

# **Disclosure Statement**

**Matthews Glen**

**Provider: ACTS Retirement-Life Communities, 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 ACTS Retirement-Life Communities, Inc. to penalties under Article 64A.**

## Financial Snapshot: Key Ratios for ACTS Retirement-Life Communities, Inc. (Obligated Group)

**Table FS-1. Financial Snapshot – Key Statutory Financial Ratios**

*Fiscal Year Ended December 31, 2025 (FY), with comparative historical and prospective periods*

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3	NC 25 <sup>th</sup> % <sup>1</sup>	NC 50 <sup>th</sup> % <sup>1</sup>	NC 75 <sup>th</sup> % <sup>1</sup>
<b>DCOH</b>	258	244	256	249	254	259	—	—	—
<b>CUSH</b>	6.43x	6.11x	6.10x	6.11x	6.58x	6.99x	—	—	—
<b>OR</b>	107.5%	106.9%	104.8%	104.9%	103.9%	103.0%	—	—	—
<b>NOM</b>	-4.7%	-4.1%	-1.8%	-0.9%	-0.7%	-0.4%	—	—	—
<b>NOM-A</b>	25.0%	25.2%	27.0%	24.9%	25.4%	25.6%	—	—	—
<b>DSCR</b>	3.27x	3.41x	3.31x	3.04x	3.36x	3.66x	—	—	—
<b>CD</b>	0.43x	0.45x	0.44x	0.46x	0.50x	0.54x	—	—	—
<b>CED</b>	1.59x	1.32x	1.23x	1.43x	1.73x	1.35x	—	—	—

### 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).** 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.**

<sup>1</sup> **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.

# Table of Contents

1. Provider Identification .....	1
2. Organizational Structure .....	2
3. Key Persons and Management Personnel .....	4
4. Governing Body and Oversight.....	16
5. Related Parties.....	19
6. Relationships with Religious, Charitable, or Other Organizations .....	20
7. Other Persons Responsible for Obligations .....	20
8. Obligated Groups .....	20
9. Debt Covenants and Compliance .....	21
10. Third-Party Management Arrangements .....	21
11. Real Property Leases .....	21
12. Endowment Funds .....	21
13. Description and Location of the Community.....	22
14. Living Units by Level of Living.....	22
15. Continuing Care at Home Program .....	22
16. Resident Population Served .....	23
17. Occupancy Rates .....	23
18. Semiannual Resident Meetings .....	24
19. Resident Property Rights .....	24
20. Services Provided Under the Contract.....	24
21. Resident Fees .....	25
22. Refundable Entrance Fee Obligations .....	29
23. Financial Hardship Policies .....	30
24. Contract Cancellation and Refund Policies .....	31
25. Re-occupancy of Units .....	32
26. Resident Relocation .....	33
27. Admission and Continuation Standards .....	34
28. Age and Insurance Requirements .....	35
29. Reserve Funding and Refund Security .....	36
30. Expansion and Renovation Plans .....	38
31. Audit Opinion and Timeliness .....	38
32. Audited Financial Statements .....	38

33. Five-Year Prospective Financial Statements .....	39
34. Variances from Prospective Financial Statements .....	39
35. Key Financial Metrics .....	41
36. Actuarial Opinion and Balance .....	44
37. Most Recent Department Examination Report .....	45
38. Other Material Information .....	45
39. Contract Forms and Attachments .....	45
Appendix A — Audited Financial Statements .....	47
Appendix B — Five-Year Prospective Financial Statements .....	48
Appendix C — Statement of Actuarial Opinion.....	49
Appendix D — Representative Contract(s).....	50
Appendix E — Examination Report.....	51
Appendix F — Statutory Ratio and Supporting Definitions.....	52

# 1. Provider Identification

## Legal Responsibility for Continuing Care

ACTS Retirement-Life Communities, Inc. is the entity that enters into continuing care contracts with residents and is legally responsible for providing continuing care and performing all obligations under those contracts. No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

## Doing Business As (DBA)

ACTS Retirement-Life Communities, Inc. conducts business under the name “Matthews Glen.” The name “Matthews Glen” is a trade name only and does not represent a separate legal entity. ACTS Retirement-Life Communities, Inc. remains legally responsible for providing continuing care and performing all obligations under continuing care contracts.

Item	Information
<b>Legal Provider Name:</b>	ACTS Retirement-Life Communities, Inc.
<b>Doing Business As (DBA):</b>	Matthews Glen
<b>Business Address:</b>	420 Delaware Drive, Fort Washington, PA 19034
<b>Telephone Number:</b>	(215) 661-8330
<b>Legal Entity Type:</b>	Nonprofit corporation organized under the laws of Pennsylvania
<b>For-Profit / Nonprofit Status:</b>	Nonprofit
<b>Federal Tax Status:</b>	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
<b>Ownership Type:</b>	Privately owned and controlled nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
<b>Tax Filing Status:</b>	Current on all required federal and state tax filings
<b>Ownership / Control:</b>	ACTS Retirement-Life Communities, Inc. is a nonprofit corporation whose sole member is ACTS Retirement Services, Inc., a Pennsylvania nonprofit corporation

## 2. Organizational Structure

### 2.1 Multi-Entity Organization Status

ACTS Retirement-Life Communities, Inc. is part of a multi-entity organization and is a wholly owned subsidiary of ACTS Retirement Services, Inc., a Pennsylvania nonprofit corporation that serves as the controlling person.

### 2.2 Consolidation of Financial Statements

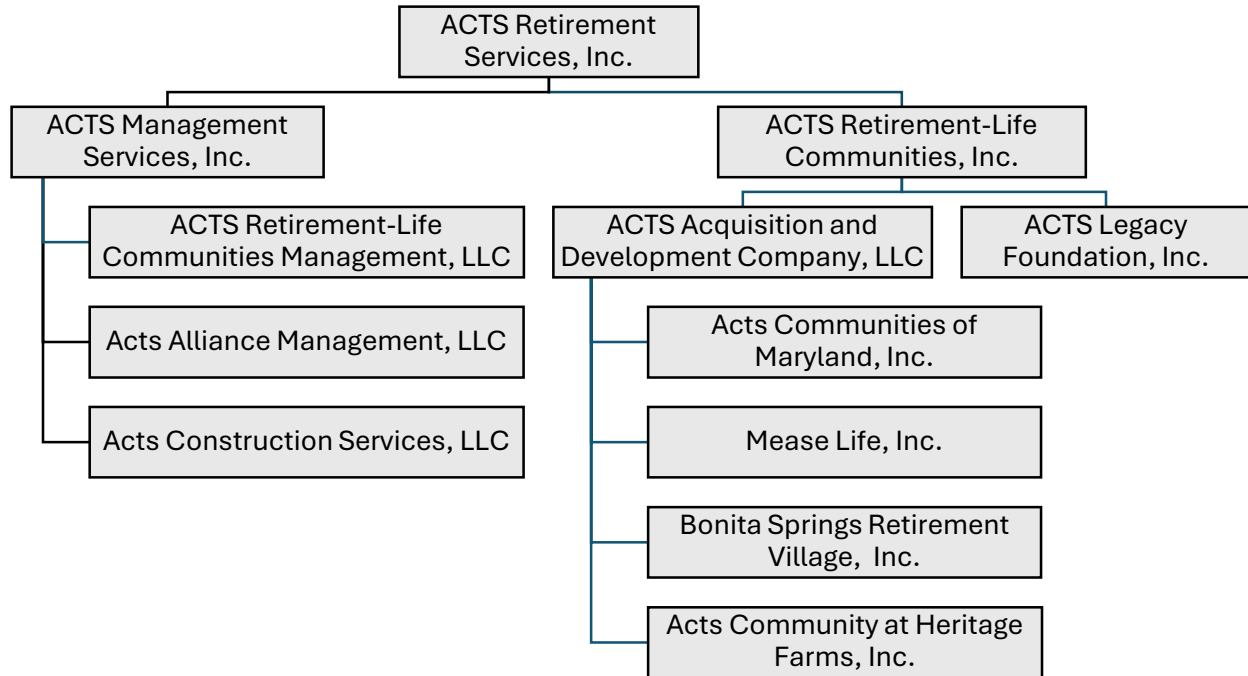
Audited financial statements are prepared on a special-purpose combined basis with ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, and Mease Life, Inc. These organizations, together with ACTS Retirement-Life Communities, Inc., constitute the current members of the ACTS Retirement-Life Communities, Inc. (Obligated Group), and include both continuing care providers and related supporting organizations. Special-purpose combining schedules within the audit present the financial position and results of operations of ACTS Retirement-Life Communities, Inc.

### 2.3 Controlling Person

Item	Information
Name:	ACTS Retirement Services, Inc.
Business Address:	420 Delaware Drive, Fort Washington, PA 19034
Telephone Number:	(215) 661-8330

### 2.4 Company Structure Chart

The organizational structure of ACTS Retirement Services, Inc. and its related entities, including ACTS Retirement-Life Communities, Inc., is as follows:



**Accessible Text Equivalent:**

- **ACTS Retirement Services, Inc.** (parent and controlling person; nonprofit corporation)
  - **ACTS Management Services, Inc.** - provider of management, marketing and development services to senior living providers
    - **ACTS Retirement-Life Communities Management, LLC** - provider of management, marketing and development services to ACTS Retirement-Life Communities, Inc. and its affiliates
    - **Acts Alliance Management, LLC** - provider of management services to senior living providers
    - **Acts Construction Services, LLC** - provider of construction services to ACTS Retirement-Life Communities, Inc. and its affiliates
  - **ACTS Retirement Life Communities, Inc.** - provider of continuing care contracts; operator of Matthews Glen (Matthews, NC) and 21 other continuing care retirement communities located in Pennsylvania, New Jersey, Delaware, North Carolina, South Carolina, Georgia, Florida, and Alabama
    - **ACTS Acquisition and Development Company, LLC** - limited liability company that engages in acquisition and development related activity on behalf of ACTS Retirement-Life Communities, Inc. and its affiliates

- **Acts Communities of Maryland, Inc.** - provider of continuing care contracts; operator of four continuing care retirement communities located in Maryland
- **Mease Life, Inc.** - provider of continuing care contracts; operator of a continuing care retirement community located in Florida
- **Bonita Springs Retirement Village, Inc.** - provider of continuing care contracts; operator of a continuing care retirement community located in Florida
- **Acts Community at Heritage Farms, Inc.** - not-for-profit Tennessee corporation which was incorporated during 2025 with the intention to develop a continuing care retirement community located in Tennessee
- **ACTS Legacy Foundation, Inc.** - nonprofit subsidiary providing fundraising, support of all charitable programs, and management of donor restricted funds for ACTS Retirement-Life Communities, Inc. and its affiliates

### 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 ACTS Retirement-Life Communities, Inc.

Name / Role	Education	Experience	Length of Service
<b>Gerald T. Grant – Chief Executive Officer</b>	Master’s Degree (Finance), LaSalle University; Bachelor’s Degree (Accounting), The Pennsylvania State University	Nearly 40 years in senior-living leadership; previously served as President and Chief Operating Officer and Executive Vice President and Chief Financial Officer of ACTS Retirement-Life Communities, Inc.	38 years (since 1988); serves as Chief Executive Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.
<b>Karen I. Christiansen – President</b>	MBA (Finance), Temple University; B.S. (Accounting), Gwynedd Mercy University	30 years in senior-living leadership; previously served as Executive Vice President and Chief Financial Officer, Senior Vice President of Financial Services, and Vice President and Controller of ACTS Retirement-Life Communities, Inc.	30 years (since 1996); serves as President of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.
<b>Jonathan D. Grant – Executive Vice President and Chief Operating Officer</b>	MBA and B.A., Florida Atlantic University	40+ years in senior-living leadership and operations; previously served as Senior Vice President of Community Operations, Vice President of Operations, Executive Director, Nursing Home Administrator, and Director of Culinary Services of ACTS Retirement-Life Communities, Inc.	42 years (since 1984); serves as Executive Vice President and Chief Operating Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.

Name / Role	Education	Experience	Length of Service
<b>James H. Petty – Executive Vice President and Chief Strategy Officer</b>	MBA, Augusta University; B.A. (Business Administration), Gordon College	30 years in senior-living leadership and operations; previously served as Senior Vice President of Strategy and Mission Development, Vice President of Operations, and Executive Director of ACTS Retirement-Life Communities, Inc.	30 years (since 1996); serves as Executive Vice President and Chief Strategy Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.
<b>Susan Ahern – Senior Vice President and Chief Financial Officer</b>	MBA, LaSalle University; B.S. (Accounting), Messiah University; CPA (PA)	25+ years in senior living finance leadership; previously served as Vice President and Controller, Corporate Director of Finance, Director of Finance, Manager of Budget and Feasibility Studies, and Financial Analyst of ACTS Retirement-Life Communities, Inc.	26 years (since 2000); serves as Senior Vice President and Chief Financial Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.
<b>Sean T. R. Fletcher – Senior Vice President of Real Estate Services</b>	B.S., Temple University	20+ years in senior living real estate leadership; previously served as Vice President of Real Estate Services, Vice President of Construction Services, Corporate Director of Construction Services, and Regional Director of Construction of ACTS Retirement-Life Communities, Inc.	21 years (since 2005); serves as Senior Vice President of Real Estates Services of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Retirement-Life Communities Management, LLC

Name / Role	Education	Experience	Length of Service
<b>Deirdre E. Groenen, Esquire – Senior Vice President and Chief Human Resources Officer</b>	J.D., Beasley School of Law, Temple University; Bachelor’s Degree (Political Science), Temple University	20+ years combined experience in civil litigation, employment law, and human resources leadership.	6 years (since 2020); serves as Senior Vice President and Chief Human Resources Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.
<b>Christopher J. Hartman, Sr. – Senior Vice President and Chief Technology Officer</b>	Master’s certificate (Business Leadership and Management), Michigan State University	30+ years in information technology industry; previously served as Vice President of IT Operations, Corporate Director of Technology Services, Director of Communications, and Network Engineer of ACTS Retirement-Life Communities, Inc.	23 years (since 2003); serves as Senior Vice President and Chief Technology Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Retirement-Life Communities Management, LLC
<b>Gregory D. Hensley – Senior Vice President of Real Estate Development</b>	Bachelor’s Degree (Architectural Engineering), Oklahoma State University	25+ years in senior living real estate development	Less than one year (since 2026); serves as Senior Vice President of Real Estate Development of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.

Name / Role	Education	Experience	Length of Service
<p><b>Megan Longley – Senior Vice President and Chief Sales Officer</b></p>	<p>B.A., The Pennsylvania State University</p>	<p>25+ years in senior living sales and operations; previously served as Vice President of Sales of ACTS Retirement-Life Communities, Inc., Senior Vice President of Strategic Operations of Benchmark Senior Living, and Director of Sales of Marriott Senior Living</p>	<p>11 years (since 2015); serves as Senior Vice President and Chief Sales Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Retirement-Life Communities Management, LLC</p>
<p><b>Jeremy O. Neely – Senior Vice President and Chief Community Operations Officer</b></p>	<p>MBA, Eastern University; Bachelor’s Degree (Accounting and Economics), Eastern Connecticut State University</p>	<p>25+ years in senior living leadership and operations; previously served as Vice President of Operations, Executive Director, Nursing Home Administrator, and Corporate Business Office Manager of ACTS Retirement-Life Communities, Inc.</p>	<p>27 years (since 1999); serves as Senior Vice President and Chief Community Operations Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.</p>
<p><b>Joshua S. Pasker, Esquire – Senior Vice President and General Counsel</b></p>	<p>J.D., The Dickinson School of Law, The Pennsylvania State University; B.A. (Political Science), University of Delaware</p>	<p>20+ years as transactional lawyer representing businesses and nonprofit corporations in financing, transactional, and corporate matters</p>	<p>1 year (since 2025); serves as Senior Vice President and General Counsel of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.</p>

Name / Role	Education	Experience	Length of Service
<p><b>Brian T. Rutter – Senior Vice President and Chief Communications and Brand Officer</b></p>	<p>MBA, Emory University; Bachelor’s Degree (Business Administration), Franklin &amp; Marshall College</p>	<p>Previously served as Chief Marketing Officer of Acts Alliance Management, LLC, Vice President of Marketing of NACS – The Association for Convenience and Fuel Retailing, and Senior Manager of Deloitte Consulting</p>	<p>4 years (since 2022); serves as Senior Vice President and Chief Communications and Brand Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.</p>
<p><b>Holly S. Schade – Senior Vice President and Chief Clinical Officer</b></p>	<p>MBA, Eastern University; Bachelor’s Degree (Business Administration), Thomas Jefferson University; NHA; RN</p>	<p>35+ years of clinical and healthcare management experience; previously served as Vice President of Health and Home Services, Executive Director, Nursing Home Administrator, Director of Nursing, and Nursing Supervisor of ACTS Retirement-Life Communities, Inc.</p>	<p>33 years (since 1993); serves as Senior Vice President and Chief Clinical Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.</p>
<p><b>Craig D. Thompson – Senior Vice President and Chief Integration and Innovation Officer</b></p>	<p>M.S. (Organizational Dynamics), University of Pennsylvania; Executive MBA, Drexel University; Bachelor’s Degree (Operations Management), The Pennsylvania State University</p>	<p>40+ years in operations leadership roles; previously served as President and Chief Operating Officer of Acts Alliance Management, LLC, and in leadership roles for Armstrong World Industries, Case New Holland, and High Industries</p>	<p>4 years (since 2022); serves as Senior Vice President and Chief Integration and Innovation Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.</p>

Name / Role	Education	Experience	Length of Service
<b>Terri A. White – Senior Vice President and Chief Administrative Officer</b>	M.S. (Management), Wilmington University; B.S. (Organizational Communications and Business), Ohio University	30+ years in senior living leadership and operations; previously served as Vice President of Operations and Executive Director of ACTS Retirement-Life Communities, Inc., and in leadership roles with Peninsula United Methodist Homes and Marriott Management Services	29 years (since 1997); serves as Senior Vice President and Chief Administrative Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Retirement-Life Communities Management, LLC
<b>Lori M. Woodward – Senior Vice President and Chief Marketing Officer</b>	MBA (Marketing), LaSalle University; B.A. (English), Millersville University	Previously served as Chief Executive Officer of Hamlyn Senior Marketing, Vice President of Marketing of Springpoint Senior Living, and Vice President of Sales of Sunrise Senior Living	14 years (since 2012); serves as Senior Vice President and Chief Marketing Officer of ACTS Retirement-Life Communities, Inc. and its affiliates; employed by ACTS Management Services, Inc.

**Business Address:** 420 Delaware Drive, Fort Washington, PA 19034

**Disclosure:** None of the senior officers of ACTS Retirement-Life Communities, Inc. has reported any Outside Interests or Adverse Disclosures.

### 3.2 Community Management – Matthews Glen

Name / Role	Education	Experience	Length of Service
<b>Catherine Leclerc – Executive Director</b>	Master’s Degree (Social Work), University of Maryland; NHA	25+ years in senior living industry; served Erickson Senior Living for 20 years as a licensed clinical social worker and administrator prior to joining ACTS Retirement-Life Communities, Inc.	5 years (since 2021); employed by ACTS Retirement-Life Communities Management, LLC

**Business Address:** 733 Pavilion View Drive, Matthews, NC 28105

**Disclosure:** The Executive Director has reported no Outside Interests or Adverse Disclosures.

### 3.3 Board of Directors — ACTS Retirement-Life Communities, Inc.

Name / Role	Education	Experience	Length of Service
<b>Susan B. Allmond – Chair</b>	MBA, Widener University; B.S. (Nursing), University of Delaware	Retired Director of Strategic Planning and Alignment, Catholic Health Initiatives	11 years (since 2015)
<b>Daniel W. Lawson, II – Vice Chair</b>	B.S., East Tennessee State University	Retired Chief Administrative Officer, Brandywine Senior Living; Co-Founder of Brandywine Senior Care, Inc.	7 years (since 2019)
<b>Elric C. Gerner – Secretary</b>	MBA, Temple University; Bachelor’s Degree (Business Administration), University of Miami	Retired Assistant Corporate Secretary of Sunoco, Inc.	17 years (since 2009)

<b>Name / Role</b>	<b>Education</b>	<b>Experience</b>	<b>Length of Service</b>
<b>Marvin Mashner – Treasurer</b>	MBA, The Pennsylvania State University; B.S. (Accounting), The Pennsylvania State University	Retired President and Chief Executive Officer of ACTS Retirement-Life Communities, Inc.; resident of Normandy Farms Estates	35 years (since 1991)
<b>Kathryn L. Brod – Director</b>	MBA, University of Pennsylvania; B.A., Kalamazoo College	Self-employed executive services consultant; former Chief Executive Officer of LeadingAge Ohio	2 years (since 2024)
<b>Warren E. Callaway – Director</b>	Master’s Degree (Healthcare Administration), Georgia State University; Bachelor’s Degree (Business Administration), Georgia State University	Retired healthcare executive; extensive investor-owned and not-for-profit acute care hospital and multi-hospital leadership experience	4 years (since 2022)
<b>Linda Chamberlin – Director</b>	J.D., University of Cincinnati; Bachelor’s Degree, Oral Roberts University	Board-certified Elder Law Attorney; member of the Florida Bar, National Academy of Elder Law Attorneys, Florida Academy of Elder Law Attorneys, Aging Life Care Association, and the Florida Council on Aging	1 year (since 2025)
<b>Karen I. Christiansen, CMA – Director</b>	MBA (Finance), Temple University; B.S. (Accounting), Gwynedd Mercy University	30 years in senior-living leadership; serves as President of ACTS Retirement-Life Communities, Inc. and its affiliates	2 years (since 2024)

<b>Name / Role</b>	<b>Education</b>	<b>Experience</b>	<b>Length of Service</b>
<b>H. Bruce Detweiler, CPA – Director</b>	B.S. (Accounting), Rider University; Associate’s Degree, Hesston College	Retired Managing Director and President of an accounting firm; resident of Brittany Pointe Estates	17 years (since 2009)
<b>John L. Esterhai, Jr. MD – Director</b>	MD, Temple University; B.A., Gettysburg College	Retired Orthopedic Surgeon and Professor, Hospital of the University of Pennsylvania, University of Pennsylvania School of Medicine	30 years (since 1996)
<b>James T. Glynn – Director</b>	B.A. (Economics), Rockhurst University	Retired; Co-Founder of GlynnDevins, a leading marketing agency serving the senior living industry	3 years (since 2023)
<b>Gerald T. Grant – Director</b>	Master’s Degree (Finance), LaSalle University; Bachelor’s Degree (Accounting), The Pennsylvania State University	Nearly 40 years in senior-living leadership; serves as Chief Executive Officer of ACTS Retirement-Life Communities, Inc. and its affiliates	9 years (since 2017)
<b>Jason J. Greer – Director</b>	Master’s Degree (Human Resources Management), University of Illinois at Urbana-Champaign; Master’s Degree (Social Work), Washington University in St. Louis; Bachelor’s Degree (Social Work), Valparaiso University	Founder and President of Greer Consulting, Inc., a labor management and employee relations consulting firm	4 years (since 2022)

<b>Name / Role</b>	<b>Education</b>	<b>Experience</b>	<b>Length of Service</b>
<b>Michael D. Kelly – Director</b>	J.D., Vanderbilt University; B.A., Davidson College	Retired Managing Director, B.C. Ziegler and Company	6 years (since 2020)
<b>John E. Lammers, MD - Director</b>	MD, University of South Alabama; Master’s Degree (Public Health), University of North Carolina – Chapel Hill; B.S., Birmingham-Southern College	Medical Director, Mercy LIFE of Alabama	6 years (since 2020)
<b>Dr. Daniel W. Middlebrooks – Director</b>	Doctor of Ministry, Erskine Seminary; Master of Divinity, New Orleans Baptist Theological Seminary; B.A., Athen University	Chaplain; Founder and Chief Executive Officer of Chaplaincy Care, Inc.	3 years (since 2023)
<b>Rev. Dawn Reichard – Director</b>	Master of Divinity, Southern Methodist University; Master of Education, Lehigh University; B.A., Cedar Crest College	Retired United Methodist clergy	1 year (since 2025)

**Business Address:** 420 Delaware Drive, Fort Washington, PA 19034

**Disclosure:** None of the directors of ACTS Retirement-Life Communities, Inc. have reported any Outside Interests or Adverse Disclosures.

### **3.4 Board of Directors — ACTS Retirement Services, Inc.**

<b>Name / Role</b>	<b>Education</b>	<b>Experience</b>	<b>Length of Service</b>
<b>Susan B. Allmond – Chair</b>	MBA, Widener University; B.S. (Nursing), University of Delaware	Retired Director of Strategic Planning and Alignment, Catholic Health Initiatives	11 years (since 2015)
<b>Michael D. Kelly – Vice Chair</b>	J.D., Vanderbilt University; B.A., Davidson College	Retired Managing Director, B.C. Ziegler and Company	6 years (since 2020)

<b>Name / Role</b>	<b>Education</b>	<b>Experience</b>	<b>Length of Service</b>
<b>Elric C. Gerner – Secretary</b>	MBA, Temple University; Bachelor’s Degree (Business Administration), University of Miami	Retired Assistant Corporate Secretary of Sunoco, Inc.	17 years (since 2009)
<b>Karen I. Christiansen, CMA – Director</b>	MBA (Finance), Temple University; B.S. (Accounting), Gwynedd Mercy University	30 years in senior-living leadership; serves as President of ACTS Retirement-Life Communities, Inc. and its affiliates	2 years (since 2024)
<b>John L. Esterhai, Jr. MD – Director</b>	MD, Temple University; B.A., Gettysburg College	Retired Orthopedic Surgeon and Professor, Hospital of the University of Pennsylvania, University of Pennsylvania School of Medicine	30 years (since 1996)
<b>Gerald T. Grant – Director</b>	Master’s Degree (Finance), LaSalle University; Bachelor’s Degree (Accounting), The Pennsylvania State University	Nearly 40 years in senior-living leadership; serves as Chief Executive Officer of ACTS Retirement-Life Communities, Inc. and its affiliates	9 years (since 2017)
<b>Daniel W. Lawson, II – Director</b>	B.S., East Tennessee State University	Retired Chief Administrative Officer, Brandywine Senior Living; Co-Founder of Brandywine Senior Care, Inc.	7 years (since 2019)

Name / Role	Education	Experience	Length of Service
<b>Marvin Mashner - Director</b>	MBA, The Pennsylvania State University; B.S. (Accounting), The Pennsylvania State University	Retired President and Chief Executive Officer of ACTS Retirement-Life Communities, Inc.; resident of Normandy Farms Estates	35 years (since 1991)

**Business Address:** 420 Delaware Drive, Fort Washington, PA 19034

**Disclosure:** None of the directors of ACTS Retirement Services, Inc. have reported any Outside Interests or Adverse Disclosures.

### 3.5 Management Entity — ACTS Management Services, Inc.

- **Nature of Role:** Nonprofit supporting organization controlled by ACTS Retirement Services, Inc.; sole member of ACTS Retirement-Life Communities Management, LLC; together with ACTS Retirement-Life Communities Management, LLC, employs the previously listed senior officers and provides on-site management and centralized administrative services to ACTS Retirement-Life Communities, Inc.
- **Business Address:** 420 Delaware Drive, Fort Washington, PA 19034
- **Key Officers:** See Senior Officers of ACTS Retirement-Life Communities, Inc.

### 3.6 10% + Ownership Interests

*(Individuals holding ten percent (10%) or more equity or beneficial interest in the provider or any controlling person)*

ACTS Retirement-Life Communities, Inc. and its controlling person, ACTS Retirement 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. ACTS Retirement Services, Inc. serves as the sole corporate member of ACTS Retirement-Life Communities, Inc.

## 4. Governing Body and Oversight

### 4.1 Provider Governing Body

ACTS Retirement-Life Communities, Inc. is governed by a Board of Directors consisting of not less than nine (9) or more than nineteen (19) members. The Board is responsible for the overall direction and oversight of the operations, financial condition, and resident welfare of ACTS Retirement-Life Communities, Inc. Its duties include:

- Reviewing and approving budgets and financial reports.

- Ensuring compliance with applicable laws, regulations, and contractual obligations.
- Overseeing the quality of resident care and services, including safety and satisfaction.
- Monitoring risks to ACTS Retirement-Life Communities, Inc.'s solvency and operations.

#### **4.1.1 Selection of Members**

Directors are appointed by ACTS Retirement-Life Communities, Inc.'s sole corporate member, ACTS Retirement Services, Inc. Directors serve three-year staggered terms and may be reappointed for up to four 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 Matthews Glen and ACTS Retirement-Life Communities, Inc. to the Executive Director and senior management employed by ACTS Management Services, Inc. and ACTS Retirement-Life Communities Management, LLC. The Board maintains oversight through:

- Regular review of financial and operating reports.
- Approval of major contracts, capital projects, 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 ACTS Retirement Life-Communities, Inc. Board maintains standing committees for:

- **Clinical Affairs:** oversees and monitors the management of the organization's holistic health and wellness relates services.
- **Human Resources:** monitors and reviews the goals and objectives of the human resources functions including team member health and retirement benefits, compensation, and recruitment and retention.
- **Innovation & Technology:** oversees management's development and implementation of the organization's innovation and technology strategy, capability, architecture, and execution.
- **Marketing:** monitors the organization's marketing strategy and implementation of marketing plans and campaigns, and provides guidance on brand development, positioning, and messaging.

## 4.2 Controlling Person Governing Body

The sole corporate member and controlling person of ACTS Retirement-Life Communities, Inc., ACTS Retirement Service, Inc., is governed by its own Board of Directors consisting of not less than three (3) or more than ten (10) members. That board is responsible for system-level strategy and oversight, including:

- Appointing the directors of ACTS Retirement-Life Communities, Inc.
- Approving system-wide budgets and consolidated audits.
- Coordinating policies across subsidiaries.
- Ensuring accountability for the management company and obligated group entities.

### 4.2.1 Selection of Members

The Board of Directors of ACTS Retirement Services, Inc. is self-perpetuating. The Directors are elected by the sitting board and serve three-year terms. There is no limitation to the number of consecutive terms that a Director may serve. Officers (Chair, Treasurer, and Secretary) are elected annually by the Board. The Chair must be selected from among its members.

### 4.2.2 Oversight of Management and Operations

ACTS Retirement Services, Inc. does not directly employ staff. Administrative and operational support is provided through ACTS Management Services, Inc. and ACTS Retirement-Life Communities Management, LLC. 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 ACTS Management Services, Inc. and its provision of services to affiliates.
- Evaluating system-level risks, including financing strategies and affiliate performance.

### 4.2.3 Committees

The ACTS Retirement Services, Inc. Board maintains standing committees for:

- **Executive:** acts as a liaison between the Board of Directors and management in review of all growth activity.
- **Committee on Board Affairs:** identifies individuals qualified to become members of the Board of Directors consistent with approved criteria, recommends nominees to the Board of Directors for the election of Directors and Officers, maintains and reviews the corporate governance guidelines that define the governance practices, reporting, and compliance activities of the Board of Directors, and performs the evaluation of the Board of Directors and Chief Executive Officer.

- **Audit & Compliance:** maintains oversight of financial reporting and disclosure as well as compliance efforts of the organization.
- **Finance & Investment:** maintains oversight of the financial affairs of the organization including budgeting, performance, reviewing and recommending action concerning the current and future indebtedness of the organization, and evaluates performance of any and all trustee(s) or investment manager(s) of the assets of any investment fund, retirement or deferred compensation plan.
- **Strategic Planning:** monitors the development, modification, approval, and progress toward achieving goals related to the organization’s strategic plan.
- **Spiritual Life:** oversees the quality, practical initiatives, and implementation of programs of spiritual values and ministry as expressed in the organizational documents.

### 4.3 Division of Responsibilities

To avoid duplication and ensure effective oversight:

- The ACTS Retirement-Life Communities, Inc. Board focuses on resident-level matters, including community operations, quality of care, resident satisfaction, and local financial performance.
- The ACTS Retirement Service, Inc. Board focuses on system-level matters, including appointment of subsidiary directors, consolidated financial oversight, debt covenant compliance, and long-term strategic planning.

## 5. Related Parties

ACTS Retirement-Life Communities, Inc. has relationships with related parties under common control with its controlling person, ACTS Retirement Services, Inc. Each arrangement exceeded \$5,000 in FY2025 and is therefore disclosed below. For purposes of this section, Actual/Probable Cost refers to the cost incurred by ACTS Retirement-Life Communities, Inc.

### 5.1 ACTS Management Services, Inc.

- **Nature of Relationship:** Nonprofit supporting organization, controlled by ACTS Retirement Services, Inc.
- **Goods/Leases/Services Provided:** Together with its subsidiary, ACTS Retirement-Life Communities Management, LLC, employs and provides executive leadership, finance and accounting, procurement and contract management, human resources and education, information technology and innovation, internal audit and compliance, marketing and communication, resident health, culinary, and property management and real estate services to the provider under a management agreement.

- **Actual/Probable Cost:** The cost was \$49.7 million in FY2025.

## **6. Relationships with Religious, Charitable, or Other Organizations**

ACTS Retirement-Life Communities, Inc. is affiliated with other nonprofit organizations and limited liability companies with similar missions and purposes. These affiliated organizations are exempt from federal income taxes on their exempt income pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended, and currently include ACTS Retirement Services, Inc.; ACTS Legacy Foundation, Inc.; ACTS Management Services, Inc.; ACTS Retirement-Life Communities Management, LLC; Acts Alliance Management, LLC; ACTS Acquisition and Development Company, LLC; Bonita Springs Retirement Village, Inc. d/b/a The Terraces at Bonita Springs; Mease Life, Inc.; Acts Communities of Maryland, Inc.; Acts Construction Services, LLC; and Acts Community at Heritage Farms, Inc. ACTS Retirement-Life Communities, Inc. is not currently affiliated with any other religious, nonprofit, or proprietary organizations or management entity.

## **7. Other Persons Responsible for Obligations**

Except as described in Section 8 regarding ACTS Retirement-Life Communities, 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 ACTS Retirement-Life Communities, Inc.

## **8. Obligated Groups**

ACTS Retirement-Life Communities, Inc. is a member of an obligated group created under the terms of bond indentures 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:

- ACTS Retirement-Life Communities, Inc.
- ACTS Management Services, Inc.
- ACTS Retirement-Life Communities Management, LLC
- Acts Alliance Management, LLC
- Mease Life, 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 special-purpose combined financial statements of ACTS Retirement-Life Communities, Inc. (Obligated Group) include special-purpose combined schedules that present the financial position and results of operations of ACTS Retirement-Life Communities, Inc., allowing residents and prospective residents to evaluate the provider separately from the group. The audited special-purpose combined financial statements are located in Appendix A.

## **9. Debt Covenants and Compliance**

ACTS Retirement-Life Communities, Inc. and the obligated group are subject to covenants contained in bond indentures and related debt agreements, including requirements for minimum debt service coverage, liquidity, and restrictions on additional borrowing.

As of December 31, 2025, ACTS Retirement-Life Communities, Inc. and the obligated group were in full compliance with all covenants contained in debt agreements.

## **10. Third-Party Management Arrangements**

ACTS Retirement-Life Communities, Inc., does not employ an unrelated third-party manager to operate Matthews Glen. Day-to-day operations are carried out by the Executive Director and senior management employed by ACTS Management Services, Inc., a related nonprofit supporting organization under the control of ACTS Retirement Services, Inc., and ACTS Retirement-Life Communities Management, LLC, a subsidiary of ACTS Management Services, Inc.

## **11. Real Property Leases**

ACTS Retirement-Life Communities, Inc. does not lease any of the real property that makes up Matthews Glen.

## **12. Endowment Funds**

ACTS Retirement-Life Communities, Inc. does not maintain endowment funds directly. However, residents have access to benevolent care assistance through ACTS Legacy Foundation, Inc., a related-party nonprofit supporting organization. ACTS Legacy Foundation, Inc. maintains donor-restricted endowment funds, the income from which is used to provide financial aid to residents who are unable to meet their monthly service fees. ACTS Legacy Foundation, Inc. also maintains donor-restricted endowment funds, the income from which is used for purposes other than financial aid to residents in accordance with purpose designated by the donor.

Distributions from these funds specifically for financial aid to residents are applied directly to resident accounts. The funds are restricted by donor intent and board policy to benevolent care and may not be used for general operating purposes of ACTS Retirement-Life Communities, Inc. Availability of distributions is not guaranteed and remains subject to the discretion of the ACTS Legacy Foundation, Inc.'s board of directors.

### **13. Description and Location of the Community**

ACTS Retirement-Life Communities, Inc. operates Matthews Glen, located at 733 Pavilion View Drive, Matthews, North Carolina 28105.

The community opened in 1988 on approximately 50 acres. The original campus included apartment-style residences, a central community clubhouse, an assisted living facility, and a healthcare center. A major expansion that commenced in 2013 and concluded in 2024 added apartment-style independent living residences, villas and expanded dining and other amenities. The expansion project also included the construction of a stand-alone healthcare center and conversion of the existing healthcare center to additional assisted living units.

Today, the campus rests on approximately 96 acres and includes apartment-style residences, villas, a central community clubhouse, additional satellite clubhouses, an assisted living facility, and a healthcare center. Shared amenities include restaurants and other dining venues, fitness facilities, auditorium, craft room, multi-purpose room, woodworking shop, gift shop, café, beauty parlor, landscaped courtyards, and outdoor recreation areas.

### **14. Living Units by Level of Living**

As of December 31, 2025, Matthews Glen included:

- 579 independent living units (543 apartments and 36 villas)
- 96 assisted living units
- 90 skilled nursing beds

### **15. Continuing Care at Home Program**

ACTS Retirement-Life Communities, Inc. is not licensed to operate a Continuing Care at Home (CCaH) program.

## 16. Resident Population Served

As of December 31, 2025, the resident population served by Matthews Glen under continuing care contracts was as follows:

- 789 residents in independent living
- 87 residents in assisted living
- 82 residents in skilled nursing

As of December 31, 2025, the community maintained a waitlist for admission to independent living consisting of 462 households. Individuals within the households on the waitlist are prospective applicants and are not residents of the community unless and until they have executed a continuing care contract and commenced residency.

To be placed on the independent living waitlist, prospective applicants are required to submit a \$1,000 waitlist deposit. The waitlist deposit is fully refundable and is not considered an entrance fee. If the applicant later enters into a continuing care contract, the waitlist deposit is applied toward the required entrance fee at that time.

Placement on the waitlist does not guarantee admission to the community or priority for a specific unit and does not create contractual rights unless expressly provided in a continuing care contract.

## 17. Occupancy Rates

The 12-month daily average occupancy rates for Matthews Glen for the past five fiscal years were as follows:

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

<b>Fiscal Year-End</b>	<b>Independent Living (%)</b>	<b>Assisted Living (%)</b>	<b>Skilled Nursing (%)</b>
12/31/2025	94.2%	89.2%	85.2%
12/31/2024	94.1%	79.7%	79.6%
12/31/2023	95.4%	75.8%	86.6%
12/31/2022	92.0%	66.1%	85.5%
12/31/2021	91.8%	56.7%	74.7%

## 18. Semiannual Resident Meetings

ACTS Retirement-Life Communities, Inc. holds meetings with residents of the Matthews Glen at least twice each year, as required by law.

### Fiscal Year 2025 Meeting Dates

- March 17, 2025
- May 27, 2025
- September 22, 2025
- November 12, 2025

As required by law, an independent member of the board of directors of ACTS Retirement-Life Communities, Inc. will be present at the meetings traditionally held in May and November of each year beginning with fiscal year 2026.

## 19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of Matthews Glen. Residency and access to services are governed solely by the continuing care contract.

## 20. Services Provided Under the Contract

ACTS Retirement-Life Communities, Inc. offers services under continuing care contracts at Matthews Glen. The following disclosures describe the services included in each contract type, as well as those available for additional charge.

### 20.1 Health Care Services

Residents of Matthews Glen have access to assisted living, skilled nursing, and memory support care on campus. Health services include 24-hour nursing, medication management, rehabilitative therapies, and coordination with residents' personal physicians.

