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LEC EXECUTIVE TEAM

Scott McQuinn,
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Candy Day,
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Denise Corrou,
Twin Towers Administrator

Connie Schmitt Kingsbury,
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Jim Lay,
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Jim Mayer,
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Dan McManus
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Julie Uhrig,
Health Care Strategic Initiatives

Life Enriching Communities 2016 ANNUAL REPORT

Generally, there are two worlds within which people exist; business and social. We tend to move back and forth between these two. In senior living, we live in both worlds simultaneously. At Life Enriching Communities (LEC), our name very publicly states our purpose.

What is the difference between mission and purpose? Our mission is what we do, provide exceptional everyday experiences. Our purpose is why we do it, to help everyone within LEC to live their best life.

The LEC mission, driven by our purpose, is accomplished through various avenues. Across the organization we have worked very intentionally on the health of our overall culture. Our concerted efforts with our Safety Promise, our compliance and risk management program, leadership development and commitment to transparency and quality improvement have helped the organization to improve.

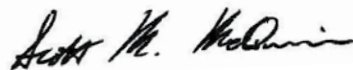
Our two senior living communities, Twin Towers and Twin Lakes, continue to thrive. In 2016, Twin Lakes began its two-phase expansion project that will add approximately 100 residents to the campus. At Twin Towers, our partnerships with the University of Cincinnati College-Conservatory of Music and Hospice of Cincinnati have added tremendous value to life within the campus.

We also pressed forward in 2016 with the launch of our continuing care at home program, Confident Living. The first year was a time to educate and inform the marketplace on the great value of this program. Further, the Post Acute Care Network (PACN), our partnership with Episcopal Retirement Services, made great strides forward with a successful full year in the federal government's pilot program known as Bundled Payment for Care Improvement (BPCI). PACN continues to advance toward future growth beyond the Greater Cincinnati area.

LEC's fiscal strength was affirmed by Fitch Ratings as they awarded a BBB-investment grade credit rating. In September, we completed a very favorable financing for the Twin Lakes expansion project and refinancing of a significant portion of existing debt.

Across our organization, we are serving, improving and growing with intentional purpose. We are grateful for your support of this very meaningful work. We are driven to do more. We believe life is better when it is lived with purpose.

Scott M. McQuinn



President/CEO

Life Enriching Communities



Twin Lakes Begins Major Expansion

Twin Lakes Senior Living Community broke ground on the first phase of an expansion plan that will address ongoing needs for independent living accommodations and much needed memory-support assisted living services. Life Enriching Communities President & CEO Scott McQuinn said, "This project will position Twin Lakes with the ability to provide the full continuum of services for older adults now and into the foreseeable future for the next generation."

The first phase of the expansion adds 45 apartments for independent lifestyles, an underground parking garage, a casual dining venue, a community center/auditorium, renovation of the nursing and therapy areas and a retail development. A second phase, expected to begin in 2017, will include 22 independent living villas near Twin Lakes' North Campus.

Since completion of the Twin Lakes campus in 2005, we have experienced 98 percent occupancy rates for independent living apartments and have a lengthy waiting list, which prompted the master planning process

in 2014. Due to increased demand for accommodations and changing consumer preferences, club-style dining will be added to the campus adjacent to the community center/auditorium to allow resident gatherings in a single venue for meetings, education, and entertainment.

Twin Lakes partnered with the Cincinnati office of CR architecture + design to create the layout and design features, and Danis Building Construction from Dayton, Ohio to construct the new building and subsequent renovations to existing therapy and nursing care areas.

Life Enriching Communities closed its \$138,720,000, fixed-rate, tax-exempt Series 2016 Bonds financing on October 5. The financing was supported by its BBB- (stable outlook) credit rating provided by Fitch Ratings received in August 2016. The Series 2016 Bonds provided funding for the first phase of the expansion plan (excluding the retail development portion of the project) and also refinanced LEC's Series 2006A and Series 2011A Bonds. The financing also provided funding for future capital improvements at the Twin Lakes and Twin Towers campuses. There was significant interest from institutional investors with a 10-times oversubscription from more than over 30 institutional bidders on the bonds.

