800	232,430	(59,370)	-20.35%	
CAPITAL RESERVE	4,094,000	4,106,407	12,407	0.30%	
DEBT SERVICE	4,603,500	4,288,299	(315,201)	-6.85%	
MEMORIAL GARDEN	-	78,180	78,180	N/A	
OPERATING RESERVE	7,884,300	8,377,650	493,350	6.26%	
ZIEGLER	-	91,448	91,448	N/A	
UNDESIGNATED	37,758,400	37,876,238	117,838	0.31%	
<b>TOTAL UNRESTRICTED NET ASSETS</b>	<b>55,161,000</b>	<b>55,077,957</b>	<b>(83,043)</b>	<b>-0.15%</b>	
TEMPORARILY RESTRICTED - DONATIONS	1,670,100	1,541,038	(129,062)	-7.73%	
PERMANENTLY RESTRICTED - ENDOWMENT	3,509,800	2,819,910	(689,890)	-19.66%	(8)
<b>TOTAL NET ASSETS</b>	<b>60,340,900</b>	<b>59,438,905</b>	<b>(901,995)</b>	<b>-1.49%</b>	
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>194,763,800</b>	<b>194,352,583</b>	<b>(411,217)</b>	<b>-0.21%</b>	

FOR PURPOSES OF THIS SCHEDULE A MATERIAL DIFFERENCE IS DEFINED AS A DIFFERENCE IN EXCESS OF \$500,000.

**LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NC**  
**FORECASTED VS ACTUAL BALANCE SHEET**  
**FOR THE YEAR ENDING SEPTEMBER 30, 2022**

**NOTES ON MATERIAL DIFFERENCES:**

- (1) CASH AND INVESTMENTS ARE LOWER THAN FORECAST DUE TO OVERALL TIMING OF PAYMENTS OF THE BOND PROCEEDS TOWARD THE CONSTRUCTION OF THE NEW SKILLED HEALTHCARE BUILDING AND TIMING OF PAYMENTS FOR OTHER CONSTRUCTION PROJECTS. AS WELL AS OVERALL DECREASE IN MARKET VALUE OF INVESTMENTS.
- (2) LONG-TERM INVESTMENTS INCREASED AS COMPARED TO THE FORECAST DUE TO OUR DERIVATIVE FROM INTEREST RATE SWAPS WENT FROM A LIABILITY TO AN ASSET BASED ON THE INCREASE IN INTEREST RATES.
- (3) PROPERTY, PLANT & EQUIPMENT INCREASED AS COMPARED TO FORECAST TIMING OF THE COMPLETION OF THE MAJOR CONSTRUCTION PROJECTS ON CAMPUS LIKE, TURNOVER RENOVATIONS AND NEW SKILLED HEALTHCARE BUILDING.
- (4) BOND CLOSING COSTS DECREASE VS THE FORECAST IS DUE TO THE CLOSING COSTS BEING GROUPED IN WITH THE LONG TERM DEBT FOR REPORTING PURPOSES AND ACTUAL CLOSING COSTS WERE \$952,096 WHICH IS IN-LINE WITH FORECAST
- (5) INCREASE IN CONSTRUCTION CONTRACTS PAYABLE INCREASED VS FORECAST IS DUE THE CONSTRUCTION CONTRACTS PAYABLE IS NOT FORECASTED ON A YEARLY BASIS.
- (6) DEFERRED REVENUE FROM ADMISSION FEES - REFUNDABLE HIGHER THAN FORECAST DUE TO TIMING OF THE TURNOVERS FOR GARDEN HOMES AND VILLAS AS WELL AS LOWER DEMAND FOR 50% REFUNDABLE CONTRACTS.
- (7) NET ASSETS - SELF INSURANCE IS LOWER THAN FORECASTED DUE TO OVERALL DECREASE IN MARKET OF INVESTMENTS DESIGNATED FOR THE CAPITAL RESERVE AND OVERALL INCREASE IN EMPLOYEE MEDICAL CLAIMS.
- (8) NET ASSETS - PERMANENTLY RESTRICTED - ENDOWMENT IS LOWER THAN FORECASTED DUE TO OVERALL DECREASE IN MARKET VALUE OF INVESTMENTS.

**LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NC  
 FORECASTED VS ACTUAL STATEMENT OF OPERATIONS  
 FOR THE YEAR ENDING SEPTEMBER 30, 2022**

	2022 Forecast	2022 Actual	Favorable / (Unfavorable)		NOTES
			\$ Variance	% Variance	
REVENUES:					
RESIDENT SERVICE REVENUES (NET)	32,740,800	32,688,465	(52,335)	-0.16%	
ADMISSION FEES EARNED	5,050,700	5,100,082	49,382	0.98%	
OTHER OPERATING REVENUES	(755,000)	(397,114)	357,886	-47.40%	(1)
<b>TOTAL REVENUES</b>	<b>37,036,500</b>	<b>37,391,433</b>	<b>354,933</b>	<b>0.96%</b>	
EXPENSES:					
OPERATING EXPENSES	26,854,700	28,000,999	(1,146,299)	4.27%	(2)
DEPRECIATION AND AMORTIZATION	7,846,400	8,119,901	(273,501)	3.49%	(3)
INTEREST	2,159,200	2,197,223	(38,023)	1.76%	
<b>TOTAL EXPENSES</b>	<b>36,860,300</b>	<b>38,318,123</b>	<b>(1,457,823)</b>	<b>3.95%</b>	
INCOME FROM OPERATIONS	176,200	(926,690)	(1,102,890)	-625.93%	
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	102,200	(459,801)	(562,001)	-549.90%	(4)
CHANGE IN VALUE INVESTMENTS - WITHOUT DONOR RESTRICTIONS	-	(1,480,285)	(1,480,285)	N/A	(5)
CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENT	-	2,243,151	2,243,151	N/A	(6)
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>278,400</b>	<b>(623,625)</b>	<b>(902,025)</b>	<b>-324.00%</b>	

FOR PURPOSES OF THIS SCHEDULE A MATERIAL DIFFERENCE IS DEFINED AS A DIFFERENCE IN EXCESS OF \$250,000.

**NOTES ON MATERIAL DIFFERENCES:**

- (1) INCREASE IN OTHER OPERATING REVENUES VS FORECAST IS DUE TO INCREASED CONTRACTUAL ADJUSTMENTS OFFSET BY SLIGHT INCREASES IN INVESTMENT RETURNS AND GAIN ON DISPOSAL OF PROPERTY AND EQUIPMENT.
- (2) INCREASE IN OPERATING EXPENSES VS FORECAST IS DUE TO LOWER EXPENSES FOR SERVICE TO BE IN LINE WITH LOWER REVENUES FOR FORECAST DUE TO THE OVERALL IMPACT OF THE PANDEMIC.
- (3) INCREASE IN DEPRECIATION AND AMORTIZATION VS FORECAST IS DUE TO HIGHER DEPRECIATION BASED ON TIMING OF COMPLETED PROJECTS DURING THE CURRENT YEAR.
- (4) DECREASE IN PERMANENTLY RESTRICTED NET ASSETS IS MAINLY DUE TO THE OVERALL DECREASE IN INVESTMENTS DUE TO MARKET VOLATILITY FOR THE YEAR VS THE FORECAST.
- (5) DECREASE IN CHANGE IN VALUE OF INVESTMENTS IS MAINLY DUE TO THE OVERALL DECREASE IN INVESTMENTS DUE TO MARKET VOLATILITY FOR THE YEAR VS THE FORECAST.
- (6) INCREASE IN CHANGE IN VALUE OF DERIVATIVE CONTRACT IS MAINLY DUE TO ACTUAL INTEREST RATES INCREASED IN CURRENT YEAR COMPARED TO THE RATES FOR OUR INTEREST RATE SWAPS AND THIS CHANGE IS NOT FORECASTED EACH YEAR.

**LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NC  
FORECASTED VS ACTUAL STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDING SEPTEMBER 30, 2022**

	2022 Forecast	2022 Actual	Favorable / (Unfavorable)		NOTES
			\$ Variance	% Variance	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
CASH RECEIVED FROM RESIDENTS AND THIRD PARTY PAYORS	31,026,300	36,090,984	5,064,684	16.32%	(1)
INVESTMENT INCOME RECEIVED	595,600	343,212	(252,388)	-42.38%	
CONTRIBUTIONS RECEIVED	160,000	133,722	(26,278)	-16.42%	
CASH PAID TO SUPPLIERS AND EMPLOYEES	(27,250,450)	(28,503,771)	(1,253,321)	4.60%	(2)
INTEREST PAID	(2,425,100)	(2,197,223)	227,877	-9.40%	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,106,350</b>	<b>5,866,924</b>	<b>3,760,574</b>	<b>178.54%</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
ACQUISITION OF PROPERTY AND EQUIPMENT	(5,078,300)	(7,691,518)	(2,613,218)	51.46%	(3)
PROCEEDS FROM SALE OF PROPERTY AND EQUIPMENT	-	618,069	618,069	N/A	
PROCEEDS FROM SALE OF INVESTMENTS	-	8,184,179	8,184,179	N/A	(4)
PURCHASE OF INVESTMENTS	(3,447,800)	(8,235,455)	(4,787,655)	138.86%	(4)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(8,526,100)</b>	<b>(7,124,725)</b>	<b>1,401,375</b>	<b>-16.44%</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
ADMISSION FEES RECEIVED	5,500,000	981,250	(4,518,750)	-82.16%	(1)
ADMISSION FEES REFUNDED	(800,000)	(487,775)	312,225	-39.03%	(1)
MEMORIAL GARDEN FEES RECEIVED	-	23,750	23,750	N/A	
ENDOWMENT DONATIONS	-	27,051	27,051	N/A	
PROCEEDS OF LONG TERM DEBT	6,863,300	3,075,247	(3,788,053)	-55.19%	(5)
PRINCIPAL PAYMENTS OF LONG-TERM DEBT	(1,335,000)	(1,335,000)	-	0.00%	
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>10,228,300</b>	<b>2,284,523</b>	<b>(7,943,777)</b>	<b>-77.66%</b>	
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,808,550</b>	<b>1,026,722</b>	<b>(2,781,828)</b>	<b>-73.04%</b>	
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>18,836,300</b>	<b>19,066,599</b>	<b>230,299</b>	<b>1.22%</b>	
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>22,644,850</b>	<b>20,093,321</b>	<b>(2,551,529)</b>	<b>-11.27%</b>	
<b>RECONCILIATION OF CHANGE IN NET ASSETS - TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>					
INCREASE (DECREASE) IN NET ASSETS	278,400	(623,625)	(902,025)	-324.00%	
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
ENDOWMENT DONATIONS	-	(27,051)	(27,051)	N/A	
CHANGE IN VALUE OF DERIVATIVE CONTRACT	-	(2,243,151)	(2,243,151)	N/A	(6)
(GAIN)/LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	-	(271,700)	(271,700)	N/A	
AMORTIZATION OF DEFERRED REVENUES FROM ADMISSION FEES	(5,050,700)	(5,100,082)	(49,382)	0.98%	
RECEIPT OF NON-REFUNDABLE ADMISSION FEES	-	5,596,171	5,596,171	N/A	(1)
REFUNDS ON NON-REFUNDABLE CONTRACTS	-	(249,020)	(249,020)	N/A	
AMORTIZATION OF BOND PREMIUM	(265,900)	(265,882)	18	-0.01%	
DEPRECIATION AND AMORTIZATION	7,846,400	8,158,963	312,563	3.98%	
INVENTORY AND PREPAID EXPENSES	(213,950)	(423,476)	(209,526)	97.93%	
NET INCREASE/(DECREASE) IN PAYABLES AND ACCRUED EXPENSES	(377,200)	(248,568)	128,632	-34.10%	
NET UNREALIZED (GAIN)/LOSS ON INVESTMENTS	-	2,139,757	2,139,757	N/A	(7)
NET REALIZED (GAIN)/LOSS ON INVESTMENTS	(110,700)	(575,412)	(464,712)	419.79%	(7)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>2,106,350</b>	<b>5,866,924</b>	<b>3,760,574</b>	<b>178.54%</b>	

FOR PURPOSES OF THIS SCHEDULE A MATERIAL DIFFERENCE IS DEFINED AS A DIFFERENCE IN EXCESS OF \$500,000.

