



## **Disclosure Statement**

### **Springmoor Life Care Continuing Care Retirement Community**

**Provider: Springmoor, Inc.**

**Date of Disclosure Statement: 12/31/2025**

**Last Date for Delivery: 05/29/2027**

- 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 Springmoor, Inc., to penalties under Article 64A.

## Financial Snapshot: Key Ratios for Springmoor, Inc.

**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<br>25 <sup>th</sup> % <sup>1</sup> | NC<br>50 <sup>th</sup> % <sup>1</sup> | NC<br>75 <sup>th</sup> % <sup>1</sup> |
|--------------|--------|--------|--------|--------|--------|--------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>DCOH</b>  | 63     | 70     | 80     | 61     | 46     | 39     | —                                     | —                                     | —                                     |
| <b>CUSH</b>  | 19.44x | 16.86x | 20.04x | 14.88x | 13.47x | 12.10x | —                                     | —                                     | —                                     |
| <b>OR</b>    | 131.4% | 124.3% | 111.4% | 89.5%  | 116.5% | 115.1% | —                                     | —                                     | —                                     |
| <b>NOM</b>   | 99.9%  | 99.8%  | 99.9%  | 92.1%  | 99.9%  | 99.9%  | —                                     | —                                     | —                                     |
| <b>NOM-A</b> | 99.9%  | 99.9%  | 99.9%  | 93.0%  | 99.9%  | 99.9%  | —                                     | —                                     | —                                     |
| <b>DSCR</b>  | 0.85x  | 6.77x  | 3.09x  | 4.89x  | -3.51x | -2.94x | —                                     | —                                     | —                                     |
| <b>CD</b>    | 1.83x  | 1.40x  | 1.60x  | 1.18x  | 1.07x  | 0.96x  | —                                     | —                                     | —                                     |
| <b>CED</b>   | 3.09x  | 3.02x  | 1.81x  | 1.51x  | 1.37x  | 1.19x  | —                                     | —                                     | —                                     |

### 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.

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# 1. Provider Identification

## Legal Responsibility for Continuing Care

Springmoor, 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)

Springmoor, Inc., conducts business under the name “Springmoor Life Care Retirement Community.” Springmoor, Inc., remains legally responsible for providing continuing care and performing all obligations under continuing care contracts.

| Item                                  | Information  |
|---------------------------------------|--|
| <b>Legal Provider Name:</b>           | Springmoor, Inc.   |
| <b>Doing Business As (DBA):</b>       | Springmoor Life Care Retirement Community  |
| <b>Business Address:</b>              | 1500 Sawmill Road, Raleigh, NC 27615   |
| <b>Telephone Number:</b>              | (919) 848-7000   |
| <b>Legal Entity Type:</b>             | Nonprofit corporation organized under the laws of North Carolina   |
| <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>           | Mr. David Ammons serves as the Chief Executive Officer of Springmoor, Inc. and is compensated by Ammons Springmoor Associates, Inc., the management company for Springmoor, Inc. |

## 2. Organizational Structure

### 2.1 Multi-Entity Organization Status

Springmoor, Inc. is not part of a multi-entity organization.

### 2.2 Consolidation of Financial Statements

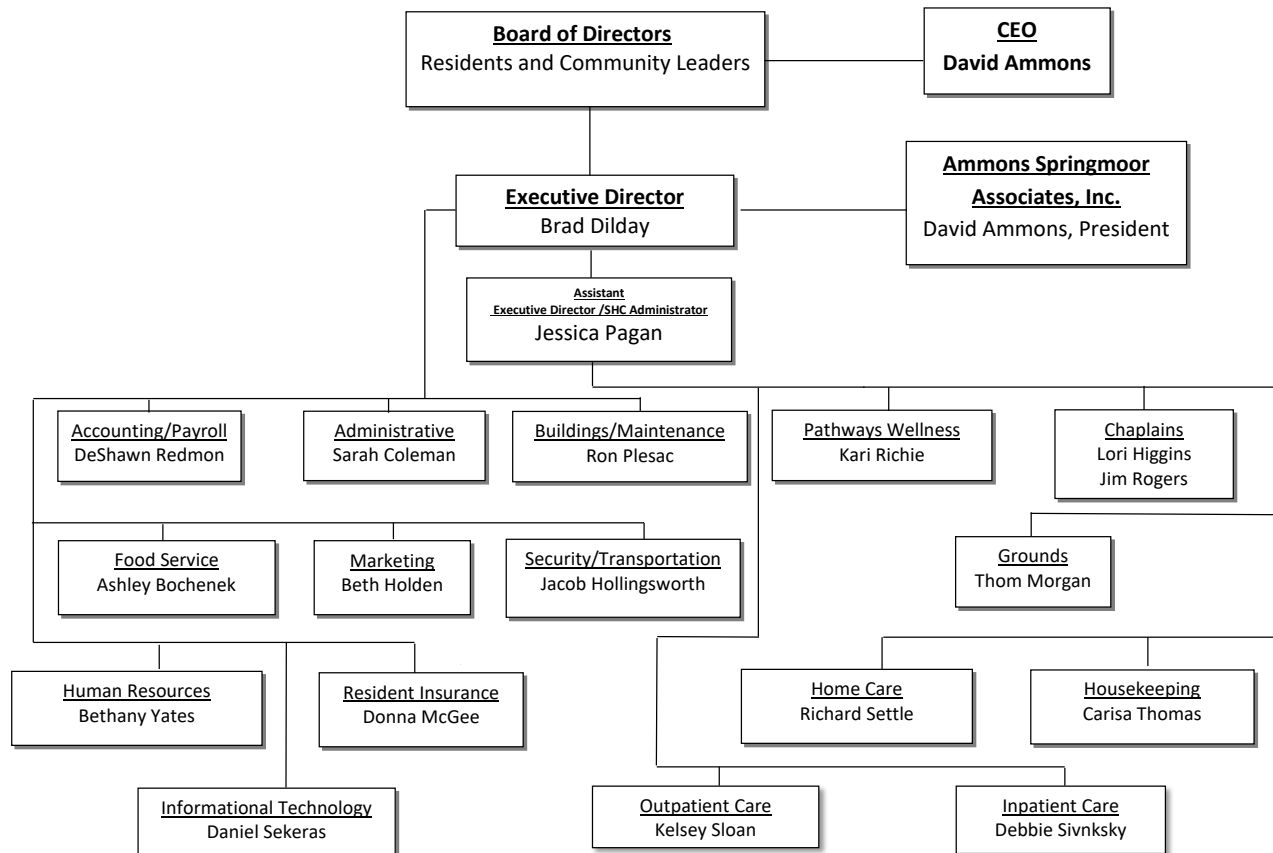
Springmoor, Inc., does not have any subsidiaries to consolidate financial statements for. This item is not applicable to Springmoor, Inc.

## 2.3 Controlling Person

| Item                     | Information   |
|--------------------------|---|
| <b>Name:</b>             | Not Applicable. See Springmoor, Inc., Board of Directors. |
| <b>Business Address:</b> | Not Applicable  |
| <b>Telephone Number:</b> | Not Applicable  |

## 2.4 Company Structure Chart

### Springmoor Organizational Chart



### Accessible Text Equivalent:

- **Springmoor, Inc.** - provider of continuing care contracts; operator of Springmoor Life Care Retirement Community (Raleigh, NC)

## 3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

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

### 3.1 Senior Officers of Springmoor, Inc.

| Name / Role                                      | Education  | Experience  | Length of Service  |
|--|--|---|--|
| <b>David W. Ammons – Chief Executive Officer</b> | B.S. Business and Accounting, Wake Forest University | 40 + years in senior-living operations; former Regional VP at multi-site life-plan system | 30+ years has served as Chief Executive Officer of Springmoor, Inc.; owner of Ammons Springmoor Associates, Inc. |

**Business Address:** 1500 Sawmill Road, Raleigh, NC 27615

**Disclosure:** This officer is a member/owner of both landlord entities but does not exceed 10% interest. Has not reported Adverse Disclosures.

### 3.2 Community Management – Springmoor Life Care Retirement Community

| Name / Role                             | Education  | Experience  | Length of Service   |
|---|--|---|---|
| <b>Brad Dilday – Executive Director</b> | NHA; B.S. Forest Resource Management, Clemson University | 5 years in campus leadership; prior Strategic Project Director and Associate Director at Springmoor, Inc. | 6 years 4 months (since 01/06/2020); employed by Ammons Springmoor Associates, Inc. |

**Business Address:** 1500 Sawmill Road, Raleigh, NC 27615

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

### 3.3 Board of Directors — Springmoor, Inc.

| Name / Role                                 | Education                       | Experience  | Length of Service                |
|---|---------------------------------|---|----------------------------------|
| <b>Ernest R. Carraway – President</b>       | JD, UNC; B.A. Finance, CPA (NC) | Retired attorney (real estate); accounting educator at NC State   | 21 years (05/2005)               |
| <b>Mary Ann Freeman – Vice President</b>    | BA, Second Ed., BNA             | Retired banker (financial expertise)  | 5 years 2 months (since 03/2021) |
| <b>Judy Hill – Secretary Treasurer</b>      | B.A. Mathematics, UNC           | Small Business Owner; Board Member of Young Life programs in VA and NC (strategic leadership, community engagement)                                 | 10 years (since 03/2016)         |
| <b>Mr. William “Bill” Baxley – Director</b> | R.Ph., UNC                      | Retired pharmacist, Senior Vice President of Merchandising and Marketing  | 12 years (since 06/2014)         |
| <b>Nina Cole – Director</b>                 | R.N., NC BHSN                   | Retired Director of Nursing, Wake County Board of Director (healthcare and hospice expertise)   | 12 years (since 08/2014)         |
| <b>Charles “Bruce” Ballard – Director</b>   | A.A., UNC-A                     | Retired Regional Vice President from Lowe’s Companies, Inc., Retired Director of Home Builders Assoc. (operations, facilities, strategic expertise) | 12 years (since 08/2014)         |
| <b>Susan Walton – Director</b>              | RN, BSN, NC A&T                 | Retired nurse, coord. IRB-A; Current Resident (healthcare expertise, ethics and compliance, current resident)                                       | 7 years (since 01/01/20)         |

**Business Address:** 1500 Sawmill Road, Raleigh, NC 27615

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

### 3.4 Board of Directors

Not Applicable

### **3.5 Management Entity — Ammons Springmoor Associates, Inc.**

- **Nature of Role:** For profit supporting organization; oversees all management operations including staffing.
- **Business Address:** 220 Horizon Drive, Suite 218, Raleigh, NC 27615
- **Key Officers:** David Ammons (President Ammons Springmoor Associates, Inc., & CEO Springmoor, Inc.), Brad Dilday (Executive Director) — see Senior Officers of Springmoor, Inc. and Ammons Springmoor Associates, Inc. for education, experience, and length of service.

### **3.6 10% + Ownership Interests**

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

Mr. David W. Ammons owns 90% of Ammons Springmoor Associates, Inc. Mr. Ammons serves as the Chief Executive Officer of Springmoor, Inc., and is compensated by Ammons Springmoor Associates, Inc., the management company for Springmoor, Inc. As a part of the management agreement, Ammons Springmoor Associates, Inc. hires and provides all the employees at Springmoor for direct reimbursement of costs and a fixed management fee.

## **4. Governing Body and Oversight**

### **4.1 Provider Governing Body**

Springmoor, Inc. is governed by a Board of Directors consisting of seven members. The Board is responsible for the overall direction and oversight of Springmoor, Inc.'s operations, financial condition, and resident welfare. 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 Springmoor, Inc.'s solvency and operations.

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

Board members of Springmoor, Inc., are self-perpetuating, with new members nominated from within existing Board. Officers of the Board (President, Vice President, and Secretary Treasurer) 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 Springmoor Life Care Retirement Community to the Executive Director and senior management employed by Ammons Springmoor Associates, Inc. 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 Springmoor, Inc., Board maintains standing committees for:

- **Finance:** budget review and audit financial performance monitoring
- **Evaluation:** care quality, regulatory compliance, and resident engagement from the Executive Director

### **4.2 Controlling Person Governing Body**

Not Applicable

#### **4.2.1 Selection of Members**

Not Applicable

#### **4.2.2 Oversight of Management and Operations**

Springmoor, Inc. does not directly employ staff. Administrative and operational support is provided through Ammons Springmoor Associates, Inc. The Board oversees management and system operations by:

- Reviewing quarterly operational reports from Executive Director and Assistant Executive Director at Board meetings.
- Reviewing and approving consolidated financial reports and audits.
- Monitoring debt covenant compliance and overall system liquidity.
- Evaluating system-level risks, including financing strategies and affiliate performance.

#### **4.2.3 Committees**

Not Applicable

### **4.3 Division of Responsibilities**

Not Applicable

## 5. Related Parties

Springmoor, Inc., has relationships with one related party, Ammons Springmoor Associates, Inc. This 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 Springmoor, Inc.

Springmoor, Inc., leases its Land and Buildings from Landlords Ammons-Springmoor Assoc., LLC and Ammons, Inc. with an option to purchase.

Ammons, Inc.  
220 Horizon Drive, Suite 218  
Raleigh, NC 27615

Jeffrey M. Ammons  
Mason L. Williams

Ammons-Springmoor Assoc., LLC  
220 Horizon Drive, Suite 218  
Raleigh, NC 27615

Jeffrey M. Ammons  
Marshall C. Evans  
Mason L. Williams  
ASA JE, LLC

### 5.1 Springmoor Endowment Fund, Inc.

- **Nature of Relationship:** Nonprofit supporting organization formed to support Springmoor, Inc.
- **Goods/Leases/Services Provided:** Administers the benevolent care program for residents unable to meet monthly service fees, funded by donor contributions and endowment earnings. Distributions are applied directly to resident accounts. This support is provided under the Foundation’s board-approved benevolent care policy and is not a contractual obligation.
- **Actual/Probable Cost:** Not applicable.

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

The disclosures in this section address organizational relationships and are distinct from the related-party transactions reported in Section 5.

Springmoor, Inc. has no relationship with a sponsoring religious denomination, faith-based community, or educational institution. Memberships in industry organizations such as LeadingAge North Carolina are limited to networking and professional development and carry no governance authority or financial support.

## 7. Other Persons Responsible for Obligations

No other person or entity is responsible for the financial or contractual obligations of Springmoor, Inc.

## **8. Obligated Groups**

Ammons-Springmoor Assoc., LLC. and Ammons, Inc. serve as guarantors to Springmoor Inc.'s loan with First Citizens Bank and Letter of Credit.

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

Not Applicable

Springmoor, Inc., is subject to loan covenants with First Citizens Bank.

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

Springmoor, Inc., contracts a third-party manager to operate Springmoor Life Care Retirement Community. Day-to-day operations are carried out by the Executive Director and senior management employed by Ammons Springmoor Associates, Inc. (See section 5.)

## **11. Real Property Leases**

Springmoor, Inc., leases the real property that makes up Springmoor Life Care Retirement Community from Ammons, Inc. and Ammons-Springmoor Assoc., Inc. The owners voluntarily defer, reduce, and forgive lease payments when full lease payments cannot be made from current fund balance cash flow.

## **12. Endowment Funds**

Springmoor, Inc., does not maintain endowment funds directly. However, residents have access to benevolent care assistance through Springmoor Endowment Fund, a related-party nonprofit supporting organization. The Fund maintains endowment funds, the income from which is used to provide financial aid to residents who are unable to meet their monthly service fees. Endowment funds are provided to reimburse Springmoor, Inc. for subsidies provided to residents that qualify and are approved by the Board.

Distributions from these funds are applied directly to resident accounts. The funds could be restricted by donor intent and are restricted by board policy to benevolent care and may not be used for general operating purposes of Springmoor, Inc.

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

Springmoor, Inc., operates Springmoor Life Care Retirement Community, located at 1500 Sawmill Road, Raleigh, NC 27615.

The community opened in 1984 on approximately 40 acres. The original campus included apartment-style residences, homes and villas, a community center, and a healthcare center. In 2020, the healthcare center was renovated to update assisted living and skilled nursing accommodations.

Today, the campus includes apartment-style residences, homes and villas, a central community building, and a healthcare center. Shared amenities include dining rooms,

fitness facilities, a library, auditorium, meeting rooms, landscaped courtyards, walking trails, outdoor recreation areas, and gardens.

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

As of December 31, 2025, Springmoor Life Care Retirement Community included:

- 388 independent living units (342 apartments and 46 houses and villas)
- 18 assisted living beds
- 173 skilled nursing beds

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

Not Applicable

### **15.1 Program Description**

Not Applicable

### **15.2 Geographic Areas Served**

Not Applicable

### **15.3 Enrollment**

Not Applicable

### **15.4 Staffing and Resources**

Not Applicable

## **16. Resident Population Served**

As of December 31, 2025, the resident population served by Springmoor Life Care Retirement Community under continuing care contracts was as follows:

- 467 residents in independent living
- 15 residents in assisted living
- 92 residents in skilled nursing

As of December 31, 2025, the community maintained a waitlist for admission to independent living consisting of 435 individuals. Individuals 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 5% of the Life Occupancy Entry Fee for the largest unit of interest as the 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. Priority to reserve a unit is based on date of application to Waiting List.

**17. Occupancy Rates**

The 12-month daily average occupancy rates for Springmoor Life Care Retirement Community 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             | 98%                           | 89%                        | 55%                        |
| 12/31/2024             | 96%                           | 59%                        | 51%                        |
| 12/31/2023             | 95%                           | 74%                        | 47%                        |
| 12/31/2022             | 95%                           | 81%                        | 51%                        |
| 12/31/2021             | 96%                           | 84%                        | 43%                        |

**18. Semiannual Resident Meetings**

Springmoor, Inc. holds meetings with residents of the Springmoor Life Care Retirement Community at least twice each year, as required by law.

**Fiscal Year 2025 Meeting Dates**

- September 8, 2025
- March 10, 2025

As required by law, an independent member of the provider’s board of directors was present at each of the meetings (Susan Walton on March 10, 2025, and Bill Baxley and Susan Walton on September 8, 2025).

**19. Resident Property Rights**

Residents do not hold ownership or property rights in the real estate of Springmoor Life Care Retirement Community. Residency and access to services are governed solely by the continuing care contract.

**20. Services Provided Under the Contract**

Springmoor, Inc., offers services under continuing care contracts at Springmoor Life Care Retirement Community. The following disclosures describe the services included in this contract type, as well as those available for additional charge.

**20.1 Health Care Services**

Residents of Springmoor Life Care Retirement Community 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 Springmoor Life Care Retirement Community 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**

- Guaranteed residence for life as specified in the Residence and Care Agreement
- Use of on-site Stewart Health Center for outpatient and inpatient care
- Springmoor Comprehensive Health Care Program; Medicare and insurances cover nearly all medical expenses.
- Use of all Springmoor facilities and services
- Local and long-distance telephone service
- 60 + channel cable
- Physical security through around-the-clock staffing
- All maintenance and repairs except to resident's personal property
- Care of lawn and grounds
- Meals defined in Residence and Care Agreement:  
1 meal per day - Homes, Villas, Apartments  
3 meals per day - Supportive Living Center and Stewart Health Center
- Special diet requested by a physician
- 24-hour emergency call service and health care
- All utilities: Heat, Air Conditioning, Water, Electricity
- Weekly housekeeping service
- Washers and dryers for resident's personal laundry
- Bed linens and their laundering
- Scheduled transportation for shopping, activities, and medical care within Springmoor prescribed limits
- Central smoke and fire system
- Use of grounds for exercise, recreation, and relaxation
- Many scheduled activities under a staff director, entertainment, and social enrichment programs

- Chaplains on staff
- Monthly Publications - "The Herald" (newsletter) and "Pathways" (Activity calendar)

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

- Food Service. Each resident who has one meal a day included in the monthly service fee may purchase additional meals. The resident has flexibility in the use of meals included in the monthly fees in that they may be taken any time that calendar month or the following month and may be used for family and friends. If the resident has no meals to his credit, or if he prefers, he may purchase extra meals at established rates.
- Recreation and Entertainment. Special group trips are planned periodically by Springmoor. The cost is paid by participating residents. Springmoor provides transportation for many local area programs. The participating resident pays for entry tickets to such programs.
- Personal Property. When staff is available, Springmoor may repair or provide services in handling personal property. There is a fee for this service.
- Personal Expenses. Expenses normally incurred in daily living are paid by the resident such as dry cleaning, laundry services (except bed linens), food for preparation by residents, and newspapers.
- Stewart Health Center. Springmoor provides up to thirty "eligible" days per year in Stewart Health Center at no fee for room and board (per diem). A maximum of ninety eligible days may be accumulated by a resident at any one time. "Eligible" days do not accumulate when a resident has become a "continuing care" patient in the Health Center.
  - A resident is classified as "short term" when the stay in Stewart Health Center is expected to be of limited duration, after which the resident will return to his independent residence. A patient is classified as "continuing care" when health conditions require that the resident reside on a continuing basis in Stewart Health Center.
  - If "eligible" days are exhausted, short-term patients pay thirty percent of the Stewart Health Center per diem rate. When "eligible" days are exhausted, continuing care patients pay sixty percent of the Stewart Health Center per diem rate but may discontinue paying regular monthly fees.