Confident Living Introduced to Greater Cincinnati

Life Enriching Communities launched Confident Living, an exciting new program that offers an alternative to people ages 50-80 which helps them achieve their goal of remaining in their own homes as long as possible. Designed to help individuals and couples remain at home and independent as they age, customizable membership plans help members preserve their savings and prepare for the unexpected while providing innovative options to help increase their vitality and longevity. The emphasis on care coordination, prevention and attention to the whole person distinguishes Confident Living's philosophy toward independent aging from more traditional senior living options.

"Confident Living is a solution for the person thoughtfully planning their future," said Scott McQuinn, President & CEO of Life Enriching Communities. "The vast majority of older people do not live in Continuing Care Retirement Communities. Confident Living provides them a very viable option for their future as they age."

A Continuing Care At Home (CAAH) program offers similar services as a Continuing Care Retirement Community (CCRC) to consumers who choose to live in a setting other than the traditional CCRC. In return for an annual fee, members can personalize a comprehensive package of long-term care services (e.g. care coordination, homemaker and personal care services, home nursing, emergency response services, etc.) designed to enable them to remain independent and live at home as their care needs increase. Confident Living is the first CCAH program in southwest Ohio and one of only 25 in the country.

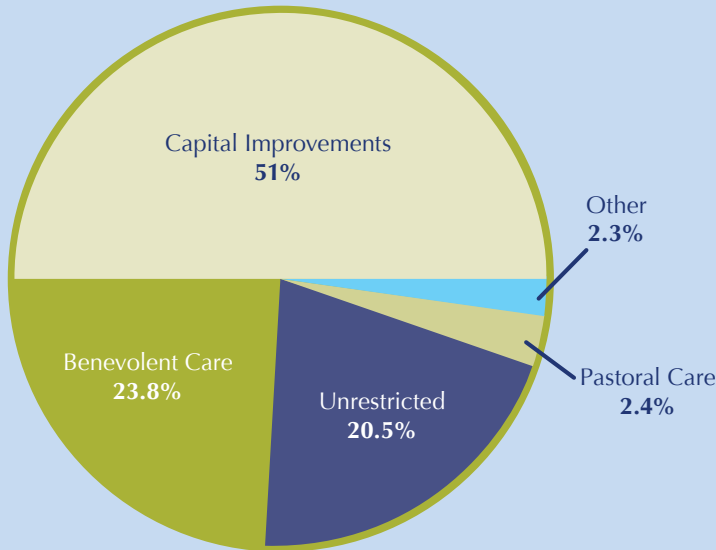


Chapel Renovation Improves Worship Experience

Thanks to a considerable lead gift from Twin Towers resident Genevieve Smith, The Wilson Chapel, constructed in 1908, underwent a major renovation. The improvements provide better flexibility and comfort with individual chairs, new heating and air conditioning, better sound with new audiovisual equipment (which is also broadcast on Twin Towers' closed-circuit TV), a private family room, and a renovated balcony with a Bible study room. The renovations afford all residents throughout the Twin Towers campus to see, hear and participate in worship services.

Financial Highlights for 2016

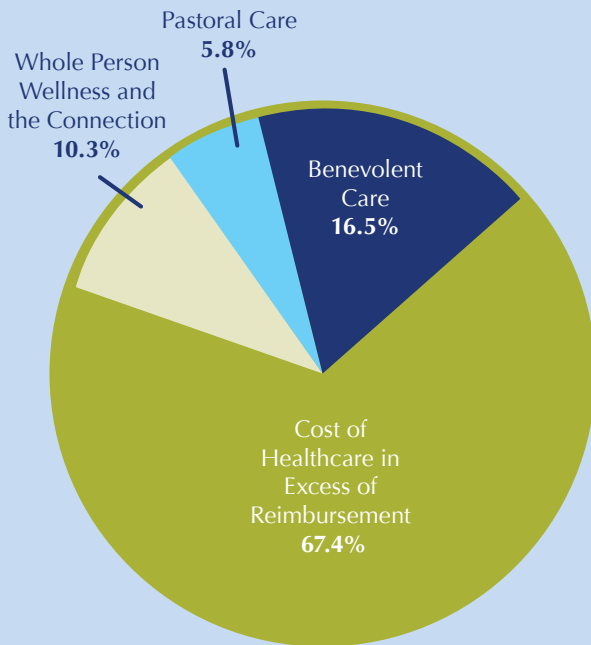
DONATIONS BY PURPOSE
TOTAL FOR 2016 - \$1,077,000



