



Disclosure Statement

Carolina Meadows Retirement Community

Provider: Carolina Meadows, Inc.

Date of Disclosure Statement: 12/31/2025

Last Date for Delivery: 06/09/2027

- **This Disclosure Statement must be delivered to a contracting party before the execution of a binding reservation agreement, continuing care contract, or continuing care at home contract.**
- **This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure the accuracy of the information provided.**
- **This Disclosure Statement has been filed with, and recorded by, the North Carolina Department of Insurance in accordance with Article 64A of Chapter 58 of the North Carolina General Statutes (“Article 64A”).**
- **This Disclosure Statement contains all information required by Article 64A and is correct in all material respects. Knowingly delivering a disclosure statement that contains an untrue statement or omits a material fact may subject Carolina Meadows to penalties under Article 64A.**

Financial Snapshot: Key Ratios for Carolina Meadows, Inc.

Fiscal Year Ended: December 31, 2025 (FY)

Ratio	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH	390d	407d	433d	489d	441d	434d	—	—	—
CUSH	41.24x	46.71x	53.80x	62.93x	11.86x	12.16x	—	—	—
OR	84.3%	85.1%	86.0%	90.2%	95.0%	94.4%	—	—	—
NOM	13.4%	8.1%	9.3%	9.4%	9.7%	10.0%	—	—	—
NOM-A	24.0%	17.5%	22.0%	16.1%	17.2%	18.4%	—	—	—
DSCR	13.55x	12.35x	15.82x	10.15x	2.13x	2.40x	—	—	—
CD	5.14x	0.63x	0.74x	0.81x	0.82x	0.86x	—	—	—
CED	1.50x	2.75x	7.63x	3.91x	1.05x	0.95x	—	—	—

Liquidity Ratios:

- **Days Cash on Hand (DCOH).** Number of days the provider could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.
- **Cushion Ratio (CUSH).** The number of times the provider's unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Profitability Ratios:

- **Operating Ratio (OR).** Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.
- **Net Operating Margin (NOM).** Shows the result from core resident services. Higher values mean a stronger operating result from resident services.
- **Adjusted Net Operating Margin (NOM-A).** Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Capital Structure Ratios:

- **Debt Service Coverage (DSCR).** Measures the provider's ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.
- **Unrestricted Cash & Investments to Long-Term Debt (CD).** Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.
- **Capital Expenditures to Depreciation (CED).** Compares what the provider is spending on capital improvements to the amount its assets are wearing out. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

See Appendix F for full statutory definitions of how ratios are derived.

¹ **NC Provider Quartiles.** Values will be compiled annually by the North Carolina Department of Insurance, stratified by community model (Entrance Fee, Rental, Equity), and are expected to be available in late 2026.

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1. Provider Identification and Basic Information

Item	Information
Provider Name:	Carolina Meadows, Inc.
Business Address:	100 Whippoorwill Ln, Chapel Hill, NC 27517
Telephone Number:	(919) 942-4014
Legal Entity Type:	Nonprofit corporation organized under the laws of North Carolina
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings
Ownership / Control:	Carolina Meadows, Inc. is a nonprofit corporation whose sole member is Carolina Meadows Senior Communities and Services, Inc., a North Carolina nonprofit corporation

2. Organizational Structure

2.1 Multi-Entity Organization Status

Carolina Meadows, Inc. is an affiliate of Carolina Meadows Senior Communities and Services, Inc., a North Carolina nonprofit corporation that serves as the controlling person.

2.2 Consolidation of Financial Statements

Audited financial statements are prepared on a consolidated basis with Carolina Meadows Senior Communities and Services, Inc., and its subsidiaries, which include Carolina Meadows, Inc., Carolina Meadows Home Care, Carolina Meadows Foundation, and Carolina Meadows Management and Development. Consolidating schedules within the audit present

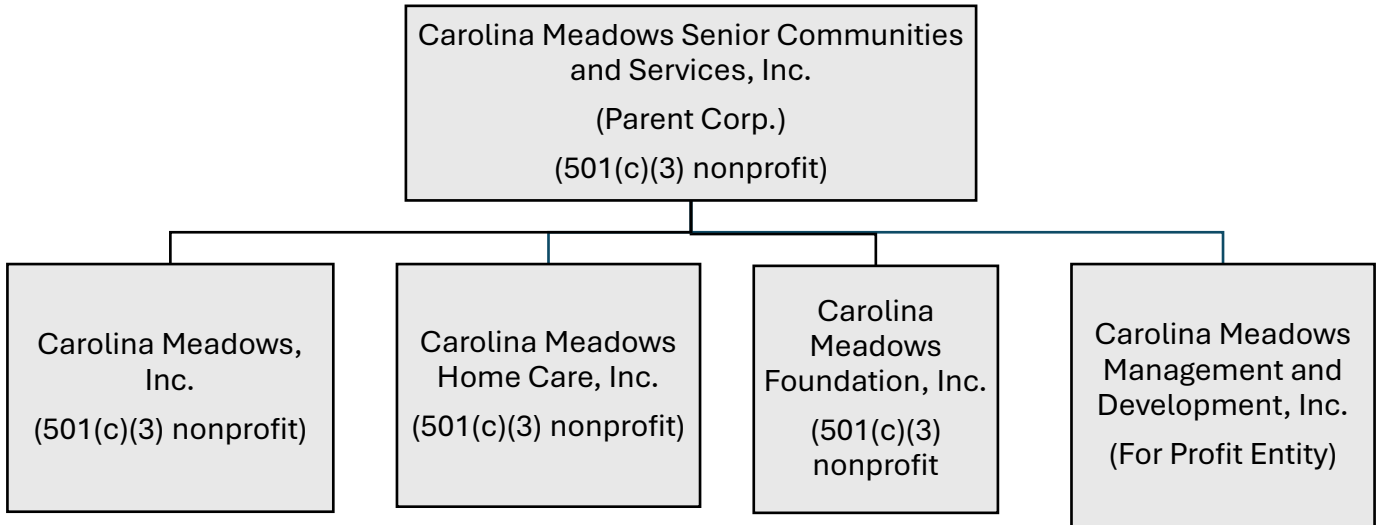
the financial position and results of operations of each subsidiary, including Carolina Meadows, Inc., individually.

2.3 Controlling Person

Item	Information
Name:	Carolina Meadows Senior Communities and Services, Inc.
Business Address:	100 Carolina Meadows, Chapel Hill, NC 27517
Telephone Number:	(919) 942-4014

2.4 Company Structure Chart

The organizational structure of Carolina Meadows Senior Communities and Services, Inc. and its related entities, including Carolina Meadows, Inc., is illustrated below:



Accessible Text Equivalent:

- Carolina Meadows Senior Communities and Services, Inc. (“CMSCS”); parent and controlling person; is the sole member of its nonprofit affiliates and the sole shareholder of Carolina Meadows Management and Development Company, Inc.:
 - Carolina Meadows, Inc. (“CMI”) - provider of continuing care contracts; operator of Carolina Meadows Retirement Community (“the CCRC”) (Chapel Hill, NC)
 - Carolina Meadows Home Care, Inc. (“CMHC”) - nonprofit supporting organization providing home care and companion services to residents of Carolina Meadows, Inc. (Chapel Hill, NC)
 - Carolina Meadows Foundation, Inc. (“CMF”) - nonprofit supporting organization managing benevolent and endowment funds used to support the mission and services of Carolina Meadows, Inc. (Chapel Hill, NC)
 - Carolina Meadows Management and Development Company, Inc. (“CMMDC”) – currently dormant; a for profit supporting organization created to provide management consulting and administrative services to other non-affiliated senior care and long-term care entities to benefit Carolina Meadows, Inc.; Carolina Meadows Senior Communities and Services, Inc., is the sole shareholder (Chapel Hill, NC)

3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

- **Outside Interests:** Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of \$5,000 or more. If none, the provider discloses “None.”
- **Adverse Disclosures:** Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action. If none, the provider discloses “None.”

3.1 Senior Officers of Carolina Meadows, Inc., and Carolina Meadows Senior Communities and Services, Inc.

Name / Role	Education	Experience	Length of Service
Kevin A. McLeod – President & Chief Executive Officer	B.S. Geology, UNC- Chapel Hill; Accounting, NC State University; Certified Public Accountant; Chartered Global Management Accountant	34+ years in senior-living finance, accounting, operations, and executive leadership in single-site and multi-site nonprofit continuing care retirement communities; 20+ years as an accreditation surveyor	Since January 2006 he has served as Chief Executive Officer of Carolina Meadows, Inc.; CEO for all affiliate entities; 7 years 6 months as Chief Financial Officer (July 1998 to January 2006); employed by Carolina Meadows Senior Communities and Services, Inc.
Amanda Ziegler – Executive Vice President and Chief Financial Officer	B.S. Business Administration, University of North Carolina at Wilmington and Master of Accounting, North Carolina State University; Certified Public Accountant (NC)	17 years in public accounting auditing various healthcare entities, including several senior living communities; served as board secretary for North Carolina Women in Healthcare	Since June 2026 she has served as Executive Vice President and Chief Financial Officer (CFO) of Carolina Meadows, Inc.; CFO for all affiliate entities. Employed by Carolina Meadows Senior Communities and Services, Inc.
Ben Cornthwaite – Executive Vice President and Chief Operating Officer	M.A. Management of Aging Services, University of Maryland Baltimore County; B.S. Health Services Administration, James Madison University	20+ years in executive leadership in large scale nonprofit continuing care retirement communities with complex service models	Since September 2016 he has served as Executive Vice President and Chief Operating Officer (COO) of Carolina Meadows, Inc.; COO for all affiliate entities; employed by Carolina Meadows Senior Communities and Services, Inc.

Physical Business Address: 100 Whippoorwill Ln, Chapel Hill, NC 27517

Mailing Address: 100 Carolina Meadows, Chapel Hill, NC 27517

Disclosure: No officers have reported any Outside Interests or Adverse Disclosures.

3.2 Community Management – Carolina Meadows Retirement Community

Name / Role	Education	Experience	Length of Service
Adam Melton; Nursing Home Administrator	BA, Communications and Rhetorical Studies, UNC- Chapel Hill; Licensed Nursing Home Administrator	21+ years in long-term care administration	3 years
Dan Camara; VP Plant Operations	Licensed General Contractor	30+ years overseeing facilities operations at multiple Continuing Care Retirement Communities	9 years
Shelli Giardino; VP Human Resources	BA, Political Science, University of Maryland Baltimore County; SPHR certification	29+ years in Human Resources in healthcare settings	9 years
Todd Ohle; VP Dining Services	AOS in Culinary Arts, Culinary Institute of America	35+ years in restaurant management and senior living food service	7 years
Adele Dowell; Director Risk Management and Compliance	BSW, North Carolina Agricultural and Technical State University; Certified Professional in Aging Services Risk Management	2 years as Director of Risk and Compliance; 3 years as VP Resident Life; 17 years as Assisted Living Administrator; 3 years as a Social Worker	25 years
Sandy Mouras; Assisted Living Administrator	BA, Art History, James Madison University; Licensed Assisted Living Administrator; LHNA Administrator in Training	5 years as Director of Assisted Living and Memory Care; 5+ years in progressive leadership roles within senior living communities in North Carolina	5 years
Melissa Kass; VP Marketing	BS, Education, Kent State University	25+ years of progressive sales and marketing experience in nonprofit and for profit nationally recognized senior living	13 years

Name / Role	Education	Experience	Length of Service
		retirement communities;	
Emily Sewer; VP Resident Life	BS, Psychology, MSW, UNC-Chapel Hill; Licensed Clinical Social Worker	18+ years in long-term care settings in a variety of clinical social work leadership roles	4 years
Donna Miller DO CMD; Chief Medical Officer	Doctor of Osteopathic Medicine, Philadelphia College of Osteopathic Medicine; B.S., Natural History and American Studies, Muhlenberg College	15+ years as Chief Medical Officer and Clinic Director in Continuing Care Retirement Communities; Geriatric Fellowship, The Cleveland Clinic Foundation; Certified Medical Director	7 years

Physical Business Address: 100 Whippoorwill Ln, Chapel Hill, NC 27517

Mailing Address: 100 Carolina Meadows, Chapel Hill, NC 27517

Disclosure: No Management Team members have reported any Outside Interests or Adverse Disclosures.

3.3 Board of Directors — Carolina Meadows Inc. (Provider)

Name / Role	Education	Experience	Length of Service
Hugh Tilson, resident – Director	MD, Washington University; DrPH, Harvard	Retired Public Health Official and Pharmaceutical Executive; Adjunct faculty, Medicine, and Public Health	5 years
Ralph Karpinos - Director	J.D. University of South Carolina; AB, Duke University;	Retired Town Attorney and Assistant Town Attorney	5 years
Nancy Chescheir – Director, Board Chair	MD, BS – Zoology, UNC-Chapel Hill;	Retired Professor of Medicine and Emeritus Professor	5 years

Name / Role	Education	Experience	Length of Service
Rosemary Waldorf - Director	MA, BA, UNC-Chapel Hill	Journalist; Former Town Mayor; project manager for a development company	4 years
Roger Waldon - Director	BS, MIT; MCRP, UNC – Chapel Hill;	Retired town Planning Director, Housing Planner, and Planning Consultant	2 years
Kevin Tunick – Director, Vice Chair	MBA, BBA Pennsylvania State University	Retired Career University Endowment and Foundation Investment Management	3 years
Aron Silvertone – Director	PhD Plant Physiology, UC Davis; BA Biology, Harvard University	Retired Leader in Biotechnology, Project Management, and Strategic Planning	3 years
Judith Kramer, resident - Director	MD, MS, BS Pharmacy, UNC-Chapel Hill;	Retired Private Practice Internal Medicine; Former VP and Chief Medical Officer of Clinical Research; Professor Emerita	3 years
Kim Schneider - Director	MPH, BSBA, UNC-Chapel Hill	Retired health care executive; local nonprofit executive	1 month
Dean Block, resident – Director, Secretary	MSA, George Washington University; BA, California State University;	Retired senior executive in local government finance and general management	2 years
Judy Jones, resident - Director	M.A.T., BA, Stanford University	Retired career high school teacher; Biology Curriculum Writer for NC Mentor; Teacher Department Chair	3 years
Rose Snipes - Director	MD, BS, UNC-Chapel Hill	Retired Medical Specialist: Internal Medicine, Nephrology, and Endocrinology; Former VP US Medical Affairs, Pharmaceutical Industry; Non-profit Chair and Organizer for Affordable Housing Initiatives	2 years

Name / Role	Education	Experience	Length of Service
Robert Lewis – Director, Treasurer	BS Accounting, University of Scranton	Certified Public Accountant; Experience advising a variety of small businesses, construction firms, and nonprofit organizations	1 year

Physical Business Address: 100 Whippoorwill Ln, Chapel Hill, NC 27517

Mailing Address: 100 Carolina Meadows, Chapel Hill, NC 27517

Disclosure: None of the directors of Carolina Meadows Inc. have reported any Outside Interests or Adverse Disclosures.

3.4 Board of Directors — Carolina Meadows Senior Communities and Services, Inc. (Controlling Person)

Name / Role	Education	Experience	Length of Service
Hugh Tilson, resident – Director	MD, Washington University; DrPH, Harvard	Retired Public Health Official and Pharmaceutical Executive; Adjunct faculty, Medicine, and Public Health	5 years
Ralph Karpinos - Director	AB Duke University; J.D. University of South Carolina	Retired Town Attorney and Assistant Town Attorney	5 years
Nancy Chescheir – Director	MD, BS – Zoology, UNC-Chapel Hill;	Retired Professor of Medicine and Emeritus Professor	5 years
Rosemary Waldorf - Director	BA, MA, UNC-Chapel Hill	Journalist; Former Town Mayor; project manager for a development company	4 years
Roger Waldon - Director	Masters City and Regional Planning, UNC – Chapel Hill; BS, Planning, MIT	Retired town Planning Director, Housing Planner, and Planning Consultant	2 years

Name / Role	Education	Experience	Length of Service
Kevin Tunick – Director, Board Chair	MBA, BBA Pennsylvania State University	Retired Career University Endowment and Foundation Investment Management	3 years
Aron Silvertone – Director	PhD Plant Physiology, UC Davis; BA Biology, Harvard University	Retired Leader in Biotechnology, Project Management, and Strategic Planning	3 years
Judith Kramer, resident - Director	MD, MS, BS Pharmacy, UNC-Chapel Hill;	Retired Private Practice Internal Medicine; Former VP and Chief Medical Officer of Clinical Research; Professor Emerita	3 years
Kim Schneider - Director	MPH, BSBA, UNC-Chapel Hill	Retired Health Care Executive; Local Nonprofit Executive	1 month
Rose Snipes - Director	MD, BS, UNC-Chapel Hill	Retired Medical Specialist: Internal Medicine, Nephrology, and Endocrinology; Former VP US Medical Affairs, Pharmaceutical Industry; Non-profit Chair and Organizer for Affordable Housing Initiatives	2 years
Dick Hoffert, resident - Director	BME, Indiana University	Retired: CEO and President, Indianapolis Symphony, CEO, NC Symphony, VP of Marketing, Director of Development, St. Louis Symphony	4 years

Physical Business Address: 100 Whippoorwill Ln, Chapel Hill, NC 27517

Mailing Address: 100 Carolina Meadows, Chapel Hill, NC 27517

Disclosure: None of the directors of Carolina Meadows Senior Communities and Services, Inc. have reported any Outside Interests or Adverse Disclosures.

3.5 Management Entity — Carolina Meadows Senior Communities and Services, Inc.

- Nature of Role: Carolina Meadows Senior Communities and Services, Inc. is the sole member and controlling person of Carolina Meadows, Inc., and its affiliates. It employs the Chief Executive Officer, Chief Financial Officer, and Chief Operating

Officer; provides on-site management and centralized administrative services to Carolina Meadows, Inc.

- **Physical Business Address:** 100 Whippoorwill Ln, Chapel Hill, NC 27517
- **Mailing Address:** 100 Carolina Meadows, Chapel Hill, NC 27517
- Key Officers: Kevin McLeod (President & CEO), Ben Cornthwaite, (COO) and Amanda Ziegler (CFO) — see Senior Officers Carolina Meadows Senior Communities and Services, Inc. for education, experience, and length of service.

3.6 Individuals Holding ≥10% Equity or Beneficial Interest in Provider or Controlling Person

Carolina Meadows, Inc. and its controlling entity, Carolina Meadows Senior Communities and Services, Inc., are organized as nonprofit corporations and therefore have no equity ownership interests. No individual holds a ten percent (10%) or greater beneficial interest in either entity.

4. Governing Body and Oversight

4.1 Provider Governing Body

Carolina Meadows, Inc. is governed by a Board of Directors consisting of thirteen (13) members. The Board is responsible for the overall direction and oversight of Carolina Meadows, Inc.'s operations, financial condition, and resident welfare. Its duties include:

- Reviewing and approving budgets and financial reports.
- Monitoring risks to Carolina Meadows, Inc.'s solvency, operations, and reputation.
- Ensuring compliance with applicable laws, regulations, and contractual obligations.
- Overseeing the quality of resident care and services, including safety and satisfaction.

4.1.1 Selection of Members

Directors are appointed by Carolina Meadows, Inc.'s sole corporate member, Carolina Meadows Senior Communities and Services, Inc. Directors serve three-year staggered terms and may be reappointed for up to two consecutive terms. Officers of the Board (Chair, Vice Chair, Treasurer, and Secretary) are elected annually by the Board from among its members.

4.1.2 Oversight of Management and Operations

The Board delegates day-to-day operations of Carolina Meadows Continuing Care Retirement Community to the Chief Executive Officer and senior management employed by Carolina Meadows Senior Communities and Services Inc. The Board maintains oversight through:

- Regular review of financial and operating reports.
- Approval of major contracts, capital projects, senior management compensation, and debt issuances.
- Quarterly board meetings and periodic committee reports.
- Evaluation of management performance and compliance with the management agreement.

4.1.3 Committees

The Carolina Meadows, Inc. Board maintains standing committees for:

- Finance: budget review, financial performance monitoring.
- Strategic Planning: strategic position and market relevance, master planning and campus redevelopment, financial sustainability, health and wellness strategy, technology and innovation, resident experience, workforce strategy, systemic and nonsystemic risks the organization must monitor and plan for, and strategic partnerships.

4.2 Controlling Person Governing Body

As the sole corporate member and controlling person of Carolina Meadows Inc., Carolina Meadows Senior Communities and Services, Inc. is governed by its own Board of Directors which is responsible for system-level strategy and oversight, including:

- Appointing the directors of Carolina Meadows, Inc.
- Approving system-wide budgets and consolidated audits of all subsidiaries.
- Coordinating policies across subsidiaries.
- Ensuring accountability for the management contract with Carolina Meadows, Inc. and the Obligated Group comprised of Carolina Meadows, Inc., and Carolina Meadows Senior Communities and Services, Inc.

4.2.1 Selection of Members

The Board of Directors of Carolina Meadows Senior Communities and Services, Inc. is self-perpetuating. Directors are elected by the sitting Board and serve a three-year term, with eligibility for appointment to one additional three-year term. Officers (Chair, Vice Chair, Treasurer, and Secretary) are elected every two years by the Board from among its members.

4.2.2 Oversight of Management and Operations

Administrative and operational support is provided through Carolina Meadows Senior Communities and Services, Inc. The Board oversees management and system operations by:

- Reviewing and approving consolidated financial reports and audits.

- Monitoring debt covenant compliance and overall system liquidity.
- Overseeing the performance of Carolina Meadows Senior Communities and Services, Inc. and its provision of services to affiliates.
- Evaluating system-level risks, including financing strategies and affiliate performance.
- Evaluating resident and staff satisfaction as a direct result of management and system operations.

4.2.3 Committees

The Carolina Meadows Senior Communities and Services, Inc. Board maintains standing committees for:

- Finance: affiliate-level budgeting, financial reporting, independent auditor oversight, and debt covenant compliance for the CCRC and the Obligated Group.
- Governance: Board recruitment for all affiliate entities, evaluation, and succession planning.
- Strategic Planning: long-term planning, market positioning and development, and risk management.

4.3 Division of Responsibilities

To avoid duplication and ensure effective oversight:

- The CCRC Board focuses on resident-level matters, including community operations, quality of care, resident satisfaction, and CCRC financial performance.
- The Carolina Meadows Senior Communities and Services, Inc. Board focuses on subsidiary level matters, including appointments of subsidiary directors, consolidated financial oversight, debt covenant compliance, and long-term strategic planning.

5. Related Parties

Carolina Meadows, Inc. has affiliate relationships with related party organizations under common control with its controlling person, Carolina Meadows Senior Communities and Services, Inc.

5.1 Carolina Meadows Senior Communities and Services, Inc.

- Nature of Relationship: Carolina Meadows Senior Communities and Services, Inc. serves as the “Parent Company,” controlled by the Board of Directors of Carolina Meadows Senior Communities and Services, Inc. The Parent Company has a management agreement with Carolina Meadows, Inc. for management of the CCRC.

- Goods/Leases/Services Provided: Employs and provides executive leadership (CEO, COO, and CFO), business office functions, operations management and oversight to Carolina Meadows, Inc. under a management agreement.
- Actual/Probable Cost: The cost was \$1.2 million in FY2025. The management contract cost is set annually during the budget process by the Boards of Carolina Meadows, Inc. and the Parent Company and cannot exceed 5% of total revenue of the CCRC.

5.2 Carolina Meadows Home Care, Inc.

- Nature of Relationship: A separate nonprofit affiliate, controlled by Carolina Meadows Senior Communities and Services, Inc.
- Goods/Leases/Services Provided: Provides in-home care when available and appropriate, to residents of Carolina Meadows Retirement Community and may provide or coordinate services for Early Advantage participants subject to availability, eligibility, service area limitations, applicable fees, and any required agreement.
- Actual/Probable Cost: Not applicable. There is no cost to Carolina Meadows, Inc. The cost is paid only by residents who choose to use the services of Carolina Meadows Home Care Inc. The cost to residents who used Home Care services was \$1.6 million in FY2025, billed per service hour at market rates.

5.3 Carolina Meadows Foundation, Inc.

- Nature of Relationship: A separate nonprofit supporting organization, controlled by Carolina Meadows Senior Communities and Services, Inc.
- Goods/Leases/Services Provided: The Foundation serves as the charitable arm of Carolina Meadows Senior Communities and Services, Inc. by directly supporting the needs of Carolina Meadows, Inc. through four funds that support campus life, employee training programs, undesignated funds for future projects at Carolina Meadows, Inc., and gift and remembrance donations honoring former residents.
- Actual/Probable Cost: Not applicable. The Foundation provided net funding support of \$708,000 to Carolina Meadows, Inc. in FY2025.

6. Relationships with Religious, Charitable, or Other Organizations

Neither Carolina Meadows, Inc. nor its controlling person, Carolina Meadows Senior Communities and Services, Inc., has a relationship with a sponsoring religious denomination, faith-based community, or educational institution.

Carolina Meadows, Inc. has memberships in industry organizations such as LeadingAge North Carolina, Novare, LLC, and Caring Communities, a Reciprocal Risk Retention Group.

Leading Age North Carolina is the state association of continuing care retirement communities. Novare, LLC is a consortium of innovative and like-minded continuing care retirement communities around the country. Caring Communities is a member-owned self-insured group providing risk management services and professional and general liability insurance to its members. Memberships in these organizations carry no governance authority or financial support.

7. Other Persons Responsible for Provider Obligations

Except as described in Section 8 regarding Carolina Meadows, Inc.'s participation in the Obligated Group and the joint and several liability for bonds, no other person or entity is responsible for the financial or contractual obligations of Carolina Meadows, Inc.

8. Obligated Groups

Carolina Meadows, Inc. is a member of an Obligated Group created under the terms of a bond indenture and related financing agreements. Membership in the Obligated Group creates joint and several liability among the members solely for repayment of bonded indebtedness and for compliance with related bond covenants.

As of December 31, 2025, the Obligated Group consisted of:

- Carolina Meadows, Inc.
- Carolina Meadows Senior Communities and Services, Inc.

Participation in the Obligated Group allows the members to access financing collectively and at more favorable terms. However, it also means that the bonded debt of each member is supported by the financial resources of the others, and a default by one member may affect the entire group.

The audited consolidated financial statements of Carolina Meadows Senior Communities and Services, Inc. and its subsidiaries include consolidating schedules that present the financial position and results of operations of each Obligated Group member. These schedules also show Carolina Meadows, Inc.'s stand-alone financial information, allowing residents and prospective residents to evaluate the provider separately from the group. The schedules are attached in Appendix A – Audited Financial Statements.

9. Debt Covenants and Compliance

Carolina Meadows, Inc., and the Obligated Group are subject to covenants contained in the bond indenture and related debt agreements, including requirements for minimum debt service coverage, liquidity, and restrictions on additional borrowing.

As of December 31, 2025, Carolina Meadows, Inc., and the Obligated Group were in full compliance with all covenants contained in debt agreements.

10. Third-Party Management Arrangements

Carolina Meadows, Inc. does not use an unrelated third-party management company to operate Carolina Meadows Retirement Community. Day-to-day operations are carried out by senior management employed by Carolina Meadows Senior Communities and Services, Inc., the sole member and controlling person of Carolina Meadows, Inc.

11. Real Property Leases

Carolina Meadows, Inc. does not lease any of the real property that makes up Carolina Meadows Continuing Care Retirement Community.

12. Endowment Funds

Carolina Meadows, Inc. does not maintain endowment funds. Financial assistance for eligible residents may be available through Carolina Meadows Foundation, Inc., a related party nonprofit supporting organization. Residents moving into the CCRC pay a Resident Assistance Fee at closing. These funds are maintained by the Foundation for benevolent assistance purposes, subject to Foundation policy, donor restrictions, available resources, and approval under the applicable financial assistance process.

Approved distributions are applied directly to resident accounts. Financial assistance is not guaranteed.

13. Description and Location of the Community

Carolina Meadows, Inc. operates Carolina Meadows Retirement Community, located at 100 Whippoorwill Lane, Chapel Hill, North Carolina 27517. The community opened in 1985 and is located on approximately 166 acres. The campus includes independent living apartments and villas, a Club Center, dining venues, wellness and recreational amenities, assisted living residences, memory support residences licensed as part of assisted living, and skilled nursing accommodations. Campus amenities include a nine-hole par three golf course, indoor pool, fitness facilities, tennis, pickle ball, bocce and croquet courts, walking trails, outdoor ponds, resident garden areas, a meditation labyrinth, library, art studio, auditorium, and related community spaces.

14. Living Units by Level of Care

As of December 31, 2025, Carolina Meadows Retirement Community includes:

- 476 independent living accommodations
- 95 licensed assisted living beds within 78 units
- 90 licensed skilled nursing beds; 4 beds temporarily offline

15. Continuing Care at Home Program

Carolina Meadows, Inc. is licensed to operate a Continuing Care at Home (CCaH) program known as Early Advantage. This program allows Early Advantage participants to contract for continuing care services while continuing to reside in their own homes rather than relocating immediately to the Retirement Community.

15.1 Program Description

Early Advantage participants continue to live in their private homes while receiving the services and benefits described in the Early Advantage Agreement. Early Advantage helps participants plan for future care and housing needs. Participation does not guarantee admission to a specific residence or level of care. Future admission depends on eligibility, availability, licensing requirements, admissions criteria, and the participant's needs at the time services are requested. See also Section 20.3, Continuing Care at Home (CCaH) Contracts.

15.2 Geographic Areas Served

The Early Advantage program is currently available to individuals within a 25-mile radius of Carolina Meadows, Inc. including Chatham, Orange, Alamance, Durham, and Wake Counties.

15.3 Enrollment

As of December 31, 2025, the Early Advantage Program had 110 enrolled participants.

15.4 Staffing and Resources

Early Advantage is supported by Carolina Meadows' broader organizational resources, including the experience and infrastructure of a Continuing Care Retirement Community with more than 500 employees across healthcare, resident services, dining, wellness, social work, transportation, nursing, facilities, administration, and related support functions.

Day to day Care Coordination for Early Advantage participants is primarily led by a Social Worker and an RN Nurse Navigator, with additional administrative and operational support provided by Carolina Meadows personnel¹⁶ as appropriate. Administrative oversight is

provided by Carolina Meadows Senior Communities and Services, Inc., the related party parent company.

Participants may also access services through a network of support professionals, which may include services delivered by Carolina Meadows Home Care, a related party, or by other contracted or community-based providers, depending on the participant’s needs, service availability, applicable fees, and the terms of the Early Advantage Agreement or any separate written agreement.

16. Resident Population Served

As of December 31, 2025, the census at Carolina Meadows Retirement Community was:

- 647 residents residing in Independent Living
- 72 residents residing in Assisted Living
- 75 residents residing in Skilled Nursing

In addition, as disclosed in Section 15.3, 110 participants were enrolled in the Early Advantage Continuing Care at Home program.

17. Occupancy Rates

The 12-month daily average occupancy rates for Carolina Meadows Retirement Community for the past five fiscal years were as follows:

Table 17.1 – Historical Occupancy Rates (12-Month Daily Average)

Fiscal Year-End	Independent Living (%)	Assisted Living (%)	Skilled Nursing (%)
12/31/2025	96.2%	91.5%	85.2%
12/31/2024	96.1%	90.0%	83.6%
12/31/2023	96.1%	85.6%	85.6%
12/31/2022	95.2%	87.2%	80.7%
12/31/2021	97.3%	89.3%	73.7%

18. Semiannual Resident Meetings

The Board of Carolina Meadows, Inc., or the representative of its Board, holds meetings with residents at least twice each year, as required by law.

Most Recent Meeting Dates in 2025

- November 24, 2025
- June 23, 2025

19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of the organization. Carolina Meadows, Inc. retains full ownership and control of the property.

20. Services Provided Under the Contracts

Carolina Meadows, Inc. provides services under continuing care contracts for residents of Carolina Meadows Retirement Community and under its Continuing Care at Home program, known as Early Advantage. The following summary describes services that are included under each contract type and services that may be available for an additional charge. All services are subject to the applicable agreement, eligibility requirements, availability, licensing requirements, policies, procedures, staffing, capacity, fees, and operational needs.

20.1 Health Care Services

Carolina Meadows provides assisted living, memory support, skilled nursing, rehabilitation, and related health care services on campus. These services may be provided in The Fairways Assisted Living, The Green Memory Care, The Groves Health Center, the Carolina Meadows Community Clinic, or through other Carolina Meadows programs, affiliates, contracted providers, independent practitioners, or partner providers.

Health care services may include nursing services, medication management, rehabilitation therapy, medical clinic services, care coordination, and coordination with a resident's personal physician or other health care providers. Some health care services are included only in the applicable level of care or are available for an additional charge, as described in the applicable agreement.

20.2 Continuing Care Contracts (CCRC)

Residents living on campus at Carolina Meadows receive the services described below as part of the Monthly Accommodation Fee, subject to the applicable Residence and Services Agreement. Additional services may be available for an additional charge.

20.2.1 Services Included in the Monthly Accommodation Fee

The following services are included in the Monthly Accommodation Fee for campus residents:

- a) An emergency call system monitored 24 hours a day.
- b) Professional management of the community and its facilities.
- c) Regularly scheduled transportation.
- d) Maintenance of community buildings and grounds, including roads and walkways.
- e) Repair of equipment and appliances provided by Carolina Meadows.
- f) Housekeeping in public areas, including hallways, elevators, restrooms, lounges, and other shared spaces.
- g) General liability insurance for Carolina Meadows, Inc. and property insurance on Carolina Meadows buildings and property. Carolina Meadows also provides renter's legal liability insurance for the Residence. Residents are encouraged to obtain personal property and personal liability coverage at their own cost.
- h) 24-hour unarmed security staff.
- i) Water and sewer services, utilities in public areas, standard television service, internet service when included under the applicable agreement, and wireless internet in designated campus areas.
- j) Removal of trash and recyclables deposited by residents as designated by Carolina Meadows.
- k) Use of the indoor swimming pool and exercise room.
- l) Use of the Carolina Meadows golf course, subject to applicable rules, scheduling, and any applicable fees.

20.2.2 Services Available at Additional Charge

The following services may be available for an additional charge and are not included in the Monthly Accommodation Fee unless expressly stated in the applicable agreement:

- a) Care in The Groves Health Center.
- b) Care in The Fairways Assisted Living and The Green Memory Care center.
- c) Medical treatment through the Carolina Meadows Community Clinic.
- d) Rehabilitation services.
- e) Guest room accommodations.
- f) Personal transportation services.
- g) Personal fitness training.
- h) Housekeeping services.
- i) Maintenance services.
- j) Home meal delivery.
- k) Meals, dining charges, or catering that exceed the Monthly Meal Minimum.
- l) Guest meals.
- m) Home care assistance through a licensed home care agency, home health agency, Carolina Meadows Home Care, or another available provider.

- n) Nutrition and diet counseling.
- o) Information technology assistance.
- p) Other services, programs, amenities, or support services made available by Carolina Meadows from time to time.

20.3 Continuing Care at Home (CCaH) Contracts

Early Advantage participants continue to live in their own homes while receiving access to the services, benefits, care coordination, planning resources, campus access benefits, programs, amenities, and other supports described in the Early Advantage Agreement.

20.3.1 Services Included in Monthly Service Fee

Early Advantage includes access to care coordination, planning support, selected Carolina Meadows communications, selected programs, selected campus amenities, and transition planning resources.

Included Early Advantage benefits may include:

- a) Access to care coordination services through the Carolina Meadows Care Coordination Team.
- b) Access to consultations, assessments, education, and planning support related to health, wellness, emergency preparedness, support needs, future care needs, and possible transitions to Carolina Meadows services or levels of care.
- c) Access to selected Carolina Meadows programs, communications, resident engagement opportunities, dining venues, meal pickup services, transportation opportunities, campus amenities, and community life opportunities, subject to availability and applicable policies.
- d) Access to The Fairways, The Green, The Groves Health Center, or other Carolina Meadows levels of care when a transition is appropriate, subject to availability, eligibility, licensing requirements, clinical appropriateness, admissions criteria, and the terms of any applicable agreement.
- e) Access to the Carolina Meadows Community Clinic or other medical practice resources, subject to provider availability, scheduling, clinical appropriateness, applicable fees, and policies then in effect.
- f) Up to five days per year of Health Center room and board for short term stay purposes before moving to campus, with a lifetime maximum of ten days. This benefit is subject to availability, eligibility, clinical appropriateness, licensing requirements, required documentation, and Carolina Meadows policies. It includes room and board only. Medical care, physician services, medications, medical equipment, oxygen, laboratory services, therapy services, diagnostic testing, supplies, transportation, personal care items, and other ancillary services are not included.

Except as expressly provided in the Early Advantage Agreement or in a separate written agreement, Early Advantage does not include emergency medical services, continuous supervision, custodial care, personal care services, nursing services, home health services, medical treatment, medication management, physician services, medical supplies,

medical equipment, laboratory services, therapy services, or other direct health care or other services in the participant's private residence.

20.3.2 Services Available at Additional Charge

Services available for an additional charge are not included in the Monthly Service Fee unless expressly stated in the Early Advantage Agreement or in a separate written agreement.

The following services may be available for an additional charge, subject to availability, eligibility, clinical appropriateness, scheduling, licensing requirements, service area limitations, physician orders or other required documentation, fees, and policies then in effect:

- a) Assisted Living.
- b) Memory support services.
- c) Health Center services.
- d) Short term Health Center stays, including private accommodations or services beyond the included room and board benefit.
- e) Rehabilitation services, including physical therapy, occupational therapy, and speech therapy.
- f) Medical treatment through the Carolina Meadows Community Clinic or other medical practice resources.
- g) Specialty medical services provided by independent licensed practitioners or partner providers.
- h) Temporary assistance by a nurse, aide, caregiver, or other provider through Carolina Meadows, a Carolina Meadows affiliate, a licensed home care agency, or another available provider.
- i) Private transportation, guest accommodations, guest meals, dining, catering, takeout, meal pickup, special trips, outings, events, programs, or hospitality services not included in the Monthly Service Fee.
- j) On-campus personal fitness training, nutrition and diet counseling, concierge services, expanded information technology assistance, special classes, workshops, personal services, salon services, retail services, or other wellness, lifestyle, or support services made available from time to time.

20.4 Delivery of Services

Core residential, assisted living, memory support, skilled nursing, and related community services are provided by Carolina Meadows, Inc. Certain services, including home care, therapies, specialty medical services, transportation, wellness, hospitality, clinic services, and other support services, may be provided by Carolina Meadows affiliates, independent practitioners, contracted providers, partner providers, or other third-party providers.

Services provided by Carolina Meadows Home Care, Inc., a related party, are disclosed in Section 5 and are subject to separate availability, eligibility, fee, and service requirements.

21. Resident Fees

Fees charged by Carolina Meadows, Inc. include entrance fees, monthly accommodation or service fees, monthly meal minimums where applicable, and other fees or charges described in the applicable agreement. The following tables show current fee schedules and historical information on entrance fee and monthly fee increases over the past five fiscal years.

21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at the Carolina Meadows Retirement Community campus.

Table 21.1: Current Monthly Fees (CCRC Contracts) Effective January 1, 2026

Unit Type	Single Occupant	Double Occupant
Independent Living – Apartment	\$3,687 to \$4,288	\$4,902 to \$5,503
Independent Living – Villa	\$4,277 to \$4,849	\$5,492 to \$6,064
Assisted Living	\$8,973 to \$10,098	\$13,414 to \$14,448
Skilled Nursing	\$13,200 to \$13,900	N/A
Memory Care	\$11,467	N/A

Monthly fees are reviewed annually and may be adjusted to reflect changes in operating costs, staffing, health care expenses, and capital needs. Adjustments must be approved by the board, with no contractual cap on increases.

Table 21.2: Historical Increases in Monthly Fees (CCRC contracts)

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	4.50%	\$166	Annual
12/31/2024	4.85%	\$175	Annual
12/31/2023	6.00%	\$205	Annual

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2022	3.40%	\$112	Annual
12/31/2021	3.25%	\$94	Annual

Table 21.3: Current Entrance Fees (CCRC Contracts) Effective January 1, 2026

Unit Type	Entrance Fee (Single)	Entrance Fee (Double)
Independent Living – Apartment	\$154,700 to \$451,800	\$169,700 to \$466,800
Independent Living – Villa	\$371,900 to \$925,100	\$386,900 to \$940,100

Refundability terms vary by contract and are disclosed in Section 22.

Table 21.4: Historical Increases in Entrance Fees (CCRC contracts)

Fiscal Year-End	Villa Average % Increase	Villa Average \$ Increase	Apartment Average % Increase	Apartment Average \$ Increase	Frequency
12/31/2025	5.0%	\$15,731	5.0%	\$7,200	Annual
12/31/2024	2.5%	\$14,994	2.5%	\$6,838	Annual
12/31/2023	2.5%	\$14,619	2.5%	\$6,663	Annual
12/31/2022	2.5%	\$14,263	1.94%	\$5,600	Annual
12/31/2021	2.0%	\$10,248	1.63%	\$4,529	Annual

21.2 CCaH Contracts (Early Advantage Program)

CCaH contracts represent continuing care at home contracts for participants who reside in their own homes and receive continuing care services through the Early Advantage Program at Carolina Meadows.

Table 21.5: Current Monthly Service Fees for Early Advantage Effective January 1, 2026

Contract Type	Single Participant	Two Participants
Early Advantage	\$605	\$1,210

Monthly Service Fees may be adjusted from time to time upon advance notice to reflect changes in operating costs, program services, benefits, administrative costs, regulatory or insurance requirements, staffing, or other factors affecting operation of Early Advantage.

Table 21.6: Historical increases in Monthly Service Fees for Early Advantage

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	0%	\$0	Annual
12/31/2024	0%	\$0	Annual
12/31/2023	5.2%	\$30	Annual
12/31/2022	0%	\$0	Annual
12/31/2021	0%	0	Annual

Table 21.7: Current Entrance Fees for Early Advantage Effective January 1, 2026

CCaH Plan	Entrance Fee (Single)	Entrance Fee (Double)
Early Advantage	\$20,000	\$40,000

Table 21.8 - Historical Increases in Entrance Fees for Early Advantage

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	0%	\$0	Annual
12/31/2024	33%	\$5,000	Annual

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2023	0%	\$0	Annual
12/31/2022	0%	\$0	Annual
12/31/2021	0%	\$0	Annual

21.3 Household Composition Changes

Household composition changes are governed by the applicable agreement and Carolina Meadows' admission, financial, health, and occupancy requirements then in effect.

For residents under a Residence and Services Agreement, if a resident marries, enters into an approved domestic partnership, or otherwise seeks to add another approved person to the Residence, the additional person must apply for admission and satisfy Carolina Meadows' applicable admission requirements, including financial and safety criteria. If approved, the additional person may be required to sign the applicable agreement or an amendment to the existing agreement.

If an additional resident is approved, Carolina Meadows may require payment of a Second Person Entrance Fee, Resident Assistance Fee, additional monthly fees, or other applicable charges based on the fee schedule then in effect. The Monthly Accommodation Fee will be adjusted to the applicable two-person rate.

If the additional person does not meet Carolina Meadows' admission requirements or is not approved by Carolina Meadows, the person may not be admitted as a resident under a continuing care contract.

For Early Advantage participants, a change in household composition does not automatically add another participant to the Early Advantage Agreement or create a right for another person to participate in Early Advantage, occupy a Carolina Meadows Residence, or receive services under a future Residence and Services Agreement. Any additional participant or future resident must separately satisfy the applicable admission, financial, and contractual requirements.

21.4 Transfer Fees and Resale Fees

A resident may request to transfer from one Independent Living Residence to another Independent Living Residence within Carolina Meadows. Transfers are subject to availability, residency requirements, operational considerations, financial review if required, Carolina Meadows policies then in effect, and Carolina Meadows' approval.

A transfer may change the Entrance Fee, Monthly Accommodation Fee, Monthly Meal Minimum, and other applicable charges for the new Residence. The resident may also be responsible for charges, deductions, or adjustments related to the Residence being vacated,

including refurbishment, excessive damage, modifications, marketing, reissuing, transfer administration, or other costs authorized by the applicable agreement or policy.

Any refund, credit, transfer credit, or financial adjustment will be calculated under the applicable Residence and Services Agreement and Section 22 of this Disclosure Statement. Early Advantage participants do not occupy an Independent Living Residence under the Early Advantage Agreement and do not have transfer or resale rights unless they later sign a Residence and Services Agreement.

22. Refundable Entrance Fee Obligations

22.1 Conditions for Refunds

Continuing care agreements at Carolina Meadows Retirement Community include a 75% refund or an Equity Advantage refund provision as noted below. Refunds are calculated and paid as provided in the signed agreement and only after all applicable contractual conditions have been satisfied.

For campus-based refundable agreements, any Entrance Fee refund is paid without interest. Unless the applicable agreement provides otherwise, the refund is paid within 60 days after all of the following have occurred:

1. The agreement has terminated;
2. The Residence has been surrendered to Carolina Meadows, and all private property has been removed; and
3. A new resident has reached the Date of Financial Occupancy for the Residence, or 24 months have elapsed after termination of the agreement, whichever occurs first.

A temporary or permanent transfer from an Independent Living Residence to another level of care within the Carolina Meadows continuum, including assisted living, memory support, or skilled nursing, does not by itself terminate the Residence and Services Agreement or create a right to an Entrance Fee refund, provided the resident remains a resident of Carolina Meadows. Refunds are payable only when the applicable agreement has terminated and all refund conditions stated in the agreement have been satisfied.

Under the 75% Refund Agreement, an administrative fee equal to 1% of the initial Entrance Fee becomes earned after the agreement is signed and nonrefundable after the 30-day rescission period ends. Any Second Person Entrance Fee is nonrefundable after the 30-day rescission period ends. During the first 12 months following occupancy, the refundable portion of the Entrance Fee is reduced by 2% of the original Entrance Fee for each month or partial month of occupancy, up to a maximum cumulative monthly reduction of 24%. After 12 months of occupancy, the refundable portion equals 75% of the original Entrance Fee paid. Carolina Meadows may deduct any amounts due under the agreement and any costs associated with excessive damage to the Residence.

Under the Equity Advantage Agreement, the refund is calculated using the current Entrance Fee established by Carolina Meadows for the Residence at the time it is reissued. Carolina Meadows deducts the applicable remarketing fee, refurbishment costs, excessive damage costs, and any other deductions authorized by the agreement. The remaining amount is Net Proceeds. The Net Proceeds are compared with the original Entrance Fee paid to determine any appreciation or depreciation. The resident is entitled to the original Entrance Fee, adjusted by 50% of any appreciation or 100% of any depreciation, less any amounts due under the agreement. Any Second Person Entrance Fee is nonrefundable after the 30-day rescission period and is not included in the Equity Advantage refund calculation.

Under the Early Advantage Agreement, the Early Advantage Entrance Fee is paid in consideration of participation in Early Advantage and the services and benefits provided under that agreement. If an Early Advantage participant later signs a Residence and Services Agreement for an Independent Living Residence, Carolina Meadows credits the full Early Advantage Entrance Fee toward the required Independent Living Entrance Fee. If the participant is admitted directly to Assisted Living, the Health Center, or another level of care that does not require an Independent Living Entrance Fee, no credit is applied. Once credited, the Early Advantage Entrance Fee is considered applied and is not separately refundable under the Early Advantage Agreement.

If the Early Advantage Agreement terminates after the 30-day rescission period and before the participant signs a Residence and Services Agreement, the Early Advantage Entrance Fee is refundable only during the first 25 months after the effective date of the Early Advantage Agreement. The refund is reduced by 4% of the Early Advantage Entrance Fee for each month or partial month the agreement has been in effect, less any amounts due under the agreement. After 25 months, the Early Advantage Entrance Fee is fully earned by Carolina Meadows, and no refund is payable. Any Early Advantage refund that is payable is paid without interest within 60 days after the effective date of termination and receipt of documentation satisfactory to Carolina Meadows establishing the amount of the refund and the person legally entitled to receive it.

22.2 Refund Obligations as of December 31, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	461	\$196,163,880
Refunds currently due (including amounts 30+ days past due)	1	\$523,833
Resident now in non-independent living unit – unit not resold	3	\$1,283,800

Category	Number of Contracts	Aggregate Amount
Resident now in non-independent living unit – unit resold	0	0

As of December 31, 2025, Carolina Meadows, Inc. had \$196,163,880 in aggregate refundable Entrance Fee obligations from residents living at Carolina Meadows Retirement Community. These obligations are reflected on the balance sheet even though the contractual conditions requiring payment have not yet occurred. One Entrance Fee refund totaling \$523,833 was outstanding at year end; however, it was not past due as of December 31, 2025.

Refunds are paid according to the applicable contract. A refund generally becomes payable only after the agreement has terminated and all applicable refund conditions have been satisfied. A move to assisted living, memory support, skilled nursing, or another level of care does not, by itself, trigger an Entrance Fee refund, even if the former Independent Living Residence has been reoccupied.

23. Financial Hardship Policies

23.1 Policies for Residents Unable to Pay

Carolina Meadows, Inc. maintains a financial assistance policy intended to assist eligible campus residents who, through no fault of their own, become unable to pay required fees and charges after becoming residents of Carolina Meadows. Financial assistance is considered on an individual basis and is not guaranteed.