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

Not Applicable

#### **20.3.1 Services Included in Monthly Fees**

Not Applicable

#### **20.3.2 Services Available at Additional Charge**

Not Applicable

## 20.4 Delivery of Services

Core residential, assisted living, and skilled nursing services are provided directly by Springmoor, Inc. Certain therapies (physical, occupational, and speech) are furnished under contract with independent third parties.

## 21. Resident Fees

Nonancillary fees at Springmoor Life Care Retirement Community consist of required, ongoing fees such as entrance fees and monthly service fees. The following tables show Springmoor, Inc.'s current fee schedules, along with historical information on entrance fee and monthly fee increases over the past five fiscal years.

### 21.1 CCRC Contracts

CCRC contracts represent continuing care contracts for residents who live at the Springmoor Life Care Retirement Community campus.

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

| Unit Type  | Single Occupant | Double Occupant |
|--|-----------------|-----------------|
| <b>Independent Living Homes/Villas/Apartments</b>  |                 |                 |
| Alcove   | \$3,560         | \$4,775         |
| One Bedroom  | \$4,186         | \$5,311         |
| One Bedroom Deluxe                                 | \$4,660         | \$5,785         |
| One Bedroom Deluxe Plus                            | \$5,159         | \$6,284         |
| Two Bedroom  | \$5,517         | \$6,642         |
| Two Bedroom Deluxe                                 | \$5,809         | \$6,934         |
| One Bedroom with Den                               | \$4,647         | \$5,772         |
| Two Bedroom with Den                               | \$5,767         | \$6,892         |
| Two Bedroom with Den                               | \$5,901         | \$7,026         |
| Two Bedroom Deluxe with Den                        | \$6,354         | \$7,479         |
| <b>Independent Living Supportive Living Center</b> |                 |                 |
| Efficiency   | \$4,691         | \$6,624         |
| Alcove   | \$5,157         | \$7,090         |
| Efficiency Deluxe                                  | \$5,157         | \$7,090         |
| One Bedroom  | \$5,737         | \$7,670         |
| One Bedroom Plus                                   | \$6,408         | \$8,341         |

|             |         |         |
|-------------|---------|---------|
| Two Bedroom | \$7,073 | \$9,006 |
|-------------|---------|---------|

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

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

| Fiscal Year-End | Average % Increase | Average \$ Increase | Frequency |
|-----------------|--------------------|---------------------|-----------|
| 12/31/2025      | 5.85%              | \$ 258.00           | Annual    |
| 12/31/2024      | 5.25%              | \$ 220.00           | Annual    |
| 12/31/2023      | 6.80%              | \$ 267.00           | Annual    |
| 12/31/2022      | 5.20%              | \$ 194.00           | Annual    |
| 12/31/2021      | 5.25%              | \$ 187.00           | Annual    |

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

| Unit Type   | Life Occupancy | 50% Refund Entry Fee | 100% Refund Entry Fee |
|---|----------------|----------------------|-----------------------|
| <b>Independent Living Homes/Villas/Apartments Single Occupancy</b>  |                |                      |                       |
| Alcove  | \$135,000      | \$179,300            | \$242,300             |
| One Bedroom   | \$192,700      | \$256,300            | \$346,000             |
| One Bedroom Deluxe  | \$206,900      | \$275,100            | \$371,200             |
| One Bedroom Deluxe Plus   | \$231,300      | \$307,400            | \$414,800             |
| Two Bedroom   | \$250,000      | \$32,600             | \$448,800             |
| Two Bedroom Deluxe  | \$278,500      | \$370,700            | \$500,200             |
| One Bedroom with Den  | \$229,100      | \$304,900            | \$411,600             |
| Two Bedroom with Den  | \$296,300      | \$390,500            | \$527,100             |
| Two Bedroom with Den  | \$310,900      | \$413,400            | \$558,100             |
| Two Bedroom Deluxe with Den   | \$324,100      | \$431,000            | \$582,100             |
| <b>Independent Living Supportive Living Center Single Occupancy</b> |                |                      |                       |
| Efficiency  | \$147,200      | \$195,700            | \$264,400             |
| Alcove  | \$159,200      | \$212,000            | \$286,000             |
| Efficiency Deluxe   | \$165,200      | \$219,400            | \$296,300             |
| One Bedroom   | \$226,500      | \$301,300            | \$406,800             |
| One Bedroom Plus  | \$231,300      | \$307,400            | \$414,800             |

|   |                       |                             |                              |
|---|-----------------------|-----------------------------|------------------------------|
| Two Bedroom   | \$285,900             | \$380,200                   | \$513,300                    |
| <b>Unit Type</b>  | <b>Life Occupancy</b> | <b>50% Refund Entry Fee</b> | <b>100% Refund Entry Fee</b> |
| <b>Independent Living Homes/Villas/Apartments Double Occupancy</b>  |                       |                             |                              |
| Alcove  | \$153,000.00          | \$199,300.00                | \$264,300                    |
| One Bedroom   | \$210,700.00          | \$276,300.00                | \$368,000                    |
| One Bedroom Deluxe  | \$224,900.00          | \$295,100.00                | \$393,200                    |
| One Bedroom Deluxe Plus   | \$249,300.00          | \$327,400.00                | \$436,800                    |
| Two Bedroom   | \$268,000.00          | \$352,600.00                | \$470,800                    |
| Two Bedroom Deluxe  | \$296,500.00          | \$390,700.00                | \$522,200                    |
| One Bedroom with Den  | \$247,100.00          | \$324,900.00                | \$433,600                    |
| Two Bedroom with Den  | \$314,300.00          | \$410,500.00                | \$549,100                    |
| Two Bedroom with Den  | \$328,900.00          | \$433,400.00                | \$580,100                    |
| Two Bedroom Deluxe with Den   | \$342,100.00          | \$451,000.00                | \$604,100                    |
| <b>Independent Living Supportive Living Center Double Occupancy</b> |                       |                             |                              |
| Efficiency  | \$165,200             | \$215,700                   | \$286,400                    |
| Alcove  | \$177,200             | \$232,000                   | \$308,000                    |
| Efficiency Deluxe   | \$183,200             | \$239,400                   | \$318,300                    |
| One Bedroom   | \$244,500             | \$321,300                   | \$428,800                    |
| One Bedroom Plus  | \$249,300             | \$327,400                   | \$436,800                    |
| Two Bedroom   | \$303,900             | \$400,200                   | \$535,300                    |

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

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

| <b>Fiscal Year-End</b> | <b>Average % Increase</b> | <b>Average \$ Increase</b> | <b>Frequency</b> |
|------------------------|---------------------------|----------------------------|------------------|
| 12/31/2025             | 6.89%                     | \$ 15,044                  | Annual           |
| 12/31/2024             | 6.60%                     | \$ 15,881                  | Annual           |
| 12/31/2023             | 6.80%                     | \$ 14,706                  | Annual           |
| 12/31/2022             | 5.20%                     | \$ 8,705                   | Annual           |
| 12/31/2021             | 5.25%                     | \$ 6,719                   | Annual           |

## **21.2 CCaH Contracts**

Not Applicable

### **Table 21.5: Current Monthly Fees (CCaH Contracts)**

Not Applicable

### **Table 21.6: Historical increases in Monthly Fees (CCaH contracts)**

Not Applicable

### **Table 21.7: Current Entrance Fees (CCaH Contracts)**

Not Applicable

### **Table 21.8 - Historical Increases in Entrance Fees (CCaH contracts)**

Not Applicable

## **21.3 Household Composition Changes**

If a resident marries or otherwise increases the number of persons residing in a living unit, an additional entrance fee is required for the new resident, based on the applicable fee schedule at the time of entry. The monthly fee is adjusted to the dual occupancy rate. If the additional resident does not meet admission requirements, they may not be admitted under a continuing care contract.

## **21.4 Transfer Fees and Resale Fees**

Not Applicable

## **22. Refundable Entrance Fee Obligations**

### **22.1 Conditions for Refunds**

Certain continuing care contracts at Springmoor Life Care Retirement Community include a 50% or 100% or Life Occupancy 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.

In addition, Springmoor, 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 25-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           | 13                  | \$3,548,400      |
| Refunds currently due (including amounts 30+ days past due)   | 0                   | \$0              |
| Resident now in non-independent living unit – unit not resold | 0                   | \$0              |
| Resident now in non-independent living unit – unit resold     | 0                   | \$0              |

As of December 31, 2025, Springmoor, Inc. had \$3,548,400 in total refundable entrance fee obligations. No refunds were contractually due or 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 Springmoor, Inc., to permit residents to remain in the community if they become unable to pay monthly fees through no fault of their own, provided they have first fully applied their available assets and income. Residents are not discharged or relocated solely due to financial hardship once admitted under a continuing care contract.

### 23.2 Sources of Financial Support

- **Springmoor Endowment Fund, Inc.:** A related-party nonprofit supporting organization that administers a benevolent care program funded by donor contributions and endowment earnings. Distributions are applied directly via reimbursement to Springmoor for subsidies that were granted.
- **Refundable Entrance Fees:** Residents contractually entitled to a refundable entrance fee may, subject to the approval of Springmoor, 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 Springmoor, Inc., with oversight from the Fund’s board of directors.
- Assistance is subject to Board approval and is not guaranteed.

### **23.4 Narrative**

In 2025, the Springmoor Endowment Fund, Inc., distributed \$476,803 in benevolent care support to Springmoor Life Care Retirement Community residents. As of December 31, 2025, the Fund maintained net assets of \$12.8 million designated for benevolent care, subject to donor restrictions and the discretion of the Fund’s board.

## **24. Contract Cancellation and Refund Policies**

### **24.1 Provider-Initiated Cancellation**

Springmoor, Inc., may terminate a continuing care contract:

- Before occupancy or commencement of services, if:
  - The applicant fails to meet health or financial eligibility requirements at the time of application;
  - 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**

Adherence to Policies. The Resident agrees to abide by such administrative policies and procedures and amendments thereto as shall be formulated by Springmoor for the operation and management of Springmoor Life Care Retirement Community and for the comfort, safety, and security of all residents. The Resident will be furnished a copy of current administrative policies of Springmoor in the Resident Manual. Repeated failure to follow said policies, resulting in a loss of comfort, security, or safety for other residents; repeated resident non-cooperation that limits Springmoor's ability to provide care or damage to facility or furnishings may result in termination of this Agreement by Springmoor.

- **Before occupancy or commencement of services:**
  - Resident(s) may rescind this contract within thirty (30) days following the later of the execution of a continuing care agreement or receipt of a disclosure statement meeting necessary requirements; and the resident is not required to move into the facility before the expiration of the thirty (30) day period.
  - If resident deceases prior to occupancy; or if due to illness, injury, incapacity, or financial impairment, the resident becomes precluded from occupying the unit (after the right of rescission period), the contract is automatically canceled and the resident or resident's legal representative will receive a refund of all the money paid, less periodic charges specified in the contract and applicable only to the period a living unit was actually occupied by the resident; those nonstandard costs specifically incurred by the provider or facility at the request of the resident and described in the contract or any contract amendment signed by the resident; nonrefundable fees, if set out in this contract; and a reasonable service charge, if set out in this contract, such service charge may not exceed the greater of one thousand dollars (\$1,000) or two percent (2%) of the entrance fee.
  - Refunds for Residence and Care contracts terminated prior to occupancy will be made within thirty (30) days of receipt of written notice of resident's death and court issued Letters Testamentary, or written notice of other circumstances precluding occupancy.
- **After occupancy or commencement of services:**
  - The first ninety (90) days from the effective date of residence will be considered to be a trial basis. During this ninety-day period, Springmoor or the Resident may terminate the residency by giving the other fourteen (14) days written notice of intent to terminate.
  - The Resident may terminate residency at any time by giving Springmoor fourteen (14) days written notice of intent to terminate.
  - Residency will be terminated by the death of the Resident
  - If Resident:
    - refuses to pay his monthly service fee or other proper charges
    - refuses to maintain his insurance or submit reimbursement for services owed to Springmoor or Health Care Providers
    - fails repeatedly to follow the administrative policies of Springmoor
    - engages in willful misconduct resulting in loss or damage suffered by another Resident or Springmoor
    - makes any material misrepresentation or omission in his application for residency, then Springmoor, within fourteen (14) days after written notice of the nature and extent of said deficiency is given the Resident

- may, at its option, pay for, correct or stop the defection at its own expense, and the Resident must reimburse Springmoor for any expenses incurred
- Springmoor may:
  - require the Resident to furnish additional security or make satisfactory arrangements for fulfilling his obligations under this Agreement
  - OR transfer the Resident to a different residential unit
  - OR adjust the services to which the Resident is entitled under his Agreement
  - OR terminate his residency immediately.

### **24.3 Refunds Upon Cancellation**

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fee Obligations.
- Nonrefundable portions of entrance fees are retained by Springmoor, Inc.
- 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 or beginning continuing care at home services, the entrance fee is refunded in full, less the nonrefundable \$200.00 application fee.

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

Refunds 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.

## **25. Re-occupancy of Units**

A living unit at Springmoor Life Care Retirement Community may be reassigned to a new resident under the following circumstances:

### **25.1 Resident-Initiated Vacating**

- **Voluntary termination:** When a resident cancels their continuing care contract and permanently vacates the living unit.
- **Transfer to a higher level of care:** When a resident moves from 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 Springmoor Life Care Retirement Community may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

## 26.1 Resident Needs

- **Health-Related Transfer:** When a resident's medical condition requires a move to a more supportive level of care, 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), 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 Springmoor Life Care Retirement Community 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 for the chosen living unit for the projected life expectancy of the resident(s).
- **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.

### 27.1.2 CCaH Contracts (Continuing Care at Home)

- Not Applicable

## 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 care (see Section 26 – Resident Relocation) if their health needs can no longer be met safely in their current living unit.
- **CCaH Contracts:** Not Applicable

## 27.3 Changes in Condition Before Occupancy or Commencement of Services

- **CCRC Contracts:** If a resident's health materially declines between signing a contract and the date of initial occupancy, the provider may re-evaluate eligibility for independent living and may require admission to a higher level of care, if available. If no suitable accommodation is available or if the applicant no longer meets entry requirements, the contract may be canceled and entrance fees refunded in accordance with Section 24 – Contract Cancellation and Refund Policies. If a material change in financial condition occurs before occupancy (such as loss of income or assets needed to pay monthly fees), the provider will re-evaluate eligibility. If standards are no longer met, the contract may be canceled and entrance fees refunded.
- **CCaH Contracts:**
  - Not Applicable

## 28. Age and Insurance Requirements

### 28.1 Age Requirements

- Age Criteria. Springmoor's Residence and Care Fees are based on an applicant being at least 62 years of age. Springmoor does not require that an applicant be at least 62 years of age. If an applicant is under the age of 62

the Residence and Care Fee is adjusted on the following basis:

| <u>Age Nearest Birthday</u> | <u>% Increase</u> | <u>Age Nearest Birthday</u> | <u>% Increase</u> |
|-----------------------------|-------------------|-----------------------------|-------------------|
| 62                          | 0                 | 55                          | 7.6               |
| 61                          | 1.0               | 54                          | 8.7               |
| 60                          | 2.1               | 53                          | 9.8               |
| 59                          | 3.2               | 52                          | 10.9              |
| <u>Age Nearest Birthday</u> | <u>% Increase</u> | <u>Age Nearest Birthday</u> | <u>% Increase</u> |
| 58                          | 4.3               | 51                          | 12.0              |
| 57                          | 5.4               | 50                          | 13.1              |
| 56                          | 6.5               |                             |                   |

- A younger spouse or partner may also be admitted if the primary applicant meets the minimum age requirement.
- There is no maximum age limit for admission, provided the applicant meets the health and financial eligibility standards described in Section 27 - 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.
  - Oct 2025 Disclosure Statement: IV. C. “Insurance Reqs & CHCP” states:
  - Springmoor Comprehensive Health Care Program. This program, hereinafter referred to as "CHCP", is available to all Springmoor residents who are 65+ years of age and who have Medicare Hospital Insurance - Part A, Medicare Medical Insurance - Part B, and a Medicare supplement or Medicare Part C Advantage Plan; or who are 65+ years of age, but do not have Medicare Parts A and B, but do have health insurance with major medical coverage that is acceptable by Springmoor; or who are under 65 years of age and due to disability have Medicare - Part A and Medicare - Part B and a Medicare supplement, or Medicare Part C Advantage Plan. Residents should also enroll in Medicare Part D drug coverage or another pharmacy drug plan of choice.
    - Physician Coverage. Springmoor provides qualified physicians

to give medical care to residents, including scheduled office hours for their patients, twenty-four hour a day emergency medical care coverage, medical care in Stewart Health Center and local hospitals and referral to other area medical specialists when needed for total care. Residents may elect to use any physician of their choice provided the physician provides the above-described care coverage.

**Traditional Medicare:**

Residents who opt for a traditional Medicare plan should also have supplemental insurance to help assist with the 20% co-insurance. The Springmoor staff will track to ensure bills have been filed to all insurance carriers on record using Insurance Pro-Track. When possible, this will be completed prior to payment being submitted.

In the event the physicians at Springmoor, or your outside physician, choose not to accept assignment with Medicare, the CHCP program will cover the Part B excess charges that are not covered by the resident's insurance after the 20% co-insurance is paid. The resident will be responsible for any deductible, denial, co-payment, co-insurance, or other charges not covered by insurance at 100%.

The Resident should also obtain a Medicare Part D Drug Plan.

**Medicare Advantage Plan:**

Residents who opt for a Medicare Advantage Plan often have a copay for provider visits. Springmoor staff will track to ensure bills have been filed properly using Insurance Pro-Track. When possible, this will be completed prior to payment being submitted.

It will remain the responsibility of the resident to confirm their insurance is accepted by their medical providers and that the provider is in-network. The resident will be responsible for any deductible, denial, co-payment, co-insurance, or other charges not covered by insurance at 100%.

- Hospital Care. Springmoor staff will review all bills provided associated with Hospital Care. They will ensure both primary and supplemental insurance have received all claims, and the amount owed is the accurate amount. Residents will be responsible for any denied charges, deductible, co-pay or co-insurance that may be required under the terms of their selected insurance.

- **Surgeons and Other Specialists:** Springmoor staff will review all bills provided associated with surgeons and other specialists. They will ensure both primary insurance and any supplemental insurance have received all claims, and the amount owed is the accurate amount. Residents will be responsible for any denied charges, deductible, co-pay or co-insurance that may be required under the terms of their selected insurance. Springmoor may ask residents to obtain a second opinion, when practical, in stances involving specialized medical care and surgery.
- **Travel Outside of the United States.** CHCP does not cover medical care or hospital care for residents while they are outside of the United States.
- **Other Health Costs.** The detailed list of exclusions is contained in the Medicare Handbook published by the Health Care Financing Administration. Springmoor CHCP will pay up to a lifetime limit of \$5,000.00 for psychiatric care that is not covered by Medicare, the required Medicare supplement, or third-party payers. Springmoor does not cover the cost of prescription drugs. Springmoor also limits coverage (e.g. length of coverage; dollar limits) where Medicare places limits. The limits are usually but not necessarily the same. Detailed information on Springmoor coverage and limitations is published periodically and provided by request.

