



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, 2025

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 February 27, 2026;**
- **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 ensure 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

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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. 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, or to have a claim for financial support from 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 providing quality services, 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. 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 on the board (Chair, Vice-Chair, Secretary, and Treasurer), and together they comprise the Executive Committee of the board. The Executive Committee has the 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

917-671-8530

300 Blackwell Street Apt 312, Durham, NC 27701

Leader in education for 15+ years; taught in NY and Elon, serving 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 from Lynchburg University; Physician Assistant Education Association, Presenter; Elon University's Daniels-Daneiley Award for Excellence in Teaching, nominee; and Heartbeats of the World, former Board Member. Director of Start Early in Medicine Program and Diabetic Coffee Hour. Community Engagement Scholar 2024-2025.

Alison Upton
4563 Freedom Drive, Burlington, NC 27215

843-902-5844

Managing Director at KPMG LLP in their Higher Education, Research and Other Not-For-Profit audit practice; Chair, Elon University Accounting and Advisory Board; Member, Elon University Love School of Business Board; Olde Forest Racquet Club Board Member.

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.

Douglas “Doug” Brook
2507 Hutchinson Court, Burlington, NC 27215

336-447-4378

Research scholar and visiting professor of public policy, Duke University; professor emeritus, US Naval Postgraduate School in Monterey California. 10-year resident of Twin Lakes. BA and MPA, University of Michigan; Ph.D. George Mason University. Has held four senior presidential appointments in financial management and human resources. Member of chancel choir at Front Street United Methodist Church, semi-competitive runner.

David Koester
512 Meadowood Drive, Burlington, NC 27215

336-524-9060

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.

Garry Vogelpohl
305 Asbury Court, Burlington, NC 27215

828-406-1706

Chair, Mutual Ministry Committee; Leader, Corrections Ministry; Developer, Community Juvenile Justice Program; Pastor at St. John’s Lutheran Church (Nashville, TN), Trinity Lutheran Church (Tullahoma, TN), and Good Shepherd Lutheran Church (Elizabeth City, NC); Member, Candidacy Committee of the NC Synod; Certified by AAMFT (American Association for Marriage and Family Therapy) and AAPC (American Association of Pastoral Counselors); Training completed under the Upper Room of the United Methodist Church and the Episcopal Diocese of Nashville, TN.

Jackie Cole - Chair

336-563-3554

1257 Tula Lambert Rd, Mebane, NC 27302

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

Jerry "Jay" Tolley, Jr.

919-219-3847

1708 Cappoquin Way, Burlington, NC 27215

Associate Vice President, Digital Pathology Platform at Mayo Clinic; BS, US Naval Academy and MBA, Harvard Business School; Veteran, US Navy; Member of Macedonia Lutheran Church, currently serving as Finance Committee Chair.

Jill Gerringer

336-264-0730

3246 Van Drive, Burlington, NC 27215

DPT University of New England, MSPT/BSPT Thomas Jefferson University; Member of Alamance Lutheran Church, member of Via de Cristo Secretariat board.

Joy Isley

336-601-3906

7104 Howertown Road, Gibsonville, NC 27249

Relationship Banker III / Bank Officer at Fidelity Bank, Gibsonville, NC; Lutheran Retirement Ministries Inc – Board Member and Secretary; Fire District 28 – Board President; Member – Friedens Lutheran Church; Co-Owner of Isley Quarter Horses, Gibsonville, NC.

Michael "Kyle" Corum

336-278-1316

1216 Jamestowne Drive, Elon, NC 27244

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.

Matrice Williams

336-512-0045

1317 Dunleigh Dr, Burlington, NC 27215

Durham County Asst. Public Defender; earned a BA, UCLA and JD, Southwestern University School of Law; Founder and former owner/franchisee of Mathnasium of Burlington; serves on the City Gate Dream Center Board of Directors; member of City Gate Church; member of Delta Sigma Theta Sorority, Inc.

Matthew Swaim
518 Dogwood, Liberty, NC

336-317 2966

Procurement Lead, Hafele America Co., Directory of Music, Alamance Lutheran Church. Small business owner. Earned BS in Horticultural Science and Plant Biology, NC State University and MBA, UNC- Greensboro. Treasurer, Grace Lutheran Church, Liberty. Lifelong Lutheran.

Michael Barnes
3800 Obriant Place, Greensboro, NC 27410

919-763-4776

Dedicated financial professional with nearly three decades of experience in the financial services industry. A graduate of Robert Morris University with a Bachelor of Science in Business Administration with a concentration in Finance. Before entering the financial sector in 1995, Michael served honorably as a member of the U.S. Army and is a Gulf War veteran. For the past 18 years, he has been a Financial Advisor with Ameriprise. Beyond his professional life, Michael is a devoted family man. He has been married to his wife, Jami Barnes, for 30 years and is the proud father of three children.

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.

Nikki Ratliff
1968 Sinclair Trace, Burlington, NC 27215

336-684-0403

Chief Operating Officer, Burlington Housing Authority; Alamance Chamber, board member and past chair, Alamance Partnership for Children, board member and past chair; Impact Alamance, board member; Alpha Kappa Alpha Sorority, Inc.; Greater Alamance Woman's Club. Past board chair; Hospice of Alamance-Caswell, United Way of Alamance County, The Exchange Club's Family Center of the Central Piedmont, Alamance Regional Charitable Foundation; General Federation of Women's Clubs of North Carolina. Past Third Vice President/Director of Junior Clubs and Leadership Chair; Alamance Chamber's Leadership Alamance (c/o 2011); Past Alamance County Guardian ad Litem.

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.

Samuel 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 before 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 Director of Services Integration. 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 Leading Age North Carolina and the Central Carolina Clay Guild; she also serves on the local advisory board for Truist Bank. 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 twenty-four years of experience in accounting, which includes eight years in public practice with McGladrey & Pullen and Dixon Hughes Goodman, auditing various CCRCs, 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 multinational manufacturing companies in various finance leadership roles. Member of the American Institute of Certified Accountants, and 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, from Appalachian State University with a double major in marketing and management. Additionally, Thomas earned two certifications which 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 Burlington and Greensboro. She joined Twin Lakes Community staff as its second Human Resources Officer in 2016 and is an active participant with the Alamance County Human Resources Association.

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. Harrison joined Twin Lakes as the Assisted Living Administrator in 2007 and is currently the Administrator for The Lakes Independent Living.

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 risk management processes campus-wide. Cook has served as a preceptor for the NC Nursing Home Administrators in Training program, where she shares her knowledge and mentors emerging professionals in the field. 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. Administrator, Moneta Springs Memory Care.

A native of Alamance County, Tara Patton graduated from Appalachian State University in 1998 with a Bachelor of Science degree in Business Administration with a concentration in Information Systems. Mrs. Patton 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, Patton is also certified as an Aging Services Professional and Aging-in-Place Specialist. Patton 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.

Following graduation from The University of the South (Sewanee) with a B.A. in English, Laura completed an AmeriCorps service year with the Atlanta Public School System before serving a variety of non-profit organizations. Her career in fundraising began with Coxe, Curry and Associates, a leading non-profit consulting firm in Atlanta. She carried this experience forward serving several non-profit organizations with roles in fundraising and volunteer management including The George West Mental Health Foundation (Skyland Trail) and St. Paul's Episcopal Church. She joined Twin Lakes Community in 2012. In her role at Twin Lakes, she coordinates the outreach efforts of the organization, oversees special projects, and manages a number of departments meeting resident needs across all levels of care. She completed a certificate in Non-Profit Management at Duke University and received a Certificate in Healthcare Administration from ECU. She is a licensed Nursing Home Administrator in North Carolina. She is a graduate of Leadership Alamance and previously served on the board of the Salvation Army of Alamance County and the Parent Advisory Committee for the YMCA of Chapel Hill. She currently serves on the board of Alamance County Meals on Wheels.

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 a 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.

Monica Leftwich, Director of Services Integration.

Monica grew up in southwestern Virginia and attended the University of Virginia at Wise. Before joining Twin Lakes Community, she spent over 30 years in the healthcare industry. Monica was a Director of Clinical Services for a large healthcare provider, overseeing and managing operations across multiple primary care practices. Her areas of expertise include workflow optimization, service delivery, data analysis and workforce engagement.

DISCLOSURES

No member of the managerial staff or the board of directors (i) has been convicted of a felony, 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 and two-bedroom apartments, 34 two-bedroom apartments, and 130 garden homes; We provide internet access to all of our residents with a 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 building designed to support and promote residents' participation in the community at Twin Lakes. 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 activities, living, dining, and sunrooms as well as a spacious outdoor garden. Each neighborhood also has a well-stocked kitchen where meals are finished and served freshly, 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 residential 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. It 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 here.

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 picnic shelters, walking trails, activity fields, and pickleball courts for our residents and staff to enjoy.

The 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 an emergency shelter in the event of weather or other emergencies.

Our 215-acre campus contains several miles of walking paths and sidewalks. A large community 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, 2024, a total of 600 persons were residing in independent living homes. In addition, 35 people were living in Deacon Pointe Assisted Living; 26 people were living in Moneta Springs Memory Care; and 91 people were living in Coble Creek Healthcare and Rehabilitation.

RELATED PARTY TRANSACTIONS

Conflict of Interest Provisions

Article XII Sections 1 and 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 before 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, sexual orientations, 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 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 offered 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 entry 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 entry fee deposit to Twin Lakes. The balance of the entry 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 entry 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 that cause either the resident or Twin Lakes to 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 residency contract, the contract is automatically canceled.

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 entry 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 entry 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 entry fee, then after the initial occupancy date, the resident may terminate the contract by giving written notice to Twin Lakes and shall receive a refund in an amount calculated using the following formula:

$$\text{Amount of Refund in Dollars} \text{ EQUALS } \left(\frac{\text{Admission/ Entry Fee} \times 96\%}{912} \right) \times \left(912 \text{ MINUS } \begin{array}{l} \text{Number of Days} \\ \text{(Full or Partial) in} \\ \text{your Accrual} \\ \text{Period as} \\ \text{determined below.} \end{array} \right)$$

(ref. 9.e.i in contract)

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 31st day after the date of this contract.” The amount that declines ratably is equal to 96% of the resident’s entry 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.

$$\text{Amount of Refund in Dollars} = 50\% \text{ of Admission/Entry + Fee } \left[\left(\frac{50\% \text{ Admission/ Entry Fee} \times 96\%}{912} \right) \times \left(912 \text{ MINUS } \begin{array}{l} \text{Number of Days} \\ \text{(Full or Partial) in your} \\ \text{Accrual Period} \\ \text{as determined below} \end{array} \right) \right]$$

(ref. 9.e.i in contract)

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 entry 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 entry 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 health or care needs preclude 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.

The decision for a resident to move from one level of care to another 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 the entry 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 in a single unit 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 entry fee, the amount to be determined by Twin Lakes. If the New Spouse does not meet the admissions requirements of Twin Lakes 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 entry 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 entry 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 \$500 application fee, a one-time entry 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 a 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 in Aldersgate and Brandenburg; washing machines, clothes dryers and dishwashers are standard in all other units.
- 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 Assistance. Our nursing and EMT staff members are 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 is sponsored and operated by the Twin Lakes Auxiliary, a volunteer organization, and 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 \$70-\$145 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.

	ENTRANCE FEES*		MONTHLY FEES		
	<u>STANDARD REFUND</u>	<u>50% REFUND</u>	<u>SINGLE</u>	<u>DOUBLE</u>	
ALDERSGATE & BRANDENBURG					
APARTMENTS:					
Heather; 1BR/1BA	600 SF	\$64,000	\$96,000	\$1,945	\$2,706
Laurel; 2BR/1BA	800 SF	\$75,000	\$113,000	\$2,197	\$2,958

There is a \$6,000 second-person Entrance Fee for Aldersgate and Brandenburg Apartments.

WITTENBERG APARTMENTS:

Edelweiss; 1BR/1BA	819 SF	\$91,000	\$138,000	\$2,437	\$3,198
Iris; 2BR/2BA	969 SF	\$110,000	\$164,000	\$2,543	\$3,304
Valerian; 2BR/2BA	1007 SF	\$110,000	\$164,000	\$2,543	\$3,304

There is a \$6,000 second-person Entrance Fee for Wittenberg Apartments.

VILLAS: 2BR/2BA

Acacia	1311 SF	\$152,000	\$228,000	\$2,760	\$3,521
Chestnut	1311 SF	\$162,000	\$244,000	\$2,760	\$3,521
Aspen	1311 SF	\$169,000	\$254,000	\$2,760	\$3,521
Birch	1602 SF	\$211,000	\$316,000	\$2,869	\$3,630
Dogwood	1677 SF	\$225,000	\$338,000	\$2,869	\$3,630

There is a \$12,000 second-person Entrance Fee for Villas.

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

STOCKTON APARTMENTS: 2BR/2BA/study unless otherwise noted

Magnolia 1BR/1BA/study	1046 SF	\$170,000	\$248,000	\$2,805	\$3,588
Oak 2BR/2BA	1460 SF	\$233,000	\$344,000	\$2,865	\$3,648
Poplar	1672 SF	\$274,000	\$405,000	\$2,946	\$3,729
Redbud	1726 SF	\$311,000	\$459,000	\$3,042	\$3,825
Sycamore	1780 SF	\$329,000	\$485,000	\$3,185	\$3,968
Tupelo	1939 SF	\$349,000	\$518,000	\$3,418	\$4,201
Willow 2.5 BA	1950 SF	\$355,000	\$525,000	\$3,437	\$4,220

GARDEN HOMES: 3BR/2 or 2.5 BA

Juniper	1750 SF	\$285,000	\$426,000	\$3,069	\$3,852
Evergreen	1888 SF	\$308,000	\$461,000	\$3,281	\$4,064
Forsythia	1960 SF	\$324,000	\$487,000	\$3,281	\$4,064
Gardenia	2000 SF	\$337,000	\$505,000	\$3,490	\$4,273
Holly	2200 SF	\$371,000	\$557,000	\$3,694	\$4,477

There is a \$17,000 second-person Entrance Fee for Stockton Apartments and Garden Homes.