To be considered, a resident must apply under Carolina Meadows’ then current financial assistance policy, provide updated financial information and supporting documentation, cooperate with any requested financial review, and first use available income, investments, and capital assets to remain current on required fees and charges.

23.2 Sources of Financial Support

- Carolina Meadows Foundation: A related-party nonprofit supporting organization that administers a benevolent care program funded by donor contributions and investment earnings. Distributions are applied directly to resident accounts.
- Refundable Entrance Fees: Upon approval for financial assistance under the financial assistance policy, residents contractually entitled to a refundable entrance fee must apply a portion of their refundable entry fees toward unpaid monthly fees.

Such applications reduce the remaining refund obligation and do not accelerate contractual payment of refunds.

23.3 Conditions or Limitations

- Eligibility for benevolent care is determined through a confidential financial review conducted by Carolina Meadows, Inc., with oversight from the Foundation’s Board of directors.
- Assistance is subject to the availability of Foundation funds and is not guaranteed.
- Residents must annually recertify financial need to continue receiving assistance.

23.4 Narrative

In 2025, the Carolina Meadows Foundation distributed \$539,989 in benevolent care support to residents living in the community. As of December 31, 2025, the Foundation maintained net assets of \$3,687,514 designated for benevolent care, subject to donor restrictions and the discretion of the Foundation’s Board.

24. Contract Cancellation and Refund Policies

24.1 Provider-Initiated Cancellation

Carolina Meadows, Inc. may terminate a continuing care or continuing care at home contract as provided in the applicable agreement.

- Before occupancy or commencement of services, Carolina Meadows may terminate a contract if the applicant fails to meet applicable admission or financial eligibility requirements, provides materially false or misleading information, fails to satisfy conditions required for admission or participation, or if admission or participation pose a direct threat to the health or safety of others.
- After occupancy or commencement of services, Carolina Meadows may terminate a contract if permitted by the applicable agreement, including persistent nonpayment, material breach of contract terms, failure to comply with applicable policies, or conduct that materially impairs the rights, health, safety, or welfare of other residents or the orderly operation of the community.

24.2 Resident-Initiated Cancellation

A resident or Early Advantage participant may cancel or terminate a contract as described below. Any refund depends on the type of agreement, the timing of cancellation or termination, whether occupancy or services have begun, and the refund provisions in the applicable agreement.

A. Residence and Services Agreements

This subsection applies to both the Residence and Services Agreement with 75% Refund Option and the Residence and Services Agreement with Equity Advantage Refund.

- During the 30-day Rescission Period, a resident may cancel the applicable Residence and Services Agreement by giving written notice to Carolina Meadows. The Rescission Period begins on the later of the date the agreement is signed or the date the resident receives the required disclosure statement.
- If the resident cancels during the Rescission Period, Carolina Meadows will refund, without interest, the Entrance Fee and Resident Assistance Fee paid under the agreement, less:
 - A service charge not to exceed the greater of \$1,000 or 2% of the Entrance Fee paid, whichever is greater; and
 - Any costs, expenses, fees, or charges incurred by Carolina Meadows in connection with the Residence at the Resident's request or arising from occupancy, including any Modifications.
- If the resident moved into the Residence before canceling, any refund will be paid within the time period stated in the applicable agreement after the resident has completely vacated the Residence.
- After the 30-day Rescission Period, resident initiated termination is governed by the termination and refund provisions of the applicable Residence and Services Agreement. Any refundable amount is calculated in accordance with Section 22 of this Disclosure Statement and the applicable agreement. Non-refundable fees, earned portions of entrance fees, service charges, costs, expenses, and other amounts due may be retained by Carolina Meadows or deducted from any refund.
- For residents under the Equity Advantage Refund, the refund is subject to the applicable remarketing fee, refurbishment costs, excessive damage costs, amounts due under the agreement, and other deductions authorized by the agreement.

B. Early Advantage Agreement

- During the 30-day Rescission Period, an Early Advantage participant may cancel the Early Advantage Agreement by giving written notice to Carolina Meadows. The Rescission Period begins on the later of the date the agreement is signed or the date the participant receives the required disclosure statement.
- If the participant cancels during the Rescission Period, Carolina Meadows will refund, without interest, the Early Advantage Entrance Fee and any Monthly Service Fees paid, less:
 1. A service charge not to exceed the greater of \$1,000 or 2% of the Early Advantage Entrance Fee paid, whichever is greater; and

2. Any costs, expenses, fees, or charges incurred by Carolina Meadows at the participant's request or arising from services provided before cancellation.
- After the 30-day Rescission Period, an Early Advantage participant may terminate the Early Advantage Agreement by giving written notice as required by the agreement. Any refund of the Early Advantage Entrance Fee is governed by the Early Advantage Agreement and Section 22 of this Disclosure Statement.
 - If the Early Advantage Agreement ends before the participant signs a Residence and Services Agreement, the Early Advantage Entrance Fee is refundable only during the first 25 months after the effective date of the Early Advantage Agreement. The refund is reduced by 4% of the Early Advantage Entrance Fee for each month or partial month the agreement has been in effect, less any amounts due under the agreement. After 25 months, the Early Advantage Entrance Fee is fully earned by Carolina Meadows, and no refund is payable.
 - If the participant later signs a Residence and Services Agreement for an Independent Living Residence, Carolina Meadows will credit the full Early Advantage Entrance Fee toward the required Independent Living Entrance Fee. Once credited, the Early Advantage Entrance Fee is considered applied and is not separately refundable under the Early Advantage Agreement.
 - Prepaid monthly fees are prorated to the date the Residence is vacated, or services cease, as applicable, and any remaining balance is refunded in accordance with the applicable agreement.

24.3 Refunds Upon Death

Refunds upon death depend on the applicable agreement and whether occupancy or services have begun.

A. Residence and Services Agreements

For both the 75% Refund Option and the Equity Advantage Refund, if a resident, spouse, domestic partner, or approved co-resident dies before occupying the Residence, the agreement terminates when Carolina Meadows receives notice of death or written notice of termination from a surviving resident or authorized representative. Monthly Accommodation Fees and Monthly Meal Minimums continue from the Date of Financial Occupancy through the date Carolina Meadows receives notice resulting in termination.

Following termination before occupancy, Carolina Meadows will refund, without interest, the Entrance Fee and Resident Assistance Fee paid, less any costs, expenses, fees, or charges incurred in connection with the Residence, including any

Modifications. Any refund due will be paid within 60 days after Carolina Meadows receives notice resulting in termination.

After occupancy, the agreement terminates upon the death of the last surviving resident. Monthly Accommodation Fees, Monthly Meal Minimums, and other applicable charges continue until the Residence has been completely vacated and possession has been returned to Carolina Meadows. Any Entrance Fee refund will be calculated and paid under Section 22 of this Disclosure Statement and the applicable agreement.

B. Early Advantage Agreement

If an Early Advantage participant dies, any refund of the Early Advantage Entrance Fee is calculated under the Early Advantage Agreement. If death occurs during the first 25 months after the Effective Date, the participant's estate may be entitled to a prorated refund, reduced by 4% of the Early Advantage Entrance Fee for each month or partial month the agreement has been in effect, less any amounts due. After 25 months, the Early Advantage Entrance Fee is fully earned by Carolina Meadows, and no refund is payable.

Any Early Advantage refund payable upon death will be paid without interest to the participant's estate, trust, designated beneficiary, or other person legally entitled to receive the refund, after Carolina Meadows receives documentation satisfactory to establish entitlement. Any refund payable under the Early Advantage Agreement will be paid within 60 days after the effective date of termination and receipt of satisfactory documentation.

25. Re-occupancy of Vacated Living Units

A living unit at Carolina Meadows Retirement Community may be reassigned to a new resident under the following circumstances:

25.1 Resident-Initiated Vacating

- Voluntary termination: When a resident cancels their continuing care contract and permanently vacates the living unit.
- Transfer to a higher level of care: When a resident moves from an independent living unit to assisted living or skilled nursing, and the contract permits the original living unit to be reassigned.

25.2 Provider-Initiated Vacating

- Contract termination by provider: When a contract is terminated by the provider under the circumstances described in Section 24 – Contract Cancellation and Refund Policies.
- Persistent nonpayment: When a resident fails to meet contractual payment obligations and the provider declares the contract terminated.

25.3 Temporary Absences

Hospitalizations, rehabilitative stays, or other temporary absences do not constitute a vacating of the living unit and do not permit re-occupancy by a new resident.

25.4 Refunds

Refunds associated with the vacating of a living unit are managed in accordance with Section 22.1 – Conditions for Refunds.

26. Resident Relocation to Another Living Unit

Residents of Carolina Meadows Retirement Community may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

26.1 Resident Needs

- Health-Related Transfer: A relocation or transfer may be required when Carolina Meadows determines that the resident's health, safety, accessibility, cognitive, functional, or care needs can no longer be safely or appropriately supported in the resident's current living unit. This may include transfer to Assisted Living, memory support, skilled nursing, or another appropriate level of care.

26.2 Provider Needs

- Renovation or Construction: When construction, renovation, or repair work requires temporary or permanent relocation.
- Operational Necessity: When the continued occupancy of a living unit materially interferes with the orderly operation of the community and no reasonable alternative exists. This provision is applied only in limited circumstances.

26.3 Process

- Relocation decisions are made in consultation with the resident, the resident's family (if applicable), and appropriate health professionals (if applicable).
- The provider makes reasonable efforts to relocate the resident to a comparable living unit within the community, meaning one of comparable size, type, and monthly fee level whenever possible.
- If relocation is required for renovation or construction purposes, the provider will inform the residents in advance and clarify whether the move is temporary or permanent.

26.4 Financial Obligations

All Entrance Fee and monthly fee obligations continue in accordance with the terms of the applicable agreement, regardless of relocation.

27. Admission and Continuation Standards

27.1 Admission Requirements

Admission to Carolina Meadows Retirement Community is subject to financial screening at the time of application.

27.1.1 CCRC Contracts (Campus-Based)

- Financial Standards: Applicants must demonstrate sufficient resources to reasonably cover the entrance fee and projected monthly fees for the chosen living unit.
- Health Standards: Applicants for an independent living unit must be capable of living safely and independently at the time of entry, with or without reasonable accommodations. Applicants requiring immediate assisted living, memory care, or skilled nursing care are not eligible for an independent living unit except when a couple desires to move in and one member of the couple needs a higher care level. The couple member needing a higher care level may move into assisted living, memory care, or skilled nursing care if the other member moves into an independent living unit.

27.1.2 Early Advantage Contracts (Continuing Care at Home)

- Financial Standards: Applicants must demonstrate that they have sufficient financial resources to pay the Early Advantage Entrance Fee, Monthly Service Fee, and other amounts due under the Early Advantage Agreement, and to satisfy Carolina Meadows' financial qualification requirements for participation in Early Advantage and future residency consideration.

Carolina Meadows uses best practice, industry accepted actuarial software and related financial screening tools to assist Management in evaluating whether an applicant demonstrates sufficient financial resources for Early Advantage participation or future residency consideration.

- **Health Standards:** Applicants for Early Advantage must be able to live in their private residence at the time of enrollment, with or without available support services. Carolina Meadows may request medical, cognitive, functional, financial, or other information reasonably necessary to understand an Early Advantage participant's needs, support care coordination, and assist in planning for continued living in their private residence or future access to Carolina Meadows residences, services, or levels of care. Health assessments, wellness assessments, care coordination consultations, or an in-home safety assessment may be made available or recommended to help identify appropriate supports, promote safety in the member's private residence, and guide recommendations regarding whether the member can continue to live independently or may benefit from services or a higher level of care on campus.

Participation in Early Advantage does not guarantee immediate admission to Assisted Living, memory support, skilled nursing, or any other level of care. Access to those services is subject to availability, licensing requirements, clinical appropriateness, Carolina Meadows' admissions criteria, applicable policies and procedures, and the terms of any required agreement.

27.2 Continuation Requirements

- **CCRC Contracts:** After admission, residents may continue to reside at Carolina Meadows in accordance with the terms and conditions of the applicable Residence and Services Agreement. A change in health status does not, by itself, terminate the agreement. If a resident's needs can no longer be safely or appropriately met in the resident's current Independent Living Residence, Carolina Meadows may recommend or require a transfer to another residence or level of care within the Carolina Meadows continuum, including assisted living, memory support, skilled nursing, or other healthcare services. Any such transfer is subject to care planning, eligibility, availability, regulatory requirements, and the terms of the agreement. A change in financial status is addressed in accordance with the Residence and Services Agreement and Carolina Meadows' financial hardship policies described in Section 23, for Financial Hardship Policies.
- **Early Advantage Contracts (CCaH):** Early Advantage participants may continue in the program in accordance with the terms and conditions of the Early Advantage Agreement. Participation is subject to continued payment of applicable fees, cooperation with reasonable assessment and planning processes, continued eligibility, residence within the applicable service area, and compliance with the agreement. Changes in health status, cognitive status, functional abilities, care needs, support needs, financial circumstances, or living circumstances do not

automatically terminate participation. Carolina Meadows may request updated information and may collaborate with the participant to identify appropriate services, support, transition options, or levels of care. Continued participation may be affected if the participant no longer qualifies for Early Advantage, no longer satisfies applicable financial or program eligibility requirements, declines recommended services or care arrangements necessary to support safe and appropriate participation, or if the participant's needs can no longer be reasonably supported within the scope of the Early Advantage program.

27.3 Changes in Condition Before Occupancy or Commencement of Services

- **CCRC Contracts:** If a resident's health materially declines between signing a contract and the date of initial occupancy, the provider may re-evaluate eligibility for independent living and may require admission to a higher level of care, if available. If no suitable accommodation is available or if the applicant no longer meets entry requirements, the contract may be canceled and entrance fees refunded in accordance with Section 24 – Contract Cancellation and Refund Policies. If a material change in financial condition occurs before occupancy (such as loss of income or assets needed to pay monthly fees), the provider will re-evaluate eligibility. If standards are no longer met, the contract may be canceled and entrance fees refunded.
- **Early Advantage Contracts (CCaH):** If a participant experiences a material decline in health before commencement of services such that they require immediate assisted living or skilled nursing, they are not eligible to begin in the Early Advantage Program. In such cases, the contract may be canceled and entrance fees refunded in accordance with Section 24. If a material change in financial condition occurs before services begin, Carolina Meadows, Inc. will re-evaluate eligibility and may cancel the contract if standards are not met, with entrance fees refunded.

28. Age and Insurance Requirements for Admission

28.1 Age Requirements

- The minimum age for admission to Carolina Meadows Retirement Community under a continuing care contract is 62 years.
- A younger spouse or partner may also be admitted if the primary applicant meets the minimum age requirement.
- There is no maximum age limit for admission, provided the applicant meets the health and financial eligibility standards described in Section 27.

- For Early Advantage Program contracts (CCaH), the minimum age for admission is also 62 years, with the same exception for a younger spouse or partner.

28.2 Insurance Requirements

Applicants for both CCRC and Early Advantage contracts must:

- Be enrolled in Medicare Parts A and B at the time of admission; and
- Maintain a Medicare supplement (Medigap) policy or equivalent health insurance to cover services not provided by Medicare.

Long-term care insurance is not required but may be considered in satisfaction of certain financial eligibility criteria on a case-by-case basis. If long-term care insurance is considered as part of satisfaction of financial eligibility criteria, it cannot be subsequently discontinued without the express written consent of Carolina Meadows, Inc. Otherwise, doing so will disallow eligibility for future financial assistance, if needed.

28.3 Special Conditions

- Exceptions to the minimum age requirement may be considered on a case-by-case basis if a younger applicant is married to or partnered with an eligible applicant.
- Waivers of the insurance requirement may be granted only if the applicant demonstrates alternative coverage or financial capacity sufficient to meet anticipated health care expenses.

29. Reserve Funding and Refund Security

29.1 Cash and Investments

As of December 31, 2025, Carolina Meadows, Inc. held \$37,501,242 in unrestricted cash and investments. Although the Boards of Carolina Meadows, Inc. and Carolina Meadows Senior Communities and Services, Inc. have not established a specific reserve fund for future entrance fee refunds, they require that any refund owed under the terms of a resident's contract be paid within 60 days after it becomes due and no later than 24 months after the contract is terminated. Accordingly, at the direction of the Boards, unrestricted cash and investments may be used to pay resident refunds. These funds remain unrestricted for accounting purposes but reflect the Boards' intent to maintain sufficient liquidity to meet the organization's obligations, including entrance fee refunds.

At year-end unrestricted cash and investments supported a Days Cash on Hand of 434 days, representing approximately 14 months of supported projected operating expenses without new revenues.

29.2 Investment Management and Oversight

- Oversight Body: Finance Committee of the Board of Directors of Carolina Meadows, Inc.
- Investment Management Consultant: A third-party investment consultant manages the investments and oversees asset custody within the trust account. The consultant provides quarterly reports to the Finance Committee and monthly reports to the CEO and CFO. The consultant also rebalances the portfolio and updates the investment policy, subject to Finance Committee approval.
- Day-to-Day Management: Chief Executive Officer (CEO) and Chief Financial Officer (CFO).
- Experience: Finance Committee members average 20+ years of financial oversight and investment policy.
- Policy and Controls: Investments are managed under a Board-approved policy emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds, and broadly diversified public funds/ETFs. The CFO executes within these limits and reports quarterly to the Finance Committee.

29.3 Statutory Operating Reserve Requirement

As of December 31, 2025, Carolina Meadows Retirement Community's 12-month rolling average independent living unit occupancy was 96.2%. Based on this level of occupancy, the required statutory operating reserve was 12.5% of projected operating costs for the next 12 months.

Carolina Meadows, Inc. is part of an Obligated Group that also includes Carolina Meadows Senior Communities and Services, Inc. Under the provisions of the Series 2024 bond issue, the Obligated Group maintains a separate Debt Service Reserve Fund and interest payments are excluded from the operating reserve calculation.

Table 29.1: Statutory Operating Reserve Calculation (as of December 31, 2025)

Component	Amount
Total projected operating expenses	\$56,334,000
Add: Debt Principal Payments	\$810,000
Add: Amortization of Bond Premium	\$142,000
Less: Interest Funded from Bond Funds	\$0

Component	Amount
Less: Depreciation	(\$6,963,000)
Less: Amortization of Bond Issuance Costs	(\$75,000)
Less: Marketing Costs Paid for Bond Proceeds	(\$96,000)
Net projected operating costs	\$50,152,000
Applicable reserve percentage based on occupancy	12.5%
Required operating reserve	\$6,269,000
Unrestricted cash & investments on hand	\$37,501,000
Excess above required operating reserve	\$31,232,000

Summary: The required statutory operating reserve was \$6.27 million. Carolina Meadows, Inc. held \$37.50 million in unrestricted cash and investments, providing an excess cushion of \$31.23 million above the statutory minimum.

29.4 Refund Security (Entrance Fee Refunds)

Entrance fee refund obligations are supported by unrestricted liquidity, including:

- \$37.50 million unrestricted liquidity as required by the Boards of Carolina Meadows, Inc., and Carolina Meadows Senior Communities and Services, Inc.
- \$31.23 million of unrestricted liquidity above the statutory operating reserve.

The statutory operating reserve cannot be used for any purpose, including refund payments, without prior regulatory approval.

Carolina Meadows, Inc. is not required by statute to escrow entrance fees, and none are maintained in escrow.

Table 29.2: Unrestricted Cash and Investment Summary as of December 31, 2025

Category	Amount	Notes
Total unrestricted cash & investments	\$37,501,242	All unrestricted liquid balances (cash and investments)
Less: Required operating reserve	(\$6,269,000)	Must be maintained; release requires regulatory approval

Category	Amount	Notes
Less: Board-designated for refunds	(\$5,396,220)	Internal designation; unrestricted under GAAP
Less: Resident funds held in agency	(\$829,337)	Resident funds held in agency accounts for their benefit
Excess unrestricted cash and investments above operating reserve, board designated refund reserve, and resident funds held in agency accounts	\$25,006,685	Available for operations and refund needs (outside of designated reserves and resident funds held in agency accounts)

30. Expansion and Renovation Plans

As of December 31, 2025, the Board of Directors of Carolina Meadows Senior Communities and Services, Inc. approved plans for Carolina Meadows, Inc. to construct eighty-five (85) additional independent living units at the site of the current skilled nursing facility once it has been demolished at the end of 2026. The project is entering the design development phase, with construction currently expected to begin in the second quarter of 2027 and be completed in the fall of 2029, subject to final planning, approvals, permitting, financing, and other factors that may affect project sequencing.

The project is contingent upon obtaining all required permits and securing financing on acceptable terms. If financing cannot be obtained on acceptable terms, the project may be deferred or amended to achieve favorable financing options.

This expansion will increase the number of independent living units available to future residents. It will not alter existing residents’ contracts or current fee structures. During construction, temporary activity may affect access and noise levels in nearby areas of the campus. Residents will be informed in advance of any significant disruptions.

31. Audit Opinion and Timeliness

The consolidated financial statements of Carolina Meadows Senior Communities and Services, Inc. and its subsidiaries, including Carolina Meadows, Inc., for the fiscal year ended December 31, 2025, were audited by CliftonLarsonAllen LLP (Charlotte, NC).

- **Timeliness:** The audit was completed and issued within 120 days of fiscal year-end, meeting statutory requirements.
- **Audit Opinion:** The independent auditor issued an unqualified opinion (a “clean” audit opinion) on the consolidated financial statements.

Carolina Meadows, Inc. does not issue separate stand-alone audited financial statements; its financial information is presented within the consolidated audit of Carolina Meadows Senior Communities and Services, Inc., including consolidating schedules.

32. Audited Financial Statements

The audited consolidated financial statements of Carolina Meadows Senior Communities and Services, Inc. and its subsidiaries, including Carolina Meadows, Inc., for the fiscal year ended December 31, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

Because the financial statements are presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for Carolina Meadows Senior Communities and Services, Inc.

33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Carolina Meadows Senior Communities and Services, Inc. and its subsidiaries, including Carolina Meadows, Inc., for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by CliftonLarsonAllen LLP and include a summary of significant assumptions and accounting policies.

Because the prospective financial statements are presented on a consolidated basis for the Obligated Group, supplemental consolidating schedules provide prospective operating results for Carolina Meadows, Inc. on a stand-alone basis.

34. Variances from Prospective Financial Statements

For the fiscal year ended December 31, 2025, management reviewed the results of operations for Carolina Meadows, Inc. against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions, such as occupancy, used in preparing the projections. The following material variances were identified:

Table 34.1: Variance Analysis - Fiscal Year Ended 12/31/25

Category	Projected Amount	Actual Amount	Variance	Explanation
Assisted Living	87.2%	91.5%	+4.3%	Higher-than-expected need for assisted living services.
Skilled Nursing	82.6%	85.1%	+2.5%	Higher-than-expected need for skilled nursing services.
Assets Limited as to Use	\$47.5 million	\$51.4 million	+\$3.9 million	Higher than anticipated investment performance on construction account funds yet to be expended.
Property and Equipment	\$154.0 million	\$164.0 million	+\$10.0 million	Property and equipment purchases, including new construction expenditures, were higher than anticipated due to increased capitalization of renovations and modifications on resale of higher-than-expected unit turnovers of 52 units vs. expected 35 units.
Accounts Payable	\$4.6 million	\$10.1 million	+\$5.5 million	Higher than expected trade accounts payable for expenses incurred and payroll taxes accrued but not paid by year end
Proceeds from Advance Fees	\$15.7 million	\$25.8 million	+\$10.1 million	Higher than expected number of anticipated unit turnovers and resales
Refunds of Advance Fees	\$12.2 million	\$15.2 million	-\$3.0 million	Higher number of refunds corresponding to the higher number of resales

35. Key Financial Metrics

This section presents the eight statutory financial ratios required under N.C. Gen. Stat. § 58-64A-150(a)(39). Historical values are based on audited financial statements; prospective values are derived from the provider’s five-year prospective financial statements.

Comparative statewide medians will be published by the North Carolina Department of Insurance beginning in late 2026.

For the tables below, FY = the most recent fiscal year end.

Full statutory text of definitions is provided in Appendix F.

35.1 Liquidity Ratios

Days Cash on Hand (DCOH). Number of days the provider (Obligated Group) could pay its normal cash operating expenses using unrestricted cash and investments. More days generally means stronger liquidity.

Cushion Ratio (CUSH). Number of times unrestricted cash and investments could cover one year of debt service. Higher values mean more resources to pay debt service.

Table 35.1: Liquidity Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	390d	407d	433d	489d	441d	434d
CUSH	41.24x	46.71x	53.80x	62.93x	11.86x	12.16x

Narrative – Provider Only:

Liquidity improved through FY 2025 on strong campus census & financial market conditions. Management projects a slight liquidity decline following FY 2026 related to increased interest expense on 2024 bonds, somewhat offset by forecast continued strong occupancy on campus across all levels of care.

Table 35.1A: Liquidity Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	390d	418d	433d	523d	483d	485d
CUSH	41.24x	48.10x	55.08x	65.17x	12.59x	13.21x

Narrative – Obligated Group:

At the Obligated Group level, liquidity is stronger due to additional unrestricted cash and investments held by the additional group member.

Even with a slight liquidity decline following FY 2026 related to increased expense on 2024 bonds, the group’s Days Cash on Hand remains at or above 433 days, providing a stronger buffer against any campus fluctuations.

35.2 Profitability Ratios

Operating Ratio (OR). Compares current operating expenses (excluding depreciation and amortization) to current operating revenues (excluding entrance fee amortization). Lower percentages mean operating revenues are more easily covering cash operating expenses.

Net Operating Margin (NOM). Shows the result from core resident services. Higher values mean a stronger operating result from resident services.

Adjusted Net Operating Margin (NOM-A). Shows the operating result after also counting net entrance fee cash received during the year. Higher values mean the result is improved when net entrance fee cash is included.

Table 35.2: Profitability Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	84.3%	85.1%	86.0%	90.2%	95.0%	94.4%
NOM	13.4%	8.1%	9.3%	9.4%	9.7%	10.0%
NOM-A	24.0%	17.5%	22.0%	16.1%	17.2%	18.4%

Narrative – Provider Only:

Profitability margins declined into FY 2024 then increased to FY 2025 with continued strong campus occupancy and expense controls taking hold.

Management projects continued modest improvement through FY 2028 as operating efficiencies, strong occupancy, and net entrance fees support profitability, despite rising interest expense related to 2024 bonds.

Table 35.2A: Profitability Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	84.4%	83.7%	86.7%	96.6%	96.6%	96.6%
NOM	13.2%	9.9%	8.7%	12.3%	12.5%	12.8%
NOM-A	23.9%	18.8%	23.9%	22.9%	22.9%	22.9%

Narrative – Obligated Group:

Profitability margins, like Provider only, declined into FY 2024 then increased to FY 2025 on the strength of continued campus-wide occupancy and expense controls taking hold.

Management projects continued strong NOM-A through FY 2028, consistent with sustained growth in entrance fees received supporting profitability and stable expense ratios, despite rising interest expense related to 2024 bonds.

35.3 Capital Structure Ratios

Debt Service Coverage (DSCR). Measures ability to pay annual debt service from operations and net entrance fee cash. Higher values indicate greater ability to pay debt service.

Unrestricted Cash & Investments to Long-Term Debt (CD). Compares unrestricted cash and investments to long-term debt. Higher values indicate more unrestricted cash and investments relative to debt.

Capital Expenditures to Depreciation (CED). Indicates reinvestment relative to depreciation expense. Values at or above 1.0x usually mean the provider is reinvesting enough to keep up.

Table 35.3: Capital Structure Ratios – Provider Only

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	13.55x	12.35x	15.82x	10.15x	2.13x	2.40x
CD	5.14x	0.63x	0.74x	0.81x	0.82x	0.86x
CED	1.50x	2.75x	7.63x	3.91x	1.05x	0.95x

Narrative – Provider Only:

Carolina Meadows maintains strong debt service coverage, which is anticipated to continue into FY 2026, followed by lower coverage beginning in FY 2027 as long-term debt and related interest expense take hold.

Capital-expenditure ratios remain above, or just below 1.0x for FY 2028, even following 2024 debt payment needs, indicating generally more than adequate continued reinvestment in campus infrastructure.

Table 35.3A: Capital Structure Ratios – Obligated Group

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DSCR	13.50x	12.16x	15.82x	11.66x	2.43x	2.71x
CD	4.86x	0.59x	.68x	.84x	.87x	.94x
CED	1.50x	2.75x	7.63x	3.91x	1.05x	0.95x

Narrative – Obligated Group:

At the Obligated Group level, as for the provider-only ratios, strong debt service coverage is maintained and anticipated to continue into FY 2026, followed by lower coverage beginning in FY 2027 as long-term debt and related interest expense take hold.

At for the Obligated Group level, as with the provider-only ratios, capital expenditure ratios remain above, or just below, 1.0x through FY 2028, indicating generally more than adequate continued reinvestment in campus infrastructure.

35.4 Overall Summary

Both the provider and the Obligated Group demonstrate strong liquidity, conservative capital structure, and sound profitability. Liquidity and capital structure decline, particularly in FY 2027 following 2024 bonds placed, but remain comfortably above liquid statutory reserves and covenant requirements. Profitability remains strong throughout the six-year cycle.

Reporting ratios confirm that both the Carolina Meadows provider and the Obligated Group operate within a financially resilient structure that provides continued stability and access to shared reserves. Projected performance indicates stable or modestly improving results through FY 2026 and into FY 2027, with sufficient capacity to fund operations, to service debt including increasing interest expense, and to support ongoing capital renewal.

36. Actuarial Opinion and Balance

The opinion of a qualified independent actuary is attached hereto as Appendix C. The actuarial report evaluates current and projected financial position and determines whether Carolina Meadows, Inc., is in satisfactory actuarial balance.

The actuary reviewed prospective financial statements for the next five years using standard actuarial methods and assumptions and concluded that Carolina Meadows, Inc. is in satisfactory actuarial balance, with a qualification in regard to surplus and contingency margins, as of December 31, 2025. Key assumptions included mortality, morbidity, resident entrance and withdrawal rates, fee increase patterns, and long-term investment return.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of Carolina Meadows Senior Communities and Services, Inc. pursuant to Article 64A of the North Carolina General Statutes.

38. Other Material Information

Management has reviewed whether there are any additional facts, circumstances, risks, or events that could reasonably be expected to influence a prospective or current resident's decision to contract with Carolina Meadows, Inc. Other than the disclosures provided in prior sections of this Disclosure Statement, management has determined that no additional material information requires disclosure at this time.

39. Contract Forms and Attachments

Carolina Meadows, Inc. offers two continuing care contract options and one continuing care at home contract. Representative forms of each are attached hereto as Appendix D and E.

Appendix Index

The following Appendices are incorporated into and form an integral part of this Disclosure Statement. Each Appendix begins on a separate page.

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Appendix A — Audited Financial Statements

**CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC.
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Carolina Meadows Senior Communities
& Services, Inc. and Affiliates
Chapel Hill, North Carolina

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Carolina Meadows Senior Communities & Services, Inc. and Affiliates (Carolina Meadows), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of operations, changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Carolina Meadows as of December 31, 2025 and 2024, and the results of its operations, changes in its net assets (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 Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Carolina Meadows 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Carolina Meadows' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 Carolina Meadows' 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 Carolina Meadows' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Board of Directors
Carolina Meadows Senior Communities
& Services, Inc. and Affiliates

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2025 supplemental consolidating schedules are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
April 28, 2026

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,138,708	\$ 6,753,785
Accounts Receivable	2,505,176	2,698,213
Sales Tax Refund Receivable	855,570	253,226
Inventories	384,284	409,929
Prepaid Expenses	700,176	511,071
Total Current Assets	12,583,914	10,626,224
ASSETS LIMITED AS TO USE	51,390,203	85,173,581
INVESTMENTS	37,501,242	31,272,018
PROPERTY AND EQUIPMENT	164,015,161	118,321,876
INTEREST RATE SWAP AGREEMENTS	638,520	936,491
Total Assets	\$ 266,129,040	\$ 246,330,190
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	\$ 810,000	\$ 785,000
Accounts Payable	10,138,343	4,796,674
Accrued Expenses	3,211,956	2,707,718
Total Current Liabilities	14,160,299	8,289,392
LONG-TERM DEBT, LESS CURRENT MATURITIES	85,113,675	86,018,961
DEFERRED REVENUE AND OTHER LIABILITIES		
Deferred Revenue from Advance Fees	5,709,468	3,657,494
Advance Fee Liability	196,163,880	188,339,900
Other Deferred Revenue	113,603	269,647
Deposits on Occupied Units	5,396,220	4,911,980
Agency Funds Due Residents	829,337	490,279
Total Deferred Revenue and Other Liabilities	208,212,508	197,669,300
Total Liabilities	307,486,482	291,977,653
NET ASSETS (DEFICIT)		
Net Deficit Without Donor Restrictions	(41,557,722)	(45,769,557)
Net Assets With Donor Restrictions	200,280	122,094
Total Net Assets (Deficit)	(41,357,442)	(45,647,463)
Total Liabilities and Net Assets (Deficit)	\$ 266,129,040	\$ 246,330,190

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS		
Resident Fees Earned:		
On Campus	\$ 44,089,081	\$ 41,726,115
Early Advantage	693,207	748,831
Amortization of Advance Fees:		
On Campus	164,993	161,725
Early Advantage	215,590	166,283
Contributions	839,098	512,760
Resident Assistance Fund Fees	697,000	433,500
Dining Services	2,805,245	2,770,837
Maintenance Services	79,684	84,541
Housekeeping Services	253,437	263,759
Resident Services	82,545	132,580
Medical and Ancillary Charges	646,027	757,867
Home Care Services	1,489,923	1,763,780
Miscellaneous Income	484,197	354,684
Remarketing Income	1,057,830	747,570
Modification and Refurbishment Revenue	3,183,017	1,678,540
Realized Gains on Investments, Net	1,400,889	2,764,544
Investment Income	2,001,909	1,596,419
Total Revenues, Gains, and Other Support Without Donor Restrictions	60,183,672	56,664,335
EXPENSES		
Administrative Services	5,298,306	4,180,509
Early Advantage	36,312	33,867
Dining Services	9,725,875	9,494,792
Housekeeping and Laundry Services	2,100,213	2,159,638
Plant Operations	5,474,655	5,111,351
Grounds	1,360,901	1,326,777
Resident Services	888,140	862,403
Human Resources	1,206,623	986,245
On-Site Medical Practice	1,694,008	1,492,150
Wellness	436,932	429,347
Home Care Services	1,518,616	1,511,075
Nursing Services	6,252,974	6,243,229
Assisted Living Services	2,652,210	2,468,927
Marketing	748,402	750,767
Social Services	395,213	381,097
Community Life	705,453	688,355
Information Technology	2,192,447	2,062,903
General	2,948,158	2,750,004
Upgrades and Refurbishments	164,725	173,240
Shared Appreciation Expense	4,572,871	2,725,877
Depreciation	6,890,846	6,294,146
Interest Expense and Amortization	208,197	139,346
Resident Assistance Expense	539,989	493,781
Total Expenses	58,012,066	52,759,826
Net Operating Income	2,171,606	3,904,509

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
(CONTINUED)
YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Net Operating Income	\$ 2,171,606	\$ 3,904,509
Change in Fair Value of Interest Rate Swap Agreements	(297,971)	12,511
Unrealized Gains (Losses) on Investments, Net	2,282,623	(365,359)
Net Assets Released From Restrictions	47,977	103,476
Gain on Sale of Assets	<u>7,600</u>	<u>23,475</u>
EXCESS OF REVENUES OVER EXPENSES AND CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	4,211,835	3,678,612
NET ASSETS WITH DONOR RESTRICTIONS		
Restricted Contributions	126,163	64,602
Net Assets Released From Restrictions	<u>(47,977)</u>	<u>(103,476)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>78,186</u>	<u>(38,874)</u>
CHANGE IN NET ASSETS (DEFICIT)	4,290,021	3,639,738
Net Deficit - Beginning of Year	<u>(45,647,463)</u>	<u>(49,287,201)</u>
NET DEFICIT - END OF YEAR	<u>\$ (41,357,442)</u>	<u>\$ (45,647,463)</u>

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets (Deficit)	\$ 4,290,021	\$ 3,639,738
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided by Operating Activities:		
Amortization of Advance Fees	(380,583)	(328,008)
Amortization of Deferred Revenue	(490,792)	(280,627)
Depreciation	6,890,846	6,294,146
Amortization of Bond Premium and Deferred Financing Costs	(30,286)	1,569
Losses (Gains) Related to Interest Rate Swap Agreements	297,971	(12,511)
Net Unrealized and Realized Investment Gains	(3,683,512)	(2,399,185)
Net Change in:		
Accounts Receivable	193,037	(358,868)
Sales Tax Refund Receivable	(602,344)	(38,031)
Inventories	25,645	(12,773)
Prepaid Expenses and Other Assets	(189,105)	(65,725)
Accounts Payable	5,341,669	1,627,931
Accrued Expenses	504,238	482,060
Net Cash Provided by Operating Activities	12,166,805	8,549,716
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	88,202,313	11,288,397
Purchase of Investments and Assets Limited as to Use	(56,625,589)	(85,826,278)
Acquisition and Construction of Property and Equipment	(52,584,131)	(17,307,331)
Net Cash Used by Investing Activities	(21,007,407)	(91,845,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Change from Deposits on Occupied and Unconstructed Units	484,240	457,460
Proceeds from Advance Fees	25,780,026	17,929,939
Refunds of Advance Fees	(15,188,741)	(12,279,300)
Principal Payments on Long-Term Debt	(850,000)	(760,000)
Proceeds from Long-Term Debt	-	79,347,479
Payments of Issuance Costs	-	(1,465,396)
Net Change from Deposits in Agency Accounts	339,058	(36,929)
Net Cash Provided by Financing Activities	10,564,583	83,193,253
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	1,723,981	(102,243)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	7,244,064	7,346,307
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 8,968,045	\$ 7,244,064
RECONCILIATION OF CASH, CASH EQUIVALENTS, AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 8,138,708	\$ 6,753,785
Restricted Cash Included in Assets Limited as to Use (See Note 3)	829,337	490,279
Total	\$ 8,968,045	\$ 7,244,064
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Payments for Interest	\$ 1,633,748	\$ 719,055
Property and Equipment Purchases in Accounts Payable	\$ 8,647,023	\$ 2,532,705

See accompanying Notes to Consolidated Financial Statements.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 1 ORGANIZATION

The accompanying consolidated financial statements include the consolidated balance sheets, statements of operations, and cash flows of Carolina Meadows Senior Communities & Services, Inc. and its Affiliates. The entities and activities comprising “Carolina Meadows” consist of the following:

Carolina Meadows Senior Communities & Services, Inc.

Carolina Meadows Senior Communities & Services, Inc. (Senior Services) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) incorporated on April 25, 2017. Senior Services is the sole member of Carolina Meadows, Inc. (Carolina Meadows or the CCRC) and supports the CCRC as its management and administrative service provider. Senior Services provides the common management team for all entities under the “Carolina Meadows umbrella.”

Carolina Meadows Management and Development Services, Inc.

Carolina Meadows Management and Development Services, Inc. (Management and Development) was incorporated on April 25, 2017. Management and Development provides services to the CCRC and will provide similar services to other senior living organizations and development projects that align with a shared mission and business interest that enriches and improves the lives of residents and those connected to the community while supporting the overall mission and values of Carolina Meadows, Inc. Senior Services is the sole shareholder of Management and Development.

Carolina Meadows Home Care, Inc.

Carolina Meadows Home Care, Inc. (Home Care) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) incorporated on April 25, 2017. Home Care provides in-home care services and support to the residents of Carolina Meadows, Inc. Senior Services, the sole member of Home Care.

Carolina Meadows, Inc.

Carolina Meadows, Inc. (Carolina Meadows or the CCRC) is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3). The CCRC provides housing, health care and other related services to residents through the operation of a continuing care retirement community consisting of 280 villas, 196 apartments, 78 assisted living apartments and a 90-bed skilled nursing health center located in Chatham County, North Carolina. There are five additional apartments, including four guest suites and one marketing showcase and selection center.

Carolina Meadows Foundation, Inc.

Carolina Meadows Foundation, Inc. (Foundation) was incorporated on May 1, 2018. The Foundation provides support for Carolina Meadows. Senior Services is the sole member of Foundation.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the consolidated accounts of Senior Services, Management and Development, Home Care, Foundation, and the CCRC. All material intercompany accounts and transactions have been eliminated.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets consisting of all resources that have no donor-imposed restrictions.

Net Assets With Donor Restrictions – Include 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, Carolina Meadows considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with original maturities of three months or less when purchased, as cash and cash equivalents. At times, Carolina Meadows places deposits with high credit quality institutions in amounts that may be in excess of federally insured amounts. Carolina Meadows has not experienced any financial loss related to such deposits.

Accounts Receivable

Resident accounts receivable consist of resident monthly accommodation fees. Carolina Meadows provides an allowance for credit losses using management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is due upon receipt of invoice or claim submitted. At December 31, 2025 and 2024, management has determined that no allowance for credit losses is necessary related to resident accounts receivable.

Inventories

Inventories are valued at the lower of cost or market on a first-in, first-out basis.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets Limited as to Use

Assets limited as to use include assets set aside by the board of directors for resident assistance payments, resident funds held in agency accounts, bond funds, and contingencies over which the board retains control and may, at its discretion, subsequently use for other purposes. It also includes operating reserve funds required under North Carolina General Statute 58-64-33.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income (including interest and dividends) and realized gains and losses on investments are included in the excess of revenues over expenses unless restricted by donors or law. In determining realized gains and losses, the cost of investments is determined using the specific-identification method. Unrealized gains and losses on investments are included in the excess of revenues over expenses.

Fair Value Measurements

Carolina Meadows categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation techniques used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Assets and liabilities valued at fair value are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that use quoted prices (unadjusted) in active markets for identical assets or liabilities that Carolina Meadows has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable for the asset or liability, which are typically based on Carolina Meadows' own assumptions, as there is little, if any, related market activity.

Subsequent to initial recognition, Carolina Meadows may remeasure the carrying value of assets and liabilities measured on a nonrecurring basis to fair value. Adjustments to fair value usually result when certain assets are impaired. Such assets are written down from their carrying amounts to their fair value.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

Professional standards allow entities the irrevocable option to elect to measure certain financial instruments and other items at fair value for the initial and subsequent measurement on an instrument-by-instrument basis. Carolina Meadows adopted the policy to value certain financial instruments at fair value.

Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques, such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions and other factors such as credit loss assumptions. Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets. Level 2 inputs held by Carolina Meadows include interest rate swap agreements, equity securities held in partnerships and certain alternative investments. Level 3 inputs held by Carolina Meadows include certain alternative investments.

Derivatives

Derivatives and hedging instruments are recorded at fair value in the consolidated financial statements. Carolina Meadows entered into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The agreements are recorded in the accompanying consolidated balance sheets at estimated fair value at December 31, 2025 and 2024. Carolina Meadows does not hold or issue financial instruments for trading purposes.

Risks and Uncertainties

Carolina Meadows holds investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will continue to occur in the near term and that such changes could materially affect Carolina Meadows' investment balances and the amounts reported in the consolidated balance sheets of Carolina Meadows.

Excess of Revenues Over Expenses

The consolidated statements of operations and changes in net assets (deficit) include excess of revenues over expenses, which Carolina Meadows uses as its measure of operations.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Assets that cost at or over \$5,000 and have an estimated useful life of at least three years are capitalized. Contributed property is recorded at the estimated fair value at the date of receipt. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets. During the years ended December 31, 2025 and 2024, Carolina Meadows capitalized interest costs of approximately \$1,431,000 and \$581,000, respectively. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

Carolina Meadows periodically assesses the reliability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicated the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. Depreciation of new construction begins the month following the date the facilities are placed in service.

Early Advantage Program

In 2017, Carolina Meadows received approval from the North Carolina Department of Insurance to offer a “continuing care without lodging” contract for persons to become residents of Carolina Meadows while not taking residence at Carolina Meadows initially. Under the Early Advantage contract, residents who are living off-campus receive the same access to Carolina Meadow’s campus amenities and the same access to health care services and future benefits that are afforded to residents who are living on campus, in addition to up to ten free life-time days in the health center before moving on to the campus.

North Carolina General Assembly § 58-64-7(c) stipulates that Carolina Meadows must account for the revenue and expenses related to the Early Advantage program separately from revenue and expenses for on-campus services on consolidated financial statements and five-year forecasts. Carolina Meadows had 110 and 102 residents under contract in the Early Advantage program as of December 31, 2025 and 2024, respectively.

Advance Fees

Under the terms of the residency and care agreement, each resident pays an entrance fee. A deposit of 5% or 10% of the entrance fee is paid when the ready list agreement is signed, with the balance of the fee to be paid prior to occupancy. Net entrance fees, along with monthly accommodation fees, primarily pay for the cost of services provided to residents. Residents may also enter into a nonrefundable Modification Agreement with Carolina Meadows.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advance Fees (Continued)

Carolina Meadows offers refundable contract options to its residents. The contracts provides for payment of the refundable entrance fees and, if the unit has appreciated, half of the shared appreciation on the unit, after the unit is resold and a new resident occupies that unit.

Deposits paid, less an administrative charge, are refundable to persons canceling their residency and care agreement prior to moving to Carolina Meadows. No administrative charge is assessed for cancellation resulting from death or physical or mental impairment.

Advance fees from the Early Advantage Program, Modification Agreements, and direct admit residents are amortized into revenue as amortization of advance fees using the straight-line method based on the terms of the contract. The unamortized portion of the advance fees from the Early Advantage Program, Modification Agreements, and direct admit residents are shown on the consolidated balance sheets as deferred revenue. Refundable advance fees are recorded as Advance Fee Liability on the consolidated balance sheet.

Deferred Costs

Carolina Meadows presents bond issue costs as a direct deduction from the face amount of the related borrowings, amortize bond issue costs using the effective interest method over the life of the debt and record the amortization as a component of interest expense.

Unamortized bond issuance costs related to Carolina Meadows' long-term debt are being amortized over the maturity of the related bonds.

Income Tax Status

Carolina Meadows Senior Communities & Services, Inc., Carolina Meadows Home Care, Inc., Carolina Meadows Foundation, Inc., and Carolina Meadows, Inc. are nonprofit, tax-exempt organizations exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. Carolina Meadows Management and Development Services, Inc., a taxable corporation, utilizes the liability method of accounting for income taxes in accordance with standards on accounting for income taxes.

Management is not aware of any activities that would jeopardize the tax-exempt status of Carolina Meadows. Management is not aware of any significant activities that are subject to tax on unrelated business income, excise or other taxes.

Carolina Meadows follows guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. The implementation has had no impact on Carolina Meadows' consolidated financial statements. Carolina Meadows has determined that it does not have any material unrecognized tax benefit or obligation as of December 31, 2025.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 2 NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revisions

Certain revisions of amounts previously reported have been made to the accompanying consolidated financial statements. In Note 12 of the consolidated financial statements, the disclosure of the financial assets available for general expenditures for the prior year has been revised to \$40,849,525. The revision had no impact on previously reported net assets.

Subsequent Events

Carolina Meadows has evaluated the effect subsequent events would have on the consolidated financial statements through April 28, 2026, which is the date the consolidated financial statements were available to be issued.

NOTE 3 ASSETS LIMITED AS TO USE AND INVESTMENTS

Assets limited as to use and investments stated at fair value at December 31 include:

	<u>2025</u>	<u>2024</u>
Cash and Certificates of Deposit		
Unavailable for Investment	\$ 829,337	\$ 490,279
Liquid Investments, Principally Money Market Funds	11,288,726	24,309,418
Mutual Funds	33,220,983	56,640,882
Equity Securities	27,979,923	31,394,936
Government Bonds	9,843,262	839,037
Corporate Bonds	4,337,124	1,390,810
Alternative Investments	1,392,090	1,380,237
Total	<u>\$ 88,891,445</u>	<u>\$ 116,445,599</u>

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 3 ASSETS LIMITED AS TO USE AND INVESTMENTS (CONTINUED)

These investments are classified on the consolidated balance sheets as follows:

	2025	2024
Assets Limited as to Use:		
By Board Designation	\$ 5,396,220	\$ 4,911,980
NC Operating Reserve	11,631,000	11,009,750
Resident Funds Held in Agency Accounts	829,337	490,279
Bond Funds	33,533,646	68,761,572
Total Assets Limited as to Use:	51,390,203	85,173,581
Unrestricted Investments	37,501,242	31,272,018
Total	\$ 88,891,445	\$ 116,445,599

Historical cost of investments was \$81,440,950 and \$111,941,189 at December 31, 2025 and 2024, respectively.

Board designations of investments at December 31 are summarized as follows:

	2025	2024
Designated for Unit Deposits and Reservations	\$ 5,396,220	\$ 4,911,980

Carolina Meadows has adopted investment policies and monitors the allocation of investments between types of investments including mutual funds, common stocks, bonds, and alternative investments.