### 20.2 Continuing Care Retirement Community (CCRC) Contracts

Residents living on the Matthews Glen campus receive the following services as part of their monthly fees, with additional services available at an extra charge.

#### 20.2.1 Services Included in Monthly Fees

- As part of the monthly fee, residents are provided a declining balance plan to be used for meals and other amenities. The declining balance plan can be used for purchases by residents in any of the restaurants and dining venues at Matthews Glen. A portion of the declining balance plan is required to be used to purchase meals, while the remainder can be used to purchase additional meals or other services on an a la carte basis.

- One uncovered parking space and scheduled local transportation for groups
- Basic utilities, including electricity, water, heating, and air conditioning
- Security services
- Grounds and landscaping services
- Use of community amenities (restaurants/dining venues, lobby(s), auditorium(s) and multipurpose space(s), social and recreational room(s), fitness center(s), laundry areas(s))
- Social, cultural, and recreational programming
- Care coordination for transitions between levels of care
- Payment of real estate taxes

#### **20.2.2 Services Available at Additional Charge**

- Guest meals
- Additional housekeeping or laundry services beyond standard schedule
- Fitness services
- Salon and barber services
- Special transportation outside scheduled routes
- Private home services

### **20.3 Continuing Care at Home (CCaH) Contracts**

ACTS Retirement-Life Communities, Inc. is not licensed to operate a CCaH program. As such, CCaH contracts are not offered at Matthews Glen.

### **20.4 Delivery of Services**

Core residential, assisted living, and skilled nursing services are provided directly by ACTS Retirement Life Communities, Inc. In addition, in-patient and/or out-patient therapies (physical, occupational, and speech) and wellness home services are furnished directly by ACTS Retirement-Life Communities, Inc.

## **21. Resident Fees**

Nonancillary fees at Matthews Glen consist of required, ongoing fees such as entrance fees, monthly fees, and transfer fees. The following tables show ACTS Retirement-Life Communities, Inc.'s current fee schedules related to Matthews Glen, along with historical information on entrance fee and monthly fee increases over the past five fiscal years. Narrative explanations of household composition changes, transfer fees, and resale fees are also included.

## 21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at the Matthews Glen campus.

**Table 21.1: Current Monthly Fees (CCRC Contracts)**

Unit Type	Monthly Fee (Single)	Monthly Fee (Double)
Summerfield (Studio)	\$2,906 - \$3,736	\$5,173 - \$6,003
Lexington (1 Bedroom)	\$3,181 - \$4,090	\$5,448 - \$6,357
Fletcher (1 Bedroom Deluxe)	\$3,423 - \$4,400	\$5,690 - \$6,667
Clayton (2 Bedroom)	\$3,722 - \$4,785	\$5,989 - \$7,052
Wilmington (2 Bedroom Deluxe)	\$4,140 - \$5,322	\$6,407 - \$7,589
Thomasville (2 Bedroom)	\$4,199 - \$5,398	\$6,466 - \$7,665
Holly Springs (3 Bedroom)	\$4,251 - \$5,465	\$6,518 - \$7,732
Asheville (2 Bedroom with Den)	\$4,488 - \$5,770	\$6,755 - \$8,037
Cary (2 Bedroom with Den)	\$4,408 - \$5,667	\$6,675 - \$7,934
Highlands (3 Bedroom Deluxe)	\$4,381 - \$5,632	\$6,648 - \$7,899
Pinehurst (2 Bedroom with Den)	\$4,782 - \$6,148	\$7,049 - \$8,415
Seagrove (2 Bedroom with Den)	\$4,950 - \$6,365	\$7,217 - \$8,632
Madison (3 Bedroom)	\$4,581 - \$5,890	\$6,848 - \$8,157
Southern Pines (2 Bedroom with Den)	\$5,098 - \$6,554	\$7,365 - \$8,821
Raleigh Villa (2 Bedroom with Den)	\$5,232 - \$6,726	\$7,499 - \$8,993
Charlotte Villa (2 Bedroom with Den)	\$5,532 - \$7,112	\$7,799 - \$9,379
Belmont Villa (2 Bedroom with Den)	\$5,784 - \$7,437	\$8,051 - \$9,704

ACTS Retirement-Life Communities, Inc. periodically reviews and may adjust the monthly fee in its sole discretion, typically on an annual basis. Adjustments are subject to board approval, with no contractual cap on increases.

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

<b>Fiscal Year-End</b>	<b>Average % Increase</b>	<b>Average \$ Increase</b>	<b>Frequency</b>
12/31/2025	3.90%	\$169	Annual
12/31/2024	4.65%	\$182	Annual
12/31/2023	7.50%	\$274	Annual
12/31/2022	4.50%	\$157	Annual
12/31/2021	3.75%	\$126	Annual

**Table 21.3: Current Entrance Fees (CCRC Contracts)**

<b>Unit Type</b>	<b>Entrance Fee (Single)</b>	<b>Entrance Fee (Double)</b>
Summerfield (Studio)	\$196,900 - \$306,900	\$236,900 - \$346,900
Lexington (1 Bedroom)	\$268,900 - \$419,900	\$308,900 - \$459,900
Fletcher (1 Bedroom Deluxe)	\$324,900 - \$496,900	\$364,900 - \$536,900
Clayton (2 Bedroom)	\$360,900 - \$561,900	\$400,900 - \$601,900
Wilmington (2 Bedroom Deluxe)	\$377,900 - \$577,900	\$417,900 - \$617,900
Thomasville (2 Bedroom)	\$385,900 - \$600,900	\$425,900 - \$640,900
Holly Springs (3 Bedroom)	\$435,900 - \$679,900	\$475,900 - \$719,900
Asheville (2 Bedroom with Den)	\$476,900 - \$673,900	\$516,900 - \$713,900
Cary (2 Bedroom with Den)	\$465,900 - \$685,900	\$505,900 - \$725,900
Highlands (3 Bedroom Deluxe)	\$466,900 - \$728,900	\$506,900 - \$768,900
Pinehurst (2 Bedroom with Den)	\$526,900 - \$742,900	\$566,900 - \$782,900
Seagrove (2 Bedroom with Den)	\$544,900 - \$769,900	\$584,900 - \$809,900
Madison (3 Bedroom)	\$515,900 - \$742,900	\$555,900 - \$782,900

Unit Type	Entrance Fee (Single)	Entrance Fee (Double)
Southern Pines (2 Bedroom with Den)	\$568,900 - \$802,900	\$608,900 - \$842,900
Raleigh Villa (2 Bedroom with Den)	\$585,900 - \$826,900	\$625,900 - \$866,900
Charlotte Villa (2 Bedroom with Den)	\$637,900 - \$899,900	\$677,900 - \$939,900
Belmont Villa (2 Bedroom with Den)	\$713,900 - \$1,006,900	\$753,900 - \$1,046,900

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

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

Fiscal Year-End	Average % Increase	Average \$ Increase	Frequency
12/31/2025	8.13%	\$42,400	Annual
12/31/2024	4.08%	\$20,100	Annual
12/31/2023	4.82%	\$22,700	Annual
12/31/2022	5.09%	\$22,900	Annual
12/31/2021	5.33%	\$22,900	Annual

## 21.2 Household Composition Changes

If a resident marries or otherwise increases the number of persons residing in a living unit, the new resident must first qualify to be a resident and shall pay an entrance fee in accordance with prevailing policy. The monthly fee is adjusted to the two-person rate. If the additional resident does not meet admission requirements, they may not be admitted under a continuing care contract.

## 21.3 Transfer Fees and Resale Fees

Residents may exercise a limited option to move from one independent living unit to another, subject to written request by the resident and written approval by ACTS Retirement-Life Communities, Inc.

If a resident requests to transfer to a larger independent living unit and ACTS Retirement-Life Communities, Inc. approves such request, the resident will pay an additional entrance

fee equal to the difference between the entrance fee of the larger independent living unit as of the later of the time resident first moved into Matthews Glen or the date the larger independent living unit was constructed and the entrance fee originally paid for the smaller independent living unit. If a resident requests to transfer to a smaller independent living unit and ACTS Retirement-Life Communities, Inc. approves such request, the resident may be entitled to a refund.

## 22. Refundable Entrance Fee Obligations

### 22.1 Conditions for Refunds

Certain continuing care contracts offered by ACTS Retirement-Life Communities, Inc. include a 50% refund provision. Under these contracts, a portion of the original entrance fee is refundable when a resident permanently vacates their independent living unit, provided that (1) the unit has been resold to a new resident who has paid their entrance fee in full and (2) all other contractual conditions for a refund have been satisfied. Refunds are payable within 30 days after these conditions are met. For clarity, a refund is not considered due until the replacement entrance fee has been received and all contractual requirements have been fulfilled. This type of continuing care contract is not currently offered at Matthews Glen.

In addition, ACTS Retirement-Life Communities, Inc. offers declining-balance contracts under which the refundable portion of the entrance fee decreases on a monthly basis and amortizes to 0% after a fifty-month period. Once the amortization period has elapsed, no refund is payable upon termination of the contract or the death of the resident. These contracts therefore do not create refundable entrance fee obligations beyond the initial amortization period.

### 22.2 Refund Obligations as of December 31, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	26	\$6,403,108
Refunds currently due (including amounts 30+ days past due)	1	\$297,704
Resident now in non-independent living unit – unit not resold	1	\$189,270
Resident now in non-independent living unit – unit resold	7	\$1,379,390

As of December 31, 2025, ACTS Retirement-Life Communities, Inc. had \$6.4 million in total refundable entrance fee obligations. One refund was contractually due, but not past due, at year-end. Obligations will be satisfied in accordance with contract terms as independent living units are resold and replacement entrance fees are received; however, the timing of refund payments depends on the pace of independent living unit turnover and resale activity.

## **23. Financial Hardship Policies**

### **23.1 Policies for Residents Unable to Pay**

It is the policy of ACTS Retirement-Life Communities, Inc. to permit residents to remain in the community if they become unable to pay monthly fees, provided they have first fully applied their available assets and income. Residents are not discharged due to financial hardship once admitted under a continuing care contract but may be required to relocate to a smaller independent living unit before being eligible for assistance from benevolence funds.

### **23.2 Sources of Financial Support**

- **ACTS Legacy Foundation, Inc.:** A related-party nonprofit supporting organization that administers a benevolent care program funded by donor contributions and endowment earnings. Distributions are applied directly to resident accounts at ACTS Retirement-Life Communities, Inc. and its affiliates.
- **Refundable Entrance Fees:** Residents contractually entitled to a refundable entrance fee may, subject to the approval of ACTS Retirement-Life Communities, Inc., apply available refundable amounts 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 ACTS Retirement-Life Communities, Inc., with oversight from the board of directors of ACTS Legacy Foundation, Inc.
- Assistance is subject to the availability of benevolence funds and is not guaranteed.

### **23.4 Narrative**

In 2025, the ACTS Legacy Foundation, Inc. distributed \$19,870 in benevolent care support to Matthews Glen residents. As of December 31, 2025, ACTS Legacy Foundation, Inc. maintained net assets of \$17.1 million designated for benevolent care, subject to donor restrictions and the discretion of the board of ACTS Legacy Foundation, Inc.

## 24. Contract Cancellation and Refund Policies

### 24.1 Provider-Initiated Cancellation

ACTS Retirement-Life Communities, Inc. may terminate a continuing care contract:

- Before occupancy or commencement of services, if:
  - The applicant provided materially false or misleading information during the application process; or
  - Admission would pose a direct threat to the health and safety of others.
- After occupancy or commencement of services, if:
  - Persistent nonpayment of monthly fees occurs;
  - The resident commits a material breach of contract terms; or
  - The resident engages in disruptive or harmful conduct that materially impairs the rights of other residents or the orderly operation of the community.

### 24.2 Resident-Initiated Cancellation

A resident may cancel a contract under the following circumstances:

- **Before occupancy or commencement of services:**

A resident may cancel at any time. The entrance fee and any prepaid monthly fees are refunded.

- **After occupancy or commencement of services:**

A resident may voluntarily cancel by providing not less than 30 days' or more than 120 days' written notice. Refundable entrance fees, if any, are returned in accordance with Section 22 once all contractual conditions are satisfied, including resale and re-occupancy of the living unit when applicable.

### 24.3 Refunds Upon Cancellation

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fee Obligations.
- With respect to declining-balance continuing care contracts under which the entrance fee decreases on a monthly basis, residents are entitled to a refund of the entrance fee paid less an administrative fee and less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of the entrance fee paid less the administrative fee for each month that the continuing care contract has been in force, starting on the first day of the month after moving in, and ending on the date that the living unit is vacated.
- Prepaid monthly fees are prorated to the date the living unit is vacated or services cease, and any remaining balance is refunded.

## 24.4 Refunds Upon Death

- **Before occupancy or commencement of services:**

If a resident dies before moving into the community, the entrance fee is refunded in full, less any costs specifically incurred by ACTS Retirement-Life Communities, Inc. at the request of the resident to the extent those charges were not paid by the resident.

- **After occupancy or commencement of services:**

Refunds of refundable entrance fee obligations are made according to the standard refundable entrance fee provisions described in Section 22, including resale and replacement entrance fee conditions. Prepaid monthly fees are prorated to the date of death and refunded.

With respect to refunds due pursuant to declining-balance continuing care contracts under which the entrance fee decreases on a monthly basis, refunds are paid within ninety (90) days after both the termination of the continuing care contract and the date the living unit is vacated.

## 25. Re-occupancy of Units

A living unit at Matthews Glen 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 living:** When a resident moves from independent living 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 handled in accordance with Section 22 – Refundable Entrance Fee Obligations. Refunds are contingent upon re-occupancy by a new resident, and the timing of repayment may vary depending on market demand and the pace of living unit turnover.

## 26. Resident Relocation

Residents of Matthews Glen 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:** When a resident’s medical condition requires a move to a more supportive level of living, such as assisted living, memory care, or skilled nursing.
- **Safety and Accessibility:** When the current living unit no longer meets the resident’s safety or accessibility needs (for example, due to mobility limitations or inability to safely navigate stairs).

### 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), the health navigation team of Matthews Glen, and appropriate health professionals.
- The provider makes reasonable efforts to relocate the resident to a comparable living unit within the community, meaning one of similar size, type, and monthly fee level whenever possible.
- If relocation is required for renovation or construction purposes, the provider will inform the resident 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 resident's contract, regardless of relocation.

## 27. Admission and Continuation Standards

### 27.1 Admission Requirements

Admission to Matthews Glen is subject to both health and 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 and personal expenses for the chosen living unit.
- **Health Standards:** Applicants for independent living must be capable of living safely and independently at the time of entry, with or without reasonable accommodations. A current medical history and health assessment completed by the applicant's physician is required. Applicants requiring immediate assisted living, memory care, or skilled nursing are not eligible for independent living entry.

### 27.2 Continuation Requirements

- **CCRC Contracts:** Once admitted, residents may remain at the community regardless of changes in health or financial status, subject to the hardship policies described in Section 23 – Financial Hardship Policies. Residents may be required to relocate to a higher level of living (see Section 26 – Resident Relocation) if their health needs can no longer be met safely in their current living unit.

### 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 living, if available. 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.

## **28. Age and Insurance Requirements**

### **28.1 Age Requirements**

- The minimum age for admission to Matthews Glen 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. However, the younger spouse may not become party to the continuing care contract until attaining 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 - Admission and Continuation Standards.

### **28.2 Insurance Requirements**

Applicants for CCRC 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; or
- Be enrolled in a non-traditional Medicare Plan, including a health maintenance organization or other managed care plan, including Medicare Advantage, for which ACTS Retirement-Life Communities, Inc. is a network or participating provider.

Long-term care insurance is not required but may be considered in satisfaction of certain financial eligibility criteria on a case-by-case basis.

In addition to the required medical insurance discussed above, residents are also responsible for providing and maintaining, at their own expense, a standard property and liability insurance policy.

### **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, or if otherwise required to maintain household composition.
- 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, ACTS Retirement-Life Communities, Inc. (Obligated Group) held \$395,191,000 in unrestricted cash and investments. These funds are invested by designated trustees in U.S. Treasury Notes, certificates of deposits, and other approved instruments pursuant to an investment policy established by the Finance and Investment Committee of the Board of Directors of ACTS Retirement Services, Inc. These reserves provide contingency funds for debt service requirements, renovation of physical plant, and contractual obligations, including entrance fee refunds.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 256 days, representing approximately eight months of projected operating expenses without new revenues.

### 29.2 Investment Management and Oversight

- **Oversight Body:** Finance and Investment Committee of the Board of Directors of ACTS Retirement Services, Inc.
- **Day-to-Day Management:** Investment advisors and managers at the various institutions where the reserves are held.
- **Experience:** Finance Committee members average 13 years of financial oversight and investment policy.
- **Policy and Controls:** Investments are managed under a Board-approved investment policy emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds, broadly diversified public funds/ETFs, and equities. The investment advisors and managers executes within these limits and maintain control over custody, counterparty limits, and rebalancing, while the Chief Financial Officer reports semi-annually to the Finance and Investment Committee with respect to performance and adherence to the investment policy.

### 29.3 Statutory Operating Reserve Requirement

As of December 31, 2025, Matthews Glen's 12-month rolling average independent living unit occupancy was 94.2%. Because this level of occupancy exceeded 93% and ACTS Retirement-Life Communities, Inc. (Obligated Group) had a debt service coverage ratio in excess of two times coverage, the required statutory operating reserve was 12.5% of Matthews Glen's projected operating costs for the next 12 months.

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

<b>Component</b>	<b>Amount</b>
Total projected operating expenses	\$54,027,000
Add: Debt service (principal and interest)	\$3,358,000
Less: Principal and interest (covered by Debt Service Reserve Fund)	\$0
Less: Depreciation and amortization	(\$11,444,000)
<b>Net projected operating costs</b>	<b>\$45,941,000</b>
Applicable reserve percentage based on occupancy	12.5%
<b>Required operating reserve</b>	<b>\$5,743,000</b>
Unrestricted cash & investments on hand	\$395,191,000
<b>Excess above required reserve</b>	<b>\$389,448,000</b>

**Summary:** The required statutory operating reserve for Matthews Glen was \$5.74 million. ACTS Retirement-Life Communities, Inc. held \$395.19 million in unrestricted cash and investments, providing an excess cushion of \$389.45 million above the statutory minimum.

#### **29.4 Refund Security (Entrance Fee Refunds)**

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

- \$389,448,000 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.

ACTS Retirement-Life Communities, Inc. is not required by statute to escrow entrance fees related to Matthews Glen 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	\$395,191,000	All liquid balances (cash and investments)
Less: Required operating reserve	(\$5,743,000)	Must be maintained; release requires regulatory approval
<b>Excess unrestricted cash and investments above operating reserve</b>	<b>\$389,448,000</b>	Available for operations and refund needs (outside of designated reserves)

### 30. Expansion and Renovation Plans

There is no anticipated expansion or development planned for Matthews Glen at this time.

### 31. Audit Opinion and Timeliness

The special-purpose combined financial statements of ACTS Retirement-Life Communities, Inc. (Obligated Group), including ACTS Retirement-Life Communities, Inc., for the fiscal year ended December 31, 2025, were audited by Baker Tilly US, LLP (Philadelphia, PA).

- **Timeliness:** The audit was completed and issued within 150 days of fiscal year-end, meeting statutory requirements.
- **Audit Opinion:** The independent auditor issued an unqualified opinion (a “clean” audit opinion) on the special-purpose combined financial statements.

ACTS Retirement-Life Communities, Inc. does not issue separate stand-alone audited financial statements; its financial information is presented within the special-purpose combined audit of ACTS Retirement-Life Communities, Inc. (Obligated Group), with special-purpose combining schedules.

### 32. Audited Financial Statements

The audited special-purpose combined financial statements of ACTS Retirement-Life Communities, Inc. (Obligated Group), including ACTS Retirement-Life Communities, 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 the financial reporting provisions specified in the

disclosure requirements of the master trust indenture of ACTS Retirement-Life Communities, Inc. (Obligated Group).

Because the financial statements are presented on a special-purpose combined basis, supplemental special-purpose combining schedules provide provider-level detail for ACTS Retirement-Life Communities, Inc.

### 33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of ACTS Retirement-Life Communities, Inc. (Obligated Group), including ACTS Retirement-Life Communities, Inc., for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by Baker Tilly US, LLP, and include a summary of significant assumptions and accounting policies.

Because the prospective financial statements are presented on a special-purpose combined basis, supplemental special-purpose combining schedules provide prospective operating results for ACTS Retirement-Life Communities, 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 ACTS Retirement-Life Communities, Inc. (Obligated Group) 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
Independent Living Occupancy	93.9%	95.6%	+1.7%	Lower-than-expected turnover of units
Cash and cash equivalents	\$15.4 million	\$25.9 million	+\$10.5 million	Greater than expected amount of net entrance fee proceeds
Investments	\$457.3 million	\$490.0 million	+\$32.7 million	Realized and unrealized gain on investments; less utilization of project funds than expected

<b>Category</b>	<b>Projected Amount</b>	<b>Actual Amount</b>	<b>Variance</b>	<b>Explanation</b>
Accounts receivable	\$30.1 million	\$20.1 million	-\$10.0 million	Positive third-party collection efforts
Property and equipment, net	\$1,823.3 million	\$1,809.2 million	-\$14.1 million	Less utilization of project funds than expected
Short-term indebtedness	\$31.3 million	\$24.0 million	-\$7.3 million	Less utilization of lines of credit to fund capital projects
Net assets without donor restrictions	\$167.5 million	\$201.9 million	+\$34.4 million	Positive operating performance
Resident services revenue, net of amortization of entrance fees	\$449.3 million	\$455.0 million	+\$5.7 million	Higher than anticipated independent living census; greater than expected private pay resident census
Amortization of entrance fees	\$132.5 million	\$151.0 million	\$18.5 million	Higher average occupancy and greater income from terminated resident agreements
Salaries, wages and benefits	\$356.5 million	\$363.0 million	+\$6.5 million	Higher than expected team member benefits costs
Contracted services	\$27.3 million	\$31.9 million	+\$4.6 million	Higher than forecasted property management costs
Net proceeds from nonrefundable resale contracts	\$188.1 million	\$205.6 million	+\$17.5 million	Higher than expected average entrance fee per resale

## 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	266	257	257	252	257	260
CUSH	6.19x	5.95x	6.32x	5.97x	6.42x	6.73x

#### Narrative – Provider Only:

Liquidity remained consistent through FY 2025 as growth in investments continued due to positive operating results and increase in valuation.

Prospective liquidity levels do not include any assumed change in valuation through realized and unrealized gains or losses due to the inability to predict market conditions.

**Table 35.1A: Liquidity Ratios – Obligated Group**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
DCOH	258	244	256	249	254	259
CUSH	6.43x	6.11x	6.10x	6.11x	6.58x	6.99x

**Narrative – Obligated Group:**

At the obligated-group level, liquidity in FY 2025 is relatively consistent with the provider. The group’s Days Cash on Hand remains above 249 days, well ahead of the covenant with bondholders to maintain Days Cash on Hand of at least 90.

**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	107.4%	107.0%	105.6%	105.5%	104.5%	103.5%
NOM	-4.4%	-4.0%	-3.8%	-1.5%	-1.3%	-0.8%
NOM-A	26.6%	27.5%	26.2%	25.3%	25.8%	25.9%

**Narrative – Provider Only:**

Margins strengthened beginning FY 2023 as census increased across all levels of living, inflation moderated, and expense controls took hold.

Management projects continued modest improvement through FY 2028 as operating efficiencies and entrance fee inflows support profitability.

Note that the OR does not exclude interest expense from operating expenses. Interest expense is assumed to be paid from the net proceeds from entrance fees rather than from operating revenues. The OR for FY2025 is less than 100% when interest expense is excluded from operating expenses.

**Table 35.2A: Profitability Ratios – Obligated Group**

Ratio	FY-2	FY-1	FY	FY+1	FY+2	FY+3
OR	107.5%	106.9%	104.8%	104.9%	103.9%	103.0%
NOM	-4.7%	-4.1%	-1.8%	-0.9%	-0.7%	-0.4%
NOM-A	25.0%	25.2%	27.0%	24.9%	25.4%	25.6%

**Narrative – Obligated Group:**

Obligated group profitability is slightly stronger than the provider primarily because of management services income that is received by the management companies from affiliates that are not members of the obligated group.

**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	3.33x	3.50x	3.42x	3.00x	3.28x	3.57x
CD	0.41x	0.44x	0.43x	0.45x	0.48x	0.52x
CED	1.60x	1.33x	1.22x	1.40x	1.69x	1.32x

**Narrative – Provider Only:**

The provider maintains healthy coverage and is gradually deleveraging as long-term debt amortizes.

Capital-expenditure ratios remain well above 1.0x, indicating adequate reinvestment in campus infrastructure.

**Table 35.3A: Capital Structure Ratios – Obligated Group**

<b>Ratio</b>	<b>FY-2</b>	<b>FY-1</b>	<b>FY</b>	<b>FY+1</b>	<b>FY+2</b>	<b>FY+3</b>
<b>DSCR</b>	3.27x	3.41x	3.31x	3.04x	3.36x	3.66x
<b>CD</b>	0.43x	0.45x	0.44x	0.46x	0.50x	0.54x
<b>CED</b>	1.59x	1.32x	1.23x	1.43x	1.73x	1.35x

**Narrative – Obligated Group:**

At the obligated group level, coverage and liquidity metrics are stronger than at the provider, reflecting the inclusion of system-wide reserves. Debt service coverage remains robust throughout the historical and projected periods and consistently exceeds typical bond-covenant thresholds (DSCR  $\geq$  1.20x).

The upward trend in DSCR, coupled with stable-to-improving cushion and capital expenditure debt ratios, indicates prudent leverage management and sustained reinvestment capacity across the obligated group. Collectively, these ratios support the group’s ability to service debt, fund ongoing capital needs, and absorb operating volatility without reliance on extraordinary measures.

**35.4 Overall Summary**

Both the provider and the obligated group demonstrate sound liquidity, improving profitability, and conservative leverage. Provider-level liquidity remains comfortably above the required statutory operating reserve level. Obligated group ratios confirm that ACTS Retirement-Life Communities, Inc. operates within a financially resilient group that provides additional stability and access to shared reserves. Projected performance indicates stable or modestly improving results through FY 2028, with sufficient capacity to fund operations, service debt, and support ongoing capital renewal.

**36. Actuarial Opinion and Balance**

ACTS Retirement-Life Communities, Inc. has historically engaged an independent actuary to prepare actuarial compilations annually and compute future service obligations tri-annually for management purposes only. ACTS Retirement-Life Communities, Inc. has not had a comprehensive actuarial study completed within the last three years. ACTS Retirement-Life Communities, Inc. intends to have a comprehensive actuarial study completed prior to December 1, 2028 to comply with Article 64A of the North Carolina General Statutes.

## 37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not conducted an examination of Matthews Glen 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 ACTS Retirement-Life Communities, 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

ACTS Retirement-Life Communities, Inc. only offers continuing care contracts. Representative forms of the continuing care contracts are attached hereto as Appendix D.

### 39.1 Continuing Care Contracts

ACTS Retirement-Life Communities, Inc. offers two forms of continuing care contracts, which differ primarily in their entrance fee refund provisions:

- **Declining Balance Contract (0% Refundable)** – Residents pay a moderate entrance fee. The refundable portion of the entrance fee decreases monthly and amortizes to 0% after a fifty-month period. Once the amortization period has elapsed, no refund is payable upon termination or death of the resident.
- **50% Refundable Contract** – Residents pay a higher entrance fee, and a minimum of 50% of the fee (less applicable deductions) is refundable after the unit is resold.

The 50% Refundable Contract is not currently offered at Matthews Glen.

All other terms and conditions of the independent living contracts are substantially similar.

## Appendix Index

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

Appendix A — Audited Financial Statements .....	47
Appendix B — Five-Year Prospective Financial Statements .....	48
Appendix C — Statement of Actuarial Opinion .....	49
Appendix D — Representative Contract(s) .....	50
Appendix E — Examination Report.....	51
Appendix F — Statutory Ratio and Supporting Definitions .....	52

## **Appendix A — Audited Financial Statements**

The following pages comprise the special-purpose combined financial statements and supplementary information of ACTS Retirement-Life Communities, Inc. (Obligated Group) as of and for the periods ending December 31, 2025 and 2024.

**ACTS Retirement-Life Communities, Inc.  
(Obligated Group)**

Special-Purpose Combined Financial Statements  
and Supplementary Information

December 31, 2025 and 2024

# **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

---

Table of Contents  
December 31, 2025 and 2024

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Special-Purpose Combined Financial Statements</b>	
Special-Purpose Combined Balance Sheets	4
Special-Purpose Combined Statements of Operations and Changes in Net Assets	5
Special-Purpose Combined Statements of Cash Flows	7
Notes to Special-Purpose Combined Financial Statements	8
<b>Supplementary Information</b>	
Special-Purpose Combining Balance Sheet Schedule	30
Special-Purpose Combining Statement of Operations and Changes in Net Assets Schedule	32
Special-Purpose Combining Statement of Cash Flows Schedule	34

## Independent Auditors' Report

To the Board of Directors of  
ACTS Retirement-Life Communities, Inc.

### Opinion

We have audited the special-purpose combined financial statements of ACTS Retirement-Life Communities, Inc. Obligated Group (the Obligated Group), which comprise the special-purpose combined balance sheets as of December 31, 2025 and 2024, and the related special-purpose combined statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the special-purpose combined financial statements.

In our opinion, the accompanying special-purpose combined financial statements present fairly, in all material respects, the combined financial position of the Obligated Group as of December 31, 2025 and 2024, and the results of its operations and changes in net assets and its cash flows for the years then ended in accordance with the financial reporting provisions specified in the Master Trust Indenture dated December 1, 1996, as supplemented (the Agreement).

### 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 Special-Purpose Combined Financial Statements section of our report. We are required to be independent of the Obligated Group and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the special-purpose combined financial statements, which describes the basis of accounting. The special-purpose combined financial statements are prepared on the basis of the financial reporting provisions specified in the Agreement, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the financial reporting provisions of the Agreement. As a result, the special-purpose combined financial statements may not be suitable for another purpose. Our opinion is not modified with respect to that matter.

### Emphasis of Matter - Change in Reporting Entity

As described in Note 18 to the special-purpose combined financial statements, on March 27, 2025, Mease Life, Inc. (ML), an entity under common control, and a Florida not-for-profit corporation was admitted as a member of the Obligated Group created pursuant to the Master Trust Indenture dated December 1, 1996, as supplemented. ML remains a separate legal entity and subsidiary of ACTS Retirement-Life Communities, Inc. (ACTS) as of December 31, 2025. Accordingly, the accompanying previously issued 2024 special-purpose combined financial statements were restated for the change in reporting entity to include the accounts of ML. Our opinion is not modified with respect to this matter.

## **Responsibilities of Management for the Special-Purpose Combined Financial Statements**

Management is responsible for the preparation and fair presentation of the special-purpose combined financial statements in accordance with the financial reporting provisions specified in the Agreement. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of special-purpose combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special-purpose combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Obligated Group's ability to continue as a going concern within one year after the date that the special-purpose combined financial statements are issued.

## **Auditors' Responsibilities for the Audit of the Special-Purpose Combined Financial Statements**

Our objectives are to obtain reasonable assurance about whether the special-purpose combined 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 special-purpose combined 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 special-purpose combined 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 special-purpose combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Obligated Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Obligated Group's ability to continue as a going concern for a reasonable period of time.

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

## **Restriction on Use**

Our report is intended solely for the information and use of the Board of Directors and management of the Obligated Group, the Master Trustee under the Agreement, and other parties as required under the related Master Continuing Disclosure agreement and is not intended to be and should not be used by anyone other than these specified parties.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the special-purpose combined financial statements as a whole. The combining information on pages 30 to 35 is presented for purposes of additional analysis and is not a required part of the special-purpose combined 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 special-purpose combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose combined financial statements or to the special-purpose combined 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 special-purpose combined financial statements as a whole.

This report is intended solely for the information and use of the board of directors and management of the Obligated Group, and the North Carolina Department of Insurance and is not intended to be used and should not be used by anyone other than these specified parties.

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
April 29, 2026

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Special-Purpose Combined Balance Sheets

December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>		<u>2025</u>	<u>2024</u>
<b>Assets</b>			<b>Liabilities and Net Assets</b>		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash and cash equivalents	\$ 25,869	\$ 26,863	Accounts payable and accrued expenses	\$ 106,268	\$ 104,236
Current portion of board-designated funds	285,345	261,129	Short-term indebtedness	24,003	56,270
Current portion of assets whose use is limited	9,882	8,497	Nonrecourse indebtedness	11,209	11,656
Accounts receivable, entrance fee receivables and other receivables, net	20,095	27,346	Entrance fee deposits	13,263	7,726
Prepaid expenses, inventory and deposits	12,177	12,278	Current maturities of long-term debt	<u>24,701</u>	<u>23,856</u>
Due from affiliated organizations	<u>26,517</u>	<u>20,832</u>			
			Total current liabilities	179,444	203,744
Total current assets	<u>379,885</u>	<u>356,945</u>	<b>Long-Term Debt, Net</b>	888,615	802,359
<b>Board-Designated Funds</b>	<u>10,000</u>	<u>10,000</u>	<b>Accumulated Loss on Investment Contracts</b>	1,501	1,253
<b>Assets Whose Use is Limited</b>	<u>184,788</u>	<u>105,775</u>	<b>Refundable Portion of Entrance Fees</b>	6,403	7,455
<b>North Carolina Operating Reserve Funds</b>	<u>11,082</u>	<u>10,631</u>	<b>Deferred Revenue From Entrance Fees</b>	<u>1,109,283</u>	<u>1,057,284</u>
<b>Other Asset</b>	<u>4,926</u>	<u>4,926</u>	Total liabilities	<u>2,185,246</u>	<u>2,072,095</u>
<b>Property and Equipment</b>			<b>Net Assets</b>		
Land and improvements	115,665	113,779	Without donor restrictions	201,900	165,020
Building and improvements	2,653,885	2,568,668	With donor restrictions	<u>27,467</u>	<u>25,949</u>
Furniture, fixtures and equipment	211,287	202,022			
Construction in progress	<u>104,551</u>	<u>81,788</u>	Total net assets	<u>229,367</u>	<u>190,969</u>
	3,085,388	2,966,257			
Accumulated depreciation	<u>(1,276,187)</u>	<u>(1,205,257)</u>			
Property and equipment, net	<u>1,809,201</u>	<u>1,761,000</u>			
<b>Deferred Costs, Net</b>	<u>14,731</u>	<u>13,787</u>			
Total	<u>\$ 2,414,613</u>	<u>\$ 2,263,064</u>	Total	<u>\$ 2,414,613</u>	<u>\$ 2,263,064</u>

See notes to special-purpose combined financial statements

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Special-Purpose Combined Statements of Operations and Changes in Net Assets

Years Ended December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
<b>Operating Revenue</b>		
Resident services revenues, net of amortization of entrance fees	\$ 454,980	\$ 435,227
Resident services revenues from third-party payors	48,048	43,225
Investment income	15,096	16,755
Net assets released from restrictions to provide resident services	2,922	2,606
Other revenue	<u>17,217</u>	<u>18,376</u>
Total operating revenue before amortization of entrance fees	538,263	516,189
Amortization of entrance fees	<u>151,023</u>	<u>136,487</u>
Total operating revenue	<u>689,286</u>	<u>652,676</u>
<b>Operating Expenses</b>		
Salaries, wages and benefits	362,970	350,711
Contracted services	31,940	34,867
Utilities	32,146	29,353
Food	26,631	25,923
Supplies	25,716	26,153
Real estate taxes	14,069	13,145
Insurance	10,650	10,909
Other	<u>25,302</u>	<u>25,951</u>
Total operating expenses before depreciation, amortization and interest	529,424	517,012
Depreciation and amortization	103,950	98,201
Interest, net	<u>34,936</u>	<u>34,587</u>
Total operating expenses	<u>668,310</u>	<u>649,800</u>
Operating income	<u>\$ 20,976</u>	<u>\$ 2,876</u>

*See notes to special-purpose combined financial statements*

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Special-Purpose Combined Statements of Operations and Changes in Net Assets

Years Ended December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Operating income	\$ 20,976	\$ 2,876
Net unrealized gain on investments and investment contracts	15,715	4,688
Change in beneficial interest in the investments of ACTS Legacy Foundation, Inc. (ALF)	-	(50)
Loss on early extinguishment of debt	(1,437)	-
Other valuation adjustment	(109)	(40)
Net gain on nonoperating events	456	239
	<u>35,601</u>	<u>7,713</u>
Net operating income	35,601	7,713
Net assets released from restrictions to acquire property and equipment	1,279	1,009
Other changes in net assets	-	(3)
	<u>36,880</u>	<u>8,719</u>
Change in net assets without donor restrictions	36,880	8,719
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	1,176	313
Net assets released from restrictions to provide resident services	(996)	-
Change in beneficial interest in the investments of Community Foundation of South Alabama (CFSA)	32	25
Change in beneficial interest in the investments of ALF	1,306	1,371
	<u>1,518</u>	<u>1,709</u>
Change in net assets with donor restrictions	1,518	1,709
Change in net assets	38,398	10,428
<b>Net Assets, Beginning</b>	<u>190,969</u>	<u>180,541</u>
<b>Net Assets, Ending</b>	<u>\$ 229,367</u>	<u>\$ 190,969</u>

See notes to special-purpose combined financial statements

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

## Special-Purpose Combined Statements of Cash Flows

Years Ended December 31, 2025 and 2024

(In Thousands)

	<u>2025</u>	<u>2024</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 38,398	\$ 10,428
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	103,950	98,201
Amortization of entrance fees	(151,023)	(136,487)
Other valuation adjustment	109	40
Amortization of bond discount and premium, net	(3,270)	(3,057)
Amortization of deferred financing costs	754	727
Entrance fees and deposits from nonrefundable resale contracts	235,464	225,258
Refunds of entrance fees and deposits from nonrefundable resale contracts	(18,611)	(17,674)
Administrative fee included in gross entrance fees	(11,242)	(13,079)
Increase in deferred costs	(2,659)	(3,064)
Net realized and unrealized gain on investments	(17,640)	(6,789)
Change in fair value of investment contracts	248	(855)
Loss on early extinguishment of debt	177	-
Loss on write-off of intangible asset	-	1,929
Forgiveness of nonrecourse indebtedness	-	(1,500)
Other changes in net assets	-	3
Change in beneficial interest in the investments of ALF	(1,306)	(1,321)
Change in beneficial interest in the investments of CFSA	(32)	(25)
Net change in due from affiliated organizations	(5,685)	(1,307)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable and other receivables	3,972	(2,440)
Decrease (increase) in prepaid expenses, inventory and deposits	101	(429)
Increase in accounts payable and accrued expenses	3,593	2,241
Net cash provided by operating activities	<u>175,298</u>	<u>150,800</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of property and equipment	-	35
Purchase of property and equipment, net	(125,466)	(126,809)
(Increase) decrease in investments	<u>(2,933)</u>	<u>10,511</u>
Net cash used in investing activities	<u>(128,579)</u>	<u>(116,263)</u>
<b>Cash Flows From Financing Activities</b>		
Entrance fees and deposits from initial sale contracts	3,063	37,679
Refunds of deposits from initial sale contracts	(122)	(374)
Entrance fees from refundable contracts	657	835
Refunds of refundable entrance fees	(1,564)	(544)
Payment of accounts payable, construction	(23,319)	(29,942)
Proceeds from short-term indebtedness	20,000	83,985
Payments on nonrecourse debt	(451)	(1,339)
Proceeds from long-term indebtedness	93,244	-
Increase in deferred financing costs	(1,617)	(13)
Payments on short-term indebtedness	(27,267)	(101,139)
Payments on long-term indebtedness	<u>(27,183)</u>	<u>(23,049)</u>
Net cash provided by (used in) financing activities	<u>35,441</u>	<u>(33,901)</u>
Net increase in cash, cash equivalents and restricted cash and cash equivalents	82,160	636
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>74,234</u>	<u>73,598</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 156,394</u>	<u>\$ 74,234</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid, net of amounts capitalized	<u>\$ 37,605</u>	<u>\$ 37,093</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Obligations incurred for the acquisition of property and equipment	<u>\$ 24,790</u>	<u>\$ 23,319</u>
Proceeds from long-term indebtedness used to repay long-term indebtedness	<u>\$ 49,293</u>	<u>\$ -</u>
Proceeds from long-term indebtedness used to repay short-term indebtedness	<u>\$ 25,000</u>	<u>\$ -</u>

See notes to special-purpose combined financial statements

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

---

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

### **1. Nature of Operations and Organizational Matters**

ACTS Retirement Services, Inc. (ARS) is a not-for-profit Pennsylvania corporation that serves as the parent organization providing the highest level of governance and control over all of its controlled entities. The following is a listing of ARS' controlled entities:

ACTS Management Services, Inc. (AMS) is a not-for-profit Pennsylvania corporation providing management, marketing and development services to senior living providers. AMS is the sole member of ACTS Retirement-Life Communities Management, LLC (ARLCM), Acts Alliance Management, LLC (AAM), and Acts Construction Services, LLC (ACS), Pennsylvania limited liability companies. AMS and ARLCM provide management, marketing and development services to ACTS Retirement-Life Communities, Inc. (ACTS) and the Affiliates (as herein defined).