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

Deacon Pointe, Assisted Living Apartments:

Small apartment	\$6,258 monthly
Large apartment	\$6,658 monthly

Coble Healthcare, Skilled Nursing Rooms:

Private	\$381 a day
Market Rate	\$405 a day (Non-Community Members)

Memory Care Rooms:

Semi-private	\$364 a day
Private	\$354 a day

PERIODIC CHARGES as needed:

Adult Day Care: 1-2 days per week: \$85 per day 3+ days per week: \$80 per day

Home Care Services \$27 per hour

Housekeeping: \$28 per hour

OCCUPANCY CHARGES FOR PREVIOUS FIVE FISCAL YEARS

	FY 2019/ 2020	FY 2020/ 2021	FY 2021/ 2022	FY 2022/ 2023	FY 2023/ 2024
(MONTHLY)					
Heather (1BR)	\$ 1,590	\$ 1,634	\$ 1,683	\$ 1,755	\$ 1,852
Laurel (2BR)	\$ 1,789	\$ 1,847	\$ 1,902	\$ 1,983	\$ 2,092
(MONTHLY)					
Wittenberg (1BR)	\$ 1,994	\$ 2,049	\$ 2,110	\$ 2,200	\$ 2,321
Wittenberg (2BR)	\$ 2,081	\$ 2,138	\$ 2,202	\$ 2,296	\$ 2,422
(MONTHLY)					
Villa A/C	\$ 2,258	\$ 2,320	\$ 2,390	\$ 2,492	\$ 2,629
Villa B	\$ 2,347	\$ 2,412	\$ 2,484	\$ 2,590	\$ 2,732
Villa D	\$ 2,347	\$ 2,412	\$ 2,484	\$ 2,590	\$ 2,732
(MONTHLY)					
Garden J	\$ 2,512	\$ 2,581	\$ 2,658	\$ 2,771	\$ 2,923
Garden E/F	\$ 2,684	\$ 2,758	\$ 2,841	\$ 2,962	\$ 3,125
Garden G	\$ 2,856	\$ 2,935	\$ 3,023	\$ 3,151	\$ 3,324
Garden H/I	\$ 3,023	\$ 3,106	\$ 3,199	\$ 3,335	\$ 3,518
	FY 2019/ 2020	FY 2020/ 2021	FY 2021/ 2022	FY 2022/ 2023	FY 2023/ 2024
(MONTHLY)					
Deacon Pointe	<u>Large</u> \$5,447	<u>Large</u> \$5,597	<u>Large</u> \$5,765	<u>Large</u> \$6,010	<u>Large</u> \$6,341
Assisted Living <i>(3 meals included)</i>	<u>Small</u> \$5,120	<u>Small</u> \$5,261	<u>Small</u> \$5,419	<u>Small</u> \$5,649	<u>Small</u> \$5,960
(DAILY)					
Coble Creek	<u>Private</u> \$ 295	<u>Private</u> \$ 310	<u>Private</u> \$ 320	<u>Private</u> \$ 338	<u>Private</u> \$ 358
Healthcare Skilled Nursing & ACH	<u>Semi-pvt</u> \$ 285	<u>Semi-pvt</u> \$ 300			
(DAILY)					
Moneta Springs	<u>Private</u> \$ 312	<u>Private</u> \$ 320			
Memory Care Skilled Nursing	<u>Semi-pvt</u> \$ 302	<u>Semi-pvt</u> \$ 310			
(DAILY)					
Moneta Springs	<u>Private</u> \$ 302	<u>Private</u> \$ 310	<u>Private</u> \$ 310	<u>Private</u> \$ 323	<u>Private</u> \$ 342
Memory Care ACH	<u>Semi-pvt</u> \$ 292	<u>Semi-pvt</u> \$ 300	<u>Semi-pvt</u> \$ 300	<u>Semi-pvt</u> \$ 313	<u>Semi-pvt</u> \$ 332

All rates above are for SINGLE occupancy.

DOLLAR INCREASES IN MONTHLY & DAILY OCCUPANCY CHARGES

	FY 2019/ 2020	FY 2020/ 2021	FY 2021/ 2022	FY 2022/ 2023	FY 2023/ 2024	5 YR. AVE. INCREASE
(MONTHLY)						
Heather (1BR)	\$57	\$44	\$49	\$72	\$97	\$63.80
Laurel (2BR)	\$56	\$58	\$55	\$81	\$109	\$71.80
(MONTHLY)						
Wittenberg (1BR)	\$72	\$55	\$61	\$90	\$121	\$79.80
Wittenberg (2BR)	\$75	\$57	\$64	\$94	\$126	\$83.20
(MONTHLY)						
Villa A/C	\$82	\$62	\$70	\$102	\$137	\$90.60
Villa B	\$85	\$65	\$72	\$106	\$142	\$94.00
Villa D	\$85	\$65	\$72	\$106	\$142	\$94.00
	FY 2019/ 2020	FY 2020/ 2021	FY 2021/ 2022	FY 2022/ 2023	FY 2023/ 2024	5 YR. AVE. INCREASE
(MONTHLY)						
Garden J	\$91	\$69	\$77	\$113	\$152	\$100.40
Garden E/F	\$97	\$74	\$83	\$121	\$163	\$107.60
Garden G	\$103	\$79	\$88	\$128	\$173	\$114.20
Garden H/I	\$109	\$83	\$93	\$136	\$183	\$120.80
(MONTHLY)						
DeaconPointe	<u>Large</u> \$197	<u>Large</u> \$150	<u>Large</u> \$168	<u>Large</u> \$245	<u>Large</u> \$331	\$218.20
Assisted Living <i>(3 meals included)</i>	<u>Small</u> \$185	<u>Small</u> \$141	<u>Small</u> \$158	<u>Small</u> \$230	<u>Small</u> \$311	\$205.00
(DAILY)						
Coble Creek	<u>Private</u> \$11	<u>Private</u> \$15	<u>Private</u> \$10	<u>Private</u> \$18	<u>Private</u> \$20	\$14.80
Healthcare	<u>Semi-pvt</u> \$11	<u>Semi-pvt</u> \$15				\$5.20
Skilled Nursing and ACH						
(DAILY)						
Moneta Springs	<u>Private</u> \$11	<u>Private</u> \$8				\$3.80
Memory Care	<u>Semi-pvt</u> \$11	<u>Semi-pvt</u> \$8				\$3.80
Skilled Nursing						
(DAILY)						
Moneta Springs	<u>Private</u> \$11	<u>Private</u> \$8	<u>Private</u> \$0	<u>Private</u> \$13	<u>Private</u> \$19	\$10.20
Memory Care and	<u>Semi-pvt</u> \$11	<u>Semi-pvt</u> \$8	<u>Semi-pvt</u> \$0	<u>Semi-pvt</u> \$13	<u>Semi-pvt</u> \$19	\$10.20
ACH						

August 28, 2024

3701 Wade Coble Dr
2070 Sullivan Park Circle
Burlington, NC 27215

Dear Resident;

At the meeting of our Board of Directors on August 20, 2024, the Twin Lakes Community operating budget and resident fee schedules for the fiscal year October 1, 2024 through September 30, 2025 were reviewed and approved. Effective October 1, 2024, Independent Living resident monthly occupancy charges will increase by 5.0% over current rates.

The monthly occupancy charge for your residence beginning October 1, 2024, including any applicable second person charge, will be \$New Rate. A copy of the entire fee schedule is included with this letter.

The Board of Directors and members of the management team are dedicated to keeping annual rate increases as low as possible while balancing the need to maintain and improve our services and facilities. Twin Lakes continues to be a financial leader among North Carolina's continuing care retirement communities. Our financial strength allows us to invest our reserves in maintaining the beauty of our grounds and facilities. Additionally, it enables us to respond quickly and efficiently to emergencies, and navigate uncertainties such as inflation and wage pressures 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 Chapel in the Coble Creek Healthcare building. The first is scheduled for Thursday, August 29 at 10:00 a.m. The second will be held Tuesday, September 3 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, 2024, there was \$13,005,008 in cash and operating reserves and a reserve requirement of \$10,063,250.

2024-2025 Projected Total Operating Costs:	\$ 50,297,600
Add Payments of Long-Term Debt	1,490,000
Minus Depreciation and Amortization	<u>(11,534,600)</u>
Operating Reserve Requirement:	
Total Operating Costs for 2024-2025:	\$ 40,253,000
TOTAL Operating Reserve Required as of September 30, 2024 for the 2024-2025 fiscal year: (25% based on occupancy exceeding 90%)	\$ 10,063,250

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, 2024, Operating Reserve Investments were as follows:

Investment Account:	
Fixed Income Securities	\$ 8,525,541
Equity Securities	4,447,417
Accrued Interest	<u>32,050</u>
	<u>\$ 13,005,008</u>

FINANCIAL FORECAST

The financial forecast included in this Disclosure Statement for the years ending September 30, 2025 through September 30, 2029, 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	2025	2,270,100
Site Development	2025	960,200
Apartment Buildings - IL (Phase 1)	2025	61,300,000
Renovations & Capital Replacement	2026	2,200,000
Site Development	2026	300,000
Apartment Buildings - IL (Phase 2)	2026	35,000,000
Renovations & Capital Replacement	2027	2,200,000
Site Development	2027	300,000
Renovations & Capital Replacement	2028	2,200,000
Site Development	2028	300,000
Renovations & Capital Replacement	2029	2,200,000
Site Development	2029	300,000
		\$ 109,530,300
<i>Less Costs Incurred through 9-30-24</i>		<i>(56,148,400)</i>
		\$ 53,381,900

Twin Lakes has continually developed and renovated its campus throughout its 41-year history. Twin Lakes uses a master campus plan to project 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 construction of Stockton - Phase 2, a 36-unit Independent Living Apartment building. The 36-unit Independent Living Apartment building (Phase 2 - 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, 2024 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 2023-2024 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, 2024 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**

Financial Statements

September 30, 2024 and 2023

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Independent Auditors' Report

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, 2024 and 2023, 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, 2024 and 2023, 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.

William Bell Moore LLP

Certified Public Accountants
Burlington, North Carolina
January 22, 2025

Lutheran Retirement Ministries of Alamance County, North Carolina
Statements of Financial Position
September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,773,446	\$ 18,883,441
Investments	9,207,338	8,048,073
Accounts receivable - net	1,999,821	1,754,008
Prepaid expenses	265,862	41,719
Inventory	447,929	369,027
Contribution receivable - see note 8	6,000,000	-
Grant receivable - see note 9	5,118,623	5,118,623
	<u>43,813,019</u>	<u>34,214,891</u>
 Assets whose use is limited:		
Cash and cash equivalents	2,861,950	2,577,912
Cash held for state operating reserve	13,193	310,815
Investments	3,809,954	3,136,467
Investments held for state operating reserve	9,889,107	8,645,342
Interest receivable restricted for state operating reserve	24,250	8,093
	<u>16,598,454</u>	<u>14,678,629</u>
 Other assets:		
Long-term investments	742,293	436,614
Derivative contracts	1,463,527	4,290,481
Property and equipment - net	191,714,887	158,729,938
	<u>193,920,707</u>	<u>163,457,033</u>
 Total other assets		
	<u>193,920,707</u>	<u>163,457,033</u>
 Total assets	<u><u>\$ 254,332,180</u></u>	<u><u>\$ 212,350,553</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities		
Current liabilities:		
Current maturities of long-term debt	\$ 1,490,000	\$ 1,435,000
Accounts payable	1,344,351	901,478
Construction contracts payable	2,942,582	3,299,768
Accrued expenses	3,315,507	3,034,836
Current portion of deferred revenue	4,855,119	3,981,449
Deposits on unoccupied units	<u>699,617</u>	<u>463,495</u>
Total current liabilities	14,647,176	13,116,026
Long-term debt, excluding current maturities	111,149,264	73,312,348
Long-term portion of deferred liabilities	40,850,892	42,021,143
Refundable admission fees	<u>17,684,840</u>	<u>17,952,435</u>
Total liabilities	<u>184,332,172</u>	<u>146,401,952</u>
Net Assets		
Without donor restrictions:		
Designated by board	21,057,659	18,560,593
Undesignated	<u>43,409,252</u>	<u>42,593,374</u>
Total without donor restrictions	<u>64,466,911</u>	<u>61,153,967</u>
With donor restrictions:		
Purpose restriction	1,611,266	1,559,396
Perpetual in nature	<u>3,921,831</u>	<u>3,235,238</u>
Total with donor restrictions	<u>5,533,097</u>	<u>4,794,634</u>
Total net assets	<u>70,000,008</u>	<u>65,948,601</u>
Total liabilities and net assets	<u><u>\$ 254,332,180</u></u>	<u><u>\$ 212,350,553</u></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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Admission fees earned	\$ 5,096,773	\$ 4,702,495
Ancillary services	1,146,326	984,169
Assisted living	2,517,151	2,341,192
Dietary	508,237	473,236
Home care and adult day care	593,680	518,716
Independent living facilities	15,241,691	14,334,002
Memory care	3,305,608	3,038,144
Nursing care	12,415,037	11,940,408
Other operating revenues from residents	534,820	462,823
	<u>41,359,323</u>	<u>38,795,185</u>
Operating Expenses		
Activities and social services	442,842	421,863
Ancillary services	1,388,968	1,116,474
Assisted living	1,461,103	1,296,343
Home care and adult day care	810,824	768,713
Independent living	2,167,464	2,082,008
Memory care	3,009,169	2,789,199
Nursing services	7,475,983	7,021,491
Support services	11,176,878	10,452,907
Administrative and general	5,012,848	4,981,332
Depreciation	8,961,636	8,804,858
Interest and related fees	2,441,958	2,465,980
	<u>44,349,673</u>	<u>42,201,168</u>
Loss on disposal of property and equipment	<u>(28,289)</u>	<u>(149,560)</u>
Operating loss	<u>\$ (3,018,639)</u>	<u>\$ (3,555,543)</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, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Change in Net Assets without Donor Restrictions:		
Operating loss	\$ (3,018,639)	\$ (3,555,543)
Donations without donor restrictions	6,191,001	195,387
Investment return - net	2,384,546	913,588
Net unrealized gain on investments	574,856	513,995
Net unrealized gain (loss) on derivative contracts	(2,826,954)	2,861,571
Grant income	-	5,118,623
Interfund transfers	60,004	46,747
Net assets transferred to restrictions	<u>(51,870)</u>	<u>(18,358)</u>
 Increase in net assets without donor restrictions	 <u>3,312,944</u>	 <u>6,076,010</u>
Change in Net Assets with Donor Restrictions:		
Endowment donations	28,215	72,073
Investment return - net	81,589	105,382
Net unrealized gain on investments	636,793	284,620
Interfund transfers	(60,004)	(46,747)
Net assets transferred from those without restrictions	<u>51,870</u>	<u>18,358</u>
 Increase in net assets with donor restrictions	 <u>738,463</u>	 <u>433,686</u>
 Increase in net assets	 \$ 4,051,407	 \$ 6,509,696
 Net assets - beginning	 <u>65,948,601</u>	 <u>59,438,905</u>
 Net assets - ending	 <u>\$ 70,000,008</u>	 <u>\$ 65,948,601</u>

