# The Village at Providence Point, Inc.

Financial Statements

December 31, 2023 and 2022

# Independent Auditors' Report

To the Board of Trustees of
The Village at Providence Point, Inc.

**Opinions**

We have audited the financial statements of The Village at Providence Point, Inc. (TVPP), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and changes in net deficit 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 TVPP as of December 31, 2023 and 2022, and the changes in its net deficit 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 Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of TVPP 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.

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

**Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 audits.

- 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 audits 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 TVPP'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 TVPP'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
March 29, 2024

## The Village at Providence Point, Inc.

Balance Sheets
December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Prepaid expenses and other current assets | $ 18,585 | $ 18,585 |
| Current portion of assets whose use is limited | 249,375 | 249,375 |
| Total current assets | 267,960 | 267,960 |
| **Assets Whose Use is Limited** | 11,225,058 | 8,678,744 |
| **Property and Equipment, Net** | 23,927,781 | 21,587,726 |
| **Right-of-Use Asset** | 348,247 | 564,532 |
| Total assets | $ 35,769,046 | $ 31,098,962 |
| **Liabilities and Net Assets (Deficit)** | | |
| **Current Liabilities** | | |
| Accrued expenses | $ 145,387 | $ 82,523 |
| Accrued interest | 249,375 | 249,375 |
| Current portion of operating lease liability | 229,293 | 216,285 |
| Total current liabilities | 624,055 | 548,183 |
| **Due to Affiliates** | 30,944,649 | 26,526,036 |
| **Resident Deposits** | 10,668,481 | 8,153,804 |
| **Long-Term Debt, Net** | 9,367,946 | 9,257,364 |
| **Lease Liability, Net** | 118,954 | 348,247 |
| Total liabilities | 51,724,085 | 44,833,634 |
| **Net Assets (Deficit)** | | |
| Without donor restrictions | (15,961,539) | (13,740,772) |
| With donor restrictions | 6,500 | 6,100 |
| Total net deficit | (15,955,039) | (13,734,672) |
| Total liabilities and net deficit | $ 35,769,046 | $ 31,098,962 |

*See notes to financial statements*

## The Village at Providence Point, Inc.

Statements of Operations and Changes in Net Deficit
Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **Changes in Net Deficit Without Donor Restrictions** | | |
| Revenue: | | |
| Net resident service revenue | $ 10,800 | $ 2,300 |
| Operating expenses: | | |
| Salaries and wages | 405,437 | 393,104 |
| Employee benefits and payroll taxes | 83,726 | 73,624 |
| Professional fees | 334,915 | 291,619 |
| Supplies | 10,504 | 7,931 |
| Food services | 26,918 | 1,910 |
| Depreciation | 466,877 | 370,043 |
| Insurance | 1,392 | 646 |
| Repairs and maintenance | - | 6,298 |
| Utilities | 14,009 | 15,980 |
| Advertising and marketing | 644,492 | 1,651,318 |
| Licenses, dues and subscriptions | 37,718 | 44,679 |
| Other operating expenses | 245,982 | 246,090 |
| Total operating expenses | 2,271,970 | 3,103,242 |
| Deficiency of operating revenue over expenses | (2,261,170) | (3,100,942) |
| Nonoperating revenue: | | |
| Interest and dividends | 40,403 | - |
| Contributions | - | 1,000 |
| Total nonoperating revenue | 40,403 | 1,000 |
| Deficiency of operating and nonoperating revenue over expenses | (2,220,767) | (3,099,942) |
| **Changes in Net Assets With Donor Restrictions** | | |
| Contributions | 400 | 6,100 |
| Change in net deficit | (2,220,367) | (3,093,842) |
| **Net Deficit, Beginning** | (13,734,672) | (10,640,830) |
| **Net Deficit, Ending** | $ (15,955,039) | $ (13,734,672) |