**NOTES ON MATERIAL DIFFERENCES:**

- (1) FOR AUDIT PRESENTATION PURPOSES THE NET RECEIPT OF \$5,596,171 OF NON-REFUNDABLE ADMISSION FEES HAS BEEN SHOWN AS AN OPERATING ACTIVITY INSTEAD OF A FINANCING ACTIVITY AS IN THE FORECAST. OVERALL NET ADMISSION FEE RECEIPTS WERE HIGHER THAN FORECAST BY \$1,389,646 DUE TO HIGHER ADMISSION FEE RECEIPTS AS COMPARED TO FORECAST.
- (2) INCREASE IN CASH PAID TO SUPPLIERS AND EMPLOYEES VS FORECAST IS MAINLY DUE TO HIGHER AMOUNTS PAID TO EMPLOYEES VS THE FORECAST.
- (3) INCREASE IN ACQUISITION OF PROPERTY AND EQUIPMENT IS HIGHER VS FORECAST DUE THE TIMING OF MAJOR CONSTRUCTION PROJECTS ON CAMPUS LIKE THE NEW SKILLED NURSING BUILDING AND RENOVATIONS IN CURRENT YEAR.
- (4) OVERALL NET INCREASE IN PURCHASE AND SALE OF INVESTMENTS VERSUS OUR FORECAST IS MAINLY DUE TO THE CURRENT YEAR THE PURCHASES AND SALES ARE BROKEN OUT SEPERATELY AND THE FORECAST IS A NET AMOUNT. ALSO THE OVERALL INCREASE IN PURCHASE/SALE OF INVESTMENTS TRANSACTIONS DUE TO THE VOLATILITY OF THE INVESTMENT MARKET.
- (5) DECREASE IN PROCEEDS OF LONG TERM DEBT IS DUE TO THE OVERALL TIMING OF PAYMENTS FOR THE NEW SKILLED NURSING BUILDING.

**LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NC  
FORECASTED VS ACTUAL STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDING SEPTEMBER 30, 2022**

**NOTES ON MATERIAL DIFFERENCES (CONTINUED):**

- (6) INCREASE IN CHANGE OF DERIVATIVE CONTRACT IS MAINLY DUE TO ACTUAL INTEREST RATES INCREASING AS COMPARED TO THE RATES FOR OUR INTEREST RATE SWAPS AND THIS CHANGE IS NOT FORECASTED EACH YEAR.
- (7) INCREASE IN NET UNREALIZED (GAIN)/LOSS OF INVESTMENTS AND NET REALIZED (GAIN)/LOSS OF INVESTMENTS IS MAINLY DUE TO UNREALIZED (GAIN)/LOSS OF INVESTMENTS NOT FORECASTED AND VOLATILITY OF THE INVESTMENT MARKET AND INCREASED REALIZED (GAIN)/LOSS OF INVESTMENTS DUE INCREASED SALES OF INVESTMENTS.

**LUTHERAN RETIREMENT MINISTRIES  
OF ALAMANCE COUNTY, NORTH CAROLINA**

**d/b/a**

**TWIN LAKES COMMUNITY**

**DISCLOSURE STATEMENT**

**ATTACHMENT 4**

**RESIDENCY CONTRACTS**



## RESIDENCY CONTRACT FOR LIVING UNIT

THIS CONTRACT is entered into on \_\_\_\_\_ ("date of this contract") between LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NORTH CAROLINA d/b/a/ TWIN LAKES COMMUNITY, a non-profit corporation ("we" or "us") and \_\_\_\_\_ ("you").

### **BACKGROUND**

- A. We own and operate a continuing care retirement community in Burlington, North Carolina, known as "Twin Lakes Community" ("Retirement Community").
- B. We are affiliated with the Evangelical Lutheran Church in America and meet the criteria and provisions for affiliation established by that Church. We are a separate corporation, however, and our Church-affiliated status shall not cause any Lutheran Church body to incur or be subjected to our liabilities or debts. We are fully responsible for the management and fiscal affairs of Retirement Community and solely responsible for any debts and liabilities incurred in its operation.
- C. We do not discriminate on the basis of race, color, creed, national origin, sex, or disability in the admission, retention and care of our residents.
- D. You (or one of you) are at least 62 years of age. You have applied to become a resident in one of our independent living units and your application has been accepted, subject to the execution of this Contract. Your application is made part of this Contract by reference.

### **AGREEMENT**

NOW THEREFORE, for valuable consideration and the promises contained herein, you and we agree as follows:

- 1. **DEFINITIONS.** The following definitions shall apply:
  - a. "Admission Fee": The up-front payment required for admission to Retirement Community. Your Admission Fee is \_\_\_\_\_ dollars (\$\_\_\_\_).
  - b. "Occupancy Charge": The monthly fee payable to Retirement Community. The goods and services covered by the Occupancy Charge are outlined in Section 6.b, below. The Occupancy Charge \_\_\_\_\_ dollars (\$\_\_\_\_) for a single occupant per month plus \_\_\_\_\_ dollars (\$\_\_\_\_) for each additional occupant.

- c. "Living Unit": The villa, garden home, or apartment that you occupy at Retirement Community. The address of your Living Unit is \_\_\_\_\_.
- d. "Initial Occupancy Date": The date on which you receive keys to your Living Unit or that is 120 days after the date of this contract, whichever occurs first; provided, however, that if your Living Unit is not ready for occupancy on that date, then we will provide you with a Notice of Availability specifying the Initial Occupancy Date; provided further, that if you receive your keys during the 30-day rescission period, your initial occupancy date shall be deemed to be the 31<sup>st</sup> day after the date of this contract.
- e. "Rescission Period": The thirty (30) day period in which you may rescind or cancel this Contract.
- f. "Joint Occupancy": Occupancy of the Living Unit by two individuals, one of whom must be at least 62 years of age.

2. ADMISSION FEE.

- a. Amount and Payment. You agree to pay us the Admission Fee in accordance with the following Payment Schedule:
  - Initial deposit in the amount of \_\_\_\_\_ dollars (\$\_\_\_\_) paid on \_\_\_\_\_.
  - Remaining balance due paid on or before "initial occupancy date" as defined in Section 1d above.

3. CANCELLATION, TERMINATION AND RESCISSION PRIOR TO OCCUPANCY

- a. Right to Rescind. You may rescind or cancel this Contract within thirty (30) days after the later of the date of execution of this Contract or the date you receive our disclosure statement that meets the requirements of Chapter 58 of the North Carolina General Statutes ("Rescission Period").

You may move into your Living Unit during the Rescission Period, but are not obligated to do so. You will not be charged a monthly Occupancy Charge during the Rescission Period, unless you move into your Living Unit during such time.

To rescind the Contract, you must within the Rescission Period: (i) deliver written notice to us; (ii) remove all of your personal property from the Living Unit; and (iii) turn over to us your keys to the Living Unit.

If you rescind the Contract during the Rescission Period, we will refund all amounts you have paid to us subject to the provisions of paragraph d of this Section.

- b. Cancellation Due to Injury, Death or Incapacity. If prior to the Initial Occupancy Date you die or become unable to live independently because of illness, injury or incapacity, this Contract is automatically canceled and you or your legal representative shall receive a refund of all amounts you have paid to us subject to the provisions of paragraph d of this Section.



- c. Termination by Retirement Community. We may terminate this Contract at any time before the Initial Occupancy Date if we determine, in our sole discretion, that one of the following events has occurred: a) you made a material misrepresentation or omission in your admission application; b) you experienced a change in your health or financial condition such that you no longer satisfy our admissions criteria; or c) you fail to pay the Admission Fee in accordance with the Payment Schedule. If we terminate this Contract, we will refund all amounts you have paid to us, subject to the provisions of paragraph d of this Section.
- d. Amount of Refund. The refund amount will be the amount you have paid us less the following: (i) the costs we specifically incurred at your request for special changes and improvements to your Living Unit and described on Exhibit 1.3 or in any amendment hereto; (ii) the monthly Occupancy Charge or other periodic charges applicable to the period of time since the Initial Occupancy Date; (iii) any other charges, including Occupancy Charges, actually incurred by you since the Initial Occupancy Date; and (iv) a service charge equal to two percent (2%) of your Admission Fee provided for herein.
- e. Timing of Payment of Refund. If this Contract is terminated under the provisions of this Section, we will pay the refund amount to which you are entitled within sixty (60) days after the date of termination.
- f. No Accrual of Interest. No interest shall accrue or be payable on the refund to which you may be entitled under this Contract.

#### 4. MONTHLY OCCUPANCY CHARGES.

- a. Commencement. Beginning on the "start billing" date specified on the Billing Information Form (to be signed by you at closing and attached as an addendum to this contract) and continuing for each month or portion thereof while you occupy your Living Unit, you will pay us a monthly Occupancy Charge. The monthly Occupancy Charge for your first month of occupancy will be payable with your second month's bill. You will pay all subsequent monthly Occupancy Charges in advance on the first day of each calendar month. We reserve the right to charge interest on any past due monthly Occupancy Charges at a rate of one and one-half percent (1½%) per month. Monthly Occupancy Charges not received by the 10<sup>th</sup> day of the month for which the charge is payable shall be deemed past due. If you do not pay your monthly Occupancy Charges as agreed, we may terminate this Contract as described in Section 9, below. In addition, we may deduct the unpaid charges plus accrued interest and our reasonable attorneys' fees from any refund of your Admission Fee to which you might subsequently be entitled.
- b. Amount of Monthly Occupancy Charge. The initial Occupancy Charge is the amount shown in Section 1 of this Contract. We reserve the right to change the monthly Occupancy Charge as we deem appropriate. We consider a number of financial, economic, programmatic and regulatory factors in developing our annual operating budget and potential increases in fees for our residents. These factors include, but are not limited to, competitive market pressures such as employee wages and benefits, insurance costs and cost of capital; projected increases from vendors and other providers of goods and services; adjustments in government programs such as Medicare and Medicaid; additional resident service programs; repair and maintenance of facilities; and technological advances.

The amount of your Occupancy Charge may change between the date of this contract and the date your first Occupancy Charge is due; in such event, we will advise you in writing in advance of the change. It is our policy not to change the Occupancy Charge more than twice each calendar year, but we reserve the right to make more frequent changes should we deem it appropriate.