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, 2024 and 2023

	Program Services	Fundraising	Management and General	2024	Program Services	Fundraising	Management and General	2023
Advertising	\$ -	\$ -	\$ 130,326	\$ 130,326	\$ -	\$ -	\$ 123,529	\$ 123,529
Contracted services	826	-	-	826	2,147	-	-	2,147
Contributions	142,400	19,160	-	161,560	112,613	30,110	-	142,723
Credit losses	70,606	-	-	70,606	138,944	-	-	138,944
Depreciation	8,782,403	-	179,233	8,961,636	8,628,761	-	176,097	8,804,858
Employee benefits	3,917,984	14,541	61,158	3,993,683	3,522,759	12,367	320,115	3,855,241
Food purchases	1,383,791	-	-	1,383,791	1,191,653	-	-	1,191,653
Insurance	1,395,908	-	28,488	1,424,396	1,163,536	-	23,746	1,187,282
Interest and related fees	2,393,119	-	48,839	2,441,958	2,416,660	-	49,320	2,465,980
Legend drugs	148,783	-	-	148,783	84,745	-	-	84,745
Other expenses	-	27,604	-	27,604	-	20,814	-	20,814
Outside consultants	1,228,114	-	108,527	1,336,641	1,025,603	-	277,609	1,303,212
Professional fees	-	-	121,101	121,101	-	-	121,877	121,877
Salaries and wages	16,135,638	53,519	1,747,334	17,936,491	15,124,323	49,579	1,587,208	16,761,110
Supplies and other expenses	3,306,870	-	995,043	4,301,913	3,321,145	-	915,906	4,237,051
Utilities	1,870,191	-	38,167	1,908,358	1,724,802	-	35,200	1,760,002
Total operating expenses	\$ 40,776,633	\$ 114,824	\$ 3,458,216	\$ 44,349,673	\$ 38,457,691	\$ 112,870	\$ 3,630,607	\$ 42,201,168

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, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash received from residents and third party payers	\$ 41,036,901	\$ 40,214,237
Investment income received	1,128,917	577,833
Donations - net	85,441	108,664
Cash paid to suppliers and employees	(32,643,468)	(30,652,740)
Interest paid and related fees	(2,657,323)	(2,356,234)
	<u>6,950,468</u>	<u>7,891,760</u>
Cash Flows from Investing Activities		
Acquisition of property and equipment	(40,987,839)	(13,321,597)
Interest capitalized on construction in progress	(1,121,055)	(148,988)
Proceeds from sale of property and equipment	4,695	6,287
Proceeds from sale of investments	14,447,031	11,444,392
Purchases of investments	(15,264,160)	(11,929,589)
	<u>(42,921,328)</u>	<u>(13,949,495)</u>
Cash Flows from Financing Activities		
Refundable admission fees received	1,040,750	506,985
Admission fees refunded	(1,308,345)	(849,150)
Proceeds from Memorial Garden fees	16,150	41,250
Endowment donations	28,215	72,073
Debt proceeds	39,505,511	10,043,901
Payments on bond closing costs	-	(693,477)
Principal payments on long-term debt	(1,435,000)	(1,385,000)
	<u>37,847,281</u>	<u>7,736,582</u>
Net cash provided by financing activities		
	<u>37,847,281</u>	<u>7,736,582</u>
Net increase in cash and cash equivalents	1,876,421	1,678,847
Cash and cash equivalents - beginning	21,772,168	20,093,321
	<u>21,772,168</u>	<u>20,093,321</u>
Cash and cash equivalents - ending	<u>\$ 23,648,589</u>	<u>\$ 21,772,168</u>
Supplemental disclosures		
Cash paid for interest	\$ 3,744,566	\$ 2,505,222
Supplemental disclosure of non-cash activities		
Acquisition of property and equipment in accounts payable	\$ 3,217,888	\$ 3,347,213

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, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Increase in net assets	\$ 4,051,407	\$ 6,509,696
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Endowment donations	(28,215)	(72,073)
Net unrealized loss (gain) on derivative contract	2,826,954	(2,861,571)
Memorial Garden earnings	(8,700)	(13,250)
Loss on disposal of property and equipment	28,289	149,560
Amortization of deferred revenues from admission fees	(5,096,773)	(4,702,495)
Receipt of admission fees	4,855,265	6,326,214
Refunds on contracts	(62,523)	-
Depreciation	8,961,636	8,804,858
Amortization of debt issuance costs	87,287	80,323
Amortization of bond premium	(265,882)	(265,882)
Net unrealized gains on investments	(1,211,649)	(798,615)
Net realized gains on investments	(1,353,418)	(481,933)
Changes in operating assets and liabilities:		
Increase in receivables	(261,970)	(440,480)
Increase in grant receivable	-	(5,118,623)
Increase in contributions receivable	(6,000,000)	-
(Increase) decrease in inventory	(78,902)	52,022
(Increase) decrease in prepaid expenses	(224,143)	52,302
Decrease in accounts payable	215,012	62,462
Decrease in accrued expenses	280,671	348,034
Increase in deposits on unoccupied units	236,122	261,211
	\$ 6,950,468	\$ 7,891,760

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, 2024 and 2023

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 \$22,598,953 and \$20,877,698 at September 30, 2024 and 2023, respectively. On the statements of financial position, the combination of cash and cash equivalents whose use is limited and not limited totaled \$23,648,589 and \$21,772,168 at September 30, 2024 and 2023, respectively, which equals the total amount of cash reported on the statements of cash flows.

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 and unrealized 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 reported at estimated fair value. Donated investments are recorded at their fair value on the date of donation.

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. Reported fair values are subject to various risks, including changes in equity markets, the interest rate environment and general economic conditions. Allocation of investments across asset classes are managed to achieve long-term objectives of capital preservation and income generation.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (continued)

Accounts receivable - Receivables from residents, insurance companies, and third-party contractual agencies are recorded at regular resident service rates, net of estimated contractual adjustments and credit losses. Contractual adjustments are estimated based on the terms of third-party insured contracts and arrangements. The Community determines past-due status based on billing dates and does not charge interest on overdue accounts. To help mitigate risk associated with trade receivables, management evaluates each customer's risk prior to extending credit.

At each balance sheet date, the Community recognizes an expected allowance for credit losses which has been updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. The allowance estimate is derived from a review of the Community's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Community.

The Community writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery.

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.

Property and equipment - 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, 2024 and 2023, the Community capitalized \$1,121,055 and \$148,988, respectively, of interest incurred during construction of long-term construction projects. Interest capitalized was incurred on loans obtained for construction financing.

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

Depreciation expense for the years ended September 30, 2024 and 2023 was \$8,961,636 and \$8,804,858, respectively.

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.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (continued)

Leases - The Community has elected the short-term lease practical expedient under provisions of ASC 842. This means lease agreements with original terms of twelve months or less are not required to be reported on the statement of financial position. The Community has determined that its leases were short-term in nature or otherwise immaterial to present on the statement of financial position as of and for the years ended September 30, 2024 and 2023.

Debt issuance costs - Costs associated with obtaining long-term debt are amortized over the debt period utilizing the effective interest method.

Derivative instruments - The Community uses interest rate swap agreements to reduce its exposure to adverse and unanticipated changes in variable interest rates. The Community does not use derivative instruments for trading or speculative purposes and the derivatives are not designated as hedging instruments. The fair value of interest rate swaps is included in the statements of financial position and the change in fair value is included in the statements of operations and changes in net assets.

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 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 the third-party payor. The Community has agreements with third-party payors that provide for payments at amounts that are generally less than established rates. Transaction price is based upon established charges for goods and services less price concessions. Price concessions represent contractual adjustments under agreements with third-party payors or residents that qualify for financial assistance.

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 adjusted in future periods as changes to estimates become known and tentative and final settlement adjustments are identified.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (continued)

Revenue recognition (continued) - 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.

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.

Advertising costs - The Community expenses advertising costs as incurred. Total advertising costs for the years ended September 30, 2024 and 2023 were \$130,326 and \$123,529, 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, 2024 and 2023, no liability was required to be recorded.

Recently adopted accounting standard - In June 2016, the FASB issued guidance (FASB ASC 326) which significantly changed how entities measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the organization that are subject to the guidance in FASB ASC 326 were accounts receivable.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

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>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 23,648,589	\$ 21,772,168
Investments	23,648,692	20,266,496
Accounts receivable - net	1,999,821	1,754,008
Contribution receivable	<u>6,000,000</u>	<u>-</u>
Financial assets available	55,297,102	43,792,672
Less Board designations	21,057,659	18,560,593
Less donor restrictions	<u>5,533,097</u>	<u>4,794,634</u>
Available resources	<u>\$ 28,706,346</u>	<u>\$ 20,437,445</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.

Note 3: Cash and Cash Equivalents

The following is a summary of cash and cash equivalents:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 19,412,685	\$ 17,638,121
Board designated:		
Medical self-insurance	250,024	224,214
Capital reserve	1,006,286	954,017
Debt service	<u>104,451</u>	<u>67,089</u>
Cash and cash equivalents whose use is not limited	<u>20,773,446</u>	<u>18,883,441</u>
Assets whose use is limited:		
New construction fund	865,320	672,151
Chapel fund	1,539	1,432
Donations	1,069,415	1,038,282
Memorial Garden fund	271,985	246,436
Resident assistance - endowment	50,010	20,355
Resident assistance - operating	541,851	521,114
Resident trust funds	1,502	1,158
Sullivan Trust	<u>60,328</u>	<u>76,984</u>
Cash and cash equivalents whose use is limited	<u>2,861,950</u>	<u>2,577,912</u>
Cash held for state mandated operating reserve	<u>13,193</u>	<u>310,815</u>
Total cash and cash equivalents	<u>\$ 23,648,589</u>	<u>\$ 21,772,168</u>

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 4: Investments

The following is a summary of investments at fair value:

	<u>2024</u>	<u>2023</u>
Use is not limited:		
Undesignated	\$ 53,946	\$ 40,688
Board designated:		
Debt service	5,234,384	4,577,392
Capital reserve	3,919,008	3,429,993
Education endowment	312,759	256,259
Deferred compensation	81,247	42,032
Venture capital investment	172,860	138,323
Captive insurance investment	<u>175,427</u>	<u>-</u>
Current and long-term investments whose use is not limited	<u>9,949,631</u>	<u>8,484,687</u>
Use is limited:		
Sullivan Trust	2,770,542	2,280,211
Resident assistance	979,528	807,189
Chapel fund	<u>59,884</u>	<u>49,067</u>
Investments whose use is limited	<u>3,809,954</u>	<u>3,136,467</u>
Investments held for state mandated operating reserve	<u>9,889,107</u>	<u>8,645,342</u>
Total investments	<u>\$ 23,648,692</u>	<u>\$ 20,266,496</u>

The Community incurred investment fees in the amount of \$127,816 and \$115,256 during the years ended September 30, 2024 and 2023, respectively.

Note 5: 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.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 5: Fair Value (continued)

The following is a description of the valuation methodologies used for assets measured at fair value:

Equity securities, mutual funds and exchange traded funds: Level 1 securities, valued at the closing price reported on the active market on which the individual securities are traded.

U.S. government securities and corporate debt securities: Level 1 securities, valued at the closing price reported on the active market on which the individual securities are traded.

Venture capital investment: Level 2 security, valued at the Community's proportionate share of the investment fund's net assets at fair value.

Closely held company security: Level 2 security, valued at net book value of the company as reported in the entity's audited financial statements.

Captive insurance investments: Level 2 securities, valued at original capital contribution as adjusted for proportionate share of income and losses.

Interest rate swaps: Level 2 securities, 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.

There have been no changes in the methodology used at June 30, 2024 and 2023.

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.

Fair value measurements at September 30, 2024:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Equity securities	\$ 11,425,444	\$ 11,425,444	\$ -	\$ -
Fixed income securities	11,768,121	11,768,121	-	-
Venture capital investment	172,860	-	172,860	-
Closely held company securities	106,840	-	106,840	-
Captive insurance investments	<u>175,427</u>	<u>-</u>	<u>175,427</u>	<u>-</u>
Total investments	23,648,692	23,193,565	455,127	-
Interest rate swaps	<u>1,463,527</u>	<u>-</u>	<u>1,463,527</u>	<u>-</u>
Total assets	<u>\$ 25,112,219</u>	<u>\$ 23,193,565</u>	<u>\$ 1,918,654</u>	<u>\$ -</u>

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 5: Fair Value (continued)

Fair value measurements at September 30, 2023:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Equity securities	\$ 10,325,789	\$ 10,325,789	\$ -	\$ -
Fixed income securities	9,690,982	9,690,982	-	-
Venture capital investment	138,323	-	138,323	-
Closely held company securities	<u>111,402</u>	<u>-</u>	<u>111,402</u>	<u>-</u>
Total investments	20,266,496	20,016,771	249,725	-
Interest rate swaps	<u>4,290,481</u>	<u>-</u>	<u>4,290,481</u>	<u>-</u>
Total assets	<u>\$ 24,556,977</u>	<u>\$ 20,016,771</u>	<u>\$ 4,540,206</u>	<u>\$ -</u>

Note 6: Accounts Receivable

The following is a summary of accounts receivable:

	<u>2024</u>	<u>2023</u>
Resident services	\$ 1,956,020	\$ 1,642,351
Sales tax	209,886	293,142
Interest receivable	<u>37,615</u>	<u>24,115</u>
Total accounts receivable	2,203,521	1,959,608
Less allowance for credit losses	<u>203,700</u>	<u>205,600</u>
Accounts receivable - net	<u>\$ 1,999,821</u>	<u>\$ 1,754,008</u>

Note 7: 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 8: Contribution Receivable

The Community is a beneficiary under a trust agreement that became irrevocable during the year ended September 30, 2024. The successor trustee notified the Community that it would receive a distribution during fiscal year 2025, and that the trust agreement placed no restrictions on the Community's use of the funds. A receivable in the amount of \$6,000,000 is reported at September 30, 2024 representing the Community's share of the trust to be distributed.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
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Note 9: Employee Retention Credit

In response to the economic impact of the Covid-19 pandemic, Congress introduced the Employee Retention Credit ("ERC"). The ERC is a refundable credit available to taxpayers and non-profit organizations who experienced either a full or partial suspension of business operations due to government orders or had a significant reduction in gross receipts during calendar 2020 and 2021. The potential credit available per qualified employee for 2021 is 70% of qualified wages, up to a maximum of \$21,000.