*See notes to financial statements*

## The Village at Providence Point, Inc.

Statements of Cash Flows
Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Change in net deficit | $ (2,220,367) | $ (3,093,842) |
| Adjustments to reconcile change in net deficit to net cash and restricted cash used in operating activities: | | |
| Depreciation | 466,877 | 370,043 |
| Changes in assets and liabilities: | | |
| Prepaid expenses and other current assets | - | 7,175 |
| Accrued expenses | 62,864 | 188,002 |
| Net cash used in operating activities | (1,690,626) | (2,528,622) |
| **Cash Flows From Investing Activities** | | |
| Purchases of property and equipment | (2,162,600) | (5,330,433) |
| **Cash Flows From Financing Activities** | | |
| Payments for financing costs | (35,000) | - |
| Net change in resident deposits | 2,514,677 | 4,286,007 |
| Change in due to affiliates | 3,919,863 | 7,999,537 |
| Net cash provided by financing activities | 6,399,540 | 12,285,544 |
| Net increase in restricted cash | 2,546,314 | 4,426,489 |
| **Restricted Cash, Beginning** | 8,928,119 | 4,501,630 |
| **Restricted Cash, Ending** | $ 11,474,433 | $ 8,928,119 |
| **Restricted Cash Includes** | | |
| Resident deposits | $ 10,668,481 | $ 8,148,395 |
| Trustee held funds | 805,952 | 779,724 |
| | $ 11,474,433 | $ 8,928,119 |
| **Supplemental Schedule of Noncash Financing Activities** | | |
| Capitalized interest expense | $ 498,750 | $ 498,750 |
| Capitalized deferred financing costs | $ 110,582 | $ 145,582 |

*See notes to financial statements*

## 1. Organization and Summary of Significant Accounting Policies

### Nature of Organization

The Village at Providence Point, Inc. (TVPP) is a Maryland not-for-profit corporation, which was formed to acquire and develop property located in Annapolis, Maryland, as a continuing care retirement community. TVPP will offer independent living apartments, cottages and health care suites. TVPP has entered into a land purchase option and developer agreements related to the project. The project is in its planning and development stages and TVPP began incurring costs related to this project in 2019, while in previous years, costs were funded by National Lutheran, Inc. (NLI). During July 2020, TVPP received approvals from the Maryland Department of Aging and began marketing the project. In March 2022, TVPP received unanimous approval from the City of Annapolis' planning and zoning commission. TVPP continues to challenge certain appeals related to various aspects of the approvals.

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

### Basis of Accounting

The financial statements of TVPP 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### 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 (3-40 years). TVPP'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 assets 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.

### 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 capitalized amortization of deferred financing costs totaled $145,582 for the years ended December 31, 2023 and 2022. Capitalized accumulated amortization was $327,559 and $181,977 as of December 31, 2023 and 2022, respectively. TVPP paid $35,000 of financing costs during the year ended December 31, 2023 in connection with the reissuance of the Series 2021 Fixed Rate Taxable Bonds that were re-issued in March 2024 (Note 13).

### Net Assets (Deficit)

Net assets (deficit), revenue, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets (deficit) and changes therein are classified and reported as follows:

**Net (Deficit) Without Donor Restrictions** - Net (deficit) 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 (deficit) 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.

### Deficiency of Operating and Nonoperating Revenue Over Expenses

The statements of operations and changes in net deficit include the determination of deficiency of operating and nonoperating revenue over expenses as the performance indicator.

### Income Tax Status

TVPP is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (the 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 TVPP and recognize a tax liability or asset if TVPP has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Services (IRS). TVPP has concluded that as of December 31, 2023, there are no uncertain 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, 2020, and thereafter remain subject to examination by federal and state tax authorities.

### Advertising

TVPP follows the policy of charging advertising costs to expense as incurred. Total advertising expense amounted to $644,492 and $1,651,318 for the years ended December 31, 2023 and 2022, respectively.

**Maryland Operating Reserve**

In accordance with Maryland law governing continuing care retirement communities, TVPP would be required to set aside operating reserves totaling 25% of the facility's net operating expenses (as defined) for the most recent audited fiscal year. Due to TVPP's circumstance of being in the planning and development phase, no operating reserve was required as of December 31, 2023 or 2022.

**Reclassifications**

Certain reclassifications have been made to the 2022 financial statements to confirm to the presentation used in 2023.

**Subsequent Events**

TVPP has evaluated subsequent events for recognition and disclosure through March 29, 2024, which is the date the financial statements were issued (Note 13).

## 2. Liquidity and Availability of Resources

For the years ended December 31, 2023 and 2022, there were no or minimal liquid and available resources for The Village at Providence Point, Inc. However, TVPP has been able to obtain funding from the parent company, NLI, and through financing. When revenue is collected in the future, as part of TVPP's liquidity management, there is a policy to structure the financial assets to be available as general expenditures, liabilities and other obligations come due.