ACTS, a not-for-profit Pennsylvania corporation that, along with the Affiliates (as herein defined), provides residential, assisted living and skilled care services to senior adults in its 28 CCRCs, located in Alabama (2), Delaware (3), Florida (6), Georgia (1), Maryland (4), New Jersey (1), North Carolina (2), Pennsylvania (8) and South Carolina (1). ACTS operates 22 CCRCs as divisions within the legal entity of ACTS, and 6 CCRCs within three separate, related legal entities (the Affiliates).

On December 31, 2025, ACTS Signature Community Services, Inc. (ASCS), an entity under common control and a not-for-profit Pennsylvania corporation that provides home and community-based services and primary care services to residents of ACTS CCRCs, merged into ACTS and is now operating as a division of ACTS.

ACTS is the sole member of the following entities:

ACTS Legacy Foundation, Inc. (ALF), a not-for-profit Delaware corporation that provides fundraising, supports all charitable programs and manages the donor restricted funds for ACTS and the Affiliates.

ACTS Acquisition and Development Company, LLC (AADC), a Florida limited liability company that engages in acquisition and development related activity on behalf of ACTS and the Affiliates. AADC is the sole corporate member of the following Affiliates:

Acts Communities of Maryland, Inc. (ACMD), a not-for-profit Maryland corporation which operates 4 CCRCs located in Maryland.

Mease Life, Inc. (ML), a not-for-profit Florida corporation which operates a CCRC located in Dunedin, Florida.

Bonita Springs Retirement Village, Inc. d/b/a The Terraces at Bonita Springs (TERR), a not-for-profit Florida corporation which operates a CCRC located in Bonita Springs, Florida.

Acts Community at Heritage Farms, Inc. (ACHF), a not-for-profit Tennessee corporation which was incorporated during 2025 with the intention to develop a CCRC located in Columbia, Tennessee.

The ACTS Obligated Group includes ACTS, AMS, ARLCM, AAM and ML under the terms of a Master Trust Indenture (Note 9). ML was admitted to the Obligated Group during 2025, as described in Note 18.

# ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

The members of the Obligated Group, with the exception of ARLCM, and AAM are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on their exempt income under Section 501(a) of the IRC. ARLCM and AAM, as single member limited liability companies, are considered "disregarded entities" for federal tax purposes. Because ACTS and AMS are exempt from federal income tax under Section 501(a) of the IRC, as charitable organizations described in Section 501(c)(3) of the IRC, and because ARLCM and AAM are disregarded entities for federal tax purposes, ARLCM and AAM are considered exempt under Section 501(a) of the IRC as charitable organizations described in Section 501(c)(3) of the IRC.

## Basis of Presentation and Principles of Combination

The ACTS Obligated Group (the Company) prepares special-purpose combined financial statements in accordance with the financial reporting provisions specified in the disclosure requirements of the Master Trust Indenture. The Master Trust Indenture specifies the preparation of combined financial statements of the Obligated Group members; accordingly, the accompanying special-purpose combined financial statements include only the accounts of the Obligated Group members and exclude the accounts of ALF, AADC, ACHF, ACMD, ACS and TERR. The combination of financial statements for only certain controlled organizations differs from accounting principles generally accepted in the United States of America.

All inter-affiliate transactions between the members of the Company have been eliminated in combination.

## 2. Summary of Significant Accounting Policies

### Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the special-purpose combined statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include working capital accounts invested in highly liquid instruments purchased with an original maturity of three months or less. The restricted cash and cash equivalents include investments comprised of debt related reserves and state reserves. The following table provides a reconciliation of cash, cash equivalents and restricted cash and cash equivalents reported within the special-purpose combined balance sheets that sum to the total of the same such amounts reported in the special-purpose combined statements of cash flows.

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Cash and cash equivalents	\$ 25,869	\$ 26,863
Restricted cash and cash equivalents included in investments	<u>130,525</u>	<u>47,371</u>
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 156,394</u>	<u>\$ 74,234</u>

### Investments and Investment Risk

Investments with readily determinable fair values are measured at fair value in the special-purpose combined balance sheets. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in net operating income in the special-purpose combined statements of operations and changes in net assets unless the income is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

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

Investments include assets without restrictions and assets with restrictions. Assets without restrictions represent assets that are available for the general use and purposes of the Company. Assets with restrictions include amounts held in trust to meet debt related requirements, assets that are used to meet statutory reserve requirements and amounts restricted by donors for specific purposes or time periods.

### **Accounts Receivable and Entrance Fee Receivables**

The Company assesses collectability on all resident accounts prior to providing services. An allowance for expected credit losses is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by management based on factors such as aging of the accounts receivable, and anticipated collection of the consideration. Accounts are written off through credit loss expense when the Company has exhausted all collection efforts and accounts are deemed impaired.

Entrance fee receivables are evaluated for collectability prior to residents being admitted to the communities based on the resident's credit worthiness. The terms and conditions of each entrance fee receivable are determined when a resident agreement is executed.

Accounts receivable, entrance fee receivables and other receivables, net were \$26,868,000 at December 31, 2023.

### **Property and Equipment**

Property and equipment are stated at cost. Donated assets are recorded at their fair value at the date of donation. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	10 to 25 years
Building and improvements	8 to 55 years
Furniture, fixtures and equipment	3 to 10 years

When assets are sold or retired, the asset values and related accumulated depreciation are eliminated from the accounts and any gain or loss is included in the special-purpose combined statements of operations and changes in net assets. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments are capitalized.

Gifts of long-lived assets such as land, buildings or equipment are reported as other revenue unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Depreciation expense was \$102,235,000 in 2025 and \$95,977,000 in 2024.

Interest is capitalized for assets that require a period of time to be constructed or to prepare them for their intended use. The amount of interest capitalized was \$6,305,000 in 2025 and \$5,336,000 in 2024.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

---

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

### **Deferred Costs**

Deferred costs include incremental costs of obtaining resident agreements that would not have been incurred if the resident agreements were not obtained and are recorded at cost. Deferred costs are amortized over the estimated life expectancy of the residents using the straight-line method, which approximates the period of time that services are expected to be transferred to residents. Amortization of deferred costs was \$1,715,000 in 2025 and \$1,483,000 in 2024.

### **Deferred Financing Costs**

Deferred financing costs are amortized straight-line over the terms of the related debt, which approximates using the effective interest method and are classified net with the related debt. Amortization expense, which is included as a component of interest expense, was \$754,000 in 2025 and \$727,000 in 2024.

### **Derivative Financial Instruments**

The Company uses interest rate swap agreements which are considered derivative financial instruments, to manage its interest rate risk on its long-term debt. The interest rate swap agreements are reported at fair value in the special-purpose combined balance sheets and related changes in fair value are reported on the special-purpose combined statements of operations and changes in net assets as a component of net unrealized gain on investments and investment contracts.

### **Entrance Fees**

Under a continuing care contract (resident agreement) for a residential living unit, the Company receives entrance fee payments in advance. The Company offers both nonrefundable and refundable resident agreements. As of December 31, 2025 and 2024, the majority of the Company's resident agreements are nonrefundable.

Under the majority of nonrefundable resident agreements, residents who terminate their contracts will generally be entitled to a full refund less an administrative fee of up to 5%, and less 1%-2% (based on the resident agreement) of the remaining entrance fee per each month of residency. Under refundable resident agreements, the entrance fee is reduced to no less than the guaranteed refund, as specified in the resident agreement, and refunds to residents are generally paid by the Company after a new resident occupies the residential living unit vacated by the former resident.

The nonrefundable portion of entrance fees is amortized to revenue over the actuarially computed life expectancy of the residents using the straight-line method, which approximates the period of time that services under the resident agreements are expected to be transferred to residents and the Company's performance obligation to the residents is satisfied, and is classified as deferred revenue from entrance fees on the special-purpose combined balance sheets. Amortization of entrance fees was \$151,023,000 in 2025 and \$136,487,000 in 2024. The Company updates its life expectancies approximately every five years. As a result, amortization of entrance fees increased by approximately \$5,342,000 in 2025.

The guaranteed refundable portion of entrance fees is classified as refundable portion of entrance fees on the special-purpose combined balance sheets and is not amortized to revenue.

The gross contractual refund obligations under existing resident agreements were approximately \$477,137,000 and \$480,663,000 at December 31, 2025 and 2024, respectively.

Under the majority of existing resident agreements, residential living residents are entitled to assisted living or skilled care services, as needed, with no increases in the current monthly service fees as a result of transferring to a higher level of care.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

---

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

### **Obligation to Provide Future Services**

The Company engages an independent actuary once every three years to calculate the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. Based upon the last calculation performed (as of December 31, 2023), the present value of the net cost of future services and the use of facilities, based on a discount rate of 5%, did not exceed the balance of deferred revenue from entrance fees. Based upon this calculation, and the analysis of management, no liability for the obligation to provide future services has been recorded at December 31, 2025 and 2024.

### **Net Assets**

Net assets, 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 available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors is accounted for in net assets without donor restriction.

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

### **Resident Services Revenues**

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

Payment terms and conditions for the Company's resident agreements vary by contract type and payor source, although terms generally include payment to be made within 30 days. Resident services revenues for recurring and routine monthly services due from private pay residents are generally billed monthly in advance. Resident services revenues for ancillary services due from private pay residents are generally billed monthly in arrears. Resident services revenues due from Medicare, Medicaid and other third-party payor programs are billed monthly in arrears.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

---

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

Resident services revenues are primarily comprised of skilled care, assisted living and residential living revenue streams, which are primarily derived from providing nursing, assisted living and housing services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Company has determined that the services included in the stated daily or monthly fee for each level of care represents a series of distinct services that have the same timing and pattern of transfer. Therefore, the Company considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled care, assisted living and residential living revenues are recognized on a daily or month-to-month basis as services are rendered.

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

### **Contract Balances**

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a resident when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The Company had no contract assets as of December 31, 2025, 2024 and 2023. Contract liabilities represent the Company's obligation to transfer goods or services to a resident for which the Company has received consideration (or the amount is due) from the resident. The Company's beginning and ending contract liabilities are separately presented on the special-purpose combined balance sheets as of December 31, 2025 and 2024 as deferred revenue from entrance fees. Deferred revenue from entrance fees were \$959,793,000 as of December 31, 2023.

### **Income Taxes**

ACTS, AMS and ML are not-for-profit corporations. Each is exempt from federal income taxes on exempt income under Section 501(a) of the IRC and other income taxes under similar statutes. Accordingly, no provision for income taxes has been recorded in the special-purpose combined financial statements.

### **Measure of Operations and Performance Indicator**

The special-purpose combined statements of operations and changes in net assets include the determination of operating income and net operating income (the performance indicator). Operating income includes only those operating revenues and expenses that are an integral part of the Company's program activities and net assets released from donor restrictions to provide resident services. Net operating income includes all operating activities, as well as net unrealized gain on investments and investment contracts, change in beneficial interest in the investments of ACTS Legacy Foundation, Inc. (ALF), loss on early extinguishment of debt, other valuation adjustment and net gain on nonoperating events.

Changes in net assets without donor restrictions which are excluded from the determination of the performance indicator, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets, if any).

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

### Use of Estimates

The preparation of financial statements in accordance with the basis of accounting described in Note 1 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the special-purpose combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

### Subsequent Events

The Company evaluated subsequent events for recognition or disclosure through April 29, 2026, the date the special-purpose combined financial statements were issued.

### 3. Liquidity and Availability of Resources

As of December 31, the Company has financial assets available for general expenditures within one year of the date of the special-purpose combined balance sheets, consisting of the following:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Cash and cash equivalents	\$ 25,869	\$ 26,863
Accounts receivable, entrance fee receivables and other receivables, net	20,095	27,346
Investments without donor restrictions	<u>281,469</u>	<u>259,022</u>
Total	<u>\$ 327,433</u>	<u>\$ 313,231</u>

The Company has other assets restricted as to use: state reserves, debt related reserves, assets held for donor restricted purposes and interest in investments of CFSA and ALF. These amounts have been excluded from the amounts above.

As part of the Company's liquidity management, cash in excess of daily requirements is invested in short-term investments and money market funds. The Company may designate a portion of any operating surplus to a general reserve. This fund may be drawn upon to meet unexpected liquidity needs.

Donor restricted funds of \$23,934,000 and \$22,416,000 at December 31, 2025 and 2024, respectively, can be made available based on the passage of time or other events specified by the donors. The Company has certain investments without donor restrictions that have been internally designated for long-term purposes of \$13,876,000 and \$12,104,000 at December 31, 2025 and 2024, respectively, which have been excluded from the amounts above.

Additionally, the Company maintains \$175,000,000 available on lines of credit as discussed in more detail in Note 7.

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

### 4. Investments, Fair Value Measurements and Financial Instruments

#### Investments

The classification of the Company's investments as of December 31 is set forth in the following table:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Current portion of board-designated funds	\$ 285,345	\$ 261,129
Current portion of assets whose use is limited	9,882	8,497
Board-designated funds, noncurrent	10,000	10,000
Assets whose use is limited, noncurrent	184,788	105,775
North Carolina Operating Reserve funds	11,082	10,631
	<u>\$ 501,097</u>	<u>\$ 396,032</u>

Investment return is as follows:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Without donor restrictions:		
Interest and dividend income	\$ 13,419	\$ 13,799
Net realized gain on investments	1,677	2,956
	<u>15,096</u>	<u>16,755</u>
Total investment income	15,096	16,755
	<u>15,963</u>	<u>3,833</u>
Net unrealized gain on investments	15,963	3,833
	<u>\$ 31,059</u>	<u>\$ 20,588</u>

#### Fair Value Measurements

The Company measures its investments and derivative financial instruments at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The framework that the authoritative guidance establishes for measuring fair value includes a hierarchy used to classify the inputs used in measuring fair value. The hierarchy prioritizes the inputs used in determining valuations into three levels. The level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Fair value is based on unadjusted quoted prices in active markets that are accessible to the Company for identical assets or liabilities. These generally provide the most reliable evidence and are used to measure fair value whenever available.

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

Level 2 - Fair value is based on significant inputs, other than Level 1 inputs, that are observable either directly or indirectly for substantially the full term of the asset or liability through corroboration with observable market data. Level 2 inputs include quoted market prices in active markets for similar assets or liabilities, quoted market prices in markets that are not active for identical or similar assets or liabilities and other observable inputs.

Level 3 - Fair value would be based on significant unobservable inputs. Examples of valuation methodologies that would result in Level 3 classification include option pricing models, discounted cash flows and other similar techniques.

The fair value of the Company's investments and derivative financial instruments were measured using the following inputs at December 31:

	2025			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	
(In Thousands)				
Assets:				
Instruments measured and reported at fair value:				
Investments:				
Money market funds	\$ 148,233	\$ 148,233	\$ -	\$ -
U.S. government securities	101,130	-	101,130	-
Corporate debt securities	69,356	-	69,356	-
Mutual and exchange traded funds, fixed income	65,622	65,622	-	-
Mutual and exchange traded funds, equity	38,637	38,637	-	-
Beneficial interest in investments of ALF	30,089	-	30,089	-
Equities	29,592	29,592	-	-
Guaranteed investment contracts	5,018	-	-	5,018
Municipal bonds	4,412	-	4,412	-
Other	2,433	-	2,433	-
Beneficial interest in the investments of CFSA	275	-	275	-
Time deposits	30	30	-	-
<b>Total</b>	<b>\$ 494,827</b>	<b>\$ 282,114</b>	<b>\$ 207,695</b>	<b>\$ 5,018</b>
Reconciliation of investments to the special-purpose combined balance sheet:				
Cash and cash equivalents	\$ 1,552			
Real estate held for investment at cost	4,718			
Investments measured at fair value	494,827			
<b>Total investments</b>	<b>\$ 501,097</b>			
Liabilities:				
Accumulated loss on investment contracts	\$ 1,501	\$ -	\$ 1,501	\$ -

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

	2024			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
	(In Thousands)			
<b>Assets:</b>				
Instruments measured and reported at fair value:				
Investments:				
Money market funds	\$ 67,014	\$ 67,014	\$ -	\$ -
U.S. government securities	92,089	-	92,089	-
Corporate debt securities	68,240	-	68,240	-
Mutual and exchange traded funds, fixed income	57,897	57,897	-	-
Mutual and exchange traded funds, equity	34,853	34,853	-	-
Beneficial interest in investments of ALF	28,783	-	28,783	-
Equities	28,251	28,251	-	-
Guaranteed investment contracts	5,003	-	-	5,003
Municipal bonds	4,386	-	4,386	-
Other	3,699	-	3,699	-
Beneficial interest in the investments of CFSA	243	-	243	-
Time deposits	205	205	-	-
<b>Total</b>	<b>\$ 390,663</b>	<b>\$ 188,220</b>	<b>\$ 197,440</b>	<b>\$ 5,003</b>
<b>Reconciliation of investments to the special-purpose combined balance sheet:</b>				
Cash and cash equivalents	\$ 651			
Real estate held for investment at cost	4,718			
Investments measured at fair value	390,663			
<b>Total investments</b>	<b>\$ 396,032</b>			
<b>Liabilities:</b>				
Accumulated loss on investment contracts	\$ 1,253	\$ -	\$ 1,253	\$ -

The Company's guaranteed investment contracts increased \$15,000 and \$12,000 in 2025 and 2024, respectively, due to net deposits and withdrawals and the dissolution of certain debt service reserve funds.

### Financial Instruments

Money market funds, mutual and exchange traded funds, equities and time deposits are valued based on quoted market prices in active markets, which are considered Level 1 inputs. U.S. government securities, corporate debt securities, other investments and municipal bonds are generally valued using quoted market prices of similar securities, which are considered Level 2 inputs. The Company has a beneficial interest in the investments of ALF and CFSA. Since ALF and CFSA generally invest the Company's funds in U.S. government securities, corporate debt securities, other investments and municipal bonds, the fair value of the beneficial interest in the investments of ALF and CFSA was deemed to be determined using Level 2 inputs.

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

The guaranteed investment contracts are reported at contract value, which approximates fair value, based on the ability of the counterparties to pay the guaranteed claims in accordance with the terms of the contracts. The credit ratings of the counterparties as of the measurement date uphold the guaranteed investment contracts ability to meet obligations set forth in the contracts. Contract value is the aggregation of contributions, plus interest, less withdrawals. Contract value approximates a discounted cash flow value calculated using an appropriate risk-adjusted market discount rate which correlates closely with the counterparties historical credit rates. The guaranteed investment contracts have redemption restrictions based on the terms of the underlying contracts. The redemption restrictions do not have a material impact on the contract value of the guaranteed investment contracts.

The Company measures its accumulated loss on investment contracts at fair value based on proprietary models of an independent third-party valuation specialist. The fair value takes into consideration the prevailing interest rate environment and the specific terms and conditions of the derivative financial instruments and considers the credit risk of the counterparty to the agreements and the Company. The method used to determine the fair value calculates the estimated future payments required by the derivative financial instruments and discounts these payments using an appropriate discount rate. The value represents the estimated exit price the Company would pay to terminate the agreements.

### 5. Accounts Receivable, Entrance Fee Receivables and Other Receivables

Accounts receivable, entrance fee receivables and other receivables are comprised of the following at December 31:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Resident monthly fees	\$ 4,539	\$ 4,396
Resident entrance fees	4,384	7,663
Third-party accounts	8,844	16,608
Other	4,286	3,743
Total receivables	22,053	32,410
Allowance for credit losses	(1,958)	(5,064)
Accounts receivable, entrance fee receivables and other receivables, net	<u>\$ 20,095</u>	<u>\$ 27,346</u>

### 6. Property and Equipment

Property and equipment is comprised of the following at December 31:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Land and improvements	\$ 115,665	\$ 113,779
Building and improvements	2,653,885	2,568,668
Furniture, fixtures and equipment	211,287	202,022
Construction in progress	104,551	81,788
Total property and equipment	3,085,388	2,966,257
Accumulated depreciation	(1,276,187)	(1,205,257)
Property and equipment, net	<u>\$ 1,809,201</u>	<u>\$ 1,761,000</u>

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

---

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

### **7. Short-Term Indebtedness**

ACTS has an available \$85,000,000 revolving line of credit with a financial institution. Interest on amounts outstanding on the line of credit was 5.08% at December 31, 2025. Interest is calculated monthly based on changes to the SOFR, as defined. Borrowings were \$24,003,000 and \$37,302,000 December 31, 2025 and 2024, respectively. The line of credit is set to expire in October 2027.

ACTS also has an available \$90,000,000 revolving line of credit with another financial institution. Interest on amounts outstanding on the line of credit was 5.10% at December 31, 2025. Interest is calculated monthly based on changes to the SOFR, as defined. There were no borrowings at December 31, 2025 and borrowings were \$18,968,000 at December 31, 2024. The line of credit is set to expire in June 2027.

ACTS' obligations under the line of credit agreements are secured under the terms of a Master Trust Indenture dated December 1, 1996, as supplemented, on a parity basis by a pledge of gross revenues (as defined), a covenant not to create or allow to exist upon its property any lien except for permitted liens and a promise to deliver mortgages and/or deeds of trust granting liens upon and security interest in its facilities to the Master Trustee if certain events occur, as defined.

### **8. Nonrecourse Indebtedness**

In February 2021, the Company closed on a \$13,840,000 debt financing consisting of a nonrecourse, nonbank qualified tax-free mortgage loan. The proceeds from the financing were used to refinance the existing nonrecourse indebtedness, reimburse for the costs of capital improvements and finance closing costs. The nonbank qualified tax-free mortgage loan amortizes over 25 years and has a 2.61% fixed rate of interest for five years. In March 2026, the interest rate converted to a variable rate which will be based on changes to the SOFR, as defined. The outstanding balance was \$11,327,000 and \$11,778,000 (which is reported net of deferred financing costs of \$118,000 and \$122,000 on the special-purpose combined balance sheets) at December 31, 2025 and 2024, respectively.

### **9. Long-Term Indebtedness**

The Company's long-term indebtedness has been issued under a Master Trust Indenture dated December 1, 1996, as supplemented, which secures the obligations of the Company and includes a pledge of gross revenues (as defined), a covenant not to create or allow to exist upon its property any lien except for permitted liens and a promise to deliver mortgages and/or deeds of trust granting liens upon and security interest in its facilities to the Master Trustee if certain events occur, as defined. The Company is required to maintain certain reserves with a trustee. Such reserves are included in investments. The Company is also required to meet certain financial covenants.

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

The Company's long-term indebtedness consists of the following at December 31:

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2025A. The interest rate is 5% and principal matures in varying amounts from 2037 through 2055.	\$ 100,170	\$ -
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2025B. The interest rate is 5% and principal matures in varying amounts from 2037 through 2055.	62,930	-
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2023A. The interest rate is 5.25% and principal matures in varying amounts from 2051 through 2053.	10,315	10,315
Delaware Economic Development Authority Retirement Communities Revenue Bonds Series 2023B. The interest rates range from 5% to 5.25% and principal matures in varying amounts from 2037 through 2053.	58,215	58,215
Taxable Term Loan dated December 15, 2023. The interest rate is 6.23% and resets in December 2026. Principal is anticipated to mature in varying amounts through March 2043. However, the Company must request an extension of the maturity date (December 2026) to formally extend the loan. The maturity date will be considered extended only if the bank provides written notice of the extension.	25,908	26,868
Public Finance Authority Retirement Communities Revenue Bonds Series 2020A. The interest rates range from 4% to 5% and principal matures in varying amounts from 2037 through 2041.	48,460	48,460
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2020B. The interest rates range from 4% to 5% and principal of \$9,480,000 and \$9,880,000 matures in 2041 and 2042, respectively.	19,360	19,360
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2020C. The interest rates range from 4% to 5% and principal matures in varying amounts from 2042 through 2045.	47,290	47,290
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2020D (Taxable). The interest rates range from 2.6% to 3.2% and principal matures in varying amounts through 2029.	47,460	61,905
Public Finance Authority Retirement Communities Revenue Bonds Series 2019A. The interest rate is 5% and principal matures in varying amounts through 2049.	23,635	23,710

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

	2025	2024
	(In Thousands)	
Public Finance Authority Retirement Communities Revenue Bond Series 2019B. The interest rate is 2.69% and principal matures in varying amounts through 2039.	\$ 18,560	\$ 19,635
Special Care Facilities Financing Authority of the City of Daphne Retirement Communities Revenue Bond Series 2019A (Taxable). The interest rate is 4.35% and principal matures in varying amounts through 2043.	15,272	15,853
Public Finance Authority Retirement Communities Revenue Bond Series 2019B. The interest rate is 3.52% and principal matures in varying amounts from 2043 through 2046.	5,100	5,100
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2018A. The interest rate is 5% and principal matures in varying amounts from 2042 through 2045.	46,815	46,815
Delaware Economic Development Authority Retirement Communities Revenue Bonds Series 2018B. The interest rate is 5% and principal of \$17,325,000 and \$18,450,000 matures in 2047 and 2048, respectively.	35,775	35,775
South Carolina Jobs-Economic Development Authority Retirement Communities Revenue Bonds Series 2018C. The interest rate is 5% and principal matures in varying amounts from 2045 through 2047.	21,540	21,540
Public Finance Authority Retirement Communities Revenue Bonds Series 2018D. The interest rate is 4.3% and resets in June 2032. Principal matures in varying amounts from 2037 through 2040.	32,065	32,065
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2016. The interest rate is 5% and principal matures in varying amounts from 2033 through 2036.	97,165	97,165
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2016. The interest rates range from 3% to 5% and principal matures in varying amounts through 2032.	77,965	78,035
Gainesville and Hall County Development Authority (GA) Retirement Community Revenue Refunding Bonds Series 2016. The interest rates range from 4% to 5% and principal of \$435,000 and \$6,755,000 matures in 2032 and 2033, respectively.	7,190	7,190
Delaware Economic Development Authority Variable Rate Demand Revenue Bonds Series 2007A. The interest rate is fixed at 4.75% and resets in December 2026. Principal matures in varying amounts through 2037.	36,955	39,370

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
	(In Thousands)	
Gainesville and Hall County Development Authority (GA) Senior Living Facility Variable Rate Demand Revenue Bonds Series 2003B. The interest rate was 3.06% at December 31, 2025 and principal matures in varying amounts through 2033. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	\$ 20,940	\$ 22,345
Escambia County Health Facilities Authority (FL) Healthcare Facilities Variable Rate Revenue Refunding Bonds Series 2003B. The interest rate was 3.06% at December 31, 2025 and principal matures in varying amounts through 2029. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	8,650	10,620
Montgomery County Industrial Development Authority (PA) Retirement Community Variable Rate Demand Revenue Bonds Series 2002. The interest rate was 3.06% at December 31, 2025 and principal matures in varying amounts through 2029. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	5,185	6,045
Pinellas County Health Facilities Authority Health Care Facilities Refunding and Revenue Bonds Series 2021, refinanced in 2025.	-	21,005
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2018E, refinanced in 2025.	-	31,615
Total	872,920	786,296
Current maturities of long-term debt	(24,701)	(23,856)
Bond premiums and discounts, net	48,606	47,439
Unamortized deferred financing costs	(8,210)	(7,520)
Total long-term indebtedness	<u>\$ 888,615</u>	<u>\$ 802,359</u>

Variable rates are determined based on prevailing market rates and general financial conditions. The variable interest rates above include letter of credit and remarketing fees. The letter of credit fees are subject to change if the rating for the Company changes in the future. Certain debt provisions require the maintenance of the standby bond purchase agreements. Any standby bond purchase agreement used as security, if executed, has a four-year repayment term.

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

Scheduled principal repayments on long-term indebtedness outstanding as of December 31, 2025 are as follows (in thousands):

Years ending December 31:		
2026	\$	24,701
2027		25,601
2028		26,546
2029		30,475
2030		27,092
2031 - 2035		166,373
2036 - 2040		173,811
2041 - 2045		209,765
2046 - 2050		124,246
2051 - 2055		64,310
		<hr/>
Total	\$	<u>872,920</u>

During 2025, the Company completed financing transactions through the issuance of two series of revenue bonds to provide for overall debt service savings, while also establishing a project fund for certain capital projects in the Pennsylvania and Florida CCRCs. The bond proceeds were primarily used to refinance \$31,615,000 Montgomery County Industrial Development Authority (PA), Retirement Communities Revenue Bonds, Series 2018E; refinance \$21,005,000 Pinellas County Health Facilities Authority Health Care Facilities, Refunding and Revenue Bonds, Series 2021 (the Series 2021 Bonds); refinance \$25,000,000 of the outstanding borrowings on the lines of credit described in Note 7 on a long-term basis; and provide a source of funds for \$90,000,000 in project funds. In conjunction with this transaction, the Company recorded a loss on early extinguishment of debt that is included in the 2025 special-purpose combined statement of operations and changes in net assets. The loss was \$1,437,000 and consisted of \$177,000 in unamortized deferred financing costs and a \$1,260,000 redemption premium for the Series 2021 Bonds.

### 10. Derivative Instruments and Hedging Activities

The Company has interest rate swap agreements with financial institutions that are considered derivative financial instruments. The objective of the swap agreements is to minimize the risks associated with financing activities by reducing the impact of changes in the interest rates on variable rate debt. The swap agreements are contracts to exchange variable rate for fixed rate payments over the terms of the swap agreements without the exchange of the underlying notional amount. The notional amount of the swap agreements is used to measure the interest to be paid or received and does not represent the amount of exposure to credit loss. Exposure to credit loss is limited to the receivable amount, if any, which may be generated as a result of the swap agreements. Management believes that losses related to credit risk are remote and that the swap agreements are continuing to function as intended.

The net cash paid or received under the swap agreements is recognized as an adjustment to interest expense. The Company does not utilize interest rate swap agreements or other financial instruments for trading or other speculative purposes.

Changes in fair value of the interest rate swap agreements are recorded as a component of net unrealized gain on investments and investment contracts. The change in fair value was \$(248,000) in 2025 and \$855,000 in 2024.

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

At December 31, 2025, the Company had the following interest rate swaps in effect:

Debt Series	Notional Amount	Maturity Date	Effective Interest Rate	Accumulated Unrealized Loss
Series 2002 (PA)	\$ 5,185,000	2029	3.64 %	\$ 179,000
Series 2003B (GA)	20,940,000	2033	3.54	1,124,000
Series 2003B (FL)	8,650,000	2029	3.35	198,000

The fair value of the interest rate swap agreements was \$(1,501,000) and \$(1,253,000) at December 31, 2025 and 2024, respectively, and was obtained from an independent third-party valuation specialist.

### 11. Net Assets

Net assets with donor restrictions are available for the following purposes at December 31:

	2025	2024
	(In Thousands)	
Financial assistance to residents	\$ 13,890	\$ 13,551
Purchase of property and equipment	3,722	3,353
Resident services	625	648
Other	5,697	4,864
Restricted in perpetuity	3,533	3,533
Total net assets with donor restrictions	<u>\$ 27,467</u>	<u>\$ 25,949</u>

Income distributions from net assets held in perpetuity are available to fund financial assistance to residents and other donor restricted purposes.

Net assets were released from donor restrictions by incurring costs satisfying the restricted purpose or by occurrence of other events specified by donors.

### 12. Resident Services Revenues

The Company disaggregates revenue from contracts with residents by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors. Resident services revenues consist of the following for the years ended December 31:

	2025			
	Residential Living	Assisted Living	Skilled Care	Total
	(In Thousands)			
Private pay	\$ 349,648	\$ 52,181	\$ 53,151	\$ 454,980
Medicare and other	2,862	17	41,686	44,565
Medicaid	-	-	3,483	3,483
Total resident services revenues	<u>\$ 352,510</u>	<u>\$ 52,198</u>	<u>\$ 98,320</u>	<u>\$ 503,028</u>
Amortization of entrance fees				<u>\$ 151,023</u>

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

	2024			
	Residential Living	Assisted Living	Skilled Care	Total
	(In Thousands)			
Private pay	\$ 333,475	\$ 49,576	\$ 52,176	\$ 435,227
Medicare and other	3,181	3	35,662	38,846
Medicaid	-	-	4,379	4,379
Total resident services revenues	<u>\$ 336,656</u>	<u>\$ 49,579</u>	<u>\$ 92,217</u>	<u>\$ 478,452</u>
Amortization of entrance fees				<u>\$ 136,487</u>

### 13. Retirement Plans

The Company participates in a 401(k) Plan (the ACTS 401(k) Plan) covering substantially all full-time employees. The ACTS 401(k) Plan allows for qualified employees to voluntarily contribute up to the Internal Revenue Service maximum. In accordance with the terms of the ACTS 401(k) Plan, the Company matches up to 100% of the first 3% of the employee's contribution, plus an additional 50% of the next 2% of the employee's contribution. Plan expense was \$6,857,000 in 2025 and \$6,550,000 in 2024.

AMS provides a nonqualified Supplemental Executive Retirement Plan (SERP) to certain members of senior executive management in addition to those benefits available under the ACTS 401(k) Plan. Retirement benefits, as defined in the plan document and amendments, are based on age, years of service and average compensation during the last five years of employment. SERP expense was \$3,012,000 in 2025 and \$3,392,000 in 2024. The SERP liability is included in accounts payable and accrued expenses on the special-purpose combined balance sheets and was \$12,667,000 and \$10,005,000 at December 31, 2025 and 2024, respectively.

### 14. Concentrations of Credit Risk

The Company grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily related to providing residential and healthcare related services.

The Company maintains cash accounts, which, at times, may exceed federally insured limits. The Company has not experienced any losses resulting from this, and management believes it is not subject to any significant credit risk related to cash accounts.

### 15. Commitments and Contingencies

#### Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

---

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

### **Workers' Compensation**

The Company maintains a self-insured workers' compensation program with a per occurrence retention limit of \$500,000. At December 31, 2025 and 2024, the reserve for workers' compensation liability claims was \$3,873,000 and \$3,921,000, respectively, and is included in accounts payable and accrued expenses on the special-purpose combined balance sheets. Reserves are based upon fully developed cases and are actuarially determined. These estimates are based on historical loss experience along with certain assumptions about future events. Changes in assumptions for such things as medical costs, as well as changes in actual loss experience could cause these estimates to change in the near term.

### **Construction Agreements**

The Company entered into construction agreements for certain development and renovation activities at various communities. Commitments were approximately \$24,542,000 as of December 31, 2025.

### **Litigation**

The Company operates in an industry where various suits and claims arise in the normal course of business. The Company maintains general and professional liability coverage on a claims-made basis through a commercial insurance carrier. Management is not currently aware of any claims that have been or will be asserted that will, after consideration of applicable insurance coverages, have a material adverse effect on the special-purpose combined financial statements.

## **16. Related-Party Transactions**

ARLCM and AMS (collectively, Manager) entered into Management, Marketing and Development Agreements with ACMD and TERR, which are automatically renewable for one year on each anniversary date. Management fees are equal to 3% to 4.5% of gross revenues, plus any out-of-pocket expenses. Marketing fees are equal to 3% to 4.5% of gross entrance fee proceeds, plus any out-of-pocket expenses. Development fees are equal to 4% of project costs for qualified capital projects. ARLCM is also reimbursed for the costs related to certain key employees.

Manager has a management agreement with ALF, which is automatically renewable for one year on each anniversary date. Management fees are equal to 5% of gross program receipts (excluding investment income), plus any out-of-pocket expenses.

Total fees earned by Manager were \$10,130,000 in 2025 and \$7,974,000 in 2024. These balances are generally settled in the normal course of business.

ARLCM receives a fixed premium from ACMD, AADC, and TERR for their participation in workers' compensation and health insurance programs, which is adjusted from time to time. Premiums collected by ARLCM and AMS in connection with these programs were \$6,015,000 in 2025 and \$4,554,000 in 2024.

At December 31, 2025 and 2024, the Company has a beneficial interest in the investments of ALF of \$30,089,000 and \$28,783,000, respectively, related to donor restricted funds. These amounts are included in investments on the special-purpose combined balance sheets.

At December 31, 2025 and 2024, the Company had balances due from ACMD of \$20,740,000 and \$17,609,000, respectively, balances due from ALF of \$3,258,000 and \$1,398,000, respectively, and balances due from other affiliates of \$2,519,000 and \$1,825,000, respectively.

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements

December 31, 2025 and 2024

### 17. Functional Expenses

The Company provides housing, healthcare and other related services to residents within its geographic locations. The special-purpose combined financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization and other occupancy costs, are allocated to a function based on usage of space. Expenses relating to providing these services are approximately as follows for 2025 and 2024:

	2025			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
	(In Thousands)			
Salaries, wages and benefits	\$ 336,098	\$ 25,998	\$ 874	\$ 362,970
Contracted services	27,581	4,308	51	31,940
Utilities	32,066	80	-	32,146
Food	25,692	910	29	26,631
Supplies	17,565	8,055	96	25,716
Real estate taxes	13,890	179	-	14,069
Insurance	10,252	398	-	10,650
Other	13,105	12,085	112	25,302
Depreciation and amortization	94,942	9,008	-	103,950
Interest, net	34,936	-	-	34,936
Total	<u>\$ 606,127</u>	<u>\$ 61,021</u>	<u>\$ 1,162</u>	<u>\$ 668,310</u>
	2024			
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
	(In Thousands)			
Salaries, wages and benefits	\$ 324,773	\$ 25,162	\$ 776	\$ 350,711
Contracted services	31,318	3,508	41	34,867
Utilities	29,278	75	-	29,353
Food	24,993	904	26	25,923
Supplies	18,174	7,904	75	26,153
Real estate taxes	12,213	932	-	13,145
Insurance	10,827	82	-	10,909
Other	13,183	12,665	103	25,951
Depreciation and amortization	90,793	7,408	-	98,201
Interest, net	34,587	-	-	34,587
Total	<u>\$ 590,139</u>	<u>\$ 58,640</u>	<u>\$ 1,021</u>	<u>\$ 649,800</u>

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

### 18. Change in Reporting Entity

On March 27, 2025, ML was admitted as a member of the Obligated Group created pursuant to the Master Trust Indenture dated December 1, 1996, as supplemented. Accordingly, the accompanying previously issued 2024 special-purpose combined financial statements were restated for the change in reporting entity to include the accounts of ML.

The effects of these changes in reporting structure on the Company's 2024 special-purpose combined financial statements, net of inter-affiliate transactions that have been eliminated, are shown in the following table.

