State of Maryland

Department of Aging
Continuing Care

Application for Renewal Certificate of Registration

Fiscal Year End Date: 12/31/2021 Date Submitted: 4/22/2022

COMAR Title 32.02.01.13 fully states requirements for information to be submitted when applying for a Renewal Certificate of Registration.

1.	Name of Community:	Augsburg Lutheran Home of Maryland, Inc.
	Chief Executive Officer:	Cynthia A. Walters
	Street Address (mailing):	5275 Westview Drive, Suite 110
	City/State/Zip Code:	Frederick, MD 21703
	Telephone Number: 240-686-6016	Email Address: cwalters@nationallutheran.org

2.	Executive Director or Manager:	Russell L. Mitchell
	Street Address (mailing):	6811 Campfield Road
	City/State/Zip Code:	Baltimore, MD 21207
	Telephone Number: 301-788-8331	Email Address: rmitchell@thevillageataugsburg.org

3.	Chief Financial Officer:	Richard M. Mazza
	Street Address (mailing):	5275 Westview Drive, Suite 110
	City/State/Zip Code:	Frederick, MD 21703
	Telephone Number: 202-570-9817	Email Address: rmazza@nationallutheran.org

4.	Name of any affiliate, parent or subsidiary Person as defined in Title 10-401 (G) and (Q):	National Lutheran Communities and Services ATTN: CEO
	Street Address (mailing):	5275 Westview Drive, Suite 110
	City/State/Zip Code:	Frederick, MD 21703
	Telephone Number:	301-354-2710

5.	BREAKDOWN OF LIVING UNITS ***Please indicate occupancy as of the end of the fiscal year.*** Independent Living Units Registered 132 Occupied 94 Assisted Living Beds Registered 64 Occupied 30 Comprehensive Care Beds Registered 107 Occupied 96 ***Total Number of Units/Beds*** Registered 303 Occupied 220 Assisted Living Units 64 Occupied 30 ***A check in the amount of $*** 7,575.00 covering 303 registered units, as of the filing date, is attached. The renewal fee is **$25.00** per unit and includes all independent living units, assisted living beds, and comprehensive care beds that are registered with the Maryland Department of Aging. List any changes in unit configurations proposed from the PRECEEDING year with an explanation.

6.	**A Copy of each of the following must be enclosed with this renewal application:** 1) The ***most recent license(s) issued by the Maryland Department of Health (MDH) for comprehensive care and assisted living beds.*** **Please include an explanation** if the number of assisted living beds and comprehensive care beds stated in Block Number 6 above is not the same as the number of beds which appear on the license from DHMH. **Enclosed** X 2) The most recent Certificate of Need Exemption letter; or Certificate of Need issued by MHRPC or MHCC. **Enclosed** N/A

7.	Section E of COMAR 32.02.01.13 states that every 3 years a provider shall submit an actuarial study. Requirement exceptions are listed in Section D of the regulation. **Date of Last Actuarial Study Submission:** N/A **Emailed as PDF:** _____

Attach Exhibits A through F ONLY if there have been changes in the information since the last application was filed or the required information has not been filed previously with the Department.

Change	No Change	EXHIBITS
		Exhibit A
	X	• Information on the organizational structure and management of the Provider, including any relevant names, addresses, and telephone numbers not specified below, as described in Title 10-411 (C). Please refer to the specific Subsections of the law named above.
	X	• The names, address, and telephone numbers of stockholders holding at least a 10 percent interest in the stock corporation, if the Provider is a stock corporation.
	X	• The names, addresses, and telephone numbers of the members of the non-stock corporation, if the Provider is a non-stock corporation.

THE FOLLOWING EXHIBITS MUST BE FILED ANNUALLY WITH THE RENEWAL APPLICATION:

Exhibit G

As indicated in the spaces provided below, the following financial information has been checked for completeness prior to submission. The undersigned attests that the information submitted herein is true and accurate.

_____ Signature

Chief Financial Officer
Title (for Chief Financial Officer)

(1) ***Certified Financial Statement:*** An **ORIGINAL** ***audited financial statement*** for the preceding fiscal year, prepared in accordance with generally accepted accounting principals, which include the principles expressed in the American Institute of Certificated Public Accountants' "Audit and Accounting Guide for Health Care Organizations".

"Certified Financial Statement" means a complete audit prepared and certified by an independent certified public account. Title 10-401 (C).

Enclosed X **Emailed as PDF:**_____

(2) ***An Operating Budget*** for the **CURRENT** operating fiscal year (the year you are operating in when filing this application) and a ***projected operating budget*** for the next **SUCCEEDING** fiscal year. Budgets must be prepared in accordance with generally accepted accounting principles and **should be presented in a manner that is consistent with the income statement shown in the Provider's Certified Financial Statement.** Cash operating budgets are not appropriate.

Current Year Enclosed X **Succeeding Fiscal Year Enclosed** X

(3) ***A Cash Flow Projection*** for the **CURRENT** fiscal year and the **NEXT TWO (2)** fiscal years that has been prepared in accordance with generally accepted accounting principles. **The cash flow projections must be presented in a manner that is consistent with the cash flow statement presented in the Provider's Certified Financial Statement.**

Current Fiscal Year Enclosed X **Next Two Fiscal Year Enclosed** X

(4) ***Operating Reserves*** – (1) A Letter to the Department from the Certified Public Accountant showing a) the calculation used to determine the Operating Reserves; b) the amount actually set aside, ***and c) steps being taken to meet the 25% operating reserve requirement beginning 1/1/2023, as set forth in Human Service Article Section 10-420 (b)(ii) of the Annotated Code of Maryland***; or (2) A disclosure of that same information in the Provider's Certified Financial Statement. Sections 10-420 (b) (i) and (ii) and (c) and 10-421 (a) and (b). **Enclosed** Please see Audit Report, Note 7

(5) ***CCAC-CARF Ratios for 2021*** - Please submit the following ratios by contract type:

- Net Operating Ratio
- Net Operating Margin Ratio – Adjusted
- Operating Ratio
- Operating Margin Ratio
- Total Excess Margin Ratio
- Days Cash on Hand
- Debt Service Coverage Ratio
- Age of Facility (Information Only)

***If any ratios are below the median, please briefly explain why this will or will not impact the CCRC's provision of Continuing Care and financial stability in the coming years. An application filed without sufficient written explanations for ratios below the median will not be considered complete.**

Emailed Items G1, 2, 3, 4, and 5 :_____ **Enclosed Items G1, 2, 3, 4, and 5:** X

		Exhibit B
X		• The names, addresses, occupations, and telephone numbers of the members of the governing body, if the Provider is a corporation.
	X	• The name, address, and telephone number of the chief executive officer of the Provider, <u>or any other affiliated parent or subsidiary organization</u> if different from the information provided in Item No. 1 on Page 1 of this application.
		Exhibit C
	X	• The information required in Title 10-411 (C) (2) (VII) for anyone having a 10 percent or greater financial equity or beneficial interest in the Provider and who is anticipated to provide goods, premises, or services to the facility or Provider of a value of $10,000 or more within any fiscal year. Please refer to the Subsections specified.
		Exhibit D
	X	• A copy if any current document as it pertains to the legal organization of the Provider, including corporate charter, articles of association, by-laws, trust agreement, membership agreement, partnership agreement, or similar instrument or agreement pertaining to the legal organization of the provider as stated in Title 10-411 (C) (3).
		Exhibit E
	X	• A statement of any current or prior affiliation with a religious, charitable, or other nonprofit organization; the extent of any affiliation, and the extent, if any, to which the affiliate organization will be responsible for the financial and contractual obligations of the Provider.
		Exhibit F
	X	• A brief narrative description of the physical facility.

Exhibit H	A statement of the current or proposed utilization of any public-funded benefit or insurance program in the financing of care. **Enclosed** ____X_____

Exhibit I	The most recent table of fee structure, including escalator or other automatic adjustment provisions. **Enclosed** ____X_____

Exhibit J	The form and substance of any advertising campaign or proposed advertisement and other promotional materials not previously filed with the Department. **Enclosed** ____N/A___ Does the community have a web page on the Internet? **Yes**_X____ **No**_____ If yes, please file the form and substance of the community's web pages not previously filed with the Department. **Enclosed** ____N/A___ **Web page address**: __www.thevillageataugsburg.org_____

Exhibit K	The Disclosure Statement required in Title 10-425 and COMAR 32.02.01.21. Please identify any changes from the previously submitted Disclosure State by **redlining or blacklining any additions, deletions or changes**. **Enclosed** ____X_____ **Emailed** _____

Exhibit L	A statement that provides the date(s) of the meeting(s) held the previous year with the provider's subscribers in accordance with Title 10-426. **Enclosed** ____X_____ **Date of the Meeting**:___See Attached_____

Exhibit M	An update of any renovation or expansion activities proposed during the proceeding year or proposed for the current fiscal year.

Other Exhibits	Additional pertinent information may be labeled as Addendum 1, 2… and included with this application behind the exhibits listed above. **However, proposed changes to the form of any continuing care agreement may not be submitted as part of this renewal application; instead, such changes must be submitted with a separate cover letter and two clean and two redlined copies in accordance with COMAR 32.02.01.28F.**

Title 10-408 states that no Provider shall enter into or renew a contract for continuing care in this state without the appropriate certificate of registration.

Title 10-413 (B) (1) states that if the application with accompanying information is not received by the Department within the 120-day period, the Provider will be charged the additional per-unit late fee provided in COMAR 32.02.01.13F.

The undersigned attests that the information submitted herein is true and accurate.

Rusty Mitchell
(Signature)

Russell L. Mitchell
(Executive Director or Manager Title)

Notary Statement **(required)**:

On April 22nd 2022, Rusty Mitchell, personally known to me signed this document.

Stacey Hereth 4/22/22

STACEY M HERETH
NOTARY
PUBLIC
EXP. 10-3-2022
CARROLL COUNTY, MARYLAND

My commission expires 10/3/2022

ATTACHMENT FOR ITEM #6

STATE OF MARYLAND
DEPARTMENT OF HEALTH
OFFICE OF HEALTH CARE QUALITY
SPRING GROVE CENTER
BLAND BRYANT BUILDING
55 WADE AVENUE
CATONSVILLE, MARYLAND 21228

License No. 03AL0030-K

Issued to: Augsburg Lutheran Home Of Maryland, Inc
Augsburg Lutheran Home Maryland
6811 Campfield Road
Baltimore, MD 21207-4657

Type of Facility: Assisted Living

Level of Care : 3

Number of Beds: 64

Date Issued: July 1, 2018 Non-Expiring

Authority to operate in this State is granted to the above entity pursuant to The Health-General Article, Title 19 § 1801, et. seq., Annotated Code of Maryland, including all applicable rules and regulations promulgated there under. This document is not transferable.

Patricia Tomsko May, MD

Executive Director

Falsification of a license shall subject the perpetrator to criminal prosecution and the imposition of civil fines.

Title 10-413 (B) (1) states that if the application with accompanying information is not received by the Department within the 120-day period, the Provider will be charged the additional per-unit late fee provided in COMAR 32.02.01.13F.

The undersigned attests that the information submitted herein is true and accurate.

Rusty Mitchell
(Signature)

Russell L. Mitchell
(Executive Director or Manager Title)

Notary Statement **(required)**:

On April 22nd 2022, Rusty Mitchell, personally known to me signed this document.

Stacey Hereth 4/22/22

STACEY M HERETH
NOTARY
PUBLIC
EXP. 10-3-2022
CARROLL COUNTY, MARYLAND

My commission expires 10/3/2022

Attachment for Item #6

MARYLAND
DEPARTMENT OF HEALTH
OFFICE OF HEALTH CARE QUALITY

7120 SAMUEL MORSE DRIVE
SECOND FLOOR
COLUMBIA, MARYLAND 21046

License No. 03003

Issued to: Augsburg Village
6811 Campfield Road
Baltimore, MD 21207

Type of Facility and Number of Beds:
Comprehensive Care Facility - 131 Beds

Date Issued: January 1, 2020

This license has been granted to: Augsburg Lutheran Home of MD, INC

Authority to operate in this State is granted to the above entity pursuant to The Health-General Article, Title 19 Section 318, Annotated Code of Maryland, 1982 Edition, and subsequent supplements and is subject to any and all statutory provisions, including all applicable rules and regulations promulgated there under. This document is not transferable.

Expiration Date: NON - EXPIRING

Patricia Tomeko May, MD

Director

Falsification of a license shall subject the perpetrator to criminal prosecution and the imposition of civil fines.

ITEMS #5 AND #6
CHANGES IN UNIT CONFIGURATIONS

A conversion of 12 semi-private health center rooms (24 beds) to 13 private assisted living memory care units began during the first quarter of 2022. Renovations will include:

- Conversion of 12 semi-private rooms to 12 private rooms;
- Conversion of 1 bathroom to 1 private room;
- Conversion of existing shower room into a spa room to include shower and tub bathing options; and
- Remodel of common spaces within the memory care unit.

Renovations are expected to conclude mid-year 2022.

This project will result in the reduction of 24 comprehensive care beds, from 131 to 107. There will be no change in the number of licensed assisted living beds; however, 13 of the 64 licensed beds will be designated as memory care. Notice of the renovation project was sent to the Maryland Department of Aging on October 21, 2021. A request for the delicensure of 24 comprehensive care beds was sent to the Maryland Health Care Commission on October 25, 2021. Approval for the delicensure request was granted by the Maryland Health Care Commission on November 18, 2021. Please refer to the attached letters for additional details.

