Life Enriching Communities
2013 Annual Report

A central theme of this letter for the past three years has been the importance of “every day,” the way life unfolds each day and the expectation that excellence should be a daily occurrence. In 2010, we talked about being effective and efficient “every day”. In 2011, we referred to our associates being dedicated to the activities of “each day”. In 2012, we noted the almost invisible nature of the things that happen “every day”. In 2013, we have incorporated this thinking into a revised mission to create what we call “exceptional everyday experiences.”

There are very few types of work where you conduct your efforts every day in the homes of the people you serve. In a setting like a senior living community this is what we do and it is generally in service to the same people over a long period of time. This creates an intimate living and work experience and is a profound privilege for those of us who serve. The residents and associates of our communities will have some kind of experience every day. Why not make it exceptional?

With all of this in mind, 2013 was a year of making progress. The Twin Towers’ new health pavilion was completed and great progress was made on the renovation aspect of the remainder of the project. We also made progress with the following initiatives:

- transitioning to a more resident-centered health care delivery system at Twin Towers
- developing our leaders across LEC
- reviewing and updating our LEC purpose statement
- creating a master plan for Twin Lakes to meet the increasing demand
- developing home and community based services strategies in home health and designing a new service, continuing care at home
- advancing the development of a post-acute care network with our two partners, Episcopal Retirement Homes and Homecare by Black Stone
- establishing the first investment fund in the country, along with more than 70 other senior living providers, that is solely focused on investing in the aging services sector

In order to provide a framework that we can utilize to accomplish our mission, we have established what we refer to as the five pillars:

- Associate Experience
- Resident Experience
- Quality and Safety
- Growth
- Financial Performance

We believe these five pillars, in this order, are the roadmap to achieving our mission.

I believe LEC is on a positive path to the future. We choose to see opportunities in the challenges. I believe we are well positioned to achieve our mission, increase our market leadership, and continue to be a strong asset for the Greater Cincinnati community that we so proudly serve.

As always, thank you for your support.

Scott M. McQuinn
President/CEO
New Health Pavilion Welcomes Residents and Associates

Several years of planning and 18 months of construction came to fruition with the completion of the new Health Pavilion in December 2012. Several more months of planning and organization culminated in the move of nearly 100 residents into their new home in March 2013. “I love the warm and welcome feeling — especially the associates who care for me. It’s easier to be active and socialize with my friends,” said resident Betty Sullivan.

The building, designed by SFCS and constructed by Lend Lease, Inc. replaces the James H. Garrison Wing that was dedicated in June 1963 and served Twin Towers’ residents for nearly 50 years. In April 2013, each floor of the Health Pavilion was consecrated by Rev. Gregory V. Palmer, Bishop of the West Ohio Conference of the United Methodist Church, followed by a service of celebration with District Superintendent, Brian Brown and several local clergy.

Leadership Development is Key to Success

Realizing that key to assuring “exceptional, everyday experiences” for residents, associates and volunteers means strengthening the skills of those in leadership positions, Life Enriching Communities engaged CEO Resources, Inc. to conduct a series of monthly development programs. The series, initiated in July, offered education and development in the areas of basic leadership, effective listening, managing chaos and building effective teams.

“The key to becoming an effective leader is not to focus on making other people follow, but on making yourself the kind of person they want to follow,” says Scott McQuinn, President/CEO, Life Enriching Communities. “You must become someone others can trust to take them where they want to go. Therefore, leadership is both competence and character.”

Building on the success of the first sessions, the Leadership Development program has been carried over into 2014.

2013 Highlights

Several years of planning and 18 months of construction came to fruition with the completion of the new Health Pavilion in December 2012. Several more months of planning and organization culminated in the move of nearly 100 residents into their new home in March 2013. “I love the warm and welcome feeling — especially the associates who care for me. It’s easier to be active and socialize with my friends,” said resident Betty Sullivan.