The effects of these changes on the special-purpose combined financial statements in 2024 are as follows:

	<b>As Previously Reported</b>	<b>Adjustments for Change in Reporting Entity</b>	<b>As Adjusted</b>
<b>Special-Purpose Combined Balance Sheet</b>			
Total assets	\$ 2,186,365	\$ 76,699	\$ 2,263,064
Total liabilities	\$ 2,038,700	\$ 33,395	\$ 2,072,095
Net assets:			
Without donor restrictions	\$ 121,833	\$ 43,187	\$ 165,020
With donor restrictions	25,832	117	25,949
Total net assets	\$ 147,665	\$ 43,304	\$ 190,969
<b>Special-Purpose Combined Statement of Operations and Changes in Net Assets</b>			
Total operating revenue	\$ 630,196	\$ 22,480	\$ 652,676
Total operating expenses	624,893	24,907	649,800
Operating income (loss)	\$ 5,303	\$ (2,427)	\$ 2,876
Net operating income (loss)	\$ 10,148	\$ (2,435)	\$ 7,713
Change in net assets without donor restrictions	\$ 11,017	\$ (2,298)	\$ 8,719
Net assets without donor restrictions, beginning	110,816	45,485	156,301
Net assets without donor restrictions, ending	\$ 121,833	\$ 43,187	\$ 165,020

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

Notes to Special-Purpose Combined Financial Statements  
December 31, 2025 and 2024

	<u>As Previously Reported</u>	<u>Adjustments for Change in Reporting Entity</u>	<u>As Adjusted</u>
<b>Special-Purpose Combined Statement of Cash Flows</b>			
Net cash provided by operating activities	\$ 148,758	\$ 2,042	\$ 150,800
Net cash used in investing activities	(113,657)	(2,606)	(116,263)
Net cash used in financing activities	<u>(33,784)</u>	<u>(117)</u>	<u>(33,901)</u>
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	1,317	(681)	636
Cash, cash equivalents and restricted cash and cash equivalents, beginning	<u>65,224</u>	<u>8,374</u>	<u>73,598</u>
Cash, cash equivalents and restricted cash and cash equivalents, ending	<u>\$ 66,541</u>	<u>\$ 7,693</u>	<u>\$ 74,234</u>

### 19. Subsequent Event

On January 1, 2026, the construction division of AADC was transferred into ACS. ACS will provide construction services and AADC will continue to engage in acquisition and development related activity on behalf of ACTS and the Affiliates.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Special-Purpose Combining Balance Sheet Schedule

December 31, 2025

(In Thousands)

	<b>ACTS Retirement-Life Communities, Inc.</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 18,648	\$ 7,221	\$ 25,869
Current portion of board-designated funds	285,256	89	285,345
Current portion of assets whose use is limited	9,817	65	9,882
Accounts receivable, entrance fee receivables and other receivables, net	18,266	1,829	20,095
Prepaid expenses, inventory and deposits	10,720	1,457	12,177
Due from affiliated organizations	(8,348)	34,865	26,517
	<u>334,359</u>	<u>45,526</u>	<u>379,885</u>
Total current assets			
	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>Board-Designated Funds</b>			
	<u>169,046</u>	<u>15,742</u>	<u>184,788</u>
<b>Assets Whose Use is Limited</b>			
	<u>11,082</u>	<u>-</u>	<u>11,082</u>
<b>North Carolina Operating Reserve Funds</b>			
	<u>4,926</u>	<u>-</u>	<u>4,926</u>
<b>Other Asset</b>			
<b>Property and Equipment</b>			
Land and improvements	107,573	8,092	115,665
Building and improvements	2,579,878	74,007	2,653,885
Furniture, fixtures and equipment	205,325	5,962	211,287
Construction in progress	99,803	4,748	104,551
	<u>2,992,579</u>	<u>92,809</u>	<u>3,085,388</u>
Accumulated depreciation	<u>(1,265,634)</u>	<u>(10,553)</u>	<u>(1,276,187)</u>
Property and equipment, net	<u>1,726,945</u>	<u>82,256</u>	<u>1,809,201</u>
<b>Deferred Costs, Net</b>	<u>14,254</u>	<u>477</u>	<u>14,731</u>
Total	<u>\$ 2,270,612</u>	<u>\$ 144,001</u>	<u>\$ 2,414,613</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Special-Purpose Combining Balance Sheet Schedule

December 31, 2025

(In Thousands)

	<b>ACTS Retirement-Life Communities, Inc.</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 68,963	\$ 37,305	\$ 106,268
Short-term indebtedness	24,003	-	24,003
Nonrecourse indebtedness	-	11,209	11,209
Entrance fee deposits	12,871	392	13,263
Current maturities of long-term debt	24,701	-	24,701
	<hr/>	<hr/>	<hr/>
Total current liabilities	130,538	48,906	179,444
<b>Long-Term Debt</b>	869,336	19,279	888,615
<b>Accumulated Loss on Investment Contracts</b>	1,501	-	1,501
<b>Refundable Portion of Entrance Fees</b>	6,403	-	6,403
<b>Deferred Revenue From Entrance Fees</b>	1,093,964	15,319	1,109,283
	<hr/>	<hr/>	<hr/>
Total liabilities	2,101,742	83,504	2,185,246
<b>Net Assets</b>			
Without donor restrictions	141,540	60,360	201,900
With donor restrictions	27,330	137	27,467
	<hr/>	<hr/>	<hr/>
Total net assets	168,870	60,497	229,367
	<hr/>	<hr/>	<hr/>
Total	\$ 2,270,612	\$ 144,001	\$ 2,414,613
	<hr/>	<hr/>	<hr/>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Special-Purpose Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2025

(In Thousands)

	ACTS Retirement-Life Communities, Inc.				Other Obligated Group Members*	Total Obligated Group
	Matthews Glen**	Tryon Estates**	Other Communities***	Total		
<b>Operating Revenue</b>						
Resident services revenues, net of amortization of entrance fees	\$ 42,071	\$ 18,859	\$ 376,535	\$ 437,465	\$ 17,515	\$ 454,980
Resident services revenues from third-party payors	2,338	935	41,724	44,997	3,051	48,048
Investment income	1,141	527	12,352	14,020	1,076	15,096
Net assets released from restrictions to provide resident services	108	115	2,651	2,874	48	2,922
Other revenue	720	643	5,636	6,999	10,218	17,217
Total operating revenue before amortization of entrance fees	46,378	21,079	438,898	506,355	31,908	538,263
Amortization of entrance fees	16,941	5,317	127,399	149,657	1,366	151,023
Total operating revenue	63,319	26,396	566,297	656,012	33,274	689,286
<b>Operating Expenses</b>						
Salaries, wages and benefits	20,133	9,536	266,312	295,981	66,989	362,970
Contracted services	3,387	966	77,005	81,358	(49,418)	31,940
Utilities	2,178	1,256	26,565	29,999	2,147	32,146
Food	2,211	1,186	21,878	25,275	1,356	26,631
Supplies	1,214	560	22,755	24,529	1,187	25,716
Real estate taxes	1,562	363	11,573	13,498	571	14,069
Insurance	943	355	8,615	9,913	737	10,650
Other	7,567	3,247	9,560	20,374	4,928	25,302
Total operating expenses before depreciation, amortization and interest	39,195	17,469	444,263	500,927	28,497	529,424
Depreciation and amortization	10,618	5,032	84,666	100,316	3,634	103,950
Interest, net	3,114	849	29,590	33,553	1,383	34,936
Total operating expenses	52,927	23,350	558,519	634,796	33,514	668,310
Operating income (loss)	\$ 10,392	\$ 3,046	\$ 7,778	\$ 21,216	\$ (240)	\$ 20,976

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Special-Purpose Combining Statement of Operations and Changes in Net Assets Schedule

Year Ended December 31, 2025

(In Thousands)

	ACTS Retirement-Life Communities, Inc.				Other Obligated Group Members*	Total Obligated Group
	Matthews Glen**	Tryon Estates**	Other Communities***	Total		
<b>Changes in Net Assets Without Donor Restrictions</b>						
Operating income (loss)	\$ 10,392	\$ 3,046	\$ 7,778	\$ 21,216	\$ (240)	\$ 20,976
Net unrealized gain on investments and investment contracts	1,518	715	12,414	14,647	1,068	15,715
Loss on early extinguishment of debt	-	-	(177)	(177)	(1,260)	(1,437)
Other valuation adjustment	-	-	(109)	(109)	-	(109)
Net gain on nonoperating events	-	-	462	462	(6)	456
Net operating income (loss)	11,910	3,761	20,368	36,039	(438)	35,601
Net assets released from restrictions to acquire property and equipment	56	-	1,223	1,279	-	1,279
Change in net assets without donor restrictions	11,966	3,761	21,591	37,318	(438)	36,880
<b>Changes in Net Assets With Donor Restrictions</b>						
Contributions	74	57	951	1,082	94	1,176
Net assets released from restrictions to:						
Provide resident services	(51)	(60)	(884)	(995)	(1)	(996)
Change in beneficial interest in the investments of Community Foundation of South Alabama (CSFA)	-	-	32	32	-	32
Change in beneficial interest in the investments of ACTS Legacy Foundation, Inc. (ALF)	120	27	1,232	1,379	(73)	1,306
Change in net assets with donor restrictions	143	24	1,331	1,498	20	1,518
Change in net assets	12,109	3,785	22,922	38,816	(418)	38,398
<b>Net Assets, Beginning</b>	90,022	21,030	19,002	130,054	60,915	190,969
<b>Net Assets, Ending</b>	\$ 102,131	\$ 24,815	\$ 41,924	\$ 168,870	\$ 60,497	\$ 229,367

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Special-Purpose Combining Statement of Cash Flows Schedule

Year Ended December 31, 2025

(In Thousands)

	<b>ACTS Retirement-Life Communities, Inc.</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Cash Flows From Operating Activities</b>			
Change in net assets	\$ 38,816	\$ (418)	\$ 38,398
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	100,316	3,634	103,950
Amortization of entrance fees	(149,657)	(1,366)	(151,023)
Other valuation adjustment	109	-	109
Amortization of bond discount and premium, net	(3,263)	(7)	(3,270)
Amortization of deferred financing costs	745	9	754
Entrance fees and deposits from nonrefundable resale contracts	226,376	9,088	235,464
Refunds of entrance fees and deposits from nonrefundable resale contracts	(18,158)	(453)	(18,611)
Administrative fee included in gross entrance fees	(10,699)	(543)	(11,242)
Increase in deferred costs	(2,479)	(180)	(2,659)
Net realized and unrealized gain on investments	(16,003)	(1,637)	(17,640)
Change in fair value of investment contracts	248	-	248
Loss on early extinguishment of debt	177	-	177
Change in beneficial interest in the investments of ALF	(1,379)	73	(1,306)
Change in the beneficial interest in the investments of CFSA	(32)	-	(32)
Net change in due from affiliated organizations	4,516	(10,201)	(5,685)
Changes in assets and liabilities:			
Decrease in accounts receivable and other receivables	3,304	668	3,972
Decrease (increase) in other prepaid expenses, inventory and deposits	310	(209)	101
Increase in accounts payable and accrued expenses	1,154	2,439	3,593
Net cash provided by operating activities	<u>174,401</u>	<u>897</u>	<u>175,298</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property and equipment	(120,614)	(5,032)	(125,646)
(Increase) decrease in investments and assets whose use is limited	<u>(4,109)</u>	<u>1,176</u>	<u>(2,933)</u>
Net cash used in investing activities	<u>(124,723)</u>	<u>(3,856)</u>	<u>(128,579)</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Special-Purpose Combining Statement of Cash Flows Schedule

Year Ended December 31, 2025

(In Thousands)

	<b>ACTS Retirement-Life Communities, Inc.</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Cash Flows From Financing Activities</b>			
Entrance fees and deposits from initial sale contracts	\$ 3,063	\$ -	\$ 3,063
Refunds of deposits from initial sale contracts	(122)	-	(122)
Entrance fees from refundable contracts	657	-	657
Refunds of refundable entrance fees	(1,564)	-	(1,564)
Payment of accounts payable, construction	(22,814)	(505)	(23,319)
Proceeds from short-term indebtedness	20,000	-	20,000
Payments on nonrecourse debt	-	(451)	(451)
Proceeds from long-term indebtedness	91,454	1,790	93,244
Increase in deferred financing costs	(1,430)	(187)	(1,617)
Payments on short-term indebtedness	(27,267)	-	(27,267)
Payments on long-term indebtedness	(23,856)	(3,327)	(27,183)
	<u>38,121</u>	<u>(2,680)</u>	<u>35,441</u>
Net cash provided by (used in) financing activities			
	38,121	(2,680)	35,441
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	87,799	(5,639)	82,160
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>59,035</u>	<u>15,199</u>	<u>74,234</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 146,834</u>	<u>\$ 9,560</u>	<u>\$ 156,394</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Interest paid, net of amounts capitalized	<u>\$ 35,542</u>	<u>\$ 2,063</u>	<u>\$ 37,605</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>			
Obligations incurred for the acquisition of property and equipment	<u>\$ 23,126</u>	<u>\$ 1,664</u>	<u>\$ 24,790</u>
Proceeds from long-term indebtedness used to repay long-term indebtedness	<u>\$ 31,615</u>	<u>\$ 17,678</u>	<u>\$ 49,293</u>
Proceeds from long-term indebtedness used to repay short-term indebtedness	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ 25,000</u>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to Balance Sheet</b>			
Cash and cash equivalents	\$ 18,648	\$ 7,221	\$ 25,869
Restricted cash and cash equivalents included in investments and assets whose use is limited	<u>128,186</u>	<u>2,339</u>	<u>130,525</u>
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 146,834</u>	<u>\$ 9,560</u>	<u>\$ 156,394</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

## **Appendix B — Five-Year Prospective Financial Statements**

The following pages comprise the projected special-purpose combined financial statements and supplementary information of ACTS Retirement-Life Communities, Inc. (Obligated Group) for each of the five years ending December 31, 2030.

**ACTS Retirement-Life Communities, Inc.  
(Obligated Group)**

Projected Special-Purpose  
Combined Financial Statements  
for Each of the Five Years Ending  
December 31, 2030 and  
Accountants' Compilation Report

# **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

---

## Table of Contents

	<u>Page</u>
<b>Accountants' Compilation Report</b>	1
<b>Financial Statements</b>	
Projected Special-Purpose Combined Balance Sheets	2
Projected Special-Purpose Combined Statements of Operations and Changes in Net Assets	3
Projected Special-Purpose Combined Statements of Cash Flows	5
Summary of Significant Projection Assumptions and Accounting Policies	6
<b>Supplementary Information</b>	
Projected Special-Purpose Combining Balance Sheets Schedule	19
Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule	24
Projected Special-Purpose Combining Statements of Cash Flows Schedule	34

## Accountants' Compilation Report

To the Board of Directors of  
ACTS Retirement-Life Communities, Inc.

Management is responsible for the accompanying projection of ACTS Retirement-Life Communities, Inc. (Obligated Group), which comprises the projected special-purpose combined balance sheets and the related projected special-purpose combined statements of operations and changes in net assets and cash flows as of and for each of the five years ending December 31, 2030, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial projection 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 financial projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this financial projection.

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 these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the prospective financial information. This supplementary information is the responsibility of management. The supplementary information was subject to the compilation engagement; however, we have not examined or reviewed the information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

The accompanying projection, supplementary information and this report are intended solely for the information and use of ACTS Retirement-Life Communities, Inc. (Obligated Group) and the North Carolina Department of Insurance, and are not intended to be and should not be used by anyone other than these specified parties.

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
May 30, 2026

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combined Balance Sheets  
Under the Hypothetical Assumptions Described in Note 1  
December 31, 2026 through 2030  
(In Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 22,061	\$ 23,204	\$ 24,525	\$ 24,765	\$ 25,230
Current portion of board-designated funds	302,364	317,737	333,609	358,108	398,617
Current portion of assets whose use is limited	10,112	10,415	10,727	11,049	11,381
Accounts receivables, entrance fee receivables and other receivables, net	21,460	22,279	23,154	24,172	25,491
Prepaid expenses, inventory, and deposits	13,409	13,892	14,382	14,984	15,705
Due from affiliated organizations	25,517	24,487	23,426	22,333	21,208
Total current assets	394,923	412,014	429,823	455,411	497,632
<b>Board-Designated Funds</b>	10,000	10,000	10,000	10,000	10,000
<b>Assets Whose Use is Limited</b>	141,336	117,065	117,894	122,019	126,387
<b>North Carolina Operating Reserve Funds</b>	8,304	8,488	8,672	8,949	9,309
<b>Property and Equipment, Net</b>	1,887,725	2,012,307	2,087,236	2,109,241	2,111,020
<b>Other Asset</b>	4,926	4,926	4,926	4,926	4,926
<b>Deferred Costs, Net</b>	14,279	13,685	13,030	12,162	10,828
Total assets	<u>\$ 2,461,493</u>	<u>\$ 2,578,485</u>	<u>\$ 2,671,581</u>	<u>\$ 2,722,708</u>	<u>\$ 2,770,102</u>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	\$ 108,401	\$ 112,033	\$ 115,455	\$ 119,670	\$ 125,121
Entrance fee deposits	13,989	14,497	15,000	15,543	16,034
Short-term indebtedness	42,542	114,605	135,481	23,246	25,146
Current maturity of nonrecourse indebtedness	494	494	494	494	124
Current maturities of long-term debt	25,601	26,546	30,475	27,092	31,825
Total current liabilities	191,027	268,175	296,905	186,045	198,250
<b>Long-Term Indebtedness</b>	860,366	831,054	797,690	862,807	828,173
<b>Nonrecourse Indebtedness</b>	9,016	8,522	8,028	7,534	7,410
<b>Refundable Portion of Entrance Fees</b>	5,053	3,771	2,552	1,395	295
<b>Deferred Revenue from Entrance Fees</b>	1,149,089	1,202,364	1,281,668	1,359,627	1,406,988
<b>Accumulated Loss on Investment Contracts</b>	1,501	1,501	1,501	1,501	1,501
Total liabilities	<u>2,216,052</u>	<u>2,315,387</u>	<u>2,388,344</u>	<u>2,418,909</u>	<u>2,442,617</u>
<b>Net Assets</b>					
Without donor restrictions	216,611	232,763	251,249	270,003	291,720
With donor restrictions	28,830	30,335	31,988	33,796	35,765
Total net assets	<u>245,441</u>	<u>263,098</u>	<u>283,237</u>	<u>303,799</u>	<u>327,485</u>
Total liabilities and net assets	<u>\$ 2,461,493</u>	<u>\$ 2,578,485</u>	<u>\$ 2,671,581</u>	<u>\$ 2,722,708</u>	<u>\$ 2,770,102</u>

See summary of significant projection assumptions and accounting policies

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combined Statements of Operations and Changes in Net Assets

Under the Hypothetical Assumptions Described in Note 1

For Each of the Five Years Ending December 31, 2030

(In Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>Operating Revenue</b>					
Resident services revenue, net of amortization of entrance fees	\$ 471,532	\$ 490,149	\$ 510,033	\$ 533,350	\$ 563,863
Resident services revenue from third-party payors	50,671	51,974	53,388	54,840	56,415
Investment income	12,757	13,740	14,374	15,140	16,272
Net assets released from restrictions to provide resident services	2,515	2,590	2,668	2,748	2,831
Contributions	105	108	112	115	118
Other revenue	16,503	16,999	17,509	18,034	18,575
Total operating revenue before amortization of entrance fees	554,083	575,560	598,084	624,227	658,074
Amortization of entrance fees	152,006	155,144	158,231	169,953	172,637
Total operating revenue	706,089	730,704	756,315	794,180	830,711
<b>Operating Expenses</b>					
Salaries, wages and benefits	372,909	385,939	400,246	417,660	434,644
Contracted services	29,834	30,729	31,624	33,720	36,565
Utilities	32,844	33,829	34,815	36,550	40,535
Food	26,917	29,291	30,287	31,792	34,303
Supplies	27,303	28,319	29,194	30,079	30,950
Real estate taxes	14,487	14,922	15,357	15,791	16,226
Insurance	10,586	10,904	11,371	11,689	11,856
Other	28,945	29,467	30,369	30,388	31,825
Total operating expenses before depreciation, amortization, and interest	543,825	563,400	583,263	607,669	636,904
Depreciation and amortization	111,093	117,523	123,031	128,669	134,369
Interest, net	37,552	34,775	32,738	40,352	39,048
Total operating expenses	692,470	715,698	739,032	776,690	810,321
Net operating income	\$ 13,619	\$ 15,006	\$ 17,283	\$ 17,490	\$ 20,390

*See summary of significant projection assumptions and accounting policies*

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combined Statements of Operations and Changes in Net Assets  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>Changes in Net Assets Without Donor Restrictions</b>					
Net operating income	\$ 13,619	\$ 15,006	\$ 17,283	\$ 17,490	\$ 20,390
Net assets released from restrictions to acquire property and equipment	<u>1,092</u>	<u>1,146</u>	<u>1,203</u>	<u>1,264</u>	<u>1,327</u>
Change in net assets without donor restrictions	<u>14,711</u>	<u>16,152</u>	<u>18,486</u>	<u>18,754</u>	<u>21,717</u>
<b>Changes in Net Assets With Donor Restrictions</b>					
Contributions	50	52	53	55	56
Change in beneficial interest in investments of ACTS Legacy Foundation, Inc. (ALF) and Community Foundation of South Alabama (CFSA)	<u>1,313</u>	<u>1,453</u>	<u>1,600</u>	<u>1,753</u>	<u>1,913</u>
Change in net assets with donor restrictions	<u>1,363</u>	<u>1,505</u>	<u>1,653</u>	<u>1,808</u>	<u>1,969</u>
Change in net assets	16,074	17,657	20,139	20,562	23,686
<b>Net Assets, Beginning</b>	<u>229,367</u>	<u>245,441</u>	<u>263,098</u>	<u>283,237</u>	<u>303,799</u>
<b>Net Assets, Ending</b>	<u>\$ 245,441</u>	<u>\$ 263,098</u>	<u>\$ 283,237</u>	<u>\$ 303,799</u>	<u>\$ 327,485</u>

*See summary of significant projection assumptions and accounting policies*

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combined Statements of Cash Flows

Under the Hypothetical Assumptions Described in Note 1

For Each of the Five Years Ending December 31, 2030

(In Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
<b>Cash Flows From Operating Activities</b>					
Change in net assets	\$ 16,074	\$ 17,657	\$ 20,139	\$ 20,562	\$ 23,686
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation and amortization	111,093	117,523	123,031	128,669	134,369
Amortization of entrance fees	(152,006)	(155,144)	(158,231)	(169,953)	(172,637)
Amortization of bond discount and premium, net	(3,403)	(3,522)	(3,645)	(3,772)	(3,597)
Amortization of deferred financing costs	755	756	756	789	788
Entrance fees and deposits from nonrefundable resale contracts	215,103	225,254	234,237	243,626	253,300
Refunds of entrance fees and deposits from nonrefundable resale contracts	(17,261)	(15,798)	(17,013)	(18,289)	(18,367)
Administrative fee included in gross entrance fees	(11,327)	(11,801)	(13,397)	(13,978)	(14,444)
Increase in deferred costs	(1,565)	(1,676)	(1,902)	(1,990)	(1,795)
Change in beneficial interest in investments of ALF and CFSA	(1,313)	(1,453)	(1,600)	(1,753)	(1,913)
Net change in due from affiliated organizations	1,000	1,030	1,061	1,093	1,125
Changes in assets and liabilities:					
Increase in accounts receivable and entrance fee receivables	(1,365)	(819)	(875)	(1,018)	(1,319)
Increase in prepaid expenses, inventory and deposits	(1,232)	(483)	(490)	(602)	(721)
(Decrease) increase in accounts payable and accrued expenses	(4,969)	(5,248)	10,975	12,305	7,967
Net cash provided by operating activities	<u>149,584</u>	<u>166,276</u>	<u>193,046</u>	<u>195,689</u>	<u>206,442</u>
<b>Cash Flows From Investing Activities</b>					
Purchase of property and equipment	(155,708)	(199,063)	(162,184)	(122,687)	(110,406)
Increase in investments	(1,994)	(15,994)	(33,985)	(42,970)	(45,937)
Net cash used in investing activities	<u>(157,702)</u>	<u>(215,057)</u>	<u>(196,169)</u>	<u>(165,657)</u>	<u>(156,343)</u>
<b>Cash Flows From Financing Activities</b>					
Entrance fees from initial sale contracts	6,023	11,272	34,210	37,096	-
Refunds of refundable entrance fees	(1,350)	(1,282)	(1,218)	(1,157)	(1,100)
Payment of accounts payable, construction	(24,790)	(31,892)	(40,772)	(33,219)	(25,129)
Proceeds from short-term indebtedness	18,539	72,063	72,381	20,053	1,900
Net proceeds from long-term indebtedness	-	-	-	952	-
Increase in deferred financing costs	-	-	-	(952)	-
Payments on nonrecourse indebtedness	(1,699)	(494)	(494)	(494)	(494)
Payments on short-term indebtedness	-	-	(51,505)	(37,096)	-
Payments on long-term indebtedness	(24,701)	(25,601)	(26,546)	(30,475)	(27,092)
Net cash (used in) provided by financing activities	<u>(27,978)</u>	<u>24,066</u>	<u>(13,944)</u>	<u>(45,292)</u>	<u>(51,915)</u>
Net decrease in cash, cash equivalents and restricted cash and cash equivalents	(36,096)	(24,715)	(17,067)	(15,260)	(1,816)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>156,394</u>	<u>120,298</u>	<u>95,583</u>	<u>78,516</u>	<u>63,256</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 120,298</u>	<u>\$ 95,583</u>	<u>\$ 78,516</u>	<u>\$ 63,256</u>	<u>\$ 61,440</u>
<b>Supplemental Disclosure of Cash Flow Information</b>					
Interest paid, net of amounts capitalized	<u>\$ 40,200</u>	<u>\$ 37,541</u>	<u>\$ 35,627</u>	<u>\$ 43,335</u>	<u>\$ 41,857</u>
<b>Supplemental Disclosure of Noncash Financing Activities</b>					
Obligations incurred for the acquisition of property and equipment	<u>\$ 31,892</u>	<u>\$ 40,772</u>	<u>\$ 33,219</u>	<u>\$ 25,129</u>	<u>\$ 22,613</u>
Proceeds from long-term indebtedness to repay short-term indebtedness	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,192</u>	<u>\$ -</u>

See summary of significant projection assumptions and accounting policies

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

### **Summary of Significant Projection Assumptions and Accounting Policies**

---

The accompanying financial projection presents, to the best of the knowledge and belief of management of ACTS Retirement-Life Communities, Inc. (Obligated Group) (Management), the expected financial position, results of operations and changes in net assets, and cash flows of ACTS Retirement-Life Communities, Inc. (Obligated Group) as of and for each of the five years ending December 31, 2030 if the hypothetical assumptions described in Note 1 below occur. Accordingly, the projection reflects Management's judgment as of May 30, 2026, the date of the projection, of the expected conditions and Management's expected course of action if the hypothetical assumptions occur.

The accompanying financial projection was prepared for the purpose of submission to the North Carolina Department of Insurance, as required by North Carolina General Statute 58-64A-150(a)(37) and should not be considered a presentation of expected future results. Accordingly, these projections may not be useful for other purposes. The assumptions disclosed herein are those that Management believes are significant to the financial projection. Furthermore, even if the hypothetical assumptions occur as described, there will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The accompanying financial projection is not strictly limited to the North Carolina communities. As such, this projection includes all 23 communities considered part of the Obligated Group.

#### **1. Hypothetical Assumptions**

A hypothetical assumption is an assumption used in a financial projection to present a condition or course of action that is not necessarily expected to occur, but is consistent with the purpose of the presentation. Because of the nature of financial projections, Management need not have a reasonable basis for the hypothetical assumptions.

Management has elected to use certain hypothetical assumptions in the preparation of the accompanying financial projection but does not have documented support for certain of these assumptions. The hypothetical assumptions used by Management in the preparation of the accompanying financial projection are that:

- a) Derivative instruments and investments do not reflect unrealized gains or losses or changes in the fair value of the asset or liability due to the inability to predict fair value changes.
- b) Interest rates for fixed rate debt are based upon actual interest rates, while variable rate bonds are based upon historical rates for similar debt outstanding.
- c) The composition of ACTS Retirement-Life Communities, Inc. (Obligated Group) will not change during the projection period.
- d) ACTS Retirement-Life Communities, Inc. (Obligated Group) will complete the proposed renovation and expansion projects at the campuses described in Note 10 and obtain the related financing for the Park Pointe Village expansion and renovation project.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

### Summary of Significant Projection Assumptions and Accounting Policies

---

#### **2. Nature of Operations and Organizational Matters**

ACTS Retirement Services, Inc. (ARS) is a not-for-profit Pennsylvania corporation that serves as the parent organization providing the highest level of governance and control over all of its controlled entities. The following is a listing of ARS' controlled entities:

ACTS Management Services, Inc. (AMS) is a not-for-profit Pennsylvania corporation providing management, marketing and development services to senior living providers. AMS is the sole member of ACTS Retirement-Life Communities Management, LLC (ARLCM), Acts Alliance Management, LLC (AAM), and Acts Construction Services, LLC (ACS), Pennsylvania limited liability companies. AMS and ARLCM provide management, marketing and development services to ACTS Retirement-Life Communities, Inc. (ACTS) and the Affiliates (as herein defined).

ACTS, a not-for-profit Pennsylvania corporation that, along with the Affiliates (as herein defined), provides residential, assisted living and skilled care services to senior adults in its 28 CCRCs, located in Alabama (2), Delaware (3), Florida (6), Georgia (1), Maryland (4), New Jersey (1), North Carolina (2), Pennsylvania (8) and South Carolina (1). ACTS operates 22 CCRCs as divisions within the legal entity of ACTS, and 6 CCRCs within three separate, related legal entities (the Affiliates).

On December 31, 2025, ACTS Signature Community Services, Inc. (ASCS), an entity under common control and a not-for-profit Pennsylvania corporation that provides home and community-based services and primary care services to residents of ACTS CCRCs, merged into ACTS and is operating as a division of ACTS.

ACTS is the sole member of the following entities:

ACTS Legacy Foundation, Inc. (ALF), a not-for-profit Delaware corporation that provides fundraising, supports all charitable programs and manages the donor restricted funds for ACTS and the Affiliates.

ACTS Acquisition and Development Company, LLC (AADC), a Florida limited liability company that engages in acquisition and development related activity on behalf of ACTS and the Affiliates. AADC is the sole corporate member of the following Affiliates:

Acts Communities of Maryland, Inc. (ACMD), a not-for-profit Maryland corporation which operates 4 CCRCs located in Maryland.

Mease Life, Inc. (ML), a not-for-profit Florida corporation which operates a CCRC located in Dunedin, Florida.

Bonita Springs Retirement Village, Inc. d/b/a The Terraces at Bonita Springs (TERR), a not-for-profit Florida corporation which operates a CCRC located in Bonita Springs, Florida.

Acts Community at Heritage Farms, Inc. (ACHF), a not-for-profit Tennessee corporation which was incorporated during 2025 with the intention to develop a CCRC located in Columbia, Tennessee.

The ACTS Obligated Group includes ACTS, AMS, ARLCM, AAM, and ML under the terms of a Master Trust Indenture.

# ACTS Retirement-Life Communities, Inc. (Obligated Group)

## Summary of Significant Projection Assumptions and Accounting Policies

The members of the Obligated Group, with the exception of ARLCM and AAM, are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on their exempt income under Section 501(a) of the IRC. ARLCM and AAM, as single member limited liability companies, are considered "disregarded entities" for federal tax purposes. Because ACTS and AMS are exempt from federal income tax under Section 501(a) of the IRC, as charitable organizations described in Section 501(c)(3) of the IRC, and because ARLCM and AAM are disregarded entities for federal tax purposes, ARLCM and AAM are considered exempt under Section 501(a) of the IRC as charitable organizations described in Section 501(c)(3) of the IRC.

### Basis of Presentation and Principles of Combination

The ACTS Obligated Group (the Company) prepares special-purpose combined financial statements in accordance with the financial reporting provisions specified in the disclosure requirements of the Master Trust Indenture. The Master Trust Indenture specifies the preparation of combined financial statements of the Obligated Group members; accordingly, the accompanying special-purpose combined financial statements include only the accounts of the Obligated Group members and exclude the accounts of ALF, AADC, ACHF, ACMD, ACS and TERR. The combination of financial statements for only certain controlled organizations differs from accounting principles generally accepted in the United States of America.

All inter-affiliate transactions between the members of the Company have been eliminated in combination.

### 3. Summary of Significant Accounting Policies

#### Cash, Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the projected special-purpose combined statements of cash flows, cash, cash equivalents and restricted cash and cash equivalents include working capital accounts invested in highly liquid instruments purchased with an original maturity of three months or less. Cash and cash equivalents include investments comprised of debt related reserves and state reserves. The following table provides a reconciliation of cash, cash equivalents and restricted cash and cash equivalents reported within the projected special-purpose combined balance sheets that sum to the total of the same such amounts reported in the projected special-purpose combined statements of cash flows.

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
	(In Thousands)				
Cash and cash equivalents	\$ 22,061	\$ 23,204	\$ 24,525	\$ 24,765	\$ 25,230
Restricted cash and cash equivalents included in board-designated funds and assets whose use is limited	<u>98,237</u>	<u>72,379</u>	<u>53,991</u>	<u>38,491</u>	<u>36,210</u>
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 120,298</u>	<u>\$ 95,583</u>	<u>\$ 78,516</u>	<u>\$ 63,256</u>	<u>\$ 61,440</u>

#### Board-Designated Funds

Board-designated funds represent assets set aside by the Company's board of directors for future use by the Company, including capital projects and other special purposes approved by the board.

# **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

## **Summary of Significant Projection Assumptions and Accounting Policies**

---

### **Investments and Investment Risk**

Investments with readily determinable fair values are measured at fair value in the projected special-purpose combined balance sheets. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in net operating income in the projected special-purpose combined statements of operations and changes in net assets unless the income is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Estimates of the future changes in fair values are not readily determinable at this date; thus, future changes in the fair value of investments are not reflected in the accompanying projected special-purpose financial statements.

The Company's investments are comprised of a variety of financial instruments. The fair values reported in the projected special-purpose combined balance sheets are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported on the projected special-purpose combined balance sheets could materially change during the projection period.

Investments include assets without restrictions and assets with restrictions. Assets without restrictions represent assets that are available for the general use and purposes of the Company. Assets with restrictions include amounts held in trust to meet debt related requirements, assets that are used to meet statutory reserve requirements and amounts restricted by donors for specific purposes or time periods.

### **Accounts Receivable and Entrance Fee Receivables**

The Company assesses collectability on all resident accounts prior to providing services. An allowance for expected credit losses is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The allowance is estimated by Management based on factors such as aging of the accounts receivable, and anticipated collection of the consideration. Accounts are written off through credit loss expense when the Company has exhausted all collection efforts and accounts are deemed impaired.

Entrance fee receivables are evaluated for collectability prior to residents being admitted to the communities based on the resident's credit worthiness. The terms and conditions of each entrance fee receivable are determined when a resident agreement is executed.

### **Property and Equipment**

Property and equipment are stated at cost. Donated assets are recorded at their fair value at the date of donation. Depreciation is computed using the straight-line method based on the following estimated useful lives:

Land improvements	10 to 25 years
Building and improvements	8 to 55 years
Furniture, fixtures and equipment	3 to 10 years

Projected depreciation expense (in thousands) is \$109,076, \$115,253, \$120,474, \$125,811 and \$131,240 in 2026 through 2030, respectively.

When assets are sold or retired, the asset values and related accumulated depreciation are eliminated from the accounts, and any gain or loss is included in the special-purpose combined statements of operations and changes in net assets. The cost of maintenance and repairs is charged to expense as incurred. Significant renewals and betterments are capitalized.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

### **Summary of Significant Projection Assumptions and Accounting Policies**

---

Gifts of long-lived assets such as land, buildings or equipment are reported as other revenue unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions. Expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Interest is capitalized for assets that require a period of time to be constructed or to prepare them for their intended use.

#### **Deferred Costs**

Deferred costs include incremental costs of obtaining resident agreements that would not have been incurred if the resident agreements were not obtained and are recorded at cost. Deferred costs are amortized over the estimated life expectancy of the residents using the straight-line method, which approximates the period of time that services are expected to be transferred to residents.

Projected amortization expense (in thousands) is \$2,017, \$2,270, \$2,557, \$2,858 and \$3,129 in 2026 through 2030, respectively.

#### **Deferred Financing Costs**

Deferred financing costs are amortized straight-line over the terms of the related debt, which approximates using the effective interest method and are classified net with the related debt. Projected amortization expense (in thousands), which is included as a component of interest expense, is \$755, \$756, \$756, \$789 and \$788 in 2026 through 2030, respectively.

#### **Derivative Financial Instruments**

The Company uses interest rate swap agreements, which are considered derivative financial instruments, to manage its interest rate risk on its long-term debt. The interest rate swap agreements are reported at fair value in the projected special-purpose combined balance sheets. Estimates of the future changes in fair value are not readily determinable at this date; thus, future changes in the fair value of derivative financial instruments are not reflected in the accompanying projected special-purpose financial statements.

#### **Entrance Fees**

Under a continuing care contract (resident agreement) for a residential living unit, the Company receives entrance fee payments in advance. The Company offers both nonrefundable and refundable resident agreements. The majority of the Company's resident agreements are nonrefundable.

Under the majority of nonrefundable resident agreements, residents who terminate their contracts will generally be entitled to a full refund less an administrative fee of up to 5%, and less 1%-2% (based on the resident agreement) of the remaining entrance fee per each month of residency. Under refundable resident agreements, the entrance fee is reduced to no less than the guaranteed refund, as specified in the resident agreement, and refunds to residents are generally paid by the Company after a new resident occupies the residential living unit vacated by the former resident.

The nonrefundable portion of entrance fees is amortized to revenue over the actuarially computed life expectancy of the residents using the straight-line method, which approximates the period of time that services under the resident agreements are expected to be transferred to residents and the Company's performance obligation to the residents is satisfied, and is classified as deferred revenue from entrance fees on the projected special-purpose combined balance sheets.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

### **Summary of Significant Projection Assumptions and Accounting Policies**

---

The guaranteed refundable portion of entrance fees is classified as refundable portion of entrance fees on the projected special-purpose combined balance sheets and is not amortized to revenue.

Under the majority of existing resident agreements, residential living residents are entitled to assisted living or skilled care services, as needed, with no increases in the current monthly service fees as a result of transferring to a higher level of care.

#### **Obligation to Provide Future Services**

The Company engages an independent actuary once every three years to calculate the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entrance fees. Based upon the last calculation performed (as of December 31, 2023), the present value of the net cost of future services and the use of facilities, based on a discount rate of 5%, did not exceed the balance of deferred revenue from entrance fees. Based upon this calculation, the assumptions in this projection, and the analysis of Management, Management believes there will be no need to record a liability for the obligation to provide future services during the projection period.

#### **Net Assets**

Net assets, 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 available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors are accounted for in net assets without donor restrictions.

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

#### **Resident Services Revenues**

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

Payment terms and conditions for the Company's resident agreements vary by contract type and payor source, although terms generally include payment to be made within 30 days. Resident services revenues for recurring and routine monthly services due from private pay residents are generally billed monthly in advance. Resident services revenues for ancillary services due from private pay residents are generally billed monthly in arrears. Resident services revenues due from Medicare, Medicaid and other third-party payor programs are billed monthly in arrears.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

### **Summary of Significant Projection Assumptions and Accounting Policies**

---

Resident services revenues are primarily comprised of skilled care, assisted living and residential living revenue streams, which are primarily derived from providing nursing, assisted living and housing services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Company has determined that the services included in the stated daily or monthly fee for each level of care represent a series of distinct services that have the same timing and pattern of transfer. Therefore, the Company considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, skilled care, assisted living and residential living revenues are recognized on a daily or month-to-month basis as services are rendered.

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

#### **Income Taxes**

ACTS, AMS, and ML are not-for-profit corporations. Each is exempt from federal income taxes on exempt income under Section 501(a) of the IRC and other income taxes under similar statutes. Accordingly, no provision for income taxes has been recorded in the projected special-purpose combined financial statements.

#### **Measure of Operations and Performance Indicator**

The projected special-purpose combined statements of operations and changes in net assets include the determination of net operating income (the performance indicator). Net operating income includes only those operating revenues and expenses that are an integral part of the Company's program activities and net assets released from donor restrictions to provide resident services.