The Community determined that it qualified for the ERC based on a partial shutdown and accounted for the ERC as a government grant under provisions of ASC 958-605. Under this accounting standard, the ERC was recognized once conditions attached to the grant were substantially met. From January 1, 2021 through September 30, 2021, the Community incurred qualifying wages and timely filed a claim for refund totaling \$5,118,623 in July 2023. This amount is reflected as a receivable on the statement of financial position as of September 30, 2024 and 2023 and as grant revenue on the statement of operations for the year ended September 30, 2024.

As of the date that these financial statements were available to be issued, the ERC remains uncollected. The Internal Revenue Service announced a moratorium on processing claims in September 2023. In October 2024, it was announced that the moratorium had been lifted and processing would restart on a significant backlog of claims. The Community evaluated collectability of the receivable and determined there was no basis for an allowance as of September 30, 2024, while acknowledging an evolving political landscape in the United States could result in changes to the ERC program and a different future decision on collectability.

Note 10: Derivative Contracts

The Community has four interest rate swap agreements, measured at fair value in Note 5, to minimize exposure from interest rate changes on its floating rate 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
\$ 4,100,000	10/10/2007	01/01/2028	3.556%	63% of one-month SOFR plus 0.3%
\$ 8,075,000	10/09/2019	01/01/2034	1.232%	79% of one-month SOFR
\$ 4,945,000	06/01/2021	01/01/2034	1.203%	79% of one-month SOFR
\$ 33,694,988	08/01/2023	12/01/2037	3.677%	79% of one-month SOFR plus 1.185%

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, 2024 and 2023

Note 11: Property and Equipment

The following is a summary of property and equipment:

	<u>2024</u>	<u>2023</u>
Land	\$ 8,661,846	\$ 8,661,846
Land improvements	21,217,210	21,011,033
Buildings	178,262,097	176,832,319
Paving	3,008,413	2,613,088
Furniture and equipment	18,444,150	18,400,113
Construction in progress	<u>56,148,346</u>	<u>16,661,868</u>
Total property and equipment	285,742,062	244,180,267
Less accumulated depreciation	<u>94,027,175</u>	<u>85,450,329</u>
Property and equipment - net	<u>\$ 191,714,887</u>	<u>\$ 158,729,938</u>

Note 12: Leases

The Community evaluated its leases under provisions of ASC 842 and determined that all were short-term in nature or otherwise immaterial to present on the statement of financial position. Rent expense for short-term and low-value leases totaled \$54,750 for the year ended September 30, 2024 and \$58,148 for the year ended September 30, 2023.

Note 13: Assets Whose Use is Limited

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

	<u>2024</u>	<u>2023</u>
Operating Fund:		
State mandated operating reserve	\$ 9,926,550	\$ 8,964,250
New healthcare facility fund	865,320	672,151
Resident trust funds	1,502	1,158
Donations	1,069,415	1,038,282
Memorial Garden fund	271,985	246,436
Resident assistance	<u>541,851</u>	<u>521,114</u>
Operating fund assets whose use is limited	<u>12,676,623</u>	<u>11,443,391</u>
Endowment Fund:		
Sullivan Trust	2,830,870	2,357,195
Resident assistance	1,029,538	827,544
Chapel fund	<u>61,423</u>	<u>50,499</u>
Endowment fund assets whose use is limited	<u>3,921,831</u>	<u>3,235,238</u>
Assets whose use is limited	<u>\$ 16,598,454</u>	<u>\$ 14,678,629</u>

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 14: Assets Whose Use is Limited for State Mandated 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 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, 2024 was \$9,926,550, based upon occupancy which exceeded 90% at that time, and projected 2023-2024 operating costs of \$39,706,000. The operating reserve balance at September 30, 2024 was \$9,926,550.

The Community's operating reserve requirement as of September 30, 2023 was \$8,964,250, based upon occupancy which exceeded 90% at that time, and projected 2022-2023 operating costs of \$35,857,000. The operating reserve balance at September 30, 2023 was \$8,964,250.

Note 15: Accrued Expenses

The following is a summary of accrued expenses:

	2024	2023
Accrued interest	\$ 535,750	\$ 577,584
Salaries and wages	469,296	355,501
Paid annual leave	1,472,596	1,382,633
Profit sharing contribution	524,398	472,500
Deferred compensation	104,247	64,532
Payroll taxes	9,220	7,086
Self-insured medical claims	200,000	175,000
	<u>3,315,507</u>	<u>3,034,836</u>
Accrued expenses	\$ 3,315,507	\$ 3,034,836

Note 16: 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 \$1,472,596 and \$1,382,633 for accrued paid annual leave at September 30, 2024 and 2023, respectively.

Note 17: Interfund Payable

At September 30, 2024 and 2023, the Community had an interfund payable due to the Operating Fund from the Endowment Fund in the amount of \$53,946 and \$40,688, respectively.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 18: Long-Term Debt

Long-term debt consists of the following:

	2024	2023
<p>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 quarterly at the fixed rate. Beginning January 2034, monthly payments are due to a sinking fund 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.</p>	\$ 42,860,000	\$ 42,860,000
<p>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 SOFR (previously LIBOR) plus 0.77%. Annual principal payments are scheduled through a maturity date of 2034. \$1,490,000 is payable in fiscal year 2025. The loan is secured by a deed of trust on property and equipment.</p>	17,140,000	18,575,000
<p>In December 2022, the North Carolina Medical Care Commission issued \$45,100,000 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. \$1,000 of these Series 2022A-1 bank placement bonds were drawn at closing. Additional draws are available to fund a capital project. Interest is payable monthly at a variable rate equal to 79% of One-Month SOFR plus 1.185%. The bonds mature according to an amortization schedule with annual installments beginning January 2026 and ending January 2053. The loan is secured by a deed of trust on property and equipment.</p>	36,085,479	1,000
<p>Debt - forward</p>	\$ 96,085,479	\$ 61,436,000

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 18: Long-Term Debt (continued)

	<u>2024</u>	<u>2023</u>
Debt - forwarded	\$ 96,085,479	\$ 61,436,000
In December 2022, the North Carolina Medical Care Commission issued \$13,000,000 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. \$817,577 of these Series 2022A-2 bank placement bonds were drawn at closing to fund certain issuance fees and to fund interest and construction accounts. Additional amounts were drawn during the year to fund a capital project. Interest is payable monthly at a variable rate equal to 79% of One-Month SOFR plus 1.10665%. The bonds mature in a single installment in December 2026. The loan is secured by a deed of trust on property and equipment.	<u>13,000,000</u>	<u>9,578,968</u>
Total debt	109,085,479	71,014,968
Plus unamortized premium	5,031,748	5,297,630
Less unamortized debt issuance costs	(1,477,963)	(1,565,250)
Less current maturities	<u>(1,490,000)</u>	<u>(1,435,000)</u>
Long-term debt - net	<u>\$ 111,149,264</u>	<u>\$ 73,312,348</u>

Scheduled principal maturities of long-term debt at September 30, 2024 are as follows:

2025	\$ 1,490,000
2026	1,695,000
2027	2,505,000
2028	15,600,000
2029	2,670,000
Thereafter	<u>85,125,479</u>
Total maturities	<u>\$ 109,085,479</u>

The Community has various financial covenants relating to the aforementioned debt, which were met as of September 30, 2024.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
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Note 19: Deferred Revenue

The following is a summary of changes in deferred revenue:

	Deferred Revenue	Admission Fees	Memorial Garden
Balance - October 1, 2022	\$ 44,350,073	\$ 44,224,073	\$ 126,000
Deposits received	6,367,464	6,326,214	41,250
Deposits earned	(4,714,945)	(4,701,695)	(13,250)
	<hr/>	<hr/>	<hr/>
Balance - September 30, 2023	46,002,592	45,848,592	154,000
Deposits received	4,876,415	4,855,265	21,150
Deposits earned	(5,110,473)	(5,096,773)	(13,700)
Deposits refunded	(62,523)	(62,523)	-
	<hr/>	<hr/>	<hr/>
Balance - September 30, 2024	45,706,011	45,544,561	161,450
Less current portion	(4,855,119)	(4,855,119)	-
	<hr/>	<hr/>	<hr/>
Deferred revenue - long-term portion	<u>\$ 40,850,892</u>	<u>\$ 40,689,442</u>	<u>\$ 161,450</u>

During the year ended September 30, 2023, the Community applied a revised life expectancy table for purposes of calculating earned admission fees. This change in accounting estimate resulted in an approximate \$666,918 reduction in operating income for the year then ended.

Note 20: 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 \$24,599,289 and \$25,428,495 at September 30, 2024 and 2023, respectively. Of the total amount, \$17,684,840 and \$17,952,435 are for the 50% refundable admission fees at September 30, 2024 and 2023, 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
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Note 21: 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, 2024 and 2023, the gross amount of gifts made was approximately \$1,260,000 and \$1,270,000, respectively, and the estimated present value of the gifts was approximately \$682,000 and \$616,000, 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 22: Net Assets Designated by Board

The following is a summary of Board designated net assets:

	<u>2024</u>	<u>2023</u>
Operating Fund:		
Self-insurance	\$ 50,024	\$ 49,214
Capital reserve	4,941,464	4,394,391
Debt service	5,360,279	4,658,215
Memorial Garden	110,535	92,436
State mandated operating reserve	9,926,550	8,964,250
Venture capital investment	172,860	138,323
Captive insurance investment	175,427	-
Endowment Fund:		
Education endowment	<u>320,520</u>	<u>263,764</u>
Net assets designated by Board	<u>\$ 21,057,659</u>	<u>\$ 18,560,593</u>

Note 23: Net Assets with Donor Restrictions

The following is a summary of net assets with donor restrictions:

	<u>2024</u>	<u>2023</u>
Resident assistance - operating	\$ 541,851	\$ 521,114
Donations	<u>1,069,415</u>	<u>1,038,282</u>
Net assets restricted for purpose	<u>1,611,266</u>	<u>1,559,396</u>
Sullivan Trust	2,830,870	2,357,195
Chapel Fund	61,423	50,499
Resident Assistance Fund	<u>1,029,538</u>	<u>827,544</u>
Net assets restricted for time	<u>3,921,831</u>	<u>3,235,238</u>
Net assets with donor restrictions	<u>\$ 5,533,097</u>	<u>\$ 4,794,634</u>

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 23: Net Assets with Donor Restrictions (continued)

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.

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.

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.

Note 24: Reconciliation of Endowment Funds

The following is a summary of changes in endowment net assets:

	Endowment Net Assets	Board Designated	With Donor Restriction
Balance - October 1, 2022	\$ 3,052,340	\$ 232,430	\$ 2,819,910
Contributions and bequests	72,073	-	72,073
Interest and dividends	124,708	8,505	116,203
Fees	(28,648)	(2,566)	(26,082)
Net realized and unrealized losses	325,276	25,395	299,881
Appropriation of endowment assets	(46,747)	-	(46,747)
	<hr/>	<hr/>	<hr/>
Balance - September 30, 2023	3,499,002	263,764	3,235,238
Contributions and bequests	28,215	-	28,215
Interest and dividends	132,239	9,353	122,886
Fees	(32,357)	(2,793)	(29,564)
Net realized and unrealized gains	675,256	50,196	625,060
Appropriation of endowment assets	(60,004)	-	(60,004)
	<hr/>	<hr/>	<hr/>
Balance - September 30, 2024	<u>\$ 4,242,351</u>	<u>\$ 320,520</u>	<u>\$ 3,921,831</u>

Note 25: Resident Fee Income

The following is a summary of net resident fee income:

	2024	2023
Operating revenue	\$ 41,359,323	\$ 38,795,185
Less adjustments:		
Meals to guests and employees	166,118	122,709
Credit losses	70,606	138,944
	<hr/>	<hr/>
Net resident fee income	<u>\$ 41,122,599</u>	<u>\$ 38,533,532</u>

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 26: 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 physical space utilized by the Community include depreciation, insurance, interest, and utilities.

Note 27: 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 \$100,000 per individual per plan year, subject to an aggregate deductible of \$35,000. The costs of the plan are comprised of actual and expected net claims, insurance premiums for stop-loss coverage and claims administration fees. Costs, net of employee contributions, were \$2,123,970 and \$2,093,963 for the years ended September 30, 2024 and 2023, respectively. The estimate of claims incurred but not reported was \$200,000 at September 30, 2024 and \$175,000 at September 30, 2023.

Note 28: 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 \$524,398 and \$472,500 for the years ended September 30, 2024 and 2023, 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 of \$23,000 and \$22,500 for the years ended September 30, 2024 and 2023, respectively.

Note 29: 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.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 30: 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.

The following is a summary of charity care and community benefit, valued at cost:

	<u>2024</u>	<u>2023</u>
Charity care:		
Unreimbursed costs under Medicaid	\$ 1,243,055	\$ 1,335,972
Forgiven monthly and daily fees	541,141	413,377
Bad debt	<u>110,930</u>	<u>112,698</u>
Total charity care	<u>1,895,126</u>	<u>1,862,047</u>
Community benefit:		
Expenses incurred by the Community to provide health, recreation, community research, and education activities to the community at large	16,546	2,067
Charitable donations	126,400	134,770
Donated volunteer services and space to community service projects and organizations	<u>85,680</u>	<u>73,132</u>
Total community benefit	<u>228,626</u>	<u>209,969</u>
Total charity care and community benefit	<u>\$ 2,123,752</u>	<u>\$ 2,072,016</u>

Note 31: 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 maintains 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 10, the Community has entered into 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 changes in fair value have been recorded in the statements of changes in net assets.