## 3. Assets Whose Use is Limited

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

| | 2023 | 2022 |
|---|---|---|
| Escrow fund | $ 10,668,481 | $ 8,148,395 |
| Trustee held funds | 805,952 | 779,724 |
| Assets whose use is limited | $ 11,474,433 | $ 8,928,119 |

## 4. 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 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The levels of the fair value hierarchy are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - 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 3 - 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 assets measured at fair value on a recurring basis as of December 31:

| | 2023 | | |
|---|---|---|---|
| | **Carrying Value** | **Fair Value** | **Level 1** |
| Reported at fair value: | | | |
| Assets: | | | |
| Assets whose use is limited: | | | |
| Cash and cash equivalents | $ 11,474,433 | $ 11,474,433 | $ 11,474,433 |

| | 2022 | | |
|---|---|---|---|
| | **Carrying Value** | **Fair Value** | **Level 1** |
| Reported at fair value: | | | |
| Assets: | | | |
| Assets whose use is limited: | | | |
| Cash and cash equivalents | $ 8,928,119 | $ 8,928,119 | $ 8,928,119 |

**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.

## 5. Property and Equipment

A summary of property and equipment is as follows as of December 31:

| | **2023** | **2022** |
|---|---|---|
| Buildings and building improvements | $ 1,243,741 | $ 1,243,741 |
| Furniture and equipment | 258,660 | 250,613 |
| Construction in progress | 23,262,300 | 20,463,415 |
| | 24,764,701 | 21,957,769 |
| Less accumulated depreciation | (836,920) | (370,043) |
| | $ 23,927,781 | $ 21,587,726 |

Construction in progress as of December 31, 2023, consists of project development costs for the future expansion/repositioning project. TVPP has various development and purchase agreements in place subject to future project approvals.

Interest cost incurred amounted to $498,750 for the years ended December 31, 2023 and 2022, which was capitalized as part of the cost of project development.

## 6. Related-Party Transactions

NLI is the sole member of TVPP and provides support in the form of management and support services in exchange for management fees and provides additional capital support when needed.

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 net amounts due to affiliated organizations as of December 31:

| | 2023 | 2022 |
|---|---|---|
| NLI | $ 30,944,649 | $ 26,059,320 |
| Due to other affiliated organizations | - | 466,716 |
| | $ 30,944,649 | $ 26,526,036 |

## 7. Long-Term Debt

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

| | 2023 | 2022 |
|---|---|---|
| Series 2021 Fixed Rate Taxable Bonds, at 5.25%, payable in semiannual installments of interest only beginning January 2022 to satisfy annual debt service requirements with a final payment of principal due September 2024. Reissued in March 2024 with extended maturity through September 2026 (Note 13). | $ 9,500,000 | $ 9,500,000 |
| Less deferred financing costs | 132,054 | 242,636 |
| Total long-term debt | $ 9,367,946 | $ 9,257,364 |

The financing obtained during 2021 was used to reimburse NLI, for past development costs and pay for current development costs.

## 8. Leases

TVPP has entered into a noncancelable lease arrangement for office space under which TVPP is the lessee.

The amounts recognized as the right-of-use (ROU) asset related to the operating lease is listed in the asset section of the accompanying balance sheets net of accumulated amortization. The related lease liability for the operating lease is listed in the liabilities section of the accompanying balance sheets. TVPP does not have variable lease payments, options required to be recognized as part of a lease ROU asset or residual value guarantees. TVPP's lease does not contain nonlease components.

A schedule of future minimum lease payments due under operating leases as of December 31, 2023, follows:

| | |
|---|---|
| Years ending December 31: | |
| 2024 | $ 237,239 |
| 2025 | 120,084 |
| Total lease payments | 357,323 |
| Less effects of discounting | (9,076) |
| Total lease obligation | 348,247 |
| Less current portion | (229,293) |
| Long term lease liability | $ 118,954 |

As of December 31, 2023, the weighted-average remaining lease term for all operating leases was 1.5 years. TVPP utilizes the incremental borrowing rate as the discount rate, which was 3.25% as of December 31, 2023.

## 9. Expenses by Nature and Function

TVPP's expenses for general and administrative purposes are as follows for the years ended December 31:

| | 2023 | | |
|---|---|---|---|
| | **Resident Services** | **General and Administrative** | **Total** |
| Salaries and wages | $ - | $ 405,437 | $ 405,437 |
| Employee benefits and payroll taxes | - | 83,726 | 83,726 |
| Professional fees | - | 334,915 | 334,915 |
| Supplies | - | 10,504 | 10,504 |
| Food services | - | 26,918 | 26,918 |
| Depreciation | - | 466,877 | 466,877 |
| Insurance | - | 1,392 | 1,392 |
| Utilities | - | 14,009 | 14,009 |
| Advertising and marketing | - | 644,492 | 644,492 |
| Licenses, dues and subscriptions | - | 37,718 | 37,718 |
| Other operating expenses | - | 245,982 | 245,982 |
| Total | $ - | $ 2,271,970 | $ 2,271,970 |