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Standard & Poor’s Has Affirmed Credit Rating for Over 10 Years

Again this year, Standard & Poor’s affirmed its ‘BBB’ long-term credit rating and underlying rating (SPUR) on Life Enriching Communities (LEC), Ohio’s series 2006A, 2011A, and 2012 revenue bonds, issued by Hamilton County Hospital Commission and Hamilton County. Despite the challenging economic climate, Life Enriching Communities continues to achieve strong financial performance. Life Enriching Communities is the only Senior Living organization based in Hamilton County with an investment grade credit rating.
Commitment to Excellence

Twin Lakes Nominated as Best Place to Work
Based on a survey of associates, Twin Lakes was selected as a finalist for the Best Places to Work competition sponsored by the Cincinnati Business Courier. Over 100 associates gave Twin Lakes “high marks” on a survey designed to measure workplace satisfaction.

LEC Board Chair Recognized With Healthcare Leadership Award
Jerry Wissel, Chairman of the Life Enriching Communities Board of Trustees, was honored as a recipient of the 1st Annual Healthcare Leadership Awards presented by Venue Magazine. Mr. Wissel was among 38 individuals in Greater Cincinnati recognized for outstanding contributions and commitment to providing quality healthcare services.

Twin Towers Establishes “Kay Award” for Service Excellence
In honor of Kay Craig’s 45 years of service, Twin Towers established the “Kay Award” to recognize individuals that demonstrate exemplary performance on a daily basis. Kay, who retired in April 2013 was an exemplary associate at Twin Towers; self motivated and reliable, she truly lived the mission and values of Life Enriching Communities.

This quarterly award is given to individuals who personify the values and mission of the organization. Congratulations to Sue Shields, Administrative Assistant, Health Services and Lakeisha Prather, a Restorative State Tested Nursing Assistant, Health Services, recipients of the “Kay Award” in 2013.

Twin Lakes Received 5 Star Rating ★★★★★
Twin Lakes Health Services received a 5-Star rating from the Center for Medicare/Medicaid Services (highest possible in the state of Ohio) for outstanding service and care provided to residents in long term nursing care and short term rehabilitation.

LEC Leaders Share Expertise on a National Level
Jim Bowersox, Vice President, Finance/CFO was a featured speaker at the 2013 Annual Executive Leadership Summit hosted by Spectrum Consultants, Inc. in Charlotte, North Carolina. Jim’s presentation “Financial Viability in Light of Long-term Care Challenges” offered solutions to the most challenging financial risks inherent in the Continuing Care Retirement Community model.

Scott McQuinn, President/CEO and Connie S. Kingsbury, Vice President, Marketing were featured presenters on the topic of Interactive Marketing Planning at the 2013 Leading Age Annual Conference held in Dallas, Texas.

Fund Created to Invest in Aging Services

In a continuing effort to work collaboratively with other senior living communities and thought leaders in the field of aging services, Link•Age, our provider alliance, partnered with B.C. Ziegler, an investment banking firm, to create the Ziegler Link•Age Longevity Fund, LP. This fund is founded on the belief that the increasing aging population of the United States presents an attractive investment opportunity, given the size, growth and complexity of the needs of this population within a continually evolving healthcare system. The fund is managed by B.C. Ziegler and Link•Age Ventures, both leaders in senior living. Key investment themes will include, but are not limited to, the following:

- Aging in Place;
- Coordination of Care;
- Chronic Disease Management;
- Reduction of Hospitalizations and Readmissions;
- Disease Prevention and Wellness Strategies; and
- Government Funded Programs / Public Health Related Matters

The fund will consist of over 70 not-for-profit senior living systems from around the country as investors and manage over $27,000,000 in assets.
Financial Highlights for 2013

2013 Uncompensated Ministry Expenses

Cost of healthcare in excess of reimbursements 52%

- Whole-Person Wellness and the Connection 15%
- Pastoral Care 6%
- Benevolent Care 27%

2013 & 2012 Operating Expenses by Classification (000's)

- Program Activities: 2013 - $46,724, 2012 - $43,957
- Total: 2013 - $7,026, 2012 - $7,153

2013 Donations by Purpose

- Unrestricted 20%
- Capital Improvements 24%
- Pastoral Care 6%
- Benevolent Care 47%

Total Residents and Community Members Served at Twin Towers and Twin Lakes in 2013