- c. Continuation of Fee During Absence. You agree to pay your monthly Occupancy charges on time and in full during your absence from your Living Unit, whether such absence is voluntary (such as vacation) or involuntary (such as hospitalization), including during any time when you reside in a facility on the Retirement Community campus that provides a level of care other than independent living.
- d. Financial Difficulty. If you experience financial difficulties beyond your control while a resident of Retirement Community, you may submit a request to us for assistance with the cost of your monthly Occupancy Charge. We will evaluate your request based on your individual circumstances, and we may grant or deny financial assistance to you for any reason in our sole discretion. Financial difficulties which in our judgment are the result of your gift giving, imprudent disbursement of financial resources, or intentional sheltering of assets will not be grounds for financial assistance.
- e. Benefit Programs. You agree to make proper application for Medicaid, public assistance, or any other available public benefit programs for which you might be eligible once you have exhausted the financial resources that you disclosed on your application. You agree to notify us of your application and to our communicating with such programs and such programs communicating with us concerning your application and eligibility for assistance. Failure to do so in good faith, or to provide the information necessary for the application for such assistance to be processed, shall constitute a breach of this Contract and may result in termination of this Contract as described in Section 9, below.

## 5. OCCUPANCY OF LIVING UNIT.

- a. Right to Occupy. You have the right to occupy the Living Unit identified in Section 1 of this Contract, and more specifically identified on attached Exhibit 3.1, from the Initial Occupancy Date until the right to occupy your Living Unit is terminated as herein provided. You agree that no one other than you will occupy your Living Unit without our advance written consent. You do not need to obtain our consent for an occasional overnight guest who stays one week or less with you. No one who resides with you, whether with or without our consent, shall have any rights under this Contract, or any claim for care or services from us.
- b. Joint Occupancy. If this Contract is entered into by two individuals for joint residency of a single living unit, each joint resident is jointly and severally liable for the payment and performance of all obligations under this Contract. If one joint resident dies or abandons the Living Unit, the remaining resident shall continue to be obligated under this Contract, except that we will charge you the monthly Occupancy Fee for only one person.

- c. Marriage during Term of Contract. If you marry during the term of this Contract, the following shall apply:
- i. Marriage to Another CCRC Contract Holder. If you marry someone who also is a resident of the Retirement Community under a CCRC contract with us, you may surrender either of the living units and choose to occupy one. If you surrender the living unit described in this Contract, refund of your Admission Fee will be governed by this Contract. If you choose to occupy the living unit described in this Contract, you will begin paying the Occupancy Charge for two occupants when your spouse moves into your Living Unit.
  - ii. Marriage to a Person Not a CCRC Contract Holder. If you marry someone who is not a resident of the Retirement Community under a CCRC contract with us, your spouse may become a resident of your Living Unit if your spouse 1) meets all the current requirements for admission to the type of Living Unit you occupy; 2) signs this contract and any amendments we deem necessary; and 3) pays an additional Admission Fee, the amount to be determined by the retirement community. If your spouse does not meet our requirements for admission or chooses not to become a CCRC contract holder with us, you may request that your spouse be permitted to occupy your unit. If we approve your spouse's occupancy, you will pay a second person Occupancy Charge for your spouse, but your spouse will have no rights under this contract and no claim for care, services or residency from us.
- d. Relocation to Another Independent Living Unit. We will consider your request to move from one living unit to another within Independent Living, and we reserve the exclusive right to determine, in our discretion, whether to permit such a move. A move to another living unit does not cause any change to the accrual period used to determine the refund amount to which you may be entitled upon termination of this Contract. Such a move will not entitle you to any part of the accrual portion of your Admission Fee. You may be charged an additional Admission Fee equal to the difference between the then current Admission Fee for the new unit and the Admission Fee you paid for your Living Unit under this Contract. In addition, you may be charged an internal move fee pursuant to our internal move policy. You will be responsible for your cost of moving.

## 6. FACILITIES AND SERVICES PROVIDED BY RETIREMENT COMMUNITY.

- a. Physical Facilities. The Retirement Community consists of apartments, villas, and garden homes for Independent Living; apartments for Assisted Living; a Healthcare Facility; a Memory Care Facility; administrative and staff offices; recreational facilities; facilities for preparing and serving meals; and common activities facilities.
- b. Basic Services. The following basic services and expenses will be covered by your monthly Occupancy Charge:
  - i. Insurance. We carry fire and extended coverage insurance on our buildings and liability coverage for the Retirement Community. You are required to secure and are responsible for the cost of property and casualty and liability

insurance for your personal belongings and other personal property located at the Retirement Community. We do not carry insurance on your personal property.

- ii. Utilities. We furnish and pay for the cost of heat and electricity, air conditioning, cable television service, internet service, water and sewer services, and trash collection. You are responsible for the cost of installation of telephone service and the monthly charge for that service.
- iii. Fixtures. We furnish your home with window blinds, an electric range, a built-in microwave, a refrigerator, and a garbage disposal. Washing machines and clothes dryers are accessible to apartment units; washing machines, clothes dryers and dishwashers are standard in all other floor plans.
- iv. General Maintenance of Common Areas and Grounds. We maintain all common areas and grounds.
- v. Parking Spaces. You and your guests are entitled to the nonexclusive use of the parking areas designated on the Retirement Community premises for resident and visitor parking.
- vi. Recreational, Social and Religious Activities. We provide recreational, physical, social, spiritual, educational and cultural activities as we determine in our discretion.
- vii. Emergency Nursing Assistance. Our nursing staff is on call twenty-four hours a day for emergencies.
- viii. Maintenance of Living Unit and Fixtures. We maintain the structural portion of your home and the fixtures described in Section 6.b.iii above. This maintenance does not include housekeeping or maintenance of your personal property.
- ix. Transportation. We provide regularly scheduled group transportation to selected medical facilities, shopping malls and grocery stores. The schedule and locations may be adjusted, modified, and changed at our discretion.
- x. Annual Cleaning. Our housekeeping staff will perform an annual cleaning of your home at no additional charge to you. Advance notice will be given for annual cleaning dates.
- xi. Grace Days. We will use good faith efforts to make available each calendar year up to three days per independent living resident of temporary care in one of our facilities without additional occupancy charge to you. These grace days do not renew in the event of a long-term move to healthcare. These grace days shall not be cumulative or transferable to another resident, whether such resident is a party to this or another Contract. Please note that fees for services (including, but not limited to, salon, therapy, transportation, and pharmacy) used during a stay in health care will not be waived.

- c. Optional Services. We may make certain services available to you to purchase at your option on a fee-for-service basis. Fees for such services will be payable either at the time the service is rendered or upon billing by us, as we deem appropriate. Such optional services may be expanded or reduced in our sole discretion. Optional services currently include:
- i. Meal Service. Meal service is available at the Pepper Tree Cafeteria on an à la carte basis. Meals are available at The Terrace Restaurant in the Boland Center as posted.
  - ii. Housekeeping. Housekeeping services are available at rates established by Retirement Community.
  - iii. Transportation. Limited personal transportation service is available.
  - iv. Home Care. Private duty personal services are available and are provided by certified nursing assistants.
  - v. Rehabilitation. Speech Therapy, Occupational Therapy and Physical Therapy services are available in the Coble Healthcare Facility.
  - vi. Salon Services. A salon is located in the Coble Healthcare Facility and is available for use by residents of the Retirement Community.

7. MAINTENANCE OF LIVING UNIT.

- a. Your Responsibilities. You agree:
- i. To keep your Living Unit clean, safe and sanitary at all times;
  - ii. To dispose of all rubbish, garbage and other waste in a clean and safe manner and in a designated area;
  - iii. To use in a proper and reasonable manner all electrical, plumbing, sanitary, heating, ventilating and other fixtures and appliances we furnish as a part of your Living Unit;
  - iv. Not to destroy, deface, damage or remove any part of your Living Unit or permit others to do so;
  - v. To obtain our approval before you make any modifications to your Living Unit; and
  - vi. To be responsible for all damage to, defacement of or removal of our property and fixtures in your Living Unit, whatever the cause, except when caused by ordinary wear and tear, by an act of one of our agents, by a third party not your guest or invitee, or by natural causes.
- b. Our Responsibilities. We agree:
- i. To comply with all building codes applicable to your Living Unit;

- ii. Except as stated above, to make all repairs and do whatever is necessary to maintain your Living Unit in a fit and habitable condition; and
- iii. To maintain in good and safe working order and, upon written notification from you of a need for repair, to repair promptly all electrical, plumbing, sanitary, heating, ventilating and other facilities and fixtures provided by us in your Living Unit.

8. RESIDENT ACCESS TO OTHER RETIREMENT COMMUNITY FACILITIES.

- a. Priority. You will have priority access over residents who have not entered into a CCRC contract with us and over nonresidents to available Assisted Living apartments and available beds in our Coble Healthcare and Memory Care Facilities.
- b. Additional Charges. If you temporarily move to another level of care at the Retirement Community, you agree to pay the charges established by us for the increased services and care available at that level of care, and to continue to pay the monthly Occupancy Charges for your Living Unit.
- c. Outside Care. We operate a home care agency for our residents so that you have a convenient source from which to hire additional personal care services to be provided in your home. You may not hire outside assistance with personal care in your home if we are able to meet your needs for such care. If we are not able to meet your needs and you choose to hire outside care through an agency other than ours, you agree to comply with the requirements of our policy on outside employees.

9. TERMINATION AFTER INITIAL OCCUPANCY DATE.

- a. Termination by You after Initial Occupancy Date. After the Initial Occupancy Date you have the right to terminate this Contract at any time for any reason, by giving us at least thirty (30) days' written notice. In addition, this Contract will automatically terminate thirty (30) days after your death or abandonment of your Living Unit.
- b. Termination by Retirement Community After Initial Occupancy Date. After the Initial Occupancy Date we may terminate this Contract upon thirty (30) days' written notice to you for any of the following reasons: i) we determine, after consulting with a physician we select, that you pose a threat to yourself or to the health, safety or welfare of our other Residents; ii) you require care that we do not or cannot provide; iii) our Board of Directors determines, in its sole discretion, that you are not compatible with our other residents or that you are disruptive of the Retirement Community's environment; iv) you fail to pay the monthly Occupancy Charge for your Living Unit or charges for other services and facilities provided by us to you; v) you fail to comply with your commitment, under the terms of this Contract, not to shelter assets or otherwise arrange your financial affairs in a manner that would enable you to become eligible for a program or programs of public assistance such as Medicaid without having first obtained the written consent of our Chief Executive Officer; or vi) you fail to comply with the terms of this Contract or with our published rules, regulations and policies as amended from time to time.

- c. Your Obligations upon Termination of this Contract. If this Contract terminates under this Section 9 of the Contract, you agree that, within thirty (30) days after written notice of termination, you will remove (or in the event of your death, your legal representative within thirty days of your death will so remove) all of your personal property from your Living Unit and you will vacate the Living Unit, leaving it in the same condition as on the Initial Occupancy Date, except for normal wear and tear.
- d. Our Right to Remove and Dispose of Your Personal Property. We may remove any personal property that you do not remove from your Living Unit by the end of the thirty-day notice period. We may, but are not obligated to, pack and store any items we choose, and you agree to pay the actual cost for such packing and storage. You also agree that we are not responsible for any damage that occurs to your personal property remaining in your Living Unit after you have vacated the Living Unit. If you do not pay the packing/storage fee and do not retrieve your personal property within three (3) months of your last day of occupancy, we may dispose of the personal property in any manner we deem appropriate, and we shall not be liable to you or your heirs for such personal property or any proceeds from the sale of such personal property.
- e. Payment of Admission Fee Refund upon Termination of this Contract. If this Contract is terminated within two and one-half years (that is, within 912 days) after the Initial Occupancy Date, you shall be entitled to receive a refund of a portion of your admission fee. No part of the amount you paid us to make special changes or improvements to your Living Unit, as described on Exhibit 1.3 or in any amendment hereto, is refundable.

During the first two and one-half years following your Initial Occupancy Date ("912 Day Period"), 96% of your admission fee will decline ratably over that 912 Day Period.