Changes in net assets without donor restrictions which are excluded from the determination of the performance indicator, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets, if any).

#### **4. Short-Term Indebtedness**

ACTS has an available \$85,000,000 revolving line of credit with a financial institution. Interest is calculated monthly based on changes to the SOFR, as defined.

ACTS also has an available \$90,000,000 revolving line of credit with another financial institution. Interest is calculated monthly based on changes to the SOFR, as defined.

The Company's obligations under the line of credit agreements are secured under the terms of a Master Trust Indenture dated December 1, 1996, as supplemented, on a parity basis by a pledge of gross revenues (as defined), a covenant not to create or allow to exist upon its property any lien except for permitted liens, and a promise to deliver mortgages and/or deeds of trust granting liens upon and security interest in its facilities to the Master Trustee if certain events occur, as defined.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

### Summary of Significant Projection Assumptions and Accounting Policies

---

#### **5. Nonrecourse Indebtedness**

In February 2021, the Company closed on a \$13,840,000 debt financing consisting of a nonrecourse, nonbank qualified tax-free mortgage loan. The proceeds from the financing were used to refinance the existing nonrecourse indebtedness, reimburse for the costs of capital improvements and finance closing costs. The nonbank qualified tax-free mortgage loan amortizes over 25 years and interest is calculated monthly based on changes to the SOFR, as defined.

#### **6. Long-Term Indebtedness**

The Company's long-term indebtedness has been issued under a Master Trust Indenture dated December 1, 1996, as supplemented, which secures the obligations of the Company and includes a pledge of gross revenues (as defined), a covenant not to create or allow to exist upon its property any lien except for permitted liens and a promise to deliver mortgages and/or deeds of trust granting liens upon and security interest in its facilities to the Master Trustee if certain events occur, as defined. The Company is required to maintain certain reserves with a trustee. Such reserves are included in assets whose use is limited. The Company is also required to meet certain financial covenants. It is assumed that an Authority will issue, on behalf of the Company, \$96,144,000 of fixed rate tax-exempt bonds in 2029. The proceeds from the issuance are assumed to primarily provide for the payoff of the amount of outstanding borrowings on the lines of credit associated with the Park Pointe Village expansion and renovation project (Note 10). It is assumed the bonds will mature in 2045 and carry a fixed rate of interest of 4.8%.

Long-term debt is projected to be comprised of approximately 87% fixed rate, tax-exempt revenue bonds, 9% fixed rate, taxable revenue bonds and taxable term loans, and 4% variable rate, tax-exempt demand revenue bonds. The interest rate on substantially all variable rate bonds is fixed by interest rate swaps.

Anticipated principal repayments on long-term indebtedness are as follows (in thousands):

Years ending December 31:	
2026	\$ 24,701
2027	25,601
2028	26,546
2029	30,475
2030	27,092
2031 - 2035	174,290
2036 - 2040	183,856
2041 - 2045	222,585
Thereafter	<u>253,918</u>
Total	<u>\$ 969,064</u>

# **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

## Summary of Significant Projection Assumptions and Accounting Policies

---

### **7. Revenue and Expense Assumptions**

#### **Revenue**

The Company derives revenue from six primary sources: monthly resident fees, entrance fee amortization, per-diem rates charged for nonresident skilled care residents, income from "fee-for-service" programs, investment income and miscellaneous income. Monthly and per diem fees included in resident services revenue are assumed to increase approximately 3.5% in 2027 through 2030. Resident services revenue from third-party payors is assumed to increase 2.4% in 2027 through 2030. Other revenue is projected to increase approximately 3.0% in 2027 through 2030. Projected revenues for 2026 were based on the Company's 2026 budget, which generally used inflationary increases ranging from approximately 2% to 11% in all revenue categories. Entrance fee amortization will increase as the resident population grows through the occupancy of vacant residential living units, as existing occupied residential living units are vacated and resold, and as expansion residential living units are placed in service.

During 2025, the Company's residential living units operated at an average occupancy level of 93.4%. Management projected average residential living occupancy to be 92.6% in 2026, 92.7% in 2027, 91.9% in 2028, 91.0% in 2029 and 92.8% in 2030. During 2025, the Company's assisted living units operated at an average occupancy level of 84.6%. Management projected average assisted living occupancy to be 85.0% in 2026, 85.1% in 2027, 84.9% in 2028, 86.1% in 2029, and 86.3% in 2030. During 2025, the Company's skilled care units operated at an average occupancy level of 81.4%. Management projected average skilled care occupancy to be 84% in 2026 through 2030. Occupancy levels were projected by management using historical operating experience and future expectations.

Investment income was assumed to equal approximately 3.0% of the ending cash and investment balances each year during the projection period.

#### **Beneficial Interest in Investments**

As of December 31, 2025, the Company has a beneficial interest in the investments of ALF of \$30,089,000 and a beneficial interest of the Community Foundation of South Alabama (CFSA) of \$275,000. These amounts, as well as growth in these amounts during the projection period, are included in assets whose use is limited in the projected special-purpose balance sheets.

The change in the Company's beneficial interest in investments of ALF and CFSA is projected based upon historical operating experience and Management's expectations of future net asset with donor restrictions activity, primarily contributions and net assets released from restrictions.

#### **Operating Expenses**

Projected expenses in 2026 were based on the Company's 2026 budget, which generally used inflationary increases ranging from approximately 3% to 10% in all expense categories. In addition, certain 2026 projected expenses were projected to decrease, as compared to 2025, as a result of expense reduction strategies implemented by the Company (e.g., contracted services). Operating expenses for the remaining years are projected to increase based on an assumed average inflation factor of 3.0% to 3.5% each year during the projection period and incremental costs associated with the renovation and expansion projects disclosed in Note 10. Operating expenses are also projected to be impacted by changes in occupancy levels each year. The outcome of the projection is particularly sensitive to variances in inflation. In addition, Management assumes that if there are further unexpected increases in operating costs, those could be offset by the ability to increase charges for resident services.

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

### Summary of Significant Projection Assumptions and Accounting Policies

#### Interest Expense

Interest expense is calculated based on the terms of current debt outstanding. Interest rates on fixed rate bonds and term loans outstanding were assumed to range from approximately 2.7% to 6.2% with a weighted average of 4.83%. Interest rates on variable rate bonds outstanding were assumed to be approximately 3.06%, which represents the rates as of December 31, 2025 on the Company's existing variable rate bonds. Since variable interest rates are market-driven and not readily determinable, variable rate bonds were assumed to remain at these rates throughout the projection period. The interest rate on short-term indebtedness was assumed to be 6.4% throughout the projection period. The interest rate on nonrecourse indebtedness is calculated monthly based on changes to the SOFR, as defined, and assumed to be 4.5% throughout the projection period.

Interest costs capitalized are projected to be (in thousands) \$6,026, \$8,207, \$12,117, \$5,257 and \$1,802 in 2026 through 2030, respectively.

#### Depreciation

Depreciation is projected based upon historical levels and assumed capital expenditures during the projection period.

## 8. Balance Sheet Assumptions

#### Receivables

Receivables are projected to be 15 days of the resident services revenue and resident services revenue from third-party payors.

#### Investments

Investments are expected to be comprised primarily of money market funds, U.S. government securities, corporate debt securities, equity and fixed income mutual and exchange traded funds, and equity securities and are as follows:

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
	<u>(In Thousands)</u>				
Investments related to:					
Board-designated funds	<u>\$ 312,364</u>	<u>\$ 327,737</u>	<u>\$ 343,609</u>	<u>\$ 368,108</u>	<u>\$ 408,617</u>
State reserves - NC	<u>8,304</u>	<u>8,488</u>	<u>8,672</u>	<u>8,949</u>	<u>9,309</u>
Assets whose use is limited:					
State reserves - other	54,113	56,017	57,984	60,018	62,124
Real estate held for investment at cost	4,718	4,718	4,718	4,718	4,718
Beneficial interest in the investments of ALF and CFSA	31,677	33,130	34,730	36,483	38,396
Donor restricted funds	393	445	498	552	608
Debt and project construction reserves	<u>60,547</u>	<u>33,170</u>	<u>30,691</u>	<u>31,297</u>	<u>31,922</u>
Total assets whose use is limited	<u>151,448</u>	<u>127,480</u>	<u>128,621</u>	<u>133,068</u>	<u>137,768</u>
Total	<u>\$ 472,116</u>	<u>\$ 463,705</u>	<u>\$ 480,902</u>	<u>\$ 510,125</u>	<u>\$ 555,694</u>

These amounts are included in the projected special-purpose combined financial statements as board-designated funds, assets whose use is limited, and North Carolina operating reserve funds.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

### Summary of Significant Projection Assumptions and Accounting Policies

---

In accordance with North Carolina General Statute 58-64A-245(c), the Company maintains an operating reserve equal to 12.5% of total operating expenses (excluding depreciation and amortization expenses) for Matthews Glen and Tryon Estates, based on the twelve-month daily average residential living unit occupancy rate of each community exceeding 93% and the Company's debt service coverage ratio exceeding 2.0 for 2025. Matthews Glen and Tryon Estates are continuing care retirement communities located in North Carolina for which the Company serves as the provider of continuing care. Matthews Glen and Tryon Estates are expected to operate residential living units at occupancy levels exceeding 93%, and the Company's debt service coverage ratio is expected to exceed 2.0, each year throughout the projection period.

#### **Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses, excluding construction related accounts payable, are projected to be 53 days of expenses excluding depreciation, amortization and interest based on historical operating experience. Construction related accounts payable are also included in accounts payable and accrued expenses.

#### **Entrance Fee Deposits**

Entrance fee deposits are projected as a percentage of sales activity based upon historical operating experience.

### **9. Cash Flows Assumptions**

Entrance fees from resales are projected to increase primarily as a result of increased entrance fee price increases of 4.0% per year based on historical operating experience and future expectations.

Purchases of property and equipment include expenditures for renovations and expansion of existing properties as well as ordinary capital expenditures.

### **10. Renovation and Expansion of Existing Properties**

The following are assumed renovation and expansion projects at specific communities which are considered to be the most significant.

#### **Gwynedd Estates**

It is assumed that a new assisted living and memory care center will be built on the campus from 2026 through 2027 at a remaining projected cost of \$17,800,000. Construction costs will be primarily funded through a project fund established in conjunction with the permanent financing completed in 2025.

#### **Spring House Estates**

It is assumed that the skilled care center will be renovated from 2026 through 2027 at a remaining projected cost of \$6,600,000. The renovations will primarily include privacy enhancements in resident rooms. Renovation costs will be primarily funded by the project funds established in conjunction with the permanent financings completed in 2023 and 2025.

#### **Southampton Estates**

It is assumed that the skilled care center will be renovated from 2026 through 2027 at a remaining projected cost of \$5,400,000. The renovations will primarily include privacy enhancements in resident rooms. Renovation costs will be primarily funded by the project funds established in conjunction with the permanent financings completed in 2023 and 2025.

## **ACTS Retirement-Life Communities, Inc. (Obligated Group)**

---

### Summary of Significant Projection Assumptions and Accounting Policies

#### **Granite Farms Estates**

It is assumed that the skilled care center will be renovated from 2026 through 2027 at a remaining projected cost of \$4,000,000. The renovations will primarily include privacy enhancements in resident rooms. Renovation costs will be primarily funded through a project fund established in conjunction with the permanent financing completed in 2025.

#### **Brittany Pointe Estates**

It is assumed that an assisted living renovation and clubhouse repositioning will be completed from 2026 through 2029 with a remaining projected cost of \$13,800,000. The clubhouse repositioning includes a new lobby, resident amenity spaces, an exterior courtyard, and rehabilitation and primary care practice suites. Construction costs will be primarily funded through a project fund established in conjunction with the permanent financing completed in 2025.

#### **Cokesbury Village**

It is assumed that renovations will be made to the welcome house and the assisted living and skilled care center from 2026 through 2028 at a remaining projected cost of \$1,200,000. Renovation costs will be primarily funded through a project fund established in conjunction with the permanent financing completed in 2023.

#### **Park Pointe Village**

It is assumed that Park Pointe Village will execute a capital project during 2026 through 2029. The capital project will include the addition of 130 residential living units (82 cottages and 48 apartments) and 20 assisted living units, a new club house, and renovation and enhancement of existing facilities and amenities. For purposes of the projection, 64 cottages are assumed to be occupied in 2028 and 18 cottages and 48 apartments are assumed to be occupied in 2029. The projected cost during the projection period is \$175,500,000. Construction will be initially funded through bank lines of credit (Note 4). It is assumed that partial repayment of amounts drawn on the lines of credit will be made using the proceeds from a tax-exempt bond issuance in 2029 (Note 6). It is also assumed that the unpaid balance of amounts drawn on the line credit will be repaid using the proceeds from entrance fees for the new residential living units.

#### **Mease Life**

It is assumed that renovations will be made to the external façade of the building and the existing kitchen. It is also assumed that new HVAC equipment will be installed in the skilled care center. These projects are assumed to be completed from 2026 through 2027. Project costs are assumed to be \$10,100,000 and will be primarily funded through a project fund established in conjunction with the permanent financing completed in 2025.

#### **Edgewater at Boca Pointe**

It is assumed that the healthcare center will be renovated from 2026 through 2029 at a projected cost of \$16,200,000. The renovations will primarily include enhancements in resident rooms. Renovation costs will be partially funded through a project fund established in conjunction with the permanent financing completed in 2025.

#### **Ordinary Capital Expenditures**

In addition to the renovation and expansion of existing properties, the Company funds, through normal operations, a level of ordinary capital expenditures. During the projection period, ordinary capital expenditures are expected to range from \$118 million to \$144 million per year. Included in this amount are apartment restoration expenditures, which are based on units anticipated to return to inventory, and planned upgrades at certain communities.

## ACTS Retirement-Life Communities, Inc. (Obligated Group)

### Summary of Significant Projection Assumptions and Accounting Policies

#### Summary

Projected purchases of property and equipment for 2026 through 2030 are summarized below:

	2026	2027	2028	2029	2030
	(In Thousands)				
Ordinary capital expenditures	\$ 138,500	\$ 144,285	\$ 117,953	\$ 119,316	\$ 133,019
Park Pointe Village	18,800	68,700	71,000	17,000	-
Other campus specific projects described above	30,300	26,850	6,450	11,500	-
Total	<u>\$ 187,600</u>	<u>\$ 239,835</u>	<u>\$ 195,403</u>	<u>\$ 147,816</u>	<u>\$ 133,019</u>

#### 11. Retirement Plans

The Company participates in a 401(k) Plan (the ACTS 401(k) Plan) covering substantially all full-time employees. The ACTS 401(k) Plan allows for qualified employees to voluntarily contribute up to the Internal Revenue Service maximum. In accordance with the terms of the ACTS 401(k) Plan, the Company matches up to 100% of the first 3% of the employee's contribution, plus an additional 50% of the next 2% of the employee's contribution.

AMS provides a nonqualified Supplemental Executive Retirement Plan (SERP) to certain members of senior executive management in addition to those benefits available under the ACTS 401(k) Plan. Retirement benefits, as defined in the plan document and amendments, are based on age, years of service, and average compensation during the last five years of employment.

#### 12. Commitments and Contingencies

##### Senior Living Services Industry

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance.

##### Litigation

The Company operates in an industry where various suits and claims arise in the normal course of business. The Company maintains general and professional liability coverage on a claims-made basis through a commercial insurance carrier. Management is not currently aware of any claims that have been or will be asserted that will, after consideration of applicable insurance coverages, have a material adverse effect on the projected special-purpose combined financial statements.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Balance Sheets Schedule

Under the Hypothetical Assumptions Described in Note 1

December 31, 2026 through 2030

(In Thousands)

	2026		
	Total ACTS Retirement-Life Communities, Inc.	Other Obligated Group Members*	Total Obligated Group
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 16,015	\$ 6,046	\$ 22,061
Current portion of board-designated funds	293,229	9,135	302,364
Current portion of assets whose use is limited	10,112	-	10,112
Accounts receivables, entrance fee receivables and other receivables, net	20,532	928	21,460
Prepaid expenses, inventory, and deposits	12,660	749	13,409
Due from affiliated organizations	(9,348)	34,865	25,517
Total current assets	343,200	51,723	394,923
<b>Board-Designated Funds</b>	10,000	-	10,000
<b>Assets Whose Use is Limited</b>	138,075	3,261	141,336
<b>North Carolina Operating Reserve Funds</b>	8,304	-	8,304
<b>Property and Equipment, Net</b>	1,797,676	90,049	1,887,725
<b>Other Asset</b>	4,926	-	4,926
<b>Deferred Costs, Net</b>	13,849	430	14,279
Total assets	<u>\$ 2,316,030</u>	<u>\$ 145,463</u>	<u>\$ 2,461,493</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 70,503	\$ 37,898	\$ 108,401
Entrance fee deposits	13,863	126	13,989
Short-term indebtedness	42,123	419	42,542
Current maturity of nonrecourse indebtedness	-	494	494
Current maturities of long-term debt	25,601	-	25,601
Total current liabilities	152,090	38,937	191,027
<b>Long-Term Debt, Net</b>	841,083	19,283	860,366
<b>Nonrecourse Indebtedness</b>	-	9,016	9,016
<b>Refundable Portion of Entrance Fees</b>	5,053	-	5,053
<b>Deferred Revenue from Entrance Fees</b>	1,131,711	17,378	1,149,089
<b>Accumulated Loss on Investment Contracts</b>	1,501	-	1,501
Total liabilities	<u>2,131,438</u>	<u>84,614</u>	<u>2,216,052</u>
<b>Net Assets</b>			
Without donor restrictions	155,968	60,643	216,611
With donor restrictions	28,624	206	28,830
Total net assets	<u>184,592</u>	<u>60,849</u>	<u>245,441</u>
Total liabilities and net assets	<u>\$ 2,316,030</u>	<u>\$ 145,463</u>	<u>\$ 2,461,493</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Balance Sheets Schedule

Under the Hypothetical Assumptions Described in Note 1

December 31, 2026 through 2030

(In Thousands)

	<u>2027</u>		
	<b>Total ACTS Retirement-Life Communities, Inc.</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 17,926	\$ 5,278	\$ 23,204
Current portion of board-designated funds	306,798	10,939	317,737
Current portion of assets whose use is limited	10,415	-	10,415
Accounts receivables, entrance fee receivables and other receivables, net	21,225	1,054	22,279
Prepaid expenses, inventory, and deposits	13,060	832	13,892
Due from affiliated organizations	<u>(10,378)</u>	<u>34,865</u>	<u>24,487</u>
Total current assets	359,046	52,968	412,014
<b>Board-Designated Funds</b>	10,000	-	10,000
<b>Assets Whose Use is Limited</b>	113,798	3,267	117,065
<b>North Carolina Operating Reserve Funds</b>	8,488	-	8,488
<b>Property and Equipment, Net</b>	1,910,647	101,660	2,012,307
<b>Other Asset</b>	4,926	-	4,926
<b>Deferred Costs, Net</b>	<u>13,286</u>	<u>399</u>	<u>13,685</u>
Total assets	<u>\$ 2,420,191</u>	<u>\$ 158,294</u>	<u>\$ 2,578,485</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 72,417	\$ 39,616	\$ 112,033
Entrance fee deposits	14,367	130	14,497
Short-term indebtedness	106,950	7,655	114,605
Current maturity of nonrecourse indebtedness	-	494	494
Current maturities of long-term debt	<u>26,546</u>	<u>-</u>	<u>26,546</u>
Total current liabilities	220,280	47,895	268,175
<b>Long-Term Debt, Net</b>	811,765	19,289	831,054
<b>Nonrecourse Indebtedness</b>	-	8,522	8,522
<b>Refundable Portion of Entrance Fees</b>	3,771	-	3,771
<b>Deferred Revenue from Entrance Fees</b>	1,181,721	20,643	1,202,364
<b>Accumulated Loss on Investment Contracts</b>	<u>1,501</u>	<u>-</u>	<u>1,501</u>
Total liabilities	<u>2,219,038</u>	<u>96,349</u>	<u>2,315,387</u>
<b>Net Assets</b>			
Without donor restrictions	171,093	61,670	232,763
With donor restrictions	<u>30,060</u>	<u>275</u>	<u>30,335</u>
Total net assets	<u>201,153</u>	<u>61,945</u>	<u>263,098</u>
Total liabilities and net assets	<u>\$ 2,420,191</u>	<u>\$ 158,294</u>	<u>\$ 2,578,485</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Balance Sheets Schedule

Under the Hypothetical Assumptions Described in Note 1

December 31, 2026 through 2030

(In Thousands)

	2028		
	Total ACTS Retirement-Life Communities, Inc.	Other Obligated Group Members*	Total Obligated Group
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 19,518	\$ 5,007	\$ 24,525
Current portion of board-designated funds	315,583	18,026	333,609
Current portion of assets whose use is limited	10,727	-	10,727
Accounts receivables, entrance fee receivables and other receivables, net	21,985	1,169	23,154
Prepaid expenses, inventory, and deposits	13,456	926	14,382
Due from affiliated organizations	(11,439)	34,865	23,426
Total current assets	369,830	59,993	429,823
<b>Board-Designated Funds</b>	10,000	-	10,000
<b>Assets Whose Use is Limited</b>	113,942	3,952	117,894
<b>North Carolina Operating Reserve Funds</b>	8,672	-	8,672
<b>Property and Equipment, Net</b>	1,977,836	109,400	2,087,236
<b>Other Asset</b>	4,926	-	4,926
<b>Deferred Costs, Net</b>	12,645	385	13,030
Total assets	<u>\$ 2,497,851</u>	<u>\$ 173,730</u>	<u>\$ 2,671,581</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 74,269	\$ 41,186	\$ 115,455
Entrance fee deposits	14,865	135	15,000
Short-term indebtedness	119,671	15,810	135,481
Current maturity of nonrecourse indebtedness	-	494	494
Current maturities of long-term debt	30,475	-	30,475
Total current liabilities	239,280	57,625	296,905
<b>Long-Term Debt, Net</b>	778,394	19,296	797,690
<b>Nonrecourse Indebtedness</b>	-	8,028	8,028
<b>Refundable Portion of Entrance Fees</b>	2,552	-	2,552
<b>Deferred Revenue from Entrance Fees</b>	1,256,878	24,790	1,281,668
<b>Accumulated Loss on Investment Contracts</b>	1,501	-	1,501
Total liabilities	<u>2,278,605</u>	<u>109,739</u>	<u>2,388,344</u>
<b>Net Assets</b>			
Without donor restrictions	187,533	63,716	251,249
With donor restrictions	31,713	275	31,988
Total net assets	<u>219,246</u>	<u>63,991</u>	<u>283,237</u>
Total liabilities and net assets	<u>\$ 2,497,851</u>	<u>\$ 173,730</u>	<u>\$ 2,671,581</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Balance Sheets Schedule

Under the Hypothetical Assumptions Described in Note 1

December 31, 2026 through 2030

(In Thousands)

	2029		
	Total ACTS Retirement-Life Communities, Inc.	Other Obligated Group Members*	Total Obligated Group
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 20,570	\$ 4,195	\$ 24,765
Current portion of board-designated funds	331,077	27,031	358,108
Current portion of assets whose use is limited	11,049	-	11,049
Accounts receivables, entrance fee receivables and other receivables, net	22,906	1,266	24,172
Prepaid expenses, inventory, and deposits	13,975	1,009	14,984
Due from affiliated organizations	(12,532)	34,865	22,333
Total current assets	387,045	68,366	455,411
<b>Board-Designated Funds</b>	10,000	-	10,000
<b>Assets Whose Use is Limited</b>	117,965	4,054	122,019
<b>North Carolina Operating Reserve Funds</b>	8,949	-	8,949
<b>Property and Equipment, Net</b>	1,993,165	116,076	2,109,241
<b>Other Asset</b>	4,926	-	4,926
<b>Deferred Costs, Net</b>	11,776	386	12,162
Total assets	<u>\$ 2,533,826</u>	<u>\$ 188,882</u>	<u>\$ 2,722,708</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 76,709	\$ 42,961	\$ 119,670
Entrance fee deposits	15,404	139	15,543
Short-term indebtedness	1,458	21,788	23,246
Current maturity of nonrecourse indebtedness	-	494	494
Current maturities of long-term debt	27,092	-	27,092
Total current liabilities	120,663	65,382	186,045
<b>Long-Term Debt, Net</b>	843,504	19,303	862,807
<b>Nonrecourse Indebtedness</b>	-	7,534	7,534
<b>Refundable Portion of Entrance Fees</b>	1,395	-	1,395
<b>Deferred Revenue from Entrance Fees</b>	1,326,947	32,680	1,359,627
<b>Accumulated Loss on Investment Contracts</b>	1,501	-	1,501
Total liabilities	<u>2,294,010</u>	<u>124,899</u>	<u>2,418,909</u>
<b>Net Assets</b>			
Without donor restrictions	206,371	63,632	270,003
With donor restrictions	33,445	351	33,796
Total net assets	<u>239,816</u>	<u>63,983</u>	<u>303,799</u>
Total liabilities and net assets	<u>\$ 2,533,826</u>	<u>\$ 188,882</u>	<u>\$ 2,722,708</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Balance Sheets Schedule

Under the Hypothetical Assumptions Described in Note 1

December 31, 2026 through 2030

(In Thousands)

	2030		
	Total ACTS Retirement-Life Communities, Inc.	Other Obligated Group Members*	Total Obligated Group
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 20,858	\$ 4,372	\$ 25,230
Current portion of board-designated funds	369,682	28,935	398,617
Current portion of assets whose use is limited	11,381	-	11,381
Accounts receivables, entrance fee receivables and other receivables, net	24,093	1,398	25,491
Prepaid expenses, inventory, and deposits	14,572	1,133	15,705
Due from affiliated organizations	(13,657)	34,865	21,208
Total current assets	426,929	70,703	497,632
<b>Board-Designated Funds</b>	10,000	-	10,000
<b>Assets Whose Use is Limited</b>	121,576	4,811	126,387
<b>North Carolina Operating Reserve Funds</b>	9,309	-	9,309
<b>Property and Equipment, Net</b>	1,986,099	124,921	2,111,020
<b>Other Asset</b>	4,926	-	4,926
<b>Deferred Costs, Net</b>	10,430	398	10,828
Total assets	<u>\$ 2,569,269</u>	<u>\$ 200,833</u>	<u>\$ 2,770,102</u>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	\$ 78,965	\$ 46,156	\$ 125,121
Entrance fee deposits	15,890	144	16,034
Short-term indebtedness	3,448	21,698	25,146
Current maturity of nonrecourse indebtedness	-	124	124
Current maturities of long-term debt	31,825	-	31,825
Total current liabilities	130,128	68,122	198,250
<b>Long-Term Debt, Net</b>	808,864	19,309	828,173
<b>Nonrecourse Indebtedness</b>	-	7,410	7,410
<b>Refundable Portion of Entrance Fees</b>	295	-	295
<b>Deferred Revenue from Entrance Fees</b>	1,365,659	41,329	1,406,988
<b>Accumulated Loss on Investment Contracts</b>	1,501	-	1,501
Total liabilities	<u>2,306,447</u>	<u>136,170</u>	<u>2,442,617</u>
<b>Net Assets</b>			
Without donor restrictions	227,408	64,312	291,720
With donor restrictions	35,414	351	35,765
Total net assets	<u>262,822</u>	<u>64,663</u>	<u>327,485</u>
Total liabilities and net assets	<u>\$ 2,569,269</u>	<u>\$ 200,833</u>	<u>\$ 2,770,102</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

2026

**ACTS-Retirement Life Communities, Inc.**

	<b>Matthews Glen**</b>	<b>Tryon Estates**</b>	<b>Other Communities ***</b>	<b>Total</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Operating Revenue</b>						
Resident services revenue, net of amortization of entrance fees	\$ 43,771	\$ 20,852	\$ 387,349	\$ 451,972	\$ 19,560	\$ 471,532
Resident services revenue from third-party payors	2,909	1,230	43,508	47,647	3,024	50,671
Investment income	-	-	12,348	12,348	409	12,757
Net assets released from restrictions to provide resident services	79	72	2,327	2,478	37	2,515
Contributions	-	-	105	105	-	105
Other revenue	529	544	5,122	6,195	10,308	16,503
<b>Total operating revenue before amortization of entrance fees</b>	<b>47,288</b>	<b>22,698</b>	<b>450,759</b>	<b>520,745</b>	<b>33,338</b>	<b>554,083</b>
Amortization of entrance fees	16,981	5,319	128,032	150,332	1,674	152,006
<b>Total operating revenue</b>	<b>64,269</b>	<b>28,017</b>	<b>578,791</b>	<b>671,077</b>	<b>35,012</b>	<b>706,089</b>
<b>Operating Expenses</b>						
Salaries, wages and benefits	21,552	10,820	268,364	300,736	72,173	372,909
Contracted services	3,438	969	77,042	81,449	(51,615)	29,834
Utilities	2,190	1,262	27,516	30,968	1,876	32,844
Food	2,225	1,270	21,990	25,485	1,432	26,917
Supplies	1,313	532	23,940	25,785	1,518	27,303
Real estate taxes	1,609	374	11,990	13,973	514	14,487
Insurance	990	371	8,741	10,102	484	10,586
Other	9,266	3,976	11,707	24,949	3,996	28,945
<b>Total operating expenses before depreciation, amortization, and interest</b>	<b>42,583</b>	<b>19,574</b>	<b>451,290</b>	<b>513,447</b>	<b>30,378</b>	<b>543,825</b>
Depreciation and amortization	11,444	5,423	91,249	108,116	2,977	111,093
Interest, net	3,358	915	31,905	36,178	1,374	37,552
<b>Total operating expenses</b>	<b>57,385</b>	<b>25,912</b>	<b>574,444</b>	<b>657,741</b>	<b>34,729</b>	<b>692,470</b>
<b>Net operating income (loss)</b>	<b>\$ 6,884</b>	<b>\$ 2,105</b>	<b>\$ 4,347</b>	<b>\$ 13,336</b>	<b>\$ 283</b>	<b>\$ 13,619</b>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

2026						
ACTS Retirement-Life Communities, Inc.						
	Matthews Glen**	Tryon Estates**	Other Communities***	Total	Other Obligated Group Members*	Total Obligated Group
<b>Changes in Net Assets Without Donor Restrictions</b>						
Net operating income (loss)	\$ 6,884	\$ 2,105	\$ 4,347	\$ 13,336	\$ 283	\$ 13,619
Net assets released from restrictions to acquire property and equipment	30	10	1,052	1,092	-	1,092
Change in net assets without donor restrictions	6,914	2,115	5,399	14,428	283	14,711
<b>Changes in Net Assets With Donor Restrictions</b>						
Contributions	-	-	50	50	-	50
Change in beneficial interest in investments of ALF and CFSA	(109)	(82)	1,435	1,244	69	1,313
Change in net assets with donor restrictions	(109)	(82)	1,485	1,294	69	1,363
Change in net assets	6,805	2,033	6,884	15,722	352	16,074
<b>Net Assets, Beginning</b>	102,131	24,815	41,924	168,870	60,497	229,367
<b>Net Assets, Ending</b>	\$ 108,936	\$ 26,848	\$ 48,808	\$ 184,592	\$ 60,849	\$ 245,441

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

2027

**ACTS-Retirement Life Communities, Inc.**

	<b>Matthews Glen**</b>	<b>Tryon Estates**</b>	<b>Other Communities ***</b>	<b>Total</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Operating Revenue</b>						
Resident services revenue, net of amortization of entrance fees	\$ 45,303	\$ 21,582	\$ 400,576	\$ 467,461	\$ 22,688	\$ 490,149
Resident services revenue from third-party payors	2,979	1,260	44,773	49,012	2,962	51,974
Investment income	-	-	13,076	13,076	664	13,740
Net assets released from restrictions to provide resident services	81	73	2,398	2,552	38	2,590
Contributions	-	-	108	108	-	108
Other revenue	540	555	5,285	6,380	10,619	16,999
<b>Total operating revenue before amortization of entrance fees</b>	<b>48,903</b>	<b>23,470</b>	<b>466,216</b>	<b>538,589</b>	<b>36,971</b>	<b>575,560</b>
Amortization of entrance fees	17,321	5,425	129,817	152,563	2,581	155,144
<b>Total operating revenue</b>	<b>66,224</b>	<b>28,895</b>	<b>596,033</b>	<b>691,152</b>	<b>39,552</b>	<b>730,704</b>
<b>Operating Expenses</b>						
Salaries, wages and benefits	22,256	11,173	276,331	309,760	76,179	385,939
Contracted services	3,536	1,004	79,353	83,893	(53,164)	30,729
Utilities	2,266	1,308	28,323	31,897	1,932	33,829
Food	2,298	1,311	23,874	27,483	1,808	29,291
Supplies	1,356	549	24,680	26,585	1,734	28,319
Real estate taxes	1,661	386	12,345	14,392	530	14,922
Insurance	1,022	383	9,000	10,405	499	10,904
Other	9,376	4,023	11,846	25,245	4,222	29,467
<b>Total operating expenses before depreciation, amortization, and interest</b>	<b>43,771</b>	<b>20,137</b>	<b>465,752</b>	<b>529,660</b>	<b>33,740</b>	<b>563,400</b>
Depreciation and amortization	12,087	5,728	96,306	114,121	3,402	117,523
Interest, net	3,138	856	29,398	33,392	1,383	34,775
<b>Total operating expenses</b>	<b>58,996</b>	<b>26,721</b>	<b>591,456</b>	<b>677,173</b>	<b>38,525</b>	<b>715,698</b>
<b>Net operating income (loss)</b>	<b>\$ 7,228</b>	<b>\$ 2,174</b>	<b>\$ 4,577</b>	<b>\$ 13,979</b>	<b>\$ 1,027</b>	<b>\$ 15,006</b>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

2027						
ACTS Retirement-Life Communities, Inc.						
	Matthews Glen**	Tryon Estates**	Other Communities***	Total	Other Obligated Group Members*	Total Obligated Group
<b>Changes in Net Assets Without Donor Restrictions</b>						
Net operating income (loss)	\$ 7,228	\$ 2,174	\$ 4,577	\$ 13,979	\$ 1,027	\$ 15,006
Net assets released from restrictions to acquire property and equipment	31	10	1,105	1,146	-	1,146
Change in net assets without donor restrictions	7,259	2,184	5,682	15,125	1,027	16,152
<b>Changes in Net Assets With Donor Restrictions</b>						
Contributions	-	-	52	52	-	52
Change in beneficial interest in investments of ALF and CFSA	(112)	(84)	1,580	1,384	69	1,453
Change in net assets with donor restrictions	(112)	(84)	1,632	1,436	69	1,505
Change in net assets	7,147	2,100	7,314	16,561	1,096	17,657
<b>Net Assets, Beginning</b>	<u>108,936</u>	<u>26,848</u>	<u>48,808</u>	<u>184,592</u>	<u>60,849</u>	<u>245,441</u>
<b>Net Assets, Ending</b>	<u>\$ 116,083</u>	<u>\$ 28,948</u>	<u>\$ 56,122</u>	<u>\$ 201,153</u>	<u>\$ 61,945</u>	<u>\$ 263,098</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

2028

**ACTS-Retirement Life Communities, Inc.**

	<b>Matthews Glen**</b>	<b>Tryon Estates**</b>	<b>Other Communities ***</b>	<b>Total</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Operating Revenue</b>						
Resident services revenue, net of amortization of entrance fees	\$ 46,889	\$ 22,337	\$ 415,267	\$ 484,493	\$ 25,540	\$ 510,033
Resident services revenue from third-party payors	3,050	1,290	46,143	50,483	2,905	53,388
Investment income	-	-	13,532	13,532	842	14,374
Net assets released from restrictions to provide resident services	83	74	2,472	2,629	39	2,668
Contributions	-	-	112	112	-	112
Other revenue	551	566	5,455	6,572	10,937	17,509
<b>Total operating revenue before amortization of entrance fees</b>	<b>50,573</b>	<b>24,267</b>	<b>482,981</b>	<b>557,821</b>	<b>40,263</b>	<b>598,084</b>
Amortization of entrance fees	17,667	5,534	131,211	154,412	3,819	158,231
<b>Total operating revenue</b>	<b>68,240</b>	<b>29,801</b>	<b>614,192</b>	<b>712,233</b>	<b>44,082</b>	<b>756,315</b>
<b>Operating Expenses</b>						
Salaries, wages and benefits	22,981	11,537	285,193	319,711	80,535	400,246
Contracted services	3,638	1,042	81,656	86,336	(54,712)	31,624
Utilities	2,345	1,356	29,126	32,827	1,988	34,815
Food	2,374	1,355	24,695	28,424	1,863	30,287
Supplies	1,401	568	25,438	27,407	1,787	29,194
Real estate taxes	1,716	400	12,695	14,811	546	15,357
Insurance	1,056	396	9,406	10,858	513	11,371
Other	9,415	4,040	11,896	25,351	5,018	30,369
<b>Total operating expenses before depreciation, amortization, and interest</b>	<b>44,926</b>	<b>20,694</b>	<b>480,105</b>	<b>545,725</b>	<b>37,538</b>	<b>583,263</b>
Depreciation and amortization	12,628	5,985	100,620	119,233	3,798	123,031
Interest, net	2,949	804	27,624	31,377	1,361	32,738
<b>Total operating expenses</b>	<b>60,503</b>	<b>27,483</b>	<b>608,349</b>	<b>696,335</b>	<b>42,697</b>	<b>739,032</b>
<b>Net operating income (loss)</b>	<b>\$ 7,737</b>	<b>\$ 2,318</b>	<b>\$ 5,843</b>	<b>\$ 15,898</b>	<b>\$ 1,385</b>	<b>\$ 17,283</b>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

2028						
ACTS Retirement-Life Communities, Inc.						
	Matthews Glen**	Tryon Estates**	Other Communities***	Total	Other Obligated Group Members*	Total Obligated Group
<b>Changes in Net Assets Without Donor Restrictions</b>						
Net operating income (loss)	\$ 7,737	\$ 2,318	\$ 5,843	\$ 15,898	\$ 1,385	\$ 17,283
Net assets released from restrictions to acquire property and equipment	32	11	499	542	661	1,203
Change in net assets without donor restrictions	7,769	2,329	6,342	16,440	2,046	18,486
<b>Changes in Net Assets With Donor Restrictions</b>						
Contributions	-	-	53	53	-	53
Change in beneficial interest in investments of ALF and CFSA	(115)	(85)	1,800	1,600	-	1,600
Change in net assets with donor restrictions	(115)	(85)	1,853	1,653	-	1,653
Change in net assets	7,654	2,244	8,195	18,093	2,046	20,139
<b>Net Assets, Beginning</b>	116,083	28,948	56,122	201,153	61,945	263,098
<b>Net Assets, Ending</b>	<u>\$ 123,737</u>	<u>\$ 31,192</u>	<u>\$ 64,317</u>	<u>\$ 219,246</u>	<u>\$ 63,991</u>	<u>\$ 283,237</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