Lutheran Retirement Ministries of Alamance County, North Carolina
Notes to Financial Statements
September 30, 2024 and 2023

Note 32: Commitments

The Community has commitments for construction projects in connection with building and improvement additions, including construction of an independent living facility. The cost to complete projects as of September 30, 2024 was approximately \$7,300,000.

The Community has a capital funding commitment for a venture capital investment. The total commitment is \$375,000, of which \$168,750 remains to be funded as of September 30, 2024.

Note 33: 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 operations or cash flows. Cash received as deposits on unoccupied units was segregated from cash received from admission fees on the statements of cash flows.

Note 34: Subsequent Events

The Community has evaluated events and transactions that occurred between September 30, 2024 and January 22, 2025, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**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, 2025
through September 30, 2029

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Gilliam Bell Moser LLP
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 of Lutheran Retirement Ministries of Alamance County, North Carolina as of September 30, 2025, 2026, 2027, 2028 and 2029, and the related forecasted statements of operations and cash flows for the years then ending, and the related summary of significant forecast assumptions and accounting policies, 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 information and this report are intended solely for the information and use of management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64 and included in the Corporation's disclosure statement filing), and is not intended to be and should not be used by anyone other than these specified parties without our consent.

The supplementary information on pages 15 and 16 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Gilliam Bell Moser LLP

Certified Public Accountants
February 24, 2025



Lutheran Retirement Ministries of Alamance County, North Carolina

Forecasted Statements of Financial Position

(See Accountants' Compilation Report)

For the Years Ending September 30, 2025 through 2029

	2025	2026	2027	2028	2029
Assets					
Current assets:					
Cash and cash equivalents	\$ 64,264,900	\$ 32,243,000	\$ 34,607,800	\$ 38,130,900	\$ 41,873,500
Investments	9,667,700	10,151,100	10,658,700	11,191,600	11,751,200
Accounts receivable - net	1,857,200	1,996,600	2,096,200	2,108,800	2,125,800
Prepaid expenses	279,200	296,000	313,800	332,600	352,600
Inventory	470,300	493,800	518,500	544,400	571,600
Total current assets	76,539,300	45,180,500	48,195,000	52,308,300	56,674,700
Assets whose use is limited:					
Cash and cash equivalents - donations	1,967,800	2,054,800	2,144,500	2,237,000	2,332,400
Investments - Operating Reserve	10,723,800	11,392,500	11,787,600	12,258,100	12,871,000
Long-term investments - Endowment	4,039,500	4,160,700	4,285,500	4,414,100	4,546,500
Total assets whose use is limited	16,731,100	17,608,000	18,217,600	18,909,200	19,749,900
Other assets:					
Long-term investments	791,300	842,600	895,900	951,200	1,008,600
Property and equipment - net	188,682,200	213,012,200	202,320,900	191,531,600	180,684,300
Reserve on derivative contract	1,463,500	1,463,500	1,463,500	1,463,500	1,463,500
Deferred bond costs - net	2,146,000	2,026,000	1,906,000	1,786,000	1,666,000
Total other assets	193,083,000	217,344,300	206,586,300	195,732,300	184,822,400
Total assets	\$ 286,353,400	\$ 280,132,800	\$ 272,998,900	\$ 266,949,800	\$ 261,247,000
Liabilities					
Current liabilities:					
Current maturities of long-term debt	\$ 14,490,000	\$ 6,295,000	\$ 6,528,300	\$ 2,616,700	\$ 2,703,300
Accounts payable	1,240,000	1,283,900	1,323,100	1,353,300	1,378,700
Accrued expenses	3,481,300	3,655,400	3,838,200	4,030,100	4,231,600
Deposits on unoccupied units	699,600	524,700	524,700	524,700	550,900
Total current liabilities	19,910,900	11,759,000	12,214,300	8,524,800	8,864,500
Long-term debt, excluding current maturities	117,948,400	119,848,400	113,086,800	114,381,700	111,591,800
Long-term debt, bond premium	4,499,900	4,234,000	3,968,100	3,702,200	3,436,300
Deferred revenue from admission fees - refundable	5,097,900	4,843,000	4,358,700	4,140,800	3,933,800
Deferred revenue from admission fees - non-refundable	54,177,300	58,273,100	61,627,000	61,202,700	60,546,900
Refundable admission fees	17,384,800	17,084,800	16,584,800	16,584,800	16,584,800
Total liabilities	219,019,200	216,042,300	211,839,700	208,537,000	204,958,100
Net Assets					
Net assets without donor restrictions:					
Designated by Board for self-insurance	52,500	55,100	57,900	60,800	63,800
Designated by Board for endowment	330,100	340,000	350,200	360,700	371,500
Designated by Board for capital reserve	4,523,800	4,114,300	3,996,600	3,876,500	3,954,000
Designated by Board for debt service	5,552,400	5,774,500	6,005,500	6,245,700	6,495,500
Designated by Board for restricted operating reserve	10,723,800	11,392,500	11,787,600	12,258,100	12,871,000
Undesignated	40,144,300	36,198,600	32,531,400	28,959,900	25,654,200
Total net assets without donor restrictions	61,326,900	57,875,000	54,729,200	51,761,700	49,410,000
Net assets with donor restrictions:					
Purpose restriction	1,967,800	2,054,800	2,144,500	2,237,000	2,332,400
Perpetual in nature	4,039,500	4,160,700	4,285,500	4,414,100	4,546,500
Total net assets	67,334,200	64,090,500	61,159,200	58,412,800	56,288,900
Total liabilities and net assets	\$ 286,353,400	\$ 280,132,800	\$ 272,998,900	\$ 266,949,800	\$ 261,247,000

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

(See Accountants' Compilation Report)

For the Years Ending September 30, 2025 through 2029

	2025	2026	2027	2028	2029
Operating Revenues					
Nursing care	\$ 13,418,600	\$ 14,101,300	\$ 14,616,000	\$ 15,171,300	\$ 15,773,700
Memory care	3,715,600	3,877,800	4,021,500	4,255,100	4,422,400
Assisted living	2,679,200	2,742,400	2,852,000	2,966,200	3,085,000
Independent living	18,650,700	20,082,200	22,150,900	22,991,300	24,273,700
Admission fees earned	5,430,800	5,530,000	5,730,200	5,954,000	6,168,900
Ancillaries	1,947,000	2,247,400	2,329,700	2,428,300	2,524,500
Home care and adult day services	719,000	1,168,600	1,211,400	1,262,700	1,312,700
Dietary	608,000	683,700	735,300	763,300	800,900
Other operating revenues	654,000	510,000	545,500	567,300	594,400
Investment earnings	1,556,900	1,857,900	1,548,600	1,422,600	1,422,100
Net unrealized gain on investments	9,600	9,900	10,200	10,500	10,800
Donations	160,000	166,400	173,100	180,000	187,200
Subtotal	49,549,400	52,977,600	55,924,400	57,972,600	60,576,300
Less medicare and medicaid contractual adjustments	1,548,300	1,636,200	1,754,800	1,996,800	2,085,300
Less charitable and other contractual allowances	486,800	816,100	872,800	907,700	951,100
Total operating revenues	47,514,300	50,525,300	53,296,800	55,068,100	57,539,900
Operating Expenses					
Nursing care	6,383,000	6,638,300	6,903,800	7,160,000	7,421,400
Memory care	3,083,600	3,206,900	3,335,200	3,468,600	3,607,300
Dietary	3,358,900	3,493,300	3,633,000	3,753,300	3,873,400
Housekeeping	736,800	766,300	797,000	828,900	862,100
Laundry	227,800	236,900	246,400	256,300	266,600
Pharmacy	116,000	120,600	125,400	130,400	135,600
Therapies	1,117,000	1,152,600	1,185,400	1,219,400	1,281,600
Social services	236,600	246,100	255,900	266,100	276,700
Activities	233,600	242,900	252,600	262,700	273,200
Nursing administration / medical records	1,487,900	1,547,400	1,609,300	1,673,700	1,740,600
Maintenance	4,988,000	5,187,500	5,435,000	5,661,400	5,862,900
Grounds	1,298,100	1,350,000	1,414,000	1,470,600	1,524,400
Security	674,000	701,000	729,000	758,200	788,500
Administration and general	4,543,200	4,724,900	4,938,900	5,141,500	5,327,200
Pastoral services	118,700	123,400	128,300	133,400	138,700
Assisted living	1,455,300	1,513,500	1,574,000	1,637,000	1,702,500
Terrace Cafe	607,100	631,400	656,700	683,000	710,300
Independent living	2,270,600	2,361,400	2,475,900	2,579,900	2,678,100
Sales and marketing	620,400	645,200	671,000	697,800	725,700
Development and outreach	327,600	340,700	354,300	368,500	383,200
Home care and adult day care	978,100	1,168,600	1,211,400	1,262,700	1,312,700
Beauty and barber	112,600	117,100	121,800	126,700	131,800
Interest expense	3,788,100	4,084,200	4,987,300	4,993,700	5,304,400
Amortization	120,000	120,000	120,000	120,000	120,000
Depreciation	11,414,600	13,170,000	13,191,300	13,289,300	13,347,300
Total operating expenses	50,297,600	53,890,200	56,352,900	57,943,100	59,796,200
Operating loss	(2,783,300)	(3,364,900)	(3,056,100)	(2,875,000)	(2,256,300)
Changes in net assets perpetual in nature:					
Net unrealized gain on investments	117,700	121,200	124,800	128,600	132,400
Total decrease in net assets	\$ (2,665,600)	\$ (3,243,700)	\$ (2,931,300)	\$ (2,746,400)	\$ (2,123,900)
Net assets - beginning of year	69,999,800	67,334,200	64,090,500	61,159,200	58,412,800
Net assets - end of year	<u>\$ 67,334,200</u>	<u>\$ 64,090,500</u>	<u>\$ 61,159,200</u>	<u>\$ 58,412,800</u>	<u>\$ 56,288,900</u>

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

(See Accountants' Compilation Report)

For the Years Ending September 30, 2025 through 2029

	2025	2026	2027	2028	2029
Cash Flows from Operating Activities					
Cash received from residents and third party payors	\$ 51,618,300	\$ 42,821,700	\$ 45,735,100	\$ 47,488,400	\$ 49,733,900
Investment income received	1,581,100	1,857,900	1,548,600	1,422,600	1,422,100
Donations received	160,000	166,400	173,100	180,000	187,200
Cash paid to suppliers and employees	(34,949,100)	(36,338,300)	(37,874,800)	(39,362,700)	(40,844,800)
Interest paid	(4,054,100)	(4,350,100)	(5,253,200)	(5,259,600)	(5,570,300)
Net cash provided by operating activities	14,356,200	4,157,600	4,328,800	4,468,700	4,928,100
Cash Flows from Investing Activities					
Purchase of investments	(5,256,300)	(1,193,500)	(945,800)	(1,048,200)	(1,219,100)
Acquisition of property and equipment	(11,324,500)	(37,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Net cash used in investing activities	(16,580,800)	(38,693,500)	(3,445,800)	(3,548,200)	(3,719,100)
Cash Flows from Financing Activities					
Admission fees received	19,500,000	9,696,000	8,899,800	6,111,800	6,332,300
Admission fees refunded	(800,000)	(800,000)	(800,000)	(800,000)	(1,000,000)
Long-term debt issuance costs	(788,000)	-	-	-	-
Proceeds of long-term debt	41,400,000	-	-	-	-
Payments of long-term debt	(14,490,000)	(6,295,000)	(6,528,300)	(2,616,700)	(2,703,300)
Net cash provided by financing activities	44,822,000	2,601,000	1,571,500	2,695,100	2,629,000
Net increase (decrease) in cash and cash equivalents	42,597,400	(31,934,900)	2,454,500	3,615,600	3,838,000
Cash and cash equivalents - beginning of year	23,635,300	66,232,700	34,297,800	36,752,300	40,367,900
Cash and cash equivalents - end of year	<u>\$ 66,232,700</u>	<u>\$ 34,297,800</u>	<u>\$ 36,752,300</u>	<u>\$ 40,367,900</u>	<u>\$ 44,205,900</u>
Reconciliation of change in net assets to net cash provided by operating activities:					
Decrease in net assets	\$ (2,665,600)	\$ (3,243,700)	\$ (2,931,300)	\$ (2,746,400)	\$ (2,123,900)
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Amortization of admission fees	(5,430,800)	(5,530,000)	(5,730,200)	(5,954,000)	(6,168,900)
Depreciation and amortization	11,534,600	13,290,000	13,311,300	13,409,300	13,467,300
Amortization of bond premium	(265,900)	(265,900)	(265,900)	(265,900)	(265,900)
Net increase (decrease) in receivables and prepaid expenses	11,249,800	(179,700)	(142,100)	(57,300)	(64,200)
Net increase in payables and accrued expenses	61,400	218,000	222,000	222,100	226,900
Net unrealized gain on investments	(127,300)	(131,100)	(135,000)	(139,100)	(143,200)
Net cash provided by operating activities	<u>\$ 14,356,200</u>	<u>\$ 4,157,600</u>	<u>\$ 4,328,800</u>	<u>\$ 4,468,700</u>	<u>\$ 4,928,100</u>

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, 2025 through September 30, 2029
(See Accountants' Compilation Report)

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 24, 2025, 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.

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 credit losses - 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, a captive insurance investment and equity securities of a closely held corporation, are also reported at estimated fair value. The forecast includes annual appreciation of investments of 2-4%.

Lutheran Retirement Ministries of Alamance County, North Carolina
Summary of Significant Forecast Assumptions and Accounting Policies
 September 30, 2025 through September 30, 2029
 (See Accountants' Compilation Report)

Summary of Significant Accounting Policies (continued)

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.

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).