Residents Not Covered by Medicare and Springmoor CHCP. If Resident is not eligible for Medicare - Part A and B, he will carry health insurance with major medical provisions that are acceptable to Springmoor. If the resident is under 65 years of age, medical care coverage and cost is limited to that defined in the approved health insurance policy.

Premiums on such insurance will be paid by the Resident. When a Resident becomes eligible for and covered by Medicare - Parts A and B he must take out the required Medicare supplemental insurance or Medicare Part C Advantage Plan.

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

## 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, Springmoor, Inc. held \$10,084,457 in unrestricted cash and investments. These funds remain unrestricted for accounting purposes but reflect the Board’s intent to maintain liquidity for resident entrance fee refund obligations.

At year-end, unrestricted cash and investments supported a Days Cash on Hand of 80 days, representing approximately two and half months of projected operating expenses without new revenues.

### 29.2 Investment Management and Oversight

- **Oversight Body:** Finance Committee of the Board of Directors of Springmoor, Inc.
- **Day-to-Day Management:** Monitored by Springmoor’s Financial leadership and the Executive Director in conjunction with the Board.
- **Experience:** Springmoor’s accounting leadership has more than 11 years at Springmoor.
- **Policy and Controls:** Investments are managed under Board and Management goals, emphasizing liquidity and capital preservation. Permitted holdings include cash, cash equivalents, U.S. Treasury/agency securities, investment-grade bonds, and broadly diversified public funds/ETFs. The Executive Director and Accounting leadership execute within these limits, report quarterly to the Finance Committee, and maintain controls over custody, counterparty limits, and rebalancing.

### 29.3 Statutory Operating Reserve Requirement

As of December 31, 2025, Springmoor Life Care Retirement Community’s 12-month rolling average independent living unit occupancy was 98%. Based on this level of occupancy, the required statutory operating reserve was 25% of projected operating costs for the next 12 months.

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

| Component                          | Amount       |
|------------------------------------|--------------|
| Total projected operating expenses | \$52,921,000 |

| <b>Component</b>  | <b>Amount</b>        |
|---|----------------------|
| Add: Debt service (principal and interest)                          | \$328,000            |
| Less: Principal and interest (covered by Debt Service Reserve Fund) | (\$0)                |
| Less: Depreciation and amortization                                 | (\$1,178,000)        |
| <b>Net projected operating costs</b>                                | <b>\$52,071,000</b>  |
| Applicable reserve percentage based on occupancy                    | 25%                  |
| <b>Required operating reserve</b>                                   | <b>\$13,018,000</b>  |
| Unrestricted cash & investments on hand                             | \$7,491,000          |
| <b>Excess above required reserve</b>                                | <b>(\$5,527,000)</b> |

**Summary:** The required statutory operating reserve had not met by Springmoor, Inc. There was a deficit of \$5.5 million, which has been addressed by a letter of credit from First Citizens Bank in the amount of \$13 million on May 19, 2026. Springmoor held \$7.5 million in unrestricted cash and investments.

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

Entrance fee refund obligations are supported by unrestricted liquidity, including cash and cash equivalents in the amounts of \$7.8 million.

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

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

Note: In addition, the Springmoor Endowment Fund was created to carry out the exempt purposes of Springmoor, Inc. The Springmoor Endowment Fund had cash and cash equivalents of \$12.8 million as of December 31, 2025. Currently these funds are board-designated for resident access to benevolent care assistance but are not restricted to this use within the creation bylaws.

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

| <b>Category</b>                       | <b>Amount</b>  | <b>Notes</b>   |
|---------------------------------------|----------------|--|
| Total unrestricted cash & investments | \$10,084,457   | All liquid balances (cash and investments)               |
| Less: Required operating reserve      | (\$13,017,750) | Must be maintained; release requires regulatory approval |
| Less: Board-designated for refunds    | (\$0)          | Internal designation; unrestricted under GAAP            |

| Category   | Amount        | Notes  |
|--|---------------|--|
| Excess unrestricted cash and investments above operating reserve and board designated refund reserve | (\$2,933,293) | Available for operations and refund needs (outside of designated reserves) |

### 30. Expansion and Renovation Plans

As of December 31, 2025, the previously approved renovations of Stewart Health Center remain ongoing. The project was separated into multiple phases and, as of December 31, 2025, Phases One through Six of a total eight phases have been completed and approved for occupancy. No changes to room or bed totals result from this renovation.

### 31. Audit Opinion and Timeliness

The consolidated financial statements of Springmoor, Inc., for the fiscal year ended December 31, 2025, were audited by James A. Lucas and Company, LLP (Raleigh, NC).

- **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 consolidated financial statements.

### 32. Audited Financial Statements

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

Because the financial statements are presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for Springmoor, Inc.

### 33. Five-Year Prospective Financial Statements

The five-year prospective financial statements of Springmoor, Inc., for the period 2026 through 2030 are attached hereto as Appendix B. These statements were prepared and compiled by James A. Lucas and Company, LLP and include a summary of significant assumptions and accounting policies.

Because the prospective financial statements are presented on a consolidated basis, supplemental consolidating schedules provide prospective operating results for Springmoor, 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 Springmoor, Inc. against the prospective financial statements filed in the prior year. Variances included both financial line items and key assumptions, such as

occupancy, used in preparing the projections. The following material variances were identified:

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

| Category                     | Projected Amount | Actual Amount   | Variance        | Explanation   |
|------------------------------|------------------|-----------------|-----------------|---|
| Independent Living Occupancy | 96%              | 98%             | +2.0%           | Favorable time to turn-around IL units that have been resold.   |
| Entrance Fee Receipts        | \$ 5.62 million  | \$ 5.73 million | +\$0.11 million | Consistent with moving in waitlist prospects.   |
| Staffing Costs               | \$22.5 million   | \$20.8 million  | -\$1.7 million  | Decrease in employee related expenses due to staff shortage (salaries, payroll taxes, and insurance). |
| Debt Service                 | \$ 0.50 million  | \$0.50 million  | \$ 0.0 million  | Debt remains the same based on terms of agreement.  |

### 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  | 63     | 70     | 80     | 61     | 46     | 39     |
| CUSH  | 19.44x | 16.86x | 20.04x | 14.88x | 13.47x | 12.10x |

**Narrative – Provider Only:**

Liquidity increased slightly through FY 2025 because of increased operating revenue, including monthly service fees and entrance fees.

Projected beginning FY 2026, the forecast reflects a transition from cash accumulation to one of strategic cash deployment. We continue to remain adequate for operational needs.

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

| Ratio | FY-2 | FY-1 | FY  | FY+1 | FY+2 | FY+3 |
|-------|------|------|-----|------|------|------|
| DCOH  | N/A  | N/A  | N/A | N/A  | N/A  | N/A  |
| CUSH  | N/A  | N/A  | N/A | N/A  | N/A  | N/A  |

**Narrative – Obligated Group:**

Springmoor, Inc., is not part of an obligated group.

**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    | 131.40% | 124.28% | 111.38% | 89.47% | 116.52% | 115.11% |
| NOM   | 99.9%   | 99.8%   | 99.9%   | 92.1%  | 99.9%   | 99.9%   |
| NOM-A | 99.9%   | 99.9%   | 99.9%   | 93.0%  | 99.9%   | 99.9%   |

**Narrative – Provider Only:**

Margins demonstrate consistently strong earnings performance beginning FY 2023, as census stabilized, inflation moderated, and expense controls took hold.

Management projects continued improvement through FY 2028 with a strong cost control, handle short-term fluctuations, while maintaining long-term earnings.

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

| Ratio | FY-2 | FY-1 | FY  | FY+1 | FY+2 | FY+3 |
|-------|------|------|-----|------|------|------|
| OR    | N/A  | N/A  | N/A | N/A  | N/A  | N/A  |
| NOM   | N/A  | N/A  | N/A | N/A  | N/A  | N/A  |

| Ratio | FY-2 | FY-1 | FY  | FY+1 | FY+2 | FY+3 |
|-------|------|------|-----|------|------|------|
| NOM-A | N/A  | N/A  | N/A | N/A  | N/A  | N/A  |

**Narrative – Obligated Group:**

Springmoor, Inc., is not part of an 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  | 0.85x | 6.77x | 3.09x | 4.89x | -3.51x | -2.94x |
| CD    | 1.83x | 1.40x | 1.60x | 1.18x | 1.07x  | 0.96x  |
| CED   | 3.09x | 3.02x | 1.81x | 1.51x | 1.37x  | 1.19x  |

**Narrative – Provider Only:**

The provider maintains healthy coverage and is gradually deleveraging and a strengthening balance sheet.

Capital-expenditure ratios remain at or above 1.0x, indicates the company is reducing reliance on debt while maintaining support of its financial obligations.

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

| Ratio | FY-2 | FY-1 | FY  | FY+1 | FY+2 | FY+3 |
|-------|------|------|-----|------|------|------|
| DSCR  | N/A  | N/A  | N/A | N/A  | N/A  | N/A  |
| CD    | N/A  | N/A  | N/A | N/A  | N/A  | N/A  |
| CED   | N/A  | N/A  | N/A | N/A  | N/A  | N/A  |

**Narrative – Obligated Group:**

Springmoor, Inc., is not part of an obligated group.

## **35.4 Overall Summary**

Springmoor demonstrates a generally strong financial position, adequate liquidity, and a strengthening capital structure. Cash-on-hand metrics trend downward, the company continues to maintain sufficient liquidity to meet its operation requirements. A short-term temporary decline in profitability is expected, margins are expected to recover, but the company continues to meet the business model going forward. The financial projections indicate a well-managed organization with strong earnings being generated.

## **36. Actuarial Opinion and Balance**

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

The actuary reviewed Springmoor, Inc.'s prospective financial statements for the next five years using standard actuarial methods and assumptions and concluded that Springmoor, Inc. is in satisfactory actuarial balance as of December 31, 2025. Key assumptions included mortality, morbidity, resident entrance and withdrawal rates, fee increase patterns, and long-term investment return.

## **37. Most Recent Department Examination Report**

Not Applicable.

## **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 Springmoor, 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**

Springmoor, Inc. offers continuing care contracts. A representative form is attached hereto as Appendix D.

### **39.1 Continuing Care Contracts**

Springmoor, Inc. offers three forms of continuing care contracts, which differ primarily in their entrance fee refund provisions:

- Life Occupancy Contracts
  - It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full

amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

- Should the Resident withdraw or die after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced four (4) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty
- (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

- 50% Life Equity Fee Contracts

- It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.
- Should the Resident withdraw or die after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced two (2) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty
- (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

- 100% Life Equity Fee Contracts

- It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of the 100% Life Equity fee within thirty (30) days after the residence covered by this Agreement is reoccupied.
- Should the Resident withdraw or die after ninety (90) days from the effective date of residence, the entire Life Equity Fee will be returned the later of six (6) years following the effective date of residence or within thirty (30) days after the residence covered by this agreement is reoccupied and residence at Springmoor is terminated.

All other terms and conditions of the independent living contracts are substantially similar. A representative form of these contracts is included in Appendix D.

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

Not Applicable

## Appendix Index

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

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## Appendix A — Audited Financial Statements

SPRINGMOOR, INC.

Financial Statements and Supplementary Information  
For The Calendar Years Ended December 31, 2025 and 2024

SPRINGMOOR, INC.  
RALEIGH, NORTH CAROLINA

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# JAMES A. LUCAS AND COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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Raleigh, North Carolina 27606  
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## Independent Auditors' Report

Board of Directors  
Springmoor, Inc.

### **Opinion**

We have audited the accompanying financial statements of Springmoor, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025 and 2024 and the related statements of activities, functional expense and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Springmoor, Inc. as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Springmoor, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining 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 Springmoor Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and their reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Springmoor, Inc'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.

#### **Report on Supplementary Information**

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

Sincerely,

*James A. Lucas and Company, L.L.P.*  
JAMES A. LUCAS and COMPANY, L.L.P.  
Certified Public Accountants  
Raleigh, North Carolina  
May 28, 2026

SPRINGMOOR, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2025 and 2024

| <u>ASSETS</u>                                  | December 31,<br>2025 | December 31,<br>2024 |
|--|----------------------|----------------------|
|  |                      |                      |
| <u>Current Assets</u>                          |                      |                      |
| Cash   | \$ 7,808,205         | \$ 8,487,305         |
| Accounts receivable                            | 371,677              | 383,766              |
| Prepaid expenses                               | 928,216              | 875,246              |
| Inventory                                      | 8,547                | 8,548                |
|  |                      |                      |
| Total current assets                           | 9,116,645            | 9,754,865            |
| <u>Restricted Assets</u>                       |                      |                      |
| Operating reserve requirement                  |                      |                      |
| Certificates of Deposit                        | 2,276,252            | -                    |
| Notes receivable-Ammons, Inc.                  | -                    | 8,077,177            |
| Notes receivable-Ammons-Springmoor Assoc., LLC | -                    | 2,678,823            |
|  |                      |                      |
| Total restricted assets                        | 2,276,252            | 10,756,000           |
| <u>Fixed Assets</u>                            |                      |                      |
| Buildings and building improvements            | 31,631,422           | 30,032,020           |
| Furniture, equipment and vehicles              | 7,572,825            | 7,430,067            |
| Less accumulated depreciation                  | (15,919,058)         | (15,110,840)         |
|  |                      |                      |
| Total net fixed assets                         | 23,285,189           | 22,351,247           |
| <u>Other Assets</u>                            |                      |                      |
| Notes receivable - noncurrent portion          |                      |                      |
| Ammons, Inc.                                   | 8,077,177            | -                    |
| Ammons-Springmoor Assoc., LLC                  | 27,243,119           | 24,564,296           |
|  |                      |                      |
| Total notes receivable-noncurrent portion      | 35,320,296           | 24,564,296           |
| Investment - Unity Senior Care Group, LLC      | 19,668               | 9,608                |
| Right-of-use assets                            | 39,723,217           | 44,087,898           |
| UMIC subscribers savings account               | 184,962              | 281,955              |
|  |                      |                      |
| Total other assets                             | 75,248,143           | 68,943,757           |
| Total Assets                                   | \$ 109,926,229       | \$ 111,805,869       |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

## Exhibit A

| <u>LIABILITIES AND NET ASSETS</u>                       | <u>December 31,<br/>2025</u> | <u>December 31,<br/>2024</u> |
|---|------------------------------|------------------------------|
| <u>Current Liabilities</u>                              |                              |                              |
| Accounts payable & accrued expenses                     | \$ 1,282,735                 | \$ 1,326,720                 |
| Waiting list deposits                                   | 5,898,820                    | 4,788,235                    |
| Deferred lease expense payable                          | 8,396,642                    | 8,075,915                    |
| Lease liability-right-of-use assets, current portion    | 4,789,281                    | 4,579,706                    |
| Note payable, current portion                           | <u>342,649</u>               | <u>353,480</u>               |
| Total current liabilities                               | 20,710,127                   | 19,124,056                   |
| <u>Long-Term Liabilities</u>                            |                              |                              |
| Refundable advance fees                                 | 37,247,931                   | 36,000,481                   |
| Deferred revenue from entrance fees                     | 30,547,441                   | 30,792,566                   |
| Lease liability-right-of-use assets, noncurrent portion | 40,302,017                   | 45,091,298                   |
| Note payable, noncurrent portion                        | <u>6,321,953</u>             | <u>6,047,510</u>             |
| Total long-term liabilities                             | <u>114,419,342</u>           | <u>117,931,855</u>           |
| Total liabilities                                       | 135,129,469                  | 137,055,911                  |
| <u>Net Assets (Deficit)</u>                             |                              |                              |
| Net Assets without Donor restrictions                   | (25,205,363)                 | (25,252,483)                 |
| Net Assets with Donor restrictions                      | <u>2,123</u>                 | <u>2,441</u>                 |
| Total net assets (deficit)                              | <u>(25,203,240)</u>          | <u>(25,250,042)</u>          |
| Total Liabilities and Net Deficit                       | <u>\$ 109,926,229</u>        | <u>\$ 111,805,869</u>        |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
 STATEMENTS OF ACTIVITIES  
 FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2025 and 2024

|   | December 31,<br>2025 | December 31,<br>2024 |
|---|----------------------|----------------------|
| Net Assets (Deficit) without Donor Restrictions |                      |                      |
| Support   |                      |                      |
| Revenue - Schedule 1                            | \$ 47,116,801        | \$ 45,130,059        |
| Net assets released from restrictions           |                      |                      |
| Restrictions satisfied by payment               | 317                  | 300                  |
| Total support and revenue                       | 47,117,118           | 45,130,359           |
| <br>Operating Expenses                          |                      |                      |
| Administration and management                   | 1,798,060            | 1,783,149            |
| Operating expenses                              | 6,974,237            | 6,718,095            |
| Stewart Health Center                           | 7,308,857            | 6,960,960            |
| Clinic  | 759,474              | 719,010              |
| Hair style shop                                 | 142,112              | 148,182              |
| Food service expenses                           | 7,205,480            | 6,883,465            |
| Building management                             | 4,429,839            | 3,294,467            |
| Grounds management                              | 514,782              | 576,634              |
| Housekeeping expenses                           | 2,058,729            | 2,144,104            |
| Security expenses                               | 876,216              | 895,766              |
| Activities expenses                             | 598,297              | 577,386              |
| Marketing expenses                              | 774,398              | 778,404              |
| Homecare expenses                               | 1,038,934            | 1,023,810            |
| Total operating expenses                        | 34,479,415           | 32,503,432           |
| <br>Equity Expenses                             |                      |                      |
| Lease expense                                   | 11,447,170           | 11,586,643           |
| Interest expense                                | 172,579              | 144,731              |
| Loss on disposal of assets                      | 7,879                | 210,851              |
| Depreciation expense                            | 962,956              | 918,921              |
| Total equity expenses                           | 12,590,584           | 12,861,146           |
| <br>Total expenses                              | 47,069,999           | 45,364,578           |

Continued -

The accompanying notes are an integral part of these financial statements.  
 See independent auditors' report.

SPRINGMOOR, INC.  
 STATEMENTS OF ACTIVITIES - CONTINUED  
 FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2025 and 2024

|  | December 31,<br>2025 | December 31,<br>2024 |
|--|----------------------|----------------------|
| Increase (Decrease) in Net Assets (Deficit) without Donor Restrictions | \$ 47,119            | \$ (234,219)         |
| Net Assets with Donor Restrictions                                     |                      |                      |
| Contributions  | -                    | -                    |
| Net assets released from restrictions                                  |                      |                      |
| Restrictions satisfied by payment                                      | (317)                | (300)                |
| Increase (Decrease) in Net Assets with Donor Restrictions              | (317)                | (300)                |
| Increase (Decrease) in Net Assets (Deficit)                            | 46,802               | (234,519)            |
| Net Assets (Deficit) at Beginning of Year                              | (25,250,042)         | (25,015,523)         |
| Net Assets (Deficit) at End of Year                                    | \$ (25,203,240)      | \$ (25,250,042)      |

The accompanying notes are an integral part of these financial statements.  
 See independent auditors' report.