Alternative Investments

As Carolina Meadows has the ability and intent to hold these investments until fair value is recovered, it does not consider any impairment of these investments to be other-than-temporary at December 31, 2025 and 2024.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES

Carolina Meadows uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how Carolina Meadows measures fair value refer to Note 2. The following table presents the fair value hierarchy for the balances of the assets and liabilities of Carolina Meadows measured at fair value on a recurring basis as of December 31:

	2025			
	Total	Level 1	Level 2	Level 3
Assets:				
Mutual Funds	\$ 33,220,983	\$ 33,220,983	\$ -	\$ -
Equity Securities	27,979,923	27,979,923	-	-
Government Bonds	9,843,262	9,843,262	-	-
Corporate Bonds	4,337,124	4,337,124	-	-
Alternative Investments	1,392,090	-	-	1,392,090
Interest Rate Swaps	638,520	-	638,520	-
Financial Assets	<u>\$ 77,411,902</u>	<u>\$ 75,381,292</u>	<u>\$ 638,520</u>	<u>\$ 1,392,090</u>
	2024			
	Total	Level 1	Level 2	Level 3
Assets:				
Mutual Funds	\$ 56,640,882	\$ 56,640,882	\$ -	\$ -
Equity Securities	31,394,936	31,394,936	-	-
Government Bonds	839,037	839,037	-	-
Corporate Bonds	1,390,810	1,390,810	-	-
Alternative Investments	1,380,237	-	-	1,380,237
Interest Rate Swaps	936,491	-	936,491	-
Financial Assets	<u>\$ 92,582,393</u>	<u>\$ 90,265,665</u>	<u>\$ 936,491</u>	<u>\$ 1,380,237</u>

Investments include cash equivalents of \$12,118,063 and \$24,799,697 as of December 31, 2025 and 2024, respectively.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 4 FAIR VALUES OF ASSETS AND LIABILITIES (CONTINUED)

Carolina Meadows values certain investment holdings at fair value using their net asset value and has the ability to redeem its investment with the investee at net asset value per share (or its equivalent) at the measurement date.

Fair Value Measurements using significant unobservable (Level 3) inputs as of December 31:

	2025					
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period	Principal Valuation Technique	Unobservable Inputs
Brown Advisory Private Equity Partners III, LLP	\$ 321,445	\$ -	N/A	-	Net Asset Value	Value of Underlying Asset
Viking Global Opportunities	768,852	-	Monthly	95 Business Days	Net Asset Value	Value of Underlying Asset
Novare	12,287	-	N/A	-	Net Asset Value	Value of Underlying Asset
Ziegler Link-Age Fund II, L.P.	<u>289,506</u>	<u>-</u>	N/A	-	Net Asset Value	Value of Underlying Asset
Total	<u>\$ 1,392,090</u>	<u>\$ -</u>				
	2024					
	Net Asset Value	Unfunded Commitments	Frequency (If Currently Eligible)	Redemption Notice Period	Principal Valuation Technique	Unobservable Inputs
Brown Advisory Private Equity Partners III, LLP	\$ 339,950	\$ -	N/A	-	Net Asset Value	Value of Underlying Asset
Viking Global Opportunities	742,845	-	Monthly	95 Business Days	Net Asset Value	Value of Underlying Asset
Novare	16,428	-	N/A	-	Net Asset Value	Value of Underlying Asset
Ziegler Link-Age Fund II, L.P.	<u>281,014</u>	<u>-</u>	N/A	-	Net Asset Value	Value of Underlying Asset
Total	<u>\$ 1,380,237</u>	<u>\$ -</u>				

The investment funds are valued at the net asset value of units, which are based on market prices of the underlying investments, held by Carolina Meadows at year-end. Brown Advisory Private Equity Partners III's investment objective is to provide a vehicle for investors to invest in various private investment funds. Viking Global Opportunities' investment objective is to achieve long-term capital appreciation at or above that of the broad global equity market. Ziegler Link-Age Fund's and Novare investment objectives are to achieve long-term capital appreciation by making equity and equity-like usually minority investments in early to mid-stage, emerging-growth companies that are operating or developing business focused on either the aging or post-acute care markets.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at December 31 are summarized as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 2,469,975	\$ 2,469,975
Land Improvements	8,138,610	7,966,660
Buildings and Building Improvements	181,811,303	173,670,228
Construction in Progress	56,991,331	14,025,619
Furniture and Fixtures	15,703,208	14,612,964
Computer Equipment	4,120,043	4,108,781
Vehicles	963,767	841,592
Subtotal	<u>270,198,237</u>	<u>217,695,819</u>
Less: Accumulated Depreciation	<u>(106,183,076)</u>	<u>(99,373,943)</u>
Total	<u>\$ 164,015,161</u>	<u>\$ 118,321,876</u>

Construction in progress at December 31, 2025 and 2024 consists of the construction of a new nursing facility with an estimated cost of approximately \$76,000,000 and an expected completion date of June 2026, and various other projects.

NOTE 6 LONG-TERM DEBT

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

<u>Description</u>	<u>2025</u>	<u>2024</u>
Public Finance Authority Retirement Facilities Revenue Bond Series 2019, Bank Qualified Debt Maturing in 2034, Bearing Interest at a Variable Rate (4.08% and 4.63% at December 31, 2025 and 2024)	\$ 8,225,000	\$ 9,075,000
North Carolina Medical Care Commission Retirement Facilities First Mortgage Revenue Bonds Series 2024, Maturities in Varying Annual Amounts Through December 2034, 2039, 2044, 2049, and 2054 Bearing Interest at 4.00% - 5.25%.	<u>76,170,000</u>	<u>76,170,000</u>
Subtotal	84,395,000	85,245,000
Plus: Unamortized Premium	3,025,533	3,131,382
Less: Unamortized Deferred Financing Costs	(1,496,858)	(1,572,421)
Less: Current Maturities	<u>(810,000)</u>	<u>(785,000)</u>
Total Long-Term Debt, Less Current Maturities	<u>\$ 85,113,675</u>	<u>\$ 86,018,961</u>

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 6 LONG-TERM DEBT (CONTINUED)

The following is a schedule by year of the aggregate maturities of long-term debt:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 810,000
2027	1,655,000
2028	1,710,000
2029	1,770,000
2030	1,835,000
Thereafter	76,615,000
Total	<u><u>\$ 84,395,000</u></u>

The following is a discussion of significant terms and conditions regarding the Public Finance Authority issuance of a \$12,700,000 Retirement Facilities Revenue Bond, Series 2019:

On November 1, 2019, Carolina Meadows entered into a loan agreement with the Public Finance Authority pursuant to the Public Finance Authority bond offering for purposes of refunding the North Carolina Medical Care Commission Weekly Adjustable Rate HealthCare Facilities revenue Bonds, Series 2014 and pay certain expenses incurred in connection with the issuance of the Series 2019 Bond. Proceeds from this offering were placed in trust. The trustee paid off the existing North Carolina Medical Care Commission tax-exempt variable rate demand bonds on November 21, 2019, thereby relieving Carolina Meadows of its liability for the outstanding Series 2004 bonds.

Beginning December 1, 2019 Carolina Meadows was required to make the first monthly payment of principal in the amount of \$55,000. Interest on the Series 2019 Bond is payable monthly with interest rate of Secured Overnight Financing Rate (SOFR) plus 1.05%.

The following is a discussion of significant terms and conditions regarding the North Carolina Medical Care Commission Issuance of \$76,170,000 Retirement Facilities First Mortgage Revenue Bonds, Series 2024:

On July 24, 2024, Carolina Meadows entered into a loan agreement with the North Carolina Medical Care Commission. This agreement was part of the Commission's bond offering aimed at providing funds to Carolina Meadows, Inc. for project costs, paying interest on the bonds, and covering issuance expenses. The proceeds from this offering were placed in trust, and the trustee will manage the funds according to the terms of the Trust Agreement.

Starting December 1, 2024, interest on the Series 2024 Bonds is payable semi-annually on December 1 and June 1. Starting on December 1, 2027, principal payments are due annually through maturity in 2034. Interest on the Series 2024 Bond is payable monthly with interest rate of 4.00% to 5.25%.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
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NOTE 6 LONG-TERM DEBT (CONTINUED)

Under the terms of the Master Trust Indenture, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 150 days' cash on hand and a debt service coverage ratio of at least 1.20x to 1.00x. Management is not aware of any noncompliance with all such covenants at December 31, 2025 and 2024.

Under the Credit Agreement with Truist Bank (Truist), Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 150 days' cash on hand and a debt service coverage ratio of at least 1.20x to 1.00x. In addition, Carolina Meadows must meet minimum reporting requirements and limit investment exposure as outlined by the Carolina Meadows investment policy. According to these agreements, Carolina Meadows has the ability to remedy any covenant violation within thirty days after receiving written notification from Truist, without accelerating the debt payments. Management is not aware of any noncompliance with all such covenants at December 31, 2025 and 2024.

As security for all obligations issued under the Master Trust Indenture, Carolina Meadows has granted (1) a security interest in certain pledged assets, such as accounts and equipment, to the Master Trustee (Truist Bank) and (2) a first priority lien on certain real property owned by Carolina Meadows for the benefit of the Master Trustee, in each case subject to certain permitted liens.

Future maturities of the bond have been classified in accordance with established installment schedule requirements in anticipation that covenant violations, if any, will be waived or remedied.

For the Series 2019 debt, Carolina Meadows has entered into two interest rate swap agreements with Truist to reduce the impact of changes in interest rates. Both swap agreements had an original notional amount of \$5,987,500. Each became effective December 22, 2020 and terminates on December 1, 2034. These agreements effectively limit Carolina Meadows' interest rate exposure on the notional amount of outstanding debt to 1.44% and 0.86%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counter-party to the interest rate swap agreement; however, Carolina Meadows does not anticipate nonperformance by the counter-party. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging, and does not hold instruments for speculative or investment purposes.

As described in Note 2 and Note 4, interest rate swaps are required to be measured at fair value on a recurring basis. As noted in Note 4, the interest rate swap was categorized as Level 2 in the valuation hierarchy.

Below is a table listing the fair value of the asset for interest rate swaps as of December 31:

	<u>2025</u>	<u>2024</u>
Derivatives Designated as Hedging Instruments:		
Interest Rate Swap Agreements	<u>\$ 638,520</u>	<u>\$ 936,491</u>

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 6 LONG-TERM DEBT (CONTINUED)

An analysis on the effectiveness of the swaps was not performed, causing the change in fair value of the swap to be included in the excess of revenues over expenses. Below is a table listing the gain (loss) recognized in excess of revenues over expenses on the interest rate swaps for the years ended December 31:

	2025	2024
Changes in Value of Interest Rate Swap Agreements	\$ (297,971)	\$ 12,511

NOTE 7 LINE OF CREDIT

In February 2015, Carolina Meadows entered into a loan agreement for an open-end revolving line of credit with a financial institution for an amount up to \$2,500,000, to meet cash flow needs, if any. In June 2025, Carolina Meadows modified the terms of the revolving line of credit to extend the maturity date to June 30, 2026.

This line of credit bears interest at Term SOFR plus 1.85%. At the close of business on December 31, 2025 and 2024, the rate was 5.51% and 6.16%, respectively, on the outstanding balance and is secured by deposits and investments maintained by the borrower with Truist and any affiliates. At December 31, 2025 and 2024, Carolina Meadows had no balance outstanding.

Under the Agreement to Commercial Note with Truist, Carolina Meadows is required to comply with various covenants including, but not limited to, maintaining at least 200 days' cash on hand and a debt service coverage ratio of at least 1.25x to 1.00x. Management is not aware of any noncompliance with all such covenants at December 31, 2025 and 2024.

NOTE 8 RETIREMENT PLAN

Carolina Meadows has a retirement plan under Internal Revenue Code Section 403(b), which operates as a deferred annuity contract and is available to all regular full-time employees. Carolina Meadows may, at its discretion, elect to make a qualified matching contribution to the retirement plan. Carolina Meadows matches 100% of participant deferrals up to 5% of their compensation. Effective July 2019, The Carolina Meadows Retirement Plan was amended to include an Automatic Enrollment Arrangement of 1% of compensation for all eligible employees, including an opportunity to opt out of the Arrangement. Participants may make voluntary contributions between 1% and 20% of their annual compensation not to exceed the statutory limit (\$23,500 for year ended December 31, 2025). Eligible participants are also permitted to make after-tax Roth contributions. Participants who have attained age 50 before the end of the plan year are eligible to make statutory limit catch-up contributions. Expenses relating to the plan were approximately \$633,000 and \$605,000 in 2025 and 2024, respectively.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 9 AGENCY FUNDS DUE RESIDENTS

Resident funds held in agency accounts represent advance fee refunds withheld from residents deemed to be a financial risk and residents wishing to establish agency accounts in lieu of long-term care insurance. Carolina Meadows has deposited these funds on the residents' behalf in certificates of deposit or money market funds with a financial institution. Carolina Meadows acts as custodian for the agency accounts, which are legally owned by the residents. At December 31, 2025 and 2024, agency funds due residents were approximately \$829,000 and \$490,000, respectively.

NOTE 10 CHARITY CARE AND COMMUNITY BENEFITS

Carolina Meadows is actively involved in the community through participation in various community outreach, educational, charitable and volunteer service programs sponsored on campus and throughout the community at large.

Carolina Meadows has estimated its direct and indirect costs of providing benevolent care under its benevolence care policy. In order to estimate the cost of providing such care, management calculated a cost-to-charge ratio by comparing the cost to provide services to residents and amount charged to residents. The cost-to-charge ratio is applied to the charges foregone to calculate the estimated direct and indirect cost of providing benevolent care. Using this methodology, Carolina Meadows has estimated the costs for services under its benevolence care policy to be approximately \$513,000 and \$469,000 for the years ended December 31, 2025 and 2024, respectively.

Charitable donations and community benefits for the years ended December 31 are summarized as follows:

	2025	2024
Charges Foregone for Benevolent Care	\$ 539,989	\$ 493,781
Charitable Donations	124,686	136,878
Voluntary Property Taxes Paid to Chatham County	1,619,708	1,418,864
Donated Volunteer Services of Carolina Meadows Staff	55,860	58,596
Total	\$ 2,340,243	\$ 2,108,119

NOTE 11 COMMITMENTS AND CONTINGENCIES

Carolina Meadows self-insures a portion of its employee health benefits exposure up to \$150,000 per employee, at December 31, 2025 and 2024, respectively, with stop-loss coverage for the majority of the employee claims in excess of \$150,000 in 2025 and 2024. An accrual for the self-insurance program was established to provide for estimated claims and losses and applicable legal expenses for claims incurred through December 31, 2025 but not reported. This accrual was determined by management and totaled approximately \$298,000 and \$220,000 at December 31, 2025 and 2024, respectively. The accrual is included in accrued expenses in the consolidated balance sheets. Commercial insurance has been obtained for coverage in excess of the self-insured amounts.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Carolina Meadows has in place insurance coverage for possible litigation in the ordinary course of business related to general and professional liability claims. Management believes that any claims, if asserted, would be settled within the limits of coverage.

NOTE 12 LIQUIDITY AND AVAILABILITY

Carolina Meadows' general philosophy is to maintain daily liquidity on all investments. The one exception is the alternative investment category. Carolina Meadows' investment committee is limited to selecting fund groups with no more than 90-day liquidity. The alternative investment category equals approximately 5% of the total assets available to meet liquidity needs. Carolina Meadows' historical turnover of net accounts receivables is no more than 30 days.

Carolina Meadows' financial assets available within one year of the consolidated balance sheets for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 8,138,708	\$ 6,753,785
Investments	<u>37,501,242</u>	<u>31,272,018</u>
Subtotal	45,639,950	38,025,803
Resident Accounts Receivable	2,425,065	2,570,496
Sales Tax Refund Receivable	<u>855,570</u>	<u>253,226</u>
Total Assets Available to Meet Liquidity Needs	<u>\$ 48,920,585</u>	<u>\$ 40,849,525</u>

Board-designated Assets Limited As To Use of approximately \$5,396,000 and \$4,912,000, for the years ended December 31, 2025 and 2024, respectively, are not included in the Total Assets Available to Meet Liquidity Needs in the table above, however, these funds are available for general expenditures.

NOTE 13 FUNCTIONALIZED EXPENSES

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square-footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 13 FUNCTIONALIZED EXPENSES (CONTINUED)

The following is a summary of functional expenses for the year ended December 31, 2025:

	Program Services				Management and General	Total
	Independent	Assisted	Other	Total		
	Living	Living	Healthcare Service	Program Services		
Salaries and Benefits	\$ 12,028,706	\$ 4,312,856	\$ 11,447,560	\$ 27,789,122	\$ 1,782,947	\$ 29,572,069
Depreciation	6,444,042	360,231	86,573	6,890,846	-	6,890,846
Other Operating Expenses	11,626,777	1,098,835	6,045,517	18,771,129	2,569,825	21,340,954
Interest and Amortization Expense	73,444	121,045	13,708	208,197	-	208,197
Total	<u>\$ 30,172,969</u>	<u>\$ 5,892,967</u>	<u>\$ 17,593,358</u>	<u>\$ 53,659,294</u>	<u>\$ 4,352,772</u>	<u>\$ 58,012,066</u>

The following is a summary of functional expenses for the year ended December 31, 2024:

	Program Services				Management and General	Total
	Independent	Assisted	Other	Total		
	Living	Living	Healthcare Service	Program Services		
Salaries and Benefits	\$ 10,707,843	\$ 3,976,014	\$ 11,821,637	\$ 26,505,494	\$ 1,846,167	\$ 28,351,661
Depreciation	5,847,795	358,862	87,489	6,294,146	-	6,294,146
Other Operating Expenses	9,601,991	1,095,626	4,465,614	15,163,231	2,811,442	17,974,673
Interest and Amortization Expense	53,482	85,851	13	139,346	-	139,346
Total	<u>\$ 26,211,111</u>	<u>\$ 5,516,353</u>	<u>\$ 16,374,753</u>	<u>\$ 48,102,217</u>	<u>\$ 4,657,609</u>	<u>\$ 52,759,826</u>

NOTE 14 RESIDENT SERVICE REVENUE

Performance obligations are determined based on the nature of the services provided by Carolina Meadows. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Carolina Meadows believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents living at Carolina Meadows receiving independent living, assisted living or other healthcare services. Carolina Meadows considers daily services provided to residents of assisted living and the health center, and monthly fees charged to residents living in independent living, as a separate performance obligation measured on a monthly basis or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to our residents and customers in a retail setting (for example, meals or guest rooms) and Carolina Meadows does not believe it is required to provide additional goods or services related to that sale.

Carolina Meadows determines the transaction price based on standard charges for goods and services provided, assistance provided to residents in accordance with Carolina Meadows' policy, and/or implicit price concessions provided to residents. Carolina Meadows determines its estimate of implicit price concessions based on its historical collection experience.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 14 RESIDENT SERVICE REVENUE (CONTINUED)

Carolina Meadows has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: service line, method of reimbursement, and timing of when revenue is recognized.

Resident revenue is primarily private pay for the years ended December 31, 2025 and 2024.

Because all of its performance obligations relate to contracts with a duration of less than one year, Carolina Meadows has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Carolina Meadows has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to Carolina Meadows's expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less. However, Carolina Meadows does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Carolina Meadows has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that Carolina Meadows otherwise would have recognized is one year or less in duration.

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 14 RESIDENT SERVICE REVENUE (CONTINUED)

The composition of resident revenue based on the Carolina Meadows' service lines of business, method of reimbursement, and timing of revenue recognition for the years ended December 31 are as follows:

	2025	2024
Service Lines:		
Independent Living	\$ 34,088,745	\$ 30,862,977
Assisted Living	8,240,846	7,817,179
Healthcare	11,741,679	11,018,668
Home Care	1,489,923	1,763,780
Amortization of Advance Fees	380,583	328,008
Total	\$ 55,941,776	\$ 51,790,612
Method of Reimbursement:		
Monthly Accommodation Fees	\$ 44,782,288	\$ 42,474,946
Amortization of Advance Fees	380,583	328,008
Fee for Service	10,778,905	8,987,658
Total	\$ 55,941,776	\$ 51,790,612
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 55,941,776	\$ 51,790,612

There is no impact to the contractual language on residency and care agreements or the calculation of refunds to former occupants upon re-occupancy.

The opening and closing contract balances were as follows:

	Accounts Receivable	Deferred Revenue from Advance Fees
Balance as of January 1, 2024	\$ 2,339,345	\$ 1,603,590
Balance as of December 31, 2024	2,698,213	3,657,494
Balance as of December 31, 2025	2,505,176	5,709,468

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2025 AND 2024

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisting of contributions restricted as to purpose consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Employee Assistance Funds	\$ 29,542	\$ 45,459
Scholarship Fund	17,788	12,112
Other Donor Restrictions	<u>152,950</u>	<u>64,523</u>
Total	<u>\$ 200,280</u>	<u>\$ 122,094</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and/or by occurrence of other events specified by donors.

	<u>2025</u>	<u>2024</u>
Employee Assistance Funds	\$ 33,821	\$ 10,977
OMB Solar Energy Project	-	78,000
Other Donor Restrictions	<u>14,156</u>	<u>14,499</u>
Total	<u>\$ 47,977</u>	<u>\$ 103,476</u>

SUPPLEMENTARY INFORMATION

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING BALANCE SHEET
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 329,922	\$ -	\$ 224,347	\$ 7,166,413	\$ 418,026	\$ -	\$ 8,138,708
Accounts Receivable	-	-	123,416	2,381,760	-	-	2,505,176
Sales Tax Refund Receivable	-	-	-	855,570	-	-	855,570
Inventories	-	-	-	384,284	-	-	384,284
Prepaid Expenses	-	-	-	700,176	-	-	700,176
Total Current Assets	<u>329,922</u>	<u>-</u>	<u>347,763</u>	<u>11,488,203</u>	<u>418,026</u>	<u>-</u>	<u>12,583,914</u>
ASSETS LIMITED AS TO USE	-	-	-	51,390,203	-	-	51,390,203
INVESTMENTS							
Investments	<u>1,019,784</u>	<u>-</u>	<u>304,436</u>	<u>32,375,453</u>	<u>3,801,569</u>	<u>-</u>	<u>37,501,242</u>
Total Investments	1,019,784	-	304,436	32,375,453	3,801,569	-	37,501,242
PROPERTY AND EQUIPMENT	-	-	-	164,015,161	-	-	164,015,161
DUE FROM RELATED PARTY	-	-	-	417,850	-	(417,850)	-
INTEREST RATE SWAP AGREEMENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>638,520</u>	<u>-</u>	<u>-</u>	<u>638,520</u>
Total Assets	<u>\$ 1,349,706</u>	<u>\$ -</u>	<u>\$ 652,199</u>	<u>\$ 260,325,390</u>	<u>\$ 4,219,595</u>	<u>\$ (417,850)</u>	<u>\$ 266,129,040</u>

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING BALANCE SHEET (CONTINUED)
DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
LIABILITIES AND NET ASSETS (DEFICIT)							
CURRENT LIABILITIES							
Current Maturities of Long-Term Debt	\$ -	\$ -	\$ -	\$ 810,000	\$ -	\$ -	\$ 810,000
Accounts Payable	-	-	2,341	10,135,671	331	-	10,138,343
Accrued Expenses	423,776	-	103,656	2,684,524	-	-	3,211,956
Total Current Liabilities	423,776	-	105,997	13,630,195	331	-	14,160,299
LONG-TERM DEBT, LESS CURRENT MATURITIES	-	-	-	85,113,675	-	-	85,113,675
DEFERRED REVENUE AND OTHER LIABILITIES							
Deferred Revenue from Advance Fees	-	-	-	5,709,468	-	-	5,709,468
Advance Fee Liability	-	-	-	196,163,880	-	-	196,163,880
Other Deferred Revenue	-	-	-	113,603	-	-	113,603
Deposits on Occupied Units	-	-	-	5,396,220	-	-	5,396,220
Agency Funds Due Residents	-	-	-	829,337	-	-	829,337
Due to Related Parties	150,000	48,607	210,000	-	9,243	(417,850)	-
Total Deferred Revenue and Other Liabilities	150,000	48,607	210,000	208,212,508	9,243	(417,850)	208,212,508
Total Liabilities	573,776	48,607	315,997	306,956,378	9,574	(417,850)	307,486,482
NET ASSETS (DEFICIT)							
Net Assets (Deficit) Without Donor Restrictions	775,930	(48,607)	336,202	(46,630,988)	4,009,741	-	(41,557,722)
Net Assets With Donor Restrictions	-	-	-	-	200,280	-	200,280
Total Net Assets (Deficit)	775,930	(48,607)	336,202	(46,630,988)	4,210,021	-	(41,357,442)
Total Liabilities and Net Assets (Deficit)	\$ 1,349,706	\$ -	\$ 652,199	\$ 260,325,390	\$ 4,219,595	\$ (417,850)	\$ 266,129,040

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS							
Resident Fees Earned:							
On Campus	\$ -	\$ -	\$ -	\$ 44,089,081	\$ -	\$ -	\$ 44,089,081
Early Advantage	-	-	-	693,207	-	-	693,207
Amortization of Advanced Fees:							
On Campus	-	-	-	164,993	-	-	164,993
Early Advantage	-	-	-	215,590	-	-	215,590
Contributions	-	-	-	(17,036)	856,134	-	839,098
Resident Assistance Fund Fees	-	-	-	-	697,000	-	697,000
Dining Services	-	-	-	2,805,245	-	-	2,805,245
Maintenance Services	-	-	-	79,684	-	-	79,684
Housekeeping Services	-	-	-	253,437	-	-	253,437
Resident Services	-	-	-	82,545	-	-	82,545
Medical and Ancillary Charges	-	-	-	646,027	-	-	646,027
Home Care Services	-	-	1,489,923	-	-	-	1,489,923
Miscellaneous Income	-	-	-	484,197	-	-	484,197
Remarketing Income	-	-	-	1,057,830	-	-	1,057,830
Modification and Refurbishment Revenue	-	-	-	3,183,017	-	-	3,183,017
Realized Gains on Investments, Net	-	-	-	1,296,111	104,778	-	1,400,889
Investment Income	22,823	-	4,865	1,862,486	111,735	-	2,001,909
Management Fee	1,200,000	-	-	-	-	(1,200,000)	-
Total Revenues, Gains, and Other Support Without Donor Restrictions	1,222,823	-	1,494,788	56,896,414	1,769,647	(1,200,000)	60,183,672
EXPENSES							
Administrative Services	1,413,578	-	49,321	3,127,662	707,745	-	5,298,306
Early Advantage	-	-	-	36,312	-	-	36,312
Dining Services	-	-	-	9,725,875	-	-	9,725,875
Housekeeping and Laundry Services	-	-	-	2,100,213	-	-	2,100,213
Plant Operations	-	-	-	5,474,655	-	-	5,474,655
Grounds	-	-	-	1,360,901	-	-	1,360,901
Resident Services	-	-	-	888,140	-	-	888,140
Human Resources	-	-	2,554	1,204,069	-	-	1,206,623
On-Site Medical Practice	-	-	-	1,694,008	-	-	1,694,008
Wellness	-	-	-	436,932	-	-	436,932
Home Care Services	-	-	1,518,616	-	-	-	1,518,616
Nursing Services	-	-	-	6,252,974	-	-	6,252,974
Assisted Living Services	-	-	-	2,652,210	-	-	2,652,210
Marketing	-	-	-	748,402	-	-	748,402
Social Services	-	-	-	395,213	-	-	395,213
Community Life	-	-	-	705,453	-	-	705,453
Information Technology	-	-	-	2,192,447	-	-	2,192,447
General	-	-	2,835	4,145,323	-	(1,200,000)	2,948,158
Upgrades and Refurbishments	-	-	-	164,725	-	-	164,725
Shared Appreciation Expense	-	-	-	4,572,871	-	-	4,572,871
Depreciation	-	-	-	6,890,846	-	-	6,890,846
Interest Expense and Amortization	-	-	-	208,197	-	-	208,197
Resident Assistance Expense	-	-	-	539,989	-	-	539,989
Total Expenses	1,413,578	-	1,573,326	55,517,417	707,745	(1,200,000)	58,012,066
Net Operating Income (Loss)	(190,755)	-	(78,538)	1,378,997	1,061,902	-	2,171,606

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows, Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
Net Operating Income (Loss)	\$ (190,755)	\$ -	\$ (78,538)	\$ 1,378,997	\$ 1,061,902	\$ -	\$ 2,171,606
Change in Fair Value of Interest Rate Swap Agreements	-	-	-	(297,971)	-	-	(297,971)
Unrealized Gains (Losses) on Investments, Net	(1,607)	-	-	2,146,402	137,828	-	2,282,623
Net Assets Released From Restrictions	-	-	-	-	47,977	-	47,977
Gain on Sale of Assets	-	-	-	7,600	-	-	7,600
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENSES AND CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	(192,362)	-	(78,538)	3,235,028	1,247,707	-	4,211,835
NET ASSETS WITH DONOR RESTRICTIONS							
Restricted Contribution	-	-	-	-	126,163	-	126,163
Net Assets Released From Restrictions	-	-	-	-	(47,977)	-	(47,977)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	-	-	-	-	78,186	-	78,186
CHANGE IN NET ASSETS (DEFICIT)	(192,362)	-	(78,538)	3,235,028	1,325,893	-	4,290,021
Net Assets (Deficit) - Beginning of Year	968,292	(48,607)	414,740	(49,866,016)	2,884,128	-	(45,647,463)
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 775,930</u>	<u>\$ (48,607)</u>	<u>\$ 336,202</u>	<u>\$ (46,630,988)</u>	<u>\$ 4,210,021</u>	<u>\$ -</u>	<u>\$ (41,357,442)</u>

CAROLINA MEADOWS SENIOR COMMUNITIES & SERVICES, INC. AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Carolina Meadows Senior Communities & Services, Inc.	Carolina Meadows Management and Development Services, Inc.	Carolina Meadows Home Care, Inc.	Carolina Meadows Inc.	Carolina Meadows Foundation, Inc.	Elimination	Consolidated Totals
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets (Deficit)	\$ (192,362)	\$ -	\$ (78,538)	\$ 3,235,028	\$ 1,325,893	\$ -	\$ 4,290,021
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided (Used) by Operating Activities:							
Amortization of Advance Fees	-	-	-	(380,583)	-	-	(380,583)
Amortization of Deferred Revenue	-	-	-	(490,792)	-	-	(490,792)
Depreciation	-	-	-	6,890,846	-	-	6,890,846
Amortization of Bond Premium and Deferred Financing Costs	-	-	-	(30,286)	-	-	(30,286)
Loss Related to Interest Rate Swap Agreements	-	-	-	297,971	-	-	297,971
Due to (from) Related Parties	(54,982)	-	97,129	(43,244)	1,097	-	-
Net Unrealized and Realized Investment Gains	1,607	-	-	(3,442,513)	(242,606)	-	(3,683,512)
Net Change in:							
Accounts Receivable	-	-	23,646	169,391	-	-	193,037
Sales Tax Refund Receivable	-	-	-	(602,344)	-	-	(602,344)
Inventories	-	-	-	25,645	-	-	25,645
Prepaid Expenses and Other Assets	-	-	-	(189,105)	-	-	(189,105)
Accounts Payable	-	-	880	5,340,632	157	-	5,341,669
Accrued Expenses	138,323	-	8,107	357,808	-	-	504,238
Net Cash Provided (Used) by Operating Activities	(107,414)	-	51,224	11,138,454	1,084,541	-	12,166,805
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from Sales and Maturities of Investments and Assets Limited as to Use	2,470,238	-	885,678	82,122,256	2,724,141	-	88,202,313
Purchase of Investments and Assets Limited as to Use	(3,491,629)	-	(1,190,114)	(48,421,560)	(3,522,286)	-	(56,625,589)
Acquisition and Construction of Property and Equipment	-	-	-	(52,584,131)	-	-	(52,584,131)
Net Cash Used by Investing Activities	(1,021,391)	-	(304,436)	(18,883,435)	(798,145)	-	(21,007,407)
CASH FLOWS FROM FINANCING ACTIVITIES							
Net Change from Deposits on Occupied and Unconstructed Units	-	-	-	484,240	-	-	484,240
Proceeds from Advance Fees	-	-	-	25,780,026	-	-	25,780,026
Refunds of Advance Fees	-	-	-	(15,188,741)	-	-	(15,188,741)
Principal Payments on Long-Term Debt	-	-	-	(850,000)	-	-	(850,000)
Net Change from Deposits in Agency Accounts	-	-	-	339,058	-	-	339,058
Net Cash Provided by Financing Activities	-	-	-	10,564,583	-	-	10,564,583
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,128,805)	-	(253,212)	2,819,602	286,396	-	1,723,981
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,458,727	-	477,559	5,176,148	131,630	-	7,244,064
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 329,922</u>	<u>\$ -</u>	<u>\$ 224,347</u>	<u>\$ 7,995,750</u>	<u>\$ 418,026</u>	<u>\$ -</u>	<u>\$ 8,968,045</u>
Cash and Cash Equivalents	\$ 329,922	\$ -	\$ 224,347	\$ 7,166,413	\$ 418,026	\$ -	\$ 8,138,708
Restricted Cash Included in Assets Limited as to Use (See Note 3)	-	-	-	829,337	-	-	829,337
Total	<u>\$ 329,922</u>	<u>\$ -</u>	<u>\$ 224,347</u>	<u>\$ 7,995,750</u>	<u>\$ 418,026</u>	<u>\$ -</u>	<u>\$ 8,968,045</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Payments for Interest	\$ -	\$ -	\$ -	\$ 1,633,748	\$ -	\$ -	\$ 1,633,748
Property and Equipment Purchases in Accounts Payable	\$ -	\$ -	\$ -	\$ 8,647,023	\$ -	\$ -	\$ 8,647,023

CAROLINA MEADOWS, INC.
COMBINING STATEMENTS OF LEVELS OF CARE
YEAR ENDED DECEMBER 31, 2025
(WITH COMPARATIVE TOTALS FOR 2024)
(SEE INDEPENDENT AUDITORS' REPORT)

	2025			2024	
	Independent Living	Health Center	Assisted Living	Total	Total
Resident Fees Earned:					
On Campus	\$ 24,288,434	\$ 11,593,545	\$ 8,207,102	\$ 44,089,081	\$ 41,726,115
Early Advantage	693,207	-	-	693,207	748,831
Amortization of Advance Fees:					
On Campus	62,250	-	102,743	164,993	161,725
Early Advantage	215,590	-	-	215,590	166,283
Contributions	(17,036)	-	-	(17,036)	67,996
Dining Services	2,794,038	293	10,914	2,805,245	2,770,837
Maintenance Services	72,229	1,341	6,114	79,684	84,541
Housekeeping Services	253,437	-	-	253,437	263,759
Resident Services	82,545	-	-	82,545	132,580
Medical and Ancillary	482,811	146,500	16,716	646,027	757,867
Miscellaneous Income	484,197	-	-	484,197	354,684
Remarketing Income	1,057,830	-	-	1,057,830	747,570
Modification and Refurbishment Revenue	3,183,017	-	-	3,183,017	1,678,540
Realized Gains on Investments, Net	701,426	419,946	174,739	1,296,111	2,597,306
Investment Income	1,129,169	494,204	239,113	1,862,486	1,502,412
Total Operating Revenues	<u>35,483,144</u>	<u>12,655,829</u>	<u>8,757,441</u>	<u>56,896,414</u>	<u>53,761,046</u>
Administrative Services	1,765,976	672,764	688,922	3,127,662	2,265,115
Early Advantage	36,312	-	-	36,312	33,867
Dining Services	6,705,741	1,506,977	1,513,157	9,725,875	9,494,792
Housekeeping and Laundry Services	946,004	779,204	375,005	2,100,213	2,159,638
Plant Operations	4,953,662	221,967	299,026	5,474,655	5,111,351
Grounds	1,360,901	-	-	1,360,901	1,326,777
Resident Services	888,140	-	-	888,140	862,403
Human Resources	1,204,069	-	-	1,204,069	979,626
On-Site Medical Practice	1,694,008	-	-	1,694,008	1,492,150
Wellness	436,932	-	-	436,932	429,347
Nursing Services	-	6,252,974	-	6,252,974	6,243,229
Assisted Living Services	-	-	2,652,210	2,652,210	2,468,927
Marketing	748,402	-	-	748,402	750,598
Social Services	395,213	-	-	395,213	381,097
Community Life	208,577	236,040	260,836	705,453	688,355
Information Technology	2,192,447	-	-	2,192,447	2,062,903
General	2,891,026	731,690	522,607	4,145,323	5,206,581
Upgrades and Refurbishments	72,840	29,586	62,299	164,725	173,240
Shared Appreciation Expense	4,572,871	-	-	4,572,871	2,725,877
Depreciation	6,443,956	86,573	360,317	6,890,846	6,294,146
Interest Expense and Amortization	73,444	13,708	121,045	208,197	139,346
Resident Assistance Expense	-	539,989	-	539,989	493,781
Overhead Allocations	(972,486)	427,372	545,114	-	-
Total Operating Expenses	<u>36,618,035</u>	<u>11,498,844</u>	<u>7,400,538</u>	<u>55,517,417</u>	<u>51,783,146</u>
Total Operating Surplus Before Nonoperating Activities	(1,134,891)	1,156,985	1,356,903	1,378,997	1,977,900
Nonoperating Activities:					
Changes in Fair Value of Interest Rate Swap Agreements	(297,971)	-	-	(297,971)	12,511
Unrealized Gains (Losses) on Investments, Net	1,593,399	212,933	340,070	2,146,402	(355,704)
Gain on Sale of Assets	7,600	-	-	7,600	23,475
Total Nonoperating Activities	<u>1,303,028</u>	<u>212,933</u>	<u>340,070</u>	<u>1,856,031</u>	<u>(319,718)</u>
Change in Net Assets Without Donor Restrictions	<u>\$ 168,137</u>	<u>\$ 1,369,918</u>	<u>\$ 1,696,973</u>	<u>\$ 3,235,028</u>	<u>\$ 1,658,182</u>



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Appendix B — Five-Year Prospective Financial Statements

**OBLIGATED GROUP CONSISTING OF:
CAROLINA MEADOWS, INC. AND
CAROLINA MEADOWS SENIOR COMMUNITIES AND SERVICES INC.**

**FORECASTED CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' COMPILATION REPORT
AND SUPPLEMENTARY INFORMATION**

**FOR THE FIVE YEARS ENDING
DECEMBER 31, 2026 THROUGH DECEMBER 31, 2030**



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INDEPENDENT ACCOUNTANTS' REPORT

Board of Directors
Carolina Meadows, Inc.
Chapel Hill, North Carolina

Management is responsible for the accompanying forecasted consolidated financial statements of Carolina Meadows, Inc. (the "Corporation") and Carolina Meadows Senior Communities & Services, Inc. ("Senior Services"), referred to collectively as the "Obligated Group", which comprise the forecasted consolidated statement of financial position as of December 31, 2026, 2027, 2028, 2029, and 2030, and the related forecasted consolidated statements of operations and changes in net deficit, and cash flows for the years then ending, and the related summaries of significant forecast assumptions and accounting policies in accordance with the guidelines for presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the forecasted financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast. The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying supplementary information beginning on page 29 is presented for purposes of additional analysis and is not a required part of the consolidated forecast. Such information is the responsibility of Management.

Supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, or provide any assurance on such information.

Management's financial forecast has been prepared for the specific purpose of presenting the forecasted consolidated statements of financial position, consolidated statements of operating and changes in net deficit, and cash flows of the Obligated Group. This presentation is not intended to present the forecasted consolidated financial statements of Carolina Meadows Senior Communities' & Services, Inc. and Affiliates which would also include the Carolina Meadows Management and Development Services, Inc., Carolina Meadows Home Care, Inc., and Carolina Meadows Foundation, Inc. Accordingly, the forecast is not intended to be a presentation in conformity with generally accepted accounting principles since it excludes Carolina Meadows Management and Development Services, Inc., Carolina Meadows Home Care, Inc., and Carolina Meadows Foundation, Inc., whose financial information would be consolidated with Carolina Meadows Senior Communities & Services, Inc. and Affiliates under generally accepted accounting principles.

The accompanying forecasted information and this report are intended solely for the information and use of management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64A and is included in the Corporation's disclosure statement filing), and is not intended to be and should not be used, by anyone other than these specified parties.

Board of Directors
Carolina Meadows, Inc.
Chapel Hill, North Carolina

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Charlotte, North Carolina
June 19, 2026

CAROLINA MEADOWS, INC.
FORECASTED CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS					
Resident Fees Earned:					
On Campus Resident Fees	\$ 46,133	\$ 48,501	\$ 50,994	\$ 53,426	\$ 55,980
Early Advantage Resident Fees	726	801	833	866	901
Amortization of Advance Fees:					
On Campus Advanced Fees	591	581	740	905	1,077
Early Advantage Advanced Fees	150	156	162	169	175
Dining Services Revenue	2,856	2,970	3,089	3,213	3,341
Maintenance Services	77	80	83	87	90
Housekeeping Services	280	291	303	315	328
Resident Services Revenue	126	131	136	142	147
Medical and Ancillary Charges	581	604	628	654	680
Miscellaneous Income	276	287	299	310	323
Remarketing Income	797	891	980	1,059	1,150
Refurbishment Revenue	1,412	1,456	1,582	1,664	1,793
Investment Income	1,479	1,383	1,426	1,506	1,612
Total Revenue, Gains, and Other Support Without Donor Restrictions	55,484	58,132	61,255	64,316	67,597
EXPENSES					
Administrative Services	3,277	3,408	3,544	3,686	3,834
Early Advantage	58	60	63	65	68
Dining Services	10,026	10,427	10,844	11,278	11,729
Housekeeping and Laundry Services	2,096	2,180	2,267	2,358	2,452
Plant Operations	5,488	5,708	5,936	6,173	6,420
Grounds	1,475	1,534	1,595	1,659	1,726
Resident Services	932	969	1,008	1,048	1,090
Human Resources	1,196	1,244	1,294	1,345	1,399
Community Health Clinic Services	1,788	1,860	1,934	2,011	2,092
Wellness	479	498	518	539	560
Nursing Services	6,056	6,298	6,550	6,812	7,085
Assisted Living Services	2,862	2,976	3,096	3,219	3,348
Marketing	929	966	1,005	1,045	1,087
Social Services	407	423	440	458	476
Activities	709	737	767	798	829
Information Technology	2,059	2,141	2,227	2,316	2,409
General	3,038	3,160	3,286	3,417	3,554
Upgrades and Refurbishments	260	270	281	292	304
Shared Appreciation Expense	3,166	3,724	4,334	4,946	5,655
Depreciation	6,963	7,214	8,311	8,913	9,467
Interest	1,099	3,898	3,841	3,780	3,717
Interest- Amortization of Issuance Costs	75	75	75	75	75
Interest- Amortization of Bond Premium	(142)	(142)	(140)	(139)	(137)
Resident Assistance Expense	388	404	420	436	454
Total Operating Expenses	54,684	60,032	63,496	66,530	69,693
Net Operating Income (Loss)	800	(1,900)	(2,241)	(2,214)	(2,096)
Excess (Deficit) of Revenues Under Expenses and Change in Net Deficit Without Donor Restrictions	800	(1,900)	(2,241)	(2,214)	(2,096)
Change in Net Assets	800	(1,900)	(2,241)	(2,214)	(2,096)
Net Deficit, Beginning of Year	(45,855)	(45,055)	(46,955)	(49,196)	(51,410)
NET DEFICIT, END OF YEAR	\$ (45,055)	\$ (46,955)	\$ (49,196)	\$ (51,410)	\$ (53,506)

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies
and Independent Accountants' Compilation Report

CAROLINA MEADOWS, INC.
FORECASTED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
CASH FLOWS FROM OPERATING ACTIVITIES					
Excess (Deficit) of Revenues Over Under Expenses and Change in Net Deficit Without Donor Restrictions	\$ 800	\$ (1,900)	\$ (2,241)	\$ (2,214)	\$ (2,096)
Adjustments to Reconcile Excess (Deficit) of Revenues Under Expenses and Change in Net Deficit Without Donor Restrictions to Net Cash Flows Provided From Operating Activities:					
Amortization of Advance Fees	(741)	(737)	(902)	(1,074)	(1,252)
Depreciation	6,963	7,214	8,311	8,913	9,467
Amortization of Bond Issuance Costs	75	75	75	75	75
Amortization of Bond Premium	(142)	(142)	(140)	(139)	(137)
Net Change in Current Assets:					
Accounts Receivable	(208)	(135)	(140)	(136)	(143)
Sales Tax Refund Receivable	470	-	-	-	-
Inventories	(53)	(47)	(22)	(22)	(24)
Prepaid Expenses	193	(32)	(34)	(34)	(38)
Net Change in Current Liabilities:					
Accounts Payable	(5,580)	(436)	260	265	291
Accrued Expenses	(494)	142	151	155	169
Accrued Interest	-	(4)	(3)	(3)	(4)
Net Cash Provided by Operating Activities	1,283	3,998	5,315	5,786	6,308
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Purchase of Investments	(16,839)	13	(2,814)	(4,049)	(5,388)
Net Purchases of Property and Equipment- Routine	(7,228)	(7,539)	(7,860)	(8,143)	(8,480)
Net Purchases of Property and Equipment- Project	(19,989)	-	-	-	-
Interest Costs Capitalized in Property and Equipment	(1,392)	-	-	-	-
Net Change in Assets Limited as to Use	38,432	(749)	(308)	(318)	(339)
Net Cash Used in Investing Activities	(7,016)	(8,275)	(10,982)	(12,510)	(14,207)
CASH FLOWS FROM FINANCING ACTIVITIES					
Initial Entrance Fee Receipts	-	-	-	-	-
Net Change from Deposits on Occupied and Unconstructed Units	-	-	-	-	-
Proceeds from Advance Fees	15,937	17,814	19,595	21,172	23,007
Refunds of Advance Fees	(11,726)	(12,701)	(13,476)	(13,991)	(14,627)
Modification Receipts	1,467	1,526	1,587	1,650	1,716
Principal Payments on Long-Term Debt	(810)	(1,655)	(1,710)	(1,770)	(1,835)
Net Cash Provided by Financing Activities	4,868	4,984	5,996	7,061	8,261
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(865)	707	329	337	362
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	7,986	7,121	7,828	8,157	8,494
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 7,121	\$ 7,828	\$ 8,157	\$ 8,494	\$ 8,856
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest, Net of Capitalized Interest	\$ 3,918	\$ 3,902	\$ 3,844	\$ 3,783	\$ 3,721
Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash					
Cash and Cash Equivalents	\$ 6,631	\$ 7,338	\$ 7,667	\$ 8,004	\$ 8,366
Restricted Cash	490	490	490	490	490
Total Cash, Cash Equivalents, and Restricted Cash	\$ 7,121	\$ 7,828	\$ 8,157	\$ 8,494	\$ 8,856

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies
and Independent Accountants' Compilation Report

CAROLINA MEADOWS, INC.
FORECASTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AT DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 6,631	\$ 7,338	\$ 7,667	\$ 8,004	\$ 8,366
Accounts Receivable	2,590	2,725	2,865	3,001	3,144
Sales Tax Refund Receivable	386	386	386	386	386
Inventories	437	484	506	528	552
Prepaid Expenses	507	539	573	607	645
Assets Limited as to Use, Current Portion	463	463	463	463	462
Total Current Assets	11,014	11,935	12,460	12,989	13,555
Assets Limited as to Use:					
Statutory Operating Reserve	6,269	7,018	7,326	7,644	7,984
By Board Designation	5,396	5,396	5,396	5,396	5,396
Resident Funds Held in Escrow	829	829	829	829	829
Bond Fund	463	463	463	463	462
Total Assets Limited as to Use	12,957	13,706	14,014	14,332	14,671
Less: Current Portion	(463)	(463)	(463)	(463)	(462)
Total Assets Limited as to Use, Less Current Portion	12,494	13,243	13,551	13,869	14,209
Investments	50,234	50,221	53,035	57,084	62,472
Property and Equipment	298,807	306,346	314,206	322,349	330,829
Construction in Progress	-	-	-	-	-
Less: Accumulated Depreciation	(113,146)	(120,360)	(128,671)	(137,584)	(147,051)
Net Property and Equipment	185,661	185,986	185,535	184,765	183,778
Due From Related Party	268	268	268	268	268
Interest Rate Swap Agreement	639	639	639	639	639
Total Assets	\$ 260,310	\$ 262,292	\$ 265,488	\$ 269,614	\$ 274,921
Liabilities and Net Deficit					
Current Liabilities:					
Current Maturities of Long-Term Debt	\$ 1,655	\$ 1,710	\$ 1,770	\$ 1,835	\$ 1,900
Accounts Payable	4,557	4,121	4,381	4,646	4,937
Accrued Expenses	2,262	2,404	2,555	2,710	2,879
Accrued Interest Payable	352	348	345	342	338
Total Current Liabilities	8,826	8,583	9,051	9,533	10,054
Long-Term Debt, Net of Current Portion	81,930	80,220	78,450	76,615	74,715
Deferred Financing Costs	(1,422)	(1,347)	(1,272)	(1,197)	(1,122)
Unamortized Bond Premium	2,884	2,742	2,602	2,463	2,326
Net Long-Term Debt	83,392	81,615	79,780	77,881	75,919
Deferred Revenue from Advanced Fees	1,264	1,264	1,264	1,264	1,264
Deferred Revenue from Modification Revenue	5,321	6,266	7,113	7,858	8,497
Advanced Fee Liability	200,225	205,182	211,139	218,151	226,356
Other Deferred Revenue	112	112	112	112	112
Deposits on Occupied Units	5,396	5,396	5,396	5,396	5,396
Agency Funds Due to Residents	829	829	829	829	829
Total Liabilities	305,365	309,247	314,684	321,024	328,427
Net Assets (Deficit):					
Without Donor Restriction	(45,055)	(46,955)	(49,196)	(51,410)	(53,506)
Total Net Deficit	(45,055)	(46,955)	(49,196)	(51,410)	(53,506)
Total Liabilities and Net Deficit	\$ 260,310	\$ 262,292	\$ 265,488	\$ 269,614	\$ 274,921

See Accompanying Summary of Significant Forecast Assumptions and Accounting Policies
and Independent Accountants' Compilation Report

BACKGROUND AND INFORMATION

Basis of Presentation

The accompanying financial forecast presents, to the best of the knowledge and belief of management (“Management”) of Carolina Meadows, Inc. (the “Corporation”) and Carolina Meadows Senior Communities & Services, Inc. (“Senior Services”), referred to as the “Obligated Group”, the expected consolidated financial position, results of operations and cash flows as of December 31, 2026, 2027, 2028, 2029 and 2030 and for each of the five years then ending (the “Forecast Period”).