2029

**ACTS-Retirement Life Communities, Inc.**

	<b>Matthews Glen**</b>	<b>Tryon Estates**</b>	<b>Other Communities ***</b>	<b>Total</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Operating Revenue</b>						
Resident services revenue, net of amortization of entrance fees	\$ 48,530	\$ 23,119	\$ 433,732	\$ 505,381	\$ 27,969	\$ 533,350
Resident services revenue from third-party payors	3,123	1,321	47,553	51,997	2,843	54,840
Investment income	-	-	14,058	14,058	1,082	15,140
Net assets released from restrictions to provide resident services	85	75	2,548	2,708	40	2,748
Contributions	-	-	115	115	-	115
Other revenue	562	577	5,630	6,769	11,265	18,034
<b>Total operating revenue before amortization of entrance fees</b>	<b>52,300</b>	<b>25,092</b>	<b>503,636</b>	<b>581,028</b>	<b>43,199</b>	<b>624,227</b>
Amortization of entrance fees	18,020	5,645	143,333	166,998	2,955	169,953
<b>Total operating revenue</b>	<b>70,320</b>	<b>30,737</b>	<b>646,969</b>	<b>748,026</b>	<b>46,154</b>	<b>794,180</b>
<b>Operating Expenses</b>						
Salaries, wages and benefits	23,675	11,940	296,412	332,027	85,633	417,660
Contracted services	3,739	1,069	85,171	89,979	(56,259)	33,720
Utilities	2,424	1,403	30,829	34,656	1,894	36,550
Food	2,450	1,398	26,022	29,870	1,922	31,792
Supplies	1,446	585	26,209	28,240	1,839	30,079
Real estate taxes	1,771	412	13,047	15,230	561	15,791
Insurance	1,089	408	9,664	11,161	528	11,689
Other	9,505	4,078	12,008	25,591	4,797	30,388
<b>Total operating expenses before depreciation, amortization, and interest</b>	<b>46,099</b>	<b>21,293</b>	<b>499,362</b>	<b>566,754</b>	<b>40,915</b>	<b>607,669</b>
Depreciation and amortization	13,206	6,258	105,219	124,683	3,986	128,669
Interest, net	3,286	911	34,818	39,015	1,337	40,352
<b>Total operating expenses</b>	<b>62,591</b>	<b>28,462</b>	<b>639,399</b>	<b>730,452</b>	<b>46,238</b>	<b>776,690</b>
<b>Net operating income (loss)</b>	<b>\$ 7,729</b>	<b>\$ 2,275</b>	<b>\$ 7,570</b>	<b>\$ 17,574</b>	<b>\$ (84)</b>	<b>\$ 17,490</b>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

2029						
ACTS Retirement-Life Communities, Inc.						
	Matthews Glen**	Tryon Estates**	Other Communities***	Total	Other Obligated Group Members*	Total Obligated Group
<b>Changes in Net Assets Without Donor Restrictions</b>						
Net operating income (loss)	\$ 7,729	\$ 2,275	\$ 7,570	\$ 17,574	\$ (84)	\$ 17,490
Net assets released from restrictions to acquire property and equipment	34	11	1,219	1,264	-	1,264
Change in net assets without donor restrictions	7,763	2,286	8,789	18,838	(84)	18,754
<b>Changes in Net Assets With Donor Restrictions</b>						
Contributions	-	-	55	55	-	55
Change in beneficial interest in investments of ALF and CFSA	(119)	(86)	1,882	1,677	76	1,753
Change in net assets with donor restrictions	(119)	(86)	1,937	1,732	76	1,808
Change in net assets	7,644	2,200	10,726	20,570	(8)	20,562
<b>Net Assets, Beginning</b>	123,737	31,192	64,317	219,246	63,991	283,237
<b>Net Assets, Ending</b>	<u>\$ 131,381</u>	<u>\$ 33,392</u>	<u>\$ 75,043</u>	<u>\$ 239,816</u>	<u>\$ 63,983</u>	<u>\$ 303,799</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

2030

**ACTS-Retirement Life Communities, Inc.**

	<b>Matthews Glen**</b>	<b>Tryon Estates**</b>	<b>Other Communities ***</b>	<b>Total</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Operating Revenue</b>						
Resident services revenue, net of amortization of entrance fees	\$ 50,229	\$ 23,928	\$ 458,486	\$ 532,643	\$ 31,220	\$ 563,863
Resident services revenue from third-party payors	3,198	1,353	49,076	53,627	2,788	56,415
Investment income	-	-	15,022	15,022	1,250	16,272
Net assets released from restrictions to provide resident services	87	77	2,625	2,789	42	2,831
Contributions	-	-	118	118	-	118
Other revenue	573	589	5,810	6,972	11,603	18,575
<b>Total operating revenue before amortization of entrance fees</b>	<b>54,087</b>	<b>25,947</b>	<b>531,137</b>	<b>611,171</b>	<b>46,903</b>	<b>658,074</b>
Amortization of entrance fees	18,380	5,758	143,694	167,832	4,805	172,637
<b>Total operating revenue</b>	<b>72,467</b>	<b>31,705</b>	<b>674,831</b>	<b>779,003</b>	<b>51,708</b>	<b>830,711</b>
<b>Operating Expenses</b>						
Salaries, wages and benefits	24,444	12,328	307,104	343,876	90,768	434,644
Contracted services	3,844	1,108	88,921	93,873	(57,308)	36,565
Utilities	2,506	1,453	33,226	37,185	3,350	40,535
Food	2,530	1,443	28,297	32,270	2,033	34,303
Supplies	1,493	604	26,960	29,057	1,893	30,950
Real estate taxes	1,829	425	13,395	15,649	577	16,226
Insurance	1,124	421	9,769	11,314	542	11,856
Other	10,300	4,420	13,012	27,732	4,093	31,825
<b>Total operating expenses before depreciation, amortization, and interest</b>	<b>48,070</b>	<b>22,202</b>	<b>520,684</b>	<b>590,956</b>	<b>45,948</b>	<b>636,904</b>
Depreciation and amortization	13,765	6,523	109,587	129,875	4,494	134,369
Interest, net	3,286	911	33,535	37,732	1,316	39,048
<b>Total operating expenses</b>	<b>65,121</b>	<b>29,636</b>	<b>663,806</b>	<b>758,563</b>	<b>51,758</b>	<b>810,321</b>
<b>Net operating income (loss)</b>	<b>\$ 7,346</b>	<b>\$ 2,069</b>	<b>\$ 11,025</b>	<b>\$ 20,440</b>	<b>\$ (50)</b>	<b>\$ 20,390</b>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Operations and Changes in Net Assets Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

	2030					
	ACTS Retirement-Life Communities, Inc.					
	Matthews Glen**	Tryon Estates**	Other Communities***	Total	Other Obligated Group Members*	Total Obligated Group
<b>Changes in Net Assets Without Donor Restrictions</b>						
Net operating income (loss)	\$ 7,346	\$ 2,069	\$ 11,025	\$ 20,440	\$ (50)	\$ 20,390
Net assets released from restrictions to acquire property and equipment	35	12	550	597	730	1,327
Changes in net assets without donor restrictions	7,381	2,081	11,575	21,037	680	21,717
<b>Changes in Net Assets With Donor Restrictions</b>						
Contributions	-	-	56	56	-	56
Change in beneficial interest in investments of ALF and CFSA	(122)	(89)	2,124	1,913	-	1,913
Change in net assets with donor restrictions	(122)	(89)	2,180	1,969	-	1,969
Change in net assets	7,259	1,992	13,755	23,006	680	23,686
<b>Net Assets, Beginning</b>	131,381	33,392	75,043	239,816	63,983	303,799
<b>Net Assets, Ending</b>	<u>\$ 138,640</u>	<u>\$ 35,384</u>	<u>\$ 88,798</u>	<u>\$ 262,822</u>	<u>\$ 64,663</u>	<u>\$ 327,485</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

\*\* Continuing care retirement community operates as a division of ACTS Retirement-Life Communities, Inc.

\*\*\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*)

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Cash Flows Schedule

Under the Hypothetical Assumptions Described in Note 1

For Each of the Five Years Ending December 31, 2030

(In Thousands)

	2026		
	Total ACTS Retirement-Life Communities, Inc.	Other Obligated Group Members*	Total Obligated Group
<b>Cash Flows From Operating Activities</b>			
Change in net assets	\$ 15,722	\$ 352	\$ 16,074
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	108,116	2,977	111,093
Amortization of entrance fees	(150,332)	(1,674)	(152,006)
Amortization of bond discount and premium, net	(3,403)	-	(3,403)
Amortization of deferred financing costs	750	5	755
Entrance fees and deposits from non-refundable resale contracts	210,213	4,890	215,103
Refunds of entrance fees and deposits from non-refundable resale contracts	(16,094)	(1,167)	(17,261)
Administrative fee included in gross entrance fees	(11,069)	(258)	(11,327)
Increase in deferred costs	(1,528)	(37)	(1,565)
Change in beneficial interest in investments of ALF and CFSA	(1,244)	(69)	(1,313)
Net change in due from affiliated organizations	1,000	-	1,000
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable and other receivables	(2,266)	901	(1,365)
(Increase) decrease in prepaid expenses, inventory and deposits	(1,940)	708	(1,232)
Decrease in accounts payable and accrued expenses	(3,641)	(1,328)	(4,969)
Net cash provided by operating activities	<u>144,284</u>	<u>5,300</u>	<u>149,584</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property and equipment	(148,608)	(7,100)	(155,708)
Increase in investments	(3,224)	1,230	(1,994)
Net cash used in investing activities	<u>(151,832)</u>	<u>(5,870)</u>	<u>(157,702)</u>
<b>Cash Flows From Financing Activities</b>			
Entrance fees from initial sale contracts	6,023	-	6,023
Refunds of refundable entrance fees	(1,350)	-	(1,350)
Payment of accounts payable, construction	(23,126)	(1,664)	(24,790)
Proceeds from short-term indebtedness	18,120	419	18,539
Payments on nonrecourse indebtedness	-	(1,699)	(1,699)
Payments on long-term indebtedness	(24,701)	-	(24,701)
Net cash used in financing activities	<u>(25,034)</u>	<u>(2,944)</u>	<u>(27,978)</u>
Net decrease in cash, cash equivalents and restricted cash and cash equivalents	(32,582)	(3,514)	(36,096)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>146,834</u>	<u>9,560</u>	<u>156,394</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 114,252</u>	<u>\$ 6,046</u>	<u>\$ 120,298</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Interest paid, net of amounts capitalized	<u>\$ 38,826</u>	<u>\$ 1,374</u>	<u>\$ 40,200</u>
<b>Supplemental Disclosure of Noncash Financing Activities</b>			
Obligations incurred for the acquisition of property and equipment	<u>\$ 28,306</u>	<u>\$ 3,586</u>	<u>\$ 31,892</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Cash Flows Schedule

Under the Hypothetical Assumptions Described in Note 1

For Each of the Five Years Ending December 31, 2030

(In Thousands)

	2027		
	Total ACTS Retirement-Life Communities, Inc.	Other Obligated Group Members*	Total Obligated Group
<b>Cash Flows From Operating Activities</b>			
Change in net assets	\$ 16,561	\$ 1,096	\$ 17,657
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	114,121	3,402	117,523
Amortization of entrance fees	(152,563)	(2,581)	(155,144)
Amortization of bond discount and premium, net	(3,522)	-	(3,522)
Amortization of deferred financing costs	750	6	756
Entrance fees and deposits from non-refundable resale contracts	217,790	7,464	225,254
Refunds of entrance fees and deposits from non-refundable resale contracts	(14,558)	(1,240)	(15,798)
Administrative fee included in gross entrance fees	(11,428)	(373)	(11,801)
Increase in deferred costs	(1,623)	(53)	(1,676)
Change in beneficial interest in investments of ALF and CFSA	(1,384)	(69)	(1,453)
Net change in due from affiliated organizations	1,030	-	1,030
Changes in assets and liabilities:			
Increase in accounts receivable and other receivables	(693)	(126)	(819)
Increase in prepaid expenses, inventory and deposits	(400)	(83)	(483)
(Decrease) increase in accounts payable and accrued expenses	(5,765)	517	(5,248)
Net cash provided by operating activities	<u>158,316</u>	<u>7,960</u>	<u>166,276</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property and equipment	(188,921)	(10,142)	(199,063)
Increase in investments	(14,252)	(1,742)	(15,994)
Net cash used in investing activities	<u>(203,173)</u>	<u>(11,884)</u>	<u>(215,057)</u>
<b>Cash Flows From Financing Activities</b>			
Entrance fees from initial sale contracts	11,272	-	11,272
Refunds of refundable entrance fees	(1,282)	-	(1,282)
Payment of accounts payable, construction	(28,306)	(3,586)	(31,892)
Proceeds from short-term indebtedness	64,827	7,236	72,063
Payments on nonrecourse indebtedness	-	(494)	(494)
Payments on long-term indebtedness	(25,601)	-	(25,601)
Net cash provided by financing activities	<u>20,910</u>	<u>3,156</u>	<u>24,066</u>
Net decrease in cash, cash equivalents and restricted cash and cash equivalents	(23,947)	(768)	(24,715)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>114,252</u>	<u>6,046</u>	<u>120,298</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 90,305</u>	<u>\$ 5,278</u>	<u>\$ 95,583</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Interest paid, net of amounts capitalized	<u>\$ 36,158</u>	<u>\$ 1,383</u>	<u>\$ 37,541</u>
<b>Supplemental Disclosure of Noncash Financing Activities</b>			
Obligations incurred for the acquisition of property and equipment	<u>\$ 35,985</u>	<u>\$ 4,787</u>	<u>\$ 40,772</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Cash Flows Schedule

Under the Hypothetical Assumptions Described in Note 1

For Each of the Five Years Ending December 31, 2030

(In Thousands)

	2028		
	Total ACTS Retirement-Life Communities, Inc.	Other Obligated Group Members*	Total Obligated Group
<b>Cash Flows From Operating Activities</b>			
Change in net assets	\$ 18,093	\$ 2,046	\$ 20,139
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	119,233	3,798	123,031
Amortization of entrance fees	(154,412)	(3,819)	(158,231)
Amortization of bond discount and premium, net	(3,645)	-	(3,645)
Amortization of deferred financing costs	750	6	756
Entrance fees and deposits from non-refundable resale contracts	224,303	9,934	234,237
Refunds of entrance fees and deposits from non-refundable resale contracts	(15,545)	(1,468)	(17,013)
Administrative fee included in gross entrance fees	(12,899)	(498)	(13,397)
Increase in deferred costs	(1,832)	(70)	(1,902)
Change in beneficial interest in investments of ALF and CFSA	(1,600)	-	(1,600)
Net change in due from affiliated organizations	1,061	-	1,061
Changes in assets and liabilities:			
Increase in accounts receivable and other receivables	(760)	(115)	(875)
Increase in prepaid expenses, inventory and deposits	(396)	(94)	(490)
Increase in accounts payable and accrued expenses	8,405	2,570	10,975
Net cash provided by operating activities	<u>180,756</u>	<u>12,290</u>	<u>193,046</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property and equipment	(154,518)	(7,666)	(162,184)
Increase in investments	<u>(26,215)</u>	<u>(7,770)</u>	<u>(33,985)</u>
Net cash used in investing activities	<u>(180,733)</u>	<u>(15,436)</u>	<u>(196,169)</u>
<b>Cash Flows From Financing Activities</b>			
Entrance fees from initial sale contracts	34,210	-	34,210
Refunds of refundable entrance fees	(1,218)	-	(1,218)
Payment of accounts payable, construction	(35,985)	(4,787)	(40,772)
Proceeds from short-term indebtedness	64,225	8,156	72,381
Payments on nonrecourse indebtedness	-	(494)	(494)
Payments on short-term indebtedness	(51,505)	-	(51,505)
Payments on long-term indebtedness	<u>(26,546)</u>	<u>-</u>	<u>(26,546)</u>
Net cash (used in) provided by financing activities	<u>(16,819)</u>	<u>2,875</u>	<u>(13,944)</u>
Net decrease in cash, cash equivalents and restricted cash and cash equivalents	(16,796)	(271)	(17,067)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>90,305</u>	<u>5,278</u>	<u>95,583</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 73,509</u>	<u>\$ 5,007</u>	<u>\$ 78,516</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Interest paid, net of amounts capitalized	<u>\$ 34,266</u>	<u>\$ 1,361</u>	<u>\$ 35,627</u>
<b>Supplemental Disclosure of Noncash Financing Activities</b>			
Obligations incurred for the acquisition of property and equipment	<u>\$ 29,432</u>	<u>\$ 3,787</u>	<u>\$ 33,219</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Cash Flows Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

	2029		
	Total ACTS Retirement-Life Communities, Inc.	Other Obligated Group Members*	Total Obligated Group
<b>Cash Flows From Operating Activities</b>			
Change in net assets	\$ 20,570	\$ (8)	\$ 20,562
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	124,683	3,986	128,669
Amortization of entrance fees	(166,998)	(2,955)	(169,953)
Amortization of bond discount and premium, net	(3,772)	-	(3,772)
Amortization of deferred financing costs	782	7	789
Entrance fees and deposits from non-refundable resale contracts	231,055	12,571	243,626
Refunds of entrance fees and deposits from non-refundable resale contracts	(16,569)	(1,720)	(18,289)
Administrative fee included in gross entrance fees	(13,978)	-	(13,978)
Increase in deferred costs	(1,900)	(90)	(1,990)
Change in beneficial interest in investments of ALF and CFSA	(1,677)	(76)	(1,753)
Net change in due from affiliated organizations	1,093	-	1,093
Changes in assets and liabilities:			
Increase in accounts receivable and other receivables	(921)	(97)	(1,018)
Increase in prepaid expenses, inventory and deposits	(519)	(83)	(602)
Increase in accounts payable and accrued expenses	9,913	2,392	12,305
Net cash provided by operating activities	<u>181,762</u>	<u>13,927</u>	<u>195,689</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property and equipment	(115,284)	(7,403)	(122,687)
Increase in investments	<u>(33,938)</u>	<u>(9,032)</u>	<u>(42,970)</u>
Net cash used in investing activities	<u>(149,222)</u>	<u>(16,435)</u>	<u>(165,657)</u>
<b>Cash Flows From Financing Activities</b>			
Entrance fees from initial sale contracts	37,096	-	37,096
Refunds of refundable entrance fees	(1,157)	-	(1,157)
Payment of accounts payable, construction	(29,432)	(3,787)	(33,219)
Proceeds from short-term indebtedness	14,076	5,977	20,053
Net proceeds from long-term indebtedness	952	-	952
Increase in deferred financing costs	(952)	-	(952)
Payments on nonrecourse indebtedness	-	(494)	(494)
Payments on short-term indebtedness	(37,096)	-	(37,096)
Payments on long-term indebtedness	<u>(30,475)</u>	<u>-</u>	<u>(30,475)</u>
Net cash (used in) provided by financing activities	<u>(46,988)</u>	<u>1,696</u>	<u>(45,292)</u>
Net decrease in cash, cash equivalents and restricted cash and cash equivalents	(14,448)	(812)	(15,260)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>73,509</u>	<u>5,007</u>	<u>78,516</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 59,061</u>	<u>\$ 4,195</u>	<u>\$ 63,256</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Interest paid, net of amounts capitalized	<u>\$ 41,998</u>	<u>\$ 1,337</u>	<u>\$ 43,335</u>
<b>Supplemental Disclosure of Noncash Financing Activities</b>			
Obligations incurred for the acquisition of property and equipment	<u>\$ 21,959</u>	<u>\$ 3,170</u>	<u>\$ 25,129</u>
Proceeds from long-term indebtedness to repay short-term indebtedness	<u>\$ 95,192</u>	<u>\$ -</u>	<u>\$ 95,192</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

**ACTS Retirement-Life Communities, Inc. (Obligated Group)**

Projected Special-Purpose Combining Statements of Cash Flows Schedule  
Under the Hypothetical Assumptions Described in Note 1  
For Each of the Five Years Ending December 31, 2030  
(In Thousands)

	2030		
	Total ACTS Retirement-Life Communities, Inc.	Other Obligated Group Members*	Total Obligated Group
<b>Cash Flows From Operating Activities</b>			
Change in net assets	\$ 23,006	\$ 680	\$ 23,686
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	129,875	4,494	134,369
Amortization of entrance fees	(167,832)	(4,805)	(172,637)
Amortization of bond discount and premium, net	(3,597)	-	(3,597)
Amortization of deferred financing costs	782	6	788
Entrance fees and deposits from non-refundable resale contracts	237,920	15,380	253,300
Refunds of entrance fees and deposits from non-refundable resale contracts	(16,447)	(1,920)	(18,367)
Administrative fee included in gross entrance fees	(14,444)	-	(14,444)
Increase in deferred costs	(1,686)	(109)	(1,795)
Change in beneficial interest in investments of ALF and CFSA	(1,913)	-	(1,913)
Net change in due from affiliated organizations	1,125	-	1,125
Changes in assets and liabilities:			
Increase in accounts receivable and other receivables	(1,187)	(132)	(1,319)
Increase in prepaid expenses, inventory and deposits	(597)	(124)	(721)
Increase in accounts payable and accrued expenses	5,142	2,825	7,967
Net cash provided by operating activities	<u>190,147</u>	<u>16,295</u>	<u>206,442</u>
<b>Cash Flows From Investing Activities</b>			
Purchase of property and equipment	(100,613)	(9,793)	(110,406)
Increase in investments	(43,276)	(2,661)	(45,937)
Net cash used in investing activities	<u>(143,889)</u>	<u>(12,454)</u>	<u>(156,343)</u>
<b>Cash Flows From Financing Activities</b>			
Refunds of refundable entrance fees	(1,100)	-	(1,100)
Payment of accounts payable, construction	(21,959)	(3,170)	(25,129)
Proceeds from short-term indebtedness	1,900	-	1,900
Payments on nonrecourse indebtedness	-	(494)	(494)
Payments on long-term indebtedness	(27,092)	-	(27,092)
Net cash used in financing activities	<u>(48,251)</u>	<u>(3,664)</u>	<u>(51,915)</u>
Net (decrease) increase in cash, cash equivalents and restricted cash and cash equivalents	(1,993)	177	(1,816)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	<u>59,061</u>	<u>4,195</u>	<u>63,256</u>
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 57,068</u>	<u>\$ 4,372</u>	<u>\$ 61,440</u>
<b>Supplemental Disclosure of Cash Flow Information</b>			
Interest paid, net of amounts capitalized	<u>\$ 40,541</u>	<u>\$ 1,316</u>	<u>\$ 41,857</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>			
Obligations incurred for the acquisition of property and equipment	<u>\$ 19,164</u>	<u>\$ 3,449</u>	<u>\$ 22,613</u>

\* Includes ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, Mease Life, Inc. and associated intercompany eliminations.

## **Appendix C — Statement of Actuarial Opinion**

ACTS Retirement-Life Communities, Inc. has historically engaged an independent actuary to prepare actuarial compilations annually and compute future service obligations tri-annually for management purposes only. ACTS Retirement-Life Communities, Inc. has not had a comprehensive actuarial study completed within the last three years. ACTS Retirement-Life Communities, Inc. intends to have a comprehensive actuarial study completed prior to December 1, 2028 to comply with Article 64A of the North Carolina General Statutes.

## **Appendix D — Representative Contract(s)**

The following pages comprise the representative continuing care contract currently offered by ACTS Retirement-Life Communities, Inc. at Matthews Glen.

# **RESIDENT CONTRACT**

NORTH CAROLINA

ACTS RETIREMENT-LIFE COMMUNITIES, INC.  
A NONPROFIT CORPORATION

ACTS NC-RC001 2026v1

# Table of Contents

## DEFINITIONS

<b>SECTION 1</b>	<b>General Statements .....</b>	<b>1</b>
1.1	General Statements Regarding Company .....	1
1.2	General Statements Regarding Extent of Continuing Care .....	2
<b>SECTION 2</b>	<b>Conditions to Occupancy .....</b>	<b>2</b>
2.1	Financial Qualifications.....	2
2.2	Medical Qualifications.....	2
2.3	Required Medical Insurance .....	2
2.4	Required Property Insurance .....	3
2.5	Age Requirements .....	3
<b>SECTION 3</b>	<b>The Designation of the Residence and Consideration to be Paid .....</b>	<b>5</b>
<b>SECTION 4</b>	<b>Living Accommodation and Common Areas .....</b>	<b>7</b>
4.1	Date of Availability.....	7
4.2	Maintenance of Residence .....	7
4.3	Furnishings, Optional Furnishings or Appliances .....	8
4.4	Common Areas and Amenities.....	8
4.5	OakBridge Terrace.....	9
4.6	WillowBrooke Court.....	9
4.7	Company’s Rights Regarding the Community and Living Accommodation .....	9
4.8	Alcohol and Smoke-Free Campus.....	9
4.9	Firearms and other weapons .....	9
4.10	Pets .....	10
<b>SECTION 5</b>	<b>Services Provided by Company to Resident and Resident’s Responsibilities.....</b>	<b>10</b>
5.1	Meals .....	10
5.2	Utilities .....	10
5.3	Real Estate Taxes .....	11
5.4	Maintenance Services and Repairs .....	11
5.5	Storage .....	11
5.6	Parking and Transportation Services.....	11
5.7	Security and Emergency Response Services .....	11
5.8	Grounds and Landscaping Services .....	12
5.9	Private Home Services.....	12
5.10	Changes in the Scope of Services and Fee Schedule .....	12
5.11	Additional Miscellaneous Ancillary Services .....	12
<b>SECTION 6</b>	<b>Supportive Health and Wellness Services .....</b>	<b>12</b>
6.1	Access to Wellness Services.....	12

6.2	Cognitive Wellness and Support .....	12
6.3	Outpatient Nursing Services and Primary Care Services.....	12
6.4	Assisted Living/Personal Care Support Services, Routine Nursing Care Services.....	13
	and Skilled Nursing Care Services.....	13
6.5	Costs in OakBridge Terrace or WillowBrooke Court Prior to Occupancy.....	13
6.6	Costs in OakBridge Terrace or WillowBrooke Court After Occupancy.....	13
	(a) Assisted Living Support Services .....	13
	(b) Routine Nursing and Skilled Nursing Care Services.....	13
	(c) Intra-Community Relocation and the Monthly Fee .....	14
	(d) Transfer to Another ACTS Community .....	14
6.7	Exclusions (Items and Services Not Covered by the Monthly Fee).....	14
6.8	Hospital and Medical Insurance .....	15
	(a) Assignment of Required Insurance and Third Party Payments.....	15
	(b) Enrollment in a Nontraditional Medicare Plan or Other Managed Care Plan .....	15
	(c) Long Term Care Insurance .....	16
6.9	Relocation to Hospital or Other Specialized Service Facility.....	16
6.10	Illness or Accident Away from Community.....	16
6.11	Incident or Illness Caused by Others .....	17
6.12	Limitations on Care .....	17
6.13	Responsibility of Company for Services Included in Monthly Fee.....	18
6.14	Private Duty Contractors .....	18
<b>SECTION 7</b>	<b>Entrance Fee.....</b>	<b>18</b>
7.1	Purpose and Use .....	18
7.2	Payment Schedule.....	18
	(a) Reservation Fee .....	18
	(b) Final Payment.....	19
7.3	Right to Establish Entrance Fee.....	19
7.4	Administrative Fee and Amortization of Entrance Fee.....	19
	(a) Administrative Fee .....	19
	(b) Amortization of Entrance Fee .....	19
<b>SECTION 8</b>	<b>Monthly Fee .....</b>	<b>19</b>
8.1	Standard Monthly Fee.....	19
8.2	Adjustments in the Monthly Fee.....	19
8.3	Payment and Due Date.....	20
8.4	Service Charge for Late Payment and Payment of Costs .....	20
8.5	Costs of Collection; Other Costs.....	20
<b>SECTION 9</b>	<b>Co-Resident .....</b>	<b>20</b>
9.1	Co-Resident's Fee Responsibility.....	20
9.2	Marriages/Additional Occupant.....	21

<b>SECTION 10</b>	<b>Relocation to a Different Living Accommodation or Outside Facility.....</b>	<b>21</b>
10.1	Relocation From Residence to Another as Requested by Resident.....	21
	(a) Relocation to Larger Sized Residence.....	21
	(b) Relocation to Smaller Sized Residence.....	22
10.2	Relocation of Resident.....	22
	(a) From Residence to Another as Required by Company .....	22
	(b) Casualty Loss.....	22
	(c) Renovation of Residence .....	23
10.3	Relocation to OakBridge Terrace, WillowBrooke Court or Outside Health Care Facility.....	24
	(a) Conditions of Continued Occupancy .....	24
	(b) Decision to Relocate.....	24
	(c) Relocation to OakBridge Terrace .....	24
	(d) Relocation to WillowBrooke Court .....	25
	(e) Relocation to Outside Health Care Facility or Special Service Facility.....	25
	(f) Release of or Return to Residence After Relocation .....	26
<b>SECTION 11</b>	<b>Company’s Policy Concerning Financial Difficulty .....</b>	<b>26</b>
11.1	Failure to Make Payments .....	27
11.2	Special Consideration .....	27
11.3	Benevolent Financial Assistance by Company .....	27
11.4	Reduction of Income .....	28
<b>SECTION 12</b>	<b>Termination of Resident Contract.....</b>	<b>28</b>
12.1	Termination by Resident Prior to Occupancy .....	28
	(a) Limitations on Termination in Situations of Shared Occupancy .....	28
12.2	Termination by Resident During Transition Period .....	29
12.3	Termination by Resident After Transition Period .....	29
12.4	Termination by Death of Resident .....	29
12.5	Termination by Company .....	30
	(a) Just Cause .....	30
12.6	Vacating the Living Accommodation .....	31
<b>SECTION 13</b>	<b>Refunds of Entrance Fee .....</b>	<b>31</b>
13.1	Termination Prior to Occupancy .....	31
13.2	Termination During Transition Period.....	31
13.3	Termination After Transition Period .....	31
13.4	Termination by Death of Resident .....	32
	(a) Prior to Occupancy or During Transition Period .....	32
	(b) After Transition Period.....	32
13.5	Termination by Company .....	33
13.6	Designation of Beneficiary.....	33
13.7	Timing of Refund Payments.....	33
13.8	Deductions from Entrance Fee Refund.....	34

(a)	Deductions for Benevolent Financial Assistance .....	34
(b)	Deductions for Amounts Due on Monthly Statement.....	34
13.9	Release of Obligation .....	34
<b>SECTION 14 Rights and Obligations of Resident as to Property .....</b>		<b>34</b>
14.1	Right to Real Property .....	34
14.2	Right to Personal Property of Company .....	35
14.3	Responsibility for Damages .....	35
14.4	Removal of Resident’s Personal Property.....	35
<b>SECTION 15 Arrangement for Guardianship, Resident’s Estate and Funeral Services .....</b>		<b>35</b>
15.1	Advance Directives and Power of Attorney Requirements.....	35
15.2	Legal Guardian .....	36
15.3	Funeral Benefits or Service Plans .....	36
<b>SECTION 16 Non-Transferable.....</b>		<b>36</b>
<b>SECTION 17 Notice .....</b>		<b>37</b>
<b>SECTION 18 Right of Self-Organization .....</b>		<b>37</b>
<b>SECTION 19 Waiver .....</b>		<b>37</b>
<b>SECTION 20 Dispute Resolution .....</b>		<b>38</b>
20.1	Voluntary Waiver of Jury Trial and Arbitration.....	38
20.2	What is Arbitration?.....	38
20.3	Scope .....	38
20.4	Exclusions .....	39
20.5	Governing Law .....	39
20.6	Consolidation of Claims .....	39
20.7	Claims Against Other Parties.....	39
20.8	Procedure .....	39
20.9	Recoverable Damages .....	40
20.10	Delivery of Award.....	41
20.11	Finality of Award .....	41
20.12	Arbitration Fees and Expenses.....	41
20.13	Confidentiality .....	41
20.14	Severability .....	41
20.15	Limited Resident Right to Rescind this Arbitration Clause .....	41
<b>SECTION 21 Uncontrollable Interruption of Services.....</b>		<b>42</b>
<b>SECTION 22 Miscellaneous.....</b>		<b>42</b>
22.1	Entire Resident Contract.....	42
22.2	Policies, Procedures, Rules and Regulations.....	42

22.3	No Waiver .....	43
22.4	Invalidity, Unenforceability .....	43
22.5	Average Annual Cost of Providing Services.....	43
22.6	Amendments.....	43
22.7	Section Headings .....	43
22.8	Binding Effect .....	43
22.9	Counterparts .....	43
22.10	North Carolina Law.....	43
22.11	Receipt of Copy of Resident Contract and Disclosure Statement.....	43

**Exhibits**

1	Exhibit “A” - Notice of Right to Rescind .....	46
2	Exhibit “B” - Optional Furnishings, Additional Appliances or Modifications of Residence Requested by Resident .....	47
3	Exhibit “C” – Beneficiary Designation Form .....	48

## Definitions

**As used herein, the following terms shall have the following meanings and are part of and incorporated into this Resident Contract:**

**ACTS Community:** Any continuing care retirement community now owned, operated or hereafter acquired, directly or indirectly, by Company or any affiliate of Company, whether located within or outside the State of North Carolina.

**ADMINISTRATIVE FEE:** A fee equal to five percent (5%) of the Entrance Fee.

**APPLICATION FEE:** A non-refundable fee submitted with Resident's application.

**BENEFICIARY DESIGNATION FORM:** The Form attached hereto as Exhibit "C", which is used to identify the individual(s), trust(s) or entity(ies) entitled to receive all or a portion of an Entrance Fee refund or any other residual amount that may be owed to Resident upon the death of Resident.

**CODE:** The Internal Revenue Code of 1986, as amended.

**COMMUNITY:** The location identified in Section 3 where Resident will take Occupancy.

**COMMUNITY'S HEALTH NAVIGATION TEAM:** The clinical staff, medical director, and other administrative staff designated by Company, that make determinations relating to support services and level of living relocations.

**COMPANY:** ACTS Retirement-Life Communities, Inc., a nonprofit corporation organized and existing under the laws of the Commonwealth of Pennsylvania; which has qualified as an organization described in Section 501(c)(3) of the Code and is exempt from federal income taxes on its income pursuant to Section 501(a) of the Code.

**CONDITIONS OF CONTINUED OCCUPANCY:** The requirements for continued Occupancy in the Community which include but are not limited to maintaining the Living Accommodation in good condition, making payments pursuant to this Resident Contract, complying with all applicable laws and terms of this Resident Contract, and other health and safety requirements of the Company.

**DATE OF AVAILABILITY:** The date designated by Company for Resident to accept Occupancy, pay the balance of the Entrance Fee, and begin payment of the Monthly Fee.

**DECLINING BALANCE PLAN:** A plan provided to Resident which is used for the purchase of meals and other services or amenities as defined by and provided by Company.

**DISCLOSURE STATEMENT:** A written document provided to the Resident that explains services, fees, financial conditions and contractual obligations of the Company.

**ENTRANCE FEE:** A one-time fee paid to Company by or on behalf of the Resident prior to move-in to the Community. The amount of the Entrance Fee is based on the style, size, location and certain other attributes of the Residence and the number of occupants of the Residence.

**LEGAL REPRESENTATIVE:** A personal representative with legal standing authorized to act on behalf of Resident or a representative who has provided the funds necessary for the Resident to execute and fulfill their obligations under this Resident Contract.

**LIVING ACCOMMODATION:** The Residence, a room in OakBridge Terrace or a bed/room in WillowBrooke Court.

**MEDICARE:** The federal health insurance program established under Title XVIII of the Social Security Act, as amended, including Medicare Parts A and B as well as any future modifications, successor programs, or replacement programs, whether public or private, that provide substantially similar coverage or reimbursement for healthcare services to individuals who would otherwise be eligible for Medicare benefits.

**MEDICARE ADVANTAGE:** A Medicare health plan offered by private insurance companies, as well as any future modifications, successor programs, or replacement programs, whether public or private, that provide substantially similar options.

**MONTHLY FEE:** The charge per month for Single Occupancy or Shared Occupancy.

**OAKBRIDGE TERRACE:** A licensed assisted living/personal care facility that provides assisted living/personal care support services, per state specific requirements under this Resident Contract, which may or may not be located on the campus of the Community.

**OCCUPANCY:** The right to reside in and use the Living Accommodation.

**PRIORITY LIST DEPOSIT:** A payment made in consideration of which the name of the prospective resident is placed on a list awaiting availability of a Residence. The Priority List Deposit is applied as a credit towards the payment of the Entrance Fee.

**PREVAILING POLICY:** One or more organizational guidelines or rules on a specific subject matter that reflects then current practices or standards within the Company, which remains subject to change and may be modified, updated or revoked at the Company's sole discretion in response to changing circumstances, business needs, State law, Federal law or regulatory requirements.

**PRIVATE HOME SERVICES:** Assistance with activities of daily living provided by nurses, nursing aides or companions from a home care agency in Resident's Living Accommodation.

**POWER OF ATTORNEY:** A document executed by Resident which gives another person the authority to act on behalf of Resident in financial, legal or other matters.

**RESERVATION FEE:** The amount paid by Resident in consideration of which Company reserves the Residence designated for Occupancy. The Reservation Fee is paid at the time of signing of the Resident Contract and is applied as a credit towards the payment of the Entrance Fee.

**RESIDENCE:** The residential accommodation identified in Section 3 hereof that is designated for Occupancy under this Resident Contract.

**ROUTINE NURSING CARE SERVICES:** The level of nursing care services provided by Company. Company reserves the right to define the acuity level of care services it provides in exchange for the Monthly Fee. Certain higher acuity nursing care services, if available, and supplemental or ancillary services and items shall be provided at an additional charge.

**SHARED OCCUPANCY:** The right to Occupancy vested in two or more persons.

**SINGLE OCCUPANCY:** The right to Occupancy vested in one person.

**SKILLED NURSING CARE SERVICES:** The services provided by Company in WillowBrooke Court for twenty-four (24) hour skilled nursing care and/or skilled rehabilitation services (usually on a short-term basis for 1-100 days) in a Medicare certified facility/bed, as defined by the Centers for Medicare and Medicaid Services.

**SPECIAL SERVICE FACILITY:** A psychiatric institution, drug or alcohol treatment facility, renal treatment facility, rehabilitation unit, Subacute Care and other special service facilities including those providing short-term/temporary care, including other licensed nursing facilities providing specialized medical care and treatment, such as some subacute services, not provided by Company.

**SUBACUTE CARE:** A specialized level of advanced care services needed when hospital acute care is not indicated, but when more intensive daily care than that provided by Company in WillowBrooke Court is required. Advanced special care services include, but are not limited to, ventilator care and intensive specialized rehabilitation therapies.

**TRANSITION PERIOD:** The first one hundred twenty (120) days of Occupancy in a Residence.

**VACATE:** To cease Occupancy, to remove all possessions from Living Accommodation, and to return all Company's property.

**WILLOWBROOKE COURT:** A licensed nursing facility which provides Routine Nursing Care Services and Skilled Nursing Care Services per Federal and State requirements under this Resident Contract and which may or may not be located on the campus of the Community.

It is noted that other terms shall be defined throughout this Resident Contract and shall have the meanings ascribed to them as set forth herein.



**ACTS RETIREMENT-LIFE COMMUNITIES, INC.  
RESIDENT CONTRACT**

This Resident Contract (the "Resident Contract") made this \_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, is between ACTS RETIREMENT-LIFE COMMUNITIES, INC., (hereinafter called "Company"), AND \_\_\_\_\_ (hereinafter referred to as "Resident," and where this Resident Contract is executed by two or more individuals, they are called collectively "Resident" where the context permits and individually as "Co-Resident") who has applied for and has been conditionally approved to move into the Community. Subject to the signing of this Resident Contract, Company and Resident, intending to be legally bound, agree to the following terms and conditions.

**SECTION 1. General Statements**

**1.1 General Statements Regarding Company**

Company is a nonprofit corporation that is not a religious or proprietary organization. Company is affiliated with other nonprofit organizations and limited liability companies, with similar missions and purposes. These affiliated organizations are exempt from federal income taxes on their exempt income pursuant to Section 501(a) of the Code, and currently include ACTS Retirement Services, Inc.; ACTS Legacy Foundation, Inc.; ACTS Management Services, Inc.; ACTS Retirement-Life Communities Management, LLC; ACTS Alliance Management, LLC; ACTS Acquisition and Development Company, LLC; Bonita Springs Retirement Village, Inc. d/b/a The Terraces; Mease Life, Inc.; Acts Communities of Maryland, Inc.; Acts Construction Services, LLC and Acts Community of Heritage Farms, Inc. Company is not currently affiliated with any other religious, nonprofit or proprietary organizations or management entity.

Currently, Company, ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, ACTS Alliance Management, LLC, and Mease Life, Inc. are jointly and severally obligated on certain debt and other obligations of each other, referred to as an obligated group. The composition of the obligated group may change as determined by Company. Other than as set forth in the preceding sentence, the affiliates of Company are not responsible for the financial and contractual obligations of Company.