SPRINGMOOR, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2025

|  | <u>Supporting Services</u>               |                               |                               |
|--|--|-------------------------------|-------------------------------|
|  | <u>Administration<br/>and Management</u> | <u>Operating<br/>Expenses</u> | <u>Marketing<br/>Expenses</u> |
| Administrative services                                      | \$ 1,324,563                             |                               | \$ 349,556                    |
| Fees paid  | 4,263                                    |                               |                               |
| Special functions  | 2,277                                    |                               | 2,420                         |
| Transportation expense                                       | 1,590                                    |                               |                               |
| Printing and postage   | 6,188                                    |                               | 793                           |
| Rents  | 1,817                                    |                               |                               |
| Stewart Health Center aquarium                               |  |                               |                               |
| Office supplies and materials                                | 319,875                                  |                               | 702                           |
| Maintenance and supplies                                     | 16,507                                   |                               | 1,559                         |
| Service contracts  | 41,781                                   |                               | 16,212                        |
| Miscellaneous  | 14,018                                   | \$ 15,558                     | 5,421                         |
| Taxes, licenses, and permits                                 | 2,733                                    | 1,155                         |                               |
| Consulting fees  | 7,280                                    | 19,500                        | 135,511                       |
| Advertising  |  |                               | 210,390                       |
| Entertainment & public relations                             |  |                               | 49,014                        |
| Utilities  |  |                               |                               |
| Insurance  |  |                               |                               |
| Official meals   | 1,233                                    |                               | 932                           |
| Dues and memberships   | 8,611                                    | 39,650                        | 1,840                         |
| Professional fees  |  | 414,336                       |                               |
| Management fees  |  | 750,000                       |                               |
| Expendable furnishings                                       | 30,192                                   |                               | 48                            |
| Uniforms and laundry   |  |                               |                               |
| Food costs   |  |                               |                               |
| Food service - fees, direct expenses,<br>and guaranteed rate |  |                               |                               |
| Activities and program expenses                              |  |                               |                               |
| Inventory purchases  |  |                               |                               |
| Vehicle expenses   |  |                               |                               |
| Property tax   |  |                               |                               |
| Health care expenses   |  |                               |                               |
| Building maintenance   |  |                               |                               |
| Subsidies paid to residents                                  |  |                               |                               |
| Contributions  |  |                               |                               |
| Bank account fees  |  | 44,574                        |                               |
| Lease expense  | 15,132                                   |                               |                               |
| Interest expense   |  |                               |                               |
| Depreciation expense   |  |                               |                               |
| Totals   | <u>\$ 1,798,060</u>                      | <u>\$ 1,284,773</u>           | <u>\$ 774,398</u>             |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2025

|  | <u>Program Services</u> |                      |                   |                   |
|--|-------------------------|----------------------|-------------------|-------------------|
|  | <u>Operating</u>        | <u>Stewart</u>       |                   | <u>Hair Style</u> |
|  | <u>Expenses</u>         | <u>Health Center</u> | <u>Clinic</u>     | <u>Shop</u>       |
| Administrative services                                      | \$ 2,708,975            | \$ 6,788,362         | \$ 729,363        | \$ 142,112        |
| Fees paid  |                         |                      |                   |                   |
| Special functions  |                         |                      | 83                |                   |
| Transportation expense                                       |                         | 3,097                | 12                |                   |
| Printing and postage   |                         | 284                  | 373               |                   |
| Rents  |                         | 2,379                |                   |                   |
| Stewart Health Center aquarium                               |                         | 3,550                |                   |                   |
| Office supplies and materials                                |                         | 13,349               | 1,567             |                   |
| Maintenance and supplies                                     |                         |                      |                   |                   |
| Service contracts  |                         | 7,801                | 2,123             |                   |
| Miscellaneous  |                         | 7,818                | 1,503             |                   |
| Taxes, licenses, and permits                                 |                         | 4,041                |                   |                   |
| Consulting fees  |                         | 1,150                |                   |                   |
| Advertising  |                         |                      |                   |                   |
| Entertainment & public relations                             |                         |                      |                   |                   |
| Utilities  | 1,517,915               |                      |                   |                   |
| Insurance  | 383,176                 |                      |                   |                   |
| Official meals   |                         | 2,675                | 195               |                   |
| Dues and memberships   |                         | 6,148                |                   |                   |
| Professional fees  |                         |                      |                   |                   |
| Management fees  |                         |                      |                   |                   |
| Expendable furnishings                                       |                         | 77,645               | 1,177             |                   |
| Uniforms and laundry   |                         | 22,803               |                   |                   |
| Food costs   |                         |                      |                   |                   |
| Food service - fees, direct expenses,<br>and guaranteed rate |                         |                      |                   |                   |
| Activities and program expenses                              |                         | 37,744               |                   |                   |
| Inventory purchases  |                         |                      |                   |                   |
| Vehicle expenses   |                         |                      |                   |                   |
| Property tax   | 602,595                 |                      |                   |                   |
| Health care expenses   |                         | 330,011              | 23,078            |                   |
| Building maintenance   |                         |                      |                   |                   |
| Subsidies paid to residents                                  | 476,803                 |                      |                   |                   |
| Contributions  |                         |                      |                   |                   |
| Bank account fees  |                         |                      |                   |                   |
| Lease expense  | 11,447,170              |                      |                   |                   |
| Interest expense   | 172,579                 |                      |                   |                   |
| Depreciation expense   | 962,956                 |                      |                   |                   |
| Totals   | <u>\$ 18,272,169</u>    | <u>\$ 7,308,857</u>  | <u>\$ 759,474</u> | <u>\$ 142,112</u> |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2025

|  | <u>Program Services</u>            |   |                              |                                 |
|--|------------------------------------|---|------------------------------|---------------------------------|
|  | Food<br>Service<br><u>Expenses</u> | Building<br>Management<br><u>Expenses</u> | Grounds<br><u>Management</u> | Housekeeping<br><u>Expenses</u> |
| Administrative services                                      | \$ 4,249,928                       | \$ 396,918                                | \$ 72,123                    | \$ 1,824,900                    |
| Fees paid  |                                    |   |                              |                                 |
| Special functions  | 82                                 |   |                              |                                 |
| Transportation expense                                       | 4,597                              | 1,527                                     |                              |                                 |
| Printing and postage   | 488                                | 71  | 71                           |                                 |
| Rents  | 10,623                             | 7,000                                     |                              | 950                             |
| Stewart Health Center aquarium                               |                                    |   |                              |                                 |
| Office supplies and materials                                | 14,534                             | 213                                       | 113                          | 556                             |
| Maintenance and supplies                                     | 35,988                             | 1,786,616                                 | 251,201                      | 137,401                         |
| Service contracts  | 15,598                             | 486,795                                   | 190,939                      |                                 |
| Miscellaneous  | 179                                | 38  | 335                          | 655                             |
| Taxes, licenses, and permits                                 | 51,391                             |   |                              |                                 |
| Consulting fees  | 494                                |   |                              |                                 |
| Advertising  |                                    |   |                              |                                 |
| Entertainment & public relations                             |                                    |   |                              |                                 |
| Utilities  |                                    |   |                              |                                 |
| Insurance  |                                    |   |                              |                                 |
| Official meals   |                                    | 50  |                              | 425                             |
| Dues and memberships   |                                    |   |                              |                                 |
| Professional fees  |                                    |   |                              |                                 |
| Management fees  |                                    |   |                              |                                 |
| Expendable furnishings                                       | 41,742                             | 7,384                                     |                              | 18,299                          |
| Uniforms and laundry   | 13,851                             | 10,805                                    |                              | 28,456                          |
| Food costs   | 2,297,497                          |   |                              |                                 |
| Food service - fees, direct expenses,<br>and guaranteed rate | 468,488                            |   |                              |                                 |
| Activities and program expenses                              |                                    |   |                              |                                 |
| Inventory purchases  |                                    |   |                              |                                 |
| Vehicle expenses   |                                    | 56,252                                    |                              |                                 |
| Property tax   |                                    |   |                              |                                 |
| Health care expenses   |                                    |   |                              |                                 |
| Building maintenance   |                                    | 1,676,170                                 |                              | 47,087                          |
| Subsidies paid to residents                                  |                                    |   |                              |                                 |
| Contributions  |                                    |   |                              |                                 |
| Bank account fees  |                                    |   |                              |                                 |
| Lease expense  |                                    |   |                              |                                 |
| Interest expense   |                                    |   |                              |                                 |
| Depreciation expense   |                                    |   |                              |                                 |
| Totals   | <u>\$ 7,205,480</u>                | <u>\$ 4,429,839</u>                       | <u>\$ 514,782</u>            | <u>\$ 2,058,729</u>             |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2025

|  | <u>Program Services</u> |                   |                     |
|--|-------------------------|-------------------|---------------------|
|  | Security                | Activities        | Homecare            |
|  | <u>Expenses</u>         | <u>Expenses</u>   | <u>Expenses</u>     |
| Administrative services                                      | \$ 854,736              | \$ 341,379        | \$ 1,032,781        |
| Fees paid  |                         |                   |                     |
| Special functions  |                         | 27,605            |                     |
| Transportation expense                                       |                         | 347               | 178                 |
| Printing and postage   | 1,075                   | 1,230             | 641                 |
| Rents  |                         | 950               |                     |
| Stewart Health Center aquarium                               |                         |                   |                     |
| Office supplies and materials                                | 758                     | 1,810             | 250                 |
| Maintenance and supplies                                     |                         | 12,548            |                     |
| Service contracts  | 4,841                   | 1,380             |                     |
| Miscellaneous  | 499                     | 84                | 103                 |
| Taxes, licenses, and permits                                 |                         | 524               |                     |
| Consulting fees  |                         |                   |                     |
| Advertising  |                         |                   | 3,070               |
| Entertainment & public relations                             |                         |                   |                     |
| Utilities  |                         |                   |                     |
| Insurance  |                         |                   |                     |
| Official meals   | 208                     | 79                | 188                 |
| Dues and memberships   |                         | 8,889             | 1,713               |
| Professional fees  |                         |                   |                     |
| Management fees  |                         |                   |                     |
| Expendable furnishings                                       | 3,460                   | 1,291             |                     |
| Uniforms and laundry   | 2,532                   |                   |                     |
| Food costs   |                         |                   |                     |
| Food service - fees, direct expenses,<br>and guaranteed rate |                         |                   |                     |
| Activities and program expenses                              |                         | 149,761           |                     |
| Inventory purchases  |                         | 50,420            |                     |
| Vehicle expenses   | 8,107                   |                   |                     |
| Property tax   |                         |                   |                     |
| Health care expenses   |                         |                   | 10                  |
| Building maintenance   |                         |                   |                     |
| Subsidies paid to residents                                  |                         |                   |                     |
| Contributions  |                         |                   |                     |
| Bank account fees  |                         |                   |                     |
| Lease expense  |                         |                   |                     |
| Interest expense   |                         |                   |                     |
| Depreciation expense   |                         |                   |                     |
| Totals   | <u>\$ 876,216</u>       | <u>\$ 598,297</u> | <u>\$ 1,038,934</u> |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2024

|  | <u>Supporting Services</u>               |                               |                               |
|--|--|-------------------------------|-------------------------------|
|  | <u>Administration<br/>and Management</u> | <u>Operating<br/>Expenses</u> | <u>Marketing<br/>Expenses</u> |
| Administrative services                                      | \$ 1,328,620                             |                               | \$ 357,657                    |
| Fees paid  | 3,411                                    |                               |                               |
| Special functions  | 2,122                                    |                               | 3,112                         |
| Transportation expense                                       | 2,038                                    |                               | 235                           |
| Printing and postage   | 5,891                                    |                               | 2,230                         |
| Rents  | 2,244                                    |                               |                               |
| Stewart Health Center aquarium                               |  |                               |                               |
| Office supplies and materials                                | 337,243                                  |                               | 894                           |
| Maintenance and supplies                                     | 22,081                                   |                               | 3,845                         |
| Service contracts  | 26,560                                   |                               | 19,217                        |
| Miscellaneous  | 13,017                                   | \$ 8,942                      | 9,279                         |
| Taxes, licenses, and permits                                 | 49                                       | 3,295                         |                               |
| Consulting fees  | 10,910                                   | 13,850                        | 56,293                        |
| Advertising  |  |                               | 283,216                       |
| Entertainment & public relations                             |  |                               | 41,165                        |
| Utilities  |  |                               |                               |
| Insurance  |  |                               |                               |
| Official meals   | 1,734                                    |                               | 1,261                         |
| Dues and memberships   | 4,441                                    | 39,263                        |                               |
| Professional fees  |  | 178,612                       |                               |
| Management fees  |  | 750,000                       |                               |
| Expendable furnishings                                       | 7,656                                    |                               |                               |
| Uniforms and laundry   |  |                               |                               |
| Food costs   |  |                               |                               |
| Food service - fees, direct expenses,<br>and guaranteed rate |  |                               |                               |
| Activities and program expenses                              |  |                               |                               |
| Inventory purchases  |  |                               |                               |
| Vehicle expenses   |  |                               |                               |
| Property tax   |  |                               |                               |
| Health care expenses   |  |                               |                               |
| Building maintenance   |  |                               |                               |
| Subsidies paid to residents                                  |  |                               |                               |
| Contributions  |  | 2,000                         |                               |
| Bank account fees  |  | 33,056                        |                               |
| Lease expense  | 15,132                                   |                               |                               |
| Interest expense   |  |                               |                               |
| Depreciation expense   |  |                               |                               |
| Totals   | <u>\$ 1,783,149</u>                      | <u>\$ 1,029,018</u>           | <u>\$ 778,404</u>             |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2024

|  | <u>Program Services</u> |                      |                   |                   |
|--|-------------------------|----------------------|-------------------|-------------------|
|  | <u>Operating</u>        | <u>Stewart</u>       |                   | <u>Hair Style</u> |
|  | <u>Expenses</u>         | <u>Health Center</u> | <u>Clinic</u>     | <u>Shop</u>       |
| Administrative services                                      | \$ 2,524,370            | \$ 6,547,975         | \$ 703,879        | \$ 148,182        |
| Fees paid  |                         |                      |                   |                   |
| Special functions  |                         | 741                  | 159               |                   |
| Transportation expense                                       |                         | 1,332                | 102               |                   |
| Printing and postage   |                         | 326                  | 283               |                   |
| Rents  |                         | 2,286                |                   |                   |
| Stewart Health Center aquarium                               |                         | 6,068                |                   |                   |
| Office supplies and materials                                |                         | 7,980                | 894               |                   |
| Maintenance and supplies                                     |                         |                      |                   |                   |
| Service contracts  |                         |                      | 2,074             |                   |
| Miscellaneous  |                         | 10,577               | 859               |                   |
| Taxes, licenses, and permits                                 |                         | 3,581                |                   |                   |
| Consulting fees  |                         | 3,962                |                   |                   |
| Advertising  |                         |                      |                   |                   |
| Entertainment & public relations                             |                         |                      |                   |                   |
| Utilities  | 1,457,749               |                      |                   |                   |
| Insurance  | 334,292                 |                      |                   |                   |
| Official meals   |                         | 775                  |                   |                   |
| Dues and memberships   |                         | 2,401                |                   |                   |
| Professional fees  |                         |                      |                   |                   |
| Management fees  |                         |                      |                   |                   |
| Expendable furnishings                                       |                         | 72,864               | 3,094             |                   |
| Uniforms and laundry   |                         |                      |                   |                   |
| Food costs   |                         |                      |                   |                   |
| Food service - fees, direct expenses,<br>and guaranteed rate |                         |                      |                   |                   |
| Activities and program expenses                              |                         | 34,017               |                   |                   |
| Inventory purchases  |                         |                      |                   |                   |
| Vehicle expenses   |                         |                      |                   |                   |
| Property tax   | 932,428                 |                      |                   |                   |
| Health care expenses   |                         | 266,075              | 7,666             |                   |
| Building maintenance   |                         |                      |                   |                   |
| Subsidies paid to residents                                  | 440,238                 |                      |                   |                   |
| Contributions  |                         |                      |                   |                   |
| Bank account fees  |                         |                      |                   |                   |
| Lease expense  | 11,586,643              |                      |                   |                   |
| Interest expense   | 144,731                 |                      |                   |                   |
| Depreciation expense   | 918,921                 |                      |                   |                   |
| Totals   | <u>\$ 18,339,372</u>    | <u>\$ 6,960,960</u>  | <u>\$ 719,010</u> | <u>\$ 148,182</u> |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2024

|  | <u>Program Services</u>            |   |                              |                                 |
|--|------------------------------------|---|------------------------------|---------------------------------|
|  | Food<br>Service<br><u>Expenses</u> | Building<br>Management<br><u>Expenses</u> | Grounds<br><u>Management</u> | Housekeeping<br><u>Expenses</u> |
| Administrative services                                      | \$ 4,085,282                       | \$ 433,235                                | \$ 70,063                    | \$ 1,870,002                    |
| Fees paid  |                                    |   |                              |                                 |
| Special functions  | 48                                 | 26  |                              | 789                             |
| Transportation expense                                       | 1,883                              | 957                                       | 5                            |                                 |
| Printing and postage   | 980                                |   |                              |                                 |
| Rents  | 6,940                              | 12,300                                    |                              | 688                             |
| Stewart Health Center aquarium                               |                                    |   |                              |                                 |
| Office supplies and materials                                | 14,769                             | 299                                       | 75                           | 546                             |
| Maintenance and supplies                                     | 47,536                             | 1,403,238                                 | 349,958                      | 149,107                         |
| Service contracts  | 16,059                             | 296,110                                   | 156,480                      |                                 |
| Miscellaneous  | 149                                | 14  | 53                           | 641                             |
| Taxes, licenses, and permits                                 | 46,188                             |   |                              |                                 |
| Consulting fees  | 479                                |   |                              |                                 |
| Advertising  |                                    |   |                              |                                 |
| Entertainment & public relations                             |                                    |   |                              |                                 |
| Utilities  |                                    |   |                              |                                 |
| Insurance  |                                    |   |                              |                                 |
| Official meals   |                                    | 141                                       |                              | 325                             |
| Dues and memberships   |                                    |   |                              |                                 |
| Professional fees  |                                    |   |                              |                                 |
| Management fees  |                                    |   |                              |                                 |
| Expendable furnishings                                       | 36,371                             | 7,054                                     |                              | 13,638                          |
| Uniforms and laundry   | 6,500                              | 9,562                                     |                              | 53,438                          |
| Food costs   | 2,138,804                          |   |                              |                                 |
| Food service - fees, direct expenses,<br>and guaranteed rate | 481,477                            |   |                              |                                 |
| Activities and program expenses                              |                                    |   |                              |                                 |
| Inventory purchases  |                                    |   |                              |                                 |
| Vehicle expenses   |                                    | 57,766                                    |                              |                                 |
| Property tax   |                                    |   |                              |                                 |
| Health care expenses   |                                    |   |                              |                                 |
| Building maintenance   |                                    | 1,073,765                                 |                              | 54,930                          |
| Subsidies paid to residents                                  |                                    |   |                              |                                 |
| Contributions  |                                    |   |                              |                                 |
| Bank account fees  |                                    |   |                              |                                 |
| Lease expense  |                                    |   |                              |                                 |
| Interest expense   |                                    |   |                              |                                 |
| Depreciation expense   |                                    |   |                              |                                 |
| Totals   | <u>\$ 6,883,465</u>                | <u>\$ 3,294,467</u>                       | <u>\$ 576,634</u>            | <u>\$ 2,144,104</u>             |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED  
FOR THE CALENDAR YEAR ENDED DECEMBER 31, 2024