<table>
<thead>
<tr>
<th></th>
<th>Twin Lakes</th>
<th>Twin Towers</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Living</td>
<td>296</td>
<td>270</td>
<td>566</td>
</tr>
<tr>
<td>Assisted Living</td>
<td>39</td>
<td>152</td>
<td>191</td>
</tr>
<tr>
<td>Nursing Care</td>
<td>214</td>
<td>258</td>
<td>472</td>
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<tr>
<td>Connection</td>
<td>428</td>
<td>653</td>
<td>1081</td>
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<tr>
<td>Day Stay Adult Day Services</td>
<td>97</td>
<td>97</td>
<td>97</td>
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<tr>
<td><strong>Totals</strong></td>
<td><strong>977</strong></td>
<td><strong>1,430</strong></td>
<td><strong>2,407</strong></td>
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</table>

Fund-raising cost as percent of total funds raised (000's)

- 2013: $814
- 2012: $434
- Total Contributions: $3,227
- Fund-raising Expenses: $404

Fund-raising expenses as percent of contributions:
- 2013: 49.6%
- 2012: 13.4%
Condensed Consolidated Financial Statements
For the Years Ended December 31, (in thousands of dollars)

**Balance Sheet**

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2013</th>
<th>2012</th>
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<tbody>
<tr>
<td>Current Assets</td>
<td>$19,494</td>
<td>$19,229</td>
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<tr>
<td>Investments</td>
<td>56,805</td>
<td>55,666</td>
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<tr>
<td>Investments whose use is limited by bond indenture</td>
<td>8,653</td>
<td>9,677</td>
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<tr>
<td>Property and Equipment (Net)</td>
<td>159,157</td>
<td>153,297</td>
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<tr>
<td>Other Long Term Assets</td>
<td>5,417</td>
<td>4,999</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$249,526</strong></td>
<td><strong>$242,868</strong></td>
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<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
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<tbody>
<tr>
<td>Current Liabilities</td>
<td>19,131</td>
</tr>
<tr>
<td>Long Term Refundable Life Use Fees/Entry Fees</td>
<td>49,924</td>
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<tr>
<td>Long Term Debt</td>
<td>117,925</td>
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<tr>
<td>Other Liabilities</td>
<td>807</td>
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<td><strong>Total Liabilities</strong></td>
<td><strong>187,787</strong></td>
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<table>
<thead>
<tr>
<th>Net Assets:</th>
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<tbody>
<tr>
<td>Unrestricted</td>
<td>48,508</td>
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<tr>
<td>Temporarily and Permanently Restricted</td>
<td>13,231</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td><strong>61,739</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Total Liabilities and Net Assets</th>
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<tbody>
<tr>
<td><strong>$249,526</strong></td>
<td><strong>$242,868</strong></td>
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</table>

**Condensed Statement of Revenue and Expenses**

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>2013</th>
<th>2012</th>
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<tbody>
<tr>
<td>Net resident revenue</td>
<td>$38,662</td>
<td>$38,703</td>
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<tr>
<td>Amortization of Refundable Life Use Fees/Entry Fees</td>
<td>2,218</td>
<td>2,140</td>
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<tr>
<td>Interest and Dividend Income</td>
<td>1,893</td>
<td>1,873</td>
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<tr>
<td>Other Revenue</td>
<td>234</td>
<td>648</td>
</tr>
<tr>
<td><strong>Net Resident Services Revenue</strong></td>
<td><strong>43,007</strong></td>
<td><strong>43,364</strong></td>
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<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary, Wages, Benefits and Contract Services</td>
<td>23,085</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>3,394</td>
</tr>
<tr>
<td>Food, Supplies and Other Expense</td>
<td>4,136</td>
</tr>
<tr>
<td>Utilities, Insurance, and Real Estate Taxes</td>
<td>4,849</td>
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<tr>
<td>Depreciation and Amortization</td>
<td>6,763</td>
</tr>
<tr>
<td>Interest</td>
<td>4,497</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>46,724</strong></td>
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<table>
<thead>
<tr>
<th>Excess of Revenue Under Expenses</th>
<th>(3,717)</th>
<th>(729)</th>
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<tbody>
<tr>
<td>Realized and Unrealized Gains on Investments</td>
<td>3,491</td>
<td>2,526</td>
</tr>
<tr>
<td>Interest, Dividends and Gains From Endowments</td>
<td>1,176</td>
<td>930</td>
</tr>
<tr>
<td>Other Non-operating Gains</td>
<td>1,131</td>
<td>1,361</td>
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</table>