National Lutheran Communities & Services

5275 Westview Drive, Suite 110
Frederick, Maryland 21703
P: 301-354-2710 F: 240-386-8623
www.nationallutheran.org

October 21, 2021

VIA ELECTRONIC MAIL: lorraine.webb@maryland.gov
Ms. Lori J. Webb
Division Chief, Continuing Care
Maryland Department of Aging
301 West Preston Street, Suite 1007
Baltimore, MD 21201

RE: Augsburg Lutheran Home of Maryland, Inc. Application for Renovation

Dear Lori,

Thank you for your time on Monday to discuss Augsburg Lutheran Home of Maryland, Inc.'s ("Augsburg" or the "Community") plans to renovate twenty-four (24) skilled nursing facility beds presently located on the 2 North wing of the Community into thirteen (13) memory care assisted living beds, including certain common areas (collectively, the "Renovation Project") as further depicted on Exhibit A.

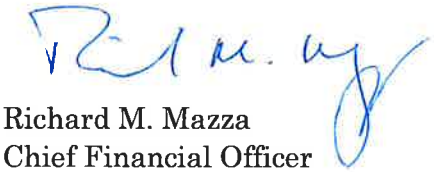
The estimated cost of the Renovation Project is approximately $500,000 and will be funded from Augsburg's existing cash and investments. Augsburg has engaged RLPS Architects to provide design, interior and structural engineering services to the Renovation Project. Their work is anticipated to be complete in November 2021, followed by construction bids in December 2021, then followed by permitting with construction commencement in January 2022. Project work is anticipated to be completed on or around July 2022.

We have considered the requirements of COMAR Title 32.02.01.15 pertaining to information to be submitted when applying for a renovation of a facility and have included Augsburg's completed application for Renovation / Expansion of a Facility – Part (Statement of Intent) as Exhibit B.

In connection with Exhibit B, we note that the 13 assisted living memory care units of the Renovation Project will preliminarily replace 13 currently licensed assisted living units as set forth in Exhibit C. Accordingly, no expansion of the Community's licensed units will have occurred because of the Renovation Project and the total number of licensed assisted living units following completion of the Renovation Project will remain the same as the total number of licensed assisted living units prior to construction of the Renovation Project (i.e., 64 licensed assisted living units).

Thank you for your consideration in the Renovation Project. Please do not hesitate to contact me at (202)-570-9817 or rmazza@nationallutheran.org should you have any questions or require additional information.

Sincerely,



Richard M. Mazza
Chief Financial Officer
National Lutheran, Inc.

National Lutheran, Inc. (on behalf of Augsburg Lutheran Home of Maryland, Inc.)

Enclosures: Three (3)

Cc: Rusty Mitchell, Executive Director, Augsburg Lutheran Home of Maryland, Inc.
Regina Figueroa, Chief Operating Officer, National Lutheran, Inc.
Lawrence Jordan, III, General Counsel, National Lutheran, Inc.
Cyndi Walters, President and CEO, National Lutheran, Inc.
Frank Muraca, ARCH Consultants, Ltd.

Exhibit A

Converts 12 semi-private skilled nursing rooms / 24 beds into 13 memory care assisted living with spa on 2 North:

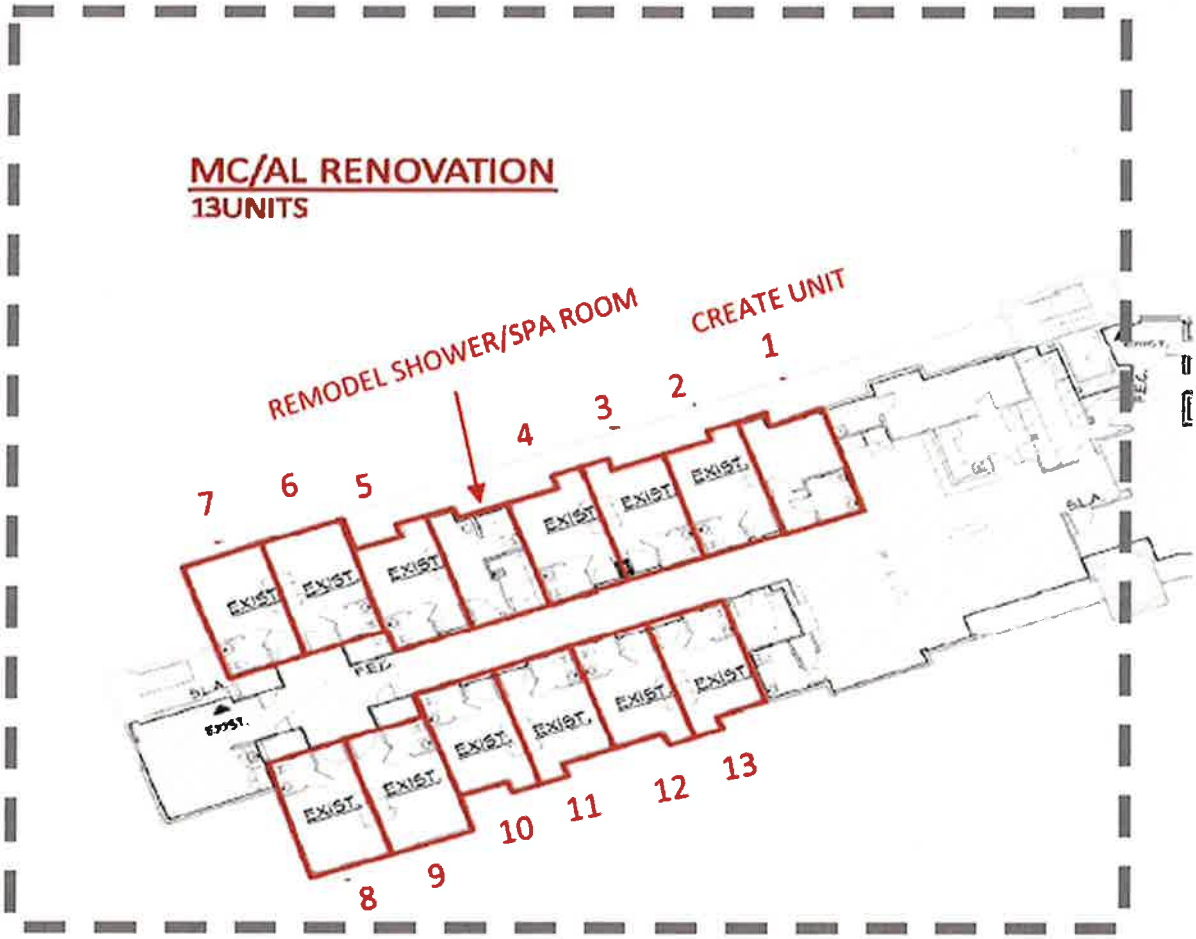


EXHIBIT B

State of Maryland

Department of Aging
Continuing Care

Application for Renovation/Expansion of Facility-Part I (Statement of Intent)

Date Submitted: 10/21/21

COMAR Title 32.02.01.15, fully states requirements for information to be submitted when applying for a renovation of a facility. COMAR Title 32.02.01.17, fully states requirements for information to be submitted when applying for an expansion of a facility.

A provider that intends to undertake a(n) renovation/expansion of its facility shall file a Statement of Intent with the Department at least 30 days before submission of a(n) Renovation/Expansion Approval Request. If the Renovation/Expansion Approval Request is not filed by the provider within 60 days after the Statement of Intent is filed, a new Statement of Intent shall be filed with the Department at least 30 days before submission of the financial plan.

	Name of Provider:	AUGSBURG LUTHERAN HOME OF MARYLAND, INC.
	Name of Facility:	D/B/A THE VILLAGE AT AUGSBURG
	County:	BALTIMORE
	Chief Exec. Officer of the Facility:	CYNTHIA A. WALTERS
	Street Address (mailing):	5275 WESTVIEW DR, SUITE 110
	City/State/Zip Code:	FREDERICK, MD 21703
	Telephone Number:	Email Address: CWALTERS@NATIONALLUTHERAN.ORG

The following should be marked as indicated and attached to this application:

Exhibit A — The nature of the proposed renovation/expansion. (ATTACHED EXHIBIT A)

Exhibit B — The types of agreements proposed, such as extensive, modified, or fee-for-service, and whether entrance fees will be refundable or nonrefundable. **(Expansions only)**

Exhibit C — The number of proposed additional units, if any, by unit type. **(Expansions only)**

The undersigned attests that the information submitted herein is true and accurate.

Notary Statement: Deborah J. Harrison, Notary

DEBORAH J. HARRISON
NOTARY PUBLIC
REG. #7552357
MY COMMISSION EXPIRES 09/30/2025
COMMONWEALTH OF VIRGINIA

(Signature)

President + CEO
(Title)

Exhibit C

Total Licensed Assisted Living Beds, Prior to Renovation Project				64
Less Release of Currently Licensed Assisted Living Beds:				
	Location	**Unit No.**	**No. of Beds**	
	South 1 & 2	17B	1	
	North 1 & 2	1IB	1	
	North 1 & 2	2IB	1	
	Center 2	32B	1	
	Center 2	34B	1	
	North 2	40B	1	
	Terrace	T1	1	
	Terrace	T2	1	
	Terrace	T3	1	
	Terrace	T4	1	
	Terrace	T5	1	
	Terrace	T6	1	
	Terrace	T7	1	(13)
				51
Add: 2 North SNF to AL MC Conversion - Beds*				13
Total Licensed Assisted Living Beds, Upon Completion of Renovation Project				64

* 24 licensed skilled nursing facility beds will be converted to 13 private assisted living beds.

Attachment for Items #5 and #6

October 25, 2021

Via E-Mail (ben.steffen@maryland.gov) and CERTIFIED MAIL

Ben Steffen, Executive Director
Maryland Health Care Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: The Village at Augsburg - Request for Delicensure

Dear Mr. Steffen:

Augsburg Lutheran Home of Maryland, Inc., a National Lutheran Communities and Services community ("Augsburg"), operates a continuing care retirement home in Baltimore, Maryland. Currently, Augsburg operates 131 licensed comprehensive care beds at its location in Baltimore. At this time, Augsburg is seeking authorization for the delicensure of twenty-four (24) of its licensed beds effective December 31, 2021, and is providing this notice in accordance with COMAR 10.24.01.03C.

The reason for the delicensure is that Augsburg is planning to replace the comprehensive care beds with thirteen (13) new dementia care assisted living beds in order to address the needs of its residents.

Therefore, we respectfully request your approval for the delicensure of twenty-four (24) comprehensive care beds for a one-year period in accordance with COMAR 10.24.01.03C(1). It is the intention of Augsburg to release these beds at the end of the one-year period and not to relicense them.

Thank you for your consideration in this matter.

Very truly yours,

Cynthia A. Walters
President/Chief Executive Officer
National Lutheran, Inc. for Augsburg Lutheran Home of Maryland, Inc.

6811 Campfield Road | Baltimore | MD 21207 410-486-4573 www.thevillageataugsburg.org

The Village at Augsburg is sponsored by National Lutheran Communities & Services, a faith-based, not-for-profit ministry of the Evangelical Lutheran Church in America, serving people of all beliefs.

cc: Wynee Hawk, Chief, Certificate of Need
Center for Health Care Facilities Planning and Development
Maryland Health Care Commission

Gregory Wm. Branch, M.D., MBA, CPE, FACP
Director, Health and Human Services/Health Officer
Baltimore County Department of Health

Lori J. Webb, Division Chief, Continuing Care
Maryland Department of Aging

Laura Norman, Acting Program Manager
Nursing Home Licensure Program
Office of Health Care Quality
Maryland Department of Health

Ruby Potter, Program Manager
Center for Health Care Facilities Planning and Development
Maryland Health Care Commission

12011852

6811 Campfield Road | Baltimore | MD 21207 410-486-4573 www.thevillageataugsburg.org

The Village at Augsburg is sponsored by National Lutheran Communities & Services, a faith-based, not-for-profit ministry of the Evangelical Lutheran Church in America, serving people of all beliefs.

MARYLAND Health Care Commission

Andrew N. Pollak, MD, Chairman
Ben Steffen, Executive Director

November 18, 2021

Cynthia A. Walters
President/Chief Executive Officer
National Lutheran, Inc. for
Augsburg Lutheran Home of Maryland, Inc.
6811 Campfield Road
Baltimore, Maryland 21207

Re: Temporary Delicensure of 24 Comprehensive Care Facility Beds at The Village at Augsburg

Dear Ms. Walters:

Thank you for your letter, received October 25, 2021, in which you request that the Maryland Health Care Commission authorize the temporary delicensure of twenty-four (24) comprehensive care facility ("CCF") beds at The Village at Augsburg (Augsburg) for a period of one year, while retaining the beds in the Commission's nursing home bed inventory for the facility. The Commission authorizes Augsburg's temporary delicensure request; also to request the Office of Health Care Quality re-issue the its current license of 131 CCF beds to reflect a total of 107 CCF beds for a period of one year. In accordance with the current Office of Health Care Quality procedures governing changes in licensed bed capacity, facilities may only make a change on the first day of their cost reporting year, or on the first day of a single cost reporting quarter within that same cost reporting year. Accordingly, this temporary delicensure will have an effective date of January 1, 2022.