|  | <u>Program Services</u> |                   |                     |
|--|-------------------------|-------------------|---------------------|
|  | Security                | Activities        | Homecare            |
|  | <u>Expenses</u>         | <u>Expenses</u>   | <u>Expenses</u>     |
| Administrative services                                      | \$ 848,527              | \$ 316,141        | \$ 1,018,800        |
| Fees paid  |                         |                   |                     |
| Special functions  | 90                      | 22,071            | 71                  |
| Transportation expense                                       |                         | 213               | 344                 |
| Printing and postage   | 484                     | 1,265             | 142                 |
| Rents  |                         | 4,149             |                     |
| Stewart Health Center aquarium                               |                         |                   |                     |
| Office supplies and materials                                | 972                     | 1,861             | 961                 |
| Maintenance and supplies                                     | 17,951                  | 11,917            |                     |
| Service contracts  | 4,896                   | 1,035             |                     |
| Miscellaneous  | 461                     | 306               | 86                  |
| Taxes, licenses, and permits                                 |                         |                   | 1,412               |
| Consulting fees  |                         |                   |                     |
| Advertising  |                         |                   |                     |
| Entertainment & public relations                             |                         |                   |                     |
| Utilities  |                         |                   |                     |
| Insurance  |                         |                   |                     |
| Official meals   |                         | 922               |                     |
| Dues and memberships   |                         | 11,200            | 1,648               |
| Professional fees  |                         |                   |                     |
| Management fees  |                         |                   |                     |
| Expendable furnishings                                       | 4,662                   | 1,853             | 62                  |
| Uniforms and laundry   | 6,228                   |                   |                     |
| Food costs   |                         |                   |                     |
| Food service - fees, direct expenses,<br>and guaranteed rate |                         |                   |                     |
| Activities and program expenses                              |                         | 147,331           |                     |
| Inventory purchases  |                         | 57,122            |                     |
| Vehicle expenses   | 11,495                  |                   |                     |
| Property tax   |                         |                   |                     |
| Health care expenses   |                         |                   | 284                 |
| Building maintenance   |                         |                   |                     |
| Subsidies paid to residents                                  |                         |                   |                     |
| Contributions  |                         |                   |                     |
| Bank account fees  |                         |                   |                     |
| Lease expense  |                         |                   |                     |
| Interest expense   |                         |                   |                     |
| Depreciation expense   |                         |                   |                     |
| Totals   | <u>\$ 895,766</u>       | <u>\$ 577,386</u> | <u>\$ 1,023,810</u> |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2025 and 2024

|   | December 31,<br>2025 | December 31,<br>2024 |
|---|----------------------|----------------------|
| Cash Flows from Operating Activities  |                      |                      |
| Increase (Decrease) in Net Assets (Deficit)   | \$ 46,802            | \$ (234,519)         |
| Adjustments to Reconcile Increase in Net Assets<br>to Net Cash Provided by Operating Activities |                      |                      |
| Depreciation  | 962,956              | 918,921              |
| Proceeds from non-refundable entrance fees  | 5,482,144            | 6,528,038            |
| Amortization of entrance fees   | (5,727,269)          | (5,598,731)          |
| Reduction in right-of-use asset   | 4,364,681            | 4,247,472            |
| Loss on disposal of assets  | 7,879                | 210,851              |
| (Increase) Decrease in:   |                      |                      |
| Accounts receivable   | 12,089               | (53,632)             |
| Prepaid expenses  | (52,970)             | (661,727)            |
| Inventory   | 1                    | (2,665)              |
| Increase (Decrease) in:   |                      |                      |
| Accounts payable and accrued expenses   | (43,985)             | 251,969              |
| Deferred lease expense  | 320,727              | 355,203              |
| Operating lease liability   | (4,579,706)          | (4,370,841)          |
|   | 793,349              | 1,590,339            |
| Net cash flow from operating activities   | 793,349              | 1,590,339            |
| Cash Flows From Investing Activities  |                      |                      |
| Payments for building improvements  | (1,630,393)          | (3,437,153)          |
| Purchase of furniture, equipment and vehicles   | (287,104)            | (188,526)            |
| Proceeds from sale of vehicles  | 12,719               | 15,000               |
| Investment in Unity Senior Care Group   | (10,060)             | 5,707                |
| Investment in UMIC subscriber savings account   | 96,993               | (171,443)            |
|   | (1,817,845)          | (3,776,415)          |
| Cash used by investing activities   | (1,817,845)          | (3,776,415)          |
| Cash Flows From Financing Activities  |                      |                      |
| Resident deposits received net of refunds   | 1,110,585            | 655,753              |
| Refundable advance fees received  | 5,332,300            | 3,155,600            |
| Entrance fee refunds  | (4,084,850)          | (2,582,910)          |
| Loan proceeds   | 596,082              | 2,209,980            |
| Principal payment on loans  | (332,469)            | (359,550)            |
|   | 2,621,648            | 3,078,873            |
| Cash provided by financing activities   | 2,621,648            | 3,078,873            |
| Increase (Decrease) in cash   | 1,597,152            | 892,797              |
| Cash and cash equivalents, beginning of year  | 8,487,305            | 7,594,508            |
| Cash and cash equivalents, end of year  | \$ 10,084,457        | \$ 8,487,305         |
| Supplemental disclosure of cash flow information  |                      |                      |
| Cash paid during the year for:  |                      |                      |
| Interest  | \$ 170,813           | \$ 143,732           |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2025 and 2024

Note A - General Matters and Accounting Procedures

General Matters Springmoor, Inc. was created in May, 1983, as a nonprofit organization exempt from income taxes under Section 501(c)3 of the Internal Revenue Code. Springmoor is a modified life care retirement community consisting of 388 independent living units. In addition, Springmoor has a total of 191 licensed beds in its health care center. Currently, they are allocated at 18 assisted living (Home for Aging) beds and 173 skilled nursing beds. The basic cost of residence at Springmoor consists of the initial entrance fee and the monthly service fee. Residents requiring permanent or temporary health care are able to transfer to assisted living or skilled nursing beds as determined appropriate by Springmoor medical and management staff in conjunction with residents and their physicians and family.

Basis of Accounting Springmoor operates and maintains its books and records on the accrual basis of accounting.

Basis of Presentation Springmoor, Inc. follows the Not-For-Profit Entities Topic of the Financial Accounting Standards Codification ("FASB ASC") No. 958 which establishes standards for external financial reporting by not-for-profit organizations. In August, 2016, FASB issued an update to Topic No. 958 (ASU 2016-14) which requires that resources be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. In addition, the organization is still required to present a statement of cash flows using either the direct or indirect method of reporting. FASB ASC No. 958 also still requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor imposed restrictions. A description of the two net asset categories follows.

Net Assets Without Donor Restrictions - net assets that are not subject to any donor-imposed restrictions.

Net Assets With Donor Restrictions - net assets subject to donor imposed restrictions that can be met by actions of the Organization and/or the passage of time, or restrictions that must be maintained permanently by the organization.

In addition, ASU 2016-14 requires presentation of expenses by their natural classification as well as their functional allocation. The organization uses the direct method to allocate individual expenses to each functional category.

Revenue Recognition In May 2014, the FASB issued ASU 2014-09, Revenues from Contracts with Customers (Topic 606.) The objective of ASU 2014-09 is to establish a single, comprehensive, five-step model for entities to use in accounting for revenue arising from contracts with customers that supersedes nearly all prior revenue recognition guidance, including industry-specific guidance. The standard requires entities to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time based on when control of goods and services transfer to a customer.

Continued -

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note A - General Matters and Accounting Procedures - continued

Revenue Recognition-continued Fees paid by a resident upon entering into a continuing care contract, net of the portion thereof that is refundable to the resident, are recorded as deferred revenue and are amortized into income using the straight-line method over the estimated remaining life expectancy of the resident. The portion of the fees that will be paid to current residents or their designees, only upon reoccupancy of a contract holder's unit, are recorded as a liability. This treatment was allowed under the previous standard as well as the current standard and management believes it is the best method for measuring revenue recognition from nonrefundable entrance fee contracts.

Prior to ASU 2014-9, the Financial Accounting Standards Board issued ASU 2012-01, Health Care Entities (Topic 954); Continuing Care Retirement Communities - Refundable Advance Fees (ASU 2012-01). ASU 2012-01 provided that continuing care retirement communities should classify an advance fee as deferred revenue when the resident contract provides for payment of the refundable advance fee upon reoccupancy by a subsequent resident, which is limited to the proceeds of reoccupancy. Refundable advance fees that are contingent upon reoccupancy by a subsequent resident but are not limited to the proceeds of reoccupancy should be accounted for and reported as a liability under that standard. Under ASU 2014-9, all refundable entrance fees should be recorded as a liability at the inception of the agreement. Since all refundable fees were not limited to the proceeds of reoccupancy, Springmoor's accounting for these fees remains the same as in prior years.

Monthly service fees and other amenity fees entitle residents to use the residential facilities and other amenities, as well as to have access to health care services. This fee periodically changes based on inflation or increased operating costs. When access to higher levels of health care services are required, the monthly service fee increases for the additional cost of care. Because a resident has the right to move out and discontinue paying the monthly fee at any time, the monthly service fee is recorded as monthly revenue and is generally a monthly contract with the option to renew.

Significant Judgements Applied The amortization of nonrefundable entrance fees into revenue is based on life expectancy of the resident using actuarial assumptions provided by Continuing Care Retirement Community industry demographic and transfer mortality tables as a base with adjustments for actual community experience. The calculations recognize differences in age, sex, and health status among residents. At present, these values appear reasonable and appropriate, but actual life expectancies depends on events and environmental influences outside the Organization's control.

Continuing Care Retirement Communities - Obligation to Provide Future Services The Community calculates the present value of the estimated net cost of future services and the use of facilities to be provided to current residents and compares that amount with the projected future revenues of the facility. If the present value of the net cost of future services and use of facilities exceeds the projected revenue available to meet those obligations, a liability (obligation to provide future services) is recorded. No liability has been recorded for the year ended December 31, 2025 or 2024. The community commissioned an actuarial study, completed in 2025, which found that based on assumptions regarding future population and financial activity, the present value of Springmoor's current and future resources was adequate to cover future contractual obligations for all current residents, as defined by the AICPA in the Health Care Audit Guide. The study assumed a constant discount rate of 5% with a 3% inflation rate.

Continued -

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note A - General Matters and Accounting Procedures - continued

Accounting for Leases. On January 1, 2022 the Community adopted the requirements of Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). The objective of this ASU, along with several related ASUs issued subsequently, is to increase transparency and comparability between organizations that enter into lease agreements. For lessees, the key difference of the new standards from the previous guidance (Topic 840) is the recognition of a right-of-use (ROU) asset and lease liability on the balance sheet. The most significant change is the requirement to recognize ROU assets and lease liabilities for leases classified as operating leases. The standard requires disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

As part of the transition to the new standard, the Community was required to measure and recognize leases that existed at January 1, 2022 using a modified retrospective approach. For leases existing at the effective date, the Community elected the package of three transition practical expedients and therefore did not reassess whether an arrangement is or contains a lease, did not reassess lease classification, and did not reassess what qualifies as an initial direct cost.

The adoption of Topic 842 resulted in the recognition of operating ROU assets and operating lease liabilities of \$56,499,544 and \$62,216,886, respectively, as of January 1, 2022. It also resulted in a cumulative decrease in net assets of \$5,717,342.

At lease inception, the Community determines whether an arrangement is or contains a lease. Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liabilities, and noncurrent operating lease liabilities in the financial statements. ROU assets represent the Community's right to use lease assets over the term of the lease. Lease liabilities represent the Community's contractual obligation to make lease payments over the lease term.

For operating leases, ROU assets and lease liabilities are recognized at the commencement date. The lease liability is measured at the present value of the lease payments over the lease term. The Community uses the rate implicit in the lease if it is determinable. When the rate implicit in the lease is not determinable, the Community uses its incremental borrowing rate at the commencement date of the lease to determine the present value of the lease payments. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs plus any prepayments less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. The assessment of whether renewal or extension operations are reasonably certain of exercise include, but are not limited to, the value of any leasehold improvements, the value of renewal rates compared to market rates, and the presence of factors that would cause a significant economic penalty to the Company if the option were not exercised. Lease expense is recognized on a straight-line basis over the lease term. The Community has elected not to recognize an ROU asset and obligation for leases with an initial term of 12 months or less. The expense associated with short term leases is included in rent expense in the statement of functional expenses.

To the extent a lease arrangement includes both lease and non-lease components, the Company has elected to account for the components as a single lease component.

Continued -

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note A - General Matters and Accounting Procedures - continued

Inventory Inventory is recorded at cost. Cost is determined on the first-in, first-out method.

Fixed Assets Fixed assets are being depreciated using the straight line method with useful lives ranging from 5 to 39 years. Fixed assets consist of equipment, furnishings, vehicles and building additions and improvements as reflected on Exhibit "A."

As explained in Note G, Springmoor leases its real estate from Ammons-Springmoor Assoc., LLC and Ammons, Inc. Springmoor has made leasehold improvements to these buildings over the years including a renovation and addition of a wellness center in the South Village Building. In addition, in 1998, Springmoor, Inc. built a building to provide additional private rooms for skilled nursing. Currently, Springmoor, Inc. is renovating the health center. These leasehold improvements and building additions are being depreciated over 39 years using the straight-line method.

It is the policy of the Board of Directors to review its plans for future acquisitions from time to time and to designate appropriate sums to assure adequate financing of such acquisitions. According to generally accepted accounting principles, these amounts are included in unrestricted

Statement of Operations Provision of resident care services is the sole function of Springmoor, Inc. For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of resident care services are reported as revenues, gains, and other support and expenses. Peripheral or incidental transactions are reported as non-operating gains and losses.

Contributions Contributions received are recorded as support in the period received as unrestricted or restricted support depending on the existence or nature of any donor imposed restrictions.

Donated Material and Services The Organization records the value of donated goods or services when there is an objective basis available to measure their value. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services.

Advertising Springmoor, Inc. expenses advertising production costs as they are incurred and advertising communication costs the first time the advertising takes place.

Planned Major Maintenance Springmoor, Inc. accounts for planned major maintenance costs under the direct expensing method.

Waiting List Deposits Springmoor, Inc. maintains a waiting list for interested potential residents. The waiting list deposits of these potential residents are shown as a liability on Exhibit A of these financial statements.

Accounting for Uncertainty in Income Taxes Management has evaluated the effect of the guidance provided by U.S. generally accepted accounting principles on Accounting for Uncertainty in Income Taxes. The Organization's policy is to record a liability for any tax position taken that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination.

Continued -

SPRINGMOOR, INC.  
 NOTES TO FINANCIAL STATEMENTS - CONTINUED  
 DECEMBER 31, 2025 and 2024

Note A - General Matters and Accounting Procedures - continued

Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization at December 31, 2025 and 2024. Management has evaluated all other tax positions that could have a significant affect on the financial statements and determined the Organization had no uncertain income tax positions at December 31, 2025 or 2024 and, accordingly, no liability has been accrued.

The Organization's federal Exempt Organization Business Income Tax Returns (Form 990) for 2022, 2023, and 2024 are subject to examination by the IRS, generally for three years after they were filed. The Form 990 for 2012 was examined by IRS in October, 2014. The Service issued a no change report and concluded the organization continues to satisfy the exempt organization requirements.

Note B - Statutory Operating Reserve

Under regulations of the North Carolina Insurance Commission, Springmoor, Inc. is required to maintain an operating reserve equal to 25% of the total occupancy costs projected for the 12 month period following the period covered by the most recent annual statement filed with the Department of Insurance. The operating reserve of 25% is based upon an occupancy percentage of 90% or more. At December 31, 2024, Springmoor, Inc. met the operating reserve requirement under the North Carolina Statutes that existed at that time. On November 21, 2025 the Department of Insurance notified Springmoor, Inc. of a change in how its statutory reserve must be funded under North Carolina General Statute Chapter 58, Article 64A effective December 1, 2025. Whereas notes receivable were considered qualifying reserve assets as invested cash under the statute previously, the change limits the qualifying assets to cash, cash equivalents, investment-grade securities, publicly traded equity and assets approved by the Insurance Commissioner. In addition, Article 64A allows funding of the operating reserve through a surety bond or irrevocable letter of credit that is approved by the Commissioner. Springmoor, Inc. did not meet the Statutory Operating Reserve Requirement on December 31, 2025 of \$12,382,000 as calculated per statute with adjustments required by Department of Insurance., but was working with the Department of Insurance on a transition plan. On May 19, 2026, First Citizens Bank granted Springmoor, Inc. a letter of credit in the amount of \$13,000,000 that was approved by the Insurance Commissioner to fund its Statutory Operating Reserve Requirement.

Note C - Notes Receivable

A schedule of notes receivable at December 31, 2025 and 2024, follows:

|              | <u>Current</u><br><u>Portion</u> | <u>Long-Term</u><br><u>Portion</u> | <u>Total</u> |
|--------------|----------------------------------|------------------------------------|--------------|
| Ammons, Inc. | \$ -                             | \$ 8,077,177                       | \$ 8,077,177 |

This note represents various loans that were used to construct buildings at Springmoor. Interest at 9.78 % is payable monthly until December 31, 2027, at which time the note will mature and the entire principal balance plus accrued interest shall be due and payable. Advance principal payments may be made at borrower's option. Secured by a deed of trust on the land on which Springmoor, Inc. is located.

Continued -

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note C - Notes Receivable-continued

|  | <u>Current<br/>Portion</u> | <u>Long-Term<br/>Portion</u> | <u>Total</u>  |
|--|----------------------------|------------------------------|---------------|
| Ammons-Springmoor Assoc., LLC  | \$ -                       | \$ 27,243,119                | \$ 27,243,119 |
| <p>This note represents loans that were used to construct buildings at Springmoor. Interest at 9.78% is payable monthly until December 31, 2027, at which time the note will mature and the entire principal balance plus accrued interest shall be due and payable. Advance principal payments may be made at borrower's option. Secured by personal guarantees of Marshall C. Evans and Mason L. Williams.</p> |                            |                              |               |
| Total  | \$ -                       | \$ 27,243,119                | \$ 35,320,296 |

Note D - Contract Costs

Following is an analysis of the activity in the contract balances during the year. Contract revenues arise when the Organization transfers goods or services to a resident in advance of receiving consideration from the resident. Contract liabilities represent the Organization's obligation to transfer services to a resident when consideration has already been received by the resident.

|   | <u>December 31,<br/>2025</u> | <u>December 31,<br/>2024</u> |
|---|------------------------------|------------------------------|
| <b>Contract Assets</b>                    |                              |                              |
| Balance, beginning of year                | \$ 383,766                   | \$ 330,134                   |
| Effects of cumulative revenue adjustments | (12,089)                     | 53,632                       |
| Balance, end of year                      | \$ 371,677                   | \$ 383,766                   |
| <b>Contract Liabilities</b>               |                              |                              |
| Balance, beginning of year                | \$ 30,792,566                | \$ 29,863,259                |
| New fees                                  | 5,922,244                    | 6,873,900                    |
| Refunds                                   | (440,100)                    | (345,862)                    |
| Termination Income                        | (592,094)                    | (838,053)                    |
| Amortization                              | (5,135,175)                  | (4,760,678)                  |
| Balance, end of year                      | \$ 30,547,441                | \$ 30,792,566                |

Note E - Deferred Lease Expense Payable

Springmoor has a liability for deferred lease expense. This liability is owed to Ammons-Springmoor Assoc., LLC and is for unpaid lease expense originating in the previous four calendar quarters in the amount of \$8,396,642 at December 31, 2025 and \$8,075,915 at December 31, 2024. Under an agreement with Ammons-Springmoor Assoc., LLC, leases deferred will be written off if unpaid after four calendar quarters. The term had not yet expired on these amounts on December 31, 2025 and 2024, respectively.

Continued-

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note F - Net Assets with Donor Restrictions

The organization spent \$300 in 2024 from funds restricted for the bi-annual bridge tournament. In 2025, it spent \$318 of the funds restricted for the bi-annual bridge tournament leaving a balance at December 31, 2025 of \$2,123. During 2025, Springmoor, Inc. received a donation in the amount of \$25,000 restricted for the purpose of furnishing and equipping the Stewart Health Center first floor staff lounge. These funds were fully expended in 2025.

Note G - Leases

Springmoor, Inc. leases its nonresidential land and buildings from Ammons, Inc. and its residential land and buildings from Ammons-Springmoor Assoc., LLC. All four leases were extended until December 31, 2028 and one five year option to extend remained after that expiration. Monthly lease payments were subject to an annual cost of living adjustment. The Organization estimated a 3 percent annual cost of living adjustment for the remainder of the lease terms. The final option was reasonably expected to be exercised at December 31, 2025 and 2024.. At the commencement date, the Community determined that the leases were operating leases.

Springmoor was unable to determine the interest rate explicit in the leases and elected to use their incremental borrowing rate. The incremental borrowing rate as of January 1, 2022, the date of adoption of Topic 842, was 2.62 percent.