Operating Fund Forecast Assumptions

Cash and cash equivalents - Forecast includes net impact of proceeds received and paid for construction commitments for new Independent Living apartments. \$5,845,000 is forecast to be received from Series 2022 Bonds to fund remaining construction commitments for Phase 1 apartments and \$35,555,000 from Series 2025 Bonds to fund Phase 2 apartments.

Lutheran Retirement Ministries of Alamance County, North Carolina
Summary of Significant Forecast Assumptions and Accounting Policies
September 30, 2025 through September 30, 2029
(See Accountants' Compilation Report)

Operating Fund Forecast Assumptions (continued)

Accounts receivable - Forecast as follows:

	2025	2026	2027	2028	2029
Resident services	\$1,756,500	\$1,877,400	\$2,054,900	\$2,103,300	\$2,114,700
Other	250,000	260,000	195,400	163,200	169,700
Accounts receivable - gross	2,006,500	2,137,400	2,250,300	2,266,500	2,284,400
Allowance for doubtful accounts	(149,300)	(140,800)	(154,100)	(157,700)	(158,600)
Accounts receivable - net	\$1,857,200	\$1,996,600	\$2,096,200	\$2,108,800	\$2,125,800

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 7.5-8.5% of resident services receivables.

Inventory - 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 has 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 2% annually. Average occupancy is forecast to exceed 90%.

Operating reserve requirements under North Carolina General Statute 58-64-33 are forecast as follows for 2025 through 2029.

	2025	2026	2027	2028	2029
Total operating expenses	\$50,297,600	\$53,890,200	\$56,352,900	\$57,943,100	\$59,796,200
Add principal requirement	1,490,000	2,295,000	2,528,300	2,616,700	2,703,300
Less depreciation	(11,414,600)	(13,170,000)	(13,191,300)	(13,289,300)	(13,347,300)
Less bond cost amortization	(120,000)	(120,000)	(120,000)	(120,000)	(120,000)
Net operating costs for reserve requirements	\$40,253,000	\$42,895,200	\$45,569,900	\$47,150,500	\$49,032,200

Operating reserve requirement:

Required reserve based on 90% occupancy	\$10,063,300	\$10,723,800	\$11,392,500	\$11,787,600	\$12,258,100
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Lutheran Retirement Ministries of Alamance County, North Carolina
Summary of Significant Forecast Assumptions and Accounting Policies
September 30, 2025 through September 30, 2029
(See Accountants' Compilation Report)

Operating Fund Forecast Assumptions (continued)

Assets whose use is limited for Operating Reserve (continued) -

	2025	2026	2027	2028	2029
Operating reserve:					
Cash and investments	\$ 10,087,600	\$ 10,491,100	\$ 10,910,700	\$ 11,347,100	\$ 11,801,000
Allocation of debt service reserve	578,400	754,600	1,055,600	1,136,800	1,136,600
Total operating reserve	10,666,000	11,245,700	11,966,300	12,483,900	12,937,600
Amount (over) under funded	\$ (602,700)	\$ (521,900)	\$ (573,800)	\$ (696,300)	\$ (679,500)

Property and equipment - Forecast as follows:

	2025	2026	2027	2028	2029
Land	\$ 8,661,800	\$ 8,661,800	\$ 8,661,800	\$ 8,661,800	\$ 8,661,800
Land improvements	21,217,200	21,217,200	21,217,200	21,217,200	21,217,200
Buildings	242,692,400	280,092,400	282,492,400	284,892,400	287,292,400
Paving	3,008,400	3,008,400	3,008,400	3,008,400	3,008,400
Furniture and equipment	18,544,200	18,644,200	18,744,200	18,844,200	18,944,200
Total property and equipment	294,124,000	331,624,000	334,124,000	336,624,000	339,124,000
Less accumulated depreciation	105,441,800	118,611,800	131,803,100	145,092,400	158,439,700
Property and equipment - net	\$188,682,200	\$213,012,200	\$202,320,900	\$191,531,600	\$180,684,300

Major property and equipment additions are forecast to include:

Year to Complete	Description	Forecast Construction Cost
2025	Renovations & Capital Replacement	\$2,270,100
2025	Site Development	960,200
2025	Apartment Buildings - IL (Phase 1)	5,151,600
2026	Renovations & Capital Replacement	2,200,000
2026	Site Development	300,000
2026	Apartment Buildings - IL (Phase 2)	35,000,000
2027	Renovations & Capital Replacement	2,200,000
2027	Site Development	300,000
2028	Renovations & Capital Replacement	2,200,000
2028	Site Development	300,000
2029	Renovations & Capital Replacement	2,200,000
2029	Site Development	300,000
		<u>\$53,381,900</u>

Lutheran Retirement Ministries of Alamance County, North Carolina
Summary of Significant Forecast Assumptions and Accounting Policies
September 30, 2025 through September 30, 2029
(See Accountants' Compilation Report)

Operating Fund Forecast Assumptions (continued)

Accounts payable and accrued expenses - 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 SOFR 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 that increased to \$33,825,000 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 1.11%.

In 2025, the Ministries forecasts issuance of \$27,555,000 in Series 2025A Bonds and \$8,000,000 of Series 2025B Bonds through the North Carolina Medical Care Commission. As forecast, Series 2025A Bonds will have annual mandatory sinking fund redemptions from January 1, 2050 through January 1, 2055, with a fixed coupon of 5.50%. The Series 2025A Bonds will have semi-annual interest payments on July 1 and January 1 of each year, beginning July 1, 2025. The Series 2025A Bonds are also forecast to have a premium of approximately \$11,443 at issuance. The Series 2025B Bonds, as forecast, consist of tax-exempt mandatory paydown securities (TEMPS) issued with a fixed coupon of 4.50% and a stated maturity of January 1, 2029. The 2025B Bonds will have semi-annual interest payments on July 1 and January 1 of each year, beginning July 1, 2025. The Series 2025B Bonds are expected to be repaid from initial entrance fees from first generation residents of the new independent living units by approximately December 1, 2026, which is in advance of their stated maturity date.

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, which 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, 2024 and has not been adjusted for the periods ended September 30, 2025 through September 30, 2029.

Lutheran Retirement Ministries of Alamance County, North Carolina
Summary of Significant Forecast Assumptions and Accounting Policies
September 30, 2025 through September 30, 2029
(See Accountants' Compilation Report)

Operating Fund Forecast Assumptions (continued)

Deferred revenue from admission fees - Forecast as follows:

	2025	2026	2027	2028	2029
Balance - beginning of year	\$64,090,400	\$77,359,600	\$80,725,600	\$83,095,200	\$82,453,000
Net unit contracts:					
Apartments (phase 1)	13,000,000	-	-	-	-
Apartments (phase 2)	1,000,000	4,000,000	3,000,000	-	-
Turnover contracts:					
Garden Homes, Villas, Apartments	4,900,000	5,096,000	5,299,800	5,511,800	5,732,300
Garden Homes, Villas, Apartments (non-refundable portion)	300,000	300,000	300,000	300,000	300,000
Garden Homes, Villas, Apartments (refundable portion)	300,000	300,000	300,000	300,000	300,000
Amortization of existing contract fees	(4,500,000)	(4,100,000)	(3,600,000)	(3,300,000)	(3,100,000)
Amortization of new contract fees	(330,800)	(730,000)	(1,330,200)	(1,854,000)	(2,168,900)
Amortization turnover	(600,000)	(700,000)	(800,000)	(800,000)	(900,000)
Refunds	(800,000)	(800,000)	(800,000)	(800,000)	(1,000,000)
Balance - end of year	<u>\$77,359,600</u>	<u>\$80,725,600</u>	<u>\$83,095,200</u>	<u>\$82,453,000</u>	<u>\$81,616,400</u>
Income for the year	<u>\$5,430,800</u>	<u>\$5,530,000</u>	<u>\$5,730,200</u>	<u>\$5,954,000</u>	<u>\$6,168,900</u>
Refundable admission fees	\$17,384,800	\$17,084,800	\$16,584,800	\$16,584,800	\$16,584,800
Deferred revenue - refundable	5,097,900	4,843,000	4,358,700	4,140,800	3,933,800
Deferred revenue - non-refundable	<u>54,876,900</u>	<u>58,797,800</u>	<u>62,151,700</u>	<u>61,727,400</u>	<u>61,097,800</u>
Total deferred revenue - end of year	<u>\$77,359,600</u>	<u>\$80,725,600</u>	<u>\$83,095,200</u>	<u>\$82,453,000</u>	<u>\$81,616,400</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, 2025 through September 30, 2029
(See Accountants' Compilation Report)

Operating Fund Forecast Assumptions (continued)

Resident service revenues - Forecast based on 92-93% average occupancy for nursing, 88-90% for memory care, 87-95% for assisted living and 94-100% 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, 2004. Forecast rates are as follows:

	2025	2026	2027	2028	2029
Health Care:					
Private	\$381	\$396	\$412	\$428	\$445
Market rate (non-community member)	405	421	438	456	474
Memory Care:					
Assisted - private	364	379	394	410	426
Assisted - semi - private	354	368	383	398	414
Assisted Living:					
Small	6,258	65,08	6,768	7,039	7,321
Large	6,658	6,924	7,201	7,489	7,789
2nd Person	2,905	3,021	3,142	3,268	3,399
Independent Living - residents prior to 10-01-03:					
Apartment - one bedroom	1,851	1,925	2,002	2,082	2,165
Apartment - two bedroom	2,170	2,257	2,347	2,441	2,539
Villa home A	2,170	2,257	2,347	2,441	2,539
Villa home B	2,366	2,461	2,559	2,661	2,767
Villa home C	2,170	2,257	2,347	2,441	2,539
Villa home D	2,366	2,461	2,559	2,661	2,767
Villa home - 2nd person	684	711	739	769	800
Independent Living - residents subsequent to 10-01-03:					
Apartment - one bedroom	1,945	2,023	2,104	2,188	2,276
Apartment - two bedroom	2,197	2,285	2,376	2,471	2,570
Wittenberg - small	2,437	2,534	2,635	2,740	2,850
Wittenberg - large	2,543	2,645	2,751	2,861	2,975
Villa home A	2,760	2,870	2,985	3,104	3,228
Villa home B	2,869	2,984	3,103	3,227	3,356
Villa home C	2,760	2,870	2,985	3,104	3,228
Villa home D	2,869	2,984	3,103	3,227	3,356
Villa home - 2nd person	761	791	823	856	890
Magnolia	2,805	2,917	3,034	3,155	3,281
Oak	2,865	2,980	3,099	3,223	3,352
Poplar	2,946	3,064	3,187	3,314	3,447
Redbud	3,042	3,164	3,291	3,423	3,560
Sycamore	3,185	3,312	3,444	3,582	3,725
Tupelo	3,418	3,555	3,697	3,845	3,999
Garden home - E&F	3,281	3,412	3,548	3,690	3,838
Garden home - G	3,490	3,630	3,775	3,926	4,083

Lutheran Retirement Ministries of Alamance County, North Carolina
Summary of Significant Forecast Assumptions and Accounting Policies
 September 30, 2025 through September 30, 2029
 (See Accountants' Compilation Report)

Operating Fund Forecast Assumptions (continued)

Resident service revenues (continued) – Forecast rates:

	2025	2026	2027	2028	2029
Independent Living - residents subsequent to 10-01-03 (continued):					
Garden home - H&I	3,694	3,842	3,996	4,156	4,322
Garden home - J	3,069	3,192	3,320	3,453	3,591
Garden home - 2nd person	783	814	847	881	916
New Construction Independent Living Apartments (Phase 2):					
Magnolia	2,805	2,917	3,034	3,155	3,281
Oak	2,865	2,980	3,099	3,223	3,352
Poplar	2,946	3,064	3,187	3,314	3,447
Redbud	3,042	3,164	3,291	3,423	3,560
Sycamore	3,185	3,312	3,444	3,582	3,725
Tupelo	3,418	3,555	3,697	3,845	3,999
Willow	3,437	3,574	3,717	3,866	4,021
2nd person	783	814	847	881	916

Other operating revenues - Forecast based on their relationship to nursing revenue.

Operating expenses - Operating expenses were taken from the 2024-2025 adopted budget. Operating expenses have been forecast to increase as follows in the following departments for 2025 through 2029.

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

Lutheran Retirement Ministries of Alamance County, North Carolina
Summary of Significant Forecast Assumptions and Accounting Policies
September 30, 2025 through September 30, 2029
(See Accountants' Compilation Report)

Endowment Fund Forecast Assumptions

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.