<table>
<thead>
<tr>
<th>Contributions:</th>
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<tbody>
<tr>
<td>Temporarily and Permanently Restricted</td>
<td>653</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>161</td>
</tr>
<tr>
<td><strong>Total Non-operating Income</strong></td>
<td><strong>6,612</strong></td>
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</table>

<table>
<thead>
<tr>
<th>CHANGE IN NET ASSETS</th>
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<tbody>
<tr>
<td><strong>$2,895</strong></td>
<td><strong>$7,315</strong></td>
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</table>
Gifts To Life Enriching Communities

On behalf of the residents of both Twin Towers and Twin Lakes who benefit from your gifts, we wish to express our sincere appreciation to the individuals who contributed during 2013. Your generous support helped to fulfill our mission. Thank you for expressing your loving care to our residents with your generous gifts.

Ms. Abreht Abay  
Mr. James Abt  
Ms. Anita Acomb  
Mr. and Mrs. Andrew R. Acord  
Mr. Artice L. Adams  
Mr. and Mrs. David T. Adams  
Ms. Helen Adams  
Ms. Mary Jane Adamson  
Mr. Mike Agenter  
Mr. and Mrs. Maurice M. Agresta  
Mrs. Anne L. Ahlbrand  
Mr. David S. Ahrends  
Mr. and Mrs. Roy Aka  
Mr. and Mrs. William Alexa  
Mr. Jeffrey J. Alexander  
Mrs. Miriam Allbee  
Ms. Evette Allen  
Mr. Webb Alspaugh  
Ms. Rhonda Amburgy  
Mrs. Brandie Anderson  
Mr. Thomas T. Andrews  
Ms. Julie Angel  
Miss Elizabeth T. Anger  
Dr. and Mrs. Stuart H. Anness  
Donor Anonymous  
Mr. and Mrs. Barton Anson  
Mrs. Marilyn H. Antle  
Ms. Kristy L. Applegate  
Mrs. Betty L. Armstrong  
Ms Caitlin Armstrong  
Mr. and Mrs. Dan Armstrong  
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Mr. Mark Asback  
Mrs. Debra D. Ashley  
The Rev. Mr. and Mrs. Warren Ashley  
Mr. Robert N. Askew  
Mr. and Mrs. Arthur Astbury  
Ms. Norma Jean Atchison  
Mrs. Virginia Audia  
Ms. Vickie Auvrey  
Auxiliary of Twin Towers  
Efrain Aztmila  
Mr. Donald Baechle  
Ms. Marlene Baer-Boden  
Mr. and Mrs. Oliver Lippincott Baily  
Ms. Gail S. Bain  
Mr. and Mrs. Norman R. Baker  
Dr. and Mrs. George Balaz  
Ms. Missy Balzer  
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Mr. Barry Becker  
Mrs. Carol Becker  
Mr. Willard E. Becker  
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Mr. and Mrs. Herbert J. Beigel  
Miss Marlene Beigel  
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Mr. and Mrs. Jim Berg  
Mrs. Gertrude Bernet  
Mrs. Joanie Bernet  
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Mr. Chuck Bixby  
Mr. and Mr. Stephen L. Black  
Mr. Quentasha Blackmon  
Ms. Carol A. Blair  
Ms. Velma L. Blaise  
Ms. Jean Blake  
Mr. and Mrs. William C. Blake  
Mr. and Mrs. Raymond C. Blankenship  
Mr. Matthew Blanton  
Mrs. Emily Blasberg  
Mr. Justin Blau  
Ms. Desiree Blevins  
Mrs. Marian B. Block  
Mr. Ronald J. Block  
BMW Car Club of America  
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Ms. Esther Bonkowski  
Mrs. Kay Booher  
Ms. Ireshia Booher  
Ms. Jukita K. Booker  
The Rev. Mr. and Mrs. Joseph D. Boone  
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Ms. Mary Bordwell  
Mr. Richard Borowsky  