Accordingly, the financial forecast reflects Management’s judgment as of June 19, 2026, the date of this forecast, of the expected conditions and its expected course of action during the Forecast Period. The assumptions disclosed herein are the assumptions which Management believes are significant to the financial forecast. The forecasted results may not be achieved as there usually will be differences between the forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying forecast information and the report are intended solely for the information and use of Management, the Board of Directors, and the North Carolina Department of Insurance (pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64A and is included in the Corporation’s 2026 disclosure statement filing) and is not intended to be and should not be used, by anyone other than these specified parties.

The Corporation

Carolina Meadows, Inc. was incorporated in 1983 as a nonprofit North Carolina corporation (the "Corporation"). The Corporation was formed to develop, own and manage a continuing care retirement community located in Chatham County, just south of Chapel Hill, North Carolina and known as Carolina Meadows (the "Retirement Facility" or "Carolina Meadows"). The Corporation has been granted tax-exempt status as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

Carolina Meadows Senior Communities & Services, Inc. ("Senior Services") is a nonprofit North Carolina corporation qualified as a tax-exempt organization under IRS Code Section 501(c)(3) incorporated on April 25, 2017. Senior Services is the sole member of Carolina Meadows, Inc. and supports the Corporation as its management and administrative service provider. Senior Services provides the common management team for all the entities under the broader Carolina Meadows umbrella. Senior Services is also the sole member of Carolina Meadows Management and Development Services, Inc., Carolina Meadows Home Care, Inc. and Carolina Meadows Foundation, Inc., which are not included in the consolidated forecast of the Obligated Group as they are not members of the Obligated Group.

The Retirement Facility is located on an approximately 166-acre campus and presently serves over 775 residents on campus and over 100 residents through Early Advantage, a Continuing Care Without Lodging Program. There are 477 independent living homes consisting of 161 apartments in six three-story buildings, 276 single story villas, and 40 hybrid homes arranged in four separate buildings providing multiple views and outdoor connected areas. Four of the apartments are currently used as guest room suites and one apartment is currently used as a marketing selections showroom, so 472 independent living units are considered available for occupancy even though the four guest apartments could be sold to new residents in the future. The Retirement Facility also includes 95 licensed adult care beds in 78 units (which are referred to herein as the "Assisted Living Facility" or "The Fairways") and 90 licensed skilled nursing beds of which Management is only operating 86 beds (which are referred to herein as the "Skilled Nursing Facility" or the "Pines Health Center"). Fifteen of the beds in fourteen units of the Assisted Living Facility are separately designated as memory care beds.

Independent Living Units

In general, residency in an Independent Living Unit requires payment of a one-time entrance fee or advance fee (the "Advance Fee"), and ongoing service fees as described in further detail herein.

The following table presents a summary of the unit mix, square footage, monthly accommodation fees and advance fees of the Independent Living Units as of January 1, 2026. Fees are adjusted on January 1 of each year and disclosed to residents in November of the prior year.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 1
Independent Living Units
Unit Mix, Square Footage, Monthly Accommodation Fees, and Advance Fees
Effective January 1, 2026 through December 31, 2026

Unit Name	Unit Type	Total Units ⁽¹⁾	Square Footage	Monthly Accommodation Fee ⁽²⁾	Advance Fee ⁽²⁾
Hybrid Homes:					
Redwood	Two bedroom with den	12	2,320	\$4,849	\$925,100
Poplar	Two bedroom with den	8	2,329	4,733	865,500
Laurel	Two bedroom with den	12	2,192	4,680	816,800
Aspen	Two bedroom with den	8	2,082	4,659	783,500
Total / Weighted Average		40	2,236	\$4,737	\$852,370
Villas:					
Montgomery	Two bedroom with den	29	2,213	\$4,640	\$840,400
Madison	Two bedroom	3	2,011	4,561	766,600
Hanover	Two bedroom	12	1,898	4,550	725,600
Caldwell	Two bedroom	14	1,741	4,494	673,300
Regent	Two bedroom with den	69	1,822	4,460	670,200
Fairfax	Two bedroom	17	1,775	4,385	654,000
Manchester	Two bedroom	2	1,722	4,383	634,400
Chatham	Two bedroom	16	1,656	4,373	582,500
Davidson	Two bedroom with den	40	1,584	4,350	533,000
Brunswick	Two bedroom	25	1,566	4,349	508,700
Cumberland	Two bedroom	25	1,502	4,341	485,900
Albemarle	One bedroom with den	24	1,180	4,277	371,900
Total / Weighted Average		276	1,709	\$4,423	\$608,210
Apartments:					
Kinston	Two bedroom with den	9	1,607	\$4,288	\$451,800
Kinston Extended	Two bedroom expanded	1	1,434	4,261	399,500
Halifax	Two bedroom	6	1,312	4,228	363,100
Julian	Two bedroom with den	12	1,302	4,228	361,400
Iredell	Two bedroom	60	1,187	4,178	321,800
Forsyth	One bedroom with den	42	1,007	3,828	247,400
Lenoir	One bedroom expanded	15	790	3,799	175,600
Edgecombe	One bedroom	11	717	3,687	154,700
Total / Weighted Average		156	1,107	\$4,025	\$288,562
Independent Living Units Total/Weighted Average		472	1,554	\$4,318	\$523,255
Second Person Fees:				\$1,215	\$15,800

Source: Management

Notes:

(1) Although there are a total of 477 Independent Living Units, four apartments are currently used for guests and one is used for marketing, resulting in 472 available Independent Living Units. The four guest apartments could be sold to new residents in the future at Management's discretion.

(2) Prices reflect the rates charged to new residents, which the Corporation refers to as Tier 4 Pricing. Existing residents who moved in prior to 2016 pay a lower monthly accommodation fee at Tier 1, Tier 2, or Tier 3 rates, depending on their original move-in dates. See Table 8 for Management's assumptions related to forecasted revenue by Tier.

Assisted Living Units

As noted previously herein, the Assisted Living Units includes 64 apartments plus 15 beds in 14 rooms for memory care services.

The following table presents a summary of the number of units, square footage, and monthly accommodation fees as of January 1, 2026 for the Assisted Living Units.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Table 2
Assisted Living Units
Unit Mix, Square Footage and Daily Per Diem Fees
As of January 1, 2026 through December 31, 2026

Unit Name	Unit Type	Total Units ⁽²⁾	Square Footage	Daily Per Diem Fee ⁽⁴⁾
Charlotte	One bedroom	48	550	\$295
Wilmington	Two bedroom	4	915	475
Raleigh ⁽³⁾	One bedroom expanded	4	620	332
Asheville ⁽³⁾	One bedroom expanded	8	765	441
The Green ⁽¹⁾	One bedroom	14	350	377
Total / Weighted Average		78	558	\$336

Source: Management

Notes:

- (1) The Green has one unit that consists of 2 beds for a total of 15 beds specifically licensed for memory care services.
(2) Twenty of the 95 licensed adult care beds are not subject to the Certificate of Need restrictions and thus available for outside direct admission. For these units, a \$65,000 Direct Admit Fee is required prior to move-in and subsequently fully amortized over a 50-month period, unless the unit is vacated during this period.
(3) The Raleigh and Asheville units are available for 2026 daily fees for singles at \$332 and for couples at \$441.
(4) Fees are adjusted on January 1 of each year and disclosed to residents in November of the prior year.

Existing Skilled Nursing Beds

Carolina Meadows currently operates 86 Existing Skilled Nursing Beds in the Skilled Nursing Facility but is licensed for 90.

The following table presents a summary of the unit mix and daily rates effective January 1, 2026 for residents of the Existing Skilled Nursing Beds:

Table 3
Existing Skilled Nursing Beds
Unit Mix and Daily Rates
As of January 1, 2026 through December 31, 2026

Unit Type	Total Units	Total Beds	Square Footage ⁽¹⁾	Per Diem ⁽²⁾
Private	66	66	300 +/-	\$457
Semi-Private ⁽³⁾	12	20	570 +/-	\$434
Total	78	86	342	\$452

Source: Management

Notes:

- (1) Represents an approximate square footage amount for private and semi-private units.
(2) Fees are adjusted on January 1 of each year and disclosed to residents in November of the prior year.
(3) Although licensed for 90 skilled nursing beds, the Corporation operates only 86 beds, with four of the semi-private beds offline.

The Project

The Corporation is in the process of using proceeds of the Series 2024 Bonds to construct a replacement nursing facility (the "Project"). The Project will be a four-story approximately 121,000 square feet building located approximately 1,000 feet from the current existing nursing facility location on the same CCRC campus and will house a total of ninety (90) licensed nursing beds upon completion. Upon completion of the Project and receipt of the occupancy certificate, existing residents will be transferred to the Project. The Project will replace the existing nursing facility building. The Board and its Master Planning Committee recently completed a comprehensive Master Plan in May 2025, establishing a long-range vision for the future of the campus. The plan includes a concept to develop new independent living apartments to be built following the demolition of the Pines Health Center, along with a broad range of indoor and outdoor amenity improvements and enhancements to

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

pedestrian access and campus walkability. The Existing Skilled Nursing Beds and the New Skilled Nursing Beds are referred to collectively as the “Skilled Nursing Beds”.

The Project design is based on the small household model with neighborhoods of generally twelve beds in each neighborhood with social and activity spaces, outdoor gardening areas, physical and occupational therapy areas, and spa/bathing facilities per floor as well as smaller finishing kitchens with dining areas for each small household. This design will optimize aesthetic appeal; person-centered resident care in a more home-like environment and will foster the ability to provide innovative programs and services for the residents.

Level one will house underbuilding parking, a reception lobby with administrative office spaces, a grab and go food area, central kitchen, staff center, mechanical and storage areas. Level two will have one household of 12 beds and two households of 13 beds configured in one semi-private and eleven private rooms, for a total of 38 beds. Levels three and four will be identical with two households of thirteen beds each for a total of 52 beds. All rooms will have private bathrooms, including showers.

The Project will not increase the number of licensed beds and is intended to be a bed for bed license transfer to equate with the existing ninety licensed beds.

Unit Configuration Before and After Completion of the Project

The following table summarizes the number of units/beds at the Retirement Facility before and after the completion of the Project.

Table 4
Number of Available Beds/Units
Before and After the Completion of the Project

Level of Care	As of January 1, 2026	Eliminations Due to Project ⁽²⁾	Additions Due to Project	Upon Project Completion
Independent Living Units ⁽¹⁾	472	-	-	472
Assisted Living Units	78	-	-	78
Skilled Nursing Beds	86	(86)	90	90
Total Units/Beds	636	(86)	90	640

Source: Management

Notes:

(1) As of the date of this forecast, four apartments that are used as guest suites and 1 unit that is used as a marketing showroom have been excluded, resulting in the 472 Independent Living Units presented in the above table. The guest apartments could be available for sale at Management’s discretion.

(2) Management has not forecasted the cost of demolition of the Existing Skilled Nursing Beds as that is not part of the current Project.

Project Timeline

A proposed timeline for financing and construction, as provided by Management, is presented below.

Table 5
Project Timeline

Event	Date
New Skilled Nursing Beds Substantially Complete ⁽¹⁾	September 2026
Residents Transfer from Existing Skilled Nursing Beds to New Skilled Nursing Beds	September and October 2026

Source: Management

Note:

(1) Construction of the Project began with issuance of the Series 2024 Bonds, as defined hereinafter, which occurred July 2024.

Refund Agreement Types

The Corporation offers two types of Refund Agreements.

Equity Advantage Refund Agreement: Under this agreement, residents have an opportunity to share in the appreciation of their living unit as Advance Fees may increase annually at amounts determined by the Corporation. Any amount in excess of the resident’s original Advance Fee, not including the second person entry fee that is non-refundable, after deducting marketing and refurbishing costs at the then prevailing amounts, is split equally between the Corporation and the resident or their estate. The resident or their estate is responsible for 100% of negative appreciation, if any. Any such refund will not be paid to the resident (or their estate) until the resident is occupied by a new resident and within 30 days receipt of such new resident’s Advance Fee.

Seventy-Five percent (75%) Return of Equity Refund Agreement: Under this agreement, a non-refundable administrative fee equal to 1% of the advance fee is due upon signing the agreement. The advance fee is then amortized 2% per month or partial month over the next 12 months. At the end of the 12 months amortization period, the advance fee refund is guaranteed to be 75% of the original advance fee paid, excluding the second person advance fee, which is non-refundable, and less any unpaid fees and expenses owed to the Corporation by the resident. After 12 months, the advance fee refund will not be paid to the resident (or their estate) until the residence is occupied by a new resident and within 30 days receipt of such new resident’s advance fee. There are no remarketing and refurbishment costs associated with the 75% refundable contract. The 75% Return of Equity Refund Agreement provides a predictable refund at the time of entry into the community.

Advance Fee Residence Agreement Plan Utilization

The following table summarizes the percentage of residents utilizing each Residence Agreement plan type as of December 31, 2025 and the forecasted utilization of each plan type for turnover residents of the Independent Living Units throughout the Forecast Period:

**Table 6
Independent Living Units
Residence Agreement Plan Type Utilization**

	Existing Residents as of December 31, 2025	Forecasted Utilization for Turnover Residents
Resident Advance Fee Plans	Percent of Total	Percent of Total
Equity Advantage Refund	99.6%	100%
75% Return of Equity Refund	0.4%	0%
Total / Percentage	100%	100%

Source: Management

Note:

(1) The 75% Return of Equity Refund Agreement is available and being marketed for current unit inventory; Management has forecasted the Equity Advantage Refund Agreement will not be offered beginning January 2029. Management may offer additional lower refundable options and a declining balance option in addition to the 75% Return of Equity Refund Agreement.

Management expects to offer only a lower refundable agreement to incoming residents beginning January 2029.

Management Agreement

The Corporation and Carolina Meadows Senior Communities & Services, Inc. (the “Parent”) entered into a Management Services Agreement (the “Management Agreement”) that began in 2024 for an initial term that ran through December 31, 2024 (the “Initial Term”). Pursuant to the Management

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Agreement, the Parent is required to manage and perform the general day-to-day operational responsibilities of the Corporation in a prudent and businesslike manner in order to protect and enhance the reputation of Carolina Meadows, ensure compliance with all applicable standards, licenses, bond documents and all other binding agreements, and to maintain the sound financial status and continued growth of the Corporation. After the Initial Term, the Management Agreement will automatically renew annually unless terminated sooner in accordance with the provisions of the Management Agreement. The Agreement may be terminated by either party upon 30 days' notice for certain stated reasons such as failure to pay or loss of licensure, upon 60 days' notice for failure to properly perform other material obligations imposed upon it under the Management Agreement and upon 90 days' notice for any reason. Management has not forecasted the termination of the Management Agreement during the Forecast Period. Effective January 1, 2024, the Management Agreement provides for the Corporation to pay the Parent an annual management fee equal to 5% of the annual budgeted operating revenues in 12 monthly installments based on the current budget in place at the beginning of each renewal term. The Parent and Retirement Facility Boards have the discretion to reduce the management fee below 5% of the annual budgeted operating revenues, if necessary, to align with overall annual budget objectives. In 2026, Management has forecasted a management fee of \$1,554,000 and has inflated the management fee by 3.0% beginning in 2027 and each year thereafter during the Forecast Period. Management has included the management fee in General Expenses on the Forecasted Statements of Operations and Change in Net Assets and has based the management fee owed and paid to the Parent upon the operating results of each respective fiscal year presented.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Basis of Presentation**

The Obligated Group's forecasted financial statements are prepared on the accrual basis of accounting pursuant to accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of the Obligated Group. All material intercompany accounts and transactions have been eliminated upon consolidation. This presentation is not in accordance with U.S. generally accepted accounting principles (GAAP) which would require inclusion of Carolina Meadows Management and Development Services, Inc., Carolina Meadows Home Care, Inc., and Carolina Meadows Foundation, Inc.

Excess (Deficit) of Revenues Under Expenses

The forecasted statements of operations and changes in net assets (deficit) include excess (deficit) of revenues under expenses, which Carolina Meadows uses as its measure of operations. The performance indicator includes all changes in net assets without donor restrictions. The performance indicator excludes equity contributions, if any, to related parties as well as restricted contributions, if any, and restricted returns on investments.

Net Assets (Deficit)

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

Net Assets Without Donor Restrictions – Net assets consisting of all resources that have no donor-imposed restrictions.

Net Assets With Donor Restrictions – Include 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 those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. Those resources for which the restrictions are met in the same fiscal year in which they are received are included in net assets without donor restrictions.

Cash and Cash Equivalents

For purposes of reporting cash flows, Carolina Meadows considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments with original maturities of three months or less when purchased, as cash and cash equivalents. At times, Carolina Meadows places deposits with high credit quality institutions in amounts that may be in excess of federally insured amounts. Carolina Meadows has not experienced any financial loss related to such deposits.

Accounts Receivable

Resident accounts receivable consists of resident monthly accommodation fees. Carolina Meadows provides an allowance for expected credit losses using management's estimate about the collectability of any past due accounts. Residents are not required to provide collateral for services rendered. Payment for services is due upon receipt of invoice or claim submitted. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends, and adjustments are made to the allowance, as necessary. As of December 31, 2025, Management had determined it did not require an allowance for expected credit loss. Management has not forecasted an allowance for expected credit losses during the Forecast Period.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income (including interest and dividends) and realized gains and losses on investments are included in the excess of revenues over expenses unless restricted by donors or law. In determining realized gains and losses, the cost of investments is determined using the specific-identification method. Unrealized gains and losses on investments are included in the excess (deficit) of revenues over (under) expenses.

Assets Limited as to Use

Assets limited as to use include assets set aside by the board of directors for resident assistance payments, resident funds held in agency accounts, bond funds, and contingencies over which the board retains control and may, at its discretion, subsequently use for other purposes. It also includes operating reserve funds required under North Carolina General Statute 58-64A-33 and amounts restricted under bond indenture agreements.

Derivatives

Derivatives and hedging instruments are recorded at fair value in the forecasted financial statements. Carolina Meadows entered into interest rate swap agreements to limit the effect of increases in the interest rates of floating rate debt. The agreements are recorded in the accompanying forecasted statements of financial position at estimated fair value. Carolina Meadows does not hold or issue financial instruments for trading purposes. Management has not forecasted any change in the value of derivatives during the Forecast Period.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. Assets that cost at or over \$5,000 and have an estimated useful life of at least three years are capitalized. Contributed property is recorded at the estimated fair value at the date of receipt. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the costs of acquiring these assets. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Carolina Meadows periodically assesses the reliability of its long-lived assets and evaluates such assets for impairment whenever events or changes in circumstances indicated the carrying amount of an asset may not be recoverable. For assets to be held, impairment is determined to exist if estimated future cash flows, undiscounted and without interest charges, are less than the carrying amount. For assets to be disposed of, impairment is determined to exist if the estimated net realizable value is less than the carrying amount. Depreciation of new construction begins the month following the date the facilities are placed in service.

Early Advantage Program

In 2017, Carolina Meadows received approval from the North Carolina Department of Insurance to offer a “continuing care without lodging” contract for persons to become residents of Carolina Meadows while not taking residence at Carolina Meadows initially. Under the Early Advantage contract, residents who are living off-campus receive the same access to Carolina Meadow’s campus amenities and the same access to health care services and future benefits that are afforded to residents who are living on campus, in addition to up to ten free life-time days in the health center before moving on to the campus.

North Carolina General Assembly § 58-64-7(c) stipulates that Carolina Meadows must account for the revenue and expenses related to the Early Advantage program separately from revenue and expenses for on-campus services on the financial statements and five-year forecast. Carolina Meadows had 111 residents under contract in the Early Advantage program as of December 31, 2025.

Advance Fees

Under the terms of the residency and care agreement, each resident pays an Advance Fee. A deposit of 5% or 10% of the Advance Fee is paid when the ready list agreement is signed, with the balance of the fee to be paid prior to occupancy. Net Advance Fees, along with monthly accommodation fees, primarily pay for the cost of services provided to residents.

Carolina Meadows offers a refundable contract option to its residents. The contract provides for payment of the refundable Advance Fees and, if the unit has appreciated, half of the shared appreciation on the unit, after the unit is resold and a new resident occupies that unit.

Deposits paid, less an administrative charge, are refundable to persons canceling their residency and care agreement prior to moving to Carolina Meadows. No administrative charge is assessed for cancellation resulting from death or physical or mental impairment.

Advance fees from the Early Advantage Program are amortized into revenue as amortization of advance fees using the straight-line method based on the terms of the contract. The unamortized portion of the advance fees from the Early Advantage Program are shown on the forecasted consolidated statements of financial position as deferred revenue. Refundable advance fees are recorded as Advance Fee Liability on the forecasted consolidated statements of financial position.

Deferred Costs

Carolina Meadows presents bond issue costs as a direct deduction from the face amount of the related borrowings, amortizes bond issue costs using the effective interest method over the life of the debt and records the amortization as a component of interest expense. Unamortized bond issuance costs related to Carolina Meadows’ long-term debt are being amortized over the maturity of the related bonds.

Resident Service Revenue

Performance obligations are determined based on the nature of the services provided by Carolina Meadows. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. Carolina Meadows believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents living at Carolina Meadows receiving independent living, assisted living or other healthcare services. Carolina Meadows considers daily services provided to residents of assisted living and the health center, and monthly fees charged to residents living in independent living, as a separate performance obligation measured on a monthly basis or upon move-out within the month, whichever is shorter. Nonrefundable Advance Fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable Advance Fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to residents and customers in a retail setting (for example, meals or guest rooms) and Carolina Meadows does not believe it is required to provide additional goods or services related to that sale.

Carolina Meadows determines the transaction price based on standard charges for goods and services provided, assistance provided to residents in accordance with Carolina Meadows' policy, and/or implicit price concessions provided to residents. Carolina Meadows determines its estimate of implicit price concessions based on its historical collection experience.

Carolina Meadows has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors: service line, method of reimbursement, and timing of when revenue is recognized.

Resident revenue is primarily private pay during the Forecast Period.

Because all of its performance obligations relate to contracts with a duration of less than one year, Carolina Meadows has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Carolina Meadows has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to Carolina Meadows's expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less. However, Carolina Meadows does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Carolina Meadows has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that Carolina Meadows otherwise would have recognized is one year or less in duration.

There is no impact to the contractual language on residency and care agreements or the calculation of refunds to former occupants upon re-occupancy.

Income Tax Status

Carolina Meadows, Inc. is a nonprofit, tax-exempt organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); accordingly, the accompanying forecasted financial statements do not reflect a provision or liability for federal and state income taxes.

Management is not aware of any activities that would jeopardize the tax-exempt status of Carolina Meadows. Management is not aware of any significant activities that are subject to tax on unrelated business income, excise or other taxes. Management has not forecasted any changes to the tax-exempt status of Carolina Meadows during the Forecast Period.

Carolina Meadows follows guidance on the income tax standard regarding the recognition and measurement of uncertain tax positions. Carolina Meadows has determined that it does not have any material unrecognized tax benefit or obligation as of December 31, 2025 and has not forecasted any unrecognized tax benefit or obligation during the Forecast Period.

Estimates

The preparation of the forecasted financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the forecasted financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

BASIS FOR FORECAST OF REVENUES AND ADVANCE FEES

Resident Fees Earned

Forecasted revenue from residents consists of revenue from operating the Retirement Facility during the Forecast Period. Management projects this revenue based upon its historical experience operating the Retirement Facility and its plans for operating the Retirement Facility during the Forecast Period. Included in resident fees earned are monthly accommodation fees from the Independent Living Units and Assisted Living Units, daily per diem fees from the Skilled Nursing Beds, and Early Advantage resident fees.

Independent Living

Independent living monthly accommodation fees consists of revenue from operating the Independent Living Units during the Forecast Period.

Management has forecasted the following occupancy of the Independent Living Units during the Forecast Period.

Table 7
Independent Living Units
Forecasted Average Occupancy
For the Years Ending December 31,

First Person	2026	2027	2028	2029	2030
Average Available Units ⁽¹⁾	472.0	472.0	472.0	472.0	472.0
Average Occupied Units	459.0	459.0	459.0	459.0	459.0
Average Percent Occupied	97.2%	97.2%	97.2%	97.2%	97.2%
Occupied Units with Second Person	188.0	188.0	188.0	188.0	188.0

Source: Management

Note:

(1) As of the date of this forecast, four units that are used as guest suites and 1 unit that is used as a marketing showroom have been excluded from the 472 Independent Living Units presented in the above table.

The following table summarizes the forecasted weighted average monthly accommodation fees for the Independent Living Units during the Forecast Period.

Table 8
Independent Living Units
Forecasted Weighted Average Monthly Accommodation Fees ⁽¹⁾⁽²⁾
For the Years Ending December 31,

	2026	2027	2028	2029	2030
First Person Weighted Average Monthly Accommodation Fees					
Weighted Average Tier 1-3 Monthly Accommodation Fee ⁽¹⁾	\$ 3,992	\$ 4,171	\$ 4,359	\$ 4,555	\$ 4,760
Weighted Average Tier 4 Monthly Accommodation Fee	4,276	4,468	4,669	4,879	5,099
Total Weighted Average Monthly Accommodation Fee ⁽²⁾	\$ 4,156	\$ 4,364	\$ 4,584	\$ 4,815	\$ 5,059
First Person Occupancy by Tier					
Tier 1 - 3 Occupants	194.0	160.6	125.7	90.4	53.8
Tier 4 Occupants	265.0	298.4	333.3	368.6	405.2
Total Independent Living - First Person Occupants	459.0	459.0	459.0	459.0	459.0

Second Person Monthly Accommodation Fees

Independent Living Units	\$ 1,157	\$ 1,209	\$ 1,263	\$ 1,320	\$ 1,380
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Source: Management

Notes:

(1) The Tier 1-3 monthly accommodation fee refers to the prior pricing that is grandfathered in based on original move-in dates

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

to the Carolina Meadows campus. Management has forecasted approximately 43 percent of residents with Tier 1-3 contracts in 2026. Management has forecasted the amount of residents with the Tier 1-3 contracts to decrease by 7 to 8 percent annually during the Forecast Period due to forecasted resident turnover.

(2) The weighted average is based on the forecasted units occupied.

Management has forecasted that monthly accommodation fees for the Independent Living Units will be increased by 4.5 percent per year throughout the Forecast Period beginning in fiscal year 2027.

Assisted Living

Assisted living daily per diem consists of revenue from operating the Assisted Living Units during the Forecast Period.

Management has forecasted the following occupancy and per daily per diem of the Assisted Living Units during the Forecast Period.

Table 9
Assisted Living Units
Forecasted Average Occupancy and Daily Per Diem
For the Years Ending December 31,

	2026	2027	2028	2029	2030
Average Available Units	78.0	78.0	78.0	78.0	78.0
Average Occupied Units	71.0	71.0	71.0	71.0	71.0
Average Percent Occupied	91.0%	91.0%	91.0%	91.0%	91.0%
Weighted Average Daily Per Diem	\$ 336	\$ 351	\$ 367	\$ 384	\$ 401

Source: Management

Management has forecasted that daily per diem for the Assisted Living Units will be increased by 4.5 percent per year throughout the Forecast Period beginning in fiscal year 2027.

Skilled Nursing

Management has forecasted the following occupancy and average daily per diem of the Skilled Nursing Beds during the Forecast Period.

Table 10
Skilled Nursing Beds
Forecasted Average Occupancy and Average Daily Per Diem
For the Years Ending December 31,

	2026	2027	2028	2029	2030
Average Available Units ⁽¹⁾	88.0	90.0	90.0	90.0	90.0
Average Occupied Units ⁽²⁾	72.0	73.0	74.0	74.0	74.0
Average Percent Occupied	81.8%	81.1%	82.2%	82.2%	82.2%
Weighted Average Daily Per Diem	\$ 454	\$ 474	\$ 495	\$ 518	\$ 541

Source: Management

Notes:

(1) The New Skilled Nursing Beds are forecasted to open in approximately September 2026.

(2) Management has forecasted an increase of occupied units when the New Skilled Nursing Beds are open. All the residents in the Existing Skilled Nursing Beds are forecasted to transition over to the New Skilled Nursing Beds.

Management has forecasted that the daily per diem for the Skilled Nursing Beds will be increased by 4.5 percent per year throughout the Forecast Period, beginning in fiscal year 2027.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Early Advantage Resident Fees

Management has forecasted 111 people in the early advantage program throughout the Forecast Period. The monthly fee is forecasted at \$605 in 2026 and is forecasted to increase by 4.5 percent per year throughout the Forecast Period, beginning in fiscal year 2027.

Advance Fees

Advance Fee receipts and refunds are forecasted based upon Management's historical operating experience and information obtained from its actuary ("Actuary").

The following table presents a summary of the forecasted Advance Fees from turnover residents of the Independent Living Units, net of refunds paid to residents during the Forecast Period.

Table 11
Independent Living Units
Forecasted Advance Fee Receipts and Refunds
For the Years Ending December 31,
(In Thousands)

For the Year Ending December 31,	2026	2027	2028	2029	2030
Independent Living Units:					
Advance Fee Receipts from Unit Turnover	\$ 15,937	\$ 17,814	\$ 19,595	\$ 21,172	\$ 23,007
Advance Fee Refunded from Unit Turnover	(11,726)	(12,701)	(13,476)	(13,991)	(14,627)
Total Entrance Fee Received, Net of Refunds	\$ 4,211	\$ 5,113	\$ 6,119	\$ 7,181	\$ 8,380
Entrants Generating Entrance Fees:					
Number of Turnover Entrants - Independent Living Units	32	33	35	35	37

Source: Management and Actuary

Beginning in 2029, the Corporation's entrance fee assumptions reflect the scheduled sunset of the legacy Equity Advantage contract, as defined hereinafter, which Management has projected will no longer be offered after December 31, 2028. For forecast purposes, the Corporation has assumed a revised entrance fee structure. Management is currently considering options that may include 75% refund, 50% refund, and declining balance contract options. The availability of these options may vary by residence type or unit. Some residences may be offered under multiple contract options, while others may be offered under a more limited set of options based on market positioning, residence type, pricing strategy, and long-term financial considerations. For purposes of the Forecast, Management has assumed a 75% refundable option.

The forecasted entrance fee assumptions for 2029 reflect an anticipated transition from the legacy Equity Advantage contract to a new set of entrance fee contract options. On a weighted average basis, the entrance fee assumptions for existing units are forecasted to increase by approximately 38.4% post-2028; specifically effective January 1, 2029.

This change should not be viewed as a direct price increase for the same contract structure. Rather, it reflects Management's anticipated introduction of updated contract options with pricing that varies according to each contract's refundability provisions, residence type, and market position. In the broader local market, entrance fee pricing commonly differs based on the level of refundability offered under the applicable contract. The Corporation's forecast assumptions are intended to reflect a similar market based relationship between entrance fee levels and the refundability provisions of the available contract options.

Management also intends to manage the transition in a manner that they believe will protect the integrity of legacy Equity Advantage refund calculations. Because refunds under the legacy Equity

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Advantage contract are influenced by future resale pricing, the Corporation does not intend to introduce lower entrance fee alternatives in a manner that could artificially affect the pricing framework for those legacy contracts. Management's goal is to preserve pricing discipline, support equitable and consistent contract administration, remain competitive within the local market, and maintain the long-term financial strength of the Community.

Management expects to further evaluate the post-2028 entrance fee strategy, contract mix, and pricing assumptions with a third-party market specialist company during the fall of 2026 before making final decisions regarding the specific contract options and pricing structure to be offered beginning in 2029. Accordingly, the assumptions included in the forecast should be understood as preliminary planning assumptions that remain subject to market analysis, pricing consultation, internal review, and final approval by Management and governance of the Corporation.

Other Resident Revenue

Management has forecasted other resident revenue to include dining services, maintenance services, housekeeping services, resident services, medical and ancillary charges, and other miscellaneous income. Management has forecasted other resident revenue to approximate \$5,634,000 in 2026 and to increase by 4 percent per year throughout the Forecast Period.

Remarketing Income

Remarketing income is forecasted at approximately 5 percent of Advance Fee receipts forecasted to be collected.

Refurbishment Revenue

Refurbishment revenue is cost associated with the residents share of the refurbishments done on the Independent Living Units when updates are made. Refurbishment revenue is forecasted to increase by 4 percent per year throughout the Forecast Period.

Investment Income

Investment income is forecasted to consist of interest earned on available cash and cash equivalents, investments and assets limited as to use.

The following table reflects Management's assumed realized investment earning rates during the Forecast Period.

Table 12
Forecasted Investment Earning Rates
For the Years Ending December 31,

	2026	2027	2028	2029	2030
Cash and Cash Equivalents	1.50%	1.50%	1.50%	1.50%	1.50%
Statutory Operating Reserve	2.00%	2.00%	2.00%	2.00%	2.00%
By Board Designation	2.00%	2.00%	2.00%	2.00%	2.00%
Resident Funds Held in Escrow	2.00%	2.00%	2.00%	2.00%	2.00%
Bond Fund	2.00%	2.00%	2.00%	2.00%	2.00%
Investments	2.00%	2.00%	2.00%	2.00%	2.00%

Source: Management

Management has not forecasted any unrealized gains or losses from the valuation or sale of investments during the Forecast Period.

BASIS FOR FORECAST OF EXPENSES

Operating Expenses

Operating expenses are forecasted to be recognized during the month incurred. Management has forecasted operating expenses based upon its historical experience operating the Retirement Facility and its plans for operating the Retirement Facility during the Forecast Period. In general, operating expenses have been forecasted to increase by 4.0 percent for inflation annually throughout the Forecast Period, beginning in fiscal year 2027. Employee taxes and benefits have been forecasted to approximate 27.5 percent of salaries and wages during the Forecast Period. Upon opening of the Project, Management has forecasted incremental operating expenses within Dining Services, Housekeeping and Laundry Services, Plant Operations and Nursing Services related to an additional 9.4 full time equivalent personal and other non-salary operating expenses. The specific basis for major expense items were formulated by Management and are discussed below.

Shared Appreciation Expense

Shared appreciation expense is the residents share of the net appreciation that is calculated when a refund is generated. When an independent living unit entry fee is refunded to the outgoing resident, calculated net proceeds represent the current entry fee less remarketing and refurbishment costs. The difference between the net proceeds and the original equity paid is the shared appreciation, either positive or negative, that the residence unit has realized since payment of the original entry fee. Residents receive 50% of any positive appreciation or are charged 100% of any negative appreciation.

Depreciation

Property and equipment have been forecasted to be depreciated over their estimated useful lives by the straight-line method. Management has not forecasted the demolition of the Pines Health Center.

Interest and Financing

Interest and financing expense is forecasted based upon the terms of the Series 2024 Bonds and the Series 2019 Bonds, related amortization of the associated deferred debt issuance costs and premium associated with the Series 2024 Bonds and the Series 2019 Bonds, and the issuing authority/trustee fees. Management has forecasted capitalizing interest expense related to the Project during the development and construction period, net of interest income on the related trustee-held funds.

BASIS FOR FORECAST OF OTHER ITEMS

Current Assets and Current Liabilities

Cash and Cash Equivalents

Cash and cash equivalent balances for the Forecast Period are based on the results of the forecasted statements of cash flows and reflect net cash flows during the Forecast Period.

Accounts Receivables

Accounts receivable, net has been forecasted based upon Management's estimate and historical activity, which is approximately 20 days of revenue from resident fees earned.

Sales Tax Refund Receivable

Management has forecasted sales tax refund receivable based upon the historical balance. Management has not forecasted any change during the Forecast Period.

Inventories

Inventories has been forecasted based upon Management's estimate of approximately 3 days of operating expenses excluding salaries, employee taxes and benefits, depreciation, and interest and financing expenses throughout the Forecast Period.

Prepaid Expenses

Prepaid expenses have been forecasted based upon Management's estimate of approximately 10 days of operating expenses excluding salaries, employee taxes and benefits, depreciation, and interest and financing expenses throughout the Forecast Period.

Accounts Payable

Accounts payable have been forecasted based upon Management's estimate of approximately 75 days of operating expenses excluding salaries, employee taxes and benefits, depreciation, and interest and financing expenses throughout the Forecast Period.

Accrued Expenses

Accrued expenses has been forecasted based upon Management's estimate of approximately 37 days of salaries, employee taxes and benefits throughout the Forecast Period.

Accrued Interest

Accrued interest has been forecasted based upon the terms of existing indebtedness during the Forecast Period.

Assets Limited as to Use

Held by Trustee

The following funds have been forecasted to be held by the trustee of the Series 2024 Bonds in the name of the Corporation:

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Bond Funds – Represents monthly advance payments of bond principal and interest made by the Corporation to the trustee relating to outstanding Series 2024 Bonds. The funds held in these bond funds are expected to be used by the trustee to make principal and interest payments to owners of the outstanding bonds when due.

Not Held by Trustee

Statutory Operating Reserve – North Carolina Statutory Operating Reserve – Section 58-64A-245 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64A-245) for the 12-month period related to the calculation. Once a continuing care facility achieves a 12-month daily average independent living unit occupancy rate of ninety percent (90% or higher) a provider shall only be required to maintain operating reserve in an amount calculated using the table below, unless otherwise instructed by the Commission.

Independent Living Unit Occupancy Rate:	Operating Reserve Percentage Requirement
90% of above	25.00%
86% to 89.9%	31.25%
83% to 85.9%	37.50%
80% to 82.9%	43.75%
Below 80%	50.00%

A provider who has a 12-month daily average independent living unit occupancy rate equal to or in excess of ninety-three percent (93%) and has no long-term debt or a debt service coverage ratio in excess of 2.00 as of the provider's most recent fiscal year-end, shall only be required to maintain an operating reserve equal to twelve and one-half percent (12.5%) of total operating costs of the continuing care retirement community, unless otherwise instructed by the NCDOL. As noted below, Management has forecasted an operating reserve of 12.5% of total operating costs in all years of the Forecast Period.

Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance.

The following table sets forth the forecasted calculation of the operating reserve:

**Table 13
Forecasted Statutory Operating Reserve
For the Years Ending December 31,**

	2026	2027	2028	2029	2030
Statutory Operating Reserve Calculation:					
Total Operating Expenses (Carolina Meadows, Inc. Only)	\$ 56,238	\$ 61,632	\$ 65,145	\$ 68,228	\$ 71,442
Add: Principal Payment on Long-Term Debt	810	1,655	1,710	1,770	1,835
Add: Amortization of Bond Premium	142	142	140	139	137
Less: Depreciation	(6,963)	(7,214)	(8,311)	(8,913)	(9,467)
Less: Amortization on Bond Issuance Costs	(75)	(75)	(75)	(75)	(75)
Total Operating Costs	\$ 50,152	\$ 56,140	\$ 58,609	\$ 61,149	\$ 63,872
Required Reserve	12.5%	12.5%	12.5%	12.5%	12.5%
Required Operating Reserve	\$ 6,269	\$ 7,018	\$ 7,326	\$ 7,644	\$ 7,984
Average Available Units at December 31:					
Independent Living Units	472	472	472	472	472
Total Available Units	472	472	472	472	472
Average Occupied Units at December 31:					
Independent Living Units	459	459	459	459	459
Total Occupied Units	459	459	459	459	459
Average Occupancy at December 31	97.2%	97.2%	97.2%	97.2%	97.2%

Source: Management

Board Designated Funds — These funds represent amounts that have been designated by the Board.

Resident Funds Held in Escrow – Resident funds held in agency accounts represent Advance Fee refunds withheld from residents deemed to be a financial risk and residents wishing to establish agency accounts in lieu of long-term care insurance. Carolina Meadows has deposited these funds on the residents’ behalf in certificates of deposit or money market funds with a financial institution.

Due from Related Party

Management has forecasted due from related party based upon the historical balance. Management has not forecasted any change during the Forecast Period.

Fair Value of Interest Rate Swap

Carolina Meadows has entered into two interest rate swap agreements with Truist related to the Series 2019 Bonds described below to reduce the impact of changes in interest rates. Both swap agreements had an original notional amount of \$5,987,500. Each became effective December 22, 2020 and terminates on December 1, 2034. These agreements effectively limit Carolina Meadows’ interest rate exposure on the notional amount of outstanding debt to 1.44% and 0.86%. Carolina Meadows is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreements; however, Carolina Meadows does not anticipate nonperformance by the counterparty. Carolina Meadows does not enter into derivative instruments for any purpose other than cash flow hedging and does not hold instruments for speculative or investment purposes. The fair value of the interest rate swaps was approximately \$639,000 as of December 31, 2025. Management has not forecasted any change in the value of the interest rate swaps during the Forecast Period.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Property and Equipment, Net

Property and equipment balances, net of accumulated depreciation, are forecasted based on assumed costs of constructing the Project, and other routine property and equipment additions during the Forecast Period, reduced by estimated annual depreciation.

The following table reflects the cost of these projects, capitalized interest, net of interest earnings, and other routine capital additions during the Forecast Period.

Table 14
Forecasted Property and Equipment Additions
For the Years Ending December 31,
(In Thousands)

	2026	2027	2028	2029	2030
Project Costs	\$ 19,989	\$ -	\$ -	\$ -	\$ -
Capitalized Interest, Net of Interest Earnings, During Project Construction	1,392	-	-	-	-
Routine Capital Additions	7,228	7,539	7,860	8,143	8,480
Total	\$ 28,609	\$ 7,539	\$ 7,860	\$ 8,143	\$ 8,480

Source: Management

Table 15
Forecasted Property and Equipment
For the Years Ending December 31,
(In Thousands)

	2026	2027	2028	2029	2030
Land	\$ 2,470	\$ 2,470	\$ 2,470	\$ 2,470	\$ 2,470
Land Improvements	7,964	7,964	7,964	7,964	7,964
Buildings	188,292	273,424	280,471	287,772	295,375
Furniture and Equipment	21,709	22,488	23,301	24,143	25,020
Total Before Accumulated Depreciation and Construction in Progress	220,435	306,346	314,206	322,349	330,829
Less Accumulated Depreciation	(113,146)	(120,360)	(128,671)	(137,584)	(147,051)
Construction in Progress	78,372	-	-	-	-
Net Property and Equipment	\$ 185,661	\$ 185,986	\$ 185,535	\$ 184,765	\$ 183,778

Source: Management

Long-Term Liabilities

Long-Term Debt

The Corporation's long-term debt is forecasted to be comprised of the Series 2024 Bonds and the Series 2019 Bonds.

Series 2024 Bonds

On July 24, 2024, Carolina Meadows entered into a loan agreement with the North Carolina Medical Care Commission. This agreement was part of the Commission's bond offering aimed at providing funds to Carolina Meadows, Inc. for project costs, paying interest on the bonds, and covering issuance expenses. The proceeds from this offering were placed in trust, and the trustee will manage funds according to the terms of the Trust Agreement. Starting December 1, 2024, interest on the Series 2024 Bonds is payable semi-annually on December 1 and June 1. Starting on December 1, 2027, principal payments are due annually through maturity in 2034. Interest on the Series 2024 Bonds is payable monthly with interest rates ranging between 4.00% to 5.25%.

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES

Series 2019 Bonds

On November 1, 2019, Carolina Meadows entered into a loan agreement with the Public Finance Authority for purposes of refunding the North Carolina Medical Care Commission Weekly Adjustable-Rate Revenue Bonds, Series 2004 (the "Series 2024 Bonds") and pay certain expenses incurred in connection with the issuance of the Series 2019 Bond. Proceeds of the Series 2019 Bonds refunded the Series 2004 Bonds on November 21, 2019, thereby relieving Carolina Meadows of its liability for the outstanding Series 2004 Bonds. Beginning December 1, 2019, Carolina Meadows was required to make the first monthly payment of principal in the amount of \$55,000. Interest on the Series 2019 Bond is payable monthly with an interest rate of Secured Overnight Financing Rate (SOFR) plus 1.05%.

Forecasted principal payments on the Corporation's long-term debt are presented in the following table.

Table 16
Forecasted Principal Payments on Long-Term Debt
(In Thousands)

For the Years Ending December 31,	Series 2019	Series 2024	Total
	Bonds	Bonds	
2026	810	-	810
2027	835	820	1,655
2028	860	850	1,710
2029	890	880	1,770
2030	920	915	1,835
2031	945	955	1,900
2032	980	985	1,965
2033	1,010	1,025	2,035
2034	975	1,065	2,040
Thereafter	-	68,675	68,675
Gross Principal	\$ 8,225	\$ 76,170	\$ 84,395

Source: Management

Deferred Revenue from Advance Fees

The nonrefundable portion of Advance Fee receipts is initially recorded as deferred revenue and amortized over the life expectancy of the resident. Management projects deferred Advance Fees based upon the historical balance as of December 31, 2025, and the forecasted nonrefundable Advance Fees received and amortization of these nonrefundable Advance Fees during the Forecast Period.

Deferred Revenue from Modification Revenue

Management projects deferred modification revenue based upon the historical balance as of December 31, 2025, and the forecasted modification revenue received annually and amortization over 10 years during the Forecast Period. Modification revenue is forecasted based on historical experience and increased annually by 4.0 percent for inflation.

Advance Fee Liability

Management has forecasted the Advance Fee liability based upon the historical balance as of December 31, 2025, and the estimated refundable portion of advance fees received during the Forecast Period.

Other Deferred Revenue

Management has forecasted other deferred revenue to be consistent with the historical balance at December 31, 2025.

Deposits on Occupied Units

Management has forecasted deposits on occupied units to be consistent with the historical balance at December 31, 2025.

Agency Funds Due to Residents

Management has forecasted agency funds due to residents to be consistent with the historical balance at December 31, 2025.

Net Assets without Donor Restriction

Management has forecasted net assets without donor restriction based upon the results of the forecasted statements of operations and changes in net assets.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE FORECAST

MANAGEMENT'S BASIS FOR THE FORECAST OF SUPPLEMENTAL OTHER ITEMS

Supplemental Information

The information provided in this section provides Management's key forecast assumptions relating to the Corporation and has been prepared pursuant to the requirements of North Carolina General Statutes, Chapter 58, Article 64A and excludes the activities of Senior Services. The assumptions disclosed herein for this supplementary disclosure (the "Supplemental Disclosure") are for a period covered by the Forecast Period and are the assumptions which Management believes are significant to the financial forecast included in the Supplemental Disclosure. However, the forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because the events and circumstances frequently do not occur as expected, and those differences may be material.

The disclosures in the Supplemental Disclosure add specific disclosures related to Management's supplemental forecast (the "Supplemental Forecast") included in this Supplemental Disclosure. Other key assumptions have been presented in Management's Summary of Significant Forecast Assumptions and Accounting Policies as disclosed previously and also apply to the Supplemental Forecast with the exception of the following.

Due from Related Party

Management has forecasted the Due from Related Party based upon historical experience and has not forecasted a change in Due from Related Party during the Supplemental Forecasted Period.