2016 & 2015 OPERATING EXPENSE BY CLASSIFICATION (000's)

2016	2015	
\$47,382	\$46,128	Program Activities
5,440	5,280	Non-Program Support
439	404	Fundraising
\$53,261	\$51,812	Total Expenses
10.2%	10.2%	General & Administrative Expenses as % of Total Expenses

UNCOMPENSATED MINISTRY EXPENSE
TOTAL FOR 2016 - \$5,430,000



TOTAL RESIDENTS AND COMMUNITY MEMBERS SERVED AT TWIN TOWERS AND TWIN LAKES IN 2016

2016	Twin Lakes	Twin Towers	Confident Living	Totals
Independent Living	286	298		584
Assisted Living	32	140		172
Nursing Care	206	179		385
Connection	74	354		428
Confident Living Members			9	9
Totals	598	971	9	1,578

Condensed Consolidated Financial Statements

For the Years Ending December 31 (in thousands of dollars)

BALANCE SHEET		
ASSETS	2016	2015
Current Assets	\$15,424	\$22,171
Investments	64,885	55,363
Investments Whose Use is Limited by Bond Indenture	66,068	8,869
Property and Equipment (Net)	160,536	154,709
Other Long Term Assets	3,547	3,718
Total Assets	\$310,460	\$244,830
LIABILITIES AND NET ASSETS		
Current Liabilities	\$21,618	\$21,528
Long Term Refundable Life Use Fees/Entrance Fees	59,553	57,902
Long Term Debt	180,794	111,630
Other Liabilities	1,223	1,015
Total Liabilities	\$263,188	\$192,075
NET ASSETS		
Unrestricted	\$35,656	\$41,468
Temporarily and Permanently Restricted	11,616	11,287
Total Net Assets	\$47,272	\$52,755
Total Liabilities and Net Assets	\$310,460	\$244,830
CONDENSED STATEMENT OF REVENUE AND EXPENSES		
REVENUE AND SUPPORT	2016	2015
Net Resident Revenue	\$42,463	\$42,244
Amortization of Refundable Life Use and Entrance Fees	3,134	2,894
Interest and Dividend Income	1,365	2,091
Unrestricted Contributions	221	176
Other Revenue	897	625
Net Resident Services Revenue and Support	\$48,080	\$48,030
EXPENSES		
Salary, Wages, Benefits and Contract Services	26,385	25,328
General and Administrative	3,819	3,329
Food, Supplies and Other Expense	4,231	4,278
Utilities, Insurance and Real Estate Taxes	4,956	5,059
Depreciation and Amortization	8,201	8,060
Interest	5,669	5,758
Total Operating Expenses	\$53,261	\$51,812
Excess of Revenue Under Expenses	(5,181)	(3,782)
Realized and Unrealized Gains (Losses) on Investments	2,650	(3,803)
Interest, Dividends and Gains (Losses) From Endowments	683	(626)
Other Non-operating Gains	195	1,339
Loss on Debt Extinguishment	(4,686)	0
Temporarily and Permanently Restricted Contributions	856	1,092
Total Non-operating Income (Expense)	(302)	(1,998)
CHANGE IN NET ASSETS	\$(5,483)	\$(5,780)

Certain reclassifications for 2015 were made to conform to 2016 presentation.