The total amount of your refund will be calculated according to the following formula:

Amount of Refund in Dollars	=	$\left[ \left( \frac{\text{Admission Fee} \times 96\%}{912} \right) \times \left( 912 \text{ minus } \begin{array}{l} \text{Number of Days (Full or Partial) in your Accrual Period as calculated below} \end{array} \right) \right]$	
-----------------------------	---	---	--

Thus, the refund amount declines ratably over a 30-month period that begins on your initial occupancy date. The amount that declines ratably is equal to 96% of your admission fee.

The refund shall be reduced by (i) any amounts that you owe to us, including but not limited to unpaid Occupancy Charges; (ii) any costs we incur to restore your Living Unit to its original condition, other than for normal wear and tear; (iii) any costs we incur to remove, store or dispose of personal property you leave in your Living Unit; and (iv) the amount of any financial assistance we have provided to you.

- i. Accrual Period. For purposes of calculating the refund payable to you under this provision of the Contract, the first day of your Accrual Period shall be the Initial Occupancy Date; the last day of your Accrual Period shall be the day on which you a) have ceased to be a resident of the Retirement Community in any level of care; b) have removed all of your personal property from the Living Unit (or from such other unit within the facilities of the Retirement Community as you occupied at the time you ceased to be a resident of the Retirement Community); and c) have delivered to us your keys to the Living Unit, thereby relinquishing your free access to the Living Unit. You and we recognize that the first thirty (30) days of your Accrual Period are subject to the provisions of the Section of this Contract entitled "Right to Rescind." Under no circumstances shall the accrual period exceed 912 days.
- ii. No Refund During Your Residency. No refund shall be paid when you continue to be a resident of the Retirement Community, whether in another unit or under a different level of care within the facilities of the Retirement Community.
- iii. No Interest on Refund. No interest shall be payable on the refund.
- iv. Timing of Payment of Refund. We will pay the refund amount to you within sixty (60) days after we collect a new Admission Fee for your Living Unit from a new resident or after you have ceased to be a resident of the Retirement Community, whichever shall later occur.

10. AGREEMENT TO SUBMIT DISPUTE TO MEDIATION OR ARBITRATION. You and we agree that in the event a dispute arises regarding your care or treatment or in the event you or we have any other claim or dispute, including any claim or dispute arising under this Contract or relating to the interpretation of this Contract but excluding any pricing disputes such as any dispute over adjustments of monthly or daily rates or other costs associated with resident services or care, any and all such claims or disputes shall first be submitted to a mediator for possible resolution, and if mediation is unsuccessful in resolving all aspects of the dispute, then the same shall be submitted to binding arbitration, as more specifically set forth herein. You and we understand that by agreeing to arbitration, both you and we are waiving the constitutional right to have any claim that we or you might have decided in a court of law before a judge and jury.

- a. Mediation. You and we agree that if you or your representative has a claim or dispute against us, you or your representative shall notify us in writing of the dispute and shall provide a description and factual details of the nature of the claim or dispute. You and we
  - i. May submit evidence or information in writing to a mediator, to be designated by the mutual agreement of you and us, in support of the claim



or dispute and of any defense either of us may have to the claim. If you and we cannot agree on the designation of a mediator, each party shall select a mediator, and those two mediators shall then select a third mediator who will mediate the dispute. This selection of a mediator shall be binding upon both of us;

- ii. Have the right to a hearing before the mediator, at which you and we may present evidence in support of or in defense of any such claim or dispute to the extent allowed by the mediator. The mediator will set the time and date of the hearing and assist each of us in an unbiased manner in attempting to reach an amicable settlement of the claim or dispute;
- iii. Agree that the mediation shall be scheduled at a time convenient for you and us and shall be held in Alamance County, North Carolina;
- iv. Agree that, if either of us refuses to negotiate or mediate in a good faith attempt to resolve the matter of concern, the mediator shall be required to note that fact in the mediator's conclusion to the mediation attempt;
- v. Agree that, in the event the parties are unable to reach an amicable settlement, we will then submit the dispute to a mandatory, binding arbitration consistent with the North Carolina Uniform Arbitration Act and the rules of the American Arbitration Association, as set forth below.

**b. ARBITRATION. You and we agree voluntarily to submit to binding arbitration any controversy, dispute or claim that remains unsettled after mediation in accordance with the following procedure:**

- i. Any dispute or controversy not settled through the mediation process outlined above shall be submitted to, and determined and settled by, binding arbitration in Alamance County, North Carolina, in accordance with the North Carolina Uniform Arbitration Act and the rules of the American Arbitration Association.**
- ii. You and we shall mutually select and retain the services of an arbitrator or arbitration company (hereinafter "arbitrator"). If you and we are unable to agree to the selection of an arbitrator, then each of us shall choose an arbitrator, and the two arbitrators shall in turn choose an arbitrator mutually agreeable to said two arbitrators. The third arbitrator so chosen shall be the arbitrator that you and we retain to settle our claim or dispute, and the choice of said arbitrator shall be binding upon both of us.**
- iii. The costs and expenses (including reasonable attorneys' fees) in connection with the arbitration shall be allocated between you and us in the manner that the Arbitrator decides to be fair and appropriate under the circumstances.**

**The decision of the Arbitrator shall be final, shall not be appealable and shall not be stayed, and judgment upon such decision may be entered in any court of competent jurisdiction. Application may be made to such**

**court for confirmation of such decision or a judicial acceptance thereof, or for an order of enforcement or other legal remedy which may be necessary to effectuate such decision. This clause goes to the very essence of this stipulation. However, in the event the party against whom the decision is made shall appeal from any such decision or file or cause to be filed a complaint with any state court after the issuance of the arbitrator's findings, then the appellant or claimant agrees, without question, to pay and be responsible for paying any and all court costs, attorney fees, and any other cost incurred by the nonclaimant or appellee (party not initiating the Court action) in participating in such litigation.**

**BY AGREEING TO THIS PROVISION, YOU WAIVE YOUR CONSTITUTIONAL RIGHT TO A JURY TRIAL. However, this agreement to arbitrate shall not limit your right to file a grievance or complaint, formal or informal, with Retirement Community or any appropriate state or federal agency.**

**The parties agree that damages awarded, if any, in an arbitration conducted pursuant to this Section 10 shall be determined in accordance with the provisions of the state or federal law applicable to a comparable civil action, including any prerequisites to, credit against, or limitations on, such damages.**

**It is the intention of the parties to this Contract that the provisions of this Section 10 shall inure to the benefit of and bind the parties, their successors and assigns, including the agents, employees and servants of Retirement Community, and all persons whose claims are derived through or on your behalf, including that of any parent, spouse, child, guardian, executor, administrator, legal representative, or heir.**

**All claims based in whole or in part on the same incident, transaction, or related course of care or services provided by Retirement Community to you shall be arbitrated in one proceeding. A claim shall be waived and forever barred if it arose prior to the date upon which notice of arbitration is given to Retirement Community or received by you and is not presented in the arbitration proceeding.**

**11. REPRESENTATIONS AND FURTHER AGREEMENTS BY YOU.**

- a. Health and Financial Information Material Part of Contract. You acknowledge that the medical, personal, and financial information you submitted as part of your application with us is a material part of this Contract, and that we have relied upon that information in determining your ability to meet the financial obligations of residency in the Retirement Community.
- b. Prohibition against Medicaid Planning and Other Asset Protection Planning Strategies. We must protect ourselves and our residents against the risk to the financial strength of the Retirement Community that could be caused by a resident

engaging in financial planning designed to protect that resident's financial resources against the cost of medical care for that resident or that resident's spouse ("Medicaid Planning"). Medicaid Planning includes, but is not limited to, the making of gifts; the funding of trusts; the investment in or purchase of assets that are deemed not to count as resources for purposes of determining one's eligibility for government programs such as Medicaid; and engaging in other strategies designed to enable the resident to become eligible for financial assistance from government programs before the resident has exhausted the resident's resources in paying for the resident's normal living expenses and the resident's medical care. As a material and express condition of this Contract, you agree not to engage in Medicaid Planning without having first obtained the written consent of the Chief Executive Officer of Retirement Community. Furthermore, pursuant to Section 1396ra(c)(5)(B)(V) of Chapter 42 of the United States Code, a material and express condition of this Contract is your agreement not to seek assistance from Medicaid with the cost of your care until you have exhausted, through payment for your health, maintenance and support, the financial resources set forth on your application for admission to Twin Lakes Community.

In the event of any material misrepresentation in or omission from your application for admission to the Retirement Community, or in the event that you violate the prohibition against Medicaid Planning, we may terminate this Contract and the termination and refund provisions in this Contract then apply.

- c. Obligation to Update Health and Financial Information. You agree to provide such additional health and financial information as we may request during the term of this Contract. You agree to notify us if you learn that you have a communicable disease. Accordingly, you also agree to authorize the release of all medical information to us at any time we request such information, and you have executed such an authorization coincident with the execution of this Contract. In addition, you agree to furnish a full and accurate financial statement of assets, liabilities, and income and shall authorize the release of all financial information of third parties to us at any time we may so request. You also authorize us to release such health and financial information to third parties (i) who provide financial assistance to you or (ii) to whom you have applied for assistance, including but not limited to, the Department of Social Services, the Social Security Administration, the Division of Medical Assistance, other organizations involved in the administration of Medicare and Medicaid, and health insurance companies. You also authorize us to communicate with such programs or companies and them with us concerning your application and eligibility. You have executed such an authorization coincident with the execution of this Contract.
- d. Medical Insurance. You agree to maintain Medicare Part A and Medicare Part B, or equivalent insurance coverage acceptable to us, with evidence of such coverage upon request.
- e. Emergency Transportation. In the case of an emergency, you authorize us to arrange for transportation by an emergency services provider that we choose in our discretion. You agree to pay the cost of the emergency services provider.

- f. Other Health Costs. You agree to pay the cost, if any, for services of consultants and other services and supplies not included in this Contract when expressly ordered by your physician or requested by you or your family. In the event of a health emergency, you agree to pay for additional charges in excess of the monthly Occupancy Charge for special services or supplies that we, in our discretion, deem reasonable or necessary.
- g. Reasonable Care. We agree to exercise such reasonable care toward you as your known condition may require. However, we are in no sense an insurer of your safety or welfare and assume no liability for such.
- h. Move to Another Level of Care. We may effect your move to another living unit in Independent Living or another level of care within the facilities of the Retirement Community. The decision to effect such a move will be in our sole discretion and will be binding on you; the decision will be made, however, only after consulting with you, and when we deem it appropriate, with your family, physician, or designee.
- i. Valuables. Neither we nor our employees are responsible for any valuables or money in your possession. We accept full responsibility for valuables and money turned over to us for safekeeping.
- j. Rules and Regulations. You agree to abide by all rules and regulations in effect from time to time and applicable to residents of the Retirement Community.
- k. Tobacco Free Campus. Twin Lakes Community is a tobacco-free campus. The use of tobacco products is strictly prohibited on our campus, including within private residences on our campus. You agree to adhere to, and to ensure that any guests of yours adhere to, our tobacco-free policy, and to any modifications to the policy.
- l. Pets. You agree that, without our prior written consent, you will not keep or maintain either temporarily or permanently any dogs, cats or other animals or pets, except for fish or small birds in appropriate containers.
- m. Non-Assignment. Your rights and privileges under this Contract are personal to you and cannot be transferred or assigned to any other person voluntarily or by execution of law. No person other than you may occupy your Living Unit except with our prior written approval.
- n. Additional Obligations. In addition to the other obligations under this Contract, you agree:
  - i. To absolve and release us and our employees of any responsibility for any event, accident or deterioration of medical condition while you are away from the premises of the Retirement Community and not under the direct care and supervision of our staff.
  - ii. To pay and indemnify us for all costs we incur, including reasonable attorney's fees, if you fail to pay any amount due us under the terms of the Contract, or if you breach any other terms of this Contract.