Under COMAR 10.24.01.03C(5), Augsburg shall notify the Commission by December 1, 2022, that it will take one of the following actions within 30 days of that date:

(a) Apply to relicense the bed capacity…;

(b) Submit…a specific plan for the relicensure of the bed capacity…that:

i. Imposes stated time frames by which the steps towards relicensure of the bed capacity….will be accomplished…;

(c) File a letter of intent, followed within 60 days by a Certificate of Need application, or request the applicable level of Commission action…for the relocation of the bed capacity…, or for a capital expenditure deemed necessary to relicense the temporarily delicensed beds…;

(d) Execute a binding contract to transfer ownership of the health care facility…;

(e) Execute a binding contract to transfer ownership of the previously licensed bed capacity, contingent on the filing within 30 days of a letter of intent to apply for Certificate of Need approval, or request the applicable level of Commission action… to relocate the bed capacity; or

(f) Relinquish the bed capacity….

If Augsburg determines that it will relicense the beds at any point during the one-year period, it must request that the Commission authorize the relicensure, and then convey the Commission's written response to the Office of Health Care Quality, along with your request to amend and re-issue the facility's license. Also, Commission regulations related to the addition of waiver beds [COMAR 10.24.01.03E(2)] require that two years pass between changes in licensed capacity, therefore, the facility will not qualify for a waiver bed increase until two years after the last change to the facility's license by the Office of Health Care Quality.

If you have any questions about this determination, please contact me at (410) 764-5982.

Sincerely,

Wynee Hawk, Chief
Certificate of Need

cc: Linda Cole, MHCC
Patricia Nay, M.D., Director Office of Health Care Quality, DHMH
Jarrod C. Terry, Division of Long Term Care, Office of Health Services, DHMH
Gregory Branch, M.D., Baltimore County Health Department

Attachment for Exhibit B

THE VILLAGE AT
AUGSBURG
A National Lutheran Community

BOARD OF TRUSTEES 2022

Chair:	**Mr. Darrell Duggins** 6444 Somersby Drive Murrells Inlet, SC 29576 443-438-0267	E: darrell121@comcast.net
Vice-Chair:	**Mr. Steve Thacker** 8527 Westford Road Lutherville, MD 21093 410-828-5533	E: sthacker@verdence.com
Secretary/Treasurer:	**Ms. Angela Dignan** 1430 Steuart Street Baltimore, MD 21230 410-206-1999	E: adignan@rcmd.com
President:	**Ms. Cynthia A. Walters** 5275 Westview Drive Suite 110 Frederick, MD 21703 (O) 301-354-2710 (C) 240-686-6019	E: cwalters@nationallutheran.org
	Ms. Anne Goller 3413 Shannon Drive Baltimore, MD 21213 410-483-5060	E: gollerannec@aol.com
	Mr. Albert Lietzau IV 11639 Saint David's Lane Lutherville, MD 21093 410-828-5533	E: alietzau4@psafinancial.com
	Mr. James Milton 6825 Campfield Road, Apt. 1F Gwynn Oak, MD 21207 410-486-4573	E: hummy1942@gmail.com

Mr. Karl Silex
18 Buchanan Road
Baltimore, MD 21212
410-377-7189 E: jksilex@comcast.net

Ms. Leanne Stack Martin
94 Mary Lane, Apt. 101
Glen Burnie, MD 21061
410-761-0672 E: mycrystalcove@gmail.com

Updated January 19, 2022

EXHIBIT G.1

Augsburg Lutheran Home of Maryland, Inc.
d/b/a The Village at Augsburg

Financial Report

December 31, 2021

C O N T E N T S

Independent Auditor's Report	1 - 2
Financial Statements:	
Balance Sheets	3 - 4
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Statements of Cash Flows	8 - 9
Notes to Financial Statements	10 - 25

Baker Tilly US, LLP
2599 Wilmington Road
New Castle, PA 16105
United States of America

T: +1 (724) 658 1565
F: +1 (724) 658 2402
bakertilly.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Augsburg Lutheran Home of Maryland, Inc.
d/b/a The Village at Augsburg

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Augsburg Lutheran Home of Maryland, Inc. d/b/a The Village at Augsburg (Organization), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, 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 of America.

Basis for Opinion

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

Emphasis of Matters

As discussed in Note 17 to the financial statements, the Organization received government funding through the Small Business Administration (SBA) Paycheck Protection Program (PPP) and the U.S. Department of Health and Human Services (HHS) Provider Relief Fund (PRF) consequent to the operating conditions created by the COVID-19 pandemic. Our opinion is not modified with respect to these matters.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the 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 the Organization'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 the Organization'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Baker Tilly US, LLP

New Castle, Pennsylvania
April 21, 2022

AUGSBURG LUTHERAN HOME OF MARYLAND, INC.
d/b/a THE VILLAGE AT AUGSBURG

BALANCE SHEETS
December 31, 2021 and 2020

ASSETS	**2021**	2020
CURRENT ASSETS		
Cash and cash equivalents	**$ 3,736,241**	$ 1,892,673
Assets whose use is limited, restricted cash	**-**	30,568
Accounts receivable, net	**1,054,859**	1,271,575
Prepaid expenses and other assets	**198,764**	241,238
Pledges and contributions receivable	**12,396**	-
Total current assets	**5,002,260**	3,436,054
ASSETS WHOSE USE IS LIMITED	**2,715,009**	2,983,762
INVESTMENTS	**6,230,071**	9,042,459
GOODWILL	**2,000,000**	2,000,000
PROPERTY AND EQUIPMENT, net	**29,824,294**	31,220,484
FUNDS HELD IN TRUST BY OTHERS	**692,176**	664,414
Total assets	**$ 46,463,810**	$ 49,347,173

See Notes to Financial Statements

LIABILITIES AND NET ASSETS	2021	2020
CURRENT LIABILITIES		
Accounts payable, trade	**$ 256,596**	$ 524,842
Accrued expenses	**1,557,469**	1,557,931
Accrued interest	**31,500**	34,000
Current portion of long-term debt	**790,525**	780,232
Line of credit	**-**	950,000
Refundable advances	**-**	269,083
Total current liabilities	**2,636,090**	4,116,088
DEFERRED REVENUE FROM ENTRANCE FEES	**2,343,155**	2,685,334
REFUNDABLE ENTRANCE FEES	**10,049,115**	10,461,781
RESIDENT DEPOSITS	**136,625**	117,500
LONG-TERM DEBT, net	**12,206,082**	12,953,948
DUE TO AFFILIATE, net	**1,521,313**	881,859
Total liabilities	**28,892,380**	31,216,510
NET ASSETS		
Without donor restrictions	**16,829,426**	17,438,821
With donor restrictions	**742,004**	691,842
Total net assets	**17,571,430**	18,130,663
Total liabilities and net assets	**$ 46,463,810**	$ 49,347,173

See Notes to Financial Statements

AUGSBURG LUTHERAN HOME OF MARYLAND, INC.
d/b/a THE VILLAGE AT AUGSBURG

STATEMENTS OF OPERATIONS
Years Ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue:		
Net resident service revenue; including amortization of entrance fees 2021 $611,956; 2020 $882,895	**$ 15,833,877**	$ 17,058,267
Provider Relief Funds	**992,027**	1,118,728
Paycheck Protection Program contribution	**-**	2,277,900
Net assets released from restriction	**4,000**	-
Total operating revenue	**16,829,904**	20,454,895
Operating expenses:		
Salaries and wages	**8,606,897**	9,700,630
Employee benefits and payroll taxes	**1,780,418**	2,284,073
Professional fees	**1,654,113**	1,012,586
Ancillary and medical	**1,238,128**	1,377,348
Supplies	**471,369**	667,668
Food services	**727,874**	738,588
Utilities	**743,359**	560,587
Depreciation	**3,040,832**	3,113,497
Interest	**454,539**	494,456
Insurance	**468,689**	476,672
Real estate taxes	**154,250**	238,528
Repairs and maintenance	**390,994**	487,285
Advertising and marketing	**106,014**	136,523
Licenses, dues, and subscriptions	**327,478**	337,032
Other operating expenses	**166,820**	183,666
Bad debt expense	**103,274**	307,946
Management fee	**-**	416,430
Total operating expenses	**20,435,048**	22,533,515
(Deficiency) of operating revenue over expenses	**(3,605,144)**	(2,078,620)
Nonoperating revenue (expense):		
Contributions	**153,487**	263,853
Interest and dividends	**120,882**	244,361
Other income	**33,914**	87,384
Realized gains (losses)	**773,737**	(212,420)
Unrealized gains	**713,729**	441,662
Total nonoperating revenue	**1,795,749**	824,840
(Deficiency) of operating and nonoperating revenue over expenses	**(1,809,395)**	(1,253,780)

See Notes to Financial Statements

AUGSBURG LUTHERAN HOME OF MARYLAND, INC.
d/b/a THE VILLAGE AT AUGSBURG

STATEMENTS OF OPERATIONS (CONTINUED)
Years Ended December 31, 2021 and 2020

	2021	2020
Other changes:		
Unrealized gains	**$ -**	$ 113,701
Net assets released from restrictions, capital purchases	**-**	60,596
Equity transfer	**1,200,000**	-
Fair value adjustment for affiliation	**-**	17,855,151
Total other changes	**1,200,000**	18,029,448
Change in net assets without donor restrictions	**$ (609,395)**	$ 16,775,668

See Notes to Financial Statements

AUGSBURG LUTHERAN HOME OF MARYLAND, INC.
d/b/a THE VILLAGE AT AUGSBURG

STATEMENTS OF CHANGES IN NET ASSETS
Years Ended December 31, 2021 and 2020

	2021	2020
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
(Deficiency) of operating and nonoperating revenue over expenses	**$ (1,809,395)**	$ (1,253,780)
Unrealized gains	**-**	113,701
Net assets released from restriction, capital purchases	**-**	60,596
Equity transfer	**1,200,000**	-
Fair value adjustment for affiliation	**-**	17,855,151
Change in net assets without donor restrictions	**(609,395)**	16,775,668
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions and other changes	**54,162**	665,154
Net assets released from restriction	**(4,000)**	(60,596)
Change in net assets with donor restrictions	**50,162**	604,558
Change in net assets	**(559,233)**	17,380,226
Net assets:		
Beginning	**18,130,663**	750,437
Ending	**$ 17,571,430**	$ 18,130,663

See Notes to Financial Statements

AUGSBURG LUTHERAN HOME OF MARYLAND, INC.
d/b/a THE VILLAGE AT AUGSBURG

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ (559,233)**	$ 17,380,226
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	**3,040,832**	3,113,497
Provision for bad debts	**103,274**	307,946
Equity transfer	**(1,200,000)**	-
Fair value adjustment for affiliation	**-**	(17,855,151)
Amortization of deferred financing costs	**44,545**	24,810
Amortization of entrance fees	**(611,956)**	(882,895)
Proceeds from entrance fees	**269,777**	70,000
Realized (gains) losses	**(773,737)**	212,420
Unrealized gains	**(713,729)**	(555,363)
Gain on funds held in trust	**(27,762)**	(664,414)
Changes in assets and liabilities:		
Accounts receivable	**113,442**	15,868
Prepaid expenses and other assets	**42,474**	21,209
Accounts payable, trade and accrued expenses	**(271,208)**	(203,596)
Refundable advances	**(269,083)**	269,083
Net cash provided by (used in) operating activities	**(812,364)**	1,253,640
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sales of investments and assets whose use is limited	**4,597,736**	915,685
Purchases of property and equipment	**(1,644,642)**	(430,640)
Net cash provided by investing activities	**2,953,094**	485,045
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	**(782,118)**	(754,188)
Net borrowings (payments) on line of credit	**(950,000)**	400,000
Net change in resident deposits	**19,125**	(22,143)
Proceeds from refundable entrance fees, turnover units	**597,028**	154,000
Refunds of entrance fees	**(1,009,694)**	(814,057)
Change in pledges and contributions receivable	**(12,396)**	-
Equity transfer	**1,200,000**	-
Change in due to affiliate, net	**639,454**	881,859
Net cash (used in) financing activities	**(298,601)**	(154,529)
Net change in cash and cash equivalents and restricted cash	**1,842,129**	1,584,156
Cash and cash equivalents and restricted cash:		
Beginning	**2,068,169**	484,013
Ending	**$ 3,910,298**	$ 2,068,169

See Notes to Financial Statements

	2021	2020
Cash and cash equivalents and restricted cash include:		
Cash and cash equivalents	**$ 3,736,241**	$ 1,892,673
Resident deposits	**136,625**	117,500
Assets whose use is limited, restricted cash	**-**	30,568
Cash, restricted by donors or grantors for specific purposes	**37,432**	27,428
	$ 3,910,298	$ 2,068,169
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	**$ 407,494**	$ 457,929

See Notes to Financial Statements

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of Organization: Augsburg Lutheran Home of Maryland, Inc. d/b/a The Village at Augsburg (Organization) is a not-for-profit corporation that was incorporated in the state of Maryland in 1892. The Organization operates a retirement community in Baltimore, Maryland, which includes 134 independent living units, 64 assisted living units, and 107 skilled nursing beds.

National Lutheran, Inc. (NLI) is a not-for-profit Maryland corporation affiliated with the Evangelical Lutheran Church in America (ELCA). The Members of NLI are the Delaware-Maryland Synod, Metropolitan Washington, DC Synod, and the Virginia Synod of the ELCA.