CAROLINA MEADOWS, INC.
SUPPLEMENTAL FORECASTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS					
Resident Fees Earned:					
On Campus Resident Fees	\$ 46,133	\$ 48,501	\$ 50,994	\$ 53,426	\$ 55,980
Early Advantage Resident Fees	726	801	833	866	901
Amortization of Advance Fees:					
On Campus Advanced Fees	591	581	740	905	1,077
Early Advantage Advanced Fees	150	156	162	169	175
Dining Services Revenue	2,856	2,970	3,089	3,213	3,341
Maintenance Services	77	80	83	87	90
Housekeeping Services	280	291	303	315	328
Resident Services Revenue	126	131	136	142	147
Medical and Ancillary Charges	581	604	628	654	680
Miscellaneous Income	276	287	299	310	323
Remarketing Income	797	891	980	1,059	1,150
Refurbishment Revenue	1,412	1,456	1,582	1,664	1,793
Investment Income	1,446	1,318	1,326	1,370	1,439
Total Revenue, Gains, and Other Support Without Donor Restrictions	55,451	58,067	61,155	64,180	67,424
EXPENSES					
Administrative Services	3,277	3,408	3,544	3,686	3,834
Early Advantage	58	60	63	65	68
Dining Services	10,026	10,427	10,844	11,278	11,729
Housekeeping and Laundry Services	2,096	2,180	2,267	2,358	2,452
Plant Operations	5,488	5,708	5,936	6,173	6,420
Grounds	1,475	1,534	1,595	1,659	1,726
Resident Services	932	969	1,008	1,048	1,090
Human Resources	1,196	1,244	1,294	1,345	1,399
Community Health Clinic Services	1,788	1,860	1,934	2,011	2,092
Wellness	479	498	518	539	560
Nursing Services	6,056	6,298	6,550	6,812	7,085
Assisted Living Services	2,862	2,976	3,096	3,219	3,348
Marketing	929	966	1,005	1,045	1,087
Social Services	407	423	440	458	476
Activities	709	737	767	798	829
Information Technology	2,059	2,141	2,227	2,316	2,409
General	4,592	4,760	4,935	5,115	5,303
Upgrades and Refurbishments	260	270	281	292	304
Shared Appreciation Expense	3,166	3,724	4,334	4,946	5,655
Depreciation	6,963	7,214	8,311	8,913	9,467
Interest	1,099	3,898	3,841	3,780	3,717
Interest- Amortization of Issuance Costs	75	75	75	75	75
Interest- Amortization of Bond Premium	(142)	(142)	(140)	(139)	(137)
Resident Assistance Expense	388	404	420	436	454
Total Operating Expenses	56,238	61,632	65,145	68,228	71,442
Net Operating Loss	(787)	(3,565)	(3,990)	(4,048)	(4,018)
Deficit of Revenues Under Expenses and Change in Net Deficit Without Donor Restrictions					
	(787)	(3,565)	(3,990)	(4,048)	(4,018)
Change in Net Assets					
	(787)	(3,565)	(3,990)	(4,048)	(4,018)
Net Deficit, Beginning of Year	(46,631)	(47,418)	(50,983)	(54,973)	(59,021)
NET DEFICIT, END OF YEAR	\$ (47,418)	\$ (50,983)	\$ (54,973)	\$ (59,021)	\$ (63,039)

CAROLINA MEADOWS, INC.
SUPPLEMENTAL FORECASTED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
CASH FLOWS FROM OPERATING ACTIVITIES					
Deficit of Revenues Over Under Expenses and Change in Net Deficit Without Donor Restrictions	\$ (787)	\$ (3,565)	\$ (3,990)	\$ (4,048)	\$ (4,018)
Adjustments to Reconcile Deficit of Revenues Under Expenses and Change in Net Deficit Without Donor Restrictions to Net Cash Flows Provided From Operating Activities:					
Amortization of Advance Fees	(741)	(737)	(902)	(1,074)	(1,252)
Depreciation	6,963	7,214	8,311	8,913	9,467
Amortization of Bond Issuance Costs	75	75	75	75	75
Amortization of Bond Premium	(142)	(142)	(140)	(139)	(137)
Net Change in Current Assets:					
Accounts Receivable	(208)	(135)	(140)	(136)	(143)
Sales Tax Refund Receivable	470	-	-	-	-
Inventories	(65)	(47)	(22)	(22)	(25)
Prepaid Expenses	158	(33)	(34)	(36)	(39)
Net Change in Current Liabilities:					
Accounts Payable	(5,206)	(477)	270	275	302
Accrued Expenses	(242)	126	135	137	150
Accrued Interest	-	(4)	(3)	(3)	(4)
Net Cash Provided by Operating Activities	275	2,275	3,560	3,942	4,376
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Purchase of Investments	(15,429)	1,727	(1,060)	(2,205)	(3,457)
Net Purchases of Property and Equipment- Routine	(7,228)	(7,539)	(7,860)	(8,143)	(8,480)
Net Purchases of Property and Equipment- Project	(19,989)	-	-	-	-
Interest Costs Capitalized in Property and Equipment	(1,392)	-	-	-	-
Net Change in Assets Limited as to Use	38,432	(749)	(308)	(318)	(339)
Net Cash Used in Investing Activities	(5,606)	(6,561)	(9,228)	(10,666)	(12,276)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from Advance Fees	15,937	17,814	19,595	21,172	23,007
Refunds of Advance Fees	(11,726)	(12,701)	(13,476)	(13,991)	(14,627)
Modification Receipts	1,467	1,526	1,587	1,650	1,716
Principal Payments on Long-Term Debt	(810)	(1,655)	(1,710)	(1,770)	(1,835)
Net Cash Provided by Financing Activities	4,868	4,984	5,996	7,061	8,261
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(463)	698	328	337	361
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	7,656	7,193	7,891	8,219	8,556
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 7,193	\$ 7,891	\$ 8,219	\$ 8,556	\$ 8,917
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest, Net of Capitalized Interest	\$ 3,918	\$ 3,902	\$ 3,844	\$ 3,783	\$ 3,721
Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash					
Cash and Cash Equivalents	\$ 6,703	\$ 7,401	\$ 7,729	\$ 8,066	\$ 8,427
Restricted Cash	490	490	490	490	490
Total Cash, Cash Equivalents, and Restricted Cash	\$ 7,193	\$ 7,891	\$ 8,219	\$ 8,556	\$ 8,917

CAROLINA MEADOWS, INC.
SUPPLEMENTAL FORECASTED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 6,703	\$ 7,401	\$ 7,729	\$ 8,066	\$ 8,427
Accounts Receivable	2,590	2,725	2,865	3,001	3,144
Sales Tax Refund Receivable	386	386	386	386	386
Inventories	449	496	518	540	565
Prepaid Expenses	542	575	609	645	684
Assets Limited as to Use, Current Portion	463	463	463	463	462
Total Current Assets	11,133	12,046	12,570	13,101	13,668
Assets Limited as to Use:					
Statutory Operating Reserve	6,269	7,018	7,326	7,644	7,984
By Board Designation	5,396	5,396	5,396	5,396	5,396
Resident Funds Held in Escrow	829	829	829	829	829
Bond Fund	463	463	463	463	462
Total Assets Limited as to Use	12,957	13,706	14,014	14,332	14,671
Less: Current Portion	(463)	(463)	(463)	(463)	(462)
Total Assets Limited as to Use, Less Current Portion	12,494	13,243	13,551	13,869	14,209
Investments	47,804	46,077	47,137	49,342	52,799
Property and Equipment	220,435	306,346	314,206	322,349	330,829
Construction in Progress	78,372	-	-	-	-
Less: Accumulated Depreciation	(113,146)	(120,360)	(128,671)	(137,584)	(147,051)
Net Property and Equipment	185,661	185,986	185,535	184,765	183,778
Due From Related Party	418	418	418	418	418
Interest Rate Swap Agreement	639	639	639	639	639
Total Assets	\$ 258,149	\$ 258,409	\$ 259,850	\$ 262,134	\$ 265,511

	2026	2027	2028	2029	2030
Liabilities and Net Assets					
Current Liabilities:					
Current Maturities of Long-Term Debt	\$ 1,655	\$ 1,710	\$ 1,770	\$ 1,835	\$ 1,900
Accounts Payable	4,930	4,453	4,723	4,998	5,300
Accrued Expenses	2,091	2,217	2,352	2,489	2,639
Accrued Interest Payable	352	348	345	342	338
Total Current Liabilities	9,028	8,728	9,190	9,664	10,177
Long-Term Debt, Net of Current Portion	81,930	80,220	78,450	76,615	74,715
Deferred Financing Costs	(1,422)	(1,347)	(1,272)	(1,197)	(1,122)
Unamortized Bond Premium	2,884	2,742	2,602	2,463	2,326
Net Long-Term Debt	83,392	81,615	79,780	77,881	75,919
Deferred Revenue from Advanced Fees	1,264	1,264	1,264	1,264	1,264
Deferred Revenue from Modification Revenue	5,321	6,266	7,113	7,858	8,497
Advanced Fee Liability	200,225	205,182	211,139	218,151	226,356
Other Deferred Revenue	112	112	112	112	112
Deposits on Occupied Units	5,396	5,396	5,396	5,396	5,396
Agency Funds Due to Residents	829	829	829	829	829
Total Liabilities	305,567	309,392	314,823	321,155	328,550
Net Assets (Deficit):					
Without Donor Restriction	(47,418)	(50,983)	(54,973)	(59,021)	(63,039)
Total Net Deficit	(47,418)	(50,983)	(54,973)	(59,021)	(63,039)
Total Liabilities and Net Deficit	\$ 258,149	\$ 258,409	\$ 259,850	\$ 262,134	\$ 265,511

Management's Summary of Key Supplemental Projection Assumptions

Management has projected an expansion to the Retirement Community. The "New IL Project" is projected to consist of 85 New Independent Living Units and associated common areas.

The information provided in this section provides Management's key projection assumptions relating to the New IL Project. The assumptions disclosed herein for this supplementary disclosure are for a period covered by the Projection Period and are the assumptions which Management believes are significant to the financial projection included in this supplemental disclosure. However, the projected results may not be achieved as there will usually be differences between the projected and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The disclosures in this supplemental disclosure add specific disclosures related to the New IL Project. Other key assumptions have been presented in Management's Summary of Significant Projection Assumptions and Accounting Policies as disclosed previously, and also apply to Management's supplemental projection included in this supplemental disclosure. Management has included supplemental projected financial statements, assuming the Hypothetical Assumptions, as defined hereafter, to provide readers with information about the hypothetical operation of the New IL Project which should not be considered a presentation of expected future results and has been included for disclosure purposes.

Management has identified the following hypothetical assumptions (the "Hypothetical Assumptions") for the New IL Project:

- Financing to fund the construction of an additional 85 independent living apartments (the "New Independent Living Units") is accomplished through a tax-exempt bond offering, as disclosed hereafter;
- The costs and timing of construction is consistent with the assumptions disclosed herein;
- Operating costs associated with the New IL Project occur as presented hereafter;
- All regulatory approvals are received in accordance with the timeline detailed herein; and
- The New Independent Living Units are successfully marketed, at the disclosed fee levels, and occupied during the Projection Period as disclosed hereafter.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE FORECAST

THE NEW IL PROJECT

**Supplemental Disclosure Table 17
The New IL Project
Independent Living Unit Configuration, Monthly Service Fees and Entrance Fees
(Monthly Fees in 2026 Dollars, Entrance Fees in 2029 Dollars)**

Unit Type	Units	Weighted Average Square Footage by Unit Type	Monthly/Daily Service Fee ⁽¹⁾	75 Percent Refundable Entrance Fee ⁽²⁾
Independent Living Apartments:				
Unit A - One bedroom, 1.5 bath; sunroom	2	1,270	\$3,822	\$808,835
Unit B - One bedroom, 1.5 bath w/ flex (den or bedroom)	8	1,411	\$3,850	\$916,117
Unit C - Two bedroom, 2 bath	14	1,522	\$4,188	\$988,185
Unit C+ - Two bedroom, 2 bath	12	1,529	\$4,231	\$992,731
Unit D - Two bedroom, 2.5 bath w/ flex; (den or bedroom)	23	1,716	\$4,257	\$1,069,228
Unit E - Two bedroom, 2.5 bath w/ flex; (den or bedroom)	8	1,807	\$4,279	\$1,125,928
Unit E+ - Two bedroom, 2.5 bath w/ flex; (den or bedroom); and sunroom	14	1,910	\$4,652	\$1,191,033
Unit F - Two bedroom, 2.5 bath w/ flex; (den or bedroom); and sunroom	4	2,030	\$4,689	\$1,361,458
Total New Independent Living Units- Apartments and Weighted Averages	85	1,674	\$4,281	\$1,063,693
Second Person Fees			\$1,163	\$17,364

Source: Management

Management has assumed that only the 75 Percent Refundable Plan will be offered for the New IL Project.

Project Timeline

The following table presents the projected timeline, as provided by Management, for the Project.

**Supplemental Disclosure Table 18
The New IL Project
Development Timeline**

Event	Date
Begin Presales for the Project	January - 2027
Achieve 70 percent presales/Obtain Financing	May - 2027
Begin Construction	May - 2027
New Independent Living Units substantially complete	October - 2029
New Independent Living Units Achieve 94 Percent Occupancy	October - 2030

Source: Management

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE FORECAST

Plan of Finance – The Project

Management has assumed the following sources and uses of funds in preparing its financial projection based on information provided by Management and B. C. Ziegler and Company (the “Underwriter”). A summary of the projected sources and uses of funds for Carolina Meadows’ financing is provided in the following table:

**Supplemental Disclosure Table 19
The New IL Project
Projected Sources and Uses of Funds
(In Thousands of Dollars)**

Sources of Funds		
Series 2027A Bonds	\$ 48,785	(1)
Premium	<u>249</u>	(1)
Series 2027B-3 Bonds		39,750 (2)
Series 2027B-2 Bonds		16,000 (2)
Series 2027B-1 Bonds		7,800 (2)
Interest Earnings on Trustee-Held Funds		4,481 (3)
Total Sources of Funds	\$ 117,065	
Uses of Funds		
Construction and Land Improvements	\$ 81,046	(4)
Inflation Contingency		3,214 (4)
Project Contingency		4,613 (4)
Professional Fees and Expenses		4,199 (4)
Furniture and Equipment		9,135 (4)
Other Costs		825 (4)
Marketing Costs		182 (4)
Costs of Issuance		1,822 (5)
Funded Interest		12,029 (6)
Total Uses of Funds	\$ 117,065	

Source: Management

Notes:

1. Management has assumed a tax-exempt bond financing consisting of long-term bonds (the Series 2027A Bonds) with interest rates ranging from 5.25% to 5.75%, with principal redemptions beginning in December 1, 2030 through December 1, 2057. The Series 2027A Bonds are assumed to have a bond premium upon issuance.
2. Management has assumed a tax-exempt bond financing consisting of short-term bonds (the Series 2027B Bonds) with interest rates ranging from 5.25% to 5.75%, assumed to be repaid by December 1, 2030 from projected available entrance fees from the sale of the New IL Project independent living units.
3. Management assumes that funds on deposit related to the bonds, before they have been spent, will earn interest that will be used to offset interest costs during the construction period.
4. Management has estimated construction and other costs associated with the New IL Project as reflected in the table.
5. Represents Management’s of issuance costs associated with the proposed Series 2027 Bonds.
6. Represents interest costs during the 29 month construction period.

Management's Summary of Key Supplemental Projection Assumptions (continued)

Marketing the New IL Project

Marketing of the Project is anticipated to be conducted by the internal marketing team.

Management anticipates that it will begin taking deposits equal to 10 percent of the selected entrance fee for the New Independent Living Units in January 2027. As of March 31, 2026, there are 1,276 depositors in the Wait List Program and an additional 155 depositors in the Ready List Program. Additionally, as of March 31, 2026, there are 117 members in the Carolina Meadows Early Advantage Program.

The Wait List Program is a priority system for prospective residents. It allows individuals to secure future housing by locking in a queue position, and it offers early access to community amenities. There is a \$3,000 fully refundable deposit upon joining the Wait List Program.

The Ready List Program is an expedited tier of the traditional Wait List Program list. It is specifically for prospective residents who have decided that Carolina Meadows will be their future home and are actively prepared to move within sequence once their selected floor plan becomes available. In order to join the Ready List Program, the potential future resident must deposit an amount equal to 5% of the entry fee of the selected unit.

The Early Advantage Program allows for complete and open access for a member to access Carolina Meadow's health and wellness programs, including residency in its assisted living and long-term care facilities. The Early Advantage Program requires a one-time entrance fee and a monthly service fee for each member joining the Early Advantage Program.

As part of its marketing efforts, Management anticipates expenditures related to activities, events, media, and print collateral, as well as media campaigns like its existing marketing activities. Management had budgeted amounts necessary to conduct the marketing campaign to achieve its anticipated occupancy levels and these have been reflected in the Supplemental Disclosure Table 19.

Summary of Significant Accounting Policies

Management has projected all significant accounting policies as previously noted during the Forecast are consistent with accounting policies projected to be followed by the projected financial statements for periods covered by the Forecast. Management has also projected the following additional significant accounting policies:

Bond Premium

Bond premium incurred in connection with the issuance of long-term debt is assumed to be recorded as a direct addition to the carrying amount of the debt and over the term of the related indebtedness, which approximates the effective interest method. Amortization expense is included with interest expense on the supplemental projected consolidated statement of revenues and expenses.

Management's Basis for Projected Revenues and Entrance Fees - The New IL Project

Projected revenue for the New IL Project will be based on fill-up and utilization of the New Independent Living Units utilization and the monthly accommodations fees charged.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE FORECAST

Management’s Summary of Key Supplemental Projection Assumptions (continued)

Projected occupancy for the Project is based upon Management’s assumed move-in schedule for the New Independent Living Units as depicted in the following table.

**Supplemental Disclosure Table 20
New IL Project Move-In Schedule
New Independent Living Units**

	New Independent Living Units			
	Total Units	Monthly Fill	Cumulative Occupancy	Occupancy Percent
2029				
November	85	8.00	8.00	9.4%
December	85	8.00	16.00	18.8%
2030				
January	85	8.00	24.00	28.2%
February	85	8.00	32.00	37.6%
March	85	6.00	38.00	44.7%
April	85	6.00	44.00	51.8%
May	85	6.00	50.00	58.8%
June	85	6.00	56.00	65.9%
July	85	6.00	62.00	72.9%
August	85	6.00	68.00	80.0%
September	85	6.00	74.00	87.1%
October	85	6.00	80.00	94.1%
Thereafter	85		80.00	94.1%

Source: Management

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE FORECAST

Entrance Fee Receipts

The following table reflects entrance fees received and refunds paid during the Supplemental Projection Period for the New Independent Living Units, as projected by Management.

**Supplemental Disclosure Table 21
Projected New IL Project Entrance Fee Receipts, Net of Refunds
For The Years Ending December 31,
(In Thousands of Dollars)**

	2026	2027	2028	2029	2030
Entrance Fee Receipts (Including 10 percent Deposits) from Initial Residents	\$ -	\$ 7,193	\$ 644	\$ 16,103	\$ 61,947
Initial Resident Entrance Fees	\$ -	\$ 7,193	\$ 644	\$ 16,103	\$ 61,947
Entrance Fee Receipts from Project Unit Turnover	\$ -	\$ -	\$ -	\$ 107	\$ 1,015
Entrance Fee Refunds from Project Unit Turnover	-	-	-	-	(515)
Net Entrance Fees Received	\$ -	\$ -	\$ -	\$ 107	\$ 500
Total Entrance Fees Received, Net of Refunds	\$ -	\$ 7,193	\$ 644	\$ 16,210	\$ 62,447
Number of Initial Entrants	-	-	-	16	64
Unit Turnover Entrants	-	-	-	0.1	0.9

Source: Management

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE FORECAST

Management’s Summary of Key Supplemental Projection Assumptions (continued)

Management’s Basis for Projected Expenses - The New Project

Management has projected operating expenses related to the Project based upon its plans for operating the Project, its experience operating its current facilities, and using similar assumptions and methodologies as disclosed in “Management’s Basis for Forecast of Expenses” section of the Summary of Significant Projection Assumptions and Accounting Policies” contained previously herein.

Management has assumed a 4.0 percent inflation during the Projection Period as well as changes in expenses related to changes in variables, such as resident days, increased square footage, meals served, etc.

Management has assumed increases relating to costs in all departments associated with the addition of the New IL Project.

Internally Designated for Statutory Operating Reserve

Statutory Operating Reserve – North Carolina Statutory Operating Reserve – Section 58-64A-245 of the General Statutes of North Carolina, as amended, requires that all continuing care facilities maintain operating reserves equal to 50 percent of the total operating costs (as defined in Section 58-64A-245) for the 12-month period related to the calculation. Once a continuing care facility achieves a 12-month daily average independent living unit occupancy rate of ninety percent (90% or higher) a provide shall only be required to maintain an operating reserve in an amount calculated using the table below, unless otherwise instructed by the Commission.

<u>Independent Living Unit Occupancy Rate:</u>	<u>Operating Reserve Percentage Requirement</u>
90% of above	25.00%
86% to 89.9%	31.25%
83% to 85.9%	37.50%
80% to 82.9%	43.75%
Below 80%	50.00%

A provider who has a 12-month daily average independent living unit occupancy rate equal to or in excess of ninety-three percent (93%) and has no long-term debt or a debt service coverage ratio in excess of 2.00 as of the provider’s most recent fiscal year-end shall only be required to maintain an operating reserve equal to twelve and one-half percent (12.5%) of total operating costs of the continuing care retirement community, unless otherwise instructed by the NCDOL. As noted below, Management has forecasted an operating reserve of 12.5% of total operating costs in all years of the Supplemental Projection Period except for fiscal year 2030.

Such operating reserves may only be released upon approval of the North Carolina Commissioner of Insurance.

The following table sets forth the forecasted calculation of the operating reserve:

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE FORECAST

**Supplemental Disclosure Table 22
Projected Operating Reserve Requirements Including New IL Project
For The Years Ending December 31,**

	2026	2027	2028	2029	2030
Statutory Operating Reserve Calculation (Expenses in Thousands):					
Total Operating Expenses	\$ 56,334	\$ 61,724	\$ 65,332	\$ 70,205	\$ 80,556
Add: Principal Payment on Long-Term Debt	810	1,655	1,710	1,770	65,385
Add: Amortization of Bond Premium	142	150	152	151	149
Less: Interest Funded from Bond Funds					
Less: Depreciation	(6,963)	(7,214)	(8,311)	(9,358)	(12,622)
Less: Amortization of Bond Issuance Costs	(75)	(128)	(251)	(251)	(185)
Less: Principal Paid from Entrance Fee Fund	-	-	-	-	(63,550)
Less: Marketing Costs Paid from Bond Proceeds	(96)	(47)	(23)	(17)	-
Total Operating Costs	\$ 50,152	\$ 56,140	\$ 58,609	\$ 62,500	\$ 69,733
Required Reserve ⁽¹⁾	12.5%	12.5%	12.5%	12.5%	25.0%
Required Operating Reserve (In Thousands)	\$ 6,269	\$ 7,018	\$ 7,326	\$ 7,813	\$ 17,433
Average Available Units:					
Independent Living Units	472	472	472	472	472
Independent Living Units- New IL Project ⁽²⁾	-	-	-	14	85
Total Available Units	472	472	472	486	557
Average Occupied Units:					
Independent Living Units	459	459	459	459	459
Independent Living Units- New IL Project ⁽²⁾	-	-	-	2	57
Total Occupied Units	459	459	459	461	516
Average Occupancy at Year End	97.2%	97.2%	97.2%	94.9%	92.6%

Source: Management

Notes:

(1) As a result of its anticipated debt service coverage projections and projected occupancy levels, the operating reserve is anticipated to range from 12.5 percent to 25 percent during the projection period.

(2) Units available in 2029 reflect two months of operations in that projected fiscal year.

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE FORECAST

Management's Summary of Key Supplemental Projection Assumptions (continued)

Project Fund

A portion of the proceeds of the Series 2027 Bonds are projected to be deposited into a project fund for construction and related costs of the New IL Project.

Funded Interest Account

Upon the assumed issuance of the Series 2027 Bonds, the funded interest fund is projected to be funded from proceeds of the Series 2027 Bonds to pay interest expense on the Series 2027 Bonds for 29 months.

Entrance Fee Fund

Initial Entrance Fees related to the New Independent Living Units are planned to be deposited into the entrance fee fund. Amounts on deposit in the entrance fee fund are projected to be used to redeem the Series 2027B Bonds. Subsequent to the repayment of the Series 2027B Bonds in full, and assuming no events of default have occurred, amounts remaining on deposit in the entrance fee fund are projected to be released by the trustee to the Corporation.

Resident Deposits

Represents funds related to those 10% reservation deposits received for the New IL Project, that are escrowed, for the New Independent Living Units.

Property and Equipment – The New IL Project

Property and equipment, net of accumulated depreciation, related to the New IL Project has been projected based on the estimated costs of constructing the New IL Project, and other routine property and equipment additions related to the New IL Project, reduced by estimated annual depreciation. The following table reflects the New IL Project related costs, capitalized interest, and other routine capital additions related to the New IL Project.

Supplemental Disclosure Table 23
Projected Property and Equipment Additions
The New IL Project
For The Years Ending December 31,
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
New IL Project Costs	\$ 3,077	\$ 28,318	\$ 40,937	\$ 30,704	\$ -
Capitalized Interest, net of Interest Earnings, during Project Construction	-	1,539	3,100	3,265	-
Total Additions	\$ 3,077	\$ 29,857	\$ 44,037	\$ 33,969	\$ -

Source: Management

SUPPLEMENTAL DISCLOSURE: PROJECTED FINANCIAL STATEMENTS FOR PERIODS COVERED BY THE FORECAST

Series 2027 Bonds

See note to Supplemental Disclosure Table 7S for information relating to the proposed Series 2027 Bonds assumed for the financing the Project. The following table summarizes the projected principal payments on the existing debt as well as the projected Series 2027 Bonds.

Supplemental Disclosure Table 24
Projected principal Payments- New IL Project
(In Thousands of Dollars)

Fiscal Year Ending December 31,	Series 2027A Bonds	Series 2027B Bonds- Short Term Bonds	Total
2026	\$ -	\$ -	\$ -
2027	-	-	-
2028	-	-	-
2029	-	63,550	63,550
2030	850	-	850
2031	895	-	895
2032	940	-	940
2033	990	-	990
2034	1,040	-	1,040
2035	1,095	-	1,095
Thereafter	42,975	-	42,975
Total	\$ 48,785	\$ 63,550	\$ 112,335

Source: Management

CAROLINA MEADOWS, INC.
SUPPLEMENTAL PROJECTED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
ASSUMING THE HYPOTHETICAL NEW IL PROJECT
FOR THE YEARS ENDING DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
REVENUES, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS					
Resident Fees Earned:					
On Campus Resident Fees	\$ 46,133	\$ 48,501	\$ 50,994	\$ 53,561	\$ 60,036
Early Advantage Resident Fees	726	801	833	866	901
Amortization of Advance Fees:					
On Campus Advanced Fees	591	581	740	1,228	1,756
Early Advantage Advanced Fees	150	156	162	169	175
Dining Services Revenue	2,856	2,970	3,089	3,213	3,341
Maintenance Services	77	80	83	87	90
Housekeeping Services	280	291	303	315	328
Resident Services Revenue	126	131	136	142	147
Medical and Ancillary Charges	581	604	628	654	680
Miscellaneous Income	276	287	299	310	323
Remarketing Income	797	891	980	1,059	1,150
Refurbishment Revenue	1,412	1,456	1,582	1,664	1,793
Investment Income	1,414	1,285	1,325	1,361	1,638
Total Revenue, Gains, and Other Support Without Donor Restrictions	55,419	58,034	61,154	64,629	72,358
EXPENSES					
Administrative Services	3,277	3,408	3,544	3,705	4,314
Early Advantage	58	60	63	65	68
Dining Services	10,026	10,427	10,844	11,296	12,185
Housekeeping and Laundry Services	2,096	2,180	2,267	2,361	2,529
Plant Operations	5,488	5,708	5,936	6,196	6,992
Grounds	1,475	1,534	1,595	1,659	1,726
Resident Services	932	969	1,008	1,056	1,297
Human Resources	1,196	1,244	1,294	1,345	1,399
Community Health Clinic Services	1,788	1,860	1,934	2,011	2,092
Wellness	479	498	518	541	618
Nursing Services	6,056	6,298	6,550	6,812	7,085
Assisted Living Services	2,862	2,976	3,096	3,219	3,348
Marketing	1,025	1,013	1,028	1,062	1,087
Social Services	407	423	440	458	476
Activities	709	737	767	798	829
Information Technology	2,059	2,141	2,227	2,316	2,409
General	4,592	4,760	4,935	5,129	5,445
Upgrades and Refurbishments	260	270	281	292	304
Shared Appreciation Expense	3,166	3,724	4,334	4,946	5,655
Depreciation	6,963	7,214	8,311	9,358	12,622
Interest	1,099	3,898	3,841	5,044	7,586
Interest- Amortization of Issuance Costs	75	128	251	251	185
Interest- Amortization of Bond Premium	(142)	(150)	(152)	(151)	(149)
Resident Assistance Expense	388	404	420	436	454
Total Operating Expenses	56,334	61,724	65,332	70,205	80,556
Net Operating Loss	(915)	(3,690)	(4,178)	(5,576)	(8,198)
Deficit of Revenues Under Expenses and Change in Net Deficit Without Donor Restrictions	(915)	(3,690)	(4,178)	(5,576)	(8,198)
Change in Net Assets	(915)	(3,690)	(4,178)	(5,576)	(8,198)
Net Deficit, Beginning of Year	(46,631)	(47,546)	(51,236)	(55,414)	(60,990)
NET DEFICIT, END OF YEAR	\$ (47,546)	\$ (51,236)	\$ (55,414)	\$ (60,990)	\$ (69,188)

CAROLINA MEADOWS, INC.
SUPPLEMENTAL PROJECTED STATEMENTS OF CASH FLOWS
ASSUMING THE HYPOTHETICAL NEW IL PROJECT
AT DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
CASH FLOWS FROM OPERATING ACTIVITIES					
Deficit of Revenues Over Under Expenses and Change in Net Deficit Without Donor	\$ (915)	\$ (3,690)	\$ (4,178)	\$ (5,576)	\$ (8,198)
Adjustments to Reconcile Deficit of Revenues Under Expenses and Change in Net Deficit Without Donor Restrictions to Net Cash Flows Provided From Operating Activities:					
Amortization of Advance Fees	(741)	(737)	(902)	(1,397)	(1,931)
Depreciation	6,963	7,214	8,311	9,358	12,622
Amortization of Bond Issuance Costs	75	128	251	251	185
Amortization of Bond Premium	(142)	(150)	(152)	(151)	(149)
Gain Related to Interest Rate Swap Agreement					
Net Unrealized and Realized Investment (Gains) Losses					
Marketing Expenses funded by Series 2027 Bonds	(96)	(47)	(23)	(17)	-
Net Change in Current Assets:					
Accounts Receivable	(208)	(135)	(140)	(143)	(358)
Sales Tax Refund Receivable	470	-	-	-	-
Inventories	(65)	(47)	(22)	(22)	(25)
Prepaid Expenses	158	(33)	(34)	(38)	(80)
Net Change in Current Liabilities:					
Accounts Payable	(5,206)	(477)	270	288	615
Accrued Expenses	(242)	126	135	143	305
Accrued Interest	-	426	(3)	(101)	(111)
Net Cash Provided by Operating Activities	51	2,578	3,513	2,595	2,875
CASH FLOWS FROM INVESTING ACTIVITIES					
Net Purchase of Investments	(12,224)	(1,411)	(1,059)	(569)	(15,407)
Net Purchases of Property and Equipment- Routine	(7,228)	(7,539)	(7,860)	(8,143)	(8,480)
Net Purchases of Property and Equipment- Project	(23,066)	(28,318)	(40,937)	(30,704)	-
Interest Costs Capitalized in Property and Equipment	(1,392)	(1,539)	(3,100)	(3,265)	-
Net Change in Assets Whose Use Is Limited	38,432	(86,059)	43,108	17,135	14,215
Net Cash Used in Investing Activities	(5,478)	(124,866)	(9,848)	(25,546)	(9,672)
CASH FLOWS FROM FINANCING ACTIVITIES					
Initial Entrance Fee Receipts	-	7,193	644	16,103	61,947
Proceeds from Advance Fees	15,937	17,814	19,595	21,279	24,022
Refunds of Advance Fees	(11,726)	(12,701)	(13,476)	(13,991)	(15,142)
Modification Receipts	1,467	1,526	1,587	1,650	1,716
Proceeds from Series 2027 Bonds	-	112,584	-	-	-
Marketing Expenses funded by Series 2027 Bonds	96	47	23	17	-
Payment of Financing Costs	-	(1,822)	-	-	-
Principal Payments on Long-Term Debt	(810)	(1,655)	(1,710)	(1,770)	(1,835)
Principal Payments on Short-Term Debt	-	-	-	-	(63,550)
Net Cash Provided by Financing Activities	4,964	122,986	6,663	23,288	7,158
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(463)	698	328	337	361
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	7,656	7,193	7,891	8,219	8,556
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	\$ 7,193	\$ 7,891	\$ 8,219	\$ 8,556	\$ 8,917
Supplemental Disclosure of Cash Flow Information:					
Cash Paid for Interest	\$ 3,918	\$ 3,902	\$ 3,844	\$ 5,047	\$ 7,590
Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash					
Cash and Cash Equivalents	\$ 6,703	\$ 7,401	\$ 7,729	\$ 8,066	\$ 8,427
Restricted Cash	490	490	490	490	490
Total Cash, Cash Equivalents, and Restricted Cash	\$ 7,193	\$ 7,891	\$ 8,219	\$ 8,556	\$ 8,917

CAROLINA MEADOWS, INC.
SUPPLEMENTAL PROJECTED STATEMENTS OF FINANCIAL POSITION
ASSUMING THE HYPOTHETICAL NEW IL PROJECT
AT DECEMBER 31,
(IN THOUSANDS)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 6,703	\$ 7,401	\$ 7,729	\$ 8,066	\$ 8,427
Accounts Receivable	2,590	2,725	2,865	3,008	3,366
Sales Tax Refund Receivable	386	386	386	386	386
Inventories	449	496	518	540	565
Prepaid Expenses	542	575	609	647	727
Assets Limited as to Use, Current Portion	463	463	463	795	900
Total Current Assets	11,133	12,046	12,570	13,442	14,371
Assets Limited as to Use:					
Statutory Operating Reserve	6,269	7,018	7,326	7,813	17,433
By Board Designation	5,396	5,396	5,396	5,396	5,396
Resident Funds Held in Escrow	829	829	829	829	829
Project Fund	-	71,678	30,719	-	-
Funded Interest Account	-	6,439	3,338	-	-
Entrance Fee Fund	-	-	-	17,177	-
Bond Fund	463	463	463	795	900
Resident Deposits	-	7,193	7,837	6,763	-
Total Assets Limited as to Use	12,957	99,016	55,908	38,773	24,558
Less: Current Portion	(463)	(463)	(463)	(795)	(900)
Total Assets Limited as to Use, Less Current Portion	12,494	98,553	55,445	37,978	23,658
Investments	44,599	46,010	47,069	47,638	63,045
Property and Equipment	220,435	306,346	314,206	433,289	441,769
Construction in Progress	81,449	32,934	76,971	-	-
Less: Accumulated Depreciation	(113,146)	(120,360)	(128,671)	(138,029)	(150,651)
Net Property and Equipment	188,738	218,920	262,506	295,260	291,118
Due From Related Party	418	418	418	418	418
Interest Rate Swap Agreement	639	639	639	639	639
Total Assets	\$ 258,021	\$ 376,586	\$ 378,647	\$ 395,375	\$ 393,249

	2026	2027	2028	2029	2030
Liabilities and Net Assets					
Current Liabilities:					
Current Maturities of Long-Term Debt	\$ 1,655	\$ 1,710	\$ 1,770	\$ 1,835	\$ 2,750
Accounts Payable	4,930	4,453	4,723	5,011	5,626
Accrued Expenses	2,091	2,217	2,352	2,495	2,800
Accrued Interest Payable	352	778	775	674	563
Current Portion of Refundable Advanced Fees to Residents	-	7,193	7,837	6,763	-
Total Current Liabilities	9,028	16,351	17,457	16,778	11,739
Long-Term Debt, Net of Current Portion	81,930	192,555	190,785	188,950	122,650
Deferred Financing Costs	(1,422)	(3,116)	(2,865)	(2,614)	(2,429)
Unamortized Bond Premium	2,884	2,983	2,831	2,680	2,531
Net Long-Term Debt	83,392	192,422	190,751	189,016	122,752
Deferred Revenue from Advanced Fees	1,264	1,264	1,264	5,262	21,499
Deferred Revenue from Modification Revenue	5,321	6,266	7,113	7,858	8,497
Refundable Entrance Fees, Net of Current Portion	-	-	-	12,963	65,257
Advanced Fee Liability	200,225	205,182	211,139	218,151	226,356
Other Deferred Revenue	112	112	112	112	112
Deposits on Occupied Units	5,396	5,396	5,396	5,396	5,396
Agency Funds Due to Residents	829	829	829	829	829
Total Liabilities	305,567	427,822	434,061	456,365	462,437
Net Assets (Deficit):					
Without Donor Restriction	(47,546)	(51,236)	(55,414)	(60,990)	(69,188)
With Donor Restriction	-	-	-	-	-
Total Net Deficit	(47,546)	(51,236)	(55,414)	(60,990)	(69,188)
Total Liabilities and Net Deficit	\$ 258,021	\$ 376,586	\$ 378,647	\$ 395,375	\$ 393,249



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Appendix C — Statement of Actuarial Opinion

Summary of Actuarial Analysis for Carolina Meadows

The Board and management of Carolina Meadows have adopted the financial management philosophy to set fees and maintain reserves that are actuarially sound in accordance with Actuarial Standards of Practice No. 3 (ASOP#3). ASOP#3 defines three conditions to evaluate the financial solvency of a CCRC: (1) fully funded status for actuarial reserves associated with current residents; (2) sufficient margins for fees charged to new entrants; and (3) long-term cash flows that are positive and meet bond covenants. If all three conditions are met, then Carolina Meadows is considered to be in satisfactory actuarial balance (SAB). Many in the CCRC space consider the goal of reaching satisfactory actuarial balance a “best practice” since ASOP#3 requirements go beyond simply meeting or exceeding only the third condition that confirms positive cash flows and/or payment of outstanding debt.

ASOP#3 satisfactory actuarial balance with qualification regarding surplus. Each year Carolina Meadows engages A. V. Powell & Associates LLC, a nationally recognized actuarial firm, to update our assumptions and test our status in regard to the Board’s objective to comply with ASOP#3. The most recent update as of December 31, 2025, shows Carolina Meadows is in satisfactory actuarial balance with a qualification in regard to surplus and contingency margins, provided future experience substantially follows the underlying assumptions contained in the actuarial report.

Source: Actuarial Study Report as of December 31, 2025, dated June 17, 2026

Actuarial Criteria and Opinions	12.31.25	12.31.24	AVP Median	ASOP#3 Minimum
1. Funded Status	97.3%	94.4%	103.0%	100.0%
2. New Entrant Pricing				
Equity Advantage	6.3%	1.7%		
75% Refundable Plan	12.3%	NA	12.1%	0.0%
3. 10-Year Reserve Increase Factor	1.65	0.73	2.37	>\$0 balance
Unified Funded Status (Combines Criteria #1 and #2)	102.3%	94.7%	113.5%	100.0%
Satisfactory Actuarial Balance?	Yes, with qualification	No		
AVP Seal?	No	No		
Health Care Capacity Adequate?	Yes	Yes		

The reader should be aware of the following baseline assumptions that were used to prepare the actuarial study and were developed based on reaching a consensus with the management of Carolina Meadows, who agreed such assumptions were reasonable.

1. Average annual independent living unit occupancy maintains an average occupancy of 96.8% throughout the projection period. During the prior three years, average independent living unit occupancy was 96.2%, 96.1%, and 96.2%.
2. Average annual assisted living/memory care occupancy remains constant at 91.0% and average annual nursing care occupancy increases from 80.0% to 82.2%.
3. In prior fiscal year, average occupancy for independent living unit was 96.2%; for assisted living/memory care was 91.5%; and for nursing care was 85.2%.
4. Entry fees for CCRC residents moving into independent living units are assumed to increase 5% for 2027, 2028, 2030 and 2031. In 2029, a one-time weighted average increase of 38.4% will be implemented. After 2031, all entry fees will increase 4% annually. All new entrants in fiscal year 2026 are assumed to select the Equity Advantage contract. Beginning January 1, 2029 all new entrant will be require to select the 75% Refundable contract.
5. Monthly and per diem rate increases for independent living, assisted living, memory care and nursing care are assumed to be 0.5% above average expense increases for fiscal year 2027 through 2031, thereafter 4% for the remainder of the projection period. Budgeted operating expenses excluding interest and depreciation for fiscal year 2026 were 2.4% over audited operating expenses for fiscal year 2025 and are assumed to increase by 4.0% annually.
6. Residents are assumed to be able to pay projected monthly fees, and assessment of this capability was beyond the scope of the actuarial study engagement. Management believes this assumption is valid or that other funds not accounted for in the actuarial study will be sufficient to cover any shortfall.
7. The difference between interest earnings/discount rate and expense inflation (“real rate-of-return”) is 1.5%.
8. Projected capital expenditures are adequate to maintain the market position of the community and total \$107.5 million during the next 10 years.
9. Projected accumulated cash balances are all available for the exclusive benefit of contractholders and all cash outflows have been reflected in the report to the best of our knowledge.

It should be noted while unfavorable variation in these baseline assumptions will reduce the current and future funded status as well as erode the future new entrant pricing margin, it is possible if such variations occur Carolina Meadows will still exceed the defined bond covenant debt service coverage ratio minimum threshold. Also, favorable experience variations associated with any of the assumptions used to prepare the actuarial analysis, such as lower operating expenses, lower health care utilization, or higher average occupancy may occur such that their impact will mitigate any adverse variation in previously listed baseline assumptions.

Caveats for Third-Party Readers of the Actuarial Analysis Summary for Carolina Meadows

This summary is prepared for use as statutory disclosure of the actuarial study conducted on Carolina Meadows as of December 31, 2025, and submitted to the Board of Carolina Meadows on June 17, 2026. Any reader of this summary should be made aware that this actuarial summary was prepared for users of the report who are familiar with the proposed operations of Carolina Meadows and the environment in which a CCRC operates. The consulting staff of A.V. Powell & Associates LLC are available, at the reader's expense and with written permission from Carolina Meadows, to further explain the assumptions, implications and appropriate interpretations of this summary. In particular, the reader is alerted to the context that the actuarial opinion is only valid for the unique and extensive set of actuarial, financial, demographic, operational, and new entrant assumptions that were used to prepare the actuarial report and content therein.

In accordance with Section 3.3 Special Circumstances in Actuarial Standards of Practice No. 41 for Actuarial Communications, all third-party readers should be aware that this actuarial summary was developed with constraint limitations on its content. This means that the content of this actuarial summary deviates from including all of the information suggested by the [Actuarial Standards of Practice No. 3 for CCRCs](#) and [Actuarial Standards of Practice No. 41 for Actuarial Communications](#). Such information is not included because it has been made available to the Board and management of Carolina Meadows for whom the actuarial report was prepared.

Each third-party reader should recognize that this actuarial summary was based on results of a limited use actuarial study and will place no reliance on the actuarial summary nor any data contained herein which would result in the creation of any duty or liability by A.V. Powell & Associates LLC to them or other parties using any report prepared by them.

Appendix D — Representative Continuing Care Contracts



Residence and Services Agreement

75% Refund Option

Disclaimer

For all newly constructed independent living Residences, Carolina Meadows offers the Residence and Services Agreement with the 75% Refund Option exclusively. Other Residence and Services Agreement refund options that may be available for existing residences are not available for newly constructed residences unless expressly approved in writing by Carolina Meadows.

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Residence and Services Agreement

75% Refund Option

Introduction

This Residence and Services Agreement ("Agreement") is entered into and effective as of the ____ day of _____, _____ ("Effective Date"), by and between Carolina Meadows, Inc. ("Carolina Meadows") and _____ ("Resident").

All Residents who are parties to this Agreement will be jointly and severally liable for all obligations, fees, and charges arising under this Agreement. At least one Resident must be sixty-two (62) years of age or older.

Resident desires to become a resident of Carolina Meadows and to receive the accommodations, services, programs, amenities, and benefits available under this Agreement. Carolina Meadows desires to provide such accommodation and services subject to the terms and conditions set forth herein.

Accordingly, the parties agree as follows:

Defined Terms

For purposes of this Agreement, the following terms will have the meanings set forth below:

"Amounts Due Under this Agreement" means any fees, charges, costs, expenses, assessments, reimbursements, damages, obligations, liabilities, interest, or other amounts owed by a Resident or the Resident's estate pursuant to this Agreement.



"Care Coordination Team" means the interdisciplinary team designated by Carolina Meadows to evaluate resident needs, coordinate services, assess levels of care, develop care recommendations, and support resident health, safety, and wellbeing.

"Date of Financial Occupancy" means the agreed date on which Carolina Meadows' obligation to provide services begins and the resident's obligation to pay applicable fees and charges under the Residence and Services Agreement begins.

"Date of Physical Occupancy" means the date on which the Resident first takes possession of and may physically occupy the Residence.

"Entrance Fee" means the Entrance Fee described in Section 1.1 and will not include any Resident Assistance Fee or Second Person Entrance Fee unless expressly stated otherwise.

"Modifications" means any addition, alteration, improvement, installation, fixture, finish, material, customization, upgrade, modification, or other change made to a Residence.

"Monthly Accommodation Fee" means the recurring monthly fee described in Section 2.

"Monthly Meal Minimum" means the required dining expenditure described in Section 3.3.

"Permanent Vacancy" means the date a Resident permanently ceases occupying a Residence and surrenders possession of the Residence as a result of death, termination of this Agreement, permanent transfer to another level of care, permanent relocation to another Residence, or any other circumstance resulting in the permanent relinquishment of occupancy of the Residence.

"Residence" means the residential accommodation assigned to and occupied by Resident pursuant to this Agreement, including the independent living residence identified in Section 1 and any subsequent residential accommodation occupied by Resident at Carolina Meadows, as may be documented by addendum or other written record maintained by Carolina Meadows.

"Resident" means any Resident, Co-Resident, surviving Resident, or approved occupant who is a party to this Agreement unless the context clearly requires otherwise.

Section 1: Your Residence and Date of Financial Occupancy

You will have the exclusive right to occupy, use, and enjoy Residence number _____, model _____, an independent living Residence that hereinafter will be referred to as your "Residence", until this Agreement is terminated by either you or us in accordance with Section 6 or 7 below. We agree to equip your Residence with our current standard wall-to-wall

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flooring, range with oven, microwave, refrigerator, dishwasher, garbage disposal and individually controlled heating and air conditioning. You agree to provide the window treatments for the Residence and your own washer and dryer. Your Residence is to be used for personal living purposes only and will not be used for any business or profession or in a manner that violates zoning restrictions or other applicable laws. Nothing in this Agreement will be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

- 1.1 The Entrance Fee is \$_____, and if applicable, a non-refundable Second Person Entrance Fee of \$_____. An administrative fee equal to one percent (1%) of the Entrance Fee will become earned and nonrefundable upon execution of this Agreement. The Entrance Fee(s) applies only to the Residence specified in this in this Agreement and consists of the following payments:
 - 1.1a A Ready List Deposit of \$_____, paid on _____.
 - 1.1b The balance of the Entrance Fee of \$_____, is due on or before _____.
 - 1.1c A Second Person Entrance Fee, if applicable, of \$_____, is due on or before _____.
- 1.2 A Resident Assistance Fee of \$_____ is to be paid when you pay the balance of the Entrance Fee on or before _____. This fee is separate from the Entrance Fee.
- 1.3 The Resident Assistance Fee and Second Person Entrance Fee are refundable only if you cancel this Agreement within the 30-day Rescission period described in Section 5.
- 1.4 The Date of Financial Occupancy is _____. The Date of Physical Occupancy is _____. If Modifications requested by you delay the Date of Physical Occupancy beyond the Date of Financial Occupancy, you will remain responsible for payment of the Entrance Fee, Second Person Entrance Fee, if applicable, Resident Assistance Fee, Monthly Accommodation Fee, Monthly Meal Minimum and other applicable charges beginning on the Date of Financial Occupancy.

- 1.5 You will be responsible for paying for your monthly meals as provided in Section 3.3.

Section 2: Monthly Accommodation Fee

In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. Your current Monthly Accommodation Fee is \$_____ (single or double occupancy). We may increase the Monthly Accommodation Fee from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

Section 3: Services We Provide and Duties We Acknowledge

- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
- A. An emergency call system monitored 24 hours a day
 - B. Professional management of the community and its facilities
 - C. Regularly scheduled transportation
 - D. Maintenance of all buildings and grounds; upkeep of roads and walkways
 - E. Repair of all equipment and appliances that we provide
 - F. Housekeeping in hallways, elevators, restrooms, lounges, and other communal areas
 - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance on your Residence. Since we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage
 - H. 24-hour unarmed security staff
 - I. Water and sewer services; all utilities in communal areas; standard television and internet service
 - J. Removal of trash and recyclables deposited by residents as designated by us
 - K. Use of the indoor swimming pool and exercise room
 - L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course
 - M. Wireless Internet availability in designated areas throughout the campus

- 3.2 We will pay the property taxes on your Residence and the taxes on communal areas. You are responsible for paying taxes on your personal or intangible property.
- 3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the “Monthly Meal Minimum”) currently \$_____ per resident per month, in our dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, semi-annually, or annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We may periodically adjust the Monthly Meal Minimum. You are welcome to use your Monthly Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a non-resident surcharge and will be billed against your Monthly Meal Minimum or may be paid by credit card at the time of service.