- iii. If you are injured by a third party, you agree that we shall be subrogated to your rights to recover from such third party the costs and expenses incurred by reason of such injuries, and you authorize us to take all necessary steps to enforce the payment of such costs and expenses by the responsible third party.
- iv. You agree to pay or reimburse us for any loss or damage we suffer as a result of the negligence or misconduct of you or your guest or invitee. We assume no responsibility for any injury or illness you suffer as a result of the negligence or intentional misconduct of any third party.
- o. Nature of Your Rights. Your rights under this Contract are the rights and privileges herein expressly granted and do not include any proprietary interest or membership in the Retirement Community.
- p. Obligations Divisible. If a portion of this Contract shall be determined to be illegal or unenforceable or not in conformity with applicable laws and regulations, the remainder of this Contract shall continue in full force and effect.
- q. Disclosure Statement. You hereby acknowledge that you have received a copy of our current disclosure statement. In the event of any discrepancy between the language contained in this Contract and the language contained in the disclosure statement, the language of this Contract shall control. You further acknowledge that, prior to the execution of this Contract, you have transferred to us no money or other property except for your deposit money.
- r. Successors and Assigns. This Contract shall be binding upon, inure to the benefit of, and be enforceable by, Lutheran Retirement Ministries of Alamance County, North Carolina d/b/a Twin Lakes Community, its successors and assigns.
- s. Transfer to Another Level of Care. If you transfer to another level of care at the Retirement Community, you agree to enter into an addendum agreement at that time specific to the new level of care. The Addendum will contain terms and occupancy rates consistent with the terms and rates then offered by us to other residents for that level of care.
- t. Evaluation by a Physician. You agree to permit a physician selected by Retirement Community to evaluate you should we believe, in our sole discretion, that you may pose a threat to yourself or to the health, safety or welfare of our other residents or that you require care that we do not or cannot provide.
- u. Site Plans. All structures and improvements not constructed as of the date of this Contract but shown on a site plan or in advertising or promotional material for the Retirement Community are solely for the illustrative purposes of showing the proposed development of the Retirement Community, and we are under no obligation to you to complete such structures or improvements.
- v. Entire Contract. This Contract constitutes the entire agreement between you and us. We are not liable for or bound in any manner by any statements, representations or promises made by any person representing or purporting to represent us unless such statements, representations or promises are set forth in this Contract.

- w. Governing Law. This Contract shall be governed by and interpreted in accordance with the law of the State of North Carolina and any applicable federal laws.
  
- x. Amendments Only in Writing. This Contract may only be amended or changed in writing by all parties to the Contract and in accordance with any applicable laws governing the Contract. This Contract replaces any prior contracts between the parties.

LUTHERAN RETIREMENT MINISTRIES  
OF ALAMANCE COUNTY, NORTH CAROLINA,  
d/b/a/ TWIN LAKES COMMUNITY

\_\_\_\_\_ (SEAL)

J. Brent Conklin, CFO Pamela S. Fox, President / CEO

\_\_\_\_\_ (SEAL)

RESIDENT

\_\_\_\_\_ (SEAL)

RESIDENT



**RESIDENCY CONTRACT FOR LIVING UNIT**

**50% Refundable Admission**

THIS CONTRACT is entered into on \_\_\_\_\_ (“date of this contract”) between LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NORTH CAROLINA d/b/a/ TWIN LAKES COMMUNITY, a non-profit corporation (“we” or “us”) and \_\_\_\_\_ (“you”).

**BACKGROUND**

- A. We own and operate a continuing care retirement community in Burlington, North Carolina, known as “Twin Lakes Community” (“Retirement Community”).
- B. We are affiliated with the Evangelical Lutheran Church in America and meet the criteria and provisions for affiliation established by that Church. We are a separate corporation, however, and our Church-affiliated status shall not cause any Lutheran Church body to incur or be subjected to our liabilities or debts. We are fully responsible for the management and fiscal affairs of Retirement Community and solely responsible for any debts and liabilities incurred in its operation.
- C. We do not discriminate on the basis of race, color, creed, national origin, sex, or disability in the admission, retention and care of our residents.
- D. You (or one of you) are at least 62 years of age. You have applied to become a resident in one of our independent living units and your application has been accepted, subject to the execution of this Contract. Your application is made part of this Contract by reference.

**AGREEMENT**

NOW THEREFORE, for valuable consideration and the promises contained herein, you and we agree as follows:

12. **DEFINITIONS.** The following definitions shall apply:

- a. “Admission Fee”: The up-front payment required for admission to Retirement Community. Your Admission Fee is \_\_\_\_\_ Thousand Dollars (\$\_\_\_\_\_).
- b. “Occupancy Charge”: The monthly fee payable to Retirement Community. The goods and services covered by the Occupancy Charge are outlined in Section 6.b, below. Your Occupancy Charge is \_\_\_\_\_ Dollars

(\$\_\_\_\_\_) per month plus \_\_\_\_\_ Dollars (\$\_\_\_\_\_) for each additional occupant.

- c. "Living Unit": The villa, garden home, or apartment that you occupy at Retirement Community. The address of your Living Unit is \_\_\_\_\_.
- d. "Initial Occupancy Date": The date on which you receive keys to your Living Unit or that is 120 days after the date of this contract, whichever occurs first; provided, however, that if your Living Unit is not ready for occupancy on that date, then we will provide you with a Notice of Availability specifying the Initial Occupancy Date; provided further, that if you receive your keys during the 30-day rescission period, your initial occupancy date shall be deemed to be the 31<sup>st</sup> day after the date of this contract.
- g. "Rescission Period": The thirty (30) day period in which you may rescind or cancel this Contract.
- h. "Joint Occupancy": Occupancy of the Living Unit by two individuals, one of whom must be at least 62 years of age.

13. ADMISSION FEE.

- a. Amount and Payment. You agree to pay us the Admission Fee in accordance with the following Payment Schedule:
  - Initial deposit in the amount of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) paid on \_\_\_\_\_.
  - Remaining balance due paid on or before "initial occupancy date" as defined in Section 1d above.

14. CANCELLATION, TERMINATION AND RESCISSION PRIOR TO OCCUPANCY

- a. Right to Rescind. You may rescind or cancel this Contract within thirty (30) days after the later of the date of execution of this Contract or the date you receive our disclosure statement that meets the requirements of Chapter 58 of the North Carolina General Statutes ("Rescission Period").

You may move into your Living Unit during the Rescission Period, but are not obligated to do so. You will not be charged a monthly Occupancy Charge during the Rescission Period, unless you move into your Living Unit during such time.

To rescind the Contract, you must within the Rescission Period: (i) deliver written notice to us; (ii) remove all of your personal property from the Living Unit; and (iii) turn over to us your keys to the Living Unit.

If you rescind the Contract during the Rescission Period, we will refund all amounts you have paid to us subject to the provisions of paragraph d of this Section.

- b. Cancellation Due to Injury, Death or Incapacity. If prior to the Initial Occupancy Date you die or become unable to live independently because of illness, injury or



incapacity, this Contract is automatically canceled and you or your legal representative shall receive a refund of all amounts you have paid to us subject to the provisions of paragraph d of this Section.

- c. Termination by Retirement Community. We may terminate this Contract at any time before the Initial Occupancy Date if we determine, in our sole discretion, that one of the following events has occurred: a) you made a material misrepresentation or omission in your admission application; b) you experienced a change in your health or financial condition such that you no longer satisfy our admissions criteria; or c) you fail to pay the Admission Fee in accordance with the Payment Schedule. If we terminate this Contract, we will refund all amounts you have paid to us, subject to the provisions of paragraph d of this Section.
- d. Amount of Refund. The refund amount will be the amount you have paid us less the following: (i) the costs we specifically incurred at your request for special changes and improvements to your Living Unit and described on Exhibit 1.3 or in any amendment hereto; (ii) the monthly Occupancy Charge or other periodic charges applicable to the period of time since the Initial Occupancy Date; (iii) any other charges, including Occupancy Charges, actually incurred by you since the Initial Occupancy Date; and (iv) a service charge equal to two percent (2%) of your Admission Fee provided for herein.
- e. Timing of Payment of Refund. If this Contract is terminated under the provisions of this Section, we will pay the refund amount to which you are entitled within sixty (60) days after we obtain a new resident for your Living Unit and collect an Admission Fee from that new resident.
- f. No Accrual of Interest. No interest shall accrue or be payable on the refund to which you may be entitled under this Contract.

#### 15. MONTHLY OCCUPANCY CHARGES.

- a. Commencement. Beginning on the "start billing" date specified on the Billing Information Form (to be signed by you at closing and attached as an addendum to this contract) and continuing for each month or portion thereof while you occupy your Living Unit, you will pay us a monthly Occupancy Charge. The monthly Occupancy Charge for your first month of occupancy will be payable with your second month's bill. You will pay all subsequent monthly Occupancy Charges in advance on the first day of each calendar month. We reserve the right to charge interest on any past due monthly Occupancy Charges at a rate of one and one-half percent (1½%) per month. Monthly Occupancy Charges not received by the 10<sup>th</sup> day of the month for which the charge is payable shall be deemed past due. If you do not pay your monthly Occupancy Charges as agreed, we may terminate this Contract as described in Section 9, below. In addition, we may deduct the unpaid charges plus accrued interest and our reasonable attorneys' fees from any refund of your Admission Fee to which you might subsequently be entitled.
- b. Amount of Monthly Occupancy Charge. The initial Occupancy Charge is the amount shown in Section 1 of this Contract. We reserve the right to change the monthly Occupancy Charge as we deem appropriate. We consider a number of financial, economic, programmatic and regulatory factors in developing our annual operating budget and potential increases in fees for our residents. These factors

include, but are not limited to, competitive market pressures such as employee wages and benefits, insurance costs and cost of capital; projected increases from vendors and other providers of goods and services; adjustments in government programs such as Medicare and Medicaid; additional resident service programs; repair and maintenance of facilities; and technological advances.

The amount of your Occupancy Charge may change between the date of this contract and the date your first Occupancy Charge is due; in such event, we will advise you in writing in advance of the change. It is our policy not to change the Occupancy Charge more than twice each calendar year, but we reserve the right to make more frequent changes should we deem it appropriate.

- c. Continuation of Fee During Absence. You agree to pay your monthly Occupancy charges on time and in full during your absence from your Living Unit, whether such absence is voluntary (such as vacation) or involuntary (such as hospitalization), including during any time when you reside in a facility on the Retirement Community campus that provides a level of care other than independent living.
- d. Financial Difficulty. If you experience financial difficulties beyond your control while a resident of Retirement Community, you may submit a request to us for assistance with the cost of your monthly Occupancy Charge. We will evaluate your request based on your individual circumstances, and we may grant or deny financial assistance to you for any reason in our sole discretion. Financial difficulties which in our judgment are the result of your gift giving, imprudent disbursement of financial resources, or intentional sheltering of assets will not be grounds for financial assistance.
- e. Benefit Programs. You agree to make proper application for Medicaid, public assistance, or any other available public benefit programs for which you might be eligible once you have exhausted the financial resources that you disclosed on your application. You agree to notify us of your application and to our communicating with such programs and such programs communicating with us concerning your application and eligibility for assistance. Failure to do so in good faith, or to provide the information necessary for the application for such assistance to be processed, shall constitute a breach of this Contract and may result in termination of this Contract as described in Section 9, below.