NLI is the parent corporation and sole member of the Organization, which is a member of a system doing business as National Lutheran Communities and Services (NLCS). As a member of NLCS, the Organization shares in the control, support, and services of NLCS.

Basis of accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported assets, liabilities, and disclosures at the date of the financial statements and revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents and deposit risk: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents, excluding those classified as investments and assets whose use is limited. In the normal course of business, the Organization may have deposits with a local financial institution in excess of Federal Deposit Insurance Corporation (FDIC) insured limits. The Organization has not experienced any losses in such accounts.

Accounts receivable: Accounts receivable from residents are reported at estimated net realizable value taking into account estimated implicit and explicit price concessions. The estimated implicit price concessions are based upon management's judgmental assessment of historical and expected net collections considering business and general economic conditions in its service area, trends in health care coverage, and other collection indicators. For receivables associated with services provided to residents who have third-party coverage (which includes deductible and payment balances for which third-party coverage exists for part of the bill), the Organization analyzes contractually due amounts and provides an allowance for explicit price concessions, if necessary. Throughout the year, management assesses the adequacy of the estimated price concessions based upon its review of accounts receivable payor composition and aging, taking into consideration recent experience by payor category, payor agreement rate changes, and other factors. The results of these assessments are used to make modifications to resident service revenue and to establish an appropriate estimate for price concessions. The Organization has included a reserve within the estimated implicit price concessions of $127,296 and $118,611 as of December 31, 2021 and 2020, respectively, which have been recorded as reductions to resident accounts receivable.

Assets whose use is limited and investments: Assets held as operating reserves, resident deposits, and restricted cash are classified as assets whose use is limited and are reported separately on the accompanying balance sheets. Investments are reported on the accompanying balance sheets at fair value, based on quoted market prices as provided by a national exchange.

The Organization's investments are comprised of a variety of financial instruments and are managed by third-party investment advisors. The fair values reported on the balance sheets are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported on the balance sheets could change materially in the near term.

Property and equipment: Property and equipment are reported at cost or, if donated, at fair value. Depreciation is computed using the straight-line method at rates calculated to amortize the cost of the assets over their estimated useful lives. The Organization's capitalization policy is to review invoices in excess of $5,000 to determine if they should be capitalized. The general range of estimated useful lives is five to twenty years for furniture and equipment and fifteen to forty years for buildings and building and land improvements. Expenditures that extend the useful lives of the asset or significantly increase their capacity are capitalized.

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If the expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets.

Funds held in trust by others: The Organization has been named as a beneficiary of a perpetual trust which is administered and controlled by an independent trustee. Perpetual trusts are valued based upon the fair value of the underlying investments. The change in the fair value perpetual trusts are reported as a change in net assets with donor restrictions.

Entrance fees: The Organization’s policy requires payment of an entrance fee for admittance to an independent living and assisted living residence under a type C fee-for-service contract. The Organization currently offers a 50% guaranteed refund and an 80% guaranteed refund entrance fee option. Should the resident terminate the residence agreement after a designated trial period of six months, a refund (either 50% or 80%) will be made only after the Organization has entered into a new residence agreement with a new resident for that unit. Termination of the residence agreement prior to the completion of the trial period results in a 100% refund of the entrance fee.

The non-refundable portion of the entrance fees are accounted for as deferred revenue from entrance fees and are amortized into earned revenue using the straight-line method over the estimated remaining life of the residents over the contractual term of the contract. At the time of death or contract termination, the remaining nonrefundable balance is recognized as revenue. The remaining life expectancy of the residents is adjusted annually based on actuarial information. The refundable portion of the entrance fees is not amortized into income and is reported as refundable entrance fees liability. Contractual refund obligations amounted to $10,049,115 and $10,461,781 as of December 31, 2021 and 2020, respectively.

Deferred financing costs: Financing costs were incurred in connection with the issuance of long-term debt. These costs are reported on the accompanying balance sheets as a reduction of long-term debt and are being amortized over the life of the debt using the straight-line method, which approximates the effective interest method. The amortization of deferred financing costs, included in interest expense on the accompanying statements of operations, totaled $44,545 and $24,810 for the years ended December 31, 2021 and 2020, respectively. Accumulated amortization was $347,968 and $303,423 as of December 31, 2021 and 2020, respectively.

Net assets: Net assets, revenue, 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. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

Net assets with donor restrictions: Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenue restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Net resident service revenue: Net resident service revenue is reported at the amount that reflects the consideration the Organization expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenue is recognized as performance obligations are satisfied.

Net resident service revenue is primarily comprised of the following revenue streams:

Skilled nursing: Skilled nursing revenue is primarily derived from providing nursing services to residents at a stated daily fee, net of any explicit and implicit price concessions. The Organization has determined that skilled nursing services are considered one performance obligation which is satisfied over time as services are provided. Therefore, skilled nursing revenue is recognized on a daily basis as services are rendered.

Assisted living: Assisted living revenue is primarily derived from providing housing and personal care services to residents at a stated monthly fee. The Organization has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, assisted living revenue is recognized on a month-to-month basis.

Independent living: Independent living revenue is primarily derived from providing housing and services to residents. The Organization has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, independent living monthly fees are recognized on a month-to-month basis.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees on the accompanying balance sheets.

Other resident services: Other resident services revenue includes services such as housekeeping, laundry, transportation, medical supplies, and other revenue from residents. The Organization has determined that other resident services revenue is considered one performance obligation which is satisfied over time as services are provided. Therefore, other resident services revenue is recognized on a daily basis as services are rendered.

Revenue from nonrefundable entrance fees received is recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents which during the contractual term of the contract approximates the period of time the goods and services under the agreements are expected to be transferred to residents.

The unamortized portion is classified as deferred revenue from entrance fees on the balance sheets. Amortization of nonrefundable entrance fees included in net resident service revenue was $611,956 in 2021 and $882,895 in 2020.

The Organization receives revenue for services under third-party payor programs, including Medicare, Medicaid, and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are included in the determination of the estimated transaction price for providing services. The Organization estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

The Organization disaggregates revenue by type of service and payor source as this depicts the nature, amount, timing, and uncertainty of its revenue and cash flows as affected by economic factors. Net resident service revenue consists of the following for the years ended December 31:

	2021				
	Skilled Nursing	**Assisted Living**	**Independent Living**	**Other Resident Services**	**Total**
Self-pay	**$ 1,677,737**	**$ 1,608,023**	**$ 2,669,601**	**$ 151,343**	**$ 6,106,704**
Medicare	**2,040,500**	**-**	**-**	**-**	**2,040,500**
Medical Assistance	**6,190,630**	**-**	**-**	**-**	**6,190,630**
Commercial insurance	**884,087**	**-**	**-**	**-**	**884,087**
Amortization of nonrefundable entrance fees	**-**	**39,644**	**572,312**	**-**	**611,956**
Total	**$ 10,792,954**	**$ 1,647,667**	**$ 3,241,913**	**$ 151,343**	**$ 15,833,877**

	2020				
	Skilled Nursing	**Assisted Living**	**Independent Living**	**Other Resident Services**	**Total**
Self-pay	$ 1,159,630	$ 2,246,151	$ 3,099,565	$ 141,429	$ 6,646,775
Medicare	2,561,068	-	-	-	2,561,068
Medical Assistance	6,303,744	-	-	-	6,303,744
Commercial insurance	663,785	-	-	-	663,785
Amortization of nonrefundable entrance fees	-	98,269	784,626	-	882,895
Total	$ 10,688,227	$ 2,344,420	$ 3,884,191	$ 141,429	$ 17,058,267

The Organization has agreements with third-party payors that provide for payments at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

- Medical Assistance: Under the Maryland Medical Assistance Program's case-mix reimbursement system, the determination of reimbursement rates for skilled nursing costs is based upon a recipient's dependency in Activities of Daily Living (ADLs), and need for and receipt of ancillary nursing services. Each recipient is assigned a reimbursement level depending on his or her degree of dependency in ADLs.
- Medicare: Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic, and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medical Assistance and Medicare Part A rates are based on clinical, diagnostic, and other factors. The determination of these rates is partially based on the Organization's clinical assessment of its residents. The Organization is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medical Assistance and Medicare programs.

The Organization also has entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to the Organization under these agreements includes prospectively determined rates per day or discounts from established charges.

Payment terms and conditions for the Organization's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenue for recurring and routine monthly services is generally billed monthly in advance. Net resident service fee revenue for ancillary services is generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenue collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in deferred revenue from entrance fees on the accompanying balance sheets.

Advertising: The Organization expenses advertising costs as incurred. Advertising expense totaled approximately $106,000 and $137,000 for the years ended December 31, 2021 and 2020, respectively.

(Deficiency) of operating and nonoperating revenue over expenses: The statements of operations include the determination of (deficiency) of operating and nonoperating revenue over expenses as the performance indicator. Changes in net assets without donor restrictions, which are excluded from the performance indicator, consistent with industry practice, include net unrealized gains on debt securities, net assets released from restrictions for capital purchases, equity transfer, and a fair value adjustment for affiliation (Note 2).

Income tax status: The Organization is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (Code) and has been recognized as tax exempt under Section 501(a) of the Code. Accordingly, no provision for income taxes has been provided.

Accounting principles generally accepted in the United States of America require an organization to evaluate tax positions taken by the organization and recognize a tax liability or asset if the organization has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Services (IRS). The Organization has concluded that as of December 31, 2021 and 2020, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability or asset or disclosure in the financial statements. Generally, tax returns for years ended December 31, 2018, and thereafter remain subject to examination by federal and state tax authorities.

Subsequent events: In preparing these financial statements, the Organization evaluated events that occurred through April 21, 2022, the date the financial statements were issued, for potential recognition or disclosure.

Recent Accounting Pronouncement

Goodwill: In March 2021, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2021-03, *Intangibles – Goodwill and Other* (Topic 350): *Accounting Alternative for Evaluating Triggering Events*. The amendments in this ASU provide private companies and not-for-profit entities with an accounting alternative to perform the goodwill impairment triggering event evaluation as required in Subtopic 350-20 as of the end of the reporting period, whether the reporting period is an interim or annual period. The amendments in this ASU are effective on a prospective basis for fiscal years beginning after December 15, 2019. The Organization adopted this guidance during the year ended December 31, 2021. Adoption of this guidance did not have a material impact on the Organization's financial statements.

Note 2. Affiliation

On January 1, 2020, with the approval of the Maryland Department of Aging and with consent from the Board of Trustees at both National Lutheran, Inc. d/b/a National Lutheran Communities & Services (NLCS) and Augsburg Lutheran Home of Maryland, Inc. (Augsburg), Augsburg became an affiliated entity of NLCS as "The Village at Augsburg, a National Lutheran Community" (TVAA).

The transaction was accounted for under the acquisition method in accordance with accounting principles generally accepted in the United States of America. Transaction costs associated with the transaction, including professional, consulting services, and legal fees, amounted to approximately $69,855.

The following table summarizes the amounts of fair value of the assets received on the affiliation date:

Market value of fee simple estate	$ 35,500,000
Real property allocation:	
Real property	$ 32,430,000
Furniture, fixtures, and equipment	1,070,000
Business value (goodwill)	2,000,000
Market value of the going concern	$ 35,500,000

As a result of the affiliation, goodwill resulted from the excess of the market value of the going concern over the identifiable assets of TVAA. Goodwill resulted from NLCS' right to use website registration information, phone and facsimile numbers, the resident referral list, current residents receiving services and care, care plans and medical records associated with those residents, a staffed work force, managed care and other contracts, permits, licenses and agreements, reputation in TVAA's geographic market area, and other intangible business assets.

As a result of the affiliation, TVAA recorded a fair market value adjustment of $17,855,151 which is included in other changes on the statement of operations for the year ended December 31, 2020. The adjustment is comprised of the $2,000,000 recognized as goodwill and a write up of fixed assets of $15,855,151 due to the valuation of real property as of the affiliation date.

Note 3. Liquidity and Availability of Resources

Financial assets are considered liquid and available when convertible into cash within a year. Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the balance sheets dates, comprise the following as of December 31:

	2021	2020
Financial assets:		
Cash and cash equivalents	**$ 3,736,241**	$ 1,892,673
Accounts receivable, net	**1,054,859**	1,271,575
Investments	**6,230,071**	9,042,459
Total financial assets	**$ 11,021,171**	$ 12,206,707

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization invests cash in excess of daily requirements in short-term investments. Certain of the donor purpose restricted funds may be utilized as the restrictions are satisfied. As stated in Note 7, the Organization designated a portion of its investments as an operating reserve to comply with the requirements of the Maryland Department of Aging Reserve Requirements and thus they are not included in the schedule above.