As explained in Note E, the lease arrangement for the residential building lease with Ammons-Springmoor Assoc., LLC allowed for deferral of lease payments that could not be paid due to cash flow concerns and allowed that these deferrals were written off after four calendar quarters if unpaid. Springmoor determined that these deferrals were variable lease payments and as indicated in Topic 842 not included in the calculation of the right-of-use assets or the lease liability. The variable lease payments were expensed as incurred and were recorded as a liability for deferred leases. Any unpaid amounts remaining at the end of each expired quarter were written off and reduced the lease expense for that period. As of December 31, 2025, lease payments of \$8,396,642 had been deferred into future periods. As of December 31, 2024, lease payments of \$8,075,915 had been deferred into future periods. This total liability is shown on Exhibit A as "Deferred Lease Expense" separate from the lease liability for the right-of-use asset. During 2025, deferred leases from prior periods were paid in the amount of \$5,439,764 and deferred leases of \$2,666,151 were written off under the terms of the agreement. During 2024, deferred leases from prior periods were paid in the amount of \$5,487,617 and deferred leases of \$2,233,095 were written off under the terms of the agreement.

The Community also leases copier equipment from Canon Financial Services under a lease that began in July, 2021. This lease is also treated as an operating lease for financial reporting purposes and is for a 60 month period.

Continued -

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note G - Leases - continued

Right-of-use assets and the related liabilities at December 31, 2025 as reported on Exhibit A of these financial statements consist of the following:

|                               | Right-of-Use<br>Asset | Lease<br>Liability |
|-------------------------------|-----------------------|--------------------|
| Residential building lease    | \$ 19,210,545         | \$ 19,210,545      |
| Residential land lease        | 6,216,610             | 8,492,080          |
| Nonresidential building lease | 13,504,260            | 16,309,837         |
| Nonresidential land lease     | 784,323               | 1,071,357          |
| Copier leases                 | 7,479                 | 7,479              |
| Total                         | \$ 39,723,217         | \$ 45,091,298      |

Operating lease expense for the year ending December 31, 2025 was \$11,462,302. The components of lease expense were as follows:

|                               | <u>December 31, 2025</u> |
|-------------------------------|--------------------------|
| Operating lease cost          |                          |
| Residential building lease    | \$ 8,424,868             |
| Residential land lease        | 919,587                  |
| Nonresidential building lease | 1,986,688                |
| Nonresidential land lease     | 116,027                  |
| Copier leases                 | 15,132                   |
| Total operating lease cost    | 11,462,302               |
| Short-term lease cost (Rents) | 8,587                    |
| Total lease cost              | \$ 11,470,889            |

As of December 31, 2025, the Company had no operating leases that had not yet commenced.

|  | <u>December 31, 2025</u> |
|--|--------------------------|
| Other information:                                       |                          |
| Weighted-average remaining lease term - operating leases | 96 Months                |
| Weighted-average discount rate - operating leases        | 2.62%                    |

Continued -

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note G - Leases - continued

Right-of-use assets and the related liabilities at December 31, 2024 as reported on Exhibit A of these financial statements consist of the following:

|                               | Right-of-Use<br>Asset | Lease<br>Liability |
|-------------------------------|-----------------------|--------------------|
| Residential building lease    | \$ 21,341,242         | \$ 21,341,242      |
| Residential land lease        | 6,880,884             | 9,291,126          |
| Nonresidential building lease | 14,975,644            | 17,844,482         |
| Nonresidential land lease     | 868,133               | 1,172,159          |
| Copier leases                 | 21,995                | 21,995             |
| Total operating lease cost    | \$ 44,087,898         | \$ 49,671,004      |

Operating lease expense for the year ending December 31, 2024 was \$11,601,775. The components of lease expense were as follows:

|                               | <u>December 31, 2024</u> |
|-------------------------------|--------------------------|
| Operating lease cost          |                          |
| Residential building lease    | \$ 8,507,197             |
| Residential land lease        | 919,031                  |
| Nonresidential building lease | 2,044,468                |
| Nonresidential land lease     | 115,947                  |
| Copier leases                 | 15,132                   |
| Total operating lease cost    | 11,601,775               |
| Short-term lease cost (Rents) | 28,607                   |
| Total lease cost              | \$ 11,630,382            |

As of December 31, 2024, the Company had no operating leases that had not yet commenced.

|  | <u>December 31, 2024</u> |
|--|--------------------------|
| Other information:                                       |                          |
| Weighted-average remaining lease term - operating leases | 108 Months               |
| Weighted-average discount rate - operating leases        | 2.62%                    |

Continued -

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note G - Leases - continued

The following is a schedule by years of the lease liability maturities:

| <u>Maturing Year</u><br><u>Ending December 31,</u> | <u>Operating</u>            |
|--|-----------------------------|
| 2026   | \$ 5,913,414                |
| 2027   | 6,003,096                   |
| 2028   | 6,103,260                   |
| 2029   | 6,206,424                   |
| 2030   | 6,312,684                   |
| Thereafter   | <u>19,608,024</u>           |
| Total  | 50,146,902                  |
| Less: Interest                                     | <u>(5,055,604)</u>          |
| Lease Liability                                    | <u><u>\$ 45,091,298</u></u> |

Note H - Notes Payable

A schedule of notes payable at December 31, 2025, follows:

|  | <u>Current</u><br><u>Portion</u> | <u>Long-Term</u><br><u>Portion</u> | <u>Total</u>        |
|--|----------------------------------|------------------------------------|---------------------|
| First Citizens Bank  | \$ 342,649                       | \$ 6,321,953                       | \$ 6,664,602        |
| Secured by first lien on the real property located at 1500 Sawmill Road Raleigh, NC 27615 and a first lien on construction materials and all furniture and equipment now owned or hereafter acquired by Ammons, Inc. along with an assignment of rents. Guaranteed by Ammons-Springmoor Assoc., LLC and Ammons, Inc.. Note, dated May 27, 2021 and modified June 6, 2022 is a future advance loan in the amount of \$7,800,000. Interest payable monthly at 2.62 percent on the outstanding balance until April 10, 2023 when monthly payments of \$41,940.18 including principal and interest began and continues for 68 months until the final balloon payment on December 10, 2028. |                                  |                                    |                     |
| Totals   | <u>\$ 342,649</u>                | <u>\$ 6,321,953</u>                | <u>\$ 6,664,602</u> |

Principal maturities of the long term notes payable at the current interest rate are as follows:

| <u>Calendar year ending December 31,</u> | <u>Amount</u>              |
|--|----------------------------|
| 2026                                     | \$ 342,649                 |
| 2027                                     | 341,731                    |
| 2028                                     | 5,980,222                  |
| Thereafter                               | -                          |
|  | <u><u>\$ 6,664,602</u></u> |

Continued -

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note H - Notes Payable-continued

A schedule of notes payable at December 31, 2024, follows:

|   | <u>Current<br/>Portion</u> | <u>Long-Term<br/>Portion</u> | <u>Total</u> |
|---|----------------------------|------------------------------|--------------|
| First Citizens Bank   | \$ 353,480                 | \$ 6,047,510                 | \$ 6,400,990 |
| <p>Secured by first lien on the real property located at 1500 Sawmill Road Raleigh, NC 27615 and a first lien on construction materials and all furniture and equipment now owned or hereafter acquired by Ammons, Inc. along with an assignment of rents. Guaranteed by Ammons-Springmoor Assoc., LLC and Ammons, Inc.. Note, dated May 27, 2021 and modified June 6, 2022 is a future advance loan in the amount of \$7,800,000. Interest payable monthly at 2.62 percent on the outstanding balance until April 10, 2023 when monthly payments of \$41,940.18 including principal and interest began and continues for 68 months until the final balloon payment on December 10, 2028.</p> |                            |                              |              |
| Totals  | \$ 353,480                 | \$ 6,047,510                 | \$ 6,400,990 |

Note I - Administrative Services and Retirement Plan

Springmoor, Inc. reimburses Ammons Springmoor Associates, Inc. for employee costs. Ammons Springmoor Associates, Inc. participates in a qualified defined contribution retirement plan. This plan covers substantially all employees and allows a tax deferred contribution reimbursed by Springmoor, Inc. and an employee elective contribution with a matching provision. A participant's contribution may not exceed the maximum as determined by the Internal Revenue Code.

Administrative Services as shown on the Statement of Functional Expenses is made up of the following reimbursed amounts:

|                            | <u>December 31,<br/>2025</u> | <u>December 31,<br/>2024</u> |
|----------------------------|------------------------------|------------------------------|
| Salaries                   | \$ 16,903,313                | \$ 16,525,068                |
| Payroll taxes              | 1,199,222                    | 1,179,287                    |
| Workmen's compensation     | 653,233                      | 474,576                      |
| Retirement Plan            | 149,149                      | 142,379                      |
| Insurance                  | 1,774,932                    | 1,782,736                    |
| Staff gifts and incentives | 103,219                      | 102,829                      |
| Other staff expenses       | 32,628                       | 45,858                       |
| Total                      | \$ 20,815,696                | \$ 20,252,733                |

Continued -

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note J - Fair Value of Financial Instruments

The carrying value amounts of cash and cash equivalents, accounts receivable, accrued interest receivable and other current assets approximate fair value.

The carrying value of accounts payable and accrued expenses, deferred lease expense, wait list and refundable deposits, deferred revenue from advance fees and other accrued long term liabilities approximate fair value.

Note K - Concentration of Credit Risk

Springmoor, Inc. maintains deposits in excess of federally insured limits which are up to \$250,000. At December 31, 2025, and 2024, the uninsured cash balances totaled \$9,294,507 and \$7,251,894, respectively. Most of this amount was on deposit at First Citizens Bank with additional excess at First National Bank, Wells Fargo Bank and First Carolina Bank.

Note L - Endowment Fund

Periodically, residents of Springmoor and other interested parties contribute cash and other various assets to Springmoor Endowment Fund, Inc. to be used in the subsidy of individual residents of Springmoor, Inc., the operation of the life care retirement community, and for the enjoyment of its residents as determined by its independent board of directors. If any of these items are sold, the proceeds go into a special endowment account for the benefit of all Springmoor residents.

Note M - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

|                           | December 31,<br>2025 | December 31,<br>2024 |
|---------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 7,808,205         | \$ 8,487,305         |
| Accounts receivable       | 371,677              | 383,766              |
| Total                     | \$ 8,179,882         | \$ 8,871,071         |

As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in Money Market Funds.

At December 31, 2024, the Organization included Certificates of Deposits in financial assets available for general expenditure. At December 31, 2025, the Organization did not include the Certificates of Deposit in the funds available for general expenditure since it used these amounts to partially fund the Statutory Operating Reserve as required by the NC General Statutes and as discussed in Notes B and O.

Note N - Management Agreement

On December 5, 2017, Springmoor, Inc. entered into a management agreement with Ammons Springmoor Associates, Inc. This management agreement was for the period beginning January 1, 2018 through December 31, 2025. This agreement called for a management fee of \$750,000 per year to be paid \$62,500 monthly. For the calendar year ended 2025, this fee amounted to 1.98% of operating revenue. For the calendar year ended 2024, this fee amounted to 2.09% of operating revenue. As explained in Note O, the agreement was extended for a six month period on December 16, 2025.

Continued-

SPRINGMOOR, INC.  
NOTES TO FINANCIAL STATEMENTS - CONTINUED  
DECEMBER 31, 2025 and 2024

Note O - Subsequent Events and Contingency

The Organization has evaluated subsequent events through May 28, 2026, in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

As discussed in Note B, Springmoor, Inc. did not meet the new requirements for the Statutory Operating Reserve at December 31, 2025. On May 19, 2026, the letter of credit from First Citizens Bank in the amount of \$13,000,000 was granted and represents a contingent liability for Springmoor, Inc. The fee paid to First Citizens Bank to secure this letter of credit was \$65,000 and was paid on May 19, 2026. The promissory note supporting the letter of credit is a line of credit in the amount of \$13,000,000 that has a maturity date of May 20, 2027. The line of credit may only be used for the purpose of satisfying Springmoor's obligation under the letter of credit. If any amounts are advanced on this line of credit, interest will accrue at 2 percent above the 30-Day Average Secured Overnight Financing Rate and will be payable monthly on the 20th day of each month. All principal and unpaid interest will be due and payable on May 20, 2027. This line of credit is secured by the guarantees of Springmoor, Inc.'s landlords, Ammons, Inc. and Ammons-Springmoor Assoc., LLC and the real estate owned by each entity.

On December 16, 2025, Springmoor, Inc. amended the management agreement that was set to expire on December 31, 2025. This amendment was an extension of the then existing agreement for six months ending June 30, 2026 under the same terms.

In 2026, Springmoor has been working with its landlords to enter into new leases for its land and buildings and to amend the existing terms of the Notes Receivable owed by each.

## SUPPLEMENTARY INFORMATION

SPRINGMOOR, INC.  
SCHEDULES OF SUPPORT  
FOR THE CALENDAR YEARS ENDED DECEMBER 31, 2025 AND 2024

| Unrestricted Net Assets<br>Support                  | December 31,<br>2025 | December 31,<br>2024 |
|---|----------------------|----------------------|
| Equity Revenues                                     |                      |                      |
| Application fees                                    | \$ 34,400            | \$ 46,800            |
| Entrance fees                                       | 5,727,269            | 5,598,731            |
| Residence rental fees                               | 1,100                | 13,230               |
| Interest income                                     | 3,534,108            | 3,520,558            |
| Total equity revenues                               | <u>9,296,877</u>     | <u>9,179,319</u>     |
| Operating Revenues                                  |                      |                      |
| Monthly service fees                                | 34,596,633           | 32,738,672           |
| Homecare and wellness income                        | 1,167,701            | 1,048,368            |
| Rental income                                       | 71,699               | 61,250               |
| Convenience store income                            | 55,505               | 59,313               |
| Hair style shop income                              | 165,457              | 171,746              |
| Food service income                                 | 214,142              | 197,358              |
| Vending commissions                                 | 646                  | 694                  |
| Miscellaneous income                                | 401,652              | 316,127              |
| Guest fees - rooms                                  | 118,578              | 118,612              |
| Medical supplies, drug,<br>and other reimbursements | 158,659              | 194,890              |
| Activities reimbursed                               | 46,647               | 41,164               |
| Transportation reimbursed                           | -                    | 20                   |
| Building and grounds reimbursed                     | 280,381              | 293,595              |
| Springmoor Endowment Fund reimbursed                | 244,425              | 291,165              |
| Contributions                                       | 130,281              | 81,825               |
| Interest and dividend income                        | 167,518              | 335,941              |
| Total operating revenues                            | <u>37,819,924</u>    | <u>35,950,740</u>    |
| Total revenues                                      | <u>\$ 47,116,801</u> | <u>\$ 45,130,059</u> |

The accompanying notes are an integral part of these financial statements.  
See independent auditors' report.

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

### SPRINGMOOR, INC. Forecasted Financial Statements

For the Calendar Years Ending  
December 31, 2026, 2027, 2028, 2029 and 2030

Springmoor, Inc.

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Accountants' Compilation Report

Exhibits

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|-----|--|
| "A" | Forecasted Statements of Financial Position                                |
| "B" | Forecasted Statements of Activities and Changes in Net Assets or (Deficit) |
| "C" | Forecasted Statements of Cash Flows  |

Summary of Significant Forecast Assumptions and Accounting Policies

# JAMES A. LUCAS AND COMPANY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

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Board of Directors  
Springmoor, Inc.  
Raleigh, North Carolina

Management is responsible for the accompanying forecast of Springmoor, Inc., which comprises the forecasted statements of financial position as of December 31, 2026 through December 31, 2030 and the forecasted statements of activities and cash flows for the calendar years then ending, including the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed the 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 forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this forecast.

The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Sincerely,

James A. Lucas and Company, LLP

James A. Lucas and Company, LLP

Certified Public Accountants

Raleigh, North Carolina

May 29, 2026

Springmoor, Inc.  
Forecasted Statements of Financial Position  
As of December 31, 2026 through 2030  
(Dollars in thousands)

|  | December 31,<br>2026 | December 31,<br>2027 |
|--|----------------------|----------------------|
| <u>Assets</u>  |                      |                      |
| <u>Current Assets</u>                                  |                      |                      |
| Operating cash and cash equivalents                    | \$ 5,215             | \$ 4,504             |
| Accounts Receivable                                    | 372                  | 372                  |
| Notes receivable-current portion                       | 361                  | 398                  |
| Prepaid Expenses                                       | 227                  | 227                  |
| Inventory  | 9                    | 9                    |
| Total Current Assets                                   | 6,184                | 5,510                |
| <u>Restricted Assets</u>                               |                      |                      |
| Operating reserves - Invested Cash                     |                      |                      |
| Certificates of Deposit                                | 2,276                | 2,276                |
| <u>Fixed Assets</u>                                    |                      |                      |
| Buildings and building improvements                    | 32,243               | 32,956               |
| Furniture and equipment and vehicles                   | 8,774                | 9,883                |
| Less accumulated depreciation                          | (17,097)             | (18,425)             |
| Total Net Fixed Assets                                 | 23,920               | 24,414               |
| <u>Other Assets</u>                                    |                      |                      |
| Investment-Unity Senior Care Group                     | 20                   | 20                   |
| Notes receivable-Noncurrent portion                    | 34,819               | 34,421               |
| Right-of-use assets                                    | 106,630              | 102,511              |
| UMIC subscribers savings account                       | 185                  | 185                  |
| Total Other Assets                                     | 141,654              | 137,137              |
| Total Assets   | \$ 174,034           | \$ 169,337           |
| <br><u>Liabilities and Fund Balance</u>                |                      |                      |
| <u>Current Liabilities</u>                             |                      |                      |
| Accounts payable                                       | \$ 1,283             | \$ 1,283             |
| Notes payable-Current portion                          | 328                  | 326                  |
| Waiting list deposits                                  | 5,899                | 5,899                |
| Lease liability-right of use assets-current portion    | 1,500                | 2,018                |
| Total Current Liabilities                              | 9,010                | 9,526                |
| <br><u>Long-Term Liabilities</u>                       |                      |                      |
| Notes payable-Noncurrent portion                       | 6,318                | 6,392                |
| Refundable advance fees                                | 37,248               | 37,248               |
| Lease liability-right of use assets-noncurrent portion | 106,612              | 104,594              |
| Deferred revenue from advance fees-nonrefundable       | 30,302               | 30,057               |
| Total Long-Term Liabilities                            | 180,480              | 178,291              |
| Total Liabilities                                      | 189,490              | 187,817              |
| <br><u>Net Assets or Deficit</u>                       |                      |                      |
| Without Donor restrictions                             | (15,459)             | (18,483)             |
| With Donor Restrictions                                | 3                    | 3                    |
| Total Liabilities and Net Asset (Deficit)              | \$ 174,034           | \$ 169,337           |

See accompanying summary of significant forecast assumptions and accounting policies.