| | 2022 | | |
|---|---|---|---|
| | Resident Services | General and Administrative | Total |
| Salaries and wages | $ - | $ 393,104 | $ 393,104 |
| Employee benefits and payroll taxes | - | 73,624 | 73,624 |
| Professional fees | - | 291,619 | 291,619 |
| Supplies | - | 7,931 | 7,931 |
| Food services | - | 1,910 | 1,910 |
| Depreciation | - | 370,043 | 370,043 |
| Insurance | - | 646 | 646 |
| Repairs and maintenance | - | 6,298 | 6,298 |
| Utilities | - | 15,980 | 15,980 |
| Advertising and marketing | - | 1,651,318 | 1,651,318 |
| Licenses, dues and subscriptions | - | 44,679 | 44,679 |
| Other operating expenses | - | 246,090 | 246,090 |
| Total | $ - | $ 3,103,242 | $ 3,103,242 |

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 square footage basis. Due to TVPP not yet being operational in 2023 and 2022, all of the expenses are classified as general and administrative.

## 10. Insurance Claims Coverage

TVPP participates in a reciprocal risk retention group (RRG) through NLI. The coverage is provided on a claims-made basis. General liability coverages were provided for TVPP in the amount of $1,000,000 per event and $3,000,000 per annual aggregate. Each claim has a $75,000 self-insured retention, prior to the primary insurance coverage. TVPP also has an excess umbrella policy for general liability coverage. The excess umbrella limit is $15,000,000 in the aggregate. TVPP funds any potential accrued claims incurred but not reported liability through the premiums paid to the RRG. As of December 31, 2023, no such adjustments to premiums are deemed necessary.

## 11. 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 patient services previously billed. TVPP is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on TVPP, if any, are not presently determinable.

TVPP entered into a Purchase and Sale agreement with the seller of the land on December 27, 2016. The Purchase and Sale agreement has been amended three times since that date, for various reasons, including a reduction in the land being acquired, and adjustments to the payment terms. TVPP is making earnest payments, otherwise known as deposits to the seller of the land where the project is planned to be located. Such payments will be applied against the final purchase price of the land, after final municipal approvals are received and the land transaction is closed.

On June 5, 2020, TVPP executed a third amendment to the Purchase and Sale agreement, which extended the prior agreed upon closing date to no later than June 30, 2022. On March 18, 2022, TVPP executed a fourth amendment to the Purchase and Sale agreement, which extended the prior agreed upon closing date to no later than December 31, 2023. On October 20, 2023, TVPP executed a fifth amendment to the Purchase and Sale agreement, which extended the prior agreed upon closing date to no later than June 30, 2025. TVPP also has a Maryland Department of Aging preliminary certificate of registration for the project. Management believes this certificate can be extended as long as the project remains feasible.

The project is contingent upon several factors including zoning approvals, and pre-sale deposits. Management is continuing to address and obtain final zoning approvals (Note 12). Pre-sale deposits are required to be at 160 to close on financing for the project. TVPP has not met the pre-sale deposit requirement as of December 31, 2023. In January 2024, TVPP met the 160 pre-sale deposit requirement.

Construction drawings are complete, and permits are pending approval for the project. Although the project is ready to be formally bid, there are no material formal construction commitments as of December 31, 2023.

## 12. Subsequent Events

In January 2023, the Anne Arundel County Circuit Court vacated the City of Annapolis Planning and Zoning approval of the project forest conservation variance on the basis that the Planning and Zoning commission failed to conduct sufficient independent analysis of variances granted. As of April 26, 2023, a supplemental opinion and order was issued supporting the original approval of the project in March 2022. The April 2023 decision was appealed to the Maryland Appellate Court and ruled in favor of TVPP on January 26, 2024. Then this ruling was subsequently appealed on February 16, 2024. Although this may cause delays in starting the project, management does not believe that this issue is detrimental to the project's viability at this time.

On December 9, 2023, TVPP signed a term sheet in connection with the reissuance of the Series 2021 Fixed Rate Taxable Bonds (2021 Bonds). In March 2024, the 2021 Bonds were reissued, which resulted in an extension of the maturity date from September 1, 2024 to September 1, 2026 and an interest rate increase from 5.25% to 6.25%. Due to the fact that conditions (signed term sheet) existed as of December 31, 2023 and the reissuance of the 2021 Bonds confirmed those conditions, the maturity date of the reissued 2021 Bonds was utilized to determine the classification of the 2021 bonds as long-term debt as of December 31, 2023.