Note 4. Concentrations of Credit Risk

The Organization grants credit without collateral to its residents, most of whom are local residents and are insured under third-party agreements. The mix of gross receivables from third-party payors is as follows as of December 31:

	2021	2020
Medicaid	**52 %**	49 %
Self-pay	**20**	13
Medicare	**16**	26
Commercial	**12**	12
	100 %	100 %

Note 5. Investments and Assets Whose Use is Limited

The investments and assets whose use is limited are presented on the balance sheets as follows as of December 31:

	2021	2020
Investments	**$ 6,230,071**	$ 9,042,459
Assets whose use is limited:		
Operating reserve (Note 7)	**$ 2,540,952**	$ 2,838,834
Resident deposits	**136,625**	117,500
Cash, restricted by donors or grantors for specific purposes	**37,432**	57,996
Assets whose use is limited, net	**$ 2,715,009**	$ 3,014,330

Note 6. Fair Value Measurements

Authoritative guidance regarding *Fair Value Measurements* establishes a framework for measuring fair value. This guidance defines fair value, establishes a framework and hierarchy for measuring fair value, and outlines the related disclosure requirements. The guidance indicates that a fair value measurement assumes that the transaction to sell an asset or transfer a liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability based upon an exit price model. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level I measurements) and the lowest priority to unobservable inputs (Level III measurements). The levels of the fair value hierarchy are as follows:

Level I — Quoted prices in active markets for identical assets or liabilities.

Level II — Observable inputs other than Level I prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; 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 III — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The tables below present the balances of financial assets measured at fair value on a recurring basis as of December 31:

	2021				
	Carrying Value	Fair Value	Level I	Level II	Level III
Assets whose use is limited and investments:					
Cash and cash equivalents	$ 296,270	$ 296,270	$ 296,270	$ -	$ -
Equity securities:					
Consumer discretionary	1,744,283	1,744,283	1,744,283	-	-
Consumer staples	491,672	491,672	491,672	-	-
Energy	27,167	27,167	27,167	-	-
Financial	1,175,794	1,175,794	1,175,794	-	-
Health care	1,315,462	1,315,462	1,315,462	-	-
Industrials	864,466	864,466	864,466	-	-
Information technology	1,913,930	1,913,930	1,913,930	-	-
Materials	220,102	220,102	220,102	-	-
Real estate	155,567	155,567	155,567	-	-
Utilities	23,190	23,190	23,190	-	-
Mutual funds:					
Equity	569,506	569,506	569,506	-	-
Other	147,671	147,671	147,671	-	-
Total	8,945,080	8,945,080	8,945,080	-	-
Funds held in trust by others	692,176	692,176	-	-	692,176
Total assets	$ 9,637,256	$ 9,637,256	$ 8,945,080	$ -	$ 692,176
Disclosed at fair value:					
Cash and cash equivalents	$ 3,736,241	$ 3,736,241	$ 3,736,241	$ -	$ -

	2020				
	Carrying Value	Fair Value	Level I	Level II	Level III
Assets whose use is limited and investments:					
Cash and cash equivalents	$ 1,854,411	$ 1,854,411	$ 1,854,411	$ -	$ -
Equity securities:					
Consumer discretionary	1,346,650	1,346,650	1,346,650	-	-
Consumer staples	378,921	378,921	378,921	-	-
Energy	21,406	21,406	21,406	-	-
Financial	911,759	911,759	911,759	-	-
Health care	1,010,686	1,010,686	1,010,686	-	-
Industrials	667,898	667,898	667,898	-	-
Information technology	1,484,858	1,484,858	1,484,858	-	-
Materials	168,461	168,461	168,461	-	-
Real estate	120,975	120,975	120,975	-	-
Utilities	18,082	18,082	18,082	-	-
Mutual funds:					
Equity	470,967	470,967	470,967	-	-
Fixed income securities					
Corporate bonds	2,925,869	2,925,869	-	2,925,869	-
U.S government and agency bonds	573,563	573,563	-	573,563	-
Other	102,283	102,283	102,283	-	-
Total	12,056,789	12,056,789	8,557,357	3,499,432	-
Funds held in trust by others	664,414	664,414	-	-	664,414
Total assets	$ 12,721,203	$ 12,721,203	$ 8,557,357	$ 3,499,432	$ 664,414
Disclosed at fair value:					
Cash and cash equivalents	$ 1,892,673	$ 1,892,673	$ 1,892,673	$ -	$ -

The Organization has no financial assets or liabilities that are recorded at fair value on a nonrecurring basis.

There were no transfers between Level I, Level II, or Level III during the years ended December 31, 2021 or 2020.

The following methods have been used by the Organization in estimating the fair value on a recurring basis of its financial instruments. There have been no changes in the methodologies used as of December 31, 2021 or 2020:

Cash and cash equivalents: Fair values, which are the amounts reported on the balance sheets, are based on multiplying number of units held by $1 per unit.

Equity securities and mutual funds: Valued at the closing price reported in the active market on which the individual securities are traded for equity securities and fixed income mutual funds and quoted market prices in active markets.

Fixed income securities and other: Fair values of these items, which are the amounts reported on the balance sheets, are estimated using quoted prices for similar securities.

Funds held in trust by others: Valued based on the fair value of the trusts' underlying assets, which approximates the discounted present value of future cash flows.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies 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 the reporting date.

The change in value in Level III assets is recorded on the statements changes in net assets as an increase or decrease in net assets with donor restrictions.

Note 7. Maryland Department of Aging Reserve Requirements

In accordance with Maryland law governing continuing care retirement communities, the Organization is required to set aside operating reserves totaling 15% of the facility's net operating expenses (as defined) for the most recent fiscal year.

The calculation of the required minimum statutory operating reserve for the year ended December 31, 2021, is as follows:

Total operating expenses for fiscal year ended December 31, 2021	$ 20,435,048
Less:	
Depreciation	(3,040,832)
Interest	(454,539)
Adjusted operating expense	$ 16,939,677
Funding requirement (15% of operating expenses)	$ 2,540,952

The Organization has reserved this amount in assets whose use is limited to satisfy the minimum statutory operating reserve requirement. Beginning January 1, 2023, the reserve requirement will be equal to 25% of the facility's net operating expenses.

Note 8. Property and Equipment

A summary of property and equipment and the related accumulated depreciation is as follows as of December 31:

	2021	2020
Land	**$ 5,000,000**	$ 5,000,000
Land improvements	**3,497,038**	3,497,038
Buildings and building improvements	**50,790,195**	49,221,385
Furniture and equipment	**14,412,761**	14,267,671
Construction in progress	**450,226**	528,880
	74,150,220	72,514,974
Less accumulated depreciation	**(44,325,926)**	(41,294,490)
	$ 29,824,294	$ 31,220,484

Construction in progress consists of civil engineering, survey, geotechnical, legal, planned unit development and related approvals, and certain other costs to complete an independent living renovation and overall campus repositioning project.

Note 9. Long-Term Debt

Long-term debt consists of the following as of December 31:

	2021	2020
Series 2013 A and B Maryland Health and Higher Educational Facility Authority Revenue Bonds, payable in monthly installments to satisfy annual debt service requirements through December 2035. Series A interest is payable at variable rates of 1.62% and 1.68% as of December 31, 2021 and 2020, respectively. Series B interest is payable at a fixed rate of 3.95%. The bonds are secured by property and and certain other assets of the Organization.	**$ 13,454,000**	$ 14,217,000
Note payable with Truist Bank, due in monthly installments of principal and interest totalling $1,493. The note bears interest at 3% and is secured by assets of the Organization.	**4,525**	23,643
	13,458,525	14,240,643
Less current portion	**790,525**	780,232
Less deferred financing costs	**461,918**	506,463
Total long-term debt	**$ 12,206,082**	$ 12,953,948

The Organization is required to comply with certain debt covenants in connection with the aforementioned long-term debt. Management believes they are in compliance with all covenants as of December 31, 2021.

The long-term debt maturing in the next five years and thereafter is as follows as of December 31, 2021:

Years Ending December 31:	
2022	$ 790,525
2023	811,000
2024	834,000
2025	860,000
2026	884,000
Thereafter	9,279,000
	$ 13,458,525

Interest expense totaled $407,986 and $453,189 for the years ended December 31, 2021 and 2020, respectively.

The Organization had a $1,250,000 line of credit with Truist Bank, bearing interest at variable rates of as of December 31, 2020. The line was collateralized by all real property of the Organization. Borrowings on the line of credit amounted to $950,000 as of December 31, 2020. During 2021, the line of credit balance was paid in full and the account was subsequently closed.

Note 10. Net Assets

Net assets presentation on the balance sheets with expanded disclosure for the amount and purpose of designations is as follows as of December 31:

	2021	2020
Net assets:		
Without donor restrictions:		
Undesignated	**$ 14,288,474**	$ 14,599,987
Maryland Department of Aging reserve requirements	**2,540,952**	2,838,834
	16,829,426	17,438,821
With donor restrictions:		
Purpose restricted for:		
Operations	**49,828**	27,428
Perpetual trusts	**692,176**	664,414
	742,004	691,842
Total net assets	**$ 17,571,430**	$ 18,130,663

For the years ended December 31, 2021 and 2020, net assets of $4,000 and $60,596, respectively, were released from donor restrictions to satisfy restricted purposes.

Earnings from net assets restricted in perpetuity are available to support charitable and benevolent care provided by the Organization.

Note 11. Related Party Transactions

NLI is the sole member of the Organization and provides support in the form of management and support services in exchange for management fees. The Organization incurred management fees to NLI totaling $0 and $416,430 for the years ended December 31, 2021 and 2020, respectively. Due to the current financial needs of the Organization, the parent, NLI, has agreed to the deferral of management fees for 2021. Additionally, NLI completed an equity transfer of $1,200,000 to the Organization for the year ended December 31, 2021, which is reported as other changes on the statement of operations.

Various entities that are part of the NLCS system make working capital advances to each other as needed. Related party transactions bear no interest and have no stated repayment terms.

The following represents the net amount due to an affiliated organization as of December 31:

	2021	2020
National Lutheran, Inc. (Parent)	**$ 1,521,313**	$ 881,859

Note 12. Expenses by Nature and Function

The Organization's expenses for resident services (including skilled nursing, assisted living, independent living, and other resident services) and general and administrative are as follows for the years ended December 31:

	2021		
	Resident Services	**General and Administrative**	**Total**
Salaries and wages	**$ 7,872,987**	**$ 733,910**	**$ 8,606,897**
Employee benefits and payroll taxes	**1,663,704**	**116,714**	**1,780,418**
Professional fees	**1,305,231**	**348,882**	**1,654,113**
Ancillary and medical	**1,238,128**	**-**	**1,238,128**
Supplies	**425,735**	**45,634**	**471,369**
Food services	**713,962**	**13,912**	**727,874**
Utilities	**741,639**	**1,720**	**743,359**
Depreciation	**3,040,832**	**-**	**3,040,832**
Interest	**409,994**	**44,545**	**454,539**
Insurance	**468,689**	**-**	**468,689**
Real estate taxes	**154,250**	**-**	**154,250**
Repairs and maintenance	**378,445**	**12,549**	**390,994**
Advertising and marketing	**106,014**	**-**	**106,014**
Licenses, dues, and subscriptions	**132,880**	**194,598**	**327,478**
Other operating expenses	**111,421**	**55,399**	**166,820**
Bad debt expense	**103,274**	**-**	**103,274**
Management fee	**-**	**-**	**-**
Total	**$ 18,867,185**	**$ 1,567,863**	**$ 20,435,048**

	2020		
	Resident Services	**General and Administrative**	**Total**
Salaries and wages	$ 8,853,912	$ 846,718	$ 9,700,630
Employee benefits and payroll taxes	2,215,622	68,451	2,284,073
Professional fees	653,529	359,057	1,012,586
Ancillary and medical	1,377,348	-	1,377,348
Supplies	581,468	86,200	667,668
Food services	738,420	168	738,588
Utilities	559,840	747	560,587
Depreciation	3,113,497	-	3,113,497
Interest	494,456	-	494,456
Insurance	476,672	-	476,672
Real estate taxes	238,528	-	238,528
Repairs and maintenance	457,360	29,925	487,285
Advertising and marketing	136,039	484	136,523
Licenses, dues, and subscriptions	54,974	282,058	337,032
Other operating expenses	142,229	41,437	183,666
Bad debt expense	307,946	-	307,946
Management fee	-	416,430	416,430
Total	$ 20,401,840	$ 2,131,675	$ 22,533,515

The financial statements report certain expense categories that are attributable to more than one health care or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function are allocated to the functions based on time studies and square footage basis.

Note 13. Benevolent Care

The Organization extends charity care and other support to residents, who meet certain criteria under its benevolent care policy and are unable to pay for services, at all levels of care as needed and when appropriate without charge or at amounts less than its established rates. Because the Organization does not pursue collection of amounts determined to be benevolent care, they are not reported as resident service revenue.

The Organization maintains records to identify and monitor the level of benevolent care it provides. The estimated cost of providing benevolent care is based upon the direct and indirect costs identified with the specific benevolent care provided. The cost of benevolent care provided amounted to approximately $309,000 and $215,000 for the years ended December 31, 2021 and 2020, respectively. Benevolent care related to the Medicaid program amounted to approximately $479,000 and $1,443,000 for the years ended December 31, 2021 and 2020, respectively.

Note 14. Pension Plan

The Organization has a 403(b) defined contribution plan (Plan). Under the terms of the Plan, employees are immediately eligible to contribute pre-tax dollars to the Plan. In addition, employees are eligible to receive matching employer contributions of up to 3.5% of base salary after one year of qualifying service, defined as 20 or more hours per week. Employer contributions totaled $110,866 and $148,654 for the years ended December 31, 2021 and 2020, respectively, and are recorded with employee benefits and payroll taxes on the statements of operations. On December 31, 2020, the participants of the Plan were notified of Plan termination effective January 1, 2021, and all Plan assets were subsequently transferred to the Parent's (NLCS) defined contribution plan, consistent with all other NLCS subsidiaries. Termination of the Plan was in accordance with the Employee Retirement Income Security Act (ERISA) standards.