16. OCCUPANCY OF LIVING UNIT.

- a. Right to Occupy. You have the right to occupy the Living Unit identified in Section 1 of this Contract, and more specifically identified on attached Exhibit 3.1, from the Initial Occupancy Date until the right to occupy your Living Unit is terminated as herein provided. You agree that no one other than you will occupy your Living Unit without our advance written consent. You do not need to obtain our consent for an occasional overnight guest who stays one week or less with you. No one who resides with you, whether with or without our consent, shall have any rights under this Contract, or any claim for care or services from us.
- b. Joint Occupancy. If this Contract is entered into by two individuals for joint residency of a single living unit, each joint resident is jointly and severally liable

for the payment and performance of all obligations under this Contract. If one joint resident dies or abandons the Living Unit, the remaining resident shall continue to be obligated under this Contract, except that we will charge you the monthly Occupancy Fee for only one person.

- c. Marriage during Term of Contract. If you marry during the term of this Contract, the following shall apply:
- i. Marriage to Another CCRC Contract Holder. If you marry someone who also is a resident of the Retirement Community under a CCRC contract with us, you may surrender either of the living units and choose to occupy one. If you surrender the living unit described in this Contract, refund of your Admission Fee will be governed by this Contract. If you choose to occupy the living unit described in this Contract, you will begin paying the Occupancy Charge for two occupants when your spouse moves into your Living Unit.
  - ii. Marriage to a Person Not a CCRC Contract Holder. If you marry someone who is not a resident of the Retirement Community under a CCRC contract with us, your spouse may become a resident of your Living Unit if your spouse 1) meets all the current requirements for admission to the type of Living Unit you occupy; 2) signs this contract and any amendments we deem necessary; and 3) pays an additional Admission Fee, the amount to be determined by the retirement community. If your spouse does not meet our requirements for admission or chooses not to become a CCRC contract holder with us, you may request that your spouse be permitted to occupy your unit. If we approve your spouse's occupancy, you will pay a second person Occupancy Charge for your spouse, but your spouse will have no rights under this contract and no claim for care, services or residency from us.
- d. Relocation to Another Independent Living Unit. We will consider your request to move from one living unit to another within Independent Living, and we reserve the exclusive right to determine, in our discretion, whether to permit such a move. A move to another living unit does not cause any change to the accrual period used to determine the refund amount to which you may be entitled upon termination of this Contract. You may be charged an additional Admission Fee equal to the difference between the then current Admission Fee for the new unit and the accrual portion of the Admission Fee you paid for your Living Unit under this Contract. In addition, you may be charged an internal move fee pursuant to our internal move policy, and the contract on the new unit will continue to be subject to the terms of a 50% refund contract. You will be responsible for your cost of moving.

17. FACILITIES AND SERVICES PROVIDED BY RETIREMENT COMMUNITY.

- a. Physical Facilities. The Retirement Community consists of apartments, villas, and garden homes for Independent Living; apartments for Assisted Living; a Healthcare Facility; a Memory Care Facility; administrative and staff offices; recreational facilities; facilities for preparing and serving meals; and common activities facilities.

- b. Basic Services. The following basic services and expenses will be covered by your monthly Occupancy Charge:
- i. Insurance. We carry fire and extended coverage insurance on our buildings and liability coverage for the Retirement Community. You are required to secure and are responsible for the cost of property and casualty and liability insurance for your personal belongings and other personal property located at the Retirement Community. We do not carry insurance on your personal property.
  - ii. Utilities. We furnish and pay for the cost of heat and electricity, air conditioning, cable television service, internet service, water and sewer services, and trash collection. You are responsible for the cost of installation of telephone service and the monthly charge for that service.
  - iii. Fixtures. We furnish your home with window blinds, an electric range, a built-in microwave, a refrigerator, and a garbage disposal. Washing machines and clothes dryers are accessible to apartment units; washing machines, clothes dryers and dishwashers are standard in all other floor plans.
  - iv. General Maintenance of Common Areas and Grounds. We maintain all common areas and grounds.
  - v. Parking Spaces. You and your guests are entitled to the nonexclusive use of the parking areas designated on the Retirement Community premises for resident and visitor parking.
  - vi. Recreational, Social and Religious Activities. We provide recreational, physical, social, spiritual, educational and cultural activities as we determine in our discretion.
  - vii. Emergency Nursing Assistance. Our nursing staff is on call twenty-four hours a day for emergencies.
  - viii. Maintenance of Living Unit and Fixtures. We maintain the structural portion of your home and the fixtures described in Section 6.b.iii above. This maintenance does not include housekeeping or maintenance of your personal property.
  - ix. Transportation. We provide regularly scheduled group transportation to selected medical facilities, shopping malls and grocery stores. The schedule and locations may be adjusted, modified, and changed at our discretion.
  - x. Annual Cleaning. Our housekeeping staff will perform an annual cleaning of your home at no additional charge to you. Advance notice will be given for annual cleaning dates.
  - xi. Grace Days. We will use good faith efforts to make available each calendar year up to three days per independent living resident of temporary care in one of our facilities without additional occupancy charge to you. These grace days do not renew in the event of a long-term move to healthcare.

These grace days shall not be cumulative or transferable to another resident, whether such resident is a party to this or another Contract. Please note that fees for services (including, but not limited to, salon, therapy, transportation, and pharmacy) used during a stay in health care will not be waived.

- c. Optional Services. We may make certain services available to you to purchase at your option on a fee-for-service basis. Fees for such services will be payable either at the time the service is rendered or upon billing by us, as we deem appropriate. Such optional services may be expanded or reduced in our sole discretion. Optional services currently include:
- i. Meal Service. Meal service is available at the Pepper Tree Cafeteria on an à la carte basis. Meals are available at The Terrace Restaurant in the Boland Center as posted.
  - ii. Housekeeping. Housekeeping services are available at rates established by Retirement Community.
  - iii. Transportation. Limited personal transportation service is available.
  - iv. Nursing. Private duty personal services are available and are provided by certified nursing assistants.
  - v. Rehabilitation. Speech Therapy, Occupational Therapy and Physical Therapy services are available in the Coble Healthcare Facility.
  - vi. Salon Services. A salon is located in the Coble Healthcare Facility and is available for use by residents of the Retirement Community.

18. MAINTENANCE OF LIVING UNIT.

- a. Your Responsibilities. You agree:
- i. To keep your Living Unit clean, safe and sanitary at all times;
  - ii. To dispose of all rubbish, garbage and other waste in a clean and safe manner and in a designated area;
  - iii. To use in a proper and reasonable manner all electrical, plumbing, sanitary, heating, ventilating and other fixtures and appliances we furnish as a part of your Living Unit;
  - iv. Not to destroy, deface, damage or remove any part of your Living Unit or permit others to do so;
  - v. To obtain our approval before you make any modifications to your Living Unit; and
  - vi. To be responsible for all damage to, defacement of or removal of our property and fixtures in your Living Unit, whatever the cause, except when caused by ordinary wear and tear, by an act of one of our agents, by a third party not your guest or invitee, or by natural causes.

- b. Our Responsibilities. We agree:
  - i. To comply with all building codes applicable to your Living Unit;
  - ii. Except as stated above, to make all repairs and do whatever is necessary to maintain your Living Unit in a fit and habitable condition; and
  - iii. To maintain in good and safe working order and, upon written notification from you of a need for repair, to repair promptly all electrical, plumbing, sanitary, heating, ventilating and other facilities and fixtures provided by us in your Living Unit.

19. RESIDENT ACCESS TO OTHER RETIREMENT COMMUNITY FACILITIES.

- a. Priority. You will have priority access over residents who have not entered into a CCRC contract with us and over nonresidents to available Assisted Living apartments and available beds in our Coble Healthcare and Memory Care Facilities.
- b. Additional Charges. If you temporarily move to another level of care at the Retirement Community, you agree to pay the charges established by us for the increased services and care available at that level of care, and to continue to pay the monthly Occupancy Charges for your Living Unit.
- c. Outside Care. We operate a home care agency for our residents so that you have a convenient source from which to hire additional personal care services to be provided in your home. You may not hire outside assistance with personal care in your home if we are able to meet your needs for such care. If we are not able to meet your needs and you choose to hire outside care through an agency other than ours, you agree to comply with the requirements of our policy on outside employees.

20. TERMINATION AFTER INITIAL OCCUPANCY DATE.

- a. Termination by You after Initial Occupancy Date. After the Initial Occupancy Date you have the right to terminate this Contract at any time for any reason, by giving us at least thirty (30) days' written notice. In addition, this Contract will automatically terminate thirty (30) days after your death or abandonment of your Living Unit.
- b. Termination by Retirement Community After Initial Occupancy Date. After the Initial Occupancy Date we may terminate this Contract upon thirty (30) days' written notice to you for any of the following reasons: i) we determine, after consulting with a physician we select, that you pose a threat to yourself or to the health, safety or welfare of our other Residents; ii) you require care that we do not or cannot provide; iii) our Board of Directors determines, in its sole discretion, that you are not compatible with our other residents or that you are disruptive of the Retirement Community's environment; iv) you fail to pay the monthly Occupancy Charge for your Living Unit or charges for other services and facilities provided by us to you; v) you fail to comply with your commitment, under the terms of this Contract, not to shelter assets or otherwise arrange your financial affairs in a manner that would enable you to become eligible for a program or programs of public assistance such as Medicaid without having first obtained the

written consent of our Chief Executive Officer; or vi) you fail to comply with the terms of this Contract or with our published rules, regulations and policies as amended from time to time.

- c. Your Obligations upon Termination of this Contract. If this Contract terminates under this Section 9 of the Contract, you agree that, within thirty (30) days after written notice of termination, you will remove (or in the event of your death, your legal representative within thirty days of your death will so remove) all of your personal property from your Living Unit and you will vacate the Living Unit, leaving it in the same condition as on the Initial Occupancy Date, except for normal wear and tear.
- d. Our Right to Remove and Dispose of Your Personal Property. We may remove any personal property that you do not remove from your Living Unit by the end of the thirty-day notice period. We may, but are not obligated to, pack and store any items we choose, and you agree to pay the actual cost for such packing and storage. You also agree that we are not responsible for any damage that occurs to your personal property remaining in your Living Unit after you have vacated the Living Unit. If you do not pay the packing/storage fee and do not retrieve your personal property within three (3) months of your last day of occupancy, we may dispose of the personal property in any manner we deem appropriate, and we shall not be liable to you or your heirs for such personal property or any proceeds from the sale of such personal property.
- e. Payment of Admission Fee Refund upon Termination of this Contract. Upon termination of this Contract after the Initial Occupancy Date, you shall be entitled to receive a refund of a portion of your admission fee. No part of the amount you paid us to make special changes or improvements to your Living Unit, as described on Exhibit 1.3 or in any amendment hereto, is refundable.

The refundable amount will consist of one-half of your admission fee. During the first two and one-half years following your Initial Occupancy Date ("912 Day Period"), 96% of the remaining half of your admission fee will decline ratably over that 912 Day Period.

The total amount of your refund will be calculated according to the following formula:

Amount of Refund in Dollars	=	50% of Admission Fee	+	$\left[ \left( \frac{50\% \text{ of Admission Fee} \times 96\%}{912} \right) \times \left( 912 \text{ MINUS } \right. \right.$	$\left. \left. \text{Number of Days (Full or Partial) in your Accrual Period as calculated below} \right) \right]$
-----------------------------	---	----------------------	---	--	--

Thus, the refund amount is equal to the sum of two components. The first component is a fixed amount equal to 50% of your admission fee. The second component is an amount that declines ratably over a 30-month period equal to 96% of the remaining 50% of your admission fee.