**1.2 General Statements Regarding Extent of Continuing Care**

Upon signing of this Resident Contract and payment of the Entrance Fee, and prior to the Date of Availability, Resident is entitled to access, if necessary, the services specified in this Resident Contract.

Beginning with the date of Occupancy, or the Date of Availability, whichever is earlier, Company will provide a Living Accommodation, together with the services and care specified in this Resident Contract until the Resident's death or earlier termination of this Resident Contract.

**SECTION 2. Conditions to Occupancy**

**2.1 Financial Qualifications**

As a condition to Occupancy, Company requires that Resident have assets and income that are sufficient under foreseeable circumstances and after provision for payment of Resident's obligations hereunder to meet ordinary and customary living expenses after assuming Occupancy over Resident's projected lifetime. Company shall require Resident to provide evidence of such assets as part of its screening process and shall make such determination in its sole discretion.

After the date of accepting and signing a Resident Contract by both parties and prior to the date of Occupancy, Resident has a duty and obligation to disclose any change in their financial condition to Company. If a change in Resident's financial condition occurs and Resident no longer qualifies under this Subsection, Company reserves the right to terminate this Resident Contract. Any refund due to Resident shall be paid in accordance with Section 13 hereof.

**2.2 Medical Qualifications**

As a condition to Occupancy, Company requires that Resident be able to meet certain health and safety requirements as defined by Prevailing Policy.

Once a Resident Contract is signed by both parties, the Resident Contract shall not terminate solely due to a change in medical condition. However, Company reserves the right to determine the appropriate Living Accommodation for the Resident based on their assessed needs.

**2.3 Required Medical Insurance**

As a condition to Occupancy, Resident shall enroll in (i) Part A of Medicare and subscribe to and pay for coverage under Part B of Medicare and pay for Medicare supplemental coverage (commonly referred to as "medigap insurance"), covering days 21 through 100 of skilled care services, as approved by Company or (ii) a non-traditional Medicare Plan, including a health maintenance organization or other managed care plan, including Medicare Advantage, for which Company is a network or participating provider, unless prior written authorization is provided to Company by the provider of the applicable plan, as more fully described in Subsection 6.8(b) hereof. If not eligible for Medicare, Resident shall enroll in another insurance program providing equivalent benefits as approved in writing by Company. Throughout the duration of this Resident Contract,

Resident shall maintain, at Resident's expense, the required insurance coverage pursuant to Prevailing Policy. Company may require Resident to provide proof of required insurance coverage from time to time after Occupancy.

Should Resident fail to maintain required medical insurance coverage, Resident shall be responsible for all co-pays and other charges that otherwise would have been reimbursed through these required insurance programs and shall demonstrate, to Company upon request, adequate financial resources for such coverage.

Resident acknowledges that Medicare Part A co-insurance for skilled nursing days 21 through 100, Medicare Part B annual deductible, co-insurance, and any Medicare Advantage plan co-pays are the responsibility of Resident.

---

Initial Here

**2.4 Required Property Insurance**

Company shall maintain insurance for Company's property only, the cost of which is included in the Monthly Fee. Resident shall have the responsibility, at their own expense, of providing and maintaining a standard property and liability insurance policy and to file a copy of said policy detailing the coverages with Community's business office. Company shall not be responsible for the loss of any personal property belonging to Resident due to theft, fire, or any cause, unless said property is specifically entrusted in writing to the care and control of Company, and then only for lack of ordinary care to safeguard, and account for, such property. Company is not responsible for personal injury or damage to property to other residents or guests within Resident's Living Accommodation, or for other residents or guests within the Community or otherwise resulting from actions taken by Resident.

**2.5 Age Requirements**

As a condition to Occupancy, Resident will supply satisfactory evidence that he/she has attained the age of sixty-two (62) by the Date of Availability.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**SECTION 3. The Designation of the Residence and Consideration to be Paid**

Residence Type \_\_\_\_\_

Residence Number \_\_\_\_\_

Date of Availability \_\_\_\_\_

Community \_\_\_\_\_

**Payment of Entrance Fee:**

Gross Entrance Fee \$ \_\_\_\_\_

Adjustments (defined below) \$ \_\_\_\_\_

Entrance Fee \$ \_\_\_\_\_

Less Priority List Deposit previously paid, if any \$ \_\_\_\_\_

Less Reservation Fee (balance of 10% of Entrance Fee paid at the signing of this Resident Contract) \$ \_\_\_\_\_

Balance of Entrance Fee due prior to Occupancy \$ \_\_\_\_\_

Payments made under Exhibit "B", as of signing this Resident Contract, for modifications to the Residence, if any \$ \_\_\_\_\_

Current Monthly Fee (as of the date of the signing of this Resident Contract), which includes \$ \_\_\_\_\_

Current Monthly Declining Balance Plan Amount (as of the date of the signing of this Resident Contract) \$ \_\_\_\_\_

The Entrance Fee and Monthly Fee specified above are based on the current price plan known as: \_\_\_\_\_

Adjustment explanation: \_\_\_\_\_

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**SECTION 4. Living Accommodation and Common Areas**

**4.1 Date of Availability**

Resident shall take possession of the Residence as of the Date of Availability. The obligation to pay the Monthly Fee shall begin on the Date of Availability or upon Occupancy, whichever is earlier, and the Entrance Fee shall be paid in full prior to or at the time of Occupancy. If Resident fails to take possession or pay the Entrance Fee on the Date of Availability, and the Residence is available for Occupancy, then Company, in its sole discretion may elect to terminate this Resident Contract upon written notice to Resident.

Company shall provide written notice of any extension of the Date of Availability addressed to Resident in accordance with Section 17 hereof. If, however, the Residence is not ready for Occupancy by the Date of Availability, or a date extended by the Company in its sole discretion, and such delay is due to labor strikes, fire, an act of God or any other cause beyond the control of Company and Resident, then Company, in its sole discretion, may further extend the Date of Availability for a reasonable period. If Resident fails to take possession on the extended date chosen by Company, then Company, in its sole discretion, may elect to terminate this Resident Contract in accordance with the termination and refund provisions hereof.

No person other than Resident may take Occupancy except with the express written approval of Company. Resident may not assign or sublet the Living Accommodation to another person. If another person who is not a party to this Resident Contract is accepted for Occupancy at a time after the date hereof, the terms as set forth in Subsection 9.2 hereof shall apply to such person.

From and after the Date of Availability, Resident has the right to occupy and use, in accordance with the terms of this Resident Contract, the Residence designated in Section 3 hereof, and, if necessary, accommodations in OakBridge Terrace and WillowBrooke Court.

**4.2 Maintenance of Residence**

Resident shall maintain the Residence in a clean, sanitary and safe condition. Company reserves the right to inspect the Residence periodically for cleanliness and safety. If Resident fails to maintain the Residence in a clean, sanitary and orderly condition as determined by Company, then Company reserves the right to clean the Residence and Resident shall pay the charges assessed by Company for cleaning the Residence, including charges related to any additional safety measures or services needed such as exterminator services or moving services.

Any structural or physical changes of any kind including but not limited to painting, flooring, or any other refurbishment, within or about the Residence shall be conditioned on written approval and supervision by the Company. The cost of any such change, requested by Resident, shall be borne by Resident and paid for before work begins, unless otherwise agreed to in writing by both parties. All such changes shall immediately become and remain the permanent property of Company.

#### **4.3 Furnishings, Optional Furnishings or Appliances**

Certain furnishings will be provided by Company pursuant to Prevailing Policy. All furnishings not provided by Company shall be provided by Resident, subject to supervision of, and approval by Company, and shall remain as Resident's personal property, except as set forth below.

Resident may upgrade, change or replace the furnishings provided by Company at Resident's cost. These furnishings, even if upgraded, changed or replaced at Resident's cost, shall become the permanent property of Company unless otherwise agreed to in writing by both parties.

The cost for optional furnishings, fixtures or appliances identified and approved by Company is not included in the Entrance Fee or the Monthly Fee and is an additional charge established by Company. The costs for any optional items requested by Resident shall be paid by Resident prior to the beginning of the work or before the time of installation. Upon installation, all additional furnishings, fixtures or appliances immediately become the property of Company and shall remain in the Residence after termination of this Resident Contract. Exhibit "B" of this Resident Contract reflects all optional furnishings or fixtures and the related costs, at the time of execution of this Resident Contract.

#### **4.4 Common Areas and Amenities**

Subject to scheduling requirements and availability as established by Company, and as part of the services included in the Monthly Fee, Resident may use, in common with all other residents and guests, the common areas and amenities, including but not limited to the restaurant(s)/dining venue(s), lobby(s), auditorium(s) and multipurpose space(s), social and recreational room(s), fitness center(s), laundry area(s) and other common areas furnished by Company. Decoration and furnishing of any common area is the responsibility of Company. Residents are expected to maintain appropriate attire while in all common areas.

Use of common areas and amenities is at the Resident's own risk. Unless otherwise prohibited by applicable law, the Company is not responsible for accidents, injuries or personal property loss incurred while using these spaces. Residents are encouraged to exercise caution and be mindful of others while using these spaces.

**4.5 OakBridge Terrace**

Company shall provide assisted living/personal care support services at either the Community, an affiliate community, or an outside provider not located at the Community.

**4.6 WillowBrooke Court**

Company shall provide Routine Nursing Care Services and/or Skilled Nursing Care Services as clinically indicated and as defined by State and Federal regulations at either the Community, an affiliate community, or an outside provider not located at the Community. Company reserves the right to define the acuity level of services it provides in exchange for the Monthly Fee. Certain higher acuity nursing care services, if available, and supplemental or ancillary services and items may be provided at an additional charge.

**4.7 Company's Rights Regarding the Community and Living Accommodation**

Company has the right to use the Community for any corporate purpose. Resident acknowledges and accepts the right of Company to enter Resident's Living Accommodation to carry out the purpose and intent of this Resident Contract. Such entry includes, but is not limited to, (i) responses to medical and non-medical emergencies; (ii) responses to fire protection systems; (iii) responses to concern that Resident is missing or otherwise not responding to calls; (iv) performance of scheduled housekeeping duties; (v) maintenance procedures; and (vi) enforcement of Company's policies and procedures. Upon notice to Resident, Company may enter the Living Accommodation for marketing purposes upon receiving notice of termination of this Resident Contract and prior to Resident Vacating. Company will take all normal precautions to protect Resident's privacy and security

**4.8 Alcohol and Smoke-Free Campus**

Resident and guests shall refrain from drinking alcoholic beverages in all common areas, except in certain designated areas, which are subject to change.

Company maintains a smoke free campus. Resident and guests are strictly prohibited from smoking or vaping tobacco or cannabis products in any form (regardless of the device or method used) anywhere within the Community, including inside the Living Accommodation, all common areas, and outdoor grounds.

**4.9 Firearms and Other Weapons**

All matters regarding firearms and other weapons within the Community are governed by Prevailing Policy. Residents and guests must adhere to all weapon-related rules and requirements established by Company.

#### 4.10 Pets

Certain pets in the Community are permitted and governed in accordance with Prevailing Policy. Residents and guests must comply with all pet-related rules and requirements as determined by Company.

### **SECTION 5. Services Provided by Company to Resident and Resident's Responsibilities**

#### 5.1 Meals

As part of the Monthly Fee, Resident is provided a Declining Balance Plan to be used for meals and other services or amenities, with the balance decreasing in accordance with the cost of each allowable purchase. Special dietary needs may be provided on request and subject to availability and Company's policies and procedures. **The Declining Balance Plan can be used for purchases by Resident in any of the restaurant(s) and dining venue(s) at Community or any community owned by Company, in accordance with Prevailing Policy. Reservations may be required as determined by Company. Resident may upgrade their Declining Balance Plan in accordance with Prevailing Policy.**

The Declining Balance Plan is credited at the beginning of each month, with prorations for the month of Occupancy and month of Vacating. The amount credited to the Declining Balance Plan may be changed by Company upon SIXTY (60) DAYS' notice to Resident. The Declining Balance Plan refreshes monthly, on the first of each month, and may be used at any time, up to a maximum balance equal to three (3) months of the Resident's selected plan amount. Balances carry forward until used. No additional funds will be added once the three (3) month maximum is reached unless the balance falls below the limit by the first of the month. Balances will also be forfeited and not subject to refund upon Vacating or termination of this Resident Contract.

If Resident has depleted their balance in a given month, Resident may purchase meals or other services on a la carte basis with charges to appear on Resident's monthly statement. Declining Balance Plan funds renew only on a monthly basis.

Upon temporary or permanent relocation to OakBridge Terrace or WillowBrooke Court the prevailing daily rate for meals will be charged, against the balance of Resident's Declining Balance Plan, in accordance with Prevailing Policy. Any additional charges above the balance will be charged to Resident.

#### 5.2 Utilities

As part of the services included in the Monthly Fee, Company will furnish water, heat, electricity, and air-conditioning. Company will also provide connectivity for other devices and services, including internet. Resident is required to have a communication device, in the Residence, at Resident's expense.

**5.3 Real Estate Taxes**

Payments of real estate taxes are included in the Monthly Fee. Payment of the Monthly Fee does not convey to Resident any interest in the land, improvements, or real estate of Company and/or the Community.

**5.4 Maintenance Services and Repairs**

Necessary repairs, maintenance services, and replacement of property and equipment owned by Company will be performed and provided at the discretion of Company. Repairs, maintenance, and replacement of property owned by Resident will be the responsibility of Resident.

**5.5 Storage**

For each apartment style Residence, Company may, in its sole discretion, make available additional storage in a designated area upon the request of Resident, which may be an additional fee. Use of storage spaces shall be subject to availability, direction, and supervision of Company. Resident is responsible for the risk of loss for all items stored in the storage space.

**5.6 Parking and Transportation Services**

If Resident owns and operates a registered motor vehicle, Company shall provide a minimum of one uncovered parking space for each Residence, which is included in the Monthly Fee. Any assignment of parking spaces will be made by Company. Guest parking is available in designated areas.

As part of the Monthly Fee, Company will provide certain group transportation services on a scheduled basis as determined by Company.

**5.7 Security and Emergency Response Services**

Company will, as part of the services included in the Monthly Fee, provide certain security services at the Community.

In case of an emergency, Resident should dial 9-1-1. Community personnel are available to assist, however Company is not responsible for the outcome of the emergency responses or for any medical or security incidents. Any costs associated with external emergency response services shall be payable by Resident directly to the emergency response organization.

**5.8 Grounds and Landscaping Services**

Company will provide basic grounds and landscaping services. Any landscaping changes proposed by Resident in the area adjacent to the Residence are subject to prior review and written approval by Company. All landscaping changes approved by Company and made by Resident that result in the addition of plants, trees or shrubs shall immediately constitute transfer of ownership of said additions and become and remain the permanent property of Company.

**5.9 Private Home Services**

As part of the Monthly Fee, Resident may be eligible for Private Home Services, as determined by Company. Additional Private Home Services may be available at an additional cost to Resident.

**5.10 Changes in the Scope of Services and Fee Schedule**

The scope of services and related fees for services that are not included in the Monthly Fee are subject to change and may be modified by Company from time to time with sixty (60) days advance written notice of any changes, except for changes required by State or Federal assistance programs.

**5.11 Additional Miscellaneous Ancillary Services**

Other miscellaneous ancillary services, if requested by Resident, may be provided as determined by Company at Resident's cost and are not included in the Monthly Fee.

**SECTION 6. Supportive Health and Wellness Services**

**6.1 Access to Wellness Services**

Resident will have access to well-being services at the Community designed to promote physical, emotional, spiritual and social wellness. The wellness program is available to Resident in accordance with Prevailing Policy.

**6.2 Cognitive Wellness and Support**

Resident will have access to programs and services designed to promote cognitive health and support cognitive changes, which include individualized resources to enhance cognitive well-being in accordance with Prevailing Policy.

**6.3 Outpatient Nursing Services and Primary Care Services**

Outpatient nursing services, primary care services, other services and/or diagnostic tests may be provided in accordance with Prevailing Policy.

**6.4 Assisted Living/Personal Care Support Services, Routine Nursing Care Services, and Skilled Nursing Care Services**

As part of the Monthly Fee, Company shall provide, or make available, assisted living/personal care support services and Routine Nursing Care Services or Skilled Nursing Care Services in private or shared accommodations. If those services are provided on the campus of the Community, Resident shall sign a contract prior to moving into either OakBridge Terrace or WillowBrooke Court, which contract(s) will supplement the terms of this Resident Contract. If a provision of such contract is in conflict or inconsistent with terms or provisions of this Resident Contract, then this Resident Contract shall control and govern the relationship between Resident and Company. Company shall provide Resident with three (3) meals per day while Resident is in OakBridge Terrace or WillowBrooke Court, the cost of which will be deducted from the Resident's Declining Balance Plan. Charges for meals above the balance in the Declining Balance Plan are the responsibility of the Resident. Company reserves the right to determine, at any time, if living in OakBridge Terrace or WillowBrooke Court is permanent.

**6.5 Costs in OakBridge Terrace or WillowBrooke Court Prior to Occupancy**

If Resident moves to either OakBridge Terrace or WillowBrooke Court prior to Occupancy of the Residence, the Entrance Fee immediately shall become due, and Resident shall pay the Monthly Fee for the Residence designated in this Resident Contract. In situations of Shared Occupancy, the Monthly Fee for Single Occupancy shall be paid upon move-in of one Co-Resident until the Date of Availability or upon Occupancy by the other Co-Resident of any Living Accommodation, whichever is earlier, at which time the Monthly Fee for Shared Occupancy shall become effective.

All charges and fees not covered or included in the Monthly Fee shall be paid by Resident.

**6.6 Costs in OakBridge Terrace or WillowBrooke Court After Occupancy**

**(a) Assisted Living Support Services**

Upon relocation to OakBridge Terrace, or another facility providing assisted living/personal care support services under this Resident Contract, Resident shall continue to pay the applicable Monthly Fee for the Residence, which is subject to periodic increases. All charges and fees not covered or included in the Monthly Fee shall be paid by Resident, including the costs of additional meals.

**(b) Routine Nursing and Skilled Nursing Care Services**

Upon relocation to WillowBrooke Court, or other facility providing Routine Nursing Care Services and/or Skilled Nursing Care Services under this Resident

Contract, Resident shall continue to pay the applicable Monthly Fee for the Residence, which is subject to periodic increases. All charges and fees not covered or included in the Monthly Fee shall be paid by Resident, including the costs of additional meals.

(c) Intra-Community Relocation and the Monthly Fee

If Resident moves from the Residence initially designated under this Resident Contract to a residence with a lower Monthly Fee within one year prior to permanent relocation of Resident (or remaining Co-Resident) to OakBridge Terrace or WillowBrooke Court, Resident shall pay the higher Monthly Fee for the Residence initially designated under this Resident Contract while remaining in OakBridge Terrace or WillowBrooke Court.

(d) Transfer to Another ACTS Community

If Resident requests a transfer to another ACTS Community and such transfer is approved, the Monthly Fee will be adjusted to a comparable size residence at that community. In the event Resident receives approval from Company to move to another ACTS Community, Resident shall sign an addendum to this Resident Contract reflecting all costs and charges related to exercising the option to move, including the Entrance Fee, if applicable, and Monthly Fee for the selected new residence.

6.7 Exclusions (Items and Services Not Covered by the Monthly Fee)

Medical, health and ancillary services not included in or covered by the Monthly Fee include, but are not limited to, the cost of hospitalization; ambulance service; therapist or rehabilitation services; psychotherapy and psychiatric consultations or services; physician and nurse practitioner primary care and/or urgent care services; diagnostic services; private duty nurses, nursing assistants or companions, including temporary nursing or assistive services in the Residence; specialized treatment; refractions; eyeglasses; contact lenses; hearing aids; podiatry; dentistry; dentures; inlays; orthopedic medical devices such as walkers, braces, wheelchairs, special beds or chairs; incontinence supplies; personal care supplies such as disposable underpads, toiletries, digestive supplemental aids and feedings, and pharmacy medications; drugs, including prescription and over-the-counter medications; medical equipment and supplies such as syringes, oxygen tanks, intravenous items and catheterization materials; specialized treatment including ventilator dependent treatment; and higher acuity nursing care services such as Subacute Care or intensive daily rehabilitation services. Company, in its sole discretion, may provide any or all of the services not covered by the Monthly Fee at an additional charge, or refer the Resident to another provider capable of providing Subacute Care and specialty care services. Ancillary and miscellaneous charges in OakBridge Terrace or WillowBrooke Court also are not included in the Monthly Fee.

## **6.8 Hospital and Medical Insurance**

### **(a) Assignment of Required Insurance and Third-Party Payments**

Resident assigns and transfers over to Company all rights of Resident to required public and private insurance and benefits to the extent necessary to pay Company for services provided to Resident under this Resident Contract. If Resident becomes eligible to receive payment from any third-party for services provided under this Resident Contract by Company, Resident shall, at all times, cooperate fully with Company and each third-party payor so that Company may make claim for and receive any applicable third-party payments. Resident authorizes Company to make all claims for such insurance and benefits and agrees to execute all documents necessary to enable Company to collect or enforce such claims. If for any reason Company cannot apply directly for such benefits, Resident shall from time to time apply for the payments for services provided by Company to which Resident is entitled under applicable insurance benefit programs, and pay to Company the benefits received within ten (10) days of payment by the third-party payor.

### **(b) Enrollment in a Non-Traditional Medicare Plan or Other Managed Care Plan**

Resident may only enroll in a non-traditional Medicare Plan, including a health maintenance organization or other managed care plan, including Medicare Advantage, for which Company is a network or participating provider, unless prior written authorization is provided to Company by the provider of the applicable plan. Prior to enrolling in any non-traditional Medicare Plan or managed care plan, including Medicare Advantage, Resident shall sign an addendum identifying the plan. In the event that Resident subscribes to a non-traditional Medicare Plan or other managed care plan, including Medicare Advantage, and Company is not a network or participating provider, Company may elect, at its option, to attempt to negotiate a contract with and obtain payment from Resident's managed care plan for covered services to be provided by Company. If Company is or becomes a network or participating provider in Resident's managed care plan, Company reserves the right to withdraw from participation as a network provider at any time. If Resident's managed care plan and Company do not reach an agreement on the terms under which services would be covered under such plan, or if the Resident's managed care plan does not agree to credential Company and does not provide payment for covered services provided by Company or if Company withdraws from participation in Resident's managed care plan, Resident shall either transfer to and receive services from a participating provider in Resident's managed care plan or shall pay Company, in addition to the Monthly Fee, the daily rate for Routine Nursing Care Services and/or Skilled Nursing Care Services that would have been covered by Medicare indemnity coverage, but only for the limited period of time during which Medicare or other required insurance coverage would have been

available. If Resident is transferred to a provider participating in Resident's managed care plan, Resident shall continue to pay the Monthly Fee and additionally all costs and charges, including all co-pays, related to the transfer to and occupancy of the participating provider. There will be no reduction in the Monthly Fee because of Resident's participation in any health insurance program or managed care plans which provide for payment for services rendered or made available by Company. Any co-insurance, daily co-pays, or deductible required by a non-traditional Medicare Plan or managed care plan shall be paid by Resident.

---

Initial Here

(c) Long Term Care Insurance

Company does not require Resident to maintain a long-term care insurance policy. However, if Resident maintains such a policy, Company will assist Resident in making claims for such insurance benefits, for which additional fees may apply. If insurance benefits are received directly by Company, Company will apply proceeds to Resident's future Monthly Fee and ancillary charges. After all such charges have been paid to Company, the balance of any insurance benefits will be refunded to Resident.

6.9 Relocation to Hospital or Other Specialized Service Facility

Company does not provide ambulatory services, hospital care, acute care, Subacute Care or other services provided by a Special Service Facility. Company may move Resident to a hospital, subacute center, or other Special Service Facility in accordance with provisions of Subsection 10.3 hereof.

6.10 Illness or Accident Away from Community

If Resident suffers an accident or illness while away from Community, Company will have no responsibility to pay for Resident's medical, surgical, hospital or nursing care obtained offsite; however, after Resident returns to Community, Company shall assume its responsibility to provide those services as specified in this Resident Contract that are deemed medically necessary by Company. If Resident suffers an accident or illness while away from Community, and as a result, Resident is temporarily residing away from the Community, the Company will hold the Living Accommodation and Resident remains responsible for the Monthly Fee and other applicable charges. If the Resident is unable to return, Resident will remain responsible for the Monthly Fee until Resident provides written notice to Company stating such, and this Resident Contract and the Resident's Occupancy may be terminated in accordance with the provisions of Section 12.

#### **6.11 Incident or Illness Caused by Others**

In the event Resident is physically injured by an individual or entity not a party to the Resident Contract, Resident grants to Company a right of subrogation, and authorizes Company to bring such demands, claims or legal proceedings in the name of or on behalf of Resident for purposes of recovering from any third-party or third-party's insurer responsible for Resident's injury, the dollar value of all care provided by Company to Resident as a result of any such injury. Resident shall cooperate and sign any documents necessary to facilitate Company's ability to exercise its subrogation right. After all costs and expenses incurred by Company (including legal fees and cost of care furnished to Resident by Company because of such injury) have been reimbursed to Company through subrogation, the balance of any recovery, if any, will be refunded to Resident or Resident's estate.

#### **6.12 Limitations on Care**

The Community is not equipped to care for persons who have uncontrolled or untreated mental illness resulting in behavior contrary to the Conditions of Continued Occupancy, active drug or alcohol abuse, or who require specialized psychiatric care or other specialized care services not authorized or permitted under the applicable licensure regulations or high acuity nursing care services beyond the Routine Nursing Care Services as defined in this Resident Contract. If Company determines that Resident's behaviors, conduct, actions or omissions are such that Resident's continued presence in the Community is either dangerous or detrimental to the life, health, or safety of Resident or other residents or the peaceful enjoyment of the Community by other residents, then Company may move Resident to an appropriate outside facility of Company's choosing and, if the move is deemed temporary, Resident shall continue to pay the Monthly Fee directly to Company. Company will then be responsible for paying the facility an amount that shall not exceed the Company's prevailing daily rate for shared accommodations in WillowBrooke Court. Any additional charges beyond the amount paid by Company are the obligation of and shall be paid by Resident. If Resident prefers a facility other than that chosen by Company, Company will be responsible to pay the lesser of the Company's daily rate for shared accommodations in WillowBrooke Court or the daily rate of the facility chosen by Company.

If a move is or becomes permanent the obligation to pay the Monthly Fee shall end and this Resident Contract shall terminate; provided however that any amount owed by the Resident under this Resident Contract shall be immediately due and payable to Company. Any refund due shall be paid in accordance with the refund provisions of this Resident Contract. In the event of Shared Occupancy, this Resident Contract shall not terminate for the Co-Resident and Co-Resident shall pay the applicable Monthly Fee until the permanent move or discharge of all Co-Residents from the Community and the Living Accommodation is Vacated. Resident is obligated to pay all costs and charges related to the move to and occupancy of any outside facility.

**6.13 Responsibility of Company for Services Included in Monthly Fee**

Resident shall not be liable to any health care provider for the cost of any services which are covered by Company under this Resident Contract and which are paid for by Resident through payment of the Monthly Fee. If Company authorizes any health care provider to provide services that Company is required to provide under this Resident Contract, Company shall assume responsibility for the payment of those health care services.

**6.14 Private Duty Contractors**

Subject to the prior written approval of Company, Resident may utilize the services of privately employed private duty contractors, or other licensed agencies unrelated to Company, who provide personal or health care services in the Living Accommodation. Such services are subject to Prevailing Policy and must be approved in advance and in writing by Company. Resident is responsible to pay for all such services. In exchange for Company's approval of Resident's utilization of a private duty contractor or other licensed agencies unrelated to Company, Resident releases Company from any liability for the acts or omissions of any individual or agency providing services to Resident in the Community. Live-in companions, whether paid or unpaid by Resident, are not permitted, except with Company's advance written consent.

**SECTION 7. Entrance Fee**

**7.1 Purpose and Use**

Company may use the Entrance Fee in any manner it deems appropriate. Company is not holding any part of the Entrance Fee in escrow or trust for Resident after Occupancy and has not assumed and is not assuming any fiduciary obligation to Resident concerning the Entrance Fee or any other amounts paid for Occupancy.

The Company may use fees paid by Resident for purposes unrelated to the construction, operation, maintenance, or improvement of the Community, including for furtherance of the Company's corporate mission, to distribute profits, or to benefit another community.

**7.2 Payment Schedule**

**(a) Reservation Fee**

Upon execution of this Resident Contract, Resident shall pay a Reservation Fee equal to ten percent (10%) of the Entrance Fee, less the Priority List Deposit.

(b) **Final Payment**

Upon the Date of Availability or Occupancy, whichever is earlier, Resident shall pay the remaining balance of the Entrance Fee.

7.3 **Right to Establish Entrance Fee**

Company reserves the right to establish Entrance Fee rates and Monthly Fees (as described in Section 8 hereof) of a different amount which may not be uniform with or proportional to those charged to Resident under this Resident Contract. The Entrance Fee paid by Resident shall not be increased or changed during the term of this Resident Contract, except for changes required by State or Federal assistance programs or regulations, or if Resident changes from the Residence to another unit (as described in Subsection 10.1 hereof).

7.4 **Administrative Fee and Amortization of Entrance Fee**

(a) **Administrative Fee**

The Administrative Fee is non-refundable after the Transition Period and will be retained by Company.

(b) **Amortization of Entrance Fee**

After deducting the Administrative Fee, the remaining Entrance Fee shall be amortized by Company in the amount of two percent (2%) per month for a period of fifty (50) months from the date of Occupancy. After the fifty (50) month period, there will be no refund of the Entrance Fee.

**SECTION 8. Monthly Fee**

8.1 **Standard Monthly Fee**

In addition to the other amounts paid by Resident to Company under this Resident Contract, Resident shall pay Company the standard Monthly Fee established for the Residence selected.

8.2 **Adjustments in the Monthly Fee**

The Company periodically reviews and may adjust the Monthly Fee at its sole discretion, typically on an annual basis. Company shall provide at least **SIXTY (60) DAYS** written notice of such change unless such change is required by State or Federal assistance programs or regulations. Changes in the Monthly Fee not required by State or Federal

assistance programs or regulations include, but are not limited to, anticipated or unanticipated increases in the costs of operations for the Company.

### **8.3 Payment and Due Date**

The Monthly Fee is billed in advance and shall be due and payable within five (5) days of the date of Resident's monthly statement. The obligation to pay the Monthly Fee shall commence on the earlier to occur of (i) the date Resident takes Occupancy or (ii) the Date of Availability, whether or not Resident moves in at the time. The Resident shall be billed monthly for all other charges and services. Payment for all other charges shall be due with the Monthly Fee.

Company will provide a monthly statement to Resident electronically. Resident is expected to pay the Monthly Fee and any other charges via electronic payment in accordance with Prevailing Policy.

### **8.4 Service Charge for Late Payment**

A service charge may be added to amounts past due in accordance with Prevailing Policy.

### **8.5 Costs of Collection; Other Costs**

In the event Company is not timely paid and hires agencies, counsel, or others to collect any amounts due under this Resident Contract or otherwise hires agencies, counsel, or others in connection with the enforcement of the terms of this Resident Contract, Resident agrees that Resident will reimburse Company for all costs or expenses incurred in connection with such collection or other efforts, including, without limitation, collection agency fees, reasonable interest, attorneys' fees, and other costs reasonably incurred by Company.

## **SECTION 9. Co-Resident**

### **9.1 Co-Resident's Fee Responsibility**

In situations of Shared Occupancy, each Co-Resident shall be jointly and severally liable for each other's financial obligations and for all payments due under this Resident Contract. Upon the death of one or more Co-Residents, or should one or more Co-Residents leave the Community, or if this Resident Contract is terminated as to one or more Co-Residents for any reason, then all Co-Residents and/or their estates shall remain jointly and severally liable for all financial obligations incurred by any Co-Resident under this Resident Contract. In instances of termination, an addendum documenting the termination must be signed by the remaining Resident, terminating Co-Resident and the Company to formalize the change in residency and related obligations. In the event one Co-Resident transfers to WillowBrooke Court, this

provision shall not be construed as a third party guarantee nor shall it impair such Co-Resident's eligibility for Medicare benefits.

## **9.2 Marriages/Additional Occupant**

If Resident decides to marry/reside with a non-resident while occupying the Residence and desires that the new spouse/additional occupant share the Residence, the spouse/additional occupant must first qualify to be a resident and also comply with the terms outlined in this Resident Contract and shall execute a then current version of the Resident Contract. The spouse/additional occupant shall pay an Entrance Fee in accordance with Prevailing Policy. The prevailing Monthly Fee for Shared Occupancy will commence on the day the spouse/additional occupant moves into the Residence. In the event the spouse/additional occupant is not accepted as a new resident, Resident may terminate the Resident Contract pursuant to Section 12 hereof and receive any refund as set forth in Section 13 hereof.

## **SECTION 10. Relocation to a Different Living Accommodation or Outside Facility**

### **10.1 Relocation From Residence to Another as Requested by Resident**

Upon Resident's written request and written approval of Company, the Resident may exercise a limited option to move from the Residence to another residence, including to another ACTS Community. Resident must notify Company in writing of the type of new residence desired. Company reserves the right in its sole discretion to approve or deny requests to move. In the event Resident receives approval from Company to move to another residence, Resident shall sign an addendum to this Resident Contract reflecting all costs and charges related to exercising the option to move, including the Entrance Fee, if applicable, and Monthly Fee for the selected new residence. Resident may be required to pay moving and relocation expenses along with a refurbishment fee as determined by Company. Resident will, within a thirty (30) day period, Vacate the Residence and move to the new residence. Company may reassign the Vacated Residence to another person.

#### **(a) Relocation to Larger Sized Residence**

If Resident requests a larger residence and Company approves such request, on the Date of Availability of the larger sized residence, an additional Entrance Fee will be paid. The additional Entrance Fee is equal to the difference between the Entrance Fee of the larger residence as of the later of the time Resident first took Occupancy or the date the new residence was constructed and the Entrance Fee paid for the smaller residence designated in Section 3 hereof. The additional Entrance Fee shall be amortized by Company at a rate of two percent (2%) per month for a period of fifty (50) months from the date of Occupancy of the smaller Residence designated in Section 3 hereof.

**(b) Relocation to Smaller Sized Residence**

If Resident requests a smaller sized residence and Company approves such request, the Resident may be entitled to a refund. Any refund of the Entrance Fee because of relocation to a smaller sized residence is calculated as the difference between:

**(i) Present Residence**

The current gross Entrance Fee of the larger Residence, less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of such Entrance Fee for each month this Resident Contract has been in force, commencing from the date of Occupancy.

**(ii) Proposed Residence**

The current gross Entrance Fee of the proposed smaller Residence, less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of such Entrance Fee for each month this Resident Contract has been in force, commencing from the date of Occupancy.

**10.2 Relocation of Resident**

**(a) From Residence to Another as Required by Company**

Company reserves the right to make all necessary arrangements and adjustments regarding the Living Accommodation not otherwise specifically provided in this Resident Contract. Company may relocate Resident to a different residence in the Community, substantially similar to that selected by Resident, if it determines that such a move is necessary to protect the health or safety of Resident or for the general and economic welfare of other residents of the Community. In the event Resident is directed to relocate by Company, no additional Entrance Fee payment will be required and Company shall be responsible for all reasonable moving and relocation expenses. Resident shall execute an addendum to this Resident Contract that shall reflect all changes in the Monthly Fee.

**(b) Casualty Loss**

In the event the Living Accommodation occupied by Resident or the building in which the Living Accommodation is located, is destroyed or is damaged by fire or other casualty so as to render the Living Accommodation generally unfit for Occupancy, the Company will endeavor in good faith to rebuild and replace the Living Accommodation and/or building with substantially similar accommodations unless doing so would threaten the Company's financial viability. In the unlikely

event that the Company determines that rebuilding threatens its financial viability so as to preclude replacement of the Living Accommodation or building, then the Company will strive to develop an alternative restoration plan in which the Company will exercise its best efforts to locate, identify or provide, if financially feasible as determined by the Company, reasonable alternative accommodations for any resident affected by such a catastrophic loss. If the Company elects to terminate this Resident Contract, written notice of termination shall be given to Resident as soon as is reasonably possible from the date of the damage to the Living Accommodation. Any applicable refund due to Resident in accordance with Section 13 shall be paid to Resident in full upon any such termination. If notice of termination is not given, or if the damage does not render the Living Accommodation unfit for Occupancy, the Company shall be obligated to rebuild or repair the damage to the Living Accommodation as soon as reasonably possible for Occupancy by Resident, and this Resident Contract shall remain effective unless the parties may otherwise mutually agree. In the event Resident is unable to occupy the Living Accommodation during any reasonably necessary period of restoration of the Living Accommodation, the Monthly Fee shall be reduced proportionately, unless a vacant Living Accommodation is available for temporary Occupancy by Resident. The Company shall not be liable for any damage, compensation, or claim by reason of inconvenience or annoyance arising from the necessity of repairing any portion of the Living Accommodation, or the interruption in use of the Living Accommodation, or the termination of this Resident Contract by reason of the destruction of the Living Accommodation or building.

(c) Renovation of Residence

The Company reserves the right to relocate Resident to another residence within the Community in the event the Residence occupied by Resident or the building in which the Residence is located is subject to renovation. In such event, Resident shall relocate to a residence that is substantially similar to the Residence designated under this Resident Contract. In the event of such relocation, the Company shall assume responsibility for Resident's reasonable moving costs as agreed to by the parties. During temporary occupancy of the other residence, Resident shall pay the Monthly Fee applicable to that residence. Upon completion of the renovations, Resident may, subject to the Company's approval, elect to remain in the residence Resident has occupied on a temporary basis, or return to the renovated Residence or the renovated building in which the Residence is located. If Resident, subject to Company's approval, chooses to remain in the residence Resident has been occupying, then Resident shall continue to pay the applicable Monthly Fee, and any applicable refund due to Resident upon the termination of this Resident Contract shall be based on the date of Vacating of that residence. All costs associated with relocation to the renovated Residence or the building in which the Residence is located may be paid by Resident upon Company's sole discretion.

**10.3 Relocation to OakBridge Terrace, WillowBrooke Court or Outside Health Care Facility**

**(a) Conditions of Continued Occupancy**

Resident shall have the right to occupy the Residence for so long as Resident satisfies the Conditions of Continued Occupancy.

**(b) Decision to Relocate**

**(i) Authority to Relocate**

Company may relocate Resident within the Community if it is necessary to protect the health or safety of Resident or for the general and economic welfare of other residents.

**(ii) Role of Health Navigation Team**

The decision as to whether a move shall be deemed temporary or permanent shall be made by the Health Navigation Team. The Health Navigation Team shall consider the opinion of Resident and/or the advice of the Legal Representative, if available, and, if requested and at the Resident's expense, a private physician. The opinion of Resident and the advice of the Legal Representative and Resident's physician is advisory only and shall not be binding on Company. The Health Navigation Team's decision regarding the temporary or permanent nature of any move may be made at any time. Upon a determination by the Health Navigation Team that Resident is no longer capable of meeting the health and/or other requirements for Occupancy of the Residence, Resident and Resident's Legal Representative, will be notified by Company that arrangements will be made for Resident's permanent move to OakBridge Terrace, WillowBrooke Court, or other appropriate health care facility or Special Service Facility.

**(c) Relocation to OakBridge Terrace**

When Resident is in need of assisted living/personal care support services as determined by Company's medical director and/or the Health Navigation Team and does not need Routine Nursing Care Services or Skilled Nursing Care Services, Resident shall be relocated permanently to OakBridge Terrace, if available, or another facility providing assisted living/personal care support services. If there is no Co-Resident in the Residence, Resident will, within thirty (30) days, Vacate the Residence. Company may reassign the Vacated Residence to another person.