Note 15. Medical Malpractice and General Liability Claims Coverage

The Organization purchases medical malpractice insurance coverages from a commercial insurance carrier via an insurance broker. These coverages are provided on a claims-made basis. As of December 31, 2021 and 2020, professional and general liability coverages are provided for the Organization in the amount of $1,000,000 per event and $3,000,000 per annual aggregate. The Organization has evaluated claims incurred but not reported and has deemed it not necessary to record a liability based on the Organization's history of claims.

Note 16. Commitments and Contingencies

The health care industry is subject to numerous laws, regulations, and administrative directives of federal, state, and local government agencies. Compliance with these laws, regulations, and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayment for resident services previously billed. The Organization is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Organization, if any, are not presently determinable.

Note 17. COVID-19 Pandemic

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic. The response to the pandemic has severely impacted the level of economic activity around the world and has had wide ranging effects on the Organization, including lost revenue, changing workforce dynamics, decreases in patient census, increases in expenses related to supply chain and other expenses, as well as increased funding sources.

Federal and state governments have passed legislation, promulgated regulations, and taken other administrative actions intended to assist health care providers in providing care to COVID-19 and other patients during the public health emergency. Sources of relief include the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020, which included, among other programs, the Paycheck Protection Program (PPP) and the Provider Relief Fund (PRF).

The material government funding received by the Organization, and the corresponding accounting for the funding, is outlined below.

U.S. Department of Health and Human Services (HHS) Provider Relief Fund: During the years ended December 31, 2021 and 2020, the Organization received funds through the HHS PRF program established by the CARES Act of $823,985 and $1,149,296, respectively, for a total of $1,973,281 between the years. Additionally, the Organization received an allocation of HHS funds from the parent, NLI, in the amount of $12,000. According to guidance provided by the HHS, these funds may only be used when health care providers experience a loss in revenue and/or incur expenses as a result of the COVID-19 pandemic. Additionally, health care providers must comply with certain terms and conditions, established by the HHS, when spending the funds. If the health care provider is unable to justify utilization of the funds through lost revenue or COVID-19 expenses, the funds must be returned to the HHS.

The balance of advanced PRF funds unused to offset lost revenue and qualified expenditures is reported in refundable advances on the balance sheets, which amounted to $0 and $269,083 as of December 31, 2021 and 2020, respectively. Based on the Organization's calculation of lost revenue and COVID-19 expenses, the Organization has recognized $992,027 and $1,118,728 as Provider Relief Funds revenue during the years ended December 31, 2021 and 2020, respectively. Of the amount recognized in 2021, $124,475 is related to a one-time two percent rate supplement using American Rescue Plan funds. As of December 31, 2020, infection control payments that were received subsequent to year end are included in accounts receivable on the balance sheet and totaled $238,515. There is no receivable for 2021. While the Organization has utilized all available current information in determining the proper utilization and accounting for these funds, additional guidance is expected that could have a material impact on how the Organization has recognized PRF.

Also included in Provider Relief Funds on the statements of operations as of December 31, 2021, is $125,474 related to a one-time two percent rate supplement passed though to the Maryland state Medicaid program from the American Rescue Plan Act. There was no such funding in 2020.

Paycheck Protection Program Loan: In April 2020, the Organization obtained a loan totaling $2,277,900 under the Paycheck Protection Program pursuant to the CARES Act. The Organization initially elected to account for the PPP loans as a liability when received.

The proceeds from the loans had to be spent on qualifying expenses such as covered payroll costs, mortgage interest on real or personal property, rental obligations on real or personal property, and covered utility costs allowed under the CARES Act. The Organization had selected the twenty-four week covered period as allowed under the CARES Act. The Organization used the loan proceeds in accordance with the terms of the PPP and applied for forgiveness from the financial institution once the proceeds were fully expended. The Organization applied for forgiveness on October 21, 2020. While the Organization was still pending approval from the Small Business Administration (SBA) as of December 31, 2020, the financial institution had recommended to the SBA that forgiveness be granted. The Organization had maintained adequate records and believed that all requirements under the PPP guidelines had been met to achieve

loan forgiveness. As such, the total loan amount was recognized as revenue and included in Paycheck Protection Program contribution on the statement of operations for the year ended December 31, 2020. The Organization received SBA approval for loan forgiveness on June 16, 2021.

The Centers for Medicare and Medicaid Services (CMS) Accelerated/Advance Payments: In order to increase cash flow to providers of services and suppliers impacted by the COVID-19 pandemic, the CMS has expanded its current Accelerated and Advance Payment Program to a broader group of Medicare Part A providers and Part B suppliers. The expansion of this program is only for the duration of the public health emergency. An accelerated/advance payment is a payment intended to provide necessary funds when there is a disruption in claims submissions and/or claims processing. These expedited payments can also be offered in circumstances such as national emergencies, or natural disasters in order to accelerate cash flow to the impacted health care provider and suppliers. The CMS is authorized to provide accelerated or advance payments during the period of the public health emergency to any Medicare provider/supplier who submits a request to the appropriate Medicare Administrative Contractor (MAC) and meet the required qualifications. The Eligibility & Process includes the following areas: Eligibility, Amount of Payment, Processing Time, Repayment, and Recoupment and Reconciliation.

The Organization took advantage of this program and applied and received $495,331, which is included in accounts payable as of December 31, 2020. Due to the Recoupment and Reconciliation process of this program, takebacks during the year ended December 31, 2021, amounted to $324,479, leaving a remaining balance of $170,852.

EXHIBIT G.1

Augsburg Lutheran Home of Maryland, Inc. d/b/a The Village at Augsburg

Report on Compliance with Debt Covenants

December 31, 2021

C O N T E N T S

Independent Auditor’s Report	1
Covenant Compliance	2

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Augsburg Lutheran Home of Maryland, Inc.
d/b/a The Village at Augsburg

We have audited, in accordance with auditing standards generally accepted in the United States, the balance sheet of Augsburg Lutheran Home of Maryland, Inc. d/b/a The Village at Augsburg (Organization) as of December 31, 2021, and the related statements of operations, changes in net assets, and cash flows for the year then ended, and have issued our report thereon dated April 21, 2022.

In connection with our audit of the financial statements referred to above, nothing came to our attention that caused us to believe the Organization failed to comply with the terms, covenants, provisions, or conditions of the Master Trust Indenture dated December 1, 2013, between the Organization as borrower, U.S. Bank, National Association, as Master Trustee, insofar as they relate to accounting matters. However, it should be noted that our audit was not directed primarily toward obtaining knowledge of such noncompliance. The method of calculating the Debt Service Coverage Ratio and Days Cash on Hand calculation schedule is in accordance with Section 3.15 of the Master Trust Indenture.

This report is intended solely for the information and use of the Board of Directors, STI Institutional & Government, Maryland Health and Higher Educational Facilities Authority, Inc., and U.S. Bank, National Association, and is not intended to be and should not be used by anyone other than these specified parties.

Baker Tilly US, LLP

New Castle, Pennsylvania
April 21, 2022

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Augsburg Lutheran Home of Maryland, Inc.
d/b/a The Village at Augsburg

Covenant Compliance
For the Year Ended December 31, 2021

(a) Debt Service Coverage Ratio:

(Deficiency) of operating and nonoperating revenue over expenses	$ (1,809,395)
Add:	
Net asset transfer from parent	1,200,000
Depreciation	3,040,832
Interest expense and amortization	437,547
(Deduct):	
(Decrease) in deferred revenue (amortization of entrance fees)	(611,956)
Net entrance fees received	(142,889)
Unrealized (gains) on investments	(713,729)
Net Income Available for Debt Service (A)	**$ 1,400,410**
Scheduled Principal and Interest Payable on long-term indebtedness during the Fiscal Year (B)	**$ 1,175,120**
Debt Service Coverage Ratio (A/B), Required to be > 1.15x	1.19

(b) Days Cash on Hand:

Days cash on hand as of the last day of the fiscal year	
Unrestricted cash and marketable securities (A)	**$ 12,468,754**
Operating expenses for the last twelve (12) months	$ 20,435,048
Deduct: Depreciation & Amortization	3,085,377
Total Operating Expenses (B)	**$ 17,349,671**
Days Cash on Hand (A ÷ B) x 365 Days, Required to be > 150 Days	**262**

(c) Gifts, Grants, and Fundraising:

The Borrower currently has on hand funds restricted to the payment of costs of the project financed with Bond proceeds or to the payment of debt service on Bonds in the amount of:	**$ -**

(d) Notice and Reports:

The Borrower has provided to the Authority:	
(i) List of all insurance policies	Yes
(ii) All notices and financial reporting materials provided to Truist Bank, provider or swap counterparty	Yes

(e) Hedging Agreements:

Has the Borrower entered into or amended any hedging agreements during the Fiscal Year?	No
Total notional amount of outstanding swaps and other derivatives as of the last day of the Fiscal Year	$ -

Augsburg Lutheran Home of Maryland, Inc.
Exhibit G2 - Operating Budgets (Current and Next Two Fiscal Years)
Projected for Years Ending December 31,

	2022	2023	2024
Revenues:			
Resident Service Revenues			
Independent Living	$2,791,638	$3,712,718	$4,016,100
Assisted Living	2,815,677	3,891,132	3,979,474
Skilled Nursing, Net of Contractual Allowances	12,519,680	12,859,647	13,104,916
Charity Allowance/Benevolent Care	(204,587)	(270,000)	(285,000)
Entry Fee Amortization	341,259	362,000	385,000
Entry Fee Amortization - Termination	205,000	215,000	220,000
Investment Income	150,000	148,500	147,735
Other Revenue	20,200	52,500	65,000
Total Revenues	**$ 18,638,868**	**$ 20,971,497**	**$ 21,633,225**
Expenses:			
Salary and Wages Expense	$10,704,949	$11,341,977	$11,568,817
Supplies	506,214	516,338	526,665
Professional Fees & Contracted Services	1,323,182	1,349,646	1,376,639
Payroll Taxes & Employee Benefits	2,182,564	2,268,049	2,313,410
Ancillary Services & Medical Supplies Expense	1,547,322	1,470,460	1,485,165
Food & Supplements Expense	751,468	766,498	781,828
Other Operating Expense	181,580	185,211	188,915
Licenses, Dues and Subscriptions	402,956	411,017	419,237
Utilities Expense	720,945	735,363	750,070
Repairs & Maintenance Expense	462,834	472,091	481,533
Insurance Expense	468,550	477,921	487,479
Advertising Expense	250,840	255,856	260,973
Real Estate & Property Taxes	155,000	155,000	155,000
Management Fees	462,222	520,575	535,512
Bad Debt Expense	100,000	80,100	80,000
Total Expenses	**$ 20,220,626**	**$ 21,006,102**	**$ 21,411,244**
Earnings Before Interest, Taxes, Depreciation and Amortization	**($1,581,758)**	**($34,606)**	**$221,981**
Interest, Taxes, Depreciation and Amortization:			
Interest Expense	$401,760	$401,760	$395,000
Depreciation Expense	3,061,111	3,103,844	3,139,436
Amortization Expense	34,800	34,800	34,800
Total Interest, Taxes, Depreciation and Amortization	**$3,497,671**	**$3,540,404**	**$3,569,236**
Contributions - Donor Restricted	$50,000	$50,000	$50,000
Contributions - Unrestricted	$225,000	$225,000	$225,000
Net Income (Loss)	**($4,804,429)**	**($3,300,009)**	**($3,072,254)**

Augsburg Luteran Home of Maryland, Inc.
Exhibit G3 - Cash Flow Projections (Current and Next Two Fiscal Years)
Projected for Years Ending December 31,

	2022	2023	2024
Cash Flows from Operating Activities:			
Total change in net assets	($4,804,429)	($3,300,009)	($3,072,254)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:			
Depreciation expense	3,061,111	3,103,844	3,139,436
Amortization expense	34,800	34,800	34,800
Changes in other assets and liabilities	(355,000)	-	-
Net entrance fee proceeds, turnover	1,669,208	1,763,459	1,791,799
Amortization of entry fees	(546,259)	(577,000)	(605,000)
Net cash provided (used) in operating activities	($940,569)	$1,025,093	$1,288,780
Cash Flows from Investing Activities:			
(Purchase) sale of investments | assets whose use is limited	$150,000	$148,500	$147,735
Purchase of property and equipment	(1,200,000)	(598,000)	(524,000)
Net cash provided (used) in investing activities	($1,050,000)	($449,500)	($376,265)
Cash Flows from Financing Activities:			
Principal payments on long-term debt	($786,000)	($811,000)	($834,000)
Change in Due to affiliates, net*	1,550,000	-	0
Net cash provided (used) in investing activities	$764,000	($811,000)	($834,000)
Net change in cash and cash equivalents	($1,226,569)	($235,407)	$78,515
Cash and cash equivalents, Restricted Cash, beginning of year	$3,910,298	$2,683,729	$2,448,323
Cash and Cash Equivalents, Restricted Cash, end of year	$2,683,729	$2,448,323	$2,526,838
Investments	$8,708,436	$8,856,936	$9,004,671
Total Cash and Cash Equiv, Restricted Cash & Investments	$11,392,165	$11,305,259	$11,531,509

Change in Due to affiliates, net* - Projecting an equity transfer from parent National Lutheran, Inc. in 2022. An equity transfer of $1.2M from parent National Lutheran, Inc. occurred in 2021.