Exhibit "A"

| December 31,<br>2028 | December 31,<br>2029 | December 31,<br>2030 |
|----------------------|----------------------|----------------------|
| \$ 3,815             | \$ 2,941             | \$ 2,045             |
| 372                  | 372                  | 372                  |
| 439                  | 484                  | 533                  |
| 227                  | 227                  | 227                  |
| 9                    | 9                    | 9                    |
| <u>4,862</u>         | <u>4,033</u>         | <u>3,186</u>         |
| 2,276                | 2,276                | 2,276                |
| 33,611               | 34,213               | 34,601               |
| 10,943               | 11,683               | 12,587               |
| (19,861)             | (21,383)             | (23,007)             |
| <u>24,693</u>        | <u>24,513</u>        | <u>24,181</u>        |
| 20                   | 20                   | 20                   |
| 33,982               | 33,498               | 32,965               |
| 98,229               | 93,730               | 88,956               |
| 185                  | 185                  | 185                  |
| <u>132,416</u>       | <u>127,433</u>       | <u>122,126</u>       |
| <u>\$ 164,247</u>    | <u>\$ 158,255</u>    | <u>\$ 151,769</u>    |
| \$ 1,283             | \$ 1,283             | \$ 1,283             |
| 574                  | 602                  | 632                  |
| 5,899                | 5,899                | 5,899                |
| 2,599                | 3,249                | 3,977                |
| <u>10,355</u>        | <u>11,033</u>        | <u>11,791</u>        |
| 6,167                | 5,641                | 5,009                |
| 37,248               | 37,248               | 37,248               |
| 101,995              | 98,746               | 94,769               |
| 29,812               | 29,567               | 29,322               |
| <u>175,222</u>       | <u>171,202</u>       | <u>166,348</u>       |
| 185,577              | 182,235              | 178,139              |
| (21,333)             | (23,983)             | (26,373)             |
| 3                    | 3                    | 3                    |
| <u>\$ 164,247</u>    | <u>\$ 158,255</u>    | <u>\$ 151,769</u>    |

Springmoor, Inc.  
Forecasted Statements of Activities and Changes in Net Assets or (Deficit)  
For the Calendar Years Ending December 31, 2026 through 2030  
(Dollars in thousands)

|  | December 31,<br>2026 | December 31,<br>2027 |
|--|----------------------|----------------------|
| <u>Net Assets without Donor Restrictions</u>                 |                      |                      |
| <u>Revenues, Gains, and Other Support</u>                    |                      |                      |
| Entrance fees  | \$ 5,824             | \$ 5,824             |
| Application fees   | 34                   | 34                   |
| Investment income  | 3,699                | 3,672                |
| Monthly Service Fees - Units                                 | 23,435               | 24,806               |
| Monthly Service Fees - Health Center                         | 13,186               | 13,957               |
| Operating Income & Leases                                    | 1,900                | 2,011                |
| Reimbursed Income  | 770                  | 813                  |
| Miscellaneous Income   | 81                   | 85                   |
| Contributions  | 130                  | 130                  |
| Gain on termination of leases                                | 5,213                |                      |
| Net assets released from restrictions                        | -                    | -                    |
| Total Revenues   | 54,272               | 51,332               |
| <u>Expenses and Losses</u>                                   |                      |                      |
| Lease  | 6,746                | 14,425               |
| Interest   | 175                  | 175                  |
| Depreciation   | 1,178                | 1,328                |
| General Operations   | 7,358                | 7,763                |
| Administration   | 1,897                | 2,001                |
| Stewart Health Center  | 7,761                | 8,188                |
| Clinic   | 801                  | 845                  |
| Food Service   | 7,602                | 8,020                |
| Building & Grounds Maintenance                               | 5,217                | 5,503                |
| Housekeeping   | 2,172                | 2,291                |
| Security   | 924                  | 975                  |
| Activities and Hair Style Shop                               | 781                  | 824                  |
| Marketing  | 817                  | 862                  |
| Homecare   | 1,096                | 1,156                |
| Total Expenses   | 44,525               | 54,356               |
| Increase (Decrease) in Net Assets without Donor Restrictions | 9,747                | (3,024)              |
| <u>Net Assets with Donor Restrictions</u>                    |                      |                      |
| Net assets released from restrictions                        | -                    | -                    |
| Increase (Decrease) in Net Assets                            | 9,747                | (3,024)              |
| Net Assets (Deficit) at Beginning of Year                    | (25,203)             | (15,456)             |
| Net Assets (Deficit) at End of Year                          | \$ (15,456)          | \$ (18,480)          |

See accompanying summary of significant forecast assumptions and accounting policies.

Exhibit "B"

| December 31,<br>2028 | December 31,<br>2029 | December 31,<br>2030 |
|----------------------|----------------------|----------------------|
| \$ 5,824             | \$ 5,824             | \$ 5,824             |
| 34                   | 34                   | 34                   |
| 3,635                | 3,594                | 3,549                |
| 26,257               | 27,793               | 29,419               |
| 14,774               | 15,638               | 16,553               |
| 2,129                | 2,253                | 2,385                |
| 857                  | 905                  | 954                  |
| 90                   | 95                   | 100                  |
| 130                  | 130                  | 130                  |
| -                    | -                    | -                    |
| 53,730               | 56,266               | 58,948               |
| 14,425               | 14,425               | 14,425               |
| 177                  | 326                  | 298                  |
| 1,436                | 1,522                | 1,624                |
| 8,189                | 8,640                | 9,115                |
| 2,111                | 2,227                | 2,350                |
| 8,638                | 9,113                | 9,614                |
| 892                  | 941                  | 993                  |
| 8,461                | 8,926                | 9,417                |
| 5,806                | 5,998                | 6,328                |
| 2,418                | 2,550                | 2,691                |
| 1,029                | 1,085                | 1,145                |
| 869                  | 917                  | 968                  |
| 909                  | 959                  | 1,012                |
| 1,220                | 1,287                | 1,358                |
| 56,580               | 58,916               | 61,338               |
| (2,850)              | (2,650)              | (2,390)              |
| -                    | -                    | -                    |
| (2,850)              | (2,650)              | (2,390)              |
| (18,480)             | (21,330)             | (23,980)             |
| \$ (21,330)          | \$ (23,980)          | \$ (26,370)          |

Springmoor, Inc.  
Forecasted Statements of Cash Flows  
For the Calendar Years Ending December 31, 2026 through 2030  
(Dollars in thousands)

|  | <u>December 31,</u><br><u>2026</u> | <u>December 31,</u><br><u>2027</u> |
|--|------------------------------------|------------------------------------|
| Cash Flows from Operating Activities   |                                    |                                    |
| Increase (Decrease) in Net Assets  | \$ 9,747                           | \$ (3,024)                         |
| Adjustments to reconcile increase in net assets<br>to net cash provided by operating activities: |                                    |                                    |
| Depreciation   | 1,178                              | 1,328                              |
| Gain on termination of lease   | (5,213)                            | -                                  |
| Proceeds from non-refundable entrance fees   | 5,579                              | 5,579                              |
| Amortization of entrance fees  | (5,824)                            | (5,824)                            |
| Decrease (Increase) in prepaid expenses  | 701                                | -                                  |
| Decrease in right-of-use assets  | 4,241                              | 4,119                              |
| (Decrease) Increase in deferred lease<br>expense payable   | (8,397)                            | -                                  |
| Operating lease liability  | <u>(2,914)</u>                     | <u>(1,500)</u>                     |
| Net cash flow from operating activities  | (902)                              | 678                                |
| Cash Flows from Investing Activities   |                                    |                                    |
| Principal received on notes receivable   | 140                                | 362                                |
| Purchase of fixed assets   | <u>(1,813)</u>                     | <u>(1,823)</u>                     |
| Net cash flow from investing activities  | (1,673)                            | (1,461)                            |
| Cash Flows from Financing Activities   |                                    |                                    |
| Loan Proceeds  | 310                                | 400                                |
| Principal payments on loans  | <u>(328)</u>                       | <u>(328)</u>                       |
| Net cash flow from financing activities  | <u>(18)</u>                        | <u>72</u>                          |
| Increase (Decrease) in cash  | (2,593)                            | (711)                              |
| Cash and cash equivalents - beginning of year  | <u>7,808</u>                       | <u>5,215</u>                       |
| Cash and cash equivalents - end of year  | <u>\$ 5,215</u>                    | <u>\$ 4,504</u>                    |
| Supplemental disclosure of cash flow information   |                                    |                                    |
| Cash paid during the year for:   |                                    |                                    |
| Interest   | <u>\$ 175</u>                      | <u>\$ 175</u>                      |

See accompanying summary of significant forecast assumptions and accounting policies.

Exhibit "C"

| December 31,<br>2028 | December 31,<br>2029 | December 31,<br>2030 |
|----------------------|----------------------|----------------------|
| \$ (2,850)           | \$ (2,650)           | \$ (2,390)           |
|                      |                      |                      |
| 1,436                | 1,522                | 1,624                |
| -                    | -                    | -                    |
| 5,579                | 5,579                | 5,579                |
| (5,824)              | (5,824)              | (5,824)              |
| -                    | -                    | -                    |
| 4,282                | 4,499                | 4,774                |
| -                    | -                    | -                    |
| <u>(2,018)</u>       | <u>(2,599)</u>       | <u>(3,249)</u>       |
| 605                  | 527                  | 514                  |
|                      |                      |                      |
| 398                  | 439                  | 484                  |
| <u>(1,716)</u>       | <u>(1,341)</u>       | <u>(1,292)</u>       |
| (1,318)              | (902)                | (808)                |
|                      |                      |                      |
| 350                  | 75                   | -                    |
| <u>(326)</u>         | <u>(574)</u>         | <u>(602)</u>         |
| 24                   | (499)                | (602)                |
|                      |                      |                      |
| (689)                | (874)                | (896)                |
|                      |                      |                      |
| <u>4,504</u>         | <u>3,815</u>         | <u>2,941</u>         |
| <u>\$ 3,815</u>      | <u>\$ 2,941</u>      | <u>\$ 2,045</u>      |
|                      |                      |                      |
| <u>\$ 177</u>        | <u>\$ 326</u>        | <u>\$ 298</u>        |

Springmoor, Inc.  
Summary of Significant Forecast Assumptions and Accounting Policies  
December 31, 2026 through 2030

Note A - Nature of the Forecasts

These financial forecasts present, to the best of management's knowledge and belief, the Company's expected financial position, activities, and cash flows for the forecast periods. Accordingly, the forecasts reflect its judgment as of May 29, 2026, the date of these forecasts, of the expected conditions and its expected courses of action. A strategic plan has been developed and has been incorporated into these forecasts. The assumptions disclosed herein are those that management believes significant as of May 29, 2026. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Management's purpose in releasing this financial projection is for inclusion in the Corporation's disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose.

Note B - General Accounting Policies

General Matters. Springmoor, Inc. was created in May, 1983, as a nonprofit organization to serve as a modified life care retirement community.

Basis of Accounting. Springmoor operates and maintains its books and records on the accrual basis of accounting in accordance with generally accepted accounting principles.

Fixed Assets. Fixed assets are being depreciated using the Straight Line Method with useful lives ranging from 5 to 39 years. Fixed assets consist of equipment, furnishings, vehicles and building additions and improvements as reflected on Exhibit "A".

As explained below, Springmoor leases its real estate from Ammons-Springmoor Assoc., LLC and Ammons, Inc. Springmoor has made leasehold improvements to these buildings over the years including a renovation and addition of a wellness center in the South Village Building. In addition, in 1998, Springmoor, Inc. built a building to provide additional private rooms for skilled nursing. Springmoor is in the process of renovating its health center and expects completion in 2028.

Springmoor, Inc. has developed a strategic plan which includes a projection of major building and equipment expenses. This plan has been incorporated into this financial projection. Some of the projected expenditures have been capitalized and are reflected in fixed assets on Exhibit "A". Those assets include building improvements, a major kitchen renovation, and a major renovation to the Health Center which are being depreciated over 39 years, and equipment which is being depreciated over 5 years.

Lease Payments. Springmoor leases its land and most nonresidential buildings from Ammons, Inc. and most residential buildings from Ammons-Springmoor Assoc., LLC. Springmoor, Inc and the landlords are in the process of amending and restating the leases for all land and buildings and these forecasted financials use the leases that are expected to be signed and begin on July 1, 2026.

Cash and Cash Equivalents. For purposes of these financial statements, cash and cash equivalents is defined as cash and other known amounts readily convertible into cash in three months or less with no significant change in value.

Continued -

Springmoor, Inc.  
Summary of Significant Forecast Assumptions and Accounting Policies-Continued  
December 31, 2026 through 2030

Note B - General Accounting Policies - continued

Refundable Entrance Fees. Springmoor has various types of entrance fee agreements that it offers its residents. Under certain of these agreements, a portion of each resident's entrance fee may be refundable after the resident terminates his residence at Springmoor, Inc. For fifty percent life equity contracts, after 25 months of residence, fifty percent of the initial fee is refunded within thirty days after the residence covered by the agreement is reoccupied and residence at Springmoor is terminated. For one hundred percent life equity contracts, should the resident withdraw or decease after ninety days from the effective date of residence, the entire Life Equity Fee will be returned the later of six years following the effective date of residence or within thirty days after the residence covered by the agreement is reoccupied and residence at Springmoor is terminated. The refundable portion of these entrance fees is being accounted for in accordance with FASB ASU No. 2014-9. Since these refundable fees are not limited to the proceeds of reoccupancy, they are recorded as a liability on Exhibit "A".

Note C - Statement of Significant Assumptions

Entry Fees. Cash flow from entrance fees is calculated using a three year rolling average of amounts received during 2023 through 2025. Residence and Care Fees are expected to increase during the forecast period in response to local real estate appreciation. No major increase or decrease in entrance fees is expected over the next few years and the Community expects the resident contract choices to be similar to those on December 31, 2025. The amortization of the entrance fees previously received is expected to remain constant and is being amortized into income under the requirements set out in ASU 2014-9.

Monthly Service Fees. Monthly service fees are expected to increase 5.85% each year due to inflation.

Lease Expense. Springmoor, Inc. is in the process of amending its leases for the residential and nonresidential land and buildings. These amendments are expected to replace the current leases. The deferral of lease payments allowed under the prior leases and agreement with the landlords will no longer apply. These leases are expected to be signed and in place on July, 1, 2026 and are used in the calculations in these forecasted financial statements.

Springmoor, Inc. adopted ASU 2016-02 Leases (Topic 842) on January 1, 2022. The Organization recognizes as right-of-use asset and lease liability on the balance sheet under this standard for leases lasting longer than 12 months. Lease expenses are expected to increase 3 percent per year for the next five years.

Interest and Debt Service. Springmoor is in the process of renovating the Health Center at a projected cost of \$9,000,000. This projection assumes that \$7,800,000 will be financed at 2.62% over 20 years with a balance in December, 2028 that will be refinanced at 5 percent with a projected payment of \$75,000 per month including interest and principal.

Continued -

Springmoor, Inc.  
 Summary of Significant Forecast Assumptions and Accounting Policies-Continued  
 December 31, 2026 through 2030

Note C - Statement of Significant Assumptions - continued

Future Service Obligation. An actuarial study completed in early 2026, found that based on assumptions regarding future population and financial activity, the present value of Springmoor's current and future resources is adequate to cover future contractual obligations for all current residents, as defined by the AICPA in the Health Care Audit Guide and therefore no obligation for future services has been accrued.

General Operations & Departmental Operations. An increase in cost of doing business of 5.5% per year is assumed. Major building and equipment expenses are expected to increase by 5.5% per year. Food service costs are expected to increase by 5.5% per year.

Cash Reserves. Springmoor expects to maintain cash reserves at approximately the present levels.

Note D - Requirement for N.C. General Statute 58-64A

Springmoor Life Care Retirement Community projects total operating costs as required by N. C. General Statute 58-64A. As defined by this statute, operating costs include total operating expenses as well as debt service (principal and interest) for the facility along with other adjustments required by Department of Insurance but excludes depreciation.

General Statute 58-64A requires that a facility maintaining at least 90% occupancy maintain a 25% operating reserve. The required reserve at the end of each year is projected as follows:

| <u>Year</u>            | <u>Total<br/>Operating<br/>Costs</u> | <u>Required<br/>Operating<br/>Reserve</u> |
|------------------------|--------------------------------------|---|
| (Dollars in thousands) |                                      |   |
| 2026                   | \$ 52,071                            | \$ 13,018                                 |
| 2027                   | \$ 53,356                            | \$ 13,339                                 |
| 2028                   | \$ 55,470                            | \$ 13,868                                 |
| 2029                   | \$ 57,968                            | \$ 14,492                                 |
| 2030                   | \$ 60,316                            | \$ 15,079                                 |

Springmoor, Inc. has Certificates of Deposit to partially fund this reserve. In addition, First Citizens Bank granted Springmoor, Inc. a letter of credit in the amount of \$13,000,000 on May 19, 2026 to satisfy the Statutory Operating Reserve as allowed by the NC General Statutes and as approved by the North Carolina Commissioner of Insurance. This letter of credit will be renewed annually as needed.

Continued -

Springmoor, Inc.  
Summary of Significant Forecast Assumptions and Accounting Policies-Continued  
December 31, 2026 through 2030

Note E - Restricted Asset

Under General Statute 58-64A as mentioned in Note D, Springmoor is required to maintain a 25% operating reserve. As shown on Exhibit "A" of this forecast, Springmoor uses its Certificates of Deposits to partially fund this requirement. These Certificates of Deposit are shown on Exhibit "A" as restricted assets. They are not shown as restricted under the net asset category since this restriction is not donor imposed as defined by Generally Accepted Accounting Principles.

Note F - Long-Term Debt and Interest Expense

Springmoor, Inc. entered into a loan agreement with First Citizens Bank dated May 27, 2021 to pay for the health center renovation. The note was modified on June 6, 2022. The principal amount of the note is \$7,800,000 to be advanced as the project moves forward. During the initial phase, interest only was paid on the outstanding balance monthly at the rate of 2.62%. Beginning on April 10, 2023, principal and interest payments of \$41,940.18 were required monthly for 68 consecutive months with the entire balance maturing on December 10, 2028. As explained in Note C, for purposes of these forecasted financial statements, the Organization assumes the note will be refinanced at 5 percent with monthly payments including principal and interest of \$75,000 per month for 48 months..

The following table presents the assumed annual debt service during the forecast period and thereafter.

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total<br/>Payments</u> |
|-------------|------------------|-----------------|---------------------------|
| 2026        | \$ 328           | \$ 175          | \$ 503                    |
| 2027        | 328              | 175             | 503                       |
| 2028        | 326              | 177             | 503                       |
| 2029        | 574              | 326             | 900                       |
| 2030        | 602              | 298             | 900                       |
| Thereafter  | 5,642            | 521             | 6,163                     |
| Total       | <u>\$ 7,800</u>  | <u>\$ 1,672</u> | <u>\$ 9,472</u>           |

Note G -Leases

As explained in Note C, Springmoor recognizes a right-of-use (ROU) asset and lease liability for its operating leases as shown on Exhibit A of these forecasted financial statements. The forecasted lease expense for the period covered by these financial statements is shown on Exhibit B.

In 2026, Springmoor, Inc. expects to terminate its lease for its land and buildings and to enter into new leases effective July 1, 2026. These financial statements have incorporated the new leases as of that date resulting in a gain on the termination of the previous leases and related right-of-use assets and the addition of the new leases along with the updated values of the right-of-use assets as calculated under Generally Accepted Accounting Principles ASU 2016-02. As a part of that calculation, the organization recognizes lease expense equally over the period of the lease rather than as lease payments are made. This results in lease expense on Exhibit "C" greater than actual amounts due and paid under the lease and lesser amounts reducing the value of the right-of-use assets during the early years of the lease.

Continued-

Springmoor, Inc.  
Summary of Significant Forecast Assumptions and Accounting Policies-Continued  
December 31, 2026 through 2030

Note H-Contingent Liability

As explained in Note D, First Citizens Bank granted the Organization a letter of credit in the amount of \$13,000,000 in May, 2026 to meet the requirements of the NC General Statutes to maintain a Statutory Operating Reserve. First Citizens Bank and Springmoor, Inc. have a promissory note in the amount of \$13,000,000 in the form of a line of credit to support the letter of credit. The line of credit may only be used for the purpose of satisfying Springmoor's obligation under the letter of credit should the need arise. Both the letter of credit and the line of credit mature on May 20, 2027. Springmoor, Inc. expects to renew both annually.

## Appendix C — Statement of Actuarial Opinion



415 Main Street  
Reisterstown, MD 21136-1905  
410-833-4220  
410-833-4229 (fax)  
[www.continuingcareactuaries.com](http://www.continuingcareactuaries.com)

May 15, 2026

Mrs. DeShawn Redmon  
Controller  
Springmoor Life Care Retirement Community  
1500 Sawmill Road  
Raleigh, NC 27615

**Re:        *Future Services Obligation Calculation as of December 31, 2025***

Dear DeShawn:

Continuing Care Actuaries was retained by Springmoor Life Care Retirement Community ("Springmoor") to assist management in calculating their Obligation to Provide Future Services and the Use of Facilities to Current Residents (the "Obligation") as defined by the AICPA Health Care Audit Guide. This calculation was done as of December 31, 2025. In addition to the Future Service Obligation calculation, Continuing Care Actuaries has performed, with input from Springmoor representatives, the calculation of unamortized deferred revenue and the amortization of deferred revenue from entry fees for fiscal year ending 2025.