Section 4: Additional Available Services

You may purchase the following additional services or items for a fee, separate from the Monthly Accommodation Fee. These additional services are not included in the services covered by the Monthly Accommodation Fee. Charges for each of these additional services may be adjusted from time to time as part of the annual budgetary process or due to unanticipated changes in operational costs:

- A. Care in The Groves Health Center (private accommodations or larger residential accommodations designed for dual occupancy)
- B. Care in The Fairways Assisted Living
- C. Medical treatment in the private Carolina Meadows Community Clinic
- D. Rehabilitation services
- E. Use of guest room accommodations
- F. Personal transportation services
- G. Personal fitness training
- H. Housekeeping services
- I. Maintenance services
- J. Home meal delivery
- K. Meals or catering that exceed your Monthly Meal Minimum
- L. Guest meals for your visitors
- M. Home Care assistance by a nurse or aide through a licensed home care agency, home health agency or Carolina Meadows Home Care
- N. Nutrition and diet counseling

Section 5: Your Right to Rescind within 30 Days

- 5.1 **Termination by You During the 30-Day Rescission Period:** You have a thirty (30) day Rescission Period during which you may terminate this Agreement by providing written notice to Carolina Meadows. You may, but are not required to, move into the Residence before the Rescission Period expires. The Rescission Period begins on the date you sign this Agreement or the date you receive the state required disclosure statement from Carolina Meadows, whichever occurs later.

If you rescind this Agreement during the Rescission Period, Carolina Meadows will refund, without interest, the Entrance Fee and Resident Assistance Fee paid pursuant to Sections 1.1 and 1.2, less: (i) a service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee paid; and (ii) any costs, expenses, fees, or charges incurred by Carolina Meadows in connection with the Residence at your request or arising from your occupancy, including, without limitation, any Modifications. Any refund due under this Section will be paid within sixty (60) days after Carolina Meadows receives your written notice of rescission or, if you have moved into the Residence, within sixty (60) days after you have completely vacated the Residence, whichever occurs later.

Section 6: Termination Prior to Occupancy and After the Thirty (30) Day Rescission Period Has Expired

- 6.1 **Termination by You Before Occupancy:** You may terminate this Agreement for any reason after expiration of the thirty (30) day Rescission Period but prior to occupying the Residence by providing Carolina Meadows with sixty (60) days prior written notice. Upon receipt of such notice, all rights to occupy the Residence will automatically revert to Carolina Meadows. Unless otherwise agreed to in writing by Carolina Meadows, you will remain responsible for all fees and charges due under this Agreement through the expiration of the sixty (60) day notice period.

Any Entrance Fee refund payable under this Agreement will be calculated and paid in accordance with Section 9.

6.2 Termination by Carolina Meadows Before Occupancy: Carolina Meadows may terminate this Agreement prior to occupancy upon sixty (60) days' written notice if: (i) you provided materially false, incomplete, misleading, or omitted financial, or other material information relied upon during the admissions process; (ii) your financial circumstances have changed such that you no longer satisfy Carolina Meadows' then-current financial qualification requirements for admission; or (iii) your health, cognitive, behavioral, or functional status has changed such that Carolina Meadows determines your needs can no longer be safely or appropriately met within an independent living setting.

Any Entrance Fee refund payable upon such termination will be calculated and paid in accordance with Section 9. Carolina Meadows may deduct an administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee.

6.3 Death, Illness, or Incapacity Before Occupancy: If you, your spouse, domestic partner, or approved co-resident die prior to occupying the Residence, or if Carolina Meadows determines that the health, cognitive, behavioral, or functional condition of any such individual has changed such that occupancy within the community is no longer safe or appropriate, this Agreement will automatically terminate upon Carolina Meadows' receipt of notice of the death or change in condition, or upon written notice of termination from a surviving resident or authorized representative, as applicable.

Monthly Accommodation Fees described in Section 2 and Monthly Meal Minimums described in Section 3.3 will continue from the Date of Financial Occupancy through the date Carolina Meadows receives notice resulting in termination under this Section.

Following termination, Carolina Meadows will refund, without interest, the Entrance Fee and Resident Assistance Fee paid pursuant to Sections 1.1 and 1.2, less any costs, expenses, fees, or charges incurred by Carolina Meadows in connection with the Residence, including, without limitation, any Modifications. Any refund due under this Section will be paid within sixty (60) days after Carolina Meadows receives notice resulting in termination.

Section 7: Termination of This Agreement After Occupancy and After the Thirty (30) Day Rescission Period

- 7.1 **No Termination Upon Transfer to Another Level of Care:** You acknowledge and agree that a temporary or permanent transfer from independent living to any other level of care operated by Carolina Meadows, including assisted living, memory support, skilled nursing, or other healthcare services, will not terminate this Agreement or entitle you to a refund of any portion of your Entrance Fee, provided you remain a resident of Carolina Meadows.
- 7.2 **Termination by You After Occupancy:** You may terminate this Agreement and voluntarily vacate Carolina Meadows at any time by providing Carolina Meadows with sixty (60) days prior written notice. Upon Carolina Meadows' receipt of such notice, your occupancy rights to the Residence will automatically revert to Carolina Meadows; provided, however, that unless otherwise agreed to in writing, you may continue to occupy the Residence during the notice period so long as you remain current on all fees and charges due under this Agreement.

All applicable fees and charges will continue until the Residence has been completely vacated and possession has been returned to Carolina Meadows. Costs associated with Modifications to the Residence will be nonrefundable except as otherwise expressly provided in this Agreement.

Any Entrance Fee refund payable under this Agreement will be calculated and paid in accordance with Section 9.

- 7.3 **Termination by Carolina Meadows after Occupancy:** Carolina Meadows may terminate this Agreement upon sixty (60) days written notice if you fail to pay any fees or charges due under this Agreement within sixty (60) days after such amounts become due, or if you materially fail to comply with the written rules, regulations, policies, or terms of this Agreement.

Carolina Meadows may also terminate this Agreement if, in its judgment and based upon the recommendations of the Care Coordination Team following consultation with you and your responsible party, your conduct, health care decisions, health status, or care needs materially jeopardize your health or safety, the health or safety of others, or Carolina Meadows' ability to appropriately provide services within the community. Carolina Meadows may further terminate this Agreement if you provided materially false, incomplete, misleading, or omitted financial, or other material information relied upon during the admissions process.

When the Care Coordination Team determines that additional support services, a higher level of care, or a transfer to another Carolina Meadows setting is necessary to appropriately meet your care needs and maintain a safe living environment, Carolina Meadows may require such services or transition. Refusal to accept recommended services or care transitions after consultation and planning may constitute grounds for termination of this Agreement.

Except in circumstances involving immediate health, safety, operational, or regulatory concern, Carolina Meadows will provide at least sixty (60) days written notice of termination.

Upon written notice of termination, you will remain responsible for all fees, charges, and other financial obligations due under this Agreement until the Residence has been vacated and possession returned to Carolina Meadows.

Any Entrance Fee refund payable upon termination will be calculated and paid in accordance with Section 9.

- 7.4 **Death, Illness, or Incapacity After Occupancy:** This Agreement will terminate upon the death of the last surviving Resident or upon Carolina Meadows' receipt of written notice of termination from a Resident, surviving spouse, domestic partner, approved co-resident, authorized representative, or responsible party following a change in health, cognitive, behavioral, or functional status that results in the Resident permanently leaving Carolina Meadows.

All Monthly Accommodation Fees, Monthly Meal Minimums, and other applicable charges will continue until the Residence has been completely vacated, and possession has been returned to Carolina Meadows.

Any Entrance Fee refund payable upon termination will be calculated and paid in accordance with Section 9.

- 7.5 **Removal of Personal Property Following Permanent Vacancy:** Personal property will be removed from the Residence within thirty (30) days following Permanent Vacancy.

You or your estate will remain responsible for all applicable fees and charges due under this Agreement until all personal property has been removed from the Residence, possession has been returned to Carolina Meadows, and any Carolina Meadows property, equipment, keys, access devices, or other community

property has been returned. Carolina Meadows may charge the replacement cost of any property or equipment that is not returned.

If personal property remains in the Residence beyond the thirty (30) day period, Carolina Meadows may enter the Residence, remove and store such property at your or your estate's expense, and may assess charges for storage, removal, disposal, cleaning, hauling, restoration, or related services. Any such costs and expenses will constitute amounts due under this Agreement and may be deducted from any refund otherwise payable under this Agreement. Property not claimed within a period following notice may be disposed of in accordance with applicable law.

Section 8: Moving to Another Residence and Changes in Levels of Care

- 8.1 **Moving to Another Residence at Your Request:** You may request to transfer to another independent living Residence within Carolina Meadows, subject to availability, applicable residency requirements, operational considerations, and Carolina Meadows' approval. A transfer may result in changes to your Entrance Fee, Monthly Accommodation Fee, Monthly Meal Minimum, and other applicable charges.

Unless otherwise provided in Carolina Meadows' policies then in effect, you may be required to pay the Entrance Fee associated with the new Residence prior to occupancy. Any refund, credit, or financial adjustment relating to the Residence being vacated will be calculated and paid in accordance with Section 9 of this Agreement and any applicable policies then in effect.

- 8.2 **Temporary Move to Another Residence or Guest Accommodation:** If Carolina Meadows determines that it is necessary for you to temporarily vacate your Residence for health, safety, operational, regulatory, maintenance, or business purposes, you agree to relocate to another Residence, guest accommodation, or other housing designated by Carolina Meadows, either on or off campus, for the period required under the circumstances.

Your Monthly Accommodation Fee, Monthly Meal Minimum, and other applicable charges will continue during the relocation period. Carolina Meadows will bear the costs of the relocation and substitute accommodations unless the need for relocation resulted from the acts, omissions, negligence, or misconduct of you, your guests, invitees, or service providers not engaged by Carolina Meadows.

- 8.3 **Permanent Move to Another Residence Requested by Carolina Meadows:** Carolina Meadows may require you to permanently relocate to another Residence within the community if Carolina Meadows determines that such relocation is necessary to support the operation, maintenance, development, improvement, preservation, or long term sustainability of the community. Carolina Meadows will provide at least sixty (60) days prior written notice of the required relocation unless circumstances require a shorter period for health, safety, regulatory, or other operational reasons.

Carolina Meadows will pay the costs associated with the relocation and will make efforts to provide a Residence that is substantially comparable in size, functionality, accommodations, and features, to the extent available. Your Monthly Accommodation Fee, Monthly Meal Minimum, and other applicable charges will remain unchanged unless you relocate to a Residence with a different pricing category, floor plan, or contract pricing structure, in which case the applicable fees and charges for the new Residence will apply.

- 8.4 **Temporary Transfer to a Higher Level of Care:** If the Care Coordination Team determines, following consultation with you and your responsible party, that your care needs require a temporary transfer to a higher level of care within the Carolina Meadows continuum of care or another appropriate care setting, you agree to participate in care planning and transition discussions intended to support your health, safety, wellbeing, and continued care in the most appropriate setting available.

If you decline a recommended transfer, you agree to accept such support services as Carolina Meadows determines are necessary to safely and appropriately meet your care needs within your Residence. If the Care Coordination Team determines that available services and supports are insufficient to do so, Carolina Meadows may require a temporary transfer to a higher level of care within the Carolina Meadows continuum of care or, if Carolina Meadows is unable to safely meet your needs within its licensed services and operational capabilities, to another appropriate licensed care setting.

Carolina Meadows will make efforts to work collaboratively with you, your responsible party, and your care providers regarding care planning, transition options, and discharge planning. Refusal to accept services or a care transition determined by Carolina Meadows to be necessary for your health, safety, care

needs, or regulatory compliance may constitute grounds for termination of this Agreement in accordance with its applicable provisions.

Nothing in this Agreement will prevent Carolina Meadows from implementing immediate safety interventions, emergency transfers, emergency medical responses, or other actions necessary to address an urgent health, safety, operational, or regulatory concern.

- 8.5 **Permanent Transfer to Another Level of Care:** If you permanently transfer from independent living to another level of care within the Carolina Meadows continuum of care, you agree to execute any residency agreement, addendum, consent, or other documentation required for the care setting to which you are transferring. Except as expressly modified by such documentation, the applicable provisions of this Agreement will remain in effect.

Any such documentation may establish the services, care plans, rights, responsibilities, rates, fees, financial obligations, policies, and other terms applicable to the new care setting. Carolina Meadows may require modifications to care plans, service levels, billing arrangements, residency terms, or other related matters to address your care needs and the operational requirements of the applicable care setting.

- 8.6 **No Refund for Changes in Levels of Care:** You acknowledge and agree that any temporary or permanent transfer from independent living to another level of care within the Carolina Meadows continuum of care will not constitute a termination of this Agreement and will not entitle you to a refund of any portion of your Entrance Fee so long as you remain a resident of Carolina Meadows.

If Carolina Meadows determines that your needs can no longer be safely or appropriately met within the Carolina Meadows continuum of care and you permanently transfer to another care setting outside of Carolina Meadows, this Agreement may be terminated in accordance with its applicable termination provisions. Any refund rights and continuing financial obligations will thereafter be governed by the applicable provisions of this Agreement.

Section 9: Your Refund under the 75% Refund Agreement

- 9.1 **Payment of Entrance Fee Refund:** Any Entrance Fee refund payable under this Agreement will be paid without interest to you or, if applicable, to your estate,

trust, designated beneficiary, or other person legally entitled to receive such refund.

Unless otherwise expressly provided in this Agreement, any refund payable under this Agreement will be paid within sixty (60) days after all of the following conditions have occurred:

- A. Termination of this Agreement;
- B. The Residence has been surrendered to Carolina Meadows and all personal property has been removed in accordance with this Agreement; and
- C. A new resident has reached the Date of Financial Occupancy for the Residence pursuant to an executed Residence and Services Agreement, or twenty four (24) months have elapsed following the termination of this Agreement, whichever occurs first.

9.2 **Nonrefundable Portion of Entrance Fee:** An administrative fee equal to one percent (1%) of the initial Entrance Fee will become earned and nonrefundable upon execution of this Agreement. Any Second Person Entrance Fee will also be nonrefundable following expiration of the thirty (30) day rescission period described in Section 5.1.

9.3 **Unpaid Fees and Other Amounts Outstanding:** Carolina Meadows may deduct from any Entrance Fee refund any Amounts Due Under this Agreement.

9.4 **Excessive Damage:** Carolina Meadows may withhold from your Entrance Fee refund the costs and expenses necessary to repair or remediate excessive damage to your Residence. Excessive damage includes damage that is beyond ordinary wear and tear and is determined to result from negligence, misuse, intentional acts, unauthorized Modifications, failure to maintain the Residence in a clean and sanitary condition, or other circumstances requiring remediation beyond ordinary turnover preparation.

Examples of excessive damage may include, without limitation:

- material damage to walls, flooring, cabinetry, fixtures, appliances, windows, doors, or structural components;
- material damage caused by pets;
- excessive odors, staining, smoke residue, biohazard remediation beyond ordinary cleaning requirements;

- other conditions requiring substantial cleaning or restoration;
- clearing and disposition of unwanted furniture and personal items;
- remediation beyond normal refurbishment standards.

Carolina Meadows will remain responsible for ordinary and customary refurbishment, cleaning, maintenance, replacement, and restoration associated with normal wear and tear and standard turnover preparation. Regardless of the length of occupancy, you will remain responsible for the costs associated with repairing or remediating excessive damage to the Residence.

9.5 Calculation of Refundable Portion of Entrance Fee: Except for any nonrefundable second person Entrance Fee, the refundable portion of the Entrance Fee will be reduced by two percent (2%) of the original Entrance Fee for each month or partial month of occupancy during the first twelve (12) months following occupancy, with any portion of a month being treated as a full month for purposes of this calculation. The cumulative monthly reduction will not exceed twenty four percent (24%) of the original Entrance Fee. When combined with the one percent (1%) nonrefundable administrative fee described in Section 9.2, the maximum nonrefundable portion of the original Entrance Fee will equal twenty five percent (25%).

If this Agreement is terminated pursuant to Sections 6 or 7 during the first twelve (12) months following occupancy, or upon the death of the Resident or surviving Resident, Carolina Meadows will refund the original Entrance Fee paid less:

- A. The nonrefundable one percent (1%) administrative fee described in Section 9.2;
- B. The applicable monthly amortization accrued through the date of termination; and
- C. Any Amounts Due Under this Agreement.

After twelve (12) months of occupancy, the refundable portion of the Entrance Fee will equal seventy five percent (75%) of the original Entrance Fee paid, less Any Amounts Due Under this Agreement.

The Entrance Fee refund will be calculated as follows:

Original Entrance Fee paid under Section 1.1	\$XXX,XXX
Less: 1% Nonrefundable Administrative Fee	(\$XX,XXX)

Less: Monthly Amortization (2% per month or partial month, up to a maximum cumulative reduction of 24%)	<u>(\$XX,XXX)</u>
Equals: Gross Refundable Entrance Fee Amount	<u>\$XXX,XXX</u>
Less: Any Amounts Due and Owing Under this Agreement	(\$XXX,XXX)
Equals: Net Entrance Fee Refund	<u>\$XXX,XXX</u>

Section 10: Your Obligations as a Carolina Meadows Resident

- 10.1 **Carolina Meadows’ Policies and Rules:** You agree to abide by all Carolina Meadows’ existing and future rules, operating procedures, regulations, and policies.
- 10.2 **Information Required Prior to Occupancy and During Residency:** You agree to provide Carolina Meadows, prior to occupancy or as soon thereafter as available, with information requested for residency administration, emergency response, healthcare coordination, financial administration, legal compliance, and other operational purposes, including, as applicable:
- Emergency contact information;
 - The name and contact information of your primary physician and other healthcare providers;
 - The names and contact information of individuals authorized by you to be contacted or granted access to the Residence in an emergency or as otherwise directed by you in writing;
 - Copies of any current Durable Power of Attorney, Health Care Power of Attorney, Advance Directive, living will, or similar legal or healthcare decision making documents;
 - The name and contact information of your preferred funeral home, funeral director, executor, personal representative, trustee, designated beneficiary, or other authorized estate representative, if applicable;
 - Copies of only those portions of trusts, beneficiary designations, or other estate planning documents necessary to verify the proper recipient of any refund or payment due under this Agreement.

You agree to promptly notify Carolina Meadows of any material changes and to provide updated information upon request. Carolina Meadows may rely upon

the information provided under this Section for the purposes described above. Failure to provide materially required information may delay services, transfers, refunds, payments, or other administrative actions until such information is provided. Carolina Meadows will maintain and use such information in accordance with applicable law and its privacy and records management policies.

- 10.3 **Periodic Health Assessments:** You agree to participate in assessments requested by Carolina Meadows upon admission, periodically thereafter, and upon significant changes in condition. Such assessments are intended to support care planning, service coordination, emergency preparedness, evaluation of appropriate levels of care, and Carolina Meadows' ability to safely and appropriately provide services within the community.

Such assessments may include the collection, review, verification, and updating of information necessary for these purposes. You agree to provide requested information and to execute such authorizations, consents, and releases as may be necessary for Carolina Meadows to obtain relevant information from healthcare providers, family members, responsible parties, or other appropriate sources. Carolina Meadows will maintain such information in accordance with applicable law and its privacy and records management policies.

Refusal to participate in requested assessments, provide requested information, or execute necessary authorizations may impair Carolina Meadows' ability to evaluate care needs, provide appropriate services, maintain a safe living environment, or respond effectively in an emergency, and may affect Carolina Meadows' ability to continue providing services or accommodations within the community.

- 10.4 **Additions, Alterations, and Improvements to Your Residence:** You agree to maintain your Residence and surrounding areas in a safe, sanitary, and well maintained condition. No Modifications to the Residence may be made without the prior written consent of Carolina Meadows, and all such work will be performed at your sole expense. Costs associated with Modifications may constitute refurbishment costs, excessive damage costs, or other Amounts Due Under this Agreement and may be deducted from any refund otherwise payable under this Agreement.

- 10.5 **Modifications Upon Transfer or Termination:** Carolina Meadows will have the sole discretion to determine whether any item constitutes a Modification under

this Agreement. Upon termination of this Agreement, transfer of occupancy, or relocation to another Residence, Carolina Meadows may require that any Modification be removed and that the Residence be restored to its original condition or to Carolina Meadows' then current approved standards, finishes, materials, specifications, and configuration.

You will be responsible for all costs and expenses associated with the removal, replacement, restoration, remediation, or retention of any Modification, together with any related repairs or work necessary to return the Residence to the condition required by Carolina Meadows.

- 10.6 **Notification Prior to Being Away from Campus:** You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.7 **Residence Access:** You agree to give representatives of Carolina Meadows reasonable access to your Residence for management purposes, and immediate access for emergency response purposes.
- 10.8 **Community Culture:** You accept the community's guiding principles and agree to contribute to a community culture of neighborliness, cooperation, and goodwill, and agree to abide by rules designed to promote the safety, comfort, and security of all residents and staff.
- 10.9 **Furnishing Your Residence:** You agree to furnish your own Residence, except for the fixtures and appliances we provide.
- 10.10 **Funeral and Burial Expenses:** You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.11 **Liability for Losses, Damages, or Injuries and Your Own Insurance Coverage:** You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property, you agree that you will file a claim under your applicable insurance policy to cover the costs of the damage and cooperate in pursuing any available insurance coverage applicable to such damage. You further agree that if your policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.

- 10.12 **Agreement to Pay Your Own Expenses:** You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.
- 10.13 **Medicare and Medicare Supplemental Coverage:** You agree to maintain your Medicare coverage, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.
- 10.14 **Long-term Care Insurance:** While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we will require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any future financial assistance in the event your finances become depleted or are insufficient to cover the Monthly Accommodation Fees and other costs associated with living at Carolina Meadows.

If you carry long-term care insurance at the time you execute this Agreement and your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish to no longer maintain your long-term care policy.

- 10.15 **Privacy of Decisions between Carolina Meadows and Residents:** You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.

- 10.16 **Attorney Fees and Collection Costs:** If Carolina Meadows incurs attorneys' fees, court costs, collection costs, expert fees, or other expenses in collecting Amounts Due Under this Agreement, enforcing your obligations under this Agreement, recovering possession of a Residence, removing abandoned property, or otherwise responding to a default by you, you will reimburse us for such fees, costs, and expenses to the extent permitted by applicable law.
- 10.17 **Timely Payment of All Fees and Allowances Due Carolina Meadows:** You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of the lesser of eighteen percent (18%) per year or the maximum rate permitted by law of the unpaid balance on any fees not paid on time, as specified in this Agreement.
- 10.18 **Representations and Warranties of Information Provided by You:** You represent and warrant that all the information you have provided about yourself is accurate and agree that serious omissions or false statements are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.19 **Indemnification for Your Own Negligence:** You agree to indemnify and hold Carolina Meadows harmless from claims, losses, damages, and expenses arising from your negligence, misconduct, or material misrepresentations, except to the extent caused by the negligence or willful misconduct of Carolina Meadows.
- 10.20 **Pledging of Assets and Lender's Security Interest:** We do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.
- 10.21 **Periodic Updated Financial Information:** You agree to provide updated financial information every three (3) years, or more frequently upon Carolina Meadows' request, for the purpose of evaluating the adequacy of the Resident Assistance Fund, which is maintained to assist residents who become unable to pay the fees and charges required under this Agreement. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.

10.22 **Financial Responsibility:** You agree that you are financially responsible for all services provided and you agree to pay for services when billed. If you have insurance that reimburses for any service provided by Carolina Meadows or its affiliates, you agree that payment to Carolina Meadows is not contingent on first receiving insurance reimbursement and all services billed by Carolina Meadows are due upon receipt. Carolina Meadows agrees to provide any necessary information to facilitate reimbursement on your behalf.

Section 11: Tobacco and Smoke Free Campus

Carolina Meadows is a tobacco, smoke, and vaping free campus. You agree that you or your guests will not use tobacco, smoking or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

Section 12: Amendments and Partial Invalidation

This Agreement may be amended only by a written agreement signed by both Carolina Meadows and Resident. Notwithstanding the foregoing, Carolina Meadows may amend this Agreement without your consent to the extent necessary to comply with applicable laws, regulations, licensing requirements, accreditation standards, governmental directives, bond covenants, lender requirements, insurance requirements, or similar obligations, provided such amendment does not materially reduce the benefits provided under this Agreement. Carolina Meadows will provide notice of any such amendment.

You acknowledge that a transfer to another level of care within the Carolina Meadows continuum of care may require the execution of one or more residency agreements, addenda, consents, acknowledgments, or other documents applicable to the services, care setting, rights, responsibilities, fees, and operational requirements of that level of care. Except as expressly modified by such documents, this Agreement will remain in effect.

Section 13: Dual Occupancy or Co-Residency

13.1 **Joint Responsibility of Co-Residents:** If more than one resident occupies a Residence under this Agreement, each resident will execute this Agreement and will be jointly and severally responsible for complying with all terms, conditions, financial obligations, fees, charges, and other responsibilities arising under this Agreement.

- 13.2 **Rights of Remaining Resident:** If two approved residents occupy a Residence and one resident dies or permanently vacates the Residence, the remaining resident may continue to occupy the Residence in accordance with the terms of this Agreement, provided the remaining resident continues to satisfy all applicable financial, residency, and occupancy requirements of Carolina Meadows.

Unless otherwise provided in a written addendum, beneficiary designation, trust documentation, or other legally binding written designation accepted by Carolina Meadows, any refund or other amounts payable under Section 9 following the death or permanent departure of the surviving resident will be payable as follows:

- A. if the co-residents are spouses, domestic partners, siblings, or other related individuals, such amounts will be payable solely to the surviving resident or the surviving resident's estate; or
- B. if the co-residents are unrelated individuals, such amounts will be payable in equal shares to the surviving resident and the estate of the deceased resident, or to their respective estates.

Carolina Meadows may rely upon the most recent written designation or documentation satisfactory to Carolina Meadows in determining the proper recipient of any refund or payment due under this Agreement.

- 13.3 **Addition of a New Co-Resident:** If a resident wishes to add a new co-resident to the Residence after occupancy, including through marriage, domestic partnership, or another approved shared living arrangement, the proposed co-resident must satisfy Carolina Meadows' then current admission, financial, medical, residency, and occupancy requirements prior to approval or occupancy.

As a condition of approval, the proposed co-resident will:

- A. complete all required application materials and approval processes;
- B. qualify for residency under Carolina Meadows' then current admission standards;
- C. execute any required Residence and Services Agreement, addendum, guaranty, consent, or related documentation required by Carolina Meadows;
- D. pay all applicable fees and charges then in effect, including any application fees, resident assistance fees, second person Entrance Fees, or other required charges; and

- E. agree to comply with all applicable financial obligations, Monthly Accommodation Fees, Monthly Meal Minimum requirements, community policies, rules, regulations, and operational procedures of Carolina Meadows.

13.4 Financial and Contractual Responsibility of Added Co-Resident: Any approved co-resident added after occupancy will become jointly and severally liable with the existing resident for all obligations arising under this Agreement and any applicable addenda or amendments, including all fees, charges, assessments, liabilities, and responsibilities associated with occupancy of the Residence, unless otherwise expressly agreed in writing by Carolina Meadows.

Approval of any proposed co-resident will be in the discretion of Carolina Meadows based upon then current residency criteria, operational considerations, financial qualifications, care capabilities, occupancy limitations, and applicable laws and regulations.

Section 14: Financial Assistance

Resident Assistance Fund: Carolina Meadows has established a Resident Assistance Fund intended to help a limited number of residents continue residing at Carolina Meadows if, due to circumstances beyond their reasonable control, they become unable to pay the fees and charges due under this Agreement. Financial assistance is considered on an individual basis in accordance with Carolina Meadows' Financial Assistance Policy, and no resident is guaranteed financial assistance.

If you have acted in good faith in your dealings with Carolina Meadows and Carolina Meadows determines that your circumstances warrant special consideration, Carolina Meadows will make efforts to work with you confidentially toward a plan that may support your continued residency. In evaluating requests for financial assistance, Carolina Meadows will consider the adequacy of the Resident Assistance Fund, the resident's financial circumstances, and Carolina Meadows' continuing obligation to maintain sound financial operations and fulfill its responsibilities to all residents.

Your Entrance Fee is a condition of admission to Carolina Meadows, and your Monthly Accommodation Fee and other charges support the ongoing operations and services of the community. Admission to Carolina Meadows is based in part upon the financial and other information provided during the application process. If, after admission, you materially reduce your financial resources or ability to satisfy your financial obligations

through significant gifting, transfers of assets for less than fair value, or misuse of personal assets, you may be ineligible for financial assistance.

As part of any request for financial assistance, Carolina Meadows may require updated financial statements and supporting documentation, and you agree to provide such information upon request. Before applying for or receiving financial assistance, you agree to utilize available income, investments, and capital assets to remain current on your Monthly Accommodation Fee and other financial obligations.

14.1 If you believe you may require financial assistance, you agree to notify Carolina Meadows before your account becomes delinquent and to apply for assistance in accordance with Carolina Meadows' then current Financial Assistance Policy.

14.2 If financial assistance is approved, you agree to provide periodic updated financial information and supporting documentation as requested by Carolina Meadows for purposes of evaluating continued eligibility under this Agreement and the Financial Assistance Policy.

Section 15: No Unauthorized Assignment

Your rights, privileges, and occupancy interests under this Agreement are personal to you and may not be assigned, transferred, pledged, sublicensed, or otherwise conveyed to any other person or entity. Any attempted assignment or transfer in violation of this provision will be void and of no effect.

Section 16: Visitors

Guests and visitors may stay in your Residence or in approved guest accommodations on campus for no more than fourteen (14) consecutive days without the prior written approval of Carolina Meadows. No individual other than an approved resident or authorized co-resident may establish residency within your Residence without Carolina Meadows' prior written consent.

School age children under the age of eighteen (18) may not reside on campus and may not stay overnight within the community for more than fourteen (14) cumulative days during any consecutive twelve (12) month period unless otherwise approved in writing by Carolina Meadows.

Section 17: Private Duty Nurses and Companions

Carolina Meadows may make available a list of outside service providers, including Carolina Meadows Home Care, for the convenience of residents. Residents utilizing outside service providers, including preferred providers, agree to comply with all applicable Carolina Meadows policies, procedures, safety requirements, and access protocols related to services performed on campus.

Carolina Meadows reserves the right to limit, restrict, or prohibit access to its property by any outside service provider if Carolina Meadows determines that the provider's actions, conduct, qualifications, performance, or services present an actual or potential risk to residents, staff, operations, property, safety, security, or regulatory compliance.

Residents remain responsible for the selection and use of outside service providers and agree to indemnify and hold harmless Carolina Meadows from claims, liabilities, damages, losses, or expenses arising from the actions or omissions of such providers. Outside service providers will not be considered guests or visitors for purposes of Section 16 of this Agreement.

Section 18: Pet Policy

For purposes of this Agreement, permitted pets are limited to household dogs, cats, tropical fish, and caged birds unless otherwise approved in writing by Carolina Meadows. All pets must be properly cared for, appropriately supervised, and maintained in a manner that does not create a nuisance, disturbance, health concern, safety concern, or unreasonable interference with other residents, staff, or community operations. Nothing in this section will be interpreted to limit rights relating to service animals or reasonable accommodations required under applicable law.

You are responsible for complying with all Carolina Meadows pet policies and applicable health, vaccination, licensing, leash, sanitation, and behavioral requirements. Carolina Meadows reserves the right to require the removal of any pet that Carolina Meadows determines poses a threat to the health, safety, wellbeing, comfort, or peaceful enjoyment of the community by residents, staff, or visitors.

If a resident fails to remove a pet following written notice from Carolina Meadows, such failure may constitute a violation of this Agreement and may result in further action, including potential termination of residency in accordance with the applicable provisions of this Agreement.

You will remain fully responsible for the care, supervision, conduct, and control of their pets at all times and for any injury, damage, loss, cleaning, remediation, or other costs arising from or related to their pets, including damage to residences, common areas, landscaping, or the property of others.

Section 19: Conditions and Services Beyond Carolina Meadows' Scope of Care

Carolina Meadows may be unable to safely or appropriately provide services for certain medical, behavioral, psychiatric, infectious, cognitive, or other conditions that exceed the scope of its licensure, staffing, services, operational capabilities, or available resources. Such conditions may include, but are not limited to:

- substance abuse or active chemical dependency;
- communicable diseases or infections that pose a health or safety risk to others;
- behavioral health, psychiatric, cognitive, or mental health conditions that materially impair safe functioning within the community or require specialized services beyond those available at Carolina Meadows; or
- other medical, behavioral, or care needs that Carolina Meadows determines cannot be safely or appropriately managed within the community's licensed levels of care and available services.

If Carolina Meadows determines, based upon the recommendations of the Care Coordination Team and appropriate consultation with the resident and responsible party, that a resident's condition cannot be safely or appropriately managed within Carolina Meadows, Carolina Meadows may require a temporary or permanent transfer to another appropriate licensed care setting capable of meeting the resident's needs.

You will remain financially responsible for the costs associated with services provided by outside care providers or facilities. Unless this Agreement is otherwise terminated in accordance with its terms, residents will also remain responsible for applicable Monthly Accommodation Fees and other charges associated with maintaining their Residence at Carolina Meadows during any temporary transfer or outside placement.

Section 20: Miscellaneous Provisions

- 20.1 **Required Information and Authorization:** This Agreement will not become effective until Carolina Meadows has received and approved all required application, financial, medical, and other supporting documentation requested as

part of the admissions process. By signing this Agreement, you authorize Carolina Meadows to obtain, review, and verify information necessary to evaluate eligibility, admission, residency status, care needs, and compliance with this Agreement, subject to applicable privacy and confidentiality laws.

20.2 **Resident Review and Understanding:** You acknowledges that Carolina Meadows has encouraged you to review this Agreement with legal, financial, tax, and other advisors of your choosing prior to execution and that you have either done so or voluntarily elected not to do so. You further acknowledge that any commitments or representations upon which you are relying should be included within this Agreement or its written addenda or amendments.

20.3 **Notices:** Any notice required or permitted under this Agreement will be in writing and may be delivered personally, placed in your designated Carolina Meadows mailbox or cubby, sent by United States mail, nationally recognized overnight delivery service, electronic mail, or by any other method approved by Carolina Meadows.

Unless otherwise required by law, notice to you will be deemed given upon personal delivery, placement in your designated Carolina Meadows mailbox or cubby, electronic transmission, or deposit with the applicable delivery service.

Any notice to Carolina Meadows will be directed to the Executive Offices of Carolina Meadows at 100 Carolina Meadows, Chapel Hill, North Carolina 27517, or delivered to the administrative offices located at 100 Whippoorwill Lane, Chapel Hill, North Carolina 27517, Attention: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer. Notice to Carolina Meadows will be deemed given upon actual receipt.

Notwithstanding the foregoing, any notice relating to termination of this Agreement, involuntary transfer, default, legal claims, or other matters having significant legal or financial consequences may be delivered by Carolina Meadows through one or more methods calculated to provide actual notice.

20.4 **Professional and Clinical Determination:** In making determinations under this Agreement relating to residency, health status, care needs, assessments, service planning, levels of care, transfers, safety, discharge planning, or Carolina Meadows' ability to appropriately provide services, Carolina Meadows may rely upon information and recommendations from physicians, licensed healthcare

providers, medical records, assessments, evaluations, observations of staff, the Care Coordination Team, and other sources believed to be reliable.

Carolina Meadows may make decisions under this Agreement based upon such information and recommendations, even when differing opinions or recommendations exist.

Carolina Meadows may also rely upon information provided by you, responsible parties, healthcare providers, legal representatives, family members, and other persons believed to possess relevant information. Carolina Meadows will not be liable for actions taken in good faith reliance upon information or recommendations believed to be reliable.

- 20.5 **Dispute Resolution:** In the event of any dispute, claim, or controversy arising out of or relating to this Agreement, the parties will first attempt in good faith to resolve the matter through informal discussions. If the dispute cannot be resolved through such discussions, either party may request nonbinding mediation before a mutually acceptable mediator. The parties will cooperate in good faith to schedule and participate in such mediation before commencing litigation, except where immediate judicial relief is necessary to protect health, safety, property, regulatory compliance, or other rights that may be materially prejudiced by delay.

Nothing in this Section will prevent either party from seeking temporary, preliminary, or emergency relief from a court of competent jurisdiction when necessary under the circumstances.

- 20.6 **Failure to Enforce:** The failure of either party to enforce any provision of this Agreement, or the waiver of any breach or default, will not constitute a continuing waiver of that provision or any other provision of this Agreement. This Agreement will remain fully enforceable according to its terms unless modified in writing and signed by the parties as required under this Agreement.

- 20.7 **Binding Effect:** This Agreement will be binding upon and inure to the benefit of Carolina Meadows and Resident, and their respective heirs, executors, administrators, personal representatives, successors, and other persons legally entitled to act on their behalf. Nothing in this Section will be construed to permit any assignment or transfer prohibited by this Agreement.

- 20.8 **Rules of Interpretation:** Headings are for convenience only and will not affect interpretation of this Agreement. References to the singular include the plural and references to the plural include the singular where the context requires.
- 20.9 **Force Majeure:** Carolina Meadows will not be deemed in default or liable for any delay, interruption, reduction, or inability to provide services, accommodations, facilities, or operations caused by events beyond its reasonable control, including acts of God, severe weather, natural disasters, epidemics, pandemics, governmental actions, labor shortages, utility interruptions, supply chain disruptions, war, civil disturbances, or other emergencies. Carolina Meadows will make efforts to continue operations and restore affected services as circumstances permit.
- 20.10 **Severability:** If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, the remaining provisions will remain in full force and effect.
- 20.11 **Electronic Signatures:** Electronic signatures, scanned signatures, and signatures transmitted electronically will be deemed original signatures and will be fully enforceable to the extent permitted by applicable law.

Section 21: Entire Agreement

This Agreement, together with any addenda, amendments, policies, disclosures, schedules, and other documents expressly incorporated herein, constitutes the entire agreement between Carolina Meadows and you regarding your residency and supersedes all prior or contemporaneous oral or written discussions, understandings, representations, or agreements relating to the subject matter of this Agreement.

Carolina Meadows will not be bound by any oral statements, representations, promises, marketing materials, or understandings unless specifically set forth in this Agreement or in a written addendum, amendment, or other document duly executed by Carolina Meadows and you. You acknowledge that you have not relied upon any oral statements, representations, projections, expectations, marketing materials, or promises not expressly contained in this Agreement.

No amendment, modification, waiver, or change to this Agreement will be valid unless made in writing and signed by both Carolina Meadows and you, except as otherwise expressly permitted under this Agreement or applicable law.

This Agreement will be governed by and construed in accordance with the laws of the State of North Carolina, without regard to conflict of law principles

Section 22: Signature Section

NOTICE

Because the authority to enter into continuing care contracts granted by the North Carolina Department of Insurance is neither a guarantee of performance by the provider nor an endorsement of any continuing care contract provisions, prospective residents must carefully consider the risks, benefits, and costs before signing a continuing care contract and are strongly encouraged to seek financial and legal advice before doing so.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT(s)

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____





Residence and Services Agreement

Equity Advantage Refund

Disclaimer Regarding Equity Advantage Contract Availability

The Residence and Services Agreement with the Equity Advantage Refund is being phased out and will no longer be available for residents after December 31, 2028.

Eligibility for the Residence and Services Agreement with the Equity Advantage Refund is limited to individuals who joined the Carolina Meadows Waiting List or Ready List on or before July 1, 2023, and who execute a Residence and Services Agreement for an existing residence on or before December 31, 2028. Individuals who do not satisfy both requirements will not be eligible for the Residence and Services Agreement with the Equity Advantage Refund.

The Residence and Services Agreement with the Equity Advantage Refund is not available for any newly constructed independent living residence. All newly constructed independent living residences are offered exclusively under the Residence and Services Agreement with the 75% Refund Option, unless otherwise expressly approved in writing by Carolina Meadows.

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Residence and Services Agreement

Equity Advantage Refund

Introduction

This Residence and Services Agreement ("Agreement") is entered into and effective as of the ____ day of _____, _____ ("Effective Date"), by and between Carolina Meadows, Inc. ("Carolina Meadows") and _____ ("Resident").

All Residents who are parties to this Agreement will be jointly and severally liable for all obligations, fees, and charges arising under this Agreement. At least one Resident must be sixty-two (62) years of age or older.

Resident desires to become a resident of Carolina Meadows and to receive the accommodations, services, programs, amenities, and benefits available under this Agreement. Carolina Meadows desires to provide such accommodations and services subject to the terms and conditions set forth herein.

Accordingly, the parties agree as follows:

Defined Terms

For purposes of this Agreement, the following terms will have the meanings set forth below:

"Amounts Due Under this Agreement" means any fees, charges, costs, expenses, assessments, reimbursements, damages, obligations, liabilities, interest, or other amounts owed by a Resident or the Resident's estate pursuant to this Agreement.



"Care Coordination Team" means the interdisciplinary team designated by Carolina Meadows to evaluate resident needs, coordinate services, assess levels of care, develop care recommendations, and support resident health, safety, and wellbeing.

"Current Entrance Fee" means the Entrance Fee established by Carolina Meadows for a Residence at the time the Residence is reserved by a new resident following termination of this Agreement.

"Date of Financial Occupancy" means the mutually agreed date on which Carolina Meadows' obligation to provide services begins and the resident's obligation to pay applicable fees and charges under the Residence and Services Agreement begins.

"Date of Physical Occupancy" means the date on which the Resident first takes possession of and may physically occupy the Residence.

"Entrance Fee" means the Entrance Fee described in Section 1.1 and will not include any Resident Assistance Fee or Second Person Entrance Fee unless expressly stated otherwise.

"Modifications" means any addition, alteration, improvement, installation, fixture, finish, material, customization, upgrade, modification, or other change made to a Residence.

"Monthly Accommodation Fee" means the recurring monthly fee described in Section 2.

"Monthly Meal Minimum" means the required dining expenditure described in Section 3.3.

"Net Proceeds" means the amount remaining after deduction from the Current Entrance Fee of the applicable re-marketing fee, refurbishment costs, Excessive Damage costs, and any other deductions expressly authorized under this Agreement for purposes of calculating an Entrance Fee refund.

"Permanent Vacancy" means the date a Resident permanently ceases occupying a Residence and surrenders possession of the Residence as a result of death, termination of this Agreement, permanent transfer to another level of care, permanent relocation to another Residence, or any other circumstance resulting in the permanent relinquishment of occupancy of the Residence.

"Re-Marketing Fee" means the fee charged by Carolina Meadows in connection with preparing, marketing, and reissuing a Residence, as specified in Section 9.5.

"Residence" means the residential accommodation assigned to and occupied by Resident pursuant to this Agreement, including the independent living residence identified in Section 1

and any subsequent residential accommodation occupied by Resident at Carolina Meadows, as may be documented by addendum or other written record maintained by Carolina Meadows.

"Resident" means any Resident, Co-Resident, surviving Resident, or approved occupant who is a party to this Agreement unless the context clearly requires otherwise.

Section 1: Your Residence and Date of Financial Occupancy

You will have the exclusive right to occupy, use, and enjoy Residence number _____, model _____, an independent living Residence that hereinafter will be referred to as your "Residence", until this Agreement is terminated by either you or us in accordance with Section 6 or 7 below. We agree to equip your Residence with our current standard wall-to-wall flooring, range with oven, microwave, refrigerator, dishwasher, garbage disposal and individually controlled heating and air conditioning. You agree to provide the window treatments for the Residence and your own washer and dryer. Your Residence is to be used for personal living purposes only and will not be used for any business or profession or in a manner that violates zoning restrictions or other applicable laws. Nothing in this Agreement will be construed to create any interest in the real property of Carolina Meadows or to create a leasehold or the relationship of landlord and tenant between Carolina Meadows and you.

- 1.1 The Entrance Fee is \$ _____, and if applicable, a non-refundable Second Person Entrance Fee of \$ _____. An administrative fee equal to one percent (1%) of the Entrance Fee will become earned and nonrefundable upon execution of this Agreement. The Entrance Fee(s) applies only to the Residence specified in this in this Agreement and consists of the following payments:
 - 1.1a A Ready List Deposit of \$ _____, paid on _____.
 - 1.1b The balance of the Entrance Fee of \$ _____, is due on or before _____.
 - 1.1c A Second Person Entrance Fee, if applicable, of \$ _____, is due on or before _____.
- 1.2 A Resident Assistance Fee of \$ _____ is to be paid when you pay the balance of the Entrance Fee on or before _____. This fee is separate from the Entrance Fee.

- 1.3 The Resident Assistance Fee and Second Person Entrance Fee are refundable only if you cancel this Agreement within the 30-day Rescission period described in Section 5.
- 1.4 The Date of Financial Occupancy is _____. The Date of Physical Occupancy is _____. If Modifications requested by Resident delay the Date of Physical Occupancy beyond the Date of Financial Occupancy, Resident will remain responsible for payment of the Entrance Fee, Second Person Entrance Fee, if applicable, Resident Assistance Fee, Monthly Accommodation Fee, Monthly Meal Minimum and other applicable charges beginning on the Date of Financial Occupancy.
- 1.5 You will be responsible for paying for your monthly meals as provided in Section 3.3.

Section 2: Monthly Accommodation Fee

In return for the Monthly Accommodation Fee, we will provide the services described in Section 3. Your current Monthly Accommodation Fee is \$_____ (single or double occupancy). We may increase the Monthly Accommodation Fee from time to time to reflect changes in operating expenses and services. You are responsible for paying the Monthly Accommodation Fee by the 10th day of each month, in advance, even when you are away, regardless of the reason.

Section 3: Services We Provide and Duties We Acknowledge

- 3.1 We will provide these services and facilities in the manner we deem appropriate for all the residents of Carolina Meadows on a non-exclusive basis:
 - A. An emergency call system monitored 24 hours a day
 - B. Professional management of the community and its facilities
 - C. Regularly scheduled transportation
 - D. Maintenance of all buildings and grounds; upkeep of roads and walkways
 - E. Repair of all equipment and appliances that we provide
 - F. Housekeeping in hallways, elevators, restrooms, lounges, and other communal areas
 - G. General liability insurance for Carolina Meadows, Inc. and property insurance on all Carolina Meadows buildings and property. In addition, Carolina Meadows provides Renter's Legal Liability insurance for your Residence. Since

we do not insure the personal contents of your Residence, you are strongly encouraged to insure, at your cost, the personal contents of your Residence and your own personal liability coverage

- H. 24-hour unarmed security staff
- I. Water and sewer services; all utilities in communal areas; standard television service
- J. Removal of trash and recyclables deposited by residents as designated by us
- K. Use of the indoor swimming pool and exercise room
- L. Use of the Carolina Meadows golf course. You may be required to pay a greens fee to play the Carolina Meadows golf course
- M. Wireless Internet availability in designated areas throughout the campus

3.2 We will pay the property taxes on your Residence and the taxes on communal areas. You are responsible for paying taxes on your personal or intangible property.

3.3 We provide central dining facilities. To assure the availability of this convenience, we require you spend a minimum, (the “Monthly Meal Minimum”) currently \$_____ per resident per month, in our dining venues. You can elect to have your minimum calculated and billed monthly, quarterly, semi-annually, or annually. You will, however, be billed each month for actual meals purchased. Any unused minimum will be billed to you at the end of your selected meal plan period. We may periodically adjust the Monthly Meal Minimum. You are welcome to use your Monthly Meal Minimum to entertain guests in the dining room as space permits. Non-resident guest meals are subject to a non-resident surcharge and will be billed against your Monthly Meal Minimum or may be paid by credit card at the time of service.

Section 4: Additional Available Services

You may purchase the following additional services or items for a fee, separate from the Monthly Accommodation Fee. These additional services are not included in the services covered by the Monthly Accommodation Fee. Charges for each of these additional services may be adjusted from time to time as part of the annual budgetary process or due to unanticipated changes in operational costs:

- A. Care in The Groves Health Center (private accommodations or larger residential accommodations designed for dual occupancy)
- B. Care in The Fairways Assisted Living
- C. Medical treatment in the private Carolina Meadows Community Clinic

- D. Rehabilitation services
- E. Use of guest room accommodations
- F. Personal transportation services
- G. Personal fitness training
- H. Housekeeping services
- I. Maintenance services
- J. Home meal delivery
- K. Meals or catering that exceed your Monthly Meal Minimum
- L. Guest meals for your visitors
- M. Home Care assistance by a nurse or aide through a licensed home care agency, home health agency or Carolina Meadows Home Care
- N. Nutrition and diet counseling
- O. Information Technology Assistance

Section 5: Your Right to Rescind within 30 Days

- 5.1 **Termination by You During the 30-Day Rescission Period:** You have a thirty (30) day Rescission Period during which you may terminate this Agreement by providing written notice to Carolina Meadows. You may, but are not required to, move into the Residence before the Rescission Period expires. The Rescission Period begins on the date you sign this Agreement or the date you receive the state required disclosure statement from Carolina Meadows, whichever occurs later.