Augsburg Lutheran Home of Maryland, Inc.
Exhibit G5 - CCAC-CARF Median Financial Ratios
Projected for Years Ending December 31,

	2022	2023	2024	Type C Multi-Site Ratios	Variance to Median Comments:
Net Operating Margin Ratio	-12.70%	-3.75%	-2.54%	8.39%	Recovery from impacts of COVID-19 pandemic - occupancy assumed to stabilize by end of 2022
Net Operating Margin Ratio - Adjusted Ratio	-3.10%	4.56%	5.56%	16.91%	Recovery from impacts of COVID-19 pandemic - occupancy assumed to stabilize by end of 2022
Operating Ratio	113.98%	104.97%	103.70%	92.21%	Recovery from impacts of COVID-19 pandemic - occupancy assumed to stabilize by end of 2022
Operating Margin Ratio	-27.25%	-17.05%	-15.47%	3.62%	Recovery from impacts of COVID-19 pandemic - occupancy assumed to stabilize by end of 2022
Total Excess Margin Ratio	-25.73%	-15.80%	-14.28%	2.55%	High number of SNF beds (107) to IL units (132); IL entrance fee and monthly fee pricing lower than most competitors
Days Cash on Hand	202	193	193	351	Recovery from impacts of COVID-19 pandemic - occupancy assumed to stabilize by end of 2022
Debt Service Coverage Ratio	1.15	1.18	1.37	2.00	Projected DSCR for 2022 is a result of the continued impacts from the COVID-19 pandemic on census and related resident service revenues, as well as entrance fee turnover in Independent Living. Parent company will make an equity transfer and/or waive management fees if necessary, similar to what was done for fiscal year ending December 31, 2021.
Age of Community Ratio	15.48	16.65	17.66	12.99	No significant variance from 50th% quartile

EXHIBIT H

The Augsburg Lutheran Home of Maryland, Inc. is a certified health care provider participating in the Medicare program (provider #21-5193), the Maryland Medicaid program (provider #032087100).

Approximately **_12____** persons on the campus receive Medicare benefits in the short-term rehabilitation areas of the skilled nursing community and approximately **__68%___** of the residents of the nursing facility are Medicaid recipients.

EXHIBIT I

AUGSBURG LUTHERAN HOME OF MARYLAND, INC.
5 YEARS RATE COMPARISON

	2022	2021	2020	2019	2018
Assisted Living					
Assisted Living Daily Rate	$143 - $184	$138 - $179	$132 - $176	$132 - $170	$128 - $166
*Entrance Fee/80% Refundable	$5,000	$22,145 - $42,230	$21,500 - $41,000	$19,500 - $37,000	$19,000 - $36,000
Level of Care (Level 2 & 3)	$483 - $965	$469 - $937	$440 - $880	$440 - $880	$430 - $860
Healthcare Center					
Intermediate	$330 - $360	$319 - $350	$310 - $340	$299 - $330	$293 - $325
Skilled	$330	$319	$310	$299	$293
Independent Living					
**Monthly Rent	$1,507 - $4,955(+)	$1,477 - $4,787(+)	$1,738 - $2,396(+)	$1,680 - $2,377	$1,627 - $2,303
Entrance Fee 50% Refundable	$69,855 - $201,339(+)***	$67,800 - $195,475(+)***	$74,800 - $197,450 (+)***	$68,000 - $196,000	$64,500 - $190,500
Entrance Fee 80% Refundable	$87,833 - $254,616 (+)***	$85,275 - $247,200 (+)***	$94,050 - $249,700 (+)***	$85,500 - $248,000	$82,000 - $234,000
2nd Person Fee	$705	$685	$672	$650	$630

*Assisted Living entrance fee reduced to a non-refundable fee of $5,000 in 2022.

**Rental pricing is available in a limited number of units (13) beginning 2021.

***2 Bedroom Deluxe units start at these rates.

Exhibit K
Augsburg Lutheran Home of Maryland, Inc.

DISCLOSURE

STATEMENT

As of April 30, 2022

The issuance of a Certificate of Registration does not constitute approval, recommendation, or endorsement of the facility by the Maryland Department of Aging, nor is it evidence of, or does it attest to the accuracy or completeness of the information set out in the disclosure statement.

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1. NAME, ADDRESS, AND DESCRIPTION OF THE FACILITY

Augsburg Lutheran Home of Maryland, Inc. 6811 Campfield Road, Baltimore, Maryland 21207.

Augsburg Lutheran Home of Maryland, Inc. (d/b/a "The Village at Augsburg" or "TVAA") is a continuing care retirement community ("CCRC") with 107 Nursing Care beds, 64 Assisted Living beds and 132 Independent Living apartments. The independent living apartments were formerly known as Augsburg Lutheran Village, Inc. ("Augsburg Lutheran Village" or the "Village") was legally dissolved on December 26, 2019 with all assets and liabilities transferred to Augsburg Lutheran Home of Maryland, Inc.

Augsburg Lutheran Home of Maryland, Inc. is the provider of continuing care. Augsburg Lutheran Home of Maryland, Inc. owns all the land occupied by the Nursing Center, Assisted Living and Village. The Nursing Center, Assisted Living and Village are housed in numerous connecting buildings.

TVAA's Assisted Living opened in January, 1999, and is an extension of the continuum of care providing care in 64 licensed beds located within in fifty-eight (58) units. Assisted Living common areas consist of two dining rooms, six lounges and numerous resident service spaces including laundry and nourishment rooms.

TVAA's Independent Living was opened in December, 1986, and is joined to the West Wing, ground floor, by enclosed walkways. Individual units consist of 1 and 2 bedroom, 1 and 2 bedroom deluxe, 1 bedroom and den and studio apartments. Resident common areas include a community room, library, game rooms and the Village Center consisting of a Bistro, Beauty Shop and Health Suite.

2. ORGANIZATIONAL STRUCTURE AND MANAGEMENT

Augsburg Lutheran Home of Maryland, Inc. is a non-profit Lutheran corporation; incorporated in the State of Maryland; and located in Baltimore County, Maryland.

On January 1, 2020, with the approval of the Maryland Department of Aging and with consent from the Board of Trustees of both National Lutheran, Inc. ("NLI") and Augsburg Lutheran Home of Maryland, Inc . ("Augsburg"), Augsburg became an affiliated entity of NLCS known as "The Village at Augsburg, A National Lutheran Community" or TVAA. A separate management agreement was approved by both the Augsburg and NLCS boards in September of 2019.

3. TAX EXEMPT STATUS

Tax exempt status was granted to Augsburg Lutheran Home of Maryland, Inc., under section 501 (c) (3) of the Internal Revenue Code effective June, 1977. A copy of the Internal Revenue determination letter is included with this statement (See Attachment 1).

4. AFFILIATION WITH RELIGIOUS ORGANIZATIONS

TVAA is owned and operated by NLI located in Frederick, MD. NLI is a Maryland not-for-profit corporation, is the parent corporation of a system doing business as National Lutheran Communities & Services (NLCS). NLI is affiliated with the Evangelical Lutheran Church in America (ELCA). The members of NLI are the Delaware- Maryland Synod, Metropolitan Washington, DC Synod, and the Virginia Synod of the ELCA. As the members of NLCS, these synods share in the control, support, and services of NLCS.

In addition to TVAA, NLI provides management and support services and is the sole member or parent of the following affiliated entities: The Village at Rockville, Inc., The Village at Orchard Ridge, Inc. The Legacy at North Augusta, Inc., Community Services, LLC (including MyPotential MD, LLC and myPotential VA, LLC), Impact 1890, and The Village at Providence Point. The NLI and affiliate boards meet 4 times annually.

5. DESCRIPTION OF FEES

Augsburg Lutheran Home of Maryland, Inc., has historically changed the fee for service rates once annually in conjunction with approval by the Board of the annual budget. Attachment 2 lists the fee structures for each component of care for each year beginning with 2022 and then for the previous four years. (See Attachment 2)

6. OPERATING RESERVE REQUIREMENTS

Effective October 1, 1996, the Office on Aging began requiring TVAA to establish and fund an operating reserve equal to 15% of annual operating expenses, net of depreciation expenditures. As of December 31, 2021 and 2020, the operating reserve is approximately $2,540,952 and $2,838,834 respectively. The reserve is in compliance and has been fully funded at 15% of annual operating expenses since December 31, 2006. TVAA's investments continue to meet, and are expected to exceed existing and future reserve requirements, respectively.

7. FINANCIAL STATEMENT

See financial statements for December 31, 2021 for Augsburg Lutheran Home of Maryland, Inc. (See Exhibit G.1)

8. LONG TERM FINANCING

In August 2009, Maryland Health and Higher Educational Facilities Authority (MHHEFA)

issued $20,600,000 of Revenue Bonds (Series 2009) and entered in an indenture of trust agreement with TD Bank, N.A. to serve as trustee of the bonds. $10,600,000 of the proceeds of the Series 2009 bonds were used to pay off the Series 1997 bond issue and the Village loan. The remaining $10,000,000 was advanced for the payment of the costs of the Transformation Project and capitalized interest. The term of the bonds is 25 years with a variable interest rate. The bond agreement was issued jointly in the names of the Home and the Village. The Series 2009 bond debt was extinguished with the issuance of Series 2013 Bonds.

In December 2013, MHHEFA issued $18,966,000 of Revenue Bonds (Series 2013A and 2013B) and entered into an indenture of trust agreement with Sun Trust Bank (now Truist), as Purchaser, and U.S. Bank National Association (the Trustee) to serve as trustee of the bonds. The bond agreement has been issued jointly in the names of the Home and the Village. The proceeds of the Series 2013 bonds along with cash and cash equivalents, partially derived from the liquidation of certain investment assets, were used to refinance the Series 2009 bond issue and other debt.

9. CASH FLOW FORECAST STATEMENT

The current cash flow forecasts for the consolidated operations of Augsburg Lutheran Home of Maryland, Inc., are attached. (See Exhibit G.3).

10. NAMES AND OCCUPATIONS OF THE BOARD OF DIRECTOR'S AND OFFICERS

NAME	OCCUPATION
Mr. Darrell Duggins (Officer)	Retired
Mr. Steve Thacker (Officer)	Financial Advisor
Ms. Angela Dignan (Officer)	Insurance Broker
Ms. Anne Goller	Banker
Mr. Albert Lietzau, IV	Insurance Broker
Mr. James Milton	Retired
Mr. Karl Silex	Retired
Ms. Leanne Stack-Martin	Retired
Ms. Cynthia Walters	NLCS President & CEO

Ms. Walters is a paid employee of National Lutheran Communities and Services.

11. PROFESSIONAL SERVICES/FINANCIAL INTEREST

Augsburg Lutheran Home of Maryland, Inc. is a Maryland non-stock corporation. The Board of Directors is elected annually. No members of the Board are compensated for their duties and none receives any share of the corporation's operating earnings. Ms. Walters is a paid employee of NLI.

12. ANNUAL MEETING, GOVERNING BODY

Augsburg Lutheran Home of Maryland, Inc. is governed by a Board of Directors that meets four times per year including a January meeting to elect directors and officers, as well as to transact any business within the corporation. At any time in the interval between meetings, Special Meetings may be called by the Chairman or by a majority of the Board of Directors. The officers are selected from among those persons who are serving as the directors of Augsburg Lutheran Home of Maryland, Inc.

During one Resident Council meeting each year, all residents are invited to attend and are provided with the opportunity to ask questions; to hear a summary on the operations from the previous year; as well as significant changes and goals for the coming year. A resident from the Health Center, Assisted Living or Independent Living serves as a voting member of the Board of Directors. Nominations are made by the Board or management staff after searching for residents who are willing and able to serve.

13. SUMARY OF BASIC SERVICES – Nursing Home

Items and Services Included in the Daily Rate:

A. Room and Board
B. Social Services
C. Nursing Care, Including:

1. The dispensing of prescribed medications, and treatments.

2. The provision of care to prevent skin breakdown, bedsores and deformities.

3. The provision of care to keep the resident comfortable, clean and well-groomed.

4. The provision of care to protect the resident from accident, injury and infection.

5. The provision of care necessary to encourage, assist and train the resident in self-care and group activities.

6. Personal laundry.

D. Cable Television, Phone and Wireless Internet access

Items and Services Not Included in Daily Rate of Private Pay Residents:

The items and services available in the facility that are not included in the daily rate are listed below. You may be charged for these items and services if you ask for them and receive them. If you are eligible for Medicare and you believe that Medicare may cover an item or service listed below, you should ask us to submit the bill to Medicare.

A. Medical care, medical specialist's services and consultations, dental care and therapeutic services as ordered by the physician.

B. Medications, eyeglasses, hearing aids, Wanderguard transmitters (or similar), medical and dental appliances and other medical and dental devices or prosthesis.

C. Personal items and services such as clothing, barbers and beauticians, toiletries and sundries that are not normally provided as part of nursing care.