Mr. and Mrs. Elroy E. Bourgraf  
Ms. Joyce Bourleuf  
Mr. and Mrs. Jim Bowersox  
Ms. Corina Bowman  
Mr. and Mrs. James P. Bowman  
Mrs. Lisa Bowman  
Bradford World  
Renowned Portraiture  
Mr. Matt Brandewieide  
Mr. and Mrs. Donald C. Brandt  
Mrs. Gail I. Brannon  
Mr. Mike Brauning  
Mr. and Mrs. Alton L. Bray  
Mr. William W. Brayshaw  
Mrs. Linda Bredemeier  
Ms. Debra Bringman  
Ms. Rita Brodniak  
Mr. Doug Brooks  
Mr. and Mrs. Steve Brooks  
Mrs. Sarah S. Broomfield  
Ms. Ella C. Brown  
Ms. Susie Breyde  
Mr. and Mrs. Larry J. Brueshaber  
Ms. Carol Bruestle  
Mr. and Mrs. Andrew Bucher  
Ms. Joanne Buchman  
Mrs. Billie L. Bumgarner  
Ms. Venita Buntin  
Mrs. H. Suzanne Burke  
Mr. and Mrs. James Burke  
Ms. Martha Burke  
Mr. and Mrs. Michael J. Burke  
Mrs. Suzanne Burke  
Ms. Patricia Burrell  
Mr. Conrad Burton  
Mr. and Mrs. Lawrence Busby  
Ms. Kathy Cable  
Cobat  
Ms. Kathleen Cail  
Patrice Calloway-Davis  
Camargo Cadillac  
Ms. Glenda Campbell  
Mr. and Mrs. Kenneth R. Campbell  
Ms. Pamela Campbell  
Ms. Sharon Campbell  
Ms. Kim Carroll  
Ms. Joy Carstens  
Ms. Kay Cartney  
Mr. Marcus Cash  
Mr. Roger Catugal  
Ms. Diane Caulkins  
Mrs. Beverly L. Chandler  
Mrs. Linda Chandler  
Ms. Patricia A. Chandler  
CHC Manufacturing Inc.  
Mr. and Mrs. John Cheffy  
Ms. Mary Margaret Cheffy  
Mr. Lewis Chizer  
Ms. Janette Christiansen  
Mr. and Mrs. Chadwick Christine  
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Church of the Saviour United Methodist Women  
Cincinnati Museum Center  
Cincinnati Playhouse in the Park  
Cincinnati Reds  
Cincinnati Symphony Orchestra  
Cincinnati Zoo & Botanical Gardens  
Mr. Robert S. Ciolek  
City Barbeque, Inc.  
Mrs. Betty Clancy  
Ms. Patti Clancy  
Ms. Beth Clark  
Mrs. Georgetta B. Cleary  
Mr. and Mrs. A. Burton Clisson, Jr.  
Ms. Gayle Cobb  
Mr. and Mrs. James R. Cobb  
Coca-Cola Enterprises  
Mrs. Jean Cochran  
Mr. and Mrs. Robert Cody  
Ms. Carmen Coffey  
Bishop Emerson Colaw  
Mr. and Mrs. Jerry Cole  
Mr. and Mrs. Thomas E. Collett  
Ms. Jacqueline Collin  
Mr. Wayne Collins  
Ms. Karen Combs  
Mr. and Mrs. John J. Compston, Sr.  
Ms. Carol V. Conners  
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Mr. and Mrs. Raymond J. Cool  
Mr. and Mrs. Robert A. Cool  
Mr. Mike Cope  
Ms. Christy Corder  
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Ms. Denise Corrou  
Ms. Gloria Coruzzi  
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Ms. Margaret Coy  
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Mr. Dennis Creamer  
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Mrs. Marianna Cruise  
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Mr. Mitchell W. Dale  
and Ms. Kathleen D. Foreman  
Mr. Bruce J. Daniel  
Mr. Brian Dargis  
Mrs. Shirley M. Davies  
Ms. Cheryl Davis  
Mr. Wayne Davis  
Ms. Bree Dawson  
Ms. Roberta Dawson  
Mr. Sam Dawson  
Mrs. Candy Day  
Mr. and Mrs. Michael P. Day  
Ms. Veronica De Armond  
Mr. and Mrs. Roy Deal  
Mr. and Mrs. James D. Dean  
Mrs. Hazel I. Decaro  
Ms. Nancy DeCastro  
Mr. Harold Delph  
Ms. Vicky Derderian  
Mr. and Mrs. E. James Dickey  
Ms. Julie Diederger  
Mr. Edgar Dillingham  
Diversity, Inc.  
Ms. Judy Dixon