The refund shall be reduced by (i) any amounts that you owe to us, including but not limited to unpaid Occupancy Charges; (ii) any costs we incur to restore your Living Unit to its original condition, other than for normal wear and tear; (iii) any costs we incur to remove, store or dispose of personal property you leave in your Living Unit; and (iv) the amount of any financial assistance we have provided to you.

- i. Accrual Period. For purposes of calculating the refund payable to you under this provision of the Contract, the first day of your Accrual Period shall be the Initial Occupancy Date; the last day of your Accrual Period shall be the day on which you a) have ceased to be a resident of the Retirement Community in any level of care; b) have removed all of your personal property from the Living Unit (or from such other unit within the facilities of the Retirement Community as you occupied at the time you ceased to be a resident of the Retirement Community); and c) have delivered to us your keys to the Living Unit, thereby relinquishing your free access to the Living Unit. You and we recognize that the first thirty (30) days of your Accrual Period are subject to the provisions of the Section of this Contract entitled "Right to Rescind." Under no circumstances shall the accrual period exceed 912 days.
- ii. No Refund During Your Residency. No refund of the Accrual Amount shall be paid when you continue to be a resident of the Retirement Community, whether in another unit or under a different level of care within the facilities of the Retirement Community.
- iii. No Interest on Refund. No interest shall be payable on the refund.
- iv. Timing of Payment of Refund. We will pay the refund amount to you within sixty (60) days after we collect a new Admission Fee for your Living Unit from a new resident or after you have ceased to be a resident of the Retirement Community, whichever shall later occur.

21. AGREEMENT TO SUBMIT DISPUTE TO MEDIATION OR ARBITRATION. You and we agree that in the event a dispute arises regarding your care or treatment or in the event you or we have any other claim or dispute, including any claim or dispute arising under this Contract or relating to the interpretation of this Contract but excluding any pricing disputes such as any dispute over adjustments of monthly or daily rates or other costs associated with resident services or care, any and all such claims or disputes shall first be submitted to a mediator for possible resolution, and if mediation is unsuccessful in resolving all aspects of the dispute, then the same shall be submitted to binding arbitration, as more specifically set forth herein. You and we understand that by agreeing to arbitration, both you and we are waiving the constitutional right to have any claim that we or you might have decided in a court of law before a judge and jury.

- a. Mediation. You and we agree that if you or your representative has a claim or dispute against us, you or your representative shall notify us in writing of the dispute and shall provide a description and factual details of the nature of the claim or dispute. You and we
  - i. May submit evidence or information in writing to a mediator, to be designated by the mutual agreement of you and us, in support of the claim



or dispute and of any defense either of us may have to the claim. If you and we cannot agree on the designation of a mediator, each party shall select a mediator, and those two mediators shall then select a third mediator who will mediate the dispute. This selection of a mediator shall be binding upon both of us;

- ii. Have the right to a hearing before the mediator, at which you and we may present evidence in support of or in defense of any such claim or dispute to the extent allowed by the mediator. The mediator will set the time and date of the hearing and assist each of us in an unbiased manner in attempting to reach an amicable settlement of the claim or dispute;
- iii. Agree that the mediation shall be scheduled at a time convenient for you and us and shall be held in Alamance County, North Carolina;
- iv. Agree that, if either of us refuses to negotiate or mediate in a good faith attempt to resolve the matter of concern, the mediator shall be required to note that fact in the mediator's conclusion to the mediation attempt;
- v. Agree that, in the event the parties are unable to reach an amicable settlement, we will then submit the dispute to a mandatory, binding arbitration consistent with the North Carolina Uniform Arbitration Act and the rules of the American Arbitration Association, as set forth below.

**b. ARBITRATION. You and we agree voluntarily to submit to binding arbitration any controversy, dispute or claim that remains unsettled after mediation in accordance with the following procedure:**

- i. Any dispute or controversy not settled through the mediation process outlined above shall be submitted to, and determined and settled by, binding arbitration in Alamance County, North Carolina, in accordance with the North Carolina Uniform Arbitration Act and the rules of the American Arbitration Association.**
- ii. You and we shall mutually select and retain the services of an arbitrator or arbitration company (hereinafter "arbitrator"). If you and we are unable to agree to the selection of an arbitrator, then each of us shall choose an arbitrator, and the two arbitrators shall in turn choose an arbitrator mutually agreeable to said two arbitrators. The third arbitrator so chosen shall be the arbitrator that you and we retain to settle our claim or dispute, and the choice of said arbitrator shall be binding upon both of us.**
- iii. The costs and expenses (including reasonable attorneys' fees) in connection with the arbitration shall be allocated between you and us in the manner that the Arbitrator decides to be fair and appropriate under the circumstances.**

**The decision of the Arbitrator shall be final, shall not be appealable and shall not be stayed, and judgment upon such decision may be entered in any court of competent jurisdiction. Application may be made to such**

**court for confirmation of such decision or a judicial acceptance thereof, or for an order of enforcement or other legal remedy which may be necessary to effectuate such decision. This clause goes to the very essence of this stipulation. However, in the event the party against whom the decision is made shall appeal from any such decision or file or cause to be filed a complaint with any state court after the issuance of the arbitrator's findings, then the appellant or claimant agrees, without question, to pay and be responsible for paying any and all court costs, attorney fees, and any other cost incurred by the nonclaimant or appellee (party not initiating the Court action) in participating in such litigation.**

**BY AGREEING TO THIS PROVISION, YOU WAIVE YOUR CONSTITUTIONAL RIGHT TO A JURY TRIAL. However, this agreement to arbitrate shall not limit your right to file a grievance or complaint, formal or informal, with Retirement Community or any appropriate state or federal agency.**

**The parties agree that damages awarded, if any, in an arbitration conducted pursuant to this Section 10 shall be determined in accordance with the provisions of the state or federal law applicable to a comparable civil action, including any prerequisites to, credit against, or limitations on, such damages.**

**It is the intention of the parties to this Contract that the provisions of this Section 10 shall inure to the benefit of and bind the parties, their successors and assigns, including the agents, employees and servants of Retirement Community, and all persons whose claims are derived through or on your behalf, including that of any parent, spouse, child, guardian, executor, administrator, legal representative, or heir.**

**All claims based in whole or in part on the same incident, transaction, or related course of care or services provided by Retirement Community to you shall be arbitrated in one proceeding. A claim shall be waived and forever barred if it arose prior to the date upon which notice of arbitration is given to Retirement Community or received by you and is not presented in the arbitration proceeding.**

**22. REPRESENTATIONS AND FURTHER AGREEMENTS BY YOU.**

- a. Health and Financial Information Material Part of Contract. You acknowledge that the medical, personal, and financial information you submitted as part of your application with us is a material part of this Contract, and that we have relied upon that information in determining your ability to meet the financial obligations of residency in the Retirement Community.
- b. Prohibition against Medicaid Planning and Other Asset Protection Planning Strategies. We must protect ourselves and our residents against the risk to the financial strength of the Retirement Community that could be caused by a resident

engaging in financial planning designed to protect that resident's financial resources against the cost of medical care for that resident or that resident's spouse ("Medicaid Planning"). Medicaid Planning includes, but is not limited to, the making of gifts; the funding of trusts; the investment in or purchase of assets that are deemed not to count as resources for purposes of determining one's eligibility for government programs such as Medicaid; and engaging in other strategies designed to enable the resident to become eligible for financial assistance from government programs before the resident has exhausted the resident's resources in paying for the resident's normal living expenses and the resident's medical care. As a material and express condition of this Contract, you agree not to engage in Medicaid Planning without having first obtained the written consent of the Chief Executive Officer of Retirement Community. Furthermore, pursuant to Section 1396ra(c)(5)(B)(V) of Chapter 42 of the United States Code, a material and express condition of this Contract is your agreement not to seek assistance from Medicaid with the cost of your care until you have exhausted, through payment for your health, maintenance and support, the financial resources set forth on your application for admission to Twin Lakes Community.

In the event of any material misrepresentation in or omission from your application for admission to the Retirement Community, or in the event that you violate the prohibition against Medicaid Planning, we may terminate this Contract and the termination and refund provisions in this Contract then apply.

- c. Obligation to Update Health and Financial Information. You agree to provide such additional health and financial information as we may request during the term of this Contract. You agree to notify us if you learn that you have a communicable disease. Accordingly, you also agree to authorize the release of all medical information to us at any time we request such information, and you have executed such an authorization coincident with the execution of this Contract. In addition, you agree to furnish a full and accurate financial statement of assets, liabilities, and income and shall authorize the release of all financial information of third parties to us at any time we may so request. You also authorize us to release such health and financial information to third parties (i) who provide financial assistance to you or (ii) to whom you have applied for assistance, including but not limited to, the Department of Social Services, the Social Security Administration, the Division of Medical Assistance, other organizations involved in the administration of Medicare and Medicaid, and health insurance companies. You also authorize us to communicate with such programs or companies and them with us concerning your application and eligibility. You have executed such an authorization coincident with the execution of this Contract.
- d. Medical Insurance. You agree to maintain Medicare Part A and Medicare Part B, or equivalent insurance coverage acceptable to us, with evidence of such coverage upon request.

- e. Emergency Transportation. In the case of an emergency, you authorize us to arrange for transportation by an emergency services provider that we choose in our discretion. You agree to pay the cost of the emergency services provider.
- f. Other Health Costs. You agree to pay the cost, if any, for services of consultants and other services and supplies not included in this Contract when expressly ordered by your physician or requested by you or your family. In the event of a health emergency, you agree to pay for additional charges in excess of the monthly Occupancy Charge for special services or supplies that we, in our discretion, deem reasonable or necessary.
- g. Reasonable Care. We agree to exercise such reasonable care toward you as your known condition may require. However, we are in no sense an insurer of your safety or welfare and assume no liability for such.
- h. Move to Another Level of Care. We may effect your move to another living unit in Independent Living or another level of care within the facilities of the Retirement Community. The decision to effect such a move will be in our sole discretion and will be binding on you; the decision will be made, however, only after consulting with you, and when we deem it appropriate, with your family, physician, or designee.
- i. Valuables. Neither we nor our employees are responsible for any valuables or money in your possession. We accept full responsibility for valuables and money turned over to us for safekeeping.
- j. Rules and Regulations. You agree to abide by all rules and regulations in effect from time to time and applicable to residents of the Retirement Community.
- k. Tobacco Free Campus. Twin Lakes Community is a tobacco-free campus. The use of tobacco products is strictly prohibited on our campus, including within private residences on our campus. You agree to adhere to, and to ensure that any guests of yours adhere to, our tobacco-free policy, and to any modifications to the policy.
- l. Pets. You agree that, without our prior written consent, you will not keep or maintain either temporarily or permanently any dogs, cats or other animals or pets, except for fish or small birds in appropriate containers.
- m. Non-Assignment. Your rights and privileges under this Contract are personal to you and cannot be transferred or assigned to any other person voluntarily or by execution of law. No person other than you may occupy your Living Unit except with our prior written approval.
- n. Additional Obligations. In addition to the other obligations under this Contract, you agree:
  - i. To absolve and release us and our employees of any responsibility for any event, accident or deterioration of medical condition while you are away from the premises of the Retirement Community and not under the direct care and supervision of our staff.