D. Penalties incurred due to late payments of charges.

E. Clinic visits or hospitalization of the Resident.

F. Clinical and laboratory tests and emergency treatments.

G. Ambulance and transportation expenses.

14. SUMMARY OF BASIC SERVICES – Assisted Living

A. Items Included in the Daily Rate:

- Minimal assistance with Activities of Daily Living
- Personal laundry in addition to providing and laundering bed and bath linens.
- Three (3) meals per day and snacks.
- Housekeeping and maintenance of resident units.
- All utilities except private phone.
- Social, educational, devotional, and therapeutic recreation programs.
- Twenty-four (24) hour on-site staffing including emergency access to a licensed nurse.
- Use, with others, of all common areas including Lounges; Dining Room; Activity Area; Porch; Laundry; Nourishment Rooms; and outdoor areas.
- Medication Administration

B. Optional Services (Available at extra cost):

- Beauty Shop Services
- Additional assistance with Activities of Daily Living
- Transportation

- Cable Television Phone and Wireless Internet (normal rates apply)
- Dietitian Supervised Meals
- Physical, Occupational and Speech Therapy
- Medical and Pharmacy Supplies
- Physician Visits, Including some Specialists
- Temporary Treatments requiring a Licensed Nurse.
- Repairs to Resident's Belongings.
- Tray Service to Resident's Unit.

15. SUMMARY OF BASIC SERVICES – Independent Living

A. Items Included in the Monthly Service Fee:

- Main (evening Meal Daily)
- Monthly Housekeeping
- Weekly Flat Linen Service
- Scheduled Local Transportation
- 24-hour Emergency Call Response
- Trash Removal
- Parking
- Security Alarm System
- Building & Ground Maintenance
- Water & Sewer Utilities
- Community Activities
- Access to Community Facilities
- Maintenance and Replacement of Apartment Appliances and Equipment

B. Optional Services at an Extra Charge:

- Guest Meals and Accommodations
- Meal Tray Service
- Dietician Supervised Meals
- Individual Transportation
- Pharmacy and Medical Lab Services
- Physician Visits Weekly
- Nursing Care (Health Center)
- Cable TV
- Additional Housekeeping and Laundry Services
- Beauty Shop

Residents of the Independent Living apartments are given priority over the general public for admission to Augsburg Lutheran Home of Maryland, Inc. and for its skilled nursing and

assisted living services. In the event bed space is not available, Independent Living residents will receive assistance in obtaining space elsewhere at the residents' own cost.

Each level of care at Augsburg involves a separate contract and any admissions to Independent Living, Assisted Living or Nursing Home from another level of care at Augsburg and, in the case of discharge, leaving Augsburg. Independent Living residents transferring to the Nursing Home or Assisted Living will receive any refunds when their unit is reassigned. Independent Living residents who transfer to Assisted Living may delay their entrance fee to Assisted Living until their Independent Living unit is reassigned and may instruct Augsburg to pay the Assisted Living entrance fee from their Independent Living refund. Assisted Living residents, whether originating in Independent Living or not, will receive an Assisted Living contract.

TVAA will answer any health emergency calls for Independent Living residents while they are present on the campuses.TVAA's licensed personnel will, when necessary, provide appropriate emergency service or summon appropriate emergency personnel such as a physician, ambulance or medical personnel. One emergency call per month is included in the basic monthly service charge. Each emergency response by nursing personnel beyond the first call monthly will be paid by the Independent Living resident.

16. Grievance Procedure

TVAA has established an internal grievance procedure to address resident grievances. A resident or group of residents collectively may submit a grievance in writing to:

Executive Director
The Village at Augsburg
6811 Campfield Road
Baltimore, MD 21207

TVAA will send a written acknowledgement to the resident within five days after receipt of the written grievance. TVAA will assign personnel to investigate the grievance. A resident who files a written grievance is entitled to a meeting with management of TVAA within 30 days after receipt of the written grievance, in order to present the grievance. TVAA will provide a response within 45 days after receipt of the written grievance as to the investigation and resolution of the grievance.

Within 30 days after TVAA provides its response to the grievance, a resident or TVAA may seek mediation through one of the community mediation centers in the state or another mediation provider. If a resident or TVAA seeks mediation under the preceding sentence, the mediation shall be nonbinding.

17. Resident Council

TVAA's Health Center has a Resident Council that meets monthly. All Health Center Residents are invited; however, attendance averages about 30, as many are unable to participate. In addition to staff, a member of the Board of Directors attends each meeting and the Baltimore County Ombudsman attends many meetings.

TVAA's Assisted Living has a Resident Council that meets monthly. Members visit all residents and bring their concerns to the meeting. Staff members and a member of the Board of Directors attend each meeting. Four times each year, all residents are invited to the meeting.

The purpose of the Resident Council is to:

1. Provide a forum for communication between residents and staff.

2. Educate and inform residents about available services.

3. Establish a sense of belonging in residents and an opportunity to participate in decision-making.

4. Support residents in their adjustment to TVAA.

All Independent Living residents are members of the Resident Association. The purpose of the Association is to:

1. Enhance the welfare of the residents by seeking and promoting all possible ways to make their lives interesting, enjoyable and beneficial.

2. Promote fellowship, mutual concerns and participation in cultural activities, such as study groups, discussion groups, craft program, Bible class, etc.

3. Function as a liaison between the Independent Living Residents and the Executive Director and Board of Directors.

The Association's By-laws and any existing and future amendments must be approved by the Board of Directors.

The Association meets monthly with occasional additional meetings scheduled as needed. The Executive Committee composed of the Association's officers also meets monthly prior to the Association meeting. Other committees are formed and meet as needed.

18. Renewal and Replacement of Buildings

TVAA budgets significant funds annually to ensure proper upkeep of buildings. In addition, a three-year capital improvement plan is made part ofthe strategic planning

process. TVAA holds significant unrestricted reserves in case of an emergency capital need.

19. Planned Renovation and Expansion

In fulfilling its commitment to addressing the evolving needs of the community, TVAA is engaged in a campus renovation and expansion project to renovate and / or expand independent and assisted living services, including units, common areas and both non-dementia and memory care assisted living units (the "Project").

In April 2018, Project approval was obtained from Baltimore County Council for a planned unit development (PUD) to increase the number of units on the premises by 24 assisted living units and 97 independent living units. Maryland Department of Aging (MD DOA) approval was subsequently obtained for the assisted living expansion during 2019. Subsequent to MD DOA approval, updated construction pricing for the assisted living expansion was determined by Management to be financially infeasible. As a result of preliminary construction pricing for the assisted living expansion and Augsburg's subsequent affiliation with NLCS, Augsburg elected not to proceed with MD DOA approval for the independent living expansion or continue with assisted living construction.

Total Project expenses related to the planned assisted living expansion totaled $86,472 as of December 31, 2021 and December 31, 2020. Total Project expenses related to the planned independent living expansion totaled $345,793 as of December 31, 2021 and December 31, 2020. Costs related to the expansion projects are shown on the Statements of Financial Position as a component of Property and Equipment, net. Recoverable expansion project expenses include civil engineering, survey, geotechnical, legal, PUD and related approvals and certain other costs are considered recoverable as Management re-engages in and completes an overall campus repositioning project for Augsburg.

In addition to the expansion projects, Management began a project to convert 24 nursing beds to 13 assisted living memory care beds in 2021. Specific details of the project are noted in Exhibit M. Renovation project costs totaled $17,961as of December 31, 2021. Costs related to the project are shown on the Statements of Financial Position as a component of Property and Equipment, net, and primarily consist of design costs.

20. OTHER DISCLOSED INFORMATION

A. TVAA's Assisted Living serves the frail elderly providing assistance with activities of daily living. Intermittent nursing care is also provided on a temporary basis. TVAA does not serve residents with more than minimal special needs in areas such as cognitive impairment and psychiatric disorders. TVAA will begin to offer memory care services in mid-2022. Please refer to the project overview in Exhibit M.

B. TVAA provides a security officer 24 hours a day and each hallway is monitored by camera. Locks are available for residents' doors as well as at least one drawer or closet in the residents' rooms.

C. Authorized staff members will always knock before entering a resident's room; however, they may enter if a resident is unable to answer and the staff member suspects an emergency. A resident's room may be entered for housekeeping or maintenance with the resident's prior permission.

D. TVAA's Assisted Living nursing personnel and manager are responsible for planning and implementing a resident's service plan. Changes in resident condition are monitored and reported to the resident's physician, who manages the resident's medical care. The resident and his or her family arrange doctor's appointments and other services and products such as medical equipment. TVAA will assist, if possible, on behalf of residents who are unable to make arrangements; however, the resident is responsible for all charges.

E. Each resident is provided with TVAA's Assisted Living's Complaint and Grievance Policy, as well as the names and numbers of the Ombudsman and Health Department representative. Suggestion and Concerns forms are available throughout the facility.

F. Each level of care at TVAA involves a separate contract, and any admissions to Independent Living, Assisted Living, or the Nursing Home from another level of care at TVAA is handled as if the Resident is, in the case of admission, coming from their own home and, in the case of discharge, leaving TVAA. Independent Living Residents transferring to the Nursing Home or Assisted Living will receive any refunds when their unit is reassigned or after six (6) months, whichever comes first. Independent Living Residents who transfer to Assisted Living may delay their entrance fee to Assisted Living until their Independent Living unit is reassigned and may instruct TVAA to pay the Assisted Living entrance fee from their Independent Living refund. Assisted Living Residents, whether originating in Independent Living or not, will receive appropriate Assisted Living refunds per their Assisted Living Contract.

AMENDMENTS TO THIS DOCUMENT

Augsburg Lutheran Home of Maryland, Inc., shall amend its disclosure statement if, at any time, in the opinion of Augsburg or the Maryland Department of Aging, and amendment is necessary to prevent the disclosure statement from containing any material misstatement of fact required by this section to be stated in the disclosure statement or omission of a material fact

required by this section to be stated in the disclosure statement.

ATTACHMENT 1

IRS Department of the Treasury
Internal Revenue Service
P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248132325
Jan. 22, 2010 LTR 4168C E0
52-0696196 000000 00
00013643
BODC: TE

AUGSBURG LUTHERAN HOME OF MD INC
6811 CAMPFIELD RD
BALTIMORE MD 21207-4657

006176

Employer Identification Number: 52-0696196
Person to Contact: Paul M Perry
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Jan. 12, 2010, request for information regarding your tax-exempt status.

Our records indicate that your organization was recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in June 1977.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Beginning with the organization's sixth taxable year and all succeeding years, it must meet one of the public support tests under section 170(b)(1)(A)(vi) or section 509(a)(2) as reported on Schedule A of the Form 990. If your organization does not meet the public support test for two consecutive years, it is required to file Form 990-PF, Return of Private Foundation, for the second tax year that the organization failed to meet the support test and will be reclassified as a private foundation.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

ATTACHMENT 2

AUGSBURG LUTHERAN HOME OF MARYLAND, INC.
5 YEARS RATE COMPARISON

	2022	2021	2020	2019	2018
Assisted Living					
Assisted Living Daily Rate	$143 - $184	$138 - $179	$132 - $176	$132 - $170	$128 - $166
*Entrance Fee/80% Refundable	$5,000	$22,145 - $42,230	$21,500 - $41,000	$19,500 - $37,000	$19,000 - $36,000
Level of Care (Level 2 & 3)	$483 - $965	$469 - $937	$440 - $880	$440 - $880	$430 - $860
Healthcare Center					
Intermediate	$330 - $360	$319 - $350	$310 - $340	$299 - $330	$293 - $325
Skilled	$330	$319	$310	$299	$293
Independent Living					
**Monthly Rent	$1,507 - $4,955(+)	$1,477 - $4,787(+)	$1,738 - $2,396(+)	$1,680 - $2,377	$1,627 - $2,303
Entrance Fee 50% Refundable	$69,855 - $201,339(+)***	$67,800 - $195,475(+)***	$74,800 - $197,450 (+)***	$68,000 - $196,000	$64,500 - $190,500
Entrance Fee 80% Refundable	$87,833 - $254,616 (+)***	$85,275 - $247,200 (+)***	$94,050 - $249,700 (+)***	$85,500 - $248,000	$82,000 - $234,000
2nd Person Fee	$705	$685	$672	$650	$630

*Assisted Living entrance fee reduced to a non-refundable fee of $5,000 in 2022.

**Rental pricing is available in a limited number of units (13) beginning 2021.

***2 Bedroom Deluxe units start at these rates.

Exhibit L
Augsburg Lutheran Home of Maryland, Inc.

I. Resident Council Meetings Dates in 2021:

January 8, 2021
February 12 2021
March 12 2021
April 9, 2021
May 14, 2021
June 11, 2021
July 9, 2021
September 10, 2021
October 8, 2021
November 12 2021
December 10, 2021

EXHIBIT M
RENOVATION AND EXPANSION ACTIVITIES

Renovation Activities – A conversion of 12 semi-private health center rooms (24 beds) to 13 private assisted living memory care units will begin during the first quarter of 2022. Renovations will include:

- Conversion of 12 semi-private rooms to 12 private rooms;
- Conversion of 1 bathroom to 1 private room;
- Conversion of existing shower room into a spa room to include shower and tub bathing options; and
- Remodel of common spaces within the memory care unit.

Renovations are expected to conclude mid-year 2022.

Expansion Activities – Augsburg Lutheran Home of Maryland, Inc. is evaluating longer term, campus repositioning plans which may include 120 – 160 new, rental independent living units, additional dining and common areas, and renovations to the existing health center to include up to 16 regular assisted living units. Both projects will expand Augsburg Lutheran Home of Maryland, Inc.'s ability to serve the evolving needs of existing and future residents as well as enhancing service offerings to the immediately surrounding community.