(d) **Relocation to WillowBrooke Court**

When Resident is in need of Routine Nursing Care Services or Skilled Nursing Care Services as determined by Company's medical director and/or the Health Navigation Team, Resident will be moved to a shared accommodation if made available in WillowBrooke Court or other facility providing Routine Nursing Care Services or Skilled Nursing Care Services under this Resident Contract. Upon request, Resident may have access to a private room, if available, in WillowBrooke Court for which an additional fee may apply in accordance with Prevailing Policy. If, after continued evaluation, it is determined by Company that Resident cannot return to his/her Living Accommodation, Resident shall be relocated permanently to WillowBrooke Court or other facility providing Routine Nursing Care Services or Skilled Nursing Care Services. If there is no Co-Resident in the Living Accommodation, Resident will, within thirty (30) days, Vacate the Living Accommodation. Company may reassign the Vacated Living Accommodation to another person.

(e) **Relocation to Outside Health Care Facility or Special Service Facility**

If it is determined by Company's medical director and/or the Health Navigation Team that Resident cannot be cared for within the scope of the services Company provides in the Community, or Resident cannot otherwise meet the Conditions of Continued Occupancy, Resident shall be relocated permanently to an outside health care facility or Special Service Facility that can provide the necessary care to Resident. If there is no Co-Resident in the Living Accommodation, Resident will, within thirty (30) days, Vacate the Living Accommodation. Company may reassign the Vacated Living Accommodation to another person.

(i) **Temporary Relocation**

During any temporary move to a hospital, Special Service Facility or outside health care facility, Resident shall continue to pay the Monthly Fee and shall be responsible for all costs and charges related to the move to and occupancy of the outside health care facility, Special Service Facility or hospital except as provided in Subsection 6.12 hereof.

(ii) **Permanent Relocation**

Upon permanent move to an outside facility, and after the Living Accommodation has been Vacated, the obligation to pay the Monthly Fee shall end and this Resident Contract shall terminate; provided however that any amount owed by the Resident under this Resident Contract shall be immediately due and payable to Company. Any refund due shall be paid in accordance with the refund provisions of this

**Resident Contract. In the event of Shared Occupancy, this Resident Contract shall not terminate on behalf of Co-Resident and Co-Resident shall pay the Monthly Fee until the permanent move or discharge of all Co-Residents from the Community and the Living Accommodation is Vacated. Resident is obligated to pay all costs and charges related to the move to and occupancy of any outside facility or hospital except when Resident is moved to an outside facility providing assisted living support services, Routine Nursing Care Services, and/or Skilled Nursing Care Services because of the unavailability of a bed or room in the Community.**

**(f) Release of or Return to Residence After Relocation**

**(i) Temporary Move**

**If Resident moved temporarily to OakBridge Terrace or WillowBrooke Court, or a hospital or other outside facility, with a medical prognosis of recovery and return to health consistent with the Conditions of Continued Occupancy, then Resident shall retain Occupancy of the Residence. During any period of temporary move, Resident shall continue to pay the applicable Monthly Fee for the Residence. Resident may return to the Residence in accordance with the terms of this provision at such time as Company determines that Resident can satisfy the Conditions of Continued Occupancy.**

**(ii) Permanent Move**

**If Resident permanently relocated to OakBridge Terrace or WillowBrooke Court, or a hospital or other appropriate outside facility, Resident shall Vacate the Residence within thirty (30) days of written notice of Company's decision to permanently relocate the Resident. If Company, with the advice of Company's medical director, nurse practitioner or the Health Navigation Team, determines that Resident subsequently has recovered sufficiently to satisfy the Conditions of Continued Occupancy of a residence, Resident, upon request, shall be eligible for consideration to receive the next available residence with a floor plan comparable to the one Vacated, provided Resident repays Company any amounts refunded to Resident under the Resident Contract and pays the applicable Monthly Fee.**

**SECTION 11. Company's Policy Concerning Financial Difficulty**

**It is the policy of Company that Resident shall not be discharged nor this Resident Contract terminated solely because of Resident's financial inability to continue to pay all or part of the Monthly Fee; however, Resident's acceptance into the Community, and the benefits of this Resident Contract, has been based on the accuracy of facts recorded on Resident's financial**

statement, by which facts Company determined that Resident was able to meet all the financial obligations specified within this Resident Contract. If, in the opinion of Company, Resident either has misrepresented information on the financial statement or in any way weakens, through omission or commission, his/her ability or the ability of his/her personal estate to satisfy his/her financial obligations under this Resident Contract, because Resident has made gifts of real or personal property or any imprudent financial transactions after submitting the financial statement and/or after acceptance into the Community, Company reserves the right to terminate this Resident Contract.

#### **11.1 Failure to Make Payments**

If Resident fails to make any of the Monthly Fee payments at the required time, or to pay any other amounts shown on the monthly statement within thirty (30) days after the first day of the month, then Company may give written notice to Resident to pay all such amounts and furnish most recent financial records. If Resident fails to comply with such notice then Company may terminate this Resident Contract in accordance with Section 12 hereof, and shall provide Resident with the refund, if any, in accordance with Section 13 hereof, less any outstanding balances or financial obligations.

#### **11.2 Special Consideration**

Without in any way qualifying the right of Company to terminate this Resident Contract, if the sole reason for non-payment is insufficient funds, beyond the control of Resident, the matter will be reviewed by Company with Resident. If Resident presents facts which justify special financial consideration, Company may solely at its discretion, partly subsidize Resident's Monthly Fee provided that such benevolent financial assistance can be granted either with sufficient charitable funds or without impairing the ability of Company to meet and continue its objectives while operating on a sound financial basis. All determinations made by Company shall be regarded as a confidential transaction between Company and Resident except for reports required by regulatory or other government bodies.

#### **11.3 Benevolent Financial Assistance by Company**

Should Company subsidize Resident's Monthly Fee, Resident agrees that any property that was his/hers at, or subsequent to the date of this Resident Contract, and remaining in his/her possession at death, is to be transferred to Company for the purpose of repaying (at least to the extent of the value of such property) an amount equal to the aggregate amount of benevolent financial assistance furnished to Resident by Company during the period of residency. If the value of Resident's possessions/property exceeds the aggregate amount of benevolent financial assistance furnished by Company, all excess proceeds will be returned to Resident's estate. This Resident Contract shall operate as a grant, assignment, transfer and conveyance to Company of such property, and Resident hereby grants to Company a security interest in such property, all of which may be enforced as a claim against Resident's estate, and to effect such assignment and

to enable Company to enforce such claim, Resident shall execute such further documents, instruments or contracts, such as stock powers, Uniform Commercial Code financing statements, deeds, bills of sale and the like, as Company shall deem necessary or appropriate to protect or perfect its rights, interest and claims granted in this subsection. Company may, from time to time, request financial statements from any Resident whose Monthly Fee is subsidized by Company. This subsection shall apply whether or not Resident is occupying a Living Accommodation at Company at time of death and shall survive termination of the Resident Contract.

#### **11.4 Reduction of Income**

Resident affirms and represents to Company that his/her sources of income are adequate to meet his/her financial responsibility to Company and to meet and pay any additional costs to Resident, and to pay personal and incidental expenses during the period of residency. If Resident's sources of income do not meet these requirements, Resident may be required to relocate to a smaller Residence in the Community at discretion of Company, and Resident will make every reasonable effort to obtain assistance from family or other available means, and from public benefits, to the extent that Resident is eligible to receive them, including, but not limited to federal, state or county aid or assistance, Aid to the Blind, Veterans' Pension, etc. Resident agrees that he/she will apply for and diligently seek such benefits.

### **SECTION 12. Termination of Resident Contract**

#### **12.1 Termination by Resident Prior to Occupancy**

If Resident or Resident's Legal Representative notifies Company in writing of his/her election to withdraw or terminate this Resident Contract before Resident takes Occupancy, this Resident Contract shall automatically terminate. If Resident dies before the Date of Availability, or if, through illness, injury, or incapacity, Resident is precluded from taking Occupancy and becoming a Resident under the terms of this Resident Contract, the Resident Contract shall automatically terminate. The Resident or his/her designated beneficiary shall receive a refund, in accordance with Subsection 13.1 hereof.

##### **(a) Limitations on Termination in Situations of Shared Occupancy**

If any Co-Resident is precluded from taking Occupancy of the Residence because of death, illness, injury or incapacity, this Resident Contract shall remain in full force and effect as to the other Co-Resident(s), at the option of Co-Resident(s). The remaining Co-Resident(s) may sign an addendum that changes the terms of this Resident Contract from Shared Occupancy to Single Occupancy, if applicable, and that reflects changes in the Entrance Fee and/or the Monthly Fee.

If Co-Resident continues to occupy any Living Accommodation within the Community, the Resident Contract shall not terminate until the death, permanent relocation, discharge or voluntary departure of all Co-Residents from the Community.

**12.2 Termination by Resident During Transition Period**

Resident or Resident's Legal Representative may terminate this Resident Contract within thirty (30) days of execution of this Resident Contract by signing the attached Notice of Right to Rescind in the form of Exhibit "A" attached hereto and delivering it to Company. After the lapse of the thirty (30) day rescission period and before the lapse of the Transition Period commencing on the earlier to occur of (i) the date Resident takes Occupancy or (ii) the Date of Availability of Residence, Resident or Resident's Legal Representative, may terminate this Resident Contract by giving written notice of termination to Company. Resident shall Vacate within a period of thirty (30) days from the date on which such notice is received by Company. The Resident Contract shall terminate on the date the Residence is Vacated. Resident shall be entitled to a refund, as provided in Subsection 13.2 hereof.

**12.3 Termination by Resident After Transition Period**

Resident or Resident's Legal Representative has the right, at any time, to terminate this Resident Contract by providing written notice to Company of his/her intent to do so. The written notice need not cite a specific reason for the termination but it shall state a date, of not less than thirty (30) days or more than one hundred twenty (120) days, when the termination is to become effective, and on or prior to such date Resident shall Vacate the Living Accommodation. On the effective date of such termination, and contingent upon the Living Accommodation being Vacated, Resident's obligation to continue Monthly Fee payments shall cease and Resident shall be entitled to a refund, if any, as provided in Subsection 13.3 hereof.

**12.4 Termination by Death of Resident**

Unless sooner terminated by its own provisions, except as otherwise set forth herein, this Resident Contract shall terminate at death of Resident, whereupon all obligations of Company under this Resident Contract, other than those relating to the removal of Resident's personal property, shall cease. At the death of Resident, Resident shall have no further rights in the Living Accommodation, and the Company shall have immediate access to the Living Accommodation. The removal of any personal effects of Resident in the Living Accommodation or from storage shall be the responsibility of Resident's executor, administrator, or Legal Representative, or of other persons entitled by law to receive them. Company will hold such personal effects for a period not to exceed thirty (30) days, but Company is not responsible for loss or damage to personal property in its possession. At the death of Resident, all Entrance Fee refunds, excess Monthly Fee payments (prorated daily to the date that the unit is Vacated), and any other funds

deposited with Company under this Resident Contract shall be refunded in accordance with Section 13.4 hereof.

In the event removal of Resident's personal possessions is not accomplished within thirty (30) days, Company has the right to continue charging the Monthly Fee or charge for storage of Resident's personal possessions until such possessions have been removed from the Living Accommodation.

Upon death of Resident, the Resident's estate or trust, if applicable, is responsible for the payment of any amounts due to Company under this Resident Contract.

## **12.5 Termination by Company**

Company may terminate this Resident Contract prior to Occupancy in accordance with the provisions hereof, or after Occupancy for "just cause" (as described herein), based on the judgment of Company by providing Resident with at least thirty (30) days written notice. If such action is taken by Company, Resident will have a maximum of sixty (60) days from the date of Company's notice to Vacate the Living Accommodation. On the date that the Living Accommodation has been Vacated, Resident's obligation to continue Monthly Fee payments shall cease and this Resident Contract shall terminate, except for the obligation of Resident to make payments owed for periods prior to termination. Resident or Resident's designated beneficiary shall be entitled to receive a refund, if any, as provided in Section 13 hereof.

### **(a) Just Cause**

Just cause shall include, but not be limited to, (i) a default in payment, (ii) the submission or omission of any material false information in the application documents and process, (iii) the failure of Resident to abide by Company's rules, regulations procedures or Prevailing Policy, (iv) the breach of any of the other terms of this Resident Contract including a change in the liquidity of Resident's assets, such as the purchase of an annuity that impairs Resident's ability to fulfill timely Resident's current financial obligations to Company as explained further below, or a transfer of assets to an irrevocable trust or any other transfer whereby assets disclosed in Resident's application are no longer available, in whole or in part, to pay for Resident's obligations under this Resident Contract, or (v) a good faith determination in writing by Company that continued Occupancy by Resident creates a serious threat or danger to the life, health, safety or peaceful enjoyment of Resident or other residents or persons in the Community.

If Resident substantially impairs their ability to fulfill timely financial obligations to Company due to a change in the liquidity of Resident's assets or a transfer of assets to an irrevocable trust or any other transfer, then Company may terminate this Resident Contract following an opportunity to cure. If Resident

fails to cure or correct the non-compliance within a period determined by Company and to its satisfaction, then Company may terminate this Resident Contract for just cause upon thirty (30) days written notice to Resident or Resident's Legal Representative. In situations where continued Occupancy threatens the life, health or safety of the Resident or other residents, only such notice as is reasonably practicable under the circumstances will be provided to Resident or Resident's Legal Representative, and termination may be effective immediately.

#### **12.6 Vacating the Living Accommodation**

The obligation to pay the Monthly Fee shall continue until the Living Accommodation is Vacated by Resident, or the estate or Legal Representative, in the case of death of Resident. The Monthly Fee shall be prorated for the month that the Living Accommodation is Vacated.

### **SECTION 13. Refunds of Entrance Fee**

The refunds, if any, payable to Resident, if this Resident Contract is terminated in accordance with its terms are as follows:

#### **13.1 Termination Prior to Occupancy**

Entrance Fee payments will be refunded in full if this Resident Contract is terminated prior to Occupancy or within the thirty (30) day rescission. The Entrance Fee refund will be reduced by any costs specifically incurred by Company at the request of Resident to the extent those charges were not paid by Resident. The costs specifically incurred by Company at the request of Resident as set forth in Exhibit "B" of this Resident Contract shall not be refunded.

#### **13.2 Termination During Transition Period**

Entrance Fee payments will be refunded in full if this Resident Contract is terminated during the Transition Period and Resident Vacates within thirty (30) days of said notice. The Entrance Fee refund will be reduced by any costs specifically incurred by Company at the request of Resident to the extent those charges were not paid by Resident. The costs specifically incurred by Company at the request of Resident as set forth in Exhibit "B" of this Resident Contract shall not be refunded.

#### **13.3 Termination After Transition Period**

In the event written notice of termination of this Resident Contract is received after the Transition Period and prior to death, Resident is entitled to a refund of the Entrance Fee paid less the Administrative Fee, and less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of the Entrance Fee paid less the Administrative Fee

for each month this Resident Contract has been in force, starting on the first day of the month after the earlier of the date of Occupancy or Date of Availability, and ending on the date that the Living Accommodation is Vacated. The Entrance Fee refund will be reduced by any costs specifically incurred by Company to the extent those charges were not paid by Resident.

#### **13.4 Termination by Death of Resident**

##### **(a) Prior to Occupancy or During Transition Period**

In the event of death of Resident before Occupancy or during the Transition Period, the Entrance Fee paid less those costs specifically incurred by Company (to the extent those charges were not paid by Resident), will be refunded pursuant to instructions provided in the Beneficiary Designation Form. The costs specifically incurred by Company as set forth in Exhibit "B" of this Resident Contract shall not be refunded.

##### **(i) Shared Occupancy**

In situations of Shared Occupancy, unless the Co-Resident has directed the Company in writing to transfer the refund to a person other than the estate in the event of death of a Co-Resident before Occupancy or during the Transition Period, Co-Resident's estate shall receive a refund of the difference between the Entrance Fee for Shared Occupancy and the Entrance Fee for Single Occupancy for the Residence at the time of signing this Resident Contract.

##### **(b) After Transition Period**

If death should occur after the Transition Period, Resident is entitled to a refund of the Entrance Fee paid less the Administrative Fee and, less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of the Entrance Fee less the Administrative Fee, for each month this Resident Contract has been in force, starting on the first day of the month after the date of Occupancy, and ending on the date that the Living Accommodation is Vacated. If death occurs after the fifty (50) month amortization period, the Entrance Fee is not refundable and shall automatically become the exclusive property of Company upon the death of the Resident.

##### **(i) Shared Occupancy**

In situations of Shared Occupancy there is no refund in the event of death of a Co-Resident. The amount of the Entrance Fee, less the Administrative Fee, shall be assigned to the surviving Co-Resident in the event of the death of a Co-Resident.

### **13.5 Termination by Company**

If Company terminates this Resident Contract in accordance with Subsection 12.5 hereof, Resident shall be entitled to receive a refund, if any, for some or all of the Entrance Fee as provided in Section 13.1, 13.2, 13.3 or 13.4 as applicable.

### **13.6 Designation of Beneficiary**

Any refund of the Entrance Fee or other amount owed resulting from the termination of this Resident Contract due to the death of Resident shall be paid as directed by Resident pursuant to direction provided in the Beneficiary Designation Form attached hereto as Exhibit "C". The Beneficiary Designation Form shall be completed by Resident prior to Occupancy.

In instances other than the Resident's death, the Resident may provide the Company with written notice specifying a beneficiary to receive any refund of the Entrance Fee under the following conditions: (i) the refund of the Entrance Fee results from termination of this Resident Contract for reasons other than the death of the Resident, (ii) the designation is made in writing, (iii) the designation is attested by at least two competent witnesses, (iv) the designation is unconditional, and (v) the allocation is expressed in percentages that collectively account for 100% of any refund owed.

### **13.7 Timing of Refund Payments**

Prior to Occupancy, any refunds of the Entrance Fee shall be made within sixty (60) days of the Company's receipt of Resident's written notice of intent to cancel the Resident Contract.

After Occupancy, any refund of the Entrance Fee shall be made within ninety (90) days after both the termination of this Resident Contract by Resident and the date the Living Accommodation has been Vacated.

If this Resident Contract is terminated by Company in accordance with Subsection 12.5 hereof, any refund of the Entrance Fee or Monthly Fee shall be refunded upon the Living Accommodation being Vacated, less a reasonable amount to cover other obligations, if applicable, and as documented by Company. Any funds retained and not used for such purposes will be refunded within forty-five (45) days of the Living Accommodation being Vacated.

If Co-Residents subsequently divorce and a dispute arises between the Co-Residents over rights to any applicable refund, such refund shall be held by Company until a legally binding property settlement is available or until the court with jurisdiction over the divorce proceeding shall issue an order to release such funds. The refund shall not be paid at the time one Co-Resident permanently vacates the Residence and the other Co-Resident remains in the Living Accommodation.

**13.8 Deductions from Entrance Fee Refund**

**(a) Deductions for Benevolent Financial Assistance**

If Company approves benevolent financial assistance for Resident in accordance with Subsection 11.3 hereof, Company, in its sole discretion, may deduct from any refund of the Entrance Fee amounts equivalent to the amount of any benevolent financial assistance provided to the Resident.

**(b) Deductions for Amounts Due on Monthly Statement**

Any amounts due and unpaid as reflected on Resident's monthly statement will be deducted from any Entrance Fee refund.

**13.9 Release of Obligation**

Notwithstanding anything to the contrary hereof, upon termination of this Resident Contract, Company is released from any further obligations to Resident except for the payment of any refund which may be due under this section and Resident is released from any further obligations except for the payment of any amounts due to Company, including but not limited to the repayment of any financial assistance, the payment of the Monthly Fee until the Living Accommodation is Vacated and the recovery of all personal property.

**SECTION 14. Rights and Obligations of Resident as to Property**

The rights and obligations of Resident as to property are as follows:

**14.1 Right to Real Property**

The rights and privileges of Resident do not include any rights, title or interest whether legal, equitable, beneficial or otherwise, in or to any part of the real property, including land, buildings and improvements owned or administered by Company, except the right granted to Resident to take Occupancy of the Living Accommodation in accordance with the terms of this Resident Contract. Resident shall have no interest in the real property of the Company. Resident's rights are primarily for services, and this Resident Contract does not create the relationship of Landlord and Tenant and it does not confer any legal or equitable ownership or other interest in the real property or in Company itself. Any rights, privileges or benefits arising under or related to this Resident Contract shall be subordinate and inferior to all mortgages or deeds of trust on any of the premises or real properties of Company, previously or subsequently given, to secure any loans or advances made to Company or its successors, now outstanding or made in the future, and subordinate and inferior to all amendments, modifications, replacements, or refundings. Resident agrees that, upon request of Company, or the holder of any such

instrument, he/she will execute and deliver any document which is alleged to be necessary or required to effect or evidence such subordination.

**14.2 Right to Personal Property of Company**

As in the case of real property, Resident has no right, title or interest, legal, equitable, beneficial or otherwise in or to any part of the personal property owned by Company, and this includes carpets, window blinds, appliances, kitchen cabinets, and fixtures in the Living Accommodation, even if upgraded at Resident's cost.

**14.3 Responsibility for Damages**

Any loss or damage to real or personal property of Company, caused by the negligence of Resident or Resident's guests, shall be charged to and paid for by Resident. Similarly, if any negligence of any of the above-mentioned results in injury, illness or damage to any other resident or any other resident's personal property, Company assumes no responsibility and Resident hereby releases and discharges Company from any injury to Resident or damage to Resident's personal property caused by the fault or negligence of other residents of Community or of their guests.

**14.4 Removal of Resident's Personal Property**

If Living Accommodation is vacated under the terms of this Resident Contract, the contents of the Living Accommodation must be removed within thirty (30) days. After the thirty (30) day period, Company shall have the right, at Resident's expense, to remove all personal property of Resident from his/her Living Accommodation, and store the same, at Resident's expense and risk. If the property is stored in a commercial storage warehouse or commercial storage facility, Company shall have no responsibility for such property during transfer or after it has been placed in storage, and Resident, or Resident's estate, shall be liable for all moving and storage fees incurred.

If any amounts are owed by the Resident under this Resident Contract, the Company reserves the right to hold all personal property of the Resident until such amounts are fully paid. This includes, but is not limited to, any personal belongings, furnishings, and other items within the Resident's Living Accommodation. The Company shall have the authority to retain possession of these items as security for the payment of any outstanding fees or charges. Upon full settlement of the owed amounts, the Resident's personal property will be returned.

**SECTION 15. Arrangement for Guardianship, Resident's Estate and Funeral Services**

**15.1 Advance Directives and Power of Attorney Requirements**

Resident, no later than the Date of Availability, shall inform Company of his/her decision regarding advance directives stating Resident's wishes concerning the type and

extent of medical care he/she receives if he/she is unable to make wishes known. Resident who has executed advance directives shall provide to Company a copy of such document no later than Date of Availability.

Likewise, Resident, no later than the Date of Availability, shall provide Company with a Power of Attorney and designate a Legal Representative, if applicable.

**15.2 Legal Guardian**

If Resident becomes incapacitated or unable to properly care for self or property, and no Legal Representative has been lawfully designated to act on behalf of Resident or no lawfully designated Legal Representative is available or willing and able to act on behalf of Resident, then Company may institute legal proceedings to adjudge Resident incapacitated and have a guardian appointed for Resident's estate and person or both. Resident authorizes Company to nominate a legal guardian to serve subject to court approval, and Resident releases Company from any liability related to the nomination. All costs of such legal proceedings, including counsel fees, shall be paid by Resident or the legally appointed guardian of Resident's estate.

**15.3 Funeral Benefits or Service Plans**

Company does not provide any funeral benefits or services. Resident agrees to arrange for and take care of all such plans and costs.

**SECTION 16. Non-Transferable**

The rights and privileges of Resident under this Resident Contract to a Living Accommodation, facilities, services and medical care are personal to Resident and cannot be transferred or assigned by act of Resident, or by any proceeding at law, or otherwise. If any person, other than the person(s) who has/have signed this Resident Contract, commence(s) to live in Resident's Living Accommodation without following the proper procedure established by Company, then, Company may immediately terminate this Resident Contract.

**SECTION 17. Notice**

All notices to be given in accordance with this Resident Contract shall be deemed to have been properly given if and when delivered personally or sent by mail as follows:

To Company:

---

---

---

To Resident (before taking Occupancy):

---

---

---

If Resident leaves the Community, a forwarding address shall be provided to Company. If no forwarding address is provided, all notices will be sent to the Legal Representative via mail or electronic mail.

**SECTION 18. Right of Self-Organization**

All residents living in the Community shall have the right of self-organization and may meet privately at the Community to conduct business. A Company representative shall meet quarterly with residents of the Community for the purpose of free discussion of subjects which may include, but are not limited to income, expenditures, and financial matters as they apply to Company and the Community and proposed changes in policies and services. Company shall provide residents with at least seven (7) days' notice of each quarterly meeting.

**SECTION 19. Waiver**

No act, agreement, or statement of any Resident, or other individual purchasing care for a Resident under this Resident Contract or under any contract to furnish care to the Resident shall constitute a valid waiver of any provision of any North Carolina Statute enacted and intended to benefit or protect the residents of the Community.

**SECTION 20. Dispute Resolution**

**20.1 Voluntary Waiver of Jury Trial and Arbitration**

Resident knowingly, voluntarily, and irrevocably waives all rights to a trial by jury in any legal proceeding arising out of or relating to this Resident Contract. All disputes, claims, or controversies arising out of this Resident Contract, or the breach, termination, enforcement, interpretation or validity thereof, shall be resolved, at the sole discretion of the Company, either (a) by final binding arbitration as further described in Section 20 hereof, or (b) by a bench trial (judge only, without a jury) in a court of competent jurisdiction designated by the Company. The parties agree that the Company shall have the exclusive authority to determine the method of dispute resolution and the applicable forum.

Because this Section 20 addresses important legal rights, the Company encourages and recommends that Resident obtain the advice and assistance of legal counsel to review the legal significance of this Section prior to signing this Resident Contract.

The parties further agree and acknowledge that this Section 20 is an integral part of this Resident Contract and that by initialing below, the Resident acknowledges the terms of this Resident Contract and Section 20 specifically.

---

Resident's Initials

**20.2 What is Arbitration?**

Arbitration is an alternative way of resolving disputes outside the traditional court system. It is intended to reduce time, expense, and formalities associated with that system. Rather than having a judge and/or jury determine the outcome of the dispute, a panel of one (1) to three (3) experienced lawyers and/or judges, known as arbitrators, will render a decision. Each party will have the opportunity to present his or her side of the case through witnesses and evidence. The arbitrators will then render a decision based on the facts and the law. The decision will be final, binding on all parties and not subject to appeal in the court system.

Portions of the remaining paragraphs in Section 20.2 hereof outline what disputes may be covered under this Arbitration Clause ("Arbitration Clause") and the details of the arbitration process.

**20.3 Scope**

Subject to the provisions of Subsection 20.4 hereof, the parties agree that at the sole discretion of the Company any and all disputes, claims or controversies that arise out

of the Resident's stay at the Company, including, but not limited to, claims for violations of any statutory or contractual rights, breach of contract, fraud or misrepresentation, collections, negligence, gross negligence, malpractice or any other claim, whether based upon a tort resulting in personal injury, or in contract, may be submitted to binding arbitration under the Arbitration Clause.

A decision by an arbitrator shall bind Company, its administrators, owners, affiliates, managers, officers, members, representatives, directors, medical directors, employees, successors, assigns, agents, attorneys and insurers; and shall bind the Resident and Legal Representative, and successors, assigns, agents, attorneys, beneficiaries, insurers, heirs, trustees and representatives, guardian, personal representative or executor of Resident's estate.

**20.4 Exclusions**

Binding arbitration under this Section 20 shall not apply to disputes over increases in the Monthly Fee, Company contract termination proceedings, governmental proceedings arising out of a complaint/grievance filed with governmental authority, guardianship proceedings, or class actions.

**20.5 Governing Law**

The parties agree that the Resident Contract, the Arbitration Clause and any issues or disputes that arise out of the Resident's stay at the Community substantially involve interstate commerce and that the FAA and applicable federal case law apply to this Resident Contract and preempt any inconsistent state law.

**20.6 Consolidation of Claims**

All claims based in whole or in part on the same incident, transaction, or related course of care or services provided by the Company to the Resident, shall be determined in one proceeding, whether by arbitration or bench trial, or be waived and forever barred.

**20.7 Claims Against Other Parties**

If either party to this Arbitration Clause asserts any claims against a party not covered under this Arbitration Clause, such claim shall have no effect on the validity or enforcement of this Resident Contract. However, it is agreed by the Company and Resident that such other party may participate in the arbitration process by agreeing, in writing, to be bound by the terms of this Arbitration Clause.

**20.8 Procedure**

A request for arbitration shall be made in writing and served on the other party by hand delivery or certified mail, return receipt requested. If the request for arbitration is

made by the Resident, then it shall be served upon the Executive Director of the Community. If the request for arbitration is made by the Company, then it shall be served upon the Resident at their Living Accommodation, or upon their Legal Representative. AS NOTED HEREIN, COMPANY HAS THE SOLE DISCRETION TO DENY THE REQUEST FOR ARBITRATION AND MOVE TO A BENCH TRIAL (JUDGE ONLY, WITOUT A JURY) IN A COURT OF COMPETENT JURISDICTION DESIGNATED BY THE COMPANY.

- (a) Each party has the right to be represented by counsel in any proceedings initiated under this provision.
- (b) If an arbitration is chosen by the Company, the arbitration shall be conducted by a panel of three (3) arbitrators, one selected by the Company, one selected by the Resident, and a chief arbitrator chosen by the other two arbitrators. The chief arbitrator must be either a retired state or federal judge or a member in good standing of the state bar in which the Community is located, with at least ten (10) years of experience as an attorney. The arbitrators shall be independent of all parties, witnesses, and legal counsel, and no officer, director, affiliate, subsidiary, or employee of a party, witness, or legal counsel may serve as an arbitrator in the proceeding.
- (c) The chief arbitrator shall have the power to resolve all discovery disputes and define or limit the nature and extent of discovery with the goal of resolving the dispute in a fair, cost-effective and timely manner.
- (d) The arbitration shall be held in the county in which the Community is located.
- (e) The date, time and place of the arbitration hearing shall be set by the chief arbitrator. The hearing shall take place no later than one hundred eighty (180) days after the request for arbitration is served, unless otherwise agreed upon by both parties or the time period is extended by the chief arbitrator.
- (f) The arbitrators shall follow the Rules of Evidence and Rules of Procedure for the state in which the Community is located, unless the parties jointly agree to modification.
- (g) The arbitrators shall apply the substantive law of the state in which the Community is located.

#### **20.9 Recoverable Damages**

The arbitrators may award any damages that would be recoverable under the tort of law of the state in which the Community is located. However, the parties agree that any award shall not include any amount for exemplary or punitive damages.

**20.10 Delivery of Award**

The award shall be in writing, signed by all the arbitrators, and a copy of the award shall be delivered to each party within thirty (30) days of the arbitration hearing. The award shall indicate if the arbitrators find for or against the party asserting the claim. If the claimant prevails, then the award shall indicate any proportional liability between the parties and the amount of any economic and/or non-economic damages awarded, if any.

**20.11 Finality of Award**

The arbitrators award shall be final and binding upon all parties and not subject to appeal, except for those reasons allowable under the FAA.

**20.12 Arbitration Fees and Expenses**

Each party will be responsible for the fees and expenses of its selected arbitrator. The fees and expenses of the chief arbitrator shall be divided equally between the parties. Any administrative fees or expenses shall also be split equally between the parties. The parties shall be responsible for their own attorneys' fees and costs.

**20.13 Confidentiality**

All parties agree that the legal proceedings, either through arbitration or a bench trial, will remain confidential in all respects including, but not limited to, all filings, correspondence, depositions, documents exchanged between parties during discovery or otherwise, and the award by the judge or arbitrators. In addition, within thirty (30) days following receipt of the decision by the judge or arbitrators, each party agrees to return all documents exchanged in discovery and at the hearing.

**20.14 Severability**

If any portion of this Section 20 is determined to be invalid or unenforceable, the remainder of Section 20 shall continue to be binding upon the parties in the same manner as if the invalid or unenforceable portion were not included.

The parties acknowledge and agree that the primary intent of Section 20 hereof is to provide the Company with the right, if it so chooses, to arbitrate all claims pursuant to the FAA and that any unenforceable language within this section shall not undermine that intent.

**20.15 Limited Resident Right to Rescind this Arbitration Clause**

Resident or, in the event of Resident's incapacity, Resident's Legal Representative has the right to rescind this Arbitration Clause by notifying the Company in writing within

thirty (30) days of the execution of this Resident Contract. Such notice must be sent via certified mail to the Company, and the notice must be post-marked within thirty (30) days of the execution of this Resident Contract.

Resident acknowledges and agrees that if the Arbitration Clause is rescinded, all disputes, claims, or controversies arising out of this Resident Contract, or the breach, termination, enforcement, interpretation or validity thereof, shall be resolved by a bench trial (judge only, without a jury) in a court of competent jurisdiction designated by the Company.

**SECTION 21. Uncontrollable Interruption of Services**

In the event that Company is unable to fulfill any of its obligations under the Resident Contract resulting from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Company, specifically including labor strikes or other forms of labor disturbances, and/or embargoes, epidemics, pandemics, fire, flood, earthquakes, inclement weather, terrorism, war, cyberattacks, or acts of the Resident, then Company shall not be liable or responsible for any personal injury to Resident or damage to Resident's property arising from any such event. Company will make every effort to provide the usual services in such event and Resident shall continue to pay the Monthly Fee.

**SECTION 22. Miscellaneous**

**22.1 Entire Resident Contract**

This Resident Contract, together with the application form, financial statement and health records, including applicable signed amendments, constitute the entire Resident Contract between Company and Resident. Resident warrants that all representations are true and correct. Company is not liable and shall not be bound by any statements, representations or promises made by any person representing or purporting to represent Company, unless such statements, representations or promises are set forth in this Resident Contract.

**22.2 Policies, Procedures, Rules and Regulations**

Resident will observe all policies, procedures, rules and regulations which Company shall adopt for the convenience, comfort, safety and well-being of all Residents and the Community. The Prevailing Policy along with all procedures, rules and regulations adopted by Company are subject to change from time to time in Company's sole discretion.

**22.3 No Waiver**

Any failure by Company to exercise any right or remedy under this Resident Contract shall not be construed as a waiver of the right to exercise the same or any other right at any time, or from time to time thereafter.

**22.4 Invalidity, Unenforceability**

If any portion of this Resident Contract shall, for any reason, be held to be invalid or unenforceable in any jurisdiction in which it is sought to be enforced, such invalidity and unenforceability shall not affect any other provision of this Resident Contract, and it shall be construed as if such invalid or unenforceable provision were omitted.

**22.5 Average Annual Cost of Providing Services**

The average annual cost to Company of providing the care specified in the Resident Contract is reflected in the Disclosure Statement which will be made available to Resident.

**22.6 Amendments**

This Resident Contract may be amended only in writing between all parties.

**22.7 Section Headings**

Section headings are for reference purposes only.

**22.8 Binding Effect**

This Resident Contract shall be binding upon, and inure to, the benefit of Company and Resident, and their respective successors, permitted assigns, beneficiaries and personal and Legal Representatives.

**22.9 Counterparts**

This Resident Contract may be executed in two or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute but one Resident Contract.

**22.10 North Carolina Law**

All matters affecting the interpretation of this Resident Contract and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of North Carolina.

**22.11 Receipt of Copy of Resident Contract and Disclosure Statement**

Resident acknowledges that prior to the payment of any funds to Company he/she has received and read a copy of this Resident Contract and the continuing care disclosure statement and understands the contents of both documents.

**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 PROVISION, 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, Company, by its duly authorized representatives and Resident have executed this Resident Contract the day and year first above written.**

**ACTS RETIREMENT-LIFE COMMUNITIES, INC.**

**By** \_\_\_\_\_  
**ACTS Retirement-Life Communities, Inc.**  
**Authorized Representative**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Witness**

**EXHIBIT "A"**

**NOTICE OF RIGHT TO RESCIND**

Date rescission period begins: \_\_\_\_\_

You may rescind and terminate your Resident Contract without penalty or forfeiture within thirty (30) days of the later of the above date or the receipt date of the disclosure statement. You are not required to move into the Community before the expiration of this thirty (30) day period. No other contract or statement you sign shall constitute a waiver of your right to rescind your Resident Contract within this thirty (30) day period.

To rescind your Resident Contract, mail or deliver a signed and dated copy of this notice, or any other dated written notice stating your desire to rescind to the following address:

**ACTS Retirement-Life Communities, Inc.**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Not later than midnight of \_\_\_\_\_ (last day for rescission).

Pursuant to this notice, I hereby cancel my Resident Contract.

Date: \_\_\_\_\_

**PROSPECTIVE RESIDENT'S SIGNATURE(S)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT "B"**

**OPTIONAL FURNISHINGS, ADDITIONAL APPLIANCES OR MODIFICATIONS OF RESIDENCE REQUESTED  
BY RESIDENT**

This Exhibit to the Resident Contract made this \_\_\_ day of \_\_\_\_\_ 20\_\_\_, is between ACTS RETIREMENT-LIFE COMMUNITIES, INC., (hereinafter called "Company"), which operates a Community named \_\_\_\_\_ ("Community") AND \_\_\_\_\_ (hereinafter referred to as "Resident," and where this Exhibit is executed by two or more individuals, they are called collectively "Resident"). Resident has requested that Company make the following modifications to the Residence designated in the Resident Contract.

**Description of Modifications**

---

---

---

---

---

---

---

---

**Total Modification Fee: \$ \_\_\_\_\_**

The Modification Fee is the responsibility of Resident and shall be paid at the time of execution of this Exhibit. The Modification Fee is non-refundable. Company, in its sole discretion, may require that all modifications to the Residence be removed upon vacating the Residence and Company reserves the right to charge Resident a fee for restoring the Residence back to its original configuration. Title to all modifications shall vest immediately in Company.

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Representative for  
ACTS Retirement-Life Communities, Inc.

**EXHIBIT C**  
**BENEFICIARY DESIGNATION FORM**

This Beneficiary Designation Form ("Form") made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, is between ACTS RETIREMENT-LIFE COMMUNITIES, INC., ("Company") AND \_\_\_\_\_ ("Resident").

The executed Form shall be attached to the Resident Contract between Resident and Company dated \_\_\_\_\_ ("Resident Contract").

Residence Number: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

**Purpose**

This Form is used to designate a beneficiary(ies) to receive any applicable refundable portion of the Entrance Fee or other eligible benefits under the terms of the Resident Contract, in the event of Resident's death.

**1. Primary Beneficiary Designation**

I hereby designate the following individual(s), trust(s) or entity(ies) as my primary beneficiary(ies). Percentages must total 100%.

Full Name	Relationship	Address/Phone Number	Share
_____	_____	_____	_____
_____	_____	_____	_____

Check here if additional beneficiaries are listed on an attached sheet.

**2. Contingent Beneficiary Designation (Optional)**

If no primary beneficiary survives me, I designate the following contingent beneficiary(ies):

<b>Full Name</b>	<b>Relationship</b>	<b>Address/Phone Number</b>	<b>Share</b>
_____	_____	_____	_____
_____	_____	_____	_____

Check here if additional contingent beneficiaries are listed on an attached sheet.

**3. Acknowledgments**

Resident understands that this designation revokes any prior beneficiary designations submitted to Company.

Resident understands that this designation is subject to the terms of the Resident Contract and applicable state law.

Resident may revoke or change this designation at any time by submitting a new, signed form to Company.

**Resident agrees that in the event no designated beneficiary survives Resident, any applicable refund shall be payable to the estate of Resident.**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Witness**

\_\_\_\_\_  
**Witness**

\_\_\_\_\_  
**Representative for  
ACTS Retirement-Life Communities, Inc.**

**Date:** \_\_\_\_\_

## **Appendix E — Examination Report**

The North Carolina Department of Insurance has not conducted an examination of Matthews Glen pursuant to Article 64A of the North Carolina General Statutes.

## Appendix F — Statutory Ratio and Supporting Definitions

This Appendix reproduces certain statutory definitions referenced in Section 35 — Key Financial Metrics. The definitions below are quoted verbatim from N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 and are provided for reference only.

**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). If the statutory definitions are amended, the statute as amended controls.