Supplementary Information

Lutheran Retirement Ministries of Alamance County, North Carolina

Forecasted Debt Service Coverage Ratio

(See Accountants' Compilation Report)

For the Years Ending September 30, 2025 through 2029

	2025	2026	2027	2028	2029
Income Available for Debt Service					
Operating loss	\$ (2,783,300)	\$ (3,364,900)	\$ (3,056,100)	\$ (2,875,000)	\$ (2,256,300)
Less change in net assets with donor restrictions	(284,200)	(299,000)	(314,400)	(330,700)	(347,600)
Change in net assets without donor restrictions	(3,067,500)	(3,663,900)	(3,370,500)	(3,205,700)	(2,603,900)
Add:					
Interest expense	3,788,100	4,084,200	4,987,300	4,993,700	5,304,400
Depreciation expense	11,414,600	13,170,000	13,191,300	13,289,300	13,347,300
Amortization of deferred loan costs	120,000	120,000	120,000	120,000	120,000
Admission fees received	5,500,000	5,696,000	5,899,800	6,111,800	6,332,300
Deduct:					
Admission fees earned	(5,430,800)	(5,530,000)	(5,730,200)	(5,954,000)	(6,168,900)
Admission fees refunded	(800,000)	(800,000)	(800,000)	(800,000)	(1,000,000)
Income available for debt service	11,524,400	13,076,300	14,297,700	14,555,100	15,331,200
Maximum Annual Debt Service					
Principal	1,490,000	2,295,000	2,528,300	2,616,700	2,703,300
Interest	4,432,881	5,535,700	5,358,031	5,664,700	5,578,100
Maximum annual debt service	5,922,881	7,830,700	7,886,331	8,281,400	8,281,400
Maximum annual debt service coverage ratio	1.95 x	1.67 x	1.81 x	1.76 x	1.85 x

Lutheran Retirement Ministries of Alamance County, North Carolina

Forecasted Days' Cash on Hand

(See Accountants' Compilation Report)

For the Years Ending September 30, 2025 through 2029

	2025	2026	2027	2028	2029
Unrestricted Cash and Investments					
Cash and cash equivalents	\$ 22,864,900	\$ 32,243,000	\$ 34,607,800	\$ 38,130,900	\$ 41,873,500
Investments	9,667,700	10,151,100	10,658,700	11,191,600	11,751,200
Long-term investments	791,300	842,600	895,900	951,200	1,008,600
Investments - Operating Reserve	10,723,800	11,392,500	11,787,600	12,258,100	12,871,000
Unrestricted cash and investments	<u>44,047,700</u>	<u>54,629,200</u>	<u>57,950,000</u>	<u>62,531,800</u>	<u>67,504,300</u>
Daily Operating Expenses					
Operating expenses	50,297,600	53,890,200	56,352,900	57,943,100	59,796,200
Deduct:					
Depreciation expense	(8,961,636)	(11,414,600)	(13,170,000)	(13,191,300)	(13,289,300)
Amortization of deferred loan costs	(87,287)	(120,000)	(120,000)	(120,000)	(120,000)
Operating expenses	<u>41,248,677</u>	<u>42,355,600</u>	<u>43,062,900</u>	<u>44,631,800</u>	<u>46,386,900</u>
Daily operating expenses	113,010	116,043	117,981	122,279	127,087
Days' cash on hand	390	471	491	511	531

**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, 2024**

	2024 Forecast	2024 Actual	Favorable/(Unfavorable)		NOTES
			\$ Variance	% Variance	
ASSETS					
CURRENT ASSETS:					
CASH AND CASH EQUIVALENTS	56,186,700	20,773,446	(35,413,254)	-63.03%	(1)
INVESTMENTS	8,450,500	9,207,338	756,838	8.96%	(1)
ACCOUNTS RECEIVABLE (NET)	1,696,500	1,999,821	303,321	17.88%	
INVENTORY	387,500	447,929	60,429	15.59%	
PREPAID EXPENSES	43,800	265,862	222,062	506.99%	
EMPLOYEE RETENTION CREDIT/CONTRIBUTION RECEIVABLE	5,118,600	11,118,623	6,000,023	117.22%	(2)
TOTAL CURRENT ASSETS	71,883,600	43,813,019	(28,070,581)	-39.05%	
ASSETS WHOSE USE IS LIMITED :					
CASH - RESTRICTED DONATIONS	1,888,100	2,861,950	973,850	51.58%	(1)
INVESTMENTS - OPERATING RESERVE	9,685,100	9,926,550	241,450	2.49%	
LONG-TERM INVESTMENTS - ENDOWMENT	3,332,300	3,809,954	477,654	14.33%	(1)
TOTAL ASSETS WHOSE USE IS LIMITED	14,905,500	16,598,454	1,692,954	11.36%	
OTHER ASSETS :					
LONG-TERM INVESTMENTS	474,000	742,293	268,293	56.60%	
PROPERTY AND EQUIPMENT, NET	152,189,300	191,714,887	39,525,587	25.97%	(3)
RESERVE ON DERIVATIVE CONTRACT	4,290,500	1,463,527	(2,826,973)	-65.89%	(4)
DEFERRED BOND COSTS, NET	1,485,300	-	(1,485,300)	-100.00%	(5)
TOTAL OTHER ASSETS	158,439,100	193,920,707	35,481,607	22.39%	
TOTAL ASSETS	245,228,200	254,332,180	9,103,980	3.71%	
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES:					
CURRENT MATURITIES OF LONG-TERM DEBT	1,435,000	1,490,000	55,000	3.83%	
ACCOUNTS PAYABLE	1,140,100	1,344,351	204,251	17.92%	
CONSTRUCTION CONTRACTS PAYABLE	-	2,942,582	2,942,582	N/A	(6)
ACCRUED EXPENSES	3,186,600	3,315,507	128,907	4.05%	
DEFERRED REVENUE	-	4,855,119	4,855,119	N/A	(7)
DEPOSITS ON UNOCCUPIED UNITS	463,500	699,617	236,117	50.94%	
TOTAL CURRENT LIABILITIES	6,225,200	14,647,176	8,421,976	135.29%	
LONG-TERM DEBT, EXCLUDING CURRENT MATURITIES	103,882,300	111,149,264	7,266,964	7.00%	(1)
LONG-TERM DEBT, BOND PREMIUM	4,765,800	-	(4,765,800)	-100.00%	(1)
DEFERRED REVENUE FROM ADMISSION FEES - REFUNDABLE	6,333,600	4,855,119	(1,478,481)	-23.34%	(7)
DEFERRED REVENUE FROM ADMISSION FEES - NON-REFUNDABLE	40,538,100	35,995,773	(4,542,327)	-11.21%	(7)
REFUNDABLE ADMISSION FEES	17,652,400	17,684,840	32,440	0.18%	(7)
TOTAL LIABILITIES	179,397,400	184,332,172	4,934,772	2.75%	
NET ASSETS:					
UNRESTRICTED (DESIGNATED BY BOARD):					
SELF-INSURANCE	51,700	50,024	(1,676)	-3.24%	
ENDOWMENT	271,700	320,520	48,820	17.97%	
CAPITAL RESERVE	3,971,700	4,941,464	969,764	24.42%	(8)
DEBT SERVICE	4,830,300	5,360,279	529,979	10.97%	(8)
MEMORIAL GARDEN	-	110,535	110,535	N/A	
OPERATING RESERVE	9,685,100	9,926,550	241,450	2.49%	
ZIEGLER	-	172,860	172,860	N/A	
CAPTIVE INSURANCE INVESTMENT	-	175,427	175,427	N/A	
UNDESIGNATED	41,799,900	43,409,252	1,609,352	3.85%	(8)
TOTAL UNRESTRICTED NET ASSETS	60,610,400	64,466,911	3,856,511	6.36%	
TEMPORARILY RESTRICTED - DONATIONS	1,888,100	1,611,266	(276,834)	-14.66%	
PERMANENTLY RESTRICTED - ENDOWMENT	3,332,300	3,921,831	589,531	17.69%	
TOTAL NET ASSETS	65,830,800	70,000,008	4,169,208	6.33%	
TOTAL LIABILITIES AND NET ASSETS	245,228,200	254,332,180	9,103,980	3.71%	

**LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NC
FORECASTED VS ACTUAL BALANCE SHEET
FOR THE YEAR ENDING SEPTEMBER 30, 2024**

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

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 NEW STOCKTON APARTMENT BUILDING AND TIMING OF PAYMENTS FOR OTHER CONSTRUCTION PROJECTS OFFSET WITH INCREASE IN MARKET VALUE OF INVESTMENTS.
- (2) INCREASE IN EMPLOYEE RETENTION CREDIT GRANT/CONTRIBUTION RECEIVABLE MAINLY DUE TO A \$6,000,000 GIFT FROM A RESIDENT'S ESTATE AS OF 9-30-2024. THE CONTRIBUTION WAS RECEIVED IN NOVEMBER 2024.
- (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 STOCKTON APARTMENT BUILDING.
- (4) RESERVE ON DERIVATIVE CONTRACT DECREASED DUE TO THE OVERALL DECREASE IN INTEREST RATES IN THE CURRENT YEAR VS FORECAST.
- (5) 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 \$1,477,963 WHICH IS IN-LINE WITH FORECAST.
- (6) INCREASE IN CONSTRUCTION CONTRACTS PAYABLE INCREASED VS FORECAST IS DUE THE CONSTRUCTION CONTRACTS PAYABLE IS NOT FORECASTED ON A YEARLY BASIS.
- (7) DEFERRED REVENUE FROM ADMISSION FEES - REFUNDABLE LOWER THAN FORECAST DUE TO INCREASED REFUNDS FOR 50% REFUNDABLE CONTRACTS AS WELL AS LOWER DEMAND FOR 50% REFUNDABLE CONTRACTS.
- (8) INCREASE IN NET ASSETS CAPITAL RESERVE, DEBT SERVICE AND UNDESIGNATED IS MAINLY DUE TO THE INCREASE IN MARKET VALUE OF THE INVESTMENTS IN THE CURRENT YEAR VS FORECAST.

**LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NC
FORECASTED VS ACTUAL STATEMENT OF OPERATIONS
FOR THE YEAR ENDING SEPTEMBER 30, 2024**

	2024 Forecast	2024 Actual	Favorable/(Unfavorable)		NOTES
			\$ Variance	% Variance	
REVENUES:					
RESIDENT SERVICE REVENUES (NET)	35,762,000	35,727,730	(34,270)	-0.10%	
ADMISSION FEES EARNED	5,130,800	5,096,773	(34,027)	-0.66%	
OTHER OPERATING REVENUES	703,000	534,820	(168,180)	-23.92%	
TOTAL REVENUES	41,595,800	41,359,323	(236,477)	-0.57%	
EXPENSES:					
OPERATING EXPENSES	32,103,200	32,974,368	(871,168)	2.71%	(1)
DEPRECIATION AND AMORTIZATION	9,220,600	8,961,636	258,964	-2.81%	(2)
INTEREST	2,324,100	2,441,958	(117,858)	5.07%	
TOTAL EXPENSES	43,647,900	44,377,962	(730,062)	1.67%	
INCOME FROM OPERATIONS	(2,052,100)	(3,018,639)	(966,539)	47.10%	
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS	97,100	738,463	641,363	660.52%	(3)
CHANGE IN VALUE INVESTMENTS - WITHOUT DONOR RESTRICTIONS	1,837,300	9,158,537	7,321,237	398.48%	(4)
CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENT	-	(2,826,954)	(2,826,954)	N/A	(5)
INCREASE (DECREASE) IN NET ASSETS	(117,700)	4,051,407	4,169,107	3542.15%	

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

NOTES ON MATERIAL DIFFERENCES:

- (1) INCREASE IN OPERATING EXPENSES VS FORECAST IS DUE TO HIGHER PAYROLL COSTS AND INSURANCE COSTS OFFSET WITH LOWER SUPPLIES COST.
- (2) DECREASE IN DEPRECIATION AND AMORTIZATION IS MAINLY DUE TO THE TIMING OF PLACING THE COMPLETED CONSTRUCTION PROJECTS AND RENOVATIONS IN SERVICE FOR THE YEAR VS THE FORECAST.
- (3) INCREASE IN PERMANENTLY RESTRICTED NET ASSETS IS MAINLY DUE TO THE OVERALL INCREASE IN INVESTMENTS DUE TO STRONGER INVESTMENT MARKET FOR THE YEAR VS THE FORECAST.
- (4) INCREASE IN VALUE OF INVESTMENTS - WITHOUT DONOR RESTRICTIONS IS MAINLY DUE \$6,000,000 GIFT FROM A RESIDENT'S ESTATE AS OF 9-30-2024. THE CONTRIBUTION WAS RECEIVED IN NOVEMBER 2024.
- (5) DECREASE IN CHANGE IN VALUE OF INTEREST RATE SWAP AGREEMENT IS MAINLY DUE TO ACTUAL INTEREST RATES DECREASED 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, 2024**

	2024 Forecast	2024 Actual	Favorable/(Unfavorable)		NOTES
			\$ Variance	% Variance	
CASH FLOWS FROM OPERATING ACTIVITIES:					
CASH RECEIVED FROM RESIDENTS AND THIRD PARTY PAYORS	41,481,100	41,036,901	(444,199)	-1.07%	(1)
INVESTMENT INCOME RECEIVED	1,837,500	1,128,917	(708,583)	-38.56%	(2)
CONTRIBUTIONS RECEIVED	160,000	85,441	(74,559)	-46.60%	
CASH PAID TO SUPPLIERS AND EMPLOYEES	(31,733,400)	(32,643,468)	(910,068)	2.87%	(3)
INTEREST PAID	(2,590,100)	(2,657,323)	(67,223)	2.60%	
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,155,100	6,950,468	(2,204,632)	-24.08%	
CASH FLOWS FROM INVESTING ACTIVITIES:					
ACQUISITION OF PROPERTY AND EQUIPMENT	(5,899,800)	(42,108,894)	(36,209,094)	613.73%	(4)
PROCEEDS FROM SALE OF PROPERTY AND EQUIPMENT	-	4,695	4,695	N/A	
PROCEEDS FROM SALE OF INVESTMENTS	-	14,447,031	14,447,031	N/A	(5)
PURCHASE OF INVESTMENTS	(4,706,900)	(15,264,160)	(10,557,260)	224.29%	(5)
NET CASH USED BY INVESTING ACTIVITIES	(10,606,700)	(42,921,328)	(32,314,628)	304.66%	
CASH FLOWS FROM FINANCING ACTIVITIES:					
ADMISSION FEES RECEIVED	6,500,000	1,040,750	(5,459,250)	-83.99%	(1)
ADMISSION FEES REFUNDED	(800,000)	(1,308,345)	(508,345)	63.54%	(1)
MEMORIAL GARDEN FEES RECEIVED	-	16,150	16,150	N/A	
ENDOWMENT DONATIONS	-	28,215	28,215	N/A	
PROCEEDS OF LONG TERM DEBT	33,800,000	39,505,511	5,705,511	16.88%	(6)
PRINCIPAL PAYMENTS OF LONG-TERM DEBT	(1,435,000)	(1,435,000)	-	0.00%	
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	38,065,000	37,847,281	(217,719)	-0.57%	
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,613,400	1,876,421	(34,736,979)	-94.88%	
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	21,461,400	21,772,168	310,768	1.45%	
CASH AND CASH EQUIVALENTS - END OF YEAR	58,074,800	23,648,589	(34,426,211)	-59.28%	
RECONCILIATION OF CHANGE IN NET ASSETS - TO NET CASH PROVIDED BY OPERATING ACTIVITIES:					
INCREASE (DECREASE) IN NET ASSETS	(117,700)	4,051,407	4,169,107	3542.15%	
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
ENDOWMENT DONATIONS	-	(28,215)	(28,215)	N/A	
NET UNREALIZED LOSS/(GAIN) ON DERIVATIVE CONTRACT	-	2,826,954	2,826,954	N/A	(7)
(GAIN)/LOSS ON DISPOSAL OF PROPERTY AND EQUIPMENT	-	28,289	28,289	N/A	
AMORTIZATION OF DEFERRED REVENUES FROM ADMISSION FEES	(5,130,800)	(5,096,773)	34,027	-0.66%	
RECEIPT OF NON-REFUNDABLE ADMISSION FEES	-	5,091,387	5,091,387	N/A	(1)
REFUNDS ON NON-REFUNDABLE CONTRACTS	-	(62,523)	(62,523)	N/A	
AMORTIZATION OF BOND PREMIUM	(265,900)	(265,882)	18	-0.01%	
DEPRECIATION AND AMORTIZATION	9,220,600	9,048,923	(171,677)	-1.86%	
NET DECREASE (INCREASE) IN RECEIVABLES, INVENTORY AND PREPAID E)	44,977	(565,015)	(609,992)	-1356.23%	(8)
DECREASE IN EMPLOYEE RETENTION CREDIT	5,118,623	-	(5,118,623)	-100.00%	(9)
INCREASE CONTRIBUTIONS RECEIVABLE	-	(6,000,000)	(6,000,000)	N/A	(10)
NET INCREASE/(DECREASE) IN PAYABLES AND ACCRUED EXPENSES	390,300	486,983	96,683	24.77%	
NET UNREALIZED (GAIN)/LOSS ON INVESTMENTS	-	(1,211,649)	(1,211,649)	N/A	(11)
NET REALIZED (GAIN)/LOSS ON INVESTMENTS	(105,000)	(1,353,418)	(1,248,418)	1188.97%	(11)
NET CASH PROVIDED BY OPERATING ACTIVITIES	9,155,100	6,950,468	(2,204,632)	-24.08%	