- ii. To pay and indemnify us for all costs we incur, including reasonable attorney's fees, if you fail to pay any amount due us under the terms of the Contract, or if you breach any other terms of this Contract.
- iii. If you are injured by a third party, you agree that we shall be subrogated to your rights to recover from such third party the costs and expenses incurred by reason of such injuries, and you authorize us to take all necessary steps to enforce the payment of such costs and expenses by the responsible third party.
- iv. You agree to pay or reimburse us for any loss or damage we suffer as a result of the negligence or misconduct of you or your guest or invitee. We assume no responsibility for any injury or illness you suffer as a result of the negligence or intentional misconduct of any third party.
- o. Nature of Your Rights. Your rights under this Contract are the rights and privileges herein expressly granted and do not include any proprietary interest membership in the Retirement Community.
- p. Obligations Divisible. If a portion of this Contract shall be determined to be illegal or unenforceable or not in conformity with applicable laws and regulations, the remainder of this Contract shall continue in full force and effect.
- q. Disclosure Statement. You hereby acknowledge that you have received a copy of our current disclosure statement. In the event of any discrepancy between the language contained in this Contract and the language contained in the disclosure statement, the language of this Contract shall control. You further acknowledge that, prior to the execution of this Contract, you have transferred to us no money or other property except for your deposit money.
- r. Successors and Assigns. This Contract shall be binding upon, inure to the benefit of, and be enforceable by, Lutheran Retirement Ministries of Alamance County, North Carolina d/b/a Twin Lakes Community, its successors and assigns.
- s. Transfer to Another Level of Care. If you transfer to another level of care at the Retirement Community, you agree to enter into an addendum agreement at that time specific to the new level of care. The Addendum will contain terms and occupancy rates consistent with the terms and rates then offered by us to other residents for that level of care.
- t. Evaluation by a Physician. You agree to permit a physician selected by Retirement Community to evaluate you should we believe, in our sole discretion, that you may pose a threat to yourself or to the health, safety or welfare of our other residents or that you require care that we do not or cannot provide.
- u. Site Plans. All structures and improvements not constructed as of the date of this Contract but shown on a site plan or in advertising or promotional material for the Retirement Community are solely for the illustrative purposes of showing the proposed development of the Retirement Community, and we are under no obligation to you to complete such structures or improvements.

- v. Entire Contract. This Contract constitutes the entire agreement between you and us. We are not liable for or bound in any manner by any statements, representations or promises made by any person representing or purporting to represent us unless such statements, representations or promises are set forth in this Contract.
- w. Governing Law. This Contract shall be governed by and interpreted in accordance with the law of the State of North Carolina and any applicable federal laws.
- x. Amendments Only in Writing. This Contract may only be amended or changed in writing by all parties to the Contract and in accordance with any applicable laws governing the Contract. This Contract replaces any prior contracts between the parties.

LUTHERAN RETIREMENT MINISTRIES  
OF ALAMANCE COUNTY, NORTH CAROLINA,  
d/b/a/ TWIN LAKES COMMUNITY

\_\_\_\_\_(SEAL)

PAMELA S. FOX, PRESIDENT / CEO

\_\_\_\_\_(SEAL)

RESIDENT

\_\_\_\_\_(SEAL)

RESIDENT

**LUTHERAN RETIREMENT MINISTRIES  
OF ALAMANCE COUNTY, NORTH CAROLINA**

**d/b/a**

**TWIN LAKES COMMUNITY**

**DISCLOSURE STATEMENT**

**ATTACHMENT 5**

**INTERIM FINANCIAL STATEMENT**

## Statement of Operations

Twin Lakes Community (TL)

12/1/22 to 12/31/22

Account	Current Period Actual	Current Period Budget	Current Period Variance	YTD Actual	YTD Budget	YTD Variance	2021 YTD
<b>REVENUE</b>							
NURSING	1,007,459	993,708	13,750	3,056,974	2,981,125	75,849	1,514,774
MEMORY CARE	289,456	256,292	33,164	864,232	768,875	95,357	519,316
ASSISTED LIVING	194,679	185,875	8,804	564,284	557,625	6,659	345,963
HOME CARE AGENCY	36,470	60,833	(24,363)	109,830	182,500	(72,670)	101,791
INDEPENDENT LIVING	1,209,953	1,235,300	(25,347)	3,629,479	3,705,900	(76,421)	2,311,491
ANCILLARIES	111,673	143,408	(31,735)	361,322	430,225	(68,903)	210,713
MEALS	38,112	38,750	(638)	110,200	116,250	(6,050)	45,727
INVESTMENT INCOME	41,121	44,583	(3,462)	105,274	133,750	(28,476)	34,879
OTHER	85,005	59,083	25,921	227,979	177,250	50,729	71,595
CONTRACTUAL ADJUSTMENTS	(59,712)	(160,900)	101,188	(311,343)	(482,700)	171,357	(312,591)
<b>TOTAL REVENUE</b>	<b>2,954,215</b>	<b>2,856,933</b>	<b>97,282</b>	<b>8,718,231</b>	<b>8,570,800</b>	<b>147,431</b>	<b>4,843,657</b>
<b>EXPENSES</b>							
NURSING SALARIES	650,241	570,975	79,266	1,826,420	1,712,925	113,495	1,024,788
REGULAR SALARIES	834,486	764,358	70,128	2,368,307	2,293,075	75,232	1,367,004
THERAPIST & CONTRACT	79,240	109,942	(30,702)	272,831	329,825	(56,994)	159,973
BENEFITS	353,922	347,892	6,030	1,076,532	1,043,675	32,857	579,573
SUPPLIES	194,269	218,450	(24,181)	580,296	655,350	(75,054)	270,546
FOOD	108,512	95,892	12,621	312,932	287,675	25,257	142,820
EDUCATION/TRAVEL	1,708	8,967	(7,259)	14,820	26,900	(12,080)	3,016
MAINTENANCE REPAIR/CONTRACT	46,127	39,375	6,752	118,295	118,125	170	45,920
UTILITIES	153,738	148,417	5,322	429,240	445,250	(16,010)	271,417
INSURANCE	49,750	49,750	0	149,250	149,250	0	87,834
LEGAL/ACCOUNTING	18,455	10,333	8,122	38,894	31,000	7,894	26,591
INTEREST	223,031	247,983	(24,952)	671,750	743,950	(72,200)	67,227
BOND PRINCIPAL	115,417	115,417	0	346,250	346,250	0	222,500
OTHER EXPENSES	93,392	95,567	(2,175)	266,556	286,700	(20,144)	154,650
CONTRIBUTIONS	31,155	4,667	26,488	31,879	14,000	17,879	960
PROPERTY TAX	100	333	(233)	377	1,000	(623)	1,040
CAPITAL EXPENDITURES	46,250	11,733	34,517	57,931	35,200	22,731	55,746
<b>TOTAL EXPENSES</b>	<b>2,999,793</b>	<b>2,840,050</b>	<b>159,743</b>	<b>8,562,559</b>	<b>8,520,150</b>	<b>42,409</b>	<b>4,481,604</b>
<b>NET INCOME(LOSS)</b>	<b>(45,578)</b>	<b>16,883</b>	<b>(62,461)</b>	<b>155,672</b>	<b>50,650</b>	<b>105,022</b>	<b>362,053</b>
Admission Fees Earned	<b>Full Accrual Basis Add/(Less):</b>			1,250,000			716,667
Bond Principal				346,250			222,500
Equipment Purchases				57,931			55,746
Investments Market Value				908,303			166,791
Restricted Donations Received				97,669			0
Depreciation				(2,150,000)			(1,266,667)
Health Insurance Claims				96,775			(28,852)
Pledges Payable				0			(40,000)
Transfer from Resident Assistance				(15,000)			(10,000)
<b>Operating Income - Full Accrual Basis</b>				<b>747,600</b>			<b>178,238</b>



**Balance Sheet**  
*As Of 12/31/2022*  
Twin Lakes Community (TL)

<b>ASSETS</b>	<b>Dec-22</b>	<b>Dec-21</b>
<b>CURRENT ASSETS</b>		
CASH AND INVESTMENTS - Unrestricted	25,338,760	25,737,444
CASH AND INVESTMENTS - Restricted	12,611,010	10,008,566
RESIDENT RECEIVABLES	1,267,145	620,037
OTHER RECEIVABLES	173,953	257,297
INVENTORY	383,039	372,561
PREPAID EXPENSES	88,214	20,429
<b>TOTAL CURRENT ASSETS</b>	<b>39,862,120</b>	<b>37,016,334</b>
<b>NON-CURRENT ASSETS</b>		
FIXED ASSETS	152,102,458	154,036,575
OTHER NONCURRENT ASSETS	1,645,573	991,158
<b>TOTAL NON-CURRENT ASSETS</b>	<b>153,748,030</b>	<b>155,027,734</b>
<b>TOTAL ASSETS</b>	<b>193,610,151</b>	<b>192,044,068</b>

<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
ACCOUNTS PAYABLE & ACCRUALS	4,795,136	2,585,631
ACCRUED DERIVATIVE LIABILITY	(1,428,910)	814,241
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,366,226</b>	<b>3,399,873</b>
<b>LONG TERM LIABILITIES</b>		
BONDS PAYABLE	68,738,156	68,386,162
OTHER LONG TERM LIABILITIES	64,556,840	63,309,320
<b>TOTAL LONG TERM LIABILITIES</b>	<b>133,294,997</b>	<b>131,695,482</b>
<b>TOTAL LIABILITIES</b>	<b>136,661,223</b>	<b>135,095,355</b>
<b>FUND BALANCE</b>		
TOTAL FUND BALANCE	56,948,928	56,948,713
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>193,610,151</b>	<b>192,044,068</b>

**Lutheran Retirement Ministries of Alamance County, NC**  
**Cash Flow Statement**  
**For Three Months Ended December 31, 2022**

	2022	2021
<b>Operating Cash Flows</b>		
Residents & 3rd parties received	8,258,026	7,039,908
Investment (loss)/income	1,031,156	781,246
Donations received	161,186	131,710
Cash paid to suppliers and employees	(8,279,412)	(8,274,403)
Interest paid and related fees	(671,750)	(93,978)
<b>Net Cash Provided/(Used) by Operating Activities</b>	<b>499,206</b>	<b>(415,518)</b>
<b>Investing Cash Flows</b>		
Net proceeds/(purchases) of marketable securities	(1,013,796)	(754,255)
Disposal/(acquisition) of property and equipment	1,179,696	(2,208,932)
Bond issuance costs	(693,477)	-
<b>Net Cash Provided/(Used) by Investing Activities</b>	<b>(527,577)</b>	<b>(2,963,187)</b>
<b>Financing Cash Flows</b>		
Bond proceeds/(payments) of long-term debt	818,577	2,205,385
Admission fees received	1,662,928	1,607,987
<b>Net Cash Provided/(Used) by Financing Activities</b>	<b>2,481,505</b>	<b>3,813,372</b>
Net increase/(decrease) in cash and cash equivalents	2,453,135	434,667
Cash and Cash Equivalents - Oct 1st	19,729,160	19,729,160
<b>Cash and Cash Equivalents - Current</b>	<b>22,182,294</b>	<b>20,163,827</b>
<b>Investments - Marketable Securities</b>		
Investment-Ziegler Link-Age Fund	119,573	-
Investment-Operating Reserve	8,596,335	8,755,611
Investment-Debt Service	4,549,947	4,633,803
Investment-Capital Reserve	3,409,923	3,473,426
Unrecorded Appreciation	(908,303)	(689,101)
<b>Cash and Investments - Balance Sheet</b>	<b>37,949,771</b>	<b>36,337,566</b>