If you rescind this Agreement during the Rescission Period, Carolina Meadows will refund, without interest, the Entrance Fee and Resident Assistance Fee paid pursuant to Sections 1.1 and 1.2, less: (i) a service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee paid; and (ii) any costs, expenses, fees, or charges incurred by Carolina Meadows in connection with the Residence at your request or arising from your occupancy, including, without limitation, any Modifications. Any refund due under this Section will be paid within sixty (60) days after Carolina Meadows receives your written notice of rescission or, if you have moved into the Residence, within sixty (60) days after you have completely vacated the Residence, whichever occurs later.

Section 6: Termination Prior to Occupancy and After the Thirty (30) Day Rescission Period Has Expired

6.1 **Termination by You Before Occupancy:** You may terminate this Agreement for any reason after expiration of the thirty (30) day Rescission Period but prior to occupying the Residence by providing Carolina Meadows with sixty (60) days prior written notice. Upon receipt of such notice, all rights to occupy the Residence will automatically revert to Carolina Meadows. Unless otherwise agreed to in writing by Carolina Meadows, you will remain responsible for all fees and charges due under this Agreement through the expiration of the sixty (60) day notice period.

Any Entrance Fee refund payable under this Agreement will be calculated and paid in accordance with Section 9.

6.2 **Termination by Carolina Meadows Before Occupancy:** Carolina Meadows may terminate this Agreement prior to occupancy upon sixty (60) days' written notice if: (i) you provided materially false, incomplete, misleading, or omitted financial, or other material information relied upon during the admissions process; (ii) your financial circumstances have changed such that you no longer satisfy Carolina Meadows' then-current financial qualification requirements for admission; or (iii) your health, cognitive, behavioral, or functional status has changed such that Carolina Meadows determines your needs can no longer be safely or appropriately met within an independent living setting.

Any Entrance Fee refund payable upon such termination will be calculated and paid in accordance with Section 9. Carolina Meadows may deduct an administrative fee not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Entrance Fee.

6.3 **Death, Illness, or Incapacity Before Occupancy:** If you, your spouse, domestic partner, or approved co-resident die prior to occupying the Residence, or if Carolina Meadows determines that the health, cognitive, behavioral, or functional condition of any such individual has changed such that occupancy within the community is no longer safe or appropriate, this Agreement will automatically terminate upon Carolina Meadows' receipt of notice of the death or change in condition, or upon written notice of termination from a surviving resident or authorized representative, as applicable.

Monthly Accommodation Fees described in Section 2 and Monthly Meal Minimums described in Section 3.3 will continue from the Date of Financial Occupancy through the date Carolina Meadows receives notice resulting in termination under this Section.

Following termination, Carolina Meadows will refund, without interest, the Entrance Fee and Resident Assistance Fee paid pursuant to Sections 1.1 and 1.2, less any costs, expenses, fees, or charges incurred by Carolina Meadows in connection with the Residence, including, without limitation, any Modifications. Any refund due under this Section will be paid within sixty (60) days after Carolina Meadows receives notice resulting in termination.

Section 7: Termination of This Agreement After Occupancy and After the Thirty (30) Day Rescission Period

7.1 **No Termination Upon Transfer to Another Level of Care:** You acknowledge and agree that a temporary or permanent transfer from independent living to any other level of care operated by Carolina Meadows, including assisted living, memory support, skilled nursing, or other healthcare services, will not terminate this Agreement or entitle you to a refund of any portion of your Entrance Fee, provided you remain a resident of Carolina Meadows.

7.2 **Termination by You After Occupancy:** You may terminate this Agreement and voluntarily vacate Carolina Meadows at any time by providing Carolina Meadows with sixty (60) days prior written notice. Upon Carolina Meadows' receipt of such notice, your occupancy rights to the Residence will automatically revert to Carolina Meadows; provided, however, that unless otherwise agreed to in writing, you may continue to occupy the Residence during the notice period so long as you remain current on all fees and charges due under this Agreement.

All applicable fees and charges will continue until the Residence has been completely vacated and possession has been returned to Carolina Meadows. Costs associated with Modifications to the Residence will be nonrefundable except as otherwise expressly provided in this Agreement.

Any Entrance Fee refund payable under this Agreement will be calculated and paid in accordance with Section 9.

7.3 **Termination by Carolina Meadows after Occupancy:** Carolina Meadows may terminate this Agreement upon sixty (60) days written notice if you fail to pay any fees or charges due under this Agreement within sixty (60) days after such amounts become due, or if you materially fail to comply with the written rules, regulations, policies, or terms of this Agreement.

Carolina Meadows may also terminate this Agreement if, in its judgment and based upon the recommendations of the Care Coordination Team following consultation with you and your responsible party, your conduct, health care decisions, health status, or care needs materially jeopardize your health or safety, the health or safety of others, or Carolina Meadows' ability to appropriately provide services within the community. Carolina Meadows may further terminate this Agreement if you provided materially false, incomplete, misleading, or omitted financial, or other material information relied upon during the admissions process.

When the Care Coordination Team determines that additional support services, a higher level of care, or a transfer to another Carolina Meadows setting is necessary to appropriately meet your care needs and maintain a safe living environment, Carolina Meadows may require such services or transition. Refusal to accept recommended services or care transitions after consultation and planning may constitute grounds for termination of this Agreement.

Except in circumstances involving an immediate health, safety, operational, or regulatory concern, Carolina Meadows will provide at least sixty (60) day written notice of termination.

Upon written notice of termination, you will remain responsible for all fees, charges, and other financial obligations due under this Agreement until the Residence has been vacated and possession returned to Carolina Meadows.

Any Entrance Fee refund payable upon termination will be calculated and paid in accordance with Section 9.

- 7.4 **Death, Illness, or Incapacity After Occupancy:** This Agreement will terminate upon the death of the last surviving Resident or upon Carolina Meadows' receipt of written notice of termination from a Resident, surviving spouse, domestic partner, approved co-resident, authorized representative, or responsible party following a change in health, cognitive, behavioral, or functional status that results in the Resident permanently leaving Carolina Meadows.

All Monthly Accommodation Fees, Monthly Meal Minimums, and other applicable charges will continue until the Residence has been completely vacated, and possession has been returned to Carolina Meadows.

Any Entrance Fee refund payable upon termination will be calculated and paid in accordance with Section 9.

- 7.5 **Removal of Personal Property Following Permanent Vacancy:** Personal property will be removed from the Residence within thirty (30) days following Permanent Vacancy.

You or your estate will remain responsible for all applicable fees and charges due under this Agreement until all personal property has been removed from the Residence, possession has been returned to Carolina Meadows, and any Carolina Meadows property, equipment, keys, access devices, or other community property has been returned. Carolina Meadows may charge the replacement cost of any property or equipment that is not returned.

If personal property remains in the Residence beyond the thirty (30) day period, Carolina Meadows may enter the Residence, remove and store such property at your or your estate's expense, and may assess charges for storage, removal, disposal, cleaning, hauling, restoration, or related services. Any such costs and expenses will constitute amounts due under this Agreement and may be deducted from any refund otherwise payable under this Agreement. Property not claimed within a thirty-day period following notice may be disposed of in accordance with applicable law.

Section 8: Moving to Another Residence and Changes in Levels of Care

- 8.1 **Moving to Another Residence at Your Request:** You may request to transfer to another independent living Residence within Carolina Meadows, subject to availability, applicable residency requirements, operational considerations, and Carolina Meadows' approval. A transfer may result in changes to your Entrance Fee, Monthly Accommodation Fee, Monthly Meal Minimum, and other applicable charges.

Unless otherwise provided in Carolina Meadows' policies then in effect, you may be required to pay the Entrance Fee associated with the new Residence prior to occupancy. Any refund, credit, or financial adjustment relating to the Residence being vacated will be calculated and paid in accordance with Section 9 of this Agreement and any applicable policies then in effect.

- 8.2 **Temporary Move to Another Residence or Guest Accommodation:** If Carolina

Meadows determines that it is necessary for you to temporarily vacate your Residence for health, safety, operational, regulatory, maintenance, or business purposes, you agree to relocate to another Residence, guest accommodation, or other housing designated by Carolina Meadows, either on or off campus, for the period required under the circumstances.

Your Monthly Accommodation Fee, Monthly Meal Minimum, and other applicable charges will continue during the relocation period. Carolina Meadows will bear the costs of the relocation and substitute accommodations unless the need for relocation resulted from the acts, omissions, negligence, or misconduct of you, your guests, invitees, or service providers not engaged by Carolina Meadows.

- 8.3 Permanent Move to Another Residence Requested by Carolina Meadows:** Carolina Meadows may require you to permanently relocate to another Residence within the community if Carolina Meadows determines that such relocation is necessary to support the operation, maintenance, development, improvement, preservation, or long term sustainability of the community. Carolina Meadows will provide at least sixty (60) days prior written notice of the required relocation unless circumstances require a shorter period for health, safety, regulatory, or other operational reasons.

Carolina Meadows will pay the costs associated with the relocation and will make efforts to provide a Residence that is substantially comparable in size, functionality, accommodations, and features, to the extent available. Your Monthly Accommodation Fee, Monthly Meal Minimum, and other applicable charges will remain unchanged unless you relocate to a Residence with a different pricing category, floor plan, or contract pricing structure, in which case the applicable fees and charges for the new Residence will apply.

- 8.4 Temporary Transfer to a Higher Level of Care:** If the Care Coordination Team determines, following consultation with you and your responsible party, that your care needs require a temporary transfer to a higher level of care within the Carolina Meadows continuum of care or another appropriate care setting, you agree to participate in care planning and transition discussions intended to support your health, safety, wellbeing, and continued care in the most appropriate setting available.

If you decline a recommended transfer, you agree to accept such support services as Carolina Meadows determines are necessary to safely and appropriately meet

your care needs within your Residence. If the Care Coordination Team determines that available services and supports are insufficient to do so, Carolina Meadows may require a temporary transfer to a higher level of care within the Carolina Meadows continuum of care or, if Carolina Meadows is unable to safely meet your needs within its licensed services and operational capabilities, to another appropriate licensed care setting.

Carolina Meadows will make efforts to work collaboratively with you, your responsible party, and your care providers regarding care planning, transition options, and discharge planning. Refusal to accept services or a care transition determined by Carolina Meadows to be necessary for your health, safety, care needs, or regulatory compliance may constitute grounds for termination of this Agreement in accordance with its applicable provisions.

Nothing in this Agreement will prevent Carolina Meadows from implementing immediate safety interventions, emergency transfers, emergency medical responses, or other actions necessary to address an urgent health, safety, operational, or regulatory concern.

- 8.5 **Permanent Transfer to Another Level of Care:** If you permanently transfer from independent living to another level of care within the Carolina Meadows continuum of care, you agree to execute any residency agreement, addendum, consent, or other documentation required for the care setting to which you are transferring. Except as expressly modified by such documentation, the applicable provisions of this Agreement will remain in effect.

Any such documentation may establish the services, care plans, rights, responsibilities, rates, fees, financial obligations, policies, and other terms applicable to the new care setting. Carolina Meadows may require modifications to care plans, service levels, billing arrangements, residency terms, or other related matters to address your care needs and the operational requirements of the applicable care setting.

- 8.6 **No Refund for Changes in Levels of Care:** You acknowledge and agree that any temporary or permanent transfer from independent living to another level of care within the Carolina Meadows continuum of care will not constitute a termination of this Agreement and will not entitle you to a refund of any portion of your Entrance Fee so long as you remain a resident of Carolina Meadows.

If Carolina Meadows determines that your needs can no longer be safely or appropriately met within the Carolina Meadows continuum of care and you permanently transfer to another care setting outside of Carolina Meadows, this Agreement may be terminated in accordance with its applicable termination provisions. Any refund rights and continuing financial obligations will thereafter be governed by the applicable provisions of this Agreement.

Section 9: Your Refund under The Equity Advantage Refund Agreement

9.1 **Payment of Entrance Fee Refund:** Any Entrance Fee refund payable under this Agreement will be paid without interest to you or, if applicable, to your estate, trust, designated beneficiary, or other person legally entitled to receive such refund.

Unless otherwise expressly provided in this Agreement, any refund payable under this Agreement will be paid within sixty (60) days after all of the following conditions have occurred:

- A. Termination of this Agreement;
- B. The Residence has been surrendered to Carolina Meadows and all personal property has been removed in accordance with this Agreement; and
- C. A new resident has reached the Date of Financial Occupancy for the Residence pursuant to an executed Residence and Services Agreement, or twenty four (24) months have elapsed following the termination of this Agreement, whichever occurs first.

9.2 **Unpaid Fees and Other Amounts Outstanding:** Carolina Meadows may deduct from any Entrance Fee refund any Amounts Due Under this Agreement.

9.3 **Refurbishment Costs:** Carolina Meadows may deduct from the Entrance Fee refund the costs and expenses incurred to clean, refurbish, repair, restore, prepare, and reissue the Residence for future occupancy.

Refurbishment may include cleaning, repairs, replacement of finishes, fixtures, appliances, or building components, removal of Modifications, design review, contractor services, permitting, inspections, modernization, and other work determined by Carolina Meadows to be necessary or appropriate to prepare the Residence for future occupancy in accordance with Carolina Meadows' then

current standards, specifications, practices, operational requirements, and applicable laws and regulations.

Because Residences are often occupied for extended periods of time before becoming available for reissuance, refurbishment frequently involves work beyond routine turnover preparation. The scope of refurbishment will vary based upon the age, condition, features, occupancy history, and configuration of the Residence, as well as the standards, requirements, and permitting obligations applicable at the time refurbishment is performed.

Any refurbishment costs incurred by Carolina Meadows will constitute Amounts Due Under this Agreement and may be deducted from any Entrance Fee refund otherwise payable.

- 9.4 **Excessive Damage:** Carolina Meadows may withhold from your Entrance Fee refund the costs and expenses necessary to repair or remediate excessive damage to your Residence. Excessive damage includes damage that is beyond ordinary wear and tear and is determined to result from negligence, misuse, intentional acts, unauthorized Modifications, failure to maintain the Residence in a clean and sanitary condition, or other circumstances requiring remediation beyond ordinary turnover preparation.

Examples of excessive damage may include, without limitation:

- material damage to walls, flooring, cabinetry, fixtures, appliances, windows, doors, or structural components;
- material damage caused by pets;
- excessive odors, staining, smoke residue, biohazard remediation beyond ordinary cleaning requirements;
- other conditions requiring substantial cleaning or restoration;
- clearing and disposition of unwanted furniture and personal items;
- remediation beyond normal refurbishment standards.

Regardless of the length of occupancy, you will remain responsible for the costs associated with repairing or remediating excessive damage to the Residence.

- 9.5 **Calculation of Refundable Portion of Entrance Fee:** The refundable amount due under this Agreement will be determined using the following methodology.

First, Carolina Meadows will determine the then-current Entrance Fee established by Carolina Meadows for the Residence at the time it is reissued ("Current Entrance Fee"). Carolina Meadows will deduct from the Current Entrance Fee:

- A. The then-current Re-Marketing fee, currently six percent (6%) of the Current Entrance Fee;
- B. Any refurbishment costs determined in accordance with Section 9.3;
- C. Any costs associated with Excessive Damage in accordance with Section 9.4, if applicable.

The resulting amount will constitute the "Net Proceeds."

The difference between the Net Proceeds and the Entrance Fee paid pursuant to Section 1.1 will constitute the appreciation or depreciation attributable to the Residence. The Second Person Entrance Fee is nonrefundable and will not be included in this calculation.

You will be entitled to fifty percent (50%) of any appreciation and will be responsible for one hundred percent (100%) of any depreciation.

Your refund will equal the original Entrance Fee paid pursuant to Section 1.1, adjusted by your share of any appreciation or depreciation, less any Amounts Due Under this Agreement.

The refund calculation is illustrated as follows:

Current Entrance Fee	\$XXX, XXX
Less: Re-marketing Fee	(\$XX, XXX)
Less: Refurbishment Costs and Excessive Damage	(\$XX, XXX)
	\$XXX, XXX
Equals: Net Proceeds	\$XXX, XXX
Net Proceeds	\$XXX, XXX
Less: Original Entrance Fee Paid (Section 1.1)	(\$XXX, XXX)
Equals: Net Appreciation or (Depreciation)	\$XX, XXX
Your Share of Net Appreciation at 50%	\$XX, XXX
Or your (Depreciation) at 100%	(\$XX, XXX)
Original Entrance Fee	\$XXX, XXX
Equals: Your Refund	\$XXX, XXX
Less: Amounts Due Under this Agreement, if any	(XX, XXX)



Section 10: Your Obligations as a Carolina Meadows Resident

- 10.1 **Carolina Meadows' Policies and Rules:** You agree to abide by all Carolina Meadows' existing and future rules, operating procedures, regulations, and policies.
- 10.2 **Information Required Prior to Occupancy and During Residency:** Resident agrees to provide Carolina Meadows, prior to occupancy or as soon thereafter as available, with information requested for residency administration, emergency response, healthcare coordination, financial administration, legal compliance, and other operational purposes, including, as applicable:
- Emergency contact information;
 - The name and contact information of Resident's primary physician and other healthcare providers;
 - The names and contact information of individuals authorized by Resident to be contacted or granted access to the Residence in an emergency or as otherwise directed by Resident in writing;
 - Copies of any current Durable Power of Attorney, Health Care Power of Attorney, Advance Directive, living will, or similar legal or healthcare decision making documents;
 - The name and contact information of Resident's preferred funeral home, funeral director, executor, personal representative, trustee, designated beneficiary, or other authorized estate representative, if applicable;
 - Copies of only those portions of trusts, beneficiary designations, or other estate planning documents necessary to verify the proper recipient of any refund or payment due under this Agreement.

Resident agrees to promptly notify Carolina Meadows of any material changes and to provide updated information upon request. Carolina Meadows may rely upon the information provided under this Section for the purposes described above. Failure to provide materially required information may delay services, transfers, refunds, payments, or other administrative actions until such information is provided. Carolina Meadows will maintain and use such information in accordance with applicable law and its privacy and records management policies.

- 10.3 **Periodic Health Assessments:** You agree to participate in assessments requested by Carolina Meadows upon admission, periodically thereafter, and upon significant changes in condition. Such assessments are intended to support care planning, service coordination, emergency preparedness, evaluation of appropriate levels of care, and Carolina Meadows' ability to safely and appropriately provide services within the community.

Such assessments may include the collection, review, verification, and updating of information necessary for these purposes. You agree to provide requested information and to execute such authorizations, consents, and releases as may be necessary for Carolina Meadows to obtain relevant information from healthcare providers, family members, responsible parties, or other appropriate sources. Carolina Meadows will maintain such information in accordance with applicable law and its privacy and records management policies.

Refusal to participate in requested assessments, provide requested information, or execute necessary authorizations may impair Carolina Meadows' ability to evaluate care needs, provide appropriate services, maintain a safe living environment, or respond effectively in an emergency, and may affect Carolina Meadows' ability to continue providing services or accommodations within the community.

- 10.4 **Additions, Alterations, and Improvements to Your Residence:** You agree to maintain your Residence and surrounding areas in a safe, sanitary, and well maintained condition. No Modifications to the Residence may be made without the prior written consent of Carolina Meadows, and all such work will be performed at your sole expense. Costs associated with Modifications may constitute refurbishment costs, excessive damage costs, or other Amounts Due Under this Agreement and may be deducted from any refund otherwise payable under this Agreement.

- 10.5 **Modifications Upon Transfer or Termination:** Carolina Meadows will have the sole discretion to determine whether any item constitutes a Modification under this Agreement. Upon termination of this Agreement, transfer of occupancy, or relocation to another Residence, Carolina Meadows may require that any Modification be removed and that the Residence be restored to its original condition or to Carolina Meadows' then current approved standards, finishes, materials, specifications, and configuration.

Resident will be responsible for all costs and expenses associated with the removal, replacement, restoration, remediation, or retention of any Modification, together with any related repairs or work necessary to return the Residence to the condition required by Carolina Meadows.

- 10.6 **Notification Prior to Being Away from Campus:** You agree to let Carolina Meadows know when you are going to be away for 24 hours or more, and to give us the names of people we can contact in an emergency.
- 10.7 **Residence Access:** You agree to give representatives of Carolina Meadows reasonable access to your Residence for management purposes, and immediate access for emergency response purposes.
- 10.8 **Community Culture:** You accept the community's guiding principles and agree to contribute to a community culture of neighborliness, cooperation, and goodwill, and agree to abide by rules designed to promote the safety, comfort, and security of all residents and staff.
- 10.9 **Furnishing Your Residence:** You agree to furnish your own Residence, except for the fixtures and appliances we provide.
- 10.10 **Funeral and Burial Expenses:** You acknowledge that your funeral and burial expenses are entirely your own responsibility.
- 10.11 **Liability for Losses, Damages, or Injuries and Your Own Insurance Coverage:** You agree that we are not to be held liable for losses or damage to your property, or injuries suffered by you or your guests, except if those mishaps are the direct result of negligence on the part of Carolina Meadows. Beyond the protection we provide under Section 3.1 [G], you are responsible for your own insurance coverage. You agree that if you damage Carolina Meadows' property, you agree that you will file a claim under your applicable insurance policy to cover the costs of the damage and cooperate in pursuing any available insurance coverage applicable to such damage. You further agree that if your policy fails to pay, you will be responsible for the cost of repairs to Carolina Meadows' property.
- 10.12 **Agreement to Pay Your Own Expenses:** You agree to pay for your own health care, utilities (except for those we provide under Section 3.1 [I]), telephone, and all other services not expressly covered by the fees and allowances provided for in this Agreement.

10.13 **Medicare and Medicare Supplemental Coverage:** You agree to maintain your Medicare coverage, as well as a supplement to that coverage. If you are not eligible for Medicare, you agree to maintain health care coverage that we deem to be comparable.

10.14 **Long-term Care Insurance:** While Carolina Meadows encourages you to utilize long-term care insurance as an important financial planning tool and benefit, it is not required as a condition of entry. However, if you elected to purchase long-term care insurance from an agent of your choosing, whether previously or in order to meet our financial screening requirements, as determined solely by us, and, if we have approved your financial application based on the financial resources provided by the long-term care insurance, we will require you to maintain the coverage as long as you are living at Carolina Meadows. You agree to provide periodic, and as requested, proof that your coverage remains in effect after you execute this Agreement. If you do not maintain or provide proof that you maintain your long-term care insurance as agreed, we reserve the right to not approve any future financial assistance in the event your finances become depleted or are insufficient to cover the Monthly Accommodation Fees and other costs associated with living at Carolina Meadows.

If you carry long-term care insurance at the time you execute this Agreement and your financial application was not based on the financial resources provided by the long-term care insurance, you agree to provide us a copy of the statement of policy benefits from your long-term care insurance policy prior to or contemporaneously with the execution of this Agreement. You also agree to notify us, in writing, thirty days prior to allowing your coverage to lapse in the event you wish to no longer maintain your long-term care policy.

10.15 **Privacy of Decisions between Carolina Meadows and Residents:** You agree that any decisions we make regarding arrangements, admission, cancellation, termination, accommodation, or finances for another resident are within the sole province of Carolina Meadows and will remain private between Carolina Meadows and that resident.

10.16 **Attorney Fees and Collection Costs:** If Carolina Meadows incurs attorneys' fees, court costs, collection costs, expert fees, or other expenses in collecting Amounts Due Under this Agreement, enforcing Resident's obligations under this Agreement, recovering possession of a Residence, removing abandoned property,

or otherwise responding to a default by Resident, Resident will reimburse Carolina Meadows for such fees, costs, and expenses to the extent permitted by applicable law.

- 10.17 **Timely Payment of All Fees and Allowances Due Carolina Meadows:** You agree to pay, in full and on time, all fees and allowances due to Carolina Meadows. You will be charged a late fee of the lesser of eighteen percent (18%) per year or the maximum rate permitted by law of the unpaid balance on any fees not paid on time, as specified in this Agreement.
- 10.18 **Representations and Warranties of Information Provided by You:** You represent and warrant that all the information you have provided about yourself is accurate and agree that serious omissions or false statements are grounds for terminating this Agreement, at the sole discretion of Carolina Meadows.
- 10.19 **Indemnification for Your Own Negligence:** You agree to indemnify and hold Carolina Meadows harmless from claims, losses, damages, and expenses arising from your negligence, misconduct, or material misrepresentations, except to the extent caused by the negligence or willful misconduct of Carolina Meadows.
- 10.20 **Pledging of Assets and Lender's Security Interest:** We do borrow money from time to time to finance projects and operations, and we pledge our property as security for such borrowings. You agree that a lender's security interest will take precedence over your interests and rights under this Agreement, including your right to occupy the Residence, and you agree to sign forms and instruments a lender might require confirming that your rights are subordinated to the lender's rights.
- 10.21 **Periodic Updated Financial Information:** You agree to provide updated financial information every three (3) years, or more frequently upon Carolina Meadows' request, for the purpose of evaluating the adequacy of the Resident Assistance Fund, which is maintained to assist residents who become unable to pay the fees and charges required under this Agreement. You also agree that your failure or refusal to provide updated financial information may jeopardize your eligibility to receive any financial assistance under the Financial Assistance Policy established by Carolina Meadows and as noted in Section 14 of this Agreement.
- 10.22 **Financial Responsibility:** You agree that you are financially responsible for all services provided and you agree to pay for services when billed. If you have

insurance that reimburses for any service provided by Carolina Meadows or its affiliates, you agree that payment to Carolina Meadows is not contingent on first receiving insurance reimbursement and all services billed by Carolina Meadows are due upon receipt. Carolina Meadows agrees to provide any necessary information to facilitate reimbursement on your behalf.

Section 11: Tobacco and Smoke Free Campus

Carolina Meadows is a tobacco, smoke, and vaping free campus. You agree that you or your guests will not use tobacco, smoking or vaping products on campus or in any building or vehicle owned by Carolina Meadows.

Section 12: Amendments and Partial Invalidation

This Agreement may be amended only by a written agreement signed by both Carolina Meadows and Resident. Notwithstanding the foregoing, Carolina Meadows may amend this Agreement without Resident's consent to the extent necessary to comply with applicable laws, regulations, licensing requirements, accreditation standards, governmental directives, bond covenants, lender requirements, insurance requirements, or similar obligations, provided such amendment does not materially reduce the benefits provided under this Agreement. Carolina Meadows will provide notice of any such amendment.

Resident acknowledges that a transfer to another level of care within the Carolina Meadows continuum of care may require the execution of one or more residency agreements, addenda, consents, acknowledgments, or other documents applicable to the services, care setting, rights, responsibilities, fees, and operational requirements of that level of care. Except as expressly modified by such documents, this Agreement will remain in effect.

Section 13: Dual Occupancy or Co-Residency

13.1 Joint Responsibility of Co-Residents: If more than one resident occupies a Residence under this Agreement, each resident will execute this Agreement and will be jointly and severally responsible for complying with all terms, conditions, financial obligations, fees, charges, and other responsibilities arising under this Agreement.

- 13.2 **Rights of Remaining Resident:** If two approved residents occupy a Residence and one resident dies or permanently vacates the Residence, the remaining resident may continue to occupy the Residence in accordance with the terms of this Agreement, provided the remaining resident continues to satisfy all applicable financial, residency, and occupancy requirements of Carolina Meadows.

Unless otherwise provided in a written addendum, beneficiary designation, trust documentation, or other legally binding written designation accepted by Carolina Meadows, any refund or other amounts payable under Section 9 following the death or permanent departure of the surviving resident will be payable as follows:

- A. if the co-residents are spouses, domestic partners, siblings, or other related individuals, such amounts will be payable solely to the surviving resident or the surviving resident's estate; or
- B. if the co-residents are unrelated individuals, such amounts will be payable in equal shares to the surviving resident and the estate of the deceased resident, or to their respective estates.

Carolina Meadows may rely upon the most recent written designation or documentation satisfactory to Carolina Meadows in determining the proper recipient of any refund or payment due under this Agreement.

- 13.3 **Addition of a New Co-Resident:** If a resident wishes to add a new co-resident to the Residence after occupancy, including through marriage, domestic partnership, or another approved shared living arrangement, the proposed co-resident must satisfy Carolina Meadows' then current admission, financial, medical, residency, and occupancy requirements prior to approval or occupancy.

As a condition of approval, the proposed co-resident will:

- A. complete all required application materials and approval processes;
- B. qualify for residency under Carolina Meadows' then current admission standards;
- C. execute any required Residence and Services Agreement, addendum, guaranty, consent, or related documentation required by Carolina Meadows;
- D. pay all applicable fees and charges then in effect, including any application fees, resident assistance fees, second person Entrance Fees, or other required charges; and

- E. agree to comply with all applicable financial obligations, Monthly Accommodation Fees, Monthly Meal Minimum requirements, community policies, rules, regulations, and operational procedures of Carolina Meadows.

13.4 Financial and Contractual Responsibility of Added Co-Resident: Any approved co-resident added after occupancy will become jointly and severally liable with the existing resident for all obligations arising under this Agreement and any applicable addenda or amendments, including all fees, charges, assessments, liabilities, and responsibilities associated with occupancy of the Residence, unless otherwise expressly agreed in writing by Carolina Meadows.

Approval of any proposed co-resident will be in the discretion of Carolina Meadows based upon then current residency criteria, operational considerations, financial qualifications, care capabilities, occupancy limitations, and applicable laws and regulations.

Section 14: Financial Assistance

Resident Assistance Fund: Carolina Meadows has established a Resident Assistance Fund intended to help a limited number of residents continue residing at Carolina Meadows if, due to circumstances beyond their reasonable control, they become unable to pay the fees and charges due under this Agreement. Financial assistance is considered on an individual basis in accordance with Carolina Meadows' Financial Assistance Policy, and no resident is guaranteed financial assistance.

If you have acted in good faith in your dealings with Carolina Meadows and Carolina Meadows determines that your circumstances warrant special consideration, Carolina Meadows will make efforts to work with you confidentially toward a plan that may support your continued residency. In evaluating requests for financial assistance, Carolina Meadows will consider the adequacy of the Resident Assistance Fund, the resident's financial circumstances, and Carolina Meadows' continuing obligation to maintain sound financial operations and fulfill its responsibilities to all residents.

Your Entrance Fee is a condition of admission to Carolina Meadows, and your Monthly Accommodation Fee and other charges support the ongoing operations and services of the community. Admission to Carolina Meadows is based in part upon the financial and other information provided during the application process. If, after admission, you materially reduce your financial resources or ability to satisfy your financial obligations

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through significant gifting, transfers of assets for less than fair value, or misuse of personal assets, you may be ineligible for financial assistance.

As part of any request for financial assistance, Carolina Meadows may require updated financial statements and supporting documentation, and you agree to provide such information upon request. Before applying for or receiving financial assistance, you agree to utilize available income, investments, and capital assets to remain current on your Monthly Accommodation Fee and other financial obligations.

14.1 If you believe you may require financial assistance, you agree to notify Carolina Meadows before your account becomes delinquent and to apply for assistance in accordance with Carolina Meadows' then current Financial Assistance Policy.

14.2 If financial assistance is approved, you agree to provide periodic updated financial information and supporting documentation as requested by Carolina Meadows for purposes of evaluating continued eligibility under this Agreement and the Financial Assistance Policy.

Section 15: No Unauthorized Assignment

Your rights, privileges, and occupancy interests under this Agreement are personal to you and may not be assigned, transferred, pledged, sublicensed, or otherwise conveyed to any other person or entity. Any attempted assignment or transfer in violation of this provision will be void and of no effect.

Section 16: Visitors

Guests and visitors may stay in your Residence or in approved guest accommodations on campus for no more than fourteen (14) consecutive days without the prior written approval of Carolina Meadows. No individual other than an approved resident or authorized co-resident may establish residency within your Residence without Carolina Meadows' prior written consent.

School age children under the age of eighteen (18) may not reside on campus and may not stay overnight within the community for more than fourteen (14) cumulative days during any consecutive twelve (12) month period unless otherwise approved in writing by Carolina Meadows.

Section 17: Private Duty Nurses and Companions

Carolina Meadows may make available a list of outside service providers, including Carolina Meadows Home Care, for the convenience of residents. Residents utilizing outside service providers, including preferred providers, agree to comply with all applicable Carolina Meadows policies, procedures, safety requirements, and access protocols related to services performed on campus.

Carolina Meadows reserves the right to limit, restrict, or prohibit access to its property by any outside service provider if Carolina Meadows determines that the provider's actions, conduct, qualifications, performance, or services present an actual or potential risk to residents, staff, operations, property, safety, security, or regulatory compliance.

Residents remain responsible for the selection and use of outside service providers and agree to indemnify and hold harmless Carolina Meadows from claims, liabilities, damages, losses, or expenses arising from the actions or omissions of such providers. Outside service providers will not be considered guests or visitors for purposes of Section 16 of this Agreement.

Section 18: Pet Policy

For purposes of this Agreement, permitted pets are limited to household dogs, cats, tropical fish, and caged birds unless otherwise approved in writing by Carolina Meadows. All pets must be properly cared for, appropriately supervised, and maintained in a manner that does not create a nuisance, disturbance, health concern, safety concern, or unreasonable interference with other residents, staff, or community operations. Nothing in this section will be interpreted to limit rights relating to service animals or reasonable accommodations required under applicable law.

Residents are responsible for complying with all Carolina Meadows pet policies and applicable health, vaccination, licensing, leash, sanitation, and behavioral requirements. Carolina Meadows reserves the right to require the removal of any pet that Carolina Meadows determines poses a threat to the health, safety, wellbeing, comfort, or peaceful enjoyment of the community by residents, staff, or visitors.

If a resident fails to remove a pet following written notice from Carolina Meadows, such failure may constitute a violation of this Agreement and may result in further action, including potential termination of residency in accordance with the applicable provisions of this Agreement.

Residents will remain fully responsible for the care, supervision, conduct, and control of their pets at all times and for any injury, damage, loss, cleaning, remediation, or other costs arising from or related to their pets, including damage to residences, common areas, landscaping, or the property of others.

Section 19: Conditions and Services Beyond Carolina Meadows' Scope of Care

Carolina Meadows may be unable to safely or appropriately provide services for certain medical, behavioral, psychiatric, infectious, cognitive, or other conditions that exceed the scope of its licensure, staffing, services, operational capabilities, or available resources. Such conditions may include, but are not limited to:

- substance abuse or active chemical dependency;
- communicable diseases or infections that pose a significant health or safety risk to others;
- behavioral health, psychiatric, cognitive, or mental health conditions that materially impair safe functioning within the community or require specialized services beyond those available at Carolina Meadows; or
- other medical, behavioral, or care needs that Carolina Meadows determines cannot be safely or appropriately managed within the community's licensed levels of care and available services.

If Carolina Meadows determines, based upon the recommendations of the Care Coordination Team and appropriate consultation with the resident and responsible party, that a resident's condition cannot be safely or appropriately managed within Carolina Meadows, Carolina Meadows may require a temporary or permanent transfer to another appropriate licensed care setting capable of meeting the resident's needs.

Residents will remain financially responsible for the costs associated with services provided by outside care providers or facilities. Unless this Agreement is otherwise terminated in accordance with its terms, residents will also remain responsible for applicable Monthly Accommodation Fees and other charges associated with maintaining their Residence at Carolina Meadows during any temporary transfer or outside placement.

Section 20: Miscellaneous Provisions

- 20.1 **Required Information and Authorization:** This Agreement will not become effective until Carolina Meadows has received and approved all required

application, financial, medical, and other supporting documentation requested as part of the admissions process. By signing this Agreement, you authorize Carolina Meadows to obtain, review, and verify information necessary to evaluate eligibility, admission, residency status, care needs, and compliance with this Agreement, subject to applicable privacy and confidentiality laws.

20.2 **Resident Review and Understanding:** Resident acknowledges that Carolina Meadows has encouraged Resident to review this Agreement with legal, financial, tax, and other advisors of Resident's choosing prior to execution and that Resident has either done so or voluntarily elected not to do so. You further acknowledge that any commitments or representations upon which you are relying should be included within this Agreement or its written addenda or amendments.

20.3 **Notices:** Any notice required or permitted under this Agreement will be in writing and may be delivered personally, placed in a Resident's designated Carolina Meadows mailbox or cubby, sent by United States mail, nationally recognized overnight delivery service, electronic mail, or by any other method approved by Carolina Meadows.

Unless otherwise required by law, notice to a Resident will be deemed given upon personal delivery, placement in the Resident's designated Carolina Meadows mailbox or cubby, electronic transmission, or deposit with the applicable delivery service.

Any notice to Carolina Meadows will be directed to the Executive Offices of Carolina Meadows at 100 Carolina Meadows, Chapel Hill, North Carolina 27517, or delivered to the administrative offices located at 100 Whippoorwill Lane, Chapel Hill, North Carolina 27517, Attention: Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, or their designee. Notice to Carolina Meadows will be deemed given upon actual receipt.

Notwithstanding the foregoing, any notice relating to termination of this Agreement, involuntary transfer, default, legal claims, or other matters having significant legal or financial consequences may be delivered by Carolina Meadows through one or more methods calculated to provide actual notice.

20.4 **Professional and Clinical Determination:** In making determinations under this Agreement relating to residency, health status, care needs, assessments, service planning, levels of care, transfers, safety, discharge planning, or Carolina

Meadows' ability to appropriately provide services, Carolina Meadows may rely upon information and recommendations from physicians, licensed healthcare providers, medical records, assessments, evaluations, observations of staff, the Care Coordination Team, and other sources believed to be reliable.

Carolina Meadows may make decisions under this Agreement based upon such information and recommendations, even when differing opinions or recommendations exist.

Carolina Meadows may also rely upon information provided by Residents, responsible parties, healthcare providers, legal representatives, family members, and other persons believed to possess relevant information. Carolina Meadows will not be liable for actions taken in good faith reliance upon information or recommendations believed to be reliable.

- 20.5 **Dispute Resolution:** In the event of any dispute, claim, or controversy arising out of or relating to this Agreement, the parties will first attempt in good faith to resolve the matter through informal discussions. If the dispute cannot be resolved through such discussions, either party may request nonbinding mediation before a mutually acceptable mediator. The parties will cooperate in good faith to schedule and participate in such mediation before commencing litigation, except where immediate judicial relief is necessary to protect health, safety, property, regulatory compliance, or other rights that may be materially prejudiced by delay.

Nothing in this Section will prevent either party from seeking temporary, preliminary, or emergency relief from a court of competent jurisdiction when necessary under the circumstances.

- 20.6 **Failure to Enforce:** The failure of either party to enforce any provision of this Agreement, or the waiver of any breach or default, will not constitute a continuing waiver of that provision or any other provision of this Agreement. This Agreement will remain fully enforceable according to its terms unless modified in writing and signed by the parties as required under this Agreement.

- 20.7 **Binding Effect:** This Agreement will be binding upon and inure to the benefit of Carolina Meadows and Resident, and their respective heirs, executors, administrators, personal representatives, successors, and other persons legally entitled to act on their behalf. Nothing in this Section will be construed to permit any assignment or transfer prohibited by this Agreement.

- 20.8 **Rules of Interpretation:** Headings are for convenience only and will not affect interpretation of this Agreement. References to the singular include the plural and references to the plural include the singular where the context requires.
- 20.9 **Force Majeure:** Carolina Meadows will not be deemed in default or liable for any delay, interruption, reduction, or inability to provide services, accommodations, facilities, or operations caused by events beyond its reasonable control, including acts of God, severe weather, natural disasters, epidemics, pandemics, governmental actions, labor shortages, utility interruptions, supply chain disruptions, war, civil disturbances, or other emergencies. Carolina Meadows will make efforts to continue operations and restore affected services as circumstances permit.
- 20.10 **Severability:** If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, the remaining provisions will remain in full force and effect.
- 20.11 **Electronic Signatures:** Electronic signatures, scanned signatures, and signatures transmitted electronically will be deemed original signatures and will be fully enforceable to the extent permitted by applicable law.

Section 21: Entire Agreement

This Agreement, together with any addenda, amendments, policies, disclosures, schedules, and other documents expressly incorporated herein, constitutes the entire agreement between Carolina Meadows and you regarding your residency and supersedes all prior or contemporaneous oral or written discussions, understandings, representations, or agreements relating to the subject matter of this Agreement.

Carolina Meadows will not be bound by any oral statements, representations, promises, marketing materials, or understandings unless specifically set forth in this Agreement or in a written addendum, amendment, or other document duly executed by Carolina Meadows and you. Resident acknowledges that Resident has not relied upon any oral statements, representations, projections, expectations, marketing materials, or promises not expressly contained in this Agreement.

No amendment, modification, waiver, or change to this Agreement will be valid unless made in writing and signed by both Carolina Meadows and you, except as otherwise expressly permitted under this Agreement or applicable law.

This Agreement will be governed by and construed in accordance with the laws of the State of North Carolina, without regard to conflict of law principles

Section 22: Signature Section

NOTICE

Because the authority to enter into continuing care contracts granted by the North Carolina Department of Insurance is neither a guarantee of performance by the provider nor an endorsement of any continuing care contract provisions, prospective residents must carefully consider the risks, benefits, and costs before signing a continuing care contract and are strongly encouraged to seek financial and legal advice before doing so.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement.

CAROLINA MEADOWS, INC.

RESIDENT

By: _____

Name: _____

Title: _____

Name: _____

Date: _____

Date: _____



Appendix E — Representative CCaH Contract



Early Advantage Agreement

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Early Advantage Agreement

Introduction

This Early Advantage Agreement ("Agreement") is entered into and effective as of the ____ day of _____, _____ ("Effective Date"), by and between Carolina Meadows, Inc. ("Carolina Meadows") and _____ ("Resident"). For ease of reading, references to 'you' mean the Resident, and references to 'we,' 'us,' or 'our' mean Carolina Meadows.

You are responsible for fulfilling your obligations and paying all Amounts Due Under this Agreement. You represent and warrant that you are at least sixty-two (62) years of age as of the Effective Date of this Agreement.

Carolina Meadows is a North Carolina nonprofit corporation licensed by the North Carolina Department of Insurance as both a Continuing Care Retirement Community and a Continuing Care At Home provider. Through the Early Advantage program, Carolina Meadows provides Care Coordination, planning resources, campus access benefits, and other services and benefits described in this Agreement while Residents continue to reside in their own homes.

You wish to participate in Early Advantage and receive the services, benefits, Care Coordination, planning resources, and other program benefits described in this Agreement. We agree to provide those services and benefits subject to the terms and conditions of this Agreement.

Accordingly, the parties agree as follows.

Defined Terms



For purposes of this Agreement, the following terms will have the meanings set forth below:

"Amounts Due Under this Agreement" means any fees, charges, costs, expenses, assessments, reimbursements, damages, obligations, liabilities, interest, or other amounts owed by Resident or Resident's estate pursuant to this Agreement.

"Assisted Living" means the licensed assisted living services, residential accommodations, memory support services, memory care services, and related programs operated by Carolina Meadows, including any successor assisted living, memory support, special care, or residential care program or facility.

"Care Coordination" means the assessment, planning, consultation, education, transition planning, and support services provided by Carolina Meadows through its Care Coordination Team to assist Resident in planning for changing health, wellness, support, housing, and care needs related to Carolina Meadows services, benefits, residences, programs, and levels of care.

"Care Coordination Team" means the interdisciplinary team designated by Carolina Meadows to evaluate resident needs, coordinate services, assess levels of care, develop care recommendations, and support resident health, safety, wellbeing, and planning needs.

"Early Advantage Entrance Fee" means the Entrance Fee paid pursuant to Section 1.1 as consideration for participation in Early Advantage and the benefits provided under this Agreement.

"Effective Date" means the date upon which this Agreement has been fully executed by both Carolina Meadows and Resident and all required admission requirements have been satisfied.

"Health Center" means the skilled nursing, rehabilitation, or other healthcare services operated by Carolina Meadows, including any successor healthcare facility or program.

"Independent Living Residence" means an apartment, villa, or other independent living residence offered by Carolina Meadows pursuant to a separate Residence and Services Agreement.

"Monthly Service Fee" means the recurring monthly fee described in Section 2 that is payable by Resident for participation in Early Advantage and receipt of the services and benefits provided under this Agreement.

"Private Residence" means the private home or residential setting occupied by Resident while participating in Early Advantage. The Private Residence is not owned, operated, maintained, insured, or controlled by Carolina Meadows.

"Ready List" means Carolina Meadows' waiting list for future occupancy of an Independent Living Residence on the Carolina Meadows campus. Participation in Early Advantage preserves Resident's Ready List priority position in accordance with this Agreement and Carolina Meadows policies.

"Residence and Services Agreement" means the agreement required for occupancy of an Independent Living Residence or other residential accommodation on the Carolina Meadows campus.

"Resident" means the individual who has executed this Agreement and has been approved for participation in the Carolina Meadows Early Advantage program.

Section 1: Participation in Early Advantage

You wish to participate in our Early Advantage program and receive the services and benefits described in this Agreement. We agree to provide those services and benefits subject to the terms and conditions of this Agreement.

- 1.1 **Early Advantage Entrance Fee:** The Early Advantage Entrance Fee is \$_____. The Early Advantage Entrance Fee is paid in consideration of participation in Early Advantage and the services and benefits provided under this Agreement.

If deposits previously paid exceed the amount required to satisfy the Early Advantage Entrance Fee, the excess will be retained as a credit and applied toward any future Entrance Fee required under a Residence and Services Agreement for occupancy at Carolina Meadows, unless otherwise expressly provided in this Agreement.

The Early Advantage Entrance Fee will be subject to the refund provisions set forth in Section 7 of this Agreement. The Early Advantage Entrance Fee applies only to you and consists of the following payments:

- A. A Ready List Deposit of \$_____, paid on _____.
- B. The balance of the Early Advantage Entrance Fee of \$_____, due on or before _____.

- 1.2 **Ready List Priority:** As a Resident in Early Advantage, you will maintain your position on our Ready List for future admission to an Independent Living Residence. Your

Ready List priority number will remain _____, based upon your original application date and acceptance into Early Advantage.

As long as you remain enrolled in Early Advantage and comply with this Agreement, your Ready List priority position will be preserved, subject to Carolina Meadows' admissions policies and procedures then in effect.

Ready List priority establishes Resident's relative position for consideration of future admission opportunities and does not guarantee availability of a particular Residence, floor plan, location, contract option, Entrance Fee level, or occupancy date.

- 1.3 **Future Admission to Carolina Meadows:** Your acceptance into Early Advantage constitutes conditional acceptance into the Carolina Meadows community, subject to the continuing eligibility requirements, admissions criteria, financial qualifications, health and safety considerations, and other terms of this Agreement.

Because a period of time may elapse between acceptance into Early Advantage and a request for occupancy at Carolina Meadows, Carolina Meadows reserves the right to obtain updated financial, medical, and other information necessary to evaluate Resident's eligibility for the residence, accommodation, level of care, or services being requested.

You must satisfy the eligibility and qualification requirements applicable to the residence, accommodation, level of care, or services requested at the time admission or occupancy is sought.

Your conditional acceptance into the Carolina Meadows community remains in effect subject to this Agreement.

- 1.4 **Credit of Early Advantage Entrance Fee Toward Future Residency:** If you later enter into a Residence and Services Agreement for an Independent Living Residence at Carolina Meadows, we will credit the full amount of your Early Advantage Entrance Fee toward the Entrance Fee required under that agreement, regardless of the length of time Resident has participated in Early Advantage.

If Resident is admitted directly to Assisted Living, the Health Center, or another level of care that does not require payment of an Independent Living Entrance Fee, no credit will be applied, and the Early Advantage Entrance Fee will continue to amortize in accordance with the refund provisions set forth in Section 7.

Any credit provided under this Section will be applied at the time Resident enters into the applicable Residence and Services Agreement.

Any portion of the Early Advantage Entrance Fee credited toward a future Entrance Fee under a Residence and Services Agreement will be deemed fully applied and satisfied and will not also be refundable under this Agreement.

- 1.5 **No Property Interest or Occupancy Right:** Participation in Early Advantage does not create any ownership interest, leasehold interest, tenancy, property right, or right to occupy any Carolina Meadows residence, accommodation, building, or real property except as expressly provided in a subsequently executed Residence and Services Agreement or other written agreement.

Section 2: Monthly Service Fee

- 2.1 **Monthly Service Fee:** Beginning on the Effective Date, you agree to pay a Monthly Service Fee of \$_____ for participation in Early Advantage. The Monthly Service Fee is separate from the Early Advantage Entrance Fee and is charged in consideration of the services, benefits, Care Coordination, programs, resources, and opportunities provided under this Agreement.

Even if you choose not to use available services or benefits during a particular month, the Monthly Service Fee remains payable on or before the tenth (10th) day of each month, in advance, and will remain payable regardless of whether you elect to utilize available services or benefits.

We may adjust the Monthly Service Fee from time to time upon advance notice to you to reflect changes in operating costs, program services, benefits, administrative costs, or other factors affecting operation of Early Advantage. Notice of any Monthly Service Fee adjustment will generally be provided as part of Carolina Meadows' annual budget or rate adjustment process, except when adjustments are required due to unanticipated operational, regulatory, insurance, staffing, program, or other cost changes.

Section 3: Services and Benefits Provided by Carolina Meadows

- 3.1 **Services and Benefits Included in Early Advantage:** We will provide or make available the services, benefits, programs, facilities, and amenities described in this Section, subject to the terms of this Agreement.