**LUTHERAN RETIREMENT MINISTRIES OF ALAMANCE COUNTY, NC
FORECASTED VS ACTUAL STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING SEPTEMBER 30, 2024**

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 \$5,028,863 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 LOWER THAN FORECAST BY \$939,000 DUE TO LOWER ADMISSION FEE RECEIPTS AND HIGHER ADMISSION FEE REFUNDS AS COMPARED TO FORECAST.
- (2) DECREASE IN INVESTMENT INCOME RECEIVED VS FORECAST IS MAINLY DUE TO LOWER INTEREST AND DIVIDENDS ON INVESTMENTS.
- (3) INCREASE IN CASH PAID TO SUPPLIERS AND EMPLOYEES VS FORECAST IS MAINLY DUE TO HIGHER AMOUNTS PAID FOR INSURANCE COSTS AND HIGHER AMOUNTS PAID TO EMPLOYEES VS THE FORECAST.
- (4) INCREASE IN ACQUISITION OF PROPERTY AND EQUIPMENT IS HIGHER VS FORECAST DUE THE TIMING OF MAJOR CONSTRUCTION PROJECTS ON CAMPUS LIKE THE STOCKTON APARTMENT BUILDING AND RENOVATIONS IN THE CURRENT YEAR.
- (5) 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 ROBUST INVESTMENT MARKET.
- (6) INCREASE IN PROCEEDS OF LONG TERM DEBT IS DUE TO THE OVERALL TIMING OF PAYMENTS FOR THE STOCKTON APARTMENT BUILDING.
- (7) DECREASE IN CHANGE OF DERIVATIVE CONTRACT IS MAINLY DUE TO ACTUAL INTEREST RATES DECREASING AS COMPARED TO THE RATES FOR OUR INTEREST RATE SWAPS AND THIS CHANGE IS NOT FORECASTED EACH YEAR.
- (8) INCREASE IN RECEIVABLES, INVENTORY, AND PREPAID EXPENSES MAINLY DUE TO TIMING OF RESIDENT PAYMENTS AND INCREASE IN PREPAID INSURANCE VS FORECAST.
- (9) DECREASE IN THE EMPLOYEE RETENTION CREDIT RECEIVABLE IS MAINLY DUE TO FILING A CLAIM FOR REFUND UNDER THE EMPLOYEE RETENTION CREDIT (ERC) PROGRAM ESTABLISHED BY CONGRESS FOR \$5,118,623. THE CLAIM FOR REFUND WAS FORECASTED FOR 2024 IN THE PREVIOUS YEAR VS FORECAST. COLLECTION IS NOW FORECASTED FOR 2025.
- (10) INCREASE IN CONTRIBUTION RECEIVABLE IS DUE \$6,000,000 GIFT FROM A RESIDENT'S ESTATE AS OF 9-30-2024. THE CONTRIBUTION WAS RECEIVED IN NOVEMBER 2024.
- (11) 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 (\$XXX,000.00).
 - 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 is _____dollars (\$X,XXX.00) for a single occupant per month plus _____dollars (\$XXX.00) 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 31st 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 (\$XX,000.00) paid on XX/XX/20XX.
 - Remaining balance of _____ dollars (\$XXX,000.00) due is to be 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 10th 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. Shared washing machines and clothes dryers are available to Aldersgate and Brandenburg 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 are entitled to the use of parking areas designated on the Retirement Community premises for resident and visitor parking. Two assigned spaces are provided with villas. Stockton apartments include one covered space; second vehicles are parked in non-exclusive parking spaces adjacent to the building. Residents living in all other apartments have access to non-exclusive parking in designated areas.
 - vi. Recreational, Social and Religious Activities. We provide recreational, physical, social, spiritual, educational and cultural activities as we determine in our discretion.
 - vii. Emergency Response Assistance. Our emergency response 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 Hearth Cafe on an à la carte basis. Meals are available at The Blue Heron Pub and 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:

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

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)

Pamela S. Fox, President, CEO

_____ (SEAL) _____ (SEAL)

Resident

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 _____ (\$_____).

- 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 is _____ dollars (\$_____) for a single occupant per month plus _____ dollars (\$xxx) 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 31st 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 _____ (\$xxx) paid on _____.
 - Remaining balance of _____ dollars (\$XX,XXX.00) due is to be 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 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.

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 10th 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. 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.

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. Shared washing machines and clothes dryers are available to Aldersgate and Brandenburg 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 are entitled to the use of parking areas designated on the Retirement Community premises for resident and visitor parking. Two assigned spaces are provided with villas. Stockton apartments include one covered space; second vehicles are parked in non-exclusive parking spaces adjacent to the building. Residents living in all other apartments have access to non-exclusive parking in designated areas.
 - vi. Recreational, Social and Religious Activities. We provide recreational, physical, social, spiritual, educational and cultural activities as we determine in our discretion.

- vii. Emergency Response Assistance. Our emergency response 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 Hearth Cafe on an à la carte basis. Meals are available at The Blue Heron Pub and 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.

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

- i. 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.
- j. 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.
- k. 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.
- l. 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.
- m. 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.

- n. Move to Another Level of Care. We may affect 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.
- y. 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.
- z. 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.
- aa. 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.
- bb. 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.
- cc. 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.

- dd. 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.
- ee. 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.
- ff. 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.
- gg. 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.
- hh. 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.
- ii. 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.
- jj. 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.
- kk. 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.
- ll. 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.

mm. 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 Name

_____ (SEAL)

Resident Name

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

d/b/a

TWIN LAKES COMMUNITY

DISCLOSURE STATEMENT

ATTACHMENT 5

INTERIM FINANCIAL STATEMENT

Twin Lakes Community (TL)

Balance Sheet
As of 12/31/2024

ASSETS	Dec-24	Dec-23
CURRENT ASSETS		
CASH AND INVESTMENTS - Unrestricted	46,675,233	26,750,490
CASH AND INVESTMENTS - Restricted	15,299,750	13,249,155
RESIDENT RECEIVABLES	1,796,790	1,481,560
OTHER RECEIVABLES	5,542,675	5,733,694
INVENTORY	447,929	369,027
PREPAID EXPENSES	165,505	77,492
TOTAL CURRENT ASSETS	69,927,882	47,661,419
NON-CURRENT ASSETS		
FIXED ASSETS	192,779,549	164,021,823
OTHER NONCURRENT ASSETS	1,477,962	1,565,250
TOTAL NON-CURRENT ASSETS	194,257,512	165,587,073
TOTAL ASSETS	264,185,393	213,248,492

LIABILITIES AND EQUITY		
LIABILITIES		
CURRENT LIABILITIES		
ACCOUNTS PAYABLE & ACCRUALS	4,565,458	4,547,028
ACCRUED DERIVATIVE LIABILITY	(1,463,527)	(4,290,481)
TOTAL CURRENT LIABILITIES	3,101,931	256,547
LONG TERM LIABILITIES		
BONDS PAYABLE	117,073,146	84,379,514
OTHER LONG TERM LIABILITIES	76,891,044	65,254,721
TOTAL LONG TERM LIABILITIES	193,964,191	149,634,235
TOTAL LIABILITIES	197,066,122	149,890,782
FUND BALANCE		
TOTAL FUND BALANCE	67,119,271	63,357,710
TOTAL LIABILITIES AND EQUITY	264,185,393	213,248,492

Twin Lakes Community (TL)

Statement of Operations

12/1/24 to 12/31/24

Account	Current Period Actual	Current Period Budget	Current Period Variance	YTD Actual	YTD Budget	YTD Variance	2023 YTD
REVENUE							
NURSING	1,115,722	1,126,608	(10,887)	3,291,976	3,379,825	(87,850)	3,138,391
MEMORY CARE	300,784	311,650	(10,866)	932,698	934,950	(2,252)	913,050
ASSISTED LIVING	223,750	228,158	(4,408)	652,886	684,475	(31,589)	587,797
HOME CARE AGENCY	47,703	53,083	(5,380)	150,580	159,250	(8,670)	157,175
INDEPENDENT LIVING	1,521,379	1,498,558	22,821	4,454,105	4,495,675	(41,570)	3,890,427
ANCILLARIES	175,959	162,250	13,709	554,607	486,750	67,857	467,455
MEALS	48,835	52,083	(3,248)	148,245	156,250	(8,005)	147,201
INVESTMENT INCOME	173,468	72,083	101,385	358,684	216,250	142,434	297,149
OTHER	102,373	72,833	29,540	275,521	218,500	57,021	239,522
CONTRACTUAL ADJUSTMENTS	(157,883)	(169,592)	11,708	(437,849)	(508,775)	70,926	(337,958)
TOTAL REVENUE	3,552,091	3,407,717	144,374	10,381,453	10,223,150	158,303	9,500,209
EXPENSES							
NURSING SALARIES	682,133	696,633	(14,500)	2,013,996	2,089,900	(75,904)	2,011,952
REGULAR SALARIES	945,193	870,742	74,451	2,746,367	2,612,225	134,142	2,542,081
THERAPIST & CONTRACT	122,662	126,967	(4,305)	422,843	380,900	41,943	340,894
BENEFITS	296,397	410,450	(114,053)	1,067,248	1,231,350	(164,102)	996,159
SUPPLIES	249,316	234,042	15,275	562,902	702,125	(139,223)	565,380
FOOD	150,706	121,025	29,681	365,566	363,075	2,491	284,250
EDUCATION/TRAVEL	3,974	10,208	(6,234)	15,841	30,625	(14,784)	19,087
MAINTENANCE REPAIR/CONTRACT	(27,375)	55,800	(83,175)	120,592	167,400	(46,808)	160,976
UTILITIES	166,223	184,667	(18,443)	489,821	554,000	(64,179)	461,054
INSURANCE	107,335	72,250	35,085	286,920	216,750	70,170	259,001
LEGAL/ACCOUNTING	32,600	9,650	22,950	30,728	28,950	1,778	27,757
INTEREST	186,540	334,775	(148,235)	549,857	1,004,325	(454,468)	657,957
BOND PRINCIPAL	124,167	124,167	-	372,500	372,500	-	358,750
OTHER EXPENSES	107,020	96,442	10,579	297,431	289,325	8,106	207,674
CONTRIBUTIONS	14,000	5,000	9,000	22,038	15,000	7,038	30,471
PROPERTY TAX	100	333	(233)	88	1,000	(912)	945
CAPITAL EXPENDITURES	-	11,950	(11,950)	45,920	35,850	10,070	56,195
TOTAL EXPENSES	3,160,991	3,365,100	(204,109)	9,410,657	10,095,300	(684,643)	8,980,583
NET INCOME(LOSS)	394,100	42,617	351,483	973,796	127,850	845,946	519,626
Admission Fees Earned	Full Accrual Basis Add/(Less):			1,350,000			1,275,000
Bond Principal				372,500			358,750
Equipment Purchases				45,920			56,195
Investments Market Value				(554,361)			1,006,304
Restricted Donations Received				51,688			44,740
Depreciation				(2,862,500)			(2,300,000)
Health Insurance Claims				75,753			(14,706)
Transfer from Resident Assistance				(15,000)			(15,000)
Operating Income(Loss) - Full Accrual Basis				(562,204)			930,909

Twin Lakes Community (TL)

Cash Flow Statement

For Three Months Ended December 31, 2024

	2024	2023
Operating Cash Flows		
Residents & 3rd parties received	9,777,454	8,973,043
Investment income	5,808,125	1,317,842
Donations received	136,266	126,888
Cash paid to suppliers and employees	(11,395,508)	(10,735,115)
Interest paid and related fees	(549,857)	(657,957)
Net Cash Provided/(Used) by Operating Activities	3,776,480	(975,300)

Investing Cash Flows		
Net purchases of marketable securities	351,005	(1,185,078)
Acquisition of property and equipment	(1,110,583)	(5,348,081)
Net Cash Used by Investing Activities	(759,579)	(6,533,159)

Financing Cash Flows		
Bond issuance costs	-	-
Bond proceeds of long-term debt	3,059,912	8,066,917
Admission fees received	12,693,830	763,441
Net Cash Provided by Financing Activities	15,753,742	8,830,358

Net Increase in Cash and Cash Equivalents	18,770,644	1,321,899
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Cash and Cash Equivalents - Oct 1st	23,401,402	21,461,357
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Cash and Cash Equivalents - Current	42,172,046	22,783,257
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Investments - Marketable Securities		
Investment-Ziegler Link-Age Fund	182,235	147,242
Investment-Operating Reserve	9,899,987	9,385,957
Investment-Debt Service	5,240,051	4,967,654
Investment-Capital Reserve	3,926,303	3,721,840
Cash and Investments - Balance Sheet	61,974,984	39,999,646