We provide these services and benefits subject to our policies, procedures, schedules, availability, capacity, eligibility requirements, staffing, licensing requirements, health and safety considerations, regulatory requirements, fees, charges, and operational needs. We may modify, suspend, replace, relocate, or otherwise change the manner in which services and benefits are provided from time to time, provided that Early Advantage continues to offer substantially similar categories of services and benefits.

3.2 Care Coordination and Healthcare Access: Subject to the terms of this Agreement, We will make available the following care coordination and healthcare access benefits to Resident upon request or as otherwise provided herein:

- A. Access to Care Coordination services through the Carolina Meadows Care Coordination Team;
- B. An initial consultation with a member of the Care Coordination Team following acceptance into Early Advantage and additional consultations, assessments, or planning meetings upon Resident's request or as necessary in connection with a Carolina Meadows service, benefit, transition opportunity, or admission request;
- C. Health and wellness assessments, planning assistance, education, and consultation intended to support wellbeing, care planning, emergency preparedness, and future transition planning;
- D. Access to Assisted Living, memory support, the Health Center, or other Carolina Meadows levels of care when a transition is appropriate, subject to availability, eligibility, licensing requirements, admissions criteria, and the terms of any applicable agreement;
- E. Access to the Carolina Meadows Community Clinic or other Carolina Meadows medical practice resources, subject to provider availability, scheduling, clinical appropriateness, applicable fees, and policies and procedures then in effect; and
- F. Five (5) days of room and board per year in the Health Center for short term stay purposes before moving to campus, up to a maximum of ten (10) lifetime days, subject to availability, eligibility, clinical appropriateness, licensing requirements, required documentation, and Carolina Meadows' policies and procedures then in effect. This benefit includes room and board only and does not include related medical care, physician services, medications, medical equipment, oxygen, laboratory services, therapy

services, diagnostic testing, supplies, personal care items, transportation, or other ancillary services, all of which will remain the responsibility of Resident or Resident's insurer.

- 3.3 **Resident Programs, Communications, and Community Life:** We will provide or make available access to programs, communications, and community life opportunities, subject to availability, eligibility requirements, registration requirements, scheduling, capacity limitations, fees, charges, policies, procedures, and operational needs then in effect, including:
- A. Participation in educational, cultural, social, and recreational programs and activities generally available to on-campus residents of Carolina Meadows;
 - B. Participation in regularly scheduled transportation opportunities from the Carolina Meadows campus, including shopping and select community outings;
 - C. Up to two (2) scheduled medical transportation trips per month within Carolina Meadows' designated service area. Unused transportation trips may not be accumulated, exchanged for credit, or carried forward to subsequent months;
 - D. Access to Carolina Meadows dining venues and meal pickup services;
 - E. Access to communications, including the resident website, CM Connect, and other communication platforms made available by Carolina Meadows; and
 - F. Opportunities to participate in the Residents Association and other resident engagement activities to the extent made available to Residents in Early Advantage.
- 3.4 **Campus Amenities and Facilities:** We will provide or make available access to campus amenities and facilities generally available to Residents in Early Advantage, subject to availability, capacity, fees, charges, policies, procedures, safety requirements, and operational needs then in effect. Such amenities and facilities may include:
- A. Wellness facilities;
 - B. Indoor pool and related aquatic amenities;

- C. Library;
- D. Craft, art, and hobby or workshop spaces;
- E. Golf course and related amenities, subject to golf course rules, scheduling requirements, and applicable fees or charges;
- F. Outdoor recreational facilities, including walking trails, tennis courts, bocce courts, dog park, and similar amenities;
- G. Wireless internet access in designated campus areas;
- H. Concierge, information, technology assistance, notary, postage, shipping, and similar support services as available;
- I. Retail, hospitality, personal service, and convenience resources operated by Carolina Meadows or third-party providers; and
- J. Other amenities, facilities, programs, and services made available by Carolina Meadows from time to time.

3.5 Limitations on Services and Benefits: The services and benefits described in this Agreement are intended to provide access to Early Advantage, Care Coordination services, planning resources, community programs, campus amenities, and other benefits expressly described herein.

Except as expressly provided in this Agreement or under a separate written agreement, participation in Early Advantage does not include emergency medical services, continuous supervision, custodial care, personal care services, nursing services, home health services, medical treatment, medication management, physician services, medical supplies, medical equipment, oxygen, laboratory services, therapy services, or other direct healthcare services in your Private Residence.

Unless expressly provided otherwise in this Agreement, participation in Early Advantage does not entitle Resident to exclusive use of any facility, guaranteed admission to any Carolina Meadows residence or level of care, guaranteed access to any specific program, service, provider, amenity, or facility, or services without charge.

Section 4: Additional Services Available at Additional Cost

- 4.1 **Additional Services:** In addition to the services and benefits described in Section 3, We may make available certain additional services, programs, benefits, or opportunities at additional cost. Such services are not included in the Monthly Service Fee unless expressly stated otherwise in this Agreement.

The availability, eligibility requirements, scope, scheduling, fees, charges, terms, conditions, and manner of providing such services may be modified, suspended, replaced, or discontinued from time to time in Carolina Meadows' discretion, subject to applicable law and any separate written agreement governing such services.

- 4.2 **Healthcare and Care Services:** The following healthcare and care related services may be available at additional cost, subject to availability, eligibility, clinical appropriateness, licensing requirements, physician orders or other required documentation, and applicable policies and procedures:

- A. Assisted Living;
- B. Memory support services;
- C. Health Center services;
- D. Short term Health Center stays, including private accommodations;
- E. Rehabilitation services, including physical therapy, occupational therapy, and speech therapy;
- F. Medical treatment through the Carolina Meadows Community Clinic or other medical practice resources;
- G. Specialty medical services provided by independent licensed practitioners, which may include podiatry, dermatology, audiology, behavioral health, mental health, wound care, or other specialty services as available;
- H. Temporary assistance by a nurse, aide, caregiver, or other provider through Carolina Meadows, a Carolina Meadows affiliate, a licensed home care agency, or another provider, as available and appropriate;
- I. Integrative health or therapeutic services, which may include massage, acupuncture, or similar services as available; and
- J. Other healthcare, care coordination, clinical, wellness, or support services made available by Carolina Meadows, its affiliates, independent practitioners, or partner providers from time to time.

- 4.3 **Transportation and Hospitality Services:** The following transportation and hospitality services may be available at additional cost, subject to availability, scheduling, service area limitations, fees, and policies then in effect:

- A. Private transportation in excess of the scheduled transportation benefits included in Section 3.3;
- B. Guest accommodations;
- C. Guest meals for Resident's visitors;
- D. Dining services, catering, takeout, meal pickup, or other food service offerings not expressly included in the Monthly Service Fee;
- E. Special trips, outings, programs, or events requiring separate registration or payment; and
- F. Other hospitality services made available by Carolina Meadows from time to time.

4.4 **Wellness, Lifestyle, and Concierge Services:** The following wellness, lifestyle, and concierge services may be available at additional cost, subject to availability, scheduling, staffing, fees, and policies then in effect:

- A. Personal fitness training;
- B. Nutrition and diet counseling;
- C. Fee for service concierge services;
- D. Expanded information technology assistance;
- E. Special events, programs, classes, workshops, or activities requiring separate payment;
- F. Access to partner providers, where available;
- G. Personal services, salon services, retail services, or similar amenities provided by Carolina Meadows, its affiliates, independent contractors, or third-party providers; and
- H. Other wellness, lifestyle, or support services made available by Carolina Meadows from time to time.

4.5 **Independent Providers and Third-Party Services:** Certain services described in this Agreement may be provided by independent licensed practitioners, contractors, vendors, partner providers, or other third parties and not by Carolina Meadows.

Except to the extent expressly required by applicable law or expressly agreed to in writing by Carolina Meadows, Carolina Meadows does not guarantee, supervise, direct, control, endorse, or assume responsibility for any independent provider or third party service, including the availability, qualifications, licensure, insurance, performance, quality, or continued availability of such provider or service.

You will be solely responsible for all fees, charges, costs, insurance obligations, payment obligations, and other amounts associated with services provided by independent providers or third parties unless otherwise expressly agreed to in writing by Carolina Meadows.

Section 5: Care Coordination and Planning Services

- 5.1 **Care Coordination Services:** As a Resident in Early Advantage, you will have access to Care Coordination services provided by Carolina Meadows through its Care Coordination Team. Care Coordination services are intended to assist Resident in planning for changing health, wellness, housing, support, and care needs and to support Resident's ability to plan for future Carolina Meadows services, benefits, Carolina Meadows' residences, and levels of care.

Care Coordination services are generally available upon Resident's request or when necessary in connection with a Carolina Meadows service, benefit, level of care, transition opportunity, admission request, or other matter arising under this Agreement. Such services may include:

- A. Assessments of Resident's health status, functional abilities, cognitive status, support systems, living environment, and care needs;
- B. Care planning recommendations and periodic consultation;
- C. Assistance identifying and evaluating services, programs, benefits, Carolina Meadows' residences, levels of care, and support options available through Carolina Meadows and its affiliated providers;
- D. Consultation regarding aging in place, health maintenance, risk reduction, and future care planning;
- E. Assistance with planning for transitions to Carolina Meadows' residences, levels of care, services, or programs;
- F. Consultation and communication, with Resident's authorization, regarding Carolina Meadows services, care options, and transition planning with Resident, family members, caregivers, legal representatives, healthcare providers, and others involved in Resident's care;
- G. Guidance regarding eligibility for and access to Carolina Meadows services, residences, levels of care, and other benefits; and
- H. Other care coordination, planning, educational, and support services determined by Carolina Meadows to be appropriate for Early Advantage.

Care Coordination services are consultative, educational, advisory, and supportive in nature and do not create a duty on the part of Carolina Meadows to continuously monitor Resident's condition, provide ongoing case management, identify changes in Resident's health status, or initiate services absent Resident request or circumstances requiring Carolina Meadows' involvement under this Agreement.

Care Coordination services are not intended to replace the professional judgment, diagnosis, treatment, recommendations, or services of Resident's physicians, healthcare providers, legal advisors, financial advisors, or other professionals.

- 5.2 **Resident Participation:** Resident acknowledges that effective Care Coordination depends upon Resident's active participation and cooperation.

You agree to:

- A. Participate in assessments, consultations, reviews, and care planning activities requested by Resident or requested by Carolina Meadows in connection with a service, benefit, transition opportunity, admission request, or other matter arising under this Agreement;
- B. Provide accurate and complete information regarding Resident's health status, medical conditions, medications, living arrangements, support systems, and other information necessary for Care Coordination;
- C. Notify Carolina Meadows of significant changes in health status, hospitalization, diagnosis, living arrangements, support needs, or other circumstances that may affect care planning, eligibility, or future transition opportunities;
- D. Execute authorizations, releases, or consents necessary to permit communication with healthcare providers and other individuals involved in Resident's care; and
- E. Consider and cooperate with recommendations made by the Care Coordination Team.

Resident acknowledges that Carolina Meadows' ability to provide effective Care Coordination services depends substantially upon the accuracy, completeness, and timeliness of information provided by Resident. Failure to participate in requested assessments, provide requested information, execute necessary authorizations, or communicate significant changes in circumstances may limit Carolina Meadows' ability to provide Care Coordination services, evaluate eligibility for services or benefits, or assist with future transition planning.

- 5.3 **Recommendations of the Care Coordination Team:** The Care Coordination Team may provide information, guidance, and recommendations regarding Carolina Meadows services, benefits, residential opportunities, levels of care, support options, and other resources available through Carolina Meadows that may assist Resident in planning for changing health, housing, support, or care needs.

Nothing in this Agreement obligates Carolina Meadows to identify, evaluate, recommend, arrange, monitor, coordinate, or supervise services provided by third party providers or organizations not affiliated with Carolina Meadows.

Resident retains the right to accept or decline recommendations made by the Care Coordination Team, subject to the terms of this Agreement and Carolina Meadows' ability to determine eligibility for continued participation, services, benefits, or future transition opportunities.

If Resident declines, delays, or fails to follow recommendations of the Care Coordination Team, we will not be responsible for any resulting consequences, outcomes, conditions, expenses, losses, or damages arising from or related to such decision.

- 5.4 **Conditions Beyond Carolina Meadows' Scope of Care:** Early Advantage is intended to provide access to Care Coordination services, planning assistance, educational resources, consultation, community resources, and other benefits expressly described in this Agreement.

Except as expressly provided in this Agreement or under a separate written agreement, Carolina Meadows does not provide emergency medical services, continuous supervision, custodial care, personal care services, nursing services, home health services, physician services, medical treatment, medication management, medical supplies, medical equipment, oxygen, laboratory services, therapy services, or other direct healthcare services in your Private Residence.

We will not be responsible for providing services beyond the scope of Early Advantage or for services that must be provided by physicians, hospitals, licensed healthcare providers, home health agencies, governmental programs, insurers, caregivers, contractors, or other third parties.

You will continue to reside in your Private Residence and will remain solely responsible for all expenses, obligations, arrangements, services, care, maintenance, and support associated with such Private Residence except as expressly provided otherwise in this Agreement.

Section 6: Right to Rescind

- 6.1 **Termination by Resident During the 30-Day Rescission Period:** Resident has a thirty (30) day Rescission Period during which you may terminate this Agreement by providing written notice to Carolina Meadows. The Rescission Period begins on

the date Resident signs this Agreement or the date Resident receives the state required disclosure statement from Carolina Meadows, whichever occurs later.

If Resident rescinds this Agreement during the Rescission Period, we will refund, without interest, the Early Advantage Entrance Fee and any other amounts paid pursuant to Section 1.1, less: (i) a reasonable service charge not to exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the Early Advantage Entrance Fee paid; and (ii) Any Amounts Due Under this Agreement before rescission.

Any refund due under this Section will be paid within sixty (60) days after Carolina Meadows receives Resident's written notice of rescission.

Section 7: Termination of this Agreement

- 7.1 **Termination by Resident:** After expiration of the thirty (30) day Rescission Period, You may terminate this Agreement for any reason by providing Carolina Meadows with sixty (60) days prior written notice of intent to terminate.

All Monthly Service Fees and other applicable fees and charges will continue through the effective date of termination, unless otherwise agreed to in writing by Carolina Meadows. You will remain responsible for all fees, charges, costs, expenses, and other Amounts Due Under this Agreement through the effective date of termination.

If this Agreement is terminated during the first twenty-five (25) months after the Effective Date of this Agreement, you may be entitled to a prorated refund of the Early Advantage Entrance Fee, calculated in accordance with Section 7.4. After the first twenty-five (25) months, no refund of the Early Advantage Entrance Fee will be payable.

- 7.2 **Termination by Carolina Meadows:** We may terminate this Agreement upon written notice if:
- A. Resident misrepresents, omits, or provides materially false, incomplete, or misleading financial, medical, health related, or other material information requested or relied upon by Carolina Meadows during the application process, acceptance process, or continued participation in Early Advantage;
 - B. Resident fails to pay the Monthly Service Fee for three (3) consecutive months;

- C. Resident's financial status changes such that Resident no longer meets the financial requirements for continued participation in Early Advantage or for future residency at Carolina Meadows, as applicable; or
- D. If a Resident's health status, cognitive status, functional abilities, care needs, support needs, or living circumstances change such that the Resident may no longer be able to safely or successfully participate in Early Advantage or qualify for an Independent Living Residence, Carolina Meadows will work collaboratively with the Resident and, when appropriate, the Resident's representative to review the Resident's circumstances and available options.

Such options may include obtaining additional support services in your Private Residence, transitioning to a Carolina Meadows residence or level of care for which the Resident qualifies, or pursuing another appropriate care setting. If, after efforts to identify and implement an appropriate plan that addresses the Resident's health, safety, and well-being, the Resident declines recommended services or care arrangements necessary to support continued participation in Early Advantage, Carolina Meadows may determine that the Resident is no longer eligible to continue participating in the Program.

We may also terminate this Agreement if Resident's conduct, refusal to provide requested information, refusal to cooperate with assessment or planning processes, or other circumstances materially interfere with Carolina Meadows' ability to provide the services or benefits available under Early Advantage in a safe, appropriate, and administratively feasible manner.

Except in circumstances involving immediate health, safety, operational, regulatory, or administrative concern, we will provide at least sixty (60) days' written notice of termination. Upon termination, you will remain responsible for all fees, charges, costs, expenses, and other Amounts Due Under this Agreement through the effective date of termination.

Any Early Advantage Entrance Fee refund payable upon termination will be calculated and paid in accordance with Section 7.4.

7.3 Death of Resident: This Agreement will terminate upon Resident's death.

All Monthly Service Fees and other applicable fees and charges will continue through the date of death unless otherwise provided in this Agreement or required by applicable law. Resident's estate will remain responsible for all fees, charges,

costs, expenses, and other Amounts Due Under this Agreement through the date of termination.

If Resident's death occurs during the first twenty-five (25) months after the Effective Date of this Agreement, Resident's estate may be entitled to a prorated refund of the Early Advantage Entrance Fee, calculated in accordance with Section 7.4. After the first twenty-five (25) months, no refund of the Early Advantage Entrance Fee will be payable.

Any refund payable upon death will be paid without interest to Resident's estate, trust, designated beneficiary, or other person legally entitled to receive such refund, upon receipt of documentation satisfactory to Carolina Meadows establishing entitlement to the refund.

- 7.4 **Refund Calculation:** Any refund of the Early Advantage Entrance Fee payable under this Agreement will be calculated on a prorated basis over the first twenty-five (25) months after the Effective Date of this Agreement.

If termination occurs during the first twenty-five (25) months after the Effective Date of this Agreement, Resident or Resident's estate will be entitled to a refund equal to:

- A. The Early Advantage Entrance Fee paid pursuant to Section 1.1;
- B. Less four percent (4%) of the Early Advantage Entrance Fee for each month, or partial month, that this Agreement has been in effect, up to twenty-five (25) months; and
- C. Less any Amounts Due Under this Agreement.

After twenty-five (25) months, the Early Advantage Entrance Fee will be fully earned by Carolina Meadows, and no refund of the Early Advantage Entrance Fee will be payable.

Any refund payable under this Section will be paid without interest within sixty (60) days after the effective date of termination and receipt of documentation satisfactory to Carolina Meadows establishing the amount of the refund and the person legally entitled to receive it.

No refund will be payable for any portion of the Early Advantage Entrance Fee that has been credited toward a future Residence and Services Agreement, applied to Amounts Due Under this Agreement, or otherwise earned by Carolina Meadows under this Agreement.

- 7.5 **Excess Deposits:** If Resident does not move to campus and does not enter into a separate Residence and Services Agreement with Carolina Meadows, any deposits paid in excess of the Early Advantage Entrance Fee will be refunded to Resident or, if applicable, to Resident's estate, trust, designated beneficiary, or other person legally entitled to receive such refund, less any Amounts Due Under this Agreement.

If Resident subsequently enters into a Residence and Services Agreement for occupancy at Carolina Meadows, any deposits paid in excess of the Early Advantage Entrance Fee will be applied or refunded as provided in that agreement or as otherwise agreed to in writing by Carolina Meadows.

Section 8: Resident Obligations

- 8.1 **Compliance with Policies:** You agree to comply with the written rules, regulations, policies, procedures, and community standards of Carolina Meadows, as they may be adopted or amended from time to time, to the extent applicable to Early Advantage, use of Carolina Meadows facilities, participation in programs or activities, receipt of services or benefits, or presence on the Carolina Meadows campus.

Resident further agrees to conduct himself or herself in a manner consistent with Carolina Meadows' standards of civility, cooperation, respect, safety, and neighborliness, and to refrain from conduct that materially interferes with the rights, safety, comfort, privacy, or wellbeing of other residents, staff, visitors, or service providers.

- 8.2 **Required Information and Emergency Contacts:** You agree to provide Carolina Meadows, prior to participation in Early Advantage or as soon thereafter as available, with information requested for program administration, urgent situations, Care Coordination, financial administration, legal compliance, communication, and other operational purposes.

Such information may include emergency contacts, healthcare providers, legal representatives, powers of attorney, advance directives, estate representatives, and documents necessary to verify the proper recipient of any refund or payment due under this Agreement.

You agree to promptly notify Carolina Meadows of any material changes and to provide updated information upon request. We may rely upon the information

provided under this Section. Failure to provide materially required information may delay services, transitions, refunds, payments, or other administrative actions until such information is provided.

- 8.3 **Powers of Attorney and Advance Directives:** You agree to provide Carolina Meadows with copies of any current Durable Power of Attorney, Health Care Power of Attorney, Advance Directive, living will, guardianship order, or similar legal or healthcare decision making document that may be relevant to participation in Early Advantage, future transition planning, urgent situations, Care Coordination, financial administration, or other matters arising under this Agreement.

You agree to promptly notify Carolina Meadows of any revocation, amendment, replacement, expiration, or other material change to any such document.

- 8.4 **Participation in Assessments and Care Coordination:** You agree to participate in assessments, reviews, interviews, and information updates requested by Carolina Meadows in connection with participation in Early Advantage, use of services or benefits, future transition planning, emergency preparedness, eligibility for a Carolina Meadows' residence or level of care, or Carolina Meadows' ability to provide services and benefits under this Agreement.

Refusal to participate in requested assessments, provide requested information, or execute necessary authorizations may impair Carolina Meadows' ability to evaluate Resident's care needs, provide Care Coordination services, determine eligibility for future services or benefits, assist with transition planning, or respond effectively in an urgent situation.

- 8.5 **Cooperation with Care Planning and Transition Planning:** You agree to cooperate in good faith with Carolina Meadows' Care Coordination Team in connection with care planning, consultation, emergency planning, and future transition planning related to Carolina Meadows residences, services, benefits, programs, or levels of care.

Resident remains responsible for making Resident's own healthcare, housing, financial, legal, and personal decisions, subject to applicable law and any authority held by Resident's legal representative.

Nothing in this Agreement will be construed to transfer responsibility for such decisions to Carolina Meadows or to require Resident to accept or follow recommendations made by the Care Coordination Team.

- 8.6 **Financial Information Updates:** You agree to provide updated financial information every three (3) years, or more frequently upon Carolina Meadows' request, for purposes of evaluating continued eligibility for Early Advantage, future residency, future services or benefits, and any financial assistance for which you may request consideration.

Failure or refusal to provide updated financial information may delay or impair Carolina Meadows' ability to evaluate Resident's eligibility for continued participation, future residency, services, benefits, transitions, or financial assistance.

- 8.7 **Long Term Care Insurance:** Carolina Meadows encourages Resident to maintain long term care insurance if such coverage is available and appropriate for Resident's circumstances. If Carolina Meadows approved Resident's application or continued participation in Early Advantage based in whole or in part upon the availability of long-term care insurance, you agree to maintain such coverage and to provide proof of coverage upon Carolina Meadows' request.

Failure to maintain required long term care insurance coverage or provide proof of such coverage may affect Carolina Meadows' evaluation of Resident's continued eligibility, future transition opportunities, or eligibility for financial assistance.

- 8.8 **Health Insurance, Medicare, and Supplemental Coverage:** You agree to maintain Medicare coverage and appropriate supplemental coverage if Resident is eligible for Medicare. If Resident is not eligible for Medicare, you agree to maintain health insurance coverage that Carolina Meadows determines to be comparable for purposes of participation in Early Advantage and future planning for Carolina Meadows services or benefits.

- 8.9 **Timely Payment of Fees:** You agree to pay, in full and on time, all fees, charges, costs, expenses, and other Amounts Due Under this Agreement.

If any amount due under this Agreement is not paid when due, we may charge a late fee or interest on the unpaid balance at the lesser of eighteen percent (18%) per year or the maximum rate permitted by applicable law, unless otherwise prohibited by law.

If Resident fails to pay any Amounts Due Under this Agreement within thirty (30) days after written notice from Carolina Meadows, we may suspend nonessential program benefits, terminate this Agreement, offset unpaid amounts against any refund otherwise payable, and pursue all remedies available under this Agreement and applicable law.

- 8.10 **Financial Responsibility for Services and Expenses:** You agree to pay all fees, charges, expenses, and other Amounts Due Under this Agreement and under any separate agreement entered into with Carolina Meadows or its affiliates.

Except as expressly provided in this Agreement, you will continue to reside in your Private Residence and will remain solely responsible for all expenses, obligations, arrangements, services, care, maintenance, and support associated with such Private Residence.

- 8.11 **Accuracy of Information:** You represent and warrant that all financial, medical, health related, legal, personal, and other information provided by you or on your behalf to Carolina Meadows is true, accurate, complete, and not misleading in any material respect.

Material omissions, misrepresentations, false statements, or failure to provide updated information requested by Carolina Meadows may constitute grounds for termination of this Agreement.

- 8.12 **Privacy of Decisions Concerning Other Residents:** You acknowledge and agree that information regarding another resident's admission, participation, accommodation, services, care planning, health status, finances, refund rights, termination, complaints, disciplinary matters, or other personal circumstances is confidential and may not be disclosed by Carolina Meadows except as permitted or required by applicable law.

Accordingly, decisions made by us concerning another resident are private matters between Carolina Meadows and that resident or such resident's authorized representative, and we will have no obligation to discuss, explain, justify, or disclose such matters to Resident.

- 8.13 **Liability for Losses, Damages, or Injuries and Insurance Coverage:** We will not be liable for any loss of or damage to a your property, or for any injury, illness, death, loss, damage, cost, or expense incurred by you or your guests, except to the extent caused by the negligence or willful misconduct of Carolina Meadows, its employees, or agents.

We will not be responsible for losses, damages, injuries, costs, or expenses arising from conditions within a Resident's private residence, the acts or omissions of third-party providers, caregivers, contractors, family members, guests, or other persons not under the control of Carolina Meadows, or from events beyond our reasonable control.

Resident acknowledges that participation in Early Advantage does not include property, casualty, liability, automobile, health, long-term care, or other insurance coverage. You will be solely responsible for obtaining and maintaining such insurance coverage as you deem appropriate.

- 8.14 **Indemnification:** You agree to indemnify and hold Carolina Meadows harmless from claims, losses, damages, liabilities, costs, and expenses, including attorneys' fees, arising from Resident's negligence, misconduct, material misrepresentations, failure to comply with this Agreement, or actions of your guests, caregivers, invitees, agents, or representatives, except to the extent caused by the negligence or willful misconduct of Carolina Meadows.
- 8.15 **Attorney Fees and Collection Costs:** If we incur attorneys' fees, court costs, collection costs, expert fees, mediation costs, arbitration costs, or other expenses in collecting Amounts Due Under this Agreement, enforcing your obligations under this Agreement, responding to a default by you, or otherwise enforcing or protecting our rights under this Agreement, you will reimburse Carolina Meadows for such fees, costs, and expenses to the extent permitted by applicable law.
- 8.16 **Subordination to Lender Rights:** We may borrow money from time to time to finance projects, operations, improvements, or other organizational purposes and may pledge its property, revenues, contracts, or other assets as security for such borrowing.

You agree that any lender's security interest, mortgage, deed of trust, assignment, or other financing arrangement may take precedence over Resident's interests and rights under this Agreement to the extent permitted by Chapter 58, Article 64 of the North Carolina General Statutes and other applicable law.

Section 9: Transition to Carolina Meadows Residency

- 9.1 **Future Admission to an Independent Living Residence:** Participation in Early Advantage constitutes conditional acceptance into the Carolina Meadows community, subject to the terms of this Agreement. Accordingly, you will maintain consideration for future admission to an Independent Living Residence at Carolina Meadows in accordance with your priority number, Carolina Meadows' admissions policies, availability of an appropriate Residence, and the requirements of this Agreement.

Your participation in Early Advantage does not guarantee availability of a particular Residence, floor plan, location, size, contract option, Entrance Fee level, occupancy

date, or admission to a specific residence or level of care. You must continue to satisfy the financial, medical, cognitive, functional, behavioral, and other eligibility requirements applicable at the time admission or occupancy is requested.

- 9.2 **Updated Medical, Functional, Cognitive, and Financial Review:** Because a period of time may elapse between enrollment in Early Advantage and a request for future admission or occupancy at Carolina Meadows, we may request updated medical, functional, and other information necessary to evaluate your eligibility for the residence, services, program, or level of care you are seeking at that time.

Participation in Early Advantage does not require you to maintain a particular health status or level of functioning. However, when admission, occupancy, services, or a specific level of care is requested, Carolina Meadows must determine whether the requested residence, services, or level of care can appropriately meet your needs and whether you satisfy the eligibility requirements applicable to that residence, service, program, or level of care.

We will use updated information to work with you in identifying the most appropriate options available at Carolina Meadows and to determine your eligibility for admission, occupancy, services, benefits, or a particular level of care.

- 9.3 **Execution of Residence and Services Agreement and Payment of Required Fees:** Before occupying an Independent Living Residence, Assisted Living accommodation, Health Center accommodation, or any other Carolina Meadows residence or level of care requiring a separate written agreement, you must execute the applicable Residence and Services Agreement or other agreement then in use by Carolina Meadows and timely pay all required entrance fees, deposits, monthly fees, and other charges associated with such residence, accommodation, or level of care. Execution of the applicable agreement and payment of all required fees will be conditions precedent to occupancy.

- 9.4 **Effect of Campus Admission on this Agreement:** If you enter into a Residence and Services Agreement or other agreement for occupancy at Carolina Meadows, the terms of such agreement will govern your occupancy, residency rights, fees, services, healthcare benefits, refund rights, and obligations associated with the applicable residence or level of care.

To the extent of any conflict between this Agreement and a subsequently executed Residence and Services Agreement or other occupancy agreement, the later executed agreement will control.

This Agreement will terminate, be superseded, or be amended as expressly provided in the subsequently executed agreement or in a written addendum signed by Carolina Meadows and Resident.

Termination, supersession, or amendment of this Agreement in connection with campus admission will not create a right to any cash refund of the Early Advantage Entrance Fee except as expressly provided in this Agreement or the applicable Residence and Services Agreement. Any credit of the Early Advantage Entrance Fee applied pursuant to Section 1.4 will be deemed full satisfaction of Carolina Meadows' obligations with respect to such amounts and will not constitute a cash refund.

Section 10: Financial Assistance

- 10.1 **Financial Assistance Policy:** Carolina Meadows maintains a financial assistance policy intended to assist eligible residents who, through no fault of their own, become unable to pay required fees and charges after becoming residents of Carolina Meadows. Financial assistance is not guaranteed and is subject to the policies, procedures, eligibility criteria, available financial resources, and discretionary determinations of Carolina Meadows then in effect.

Participation in Early Advantage does not create any right to financial assistance and does not obligate Carolina Meadows to provide financial assistance, subsidize fees, waive charges, or continue services or benefits if Resident is unable to pay amounts due under this Agreement. Acceptance into Early Advantage will not be construed as a commitment by Carolina Meadows to provide future financial assistance.

Because participation in Early Advantage is intended to preserve eligibility for future residency at Carolina Meadows, we may request updated financial information and may consider your financial condition, financial qualifications, and ability to satisfy applicable financial requirements in connection with future admission to a Carolina Meadows residence or level of care, eligibility for services or benefits, and any future request for financial assistance.

- 10.2 **No Guarantee of Financial Assistance:** Nothing in this Agreement will be construed to require us to provide financial assistance, subsidize fees, waive charges, continue services or benefits, or approve future admission to a Carolina Meadows' residence or level of care if Resident is unable to pay amounts due under this Agreement or otherwise fails to meet applicable financial requirements.

- 10.3 **Eligibility and Cooperation:** You agree to provide financial information, documentation, authorizations, and other information requested by Carolina Meadows in connection with continued eligibility for Early Advantage, future admission to a Carolina Meadows' residence or level of care, evaluation of Resident's ability to meet current or future financial obligations, or any request for financial assistance.
- 10.4 **Effect of Misrepresentation or Asset Transfers:** You will not be eligible for financial assistance if Carolina Meadows determines that you have materially misrepresented financial information, failed to disclose material assets, income, liabilities, or financial resources, transferred assets for less than fair value, failed to maintain required insurance coverage, failed to provide requested financial information, or otherwise acted in a manner intended to qualify for financial assistance, avoid payment of fees or charges, or impair our ability to evaluate your financial qualifications.

Nothing in this Section will limit Carolina Meadows' right to deny financial assistance, terminate this Agreement, recover amounts due, or exercise any other rights or remedies available under this Agreement or applicable law.

- 10.5 **Continuing Responsibility for Amounts Due:** Unless we expressly agree otherwise in writing, you remain responsible for all fees, charges, costs, expenses, and other Amounts Due Under this Agreement, regardless of whether you request financial assistance, apply for financial assistance, or are being considered for financial assistance, receives financial assistance, or has a request for financial assistance denied, reduced, delayed, modified, or discontinued.

Nothing in the financial assistance review process will suspend, defer, waive, or otherwise relieve you of responsibility for Amounts Due Under this Agreement unless expressly agreed to in writing by Carolina Meadows.

Section 11: No Unauthorized Assignment

Resident's rights under this Agreement are personal to you and may not be assigned, transferred, pledged, encumbered, sold, conveyed, or otherwise transferred to any other person or entity without the prior written consent of Carolina Meadows.

Any attempted assignment, transfer, pledge, encumbrance, sale, conveyance, or other transfer of your rights under this Agreement without the prior written consent of Carolina Meadows will be void.

Nothing in this Section will prevent us from recognizing a person legally authorized to act on your behalf, including an attorney in fact, guardian, personal representative, trustee, executor, administrator, or other person legally entitled to act for you or your estate, provided that such person provides documentation satisfactory to Carolina Meadows establishing such authority.

Section 12: Visitors and Use of Campus Facilities

- 12.1 **Use of Campus Facilities:** As an Early Advantage Resident, you may use Carolina Meadows facilities, amenities, programs, services, dining venues, activities, committees, resident resources, and other community benefits that are made available to Early Advantage Residents, subject to Carolina Meadows' policies, procedures, schedules, capacity limits, charges, eligibility requirements, and operational needs.

- 12.2 **Visitors and Guests:** Your visitors and guests may accompany you and may, subject to availability, capacity limitations, and Carolina Meadows' policies and procedures then in effect, use Carolina Meadows facilities, amenities, dining venues, programs, services, and activities. Visitors and guests will not have an independent right to access or use Carolina Meadows facilities, amenities, dining venues, programs, services, or activities except as expressly permitted by Carolina Meadows.

You are responsible for the conduct of visitors and guests while they are on the Carolina Meadows campus or participating in Carolina Meadows programs or services. We may restrict or deny access to any visitor or guest whose conduct, in Carolina Meadows' judgment, creates a health, safety, security, operational, regulatory, or community concern.

- 12.3 **Charges for Services and Amenities:** You will be responsible for any fees, charges, guest charges, dining charges, program charges, activity charges, transportation charges, service charges, or other amounts incurred by Resident or Resident's guests in connection with use of Carolina Meadows facilities, amenities, programs, services, or activities.

Unless expressly provided otherwise in this Agreement, participation in Early Advantage does not include a Monthly Meal Minimum and does not entitle you or your guests to services without charge.

Section 13: Private Duty Caregivers and Outside Service Providers



13.1 Responsibility for Outside Providers: You remain responsible for selecting, arranging, directing, supervising, paying, and, where applicable, terminating any private duty caregiver, companion, aide, nurse, home care provider, contractor, transportation provider, healthcare provider, or other outside service provider who provides services to you in your Private Residence or otherwise outside services provided directly by Carolina Meadows under this Agreement.

Except as expressly provided in a separate written agreement, Carolina Meadows does not employ, supervise, control, direct, monitor, credential, evaluate, or assume responsibility for outside service providers selected or retained by Resident.

13.2 Campus Access by Outside Providers: If an outside service provider accompanies you to Carolina Meadows or provides services to you while you are on the Carolina Meadows campus, such provider must comply with Carolina Meadows' policies, procedures, safety requirements, infection prevention requirements, confidentiality requirements, and other rules applicable to visitors, contractors, caregivers, or service providers. We do not allow any third-party providers to access or perform services on Carolina Meadows' owned equipment.

13.3 No Assumption of Responsibility: We will not be responsible for the acts, omissions, negligence, misconduct, qualifications, licensure, insurance, availability, performance, or fees of any outside service provider selected or retained by Resident, except to the extent expressly required by applicable law or expressly agreed to in writing by Carolina Meadows.

Section 14: Pets

14.1 Pets in Your Private Residence: Because you reside in a Private Residence while participating in Early Advantage, Carolina Meadows does not regulate pets kept in your Private Residence other matters arising under this Agreement.

Resident remains solely responsible for the care, supervision, behavior, health, safety, licensing, vaccination, and control of any pet kept in your Private Residence.

14.2 Pets on Carolina Meadows Campus: Pets may be brought onto the Carolina Meadows campus only in accordance with our policies and procedures then in effect. We may restrict or prohibit pets in certain buildings, dining venues, healthcare areas, program spaces, transportation vehicles, outdoor areas, or other locations based upon health, safety, sanitation, regulatory, operational, or community considerations.

You will be responsible for the conduct, supervision, control, cleanup, and any damage, injury, loss, claim, or expense caused by your pet while on the Carolina Meadows campus.

- 14.3 **Service Animals:** Nothing in this Section is intended to limit rights related to service animals or assistance animals to the extent protected by applicable law. We may require documentation, information, or compliance with policies permitted by applicable law.

Section 15: Conditions Beyond Carolina Meadows' Scope of Care

- 15.1 **Scope of Early Advantage:** Early Advantage is intended to provide access to Care Coordination services, planning assistance, educational resources, consultation, access opportunities, campus access benefits, and other benefits expressly described in this Agreement. Care Coordination services are consultative and supportive in nature and are generally provided at your request or when necessary in connection with a Carolina Meadows service, benefit, transition opportunity, or other matter arising under this Agreement.

- 15.2 **Services Not Provided in Resident's Home:** Except as expressly provided in this Agreement or under a separate written agreement, Carolina Meadows does not provide emergency medical services, continuous supervision, custodial care, personal care services, nursing services, home health services, medical treatment, medication management, or other direct healthcare services in your Private Residence.

- 15.3 **Third Party Services and Resources:** We will not be responsible for providing services that exceed the scope of Early Advantage or for services that must be provided by physicians, licensed healthcare providers, hospitals, home health agencies, governmental programs, insurers, caregivers, or other third parties.

Carolina Meadows does not guarantee the availability, suitability, admission, acceptance, quality, or continued availability of any third-party healthcare provider, governmental benefit, insurer, service provider, or care setting. References to or discussions regarding such resources are provided solely as information and do not constitute a recommendation, endorsement, or assumption of responsibility by Carolina Meadows.

- 15.4 **Resident Responsibility:** You will continue to reside in your Private Residence and will remain solely responsible for all expenses, obligations, and arrangements

associated with residing in that residence, except as expressly provided otherwise in this Agreement.

Section 16: Miscellaneous Provisions

- 16.1 **Required Information and Authorization:** This Agreement will not become effective until Carolina Meadows has received and approved all required application, financial, medical, health related, legal, and other supporting documentation requested as part of the Early Advantage admissions process.

By signing this Agreement, you authorize Carolina Meadows to obtain, review, and verify information necessary to evaluate eligibility, acceptance into Early Advantage, continued participation, care needs, service planning, future transition opportunities, financial qualifications, and compliance with this Agreement, subject to applicable privacy and confidentiality laws.

- 16.2 **Resident Review and Understanding:** You acknowledge that Carolina Meadows has encouraged you to review this Agreement with legal, financial, tax, healthcare, and other advisors of your choosing before signing this Agreement and that you have either done so or voluntarily elected not to do so.

You further acknowledge that any commitments, representations, expectations, or understandings upon which you are relying should be included within this Agreement or in written addenda or amendments signed by Carolina Meadows and Resident.

- 16.3 **Notices:** Any notice required or permitted under this Agreement will be in writing and may be delivered personally, sent by United States mail, nationally recognized overnight delivery service, electronic mail, or by any other method approved by Carolina Meadows.

Unless otherwise required by law, notice to you will be deemed given upon personal delivery, electronic transmission, or deposit with the applicable delivery service addressed to the most recent mailing address or electronic mail address provided by you to Carolina Meadows.

Any notice to Carolina Meadows will be directed to the Executive Offices of Carolina Meadows at 100 Carolina Meadows, Chapel Hill, North Carolina 27517, or delivered to the administrative offices located at 100 Whippoorwill Lane, Chapel Hill, North Carolina 27517, Attention: Chief Executive Officer, Chief Operating

Officer, Chief Financial Officer. Notice to Carolina Meadows will be deemed given upon actual receipt.

Notwithstanding the foregoing, any notice relating to termination of this Agreement, default, legal claims, refund rights, or other matters having significant legal or financial consequences may be delivered by Carolina Meadows through one or more methods calculated to provide actual notice.

- 16.4 **Professional and Clinical Determination:** In making determinations under this Agreement relating to participation in Early Advantage, health status, care needs, assessments, service planning, future transition opportunities, levels of care, safety, eligibility for services or benefits, or Carolina Meadows' ability to appropriately provide services under this Agreement, we may rely upon information and recommendations from physicians, licensed healthcare providers, medical records, assessments, evaluations, observations of staff, the Care Coordination Team, and other sources believed to be reliable.

We may make decisions under this Agreement based upon such information and recommendations, even when differing opinions or recommendations exist.

We may also rely upon information provided by Resident, responsible parties, healthcare providers, legal representatives, family members, financial representatives, and other persons believed to possess relevant information. We will not be liable for actions taken in good faith reliance upon information or recommendations believed to be reliable.

- 16.5 **Dispute Resolution:** In the event of any dispute, claim, or controversy arising out of or relating to this Agreement, the parties will first attempt in good faith to resolve the matter through informal discussions.

If the dispute cannot be resolved through such discussions, either party may request nonbinding mediation before a mutually acceptable mediator. The parties will cooperate in good faith to schedule and participate in such mediation before commencing litigation, except where immediate judicial relief is necessary to protect health, safety, property, regulatory compliance, refund rights, collection rights, or other rights that may be materially prejudiced by delay.

Nothing in this Section will prevent either party from seeking temporary, preliminary, or emergency relief from a court of competent jurisdiction when necessary under the circumstances.

- 16.6 **Failure to Enforce:** The failure of either party to enforce any provision of this Agreement, or the waiver of any breach or default, will not constitute a continuing waiver of that provision or any other provision of this Agreement. This Agreement will remain fully enforceable according to its terms unless modified in writing and signed by the parties as required under this Agreement.
- 16.7 **Binding Effect:** This Agreement will be binding upon and inure to the benefit of Carolina Meadows and Resident, and their respective heirs, executors, administrators, personal representatives, successors, and other persons legally entitled to act on their behalf. Nothing in this Section will be construed to permit any assignment or transfer prohibited by this Agreement.
- 16.8 **Rules of Interpretation:** Headings are for convenience only and will not affect interpretation of this Agreement. References to the singular include the plural and references to the plural include the singular where the context requires. References to Resident include Resident's legally authorized representative or estate where the context requires.
- 16.9 **Force Majeure:** We will not be deemed in default or liable for any delay, interruption, reduction, modification, suspension, or inability to provide services, benefits, programs, facilities, access, or operations caused by events beyond its reasonable control, including acts of God, severe weather, natural disasters, epidemics, pandemics, governmental actions, labor shortages, utility interruptions, supply chain disruptions, war, civil disturbances, public health emergencies, regulatory restrictions, technology failures, or other emergencies.
- We will make efforts to continue operations and restore affected services or benefits as circumstances permit.
- 16.10 **Severability:** If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, the remaining provisions will remain in full force and effect.
- 16.11 **Electronic Signatures:** Electronic signatures, scanned signatures, and signatures transmitted electronically will be deemed original signatures and will be fully enforceable to the extent permitted by applicable law.
- 16.12 **Survival:** Any provisions of this Agreement that by their nature should survive termination, including provisions relating to refunds, payment obligations, indemnification, confidentiality, dispute resolution, attorney fees, collection costs, and interpretation of this Agreement, will survive termination of this Agreement.

Section 17: Entire Agreement

This Agreement, together with any addenda, amendments, policies, disclosures, schedules, and other documents expressly incorporated herein, constitutes the entire agreement between Carolina Meadows and Resident regarding Resident's participation in Early Advantage and supersedes all prior or contemporaneous oral or written discussions, understandings, representations, marketing statements, or agreements relating to the subject matter of this Agreement.

We will not be bound by any oral statements, representations, promises, marketing materials, projections, expectations, or understandings unless specifically set forth in this Agreement or in a written addendum, amendment, or other document duly executed by Carolina Meadows and Resident. Resident acknowledges that Resident has not relied upon any oral statements, representations, projections, expectations, marketing materials, or promises not expressly contained in this Agreement.

No amendment, modification, waiver, or change to this Agreement will be valid unless made in writing and signed by both Carolina Meadows and Resident, except as otherwise expressly permitted under this Agreement or applicable law.

This Agreement will be governed by and construed in accordance with the laws of the State of North Carolina, without regard to conflict of law principles.

Section 18: Signature Section

NOTICE

Because the authority to enter into continuing care contracts granted by the North Carolina Department of Insurance is neither a guarantee of performance by the provider nor an endorsement of any continuing care contract provisions, prospective residents must carefully consider the risks, benefits, and costs before signing a continuing care contract and are strongly encouraged to seek financial and legal advice before doing so.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date set forth above.

Carolina Meadows, Inc.

Resident:

By: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Date: _____

Date: _____

Legal Representative, if applicable:

Signature: _____

Printed Name: _____

Capacity: _____

Date: _____



Appendix F — Statutory Ratio and Supporting Definitions

Adjusted Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider and net cash proceeds from entrance fees. The quotient shall be calculated by dividing the sum of resident operating income and net proceeds from entrance fees by the sum of resident revenue and net cash proceeds from entrance fees.”* (G.S. 58-64A-145(1))

Annual Debt Service. *“The current year's capitalized interest cost plus interest expense and scheduled principal payments, excluding any balloon principal payment amounts and any portion of the annual debt service that has been or will be funded by debt for the payment of debt service.”* (G.S. 58-64A-5(7))

Average Daily Cash Operating Expenses. *“The total expenses of a provider incurred in the conduct of the provider's business over a defined period of time, divided by the number of days in that period. For purposes of this definition, ‘total expenses’ includes interest expense, but excludes depreciation expense, amortization expense, realized or unrealized nonoperating losses or expenses, bad debt expense, and other noncash expenses.”* (G.S. 58-64A-145(2))

Capital Expenditures as a Percentage of Depreciation Ratio. *“A capital structure ratio that indicates the level of capital reinvestment by a provider. The quotient shall be computed by dividing total purchases of property, plant, and equipment by total depreciation expense.”* (G.S. 58-64A-145(3))

Cushion Ratio. *“A liquidity ratio that measures a provider's ability to pay its annual debt service using its unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by annual debt service.”* (G.S. 58-64A-145(4))

Days Cash on Hand Ratio. *“A liquidity ratio that measures the number of days of cash operating expenses a provider could cover using its existing unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by average daily cash operating expenses.”* (G.S. 58-64A-145(5))

Debt Service Coverage Ratio. *“A capital structure ratio that measures a provider's ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees, minus entrance fee amortization, entrance fee refunds contractually past due, and other noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness.”* (G.S. 58-64A-5(17))

Net Cash Proceeds from Entrance Fees. *“Total entrance fees received less entrance fees refunded, and less initial entrance fees received for new independent living units.”* (G.S. 58-64A-5(30))

Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider. The quotient shall be calculated by dividing resident operating income by resident revenue.”* (G.S. 58-64A-145(7))

Operating Ratio. *“A profitability ratio that measures whether current year cash operating revenues are sufficient to cover current year cash operating expenses without the inclusion of cash from entrance fee receipts. The quotient shall be computed by dividing total operating expenses, excluding depreciation expense and amortization expense, by total operating revenues, excluding amortization of entrance fees and other deferred revenue.”* (G.S. 58-64A-145(8))

Prospective Financial Statements. *“Financial forecasts or financial projections, including the summaries of significant assumptions and accounting policies prepared by an independent certified public accountant.”* (G.S. 58-64A-5(38))

Resident Expense. *“Total operating expenses excluding interest expense, depreciation expense, amortization expense, and income taxes.”* (G.S. 58-64A-145(10))

Resident Revenue. *“Total operating revenue excluding interest and dividend income, entrance fee amortization, and contributions.”* (G.S. 58-64A-145(11))

Unrestricted Cash and Investments. *“The sum of the provider’s unrestricted cash, cash equivalents and investments, and any provider restricted funds that are available to pay debt or to pay operating expenses. For purposes of this definition, the assets serving as the operating reserve required by G.S. 58-64A-245 shall be considered unrestricted.”* (G.S. 58-64A-145(12))

Unrestricted Cash and Investments to Long-Term Debt Ratio. *“A capital structure ratio that (i) measures a provider’s position in available cash and marketable securities in relation to its long-term debt and (ii) measures a provider’s ability to withstand annual fluctuations in cash. The quotient shall be calculated by dividing unrestricted cash and investments by total long-term debt, less the current portion of long-term debt.”* (G.S. 58-64A-145(13))

Source: N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 (Session Law 2025-58). Subsequent amendments, if enacted, supersede the text reproduced herein.