In the course of our study we received the following information from Springmoor:

- Community description and configurations;
- Current residential entrance, monthly service and auxiliary fees;
- Current year budget information;
- Prior year's audited financial statement and current year's unaudited financial statement;

- Long term debt schedules; and
- Data containing demographic and financial information for current and prior residents.

Our study was conducted in a manner consistent with the Code of Professional Conduct and the Qualification Standards of the American Academy of Actuaries, and the Standards and Practice of the Actuarial Standards Board.

### Limitations and Usage

The study includes projections of future experience at Springmoor. While at present we consider the methodology and underlying assumptions used to project such values as reasonable and appropriate, the actual realization of the projected amounts depends on events and environmental influences that are beyond the control of Springmoor and Continuing Care Actuaries. Therefore, actual experience may vary, perhaps materially, from the values included in this report.

The analyses and results herein are dependent upon the accuracy of the data and representations as provided by management representatives of Springmoor. The data was used without verification or audit. While we cannot certify as to the completeness of the data supplied, we have, however, performed the amount of due diligence that we consider appropriate to conclude as to the general reasonableness thereof.

The report includes analyses and perspective as well as numerical calculations and results. It is intended for use by Springmoor management only and should be used only in its entirety. Any other use of this report is restricted to that as approved by Continuing Care Actuaries.

### Background

Springmoor is a non-profit, Fee-For-Service, continuing care retirement community located in Raleigh, North Carolina. Springmoor provides independent living care in 388 units consisting of apartments, villas and houses. In addition, Springmoor has a total of 191 licensed beds in the health

care center. Currently, they are allocated by 18 assisted living / memory support beds and 173 skilled nursing beds.

The basic cost of residence at Springmoor consists of the initial entrance fee and the monthly fee. Residents requiring permanent or temporary health care can transfer to assisted living or skilled nursing beds as determined appropriate by Springmoor medical and management staff in conjunction with residents and their physicians and family. Collectively, monthly service fees and entrance fees are intended to cover the cost of constructing and operating the facilities and providing health care and other services to continuing care residents, as well as a portion of all other costs related to the operation of the facility. Entrance fees are held by Springmoor subject to refund requirements.

Currently, Springmoor offers three refundable contracts to new entrants: Life Occupancy Plan, 50% Refundable Plan and 100% Refundable Plan. All contracts are Type B. "When determination is made that a resident will require continuing inpatient care, he or she continues to pay only his or her monthly service fee until eligible days are exhausted. Thereafter, his or her monthly service fee will become the current Stewart Health Center Life Care rate." There is the 90-day probationary period for a full refund with the 14 days written notice of intent to terminate, after which refund will be issued based on the terms of the three refundable contracts upon re-occupancy of the independent living unit.

## Analysis

The assumptions for the number of deaths, transfers to assisted living / memory support and skilled nursing, and voluntary withdrawals are expressed in terms of the CCRC industry demographic transfer and mortality table. These assumptions are presented in the following table:

| <b>Mortality and Morbidity Assumptions</b>             |                 |              |              |                |
|--|-----------------|--------------|--------------|----------------|
| CCRC Industry Demographic Transfer and Mortality Table |                 |              |              |                |
|  | Age             |              |              |                |
|  | <u>Under 75</u> | <u>75-84</u> | <u>85-94</u> | <u>Over 95</u> |
| ILU Mortality  | 133%            | 133%         | 133%         | 133%           |
| ILU Transfer to ALU                                    | 32              | 32           | 32           | 32             |
| ILU Transfer to SNF                                    | 133             | 133          | 133          | 133            |
| ALU Mortality  | 127             | 127          | 127          | 127            |
| ALU Transfer to SNF                                    | 138             | 138          | 138          | 138            |
| SNF Mortality  | 133             | 133          | 133          | 133            |

The assumptions used herein represent a single set of assumptions. The use of alternative assumptions may produce results that differ, perhaps materially, from the results presented here. ILU corresponds to independent living care, ALU corresponds to assisted living care, and SNF corresponds to skilled nursing care.

## Unamortized Deferred Revenue

Under the new Audit Guide, refundable upon re-occupancy fees will no longer be amortized and will not be included in the calculation. These fees have been categorized as strictly refundable and should be reported as a liability.

The Audit Guide states that refundable entrance fees, to the extent that the refund is not dependent upon re-occupancy of the unit, should be accounted for as a liability. Although not strictly a component of unamortized deferred revenue, this liability at Springmoor as of December 31, 2025, is \$36,000,481.

The Audit Guide states that nonrefundable entrance fees should be accounted for as deferred revenue. This deferred revenue should be amortized into income over future periods based on the estimated life of the resident or contract term, whichever is shorter. The period of amortization should be adjusted annually based on the actuarially determined estimated remaining life expectancy of each

individual or joint and last survivor life expectancy of each group of residents occupying the same unit.

Continuing Care Actuaries' LifeCalc software was used to determine deferred revenue amounts as of December 31, 2025. The calculations were based on Springmoor' s resident census information and actuarially determined life expectancies. Life expectancies were calculated using actuarial methods and using the CCRC industry demographic transfer and mortality table as a base, with adjustments for actual community experience. The calculations recognize differences in age, sex, and health status among residents.

For residents entering the community during the fiscal year, the amount of deferred revenue amortized during the year ending December 31, 2025, is equal to the resident's nonrefundable entrance fee divided by the life expectancy determined for that year and multiplied by the fraction of the year that the resident lived in the community. The amount of unamortized deferred revenue as of December 31, 2025, for residents who entered the community during the fiscal year, is equal to the nonrefundable entrance fees paid less the related deferred revenue amortized during the year.

For residents entering the community prior to FY 2025, the amount of deferred revenue amortized during the year ending December 31, 2025, is equal to the resident's unamortized deferred revenue as of December 31, 2024 divided by the life expectancy determined for that year and multiplied by the fraction of the year that the resident lived in the community. The amount of unamortized deferred revenue as of December 31, 2025, for residents who entered the community prior to FY 2025, is equal to the balance of unamortized deferred revenue as of the beginning of the year less the related deferred revenue amortized during the year.

Continuing Care Actuaries has calculated the unamortized deferred revenue attributable to nonrefundable fees as of December 31, 2025, as \$30,547,441.

#### Obligation to Provide Future Services and the Use of Facilities to Current Residents (Future Service Obligation)

The Audit Guide states that the Future Service Obligation should be calculated annually in order to determine whether a liability should be reported in the financial statements. The liability related to continuing-care contracts for each facility equals:

- The present value of future net cash flows,
- Minus the balance of unamortized deferred revenue,
- Plus depreciation of facilities to be charged related to the contract,
- Plus unamortized costs of acquiring the related initial continuing-care contracts.

Cash inflow includes revenue contractually committed to support the residents and inflow resulting from monthly fees including anticipated increases in accordance with contract terms. Cash outflow includes operating expenses, including interest and excluding marketing and general and administrative expenses.

To calculate the estimated amount of future net cash flow, we used LifeCalc to project cash flow over a 30-year period based on actuarial methods. The mortality and permanent transfer assumptions documented previously were used to project the number of residents in Springmoor each year. Based on these demographic projections, the amount of monthly fees received in each year was projected based on the fee and inflation assumptions.

Per diem fees from non-ILU residents and interest income were not included as cash inflow. Expenses were projected based on inflation and allocation assumptions and the number of contractual residents in the community during each year.

Continuing Care Actuaries allocated the lease interest and principal of the Right of Use Asset shown on the balance to Springmoor's debt expense. The lease amortization expense was allocated to the Repairs & Maintenance category of the Operational Expenses.

Per the Audit Guide, optional service income may be included as cash inflow except for income relating to convenience store and beauty shop services. We have not included any optional services in the calculation of the Future Service Obligation.

The present value of cash outflow and inflow were determined for the community using an inflation rate of 3.0% and a discount rate of 5.0%. The present value of cash inflow was then subtracted from the present value of the cash outflow to determine the net cash flow.

The amount of depreciation related to current residents was determined by calculating an estimate of the depreciation charge in each future year related to the number of current residents at Springmoor. A level depreciation charge was assumed and allocated pro-rate among surviving current residents in each future year. These allocated charges in each future year were summed up to determine the total amount of depreciation related to current residents.

The Audit Guide states that the cost of acquiring initial continuing care contracts that are expected to be recovered from future contract revenues should be capitalized. Per Springmoor's representatives, no costs of acquiring continuing care contracts have been amortized.

## Results

Future Service Obligation was determined to be approximately (\$4,610,270) as of December 31, 2025, as shown in the Appendix. Since this is a liability calculation, the negative result represents an asset or surplus.

As the Audit Guide specifies that a continuing care retirement community should only include a Future Service Obligation amount in their financial statements if such amount is positive, Springmoor's resulting Future Service Obligation amount for financial statements purposes as of December 31, 2025, is \$0.

The results of our study are based on estimates of the demographic and economic assumptions of the most likely outcome. Considerable uncertainty and variability are inherent in such estimates. Accordingly, the subsequent emergence of actual resident movements and of actual revenues and expenses may not conform to the assumptions used in our analysis. Consequently, the subsequent development of these items may vary considerably from expected.

Management should scrutinize future developments that may cause the Future Service Obligation to increase. These developments include higher apartment vacancy rates, higher expense inflation, and higher nursing care utilization and longer life expectancies at all levels of care than assumed in the current projection.

Respectfully,



Dave Bond, F.S.A., M.A.A.A.

Managing Partner

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



**RESIDENCE  
AND CARE  
AGREEMENT**

This Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Springmoor, Inc., a North Carolina non-profit Corporation with its principal office in Raleigh, North Carolina, (hereinafter referred to as "Springmoor") and \_\_\_\_\_ (hereinafter referred to as "Resident")

Springmoor is a non-profit corporation organized for the purpose of providing housing, residential and health care services for people of retirement age. Springmoor operates a retirement community in Raleigh, North Carolina known as "Springmoor Life Care Retirement Community" for these purposes. "Springmoor is a private community based organization not affiliated with a religious or other charitable organization."

\_\_\_\_\_  \_\_\_\_\_ The Resident hereby acknowledges receipt of Springmoor's Disclosure Statement dated \_\_\_\_\_ .

\_\_\_\_\_  \_\_\_\_\_ The Resident promises to perform his obligations under the Agreement and to deposit his Residence and Care fee in the amount of \$ \_\_\_\_\_ according to the following schedule:

| <u>Date Due</u> | <u>Amount Due</u> | <u>Other Provisions</u> |
|-----------------|-------------------|-------------------------|
| _____           | _____             | _____                   |
| _____           | _____             | _____                   |
| _____           | _____             | _____                   |

\_\_\_\_\_  \_\_\_\_\_ The Resident hereby acknowledges receipt of Springmoor's Directory of Services and Resident manual.

The date that residence is offered is \_\_\_\_\_. The Resident may elect to defer occupancy provided the resident assumes responsibility for monthly service fees as follows:

| <u>Period of Deferred Occupancy</u>            | <u>Monthly Service Fee Prior To Occupancy</u> |
|--|---|
| Up to one month from date of offer             | None  |
| Second month from date of offer                | 25% of Monthly Service Fee                    |
| Third month from date of offer                 | 50% of Monthly Service Fee                    |
| Fourth month from date of offer and thereafter | 100% of Monthly Service Fee                   |

The effective date of residence is established by the Occupancy Receipt Form. This form will be attached to this agreement when completed.

The effective date of residence is the date that the Resident begins paying the full monthly service fee. This is also the date that Springmoor's Comprehensive Health Care Plan becomes effective and the date that amortization, if any, of Residence and Care fees begin. It is understood that the entire Residence and Care fee is refunded if the period from the effective date of residence to termination of residence is less than ninety (90) calendar days.

The resident(s) signing this Agreement may rescind this contract within thirty (30) days following the later of the execution of this Agreement or the receipt of a disclosure statement that meets the requirements of this section, and the resident(s) is not required to move into the facility before the expiration of the thirty (30) day period. If the resident does move into the facility during this thirty (30) day period and then elects to terminate residency also during this thirty (30) day period, their refund will not require re-occupancy of the unit they occupied.

If a resident dies before occupying a unit in the facility, or if, on account of illness, injury, incapacity, or financial impairment a resident would be precluded from occupying a unit in the facility under the terms of the contract, the contract is automatically canceled. Refunds for Residence and Care contracts terminated prior to occupancy, will be made within thirty (30) days of receipt of written notice of resident's death and court issued Letters Testamentary, or written notice of other circumstances precluding occupancy.

Springmoor may cancel this Agreement if the Resident fails to pay the Residence and Care fees or monthly service fees as stated above.

After acceptance of the Resident based on (1) the information provided by the Resident in the Application for Residence, (2) the medical information provided by the primary care physician in the Report of Medical Examination, and (3) personal interview when requested by Springmoor, Springmoor promises to provide accommodations and services at Springmoor Life Care Retirement Community, Raleigh, Wake County, North Carolina, subject to the terms and conditions set forth in this Agreement. Springmoor will notify the Resident when preliminary approval for Residence has been granted. Springmoor agrees to complete application for residence. Springmoor will also notify the Resident of final approval for residence within twenty days following receipt of the Report of Medical Examination.

1. Accommodations and Services

- a. Residence. The Resident will reside in Residential unit Number \_\_\_\_\_ which is a \_\_\_\_\_ herein after referred to as the "Residence," as shown on the plan of Springmoor. The Resident may not reassign the residential unit.
- b. Utilities. Springmoor will furnish water and sewage service, light, heat, electricity, air-conditioning, one television receiving system, and basic local telephone service. The Resident will pay for other telephone service.
- c. Meals. Springmoor will make available three meals per day. The Monthly Service Fee will include one nutritionally well-balanced meal each day. Additional meals will be available at published charges. Three meals per day will be included in the Monthly Service Fee for inpatients of the Health Center and Residents in the Supportive Living Center. Special diets requested by a physician will be provided at no additional cost. Food credit will be given for absences from Springmoor in excess of thirty (30) consecutive days.

- d. Medical. Medical and health care will be provided in accordance with the section entitled "Health Care."
- e. Furnishings. Springmoor will provide carpeting, draperies, and appliances applicable to the residence as described in Springmoor's current published literature. All other residence furnishings and furniture will be provided by the Resident.
- f. Housekeeping. Springmoor will provide cleaning of residence on a weekly basis, to include vacuuming, change of linen, and cleaning of bathroom facilities and kitchen facilities. Resident will maintain his residence in a clean, sanitary, and orderly condition. Resident will perform all usual light housekeeping. Additional maid or porter service will be scheduled at the request and expense of the Resident.
- g. Security. The residence will be equipped with automatic smoke and fire alarm systems and an emergency call system. Personnel will be available to respond to security and health emergency calls at all times.
- h. Maintenance, Repairs and Alterations. Springmoor will perform the necessary repairs, maintenance, and reasonable replacement of its own property and equipment. Repairs, maintenance, and replacement of Resident's property will be the responsibility of the Resident. Minor repairs to Resident's personal property may be provided at Resident's expense by Springmoor depending on availability of personnel. Any structural or physical change of any kind within the residence will be made only after approval by Springmoor. The cost of any change requested by the Resident will be borne by the Resident unless otherwise agreed upon in writing. The value of any such improvements will not be considered in computing refunds, and Springmoor will have vested ownership of such improvements. Redecoration of residence, in addition to or other than that scheduled by Springmoor, will require advance approval by Springmoor and will be at the Resident's expense.
- i. Common Facilities. Springmoor will maintain common areas, such as lounges, parlors, library, assembly areas, dining rooms, craft rooms, recreational facilities, elevators, hallways, stairways and passageways, in a safe, clean, and attractive manner at all times for the use and benefit of all residents. Springmoor will furnish basic groundskeeping service on the grounds, including lawn, tree, and shrubbery care. Residents may plant and maintain flowers, shrubs, and vegetables in areas designated by Springmoor.
- j. Storage. Springmoor will provide limited storage space for personal items other than that which is in the residential unit for apartments. Springmoor will not be obliged to furnish storage space other than that which is in the residential unit for individual houses and villas.
- k. Insurance. Springmoor will maintain insurance coverage for fire and extended hazards for Springmoor facilities and equipment. Resident will maintain fire and other insurance on his personal property including a minimum of \$350,000 of liability coverage.
- l. Activities. Springmoor will provide a program of recreation, craft and hobby opportunities, library facilities, and social activities, which will be designed to meet the physical, social, and psychological needs of residents for intellectual stimulation, companionship, and satisfaction.
- 2. Financial Provisions

The option in paragraph \_\_\_\_\_ below is included in this Agreement, and the option in paragraphs \_\_\_\_ and \_\_\_\_ below are excluded from this Agreement.

- a. \_\_\_\_\_  \_\_\_\_\_ Life Occupancy Fee. This fee, the amount of which is stated above as the Residence and Care is paid by the Resident as a condition of entrance into Springmoor, and Springmoor is thereby committed to provide life residence and care stipulated in this Agreement to the Resident. Springmoor reserves the right to apply these funds to an escrow account for future residence and care commitments of Springmoor, to apply these funds against capital indebtedness, or for any purpose deemed proper within the scope of its corporate charter.

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

Should the Resident withdraw or decease after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced four (4) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

After twenty-five (25) months of residence, the Life Occupancy Residence and Care fee is fully amortized to provide life care and there is no refund.

- b. \_\_\_\_\_  \_\_\_\_\_ 50 % Life Equity Fee. This fee, the amount of which is stated above as the Residence and Care Fee, is paid by the Resident as a condition of entrance into Springmoor, and Springmoor is thereby committed to provide life residence and care stipulated in this Agreement to the Resident. Springmoor reserves the right to apply these funds to an escrow account for future residence and care commitments of Springmoor, to apply these funds against capital indebtedness, or for any purpose deemed proper within the scope of its corporate charter.

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of this fee within thirty (30) days after the residence covered by this Agreement is reoccupied.

Should the Resident withdraw or decease after ninety (90) days from the effective date of residence but before twenty-five (25) months of residence, this fee is reduced two (2) percent a month from the effective date of residence. Springmoor will pay the computed refund within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

After twenty-five (25) months of residence, 50% of the Initial Fee is refunded within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

- c.  100% Life Equity Fee. This fee, the amount of which is stated above as the residence and Care Fee, is paid by the Resident as a condition of entrance into Springmoor, and Springmoor is hereby committed to provide life residence and care stipulated in this Agreement to the Resident. Springmoor reserves the right to apply these funds to an escrow account for future residence and care commitments of Springmoor, to apply these funds against capital indebtedness, or for any purpose deemed proper within the scope of its corporate charter.

It is agreed that there shall be a probationary period of ninety (90) days following the effective date of residence during which this Agreement may be canceled by either party. Notice of at least two (2) weeks must be given upon such cancellation. In the event of cancellation, Springmoor will refund to Resident the full amount of the 100% Life Equity Fee within thirty (30) days after the residence covered by this Agreement is reoccupied and residence at Springmoor is terminated.

Should the Resident withdraw or decrease after ninety (90) days from the effective date of residence, the entire Life Equity Fee will be returned the later of six (6) years following the effective date of residence or within thirty (30) days after the residence covered by this agreement is reoccupied and residence at Springmoor is terminated.

- d. Adjustments in Residence and Care Fee Refund. Any monthly service fee, financial subsidy, medical care expense not yet reimbursed, invoices, or other charges incurred but unpaid by the Resident will be deducted from the refundable Residence and Care Fee. Likewise, charges as may be required to cover the cost of repairs or replacement of Springmoor property caused by the Resident willfully or by neglect will be deducted from this refund. If there is no refundable Residence and Care fee, such outstanding charges will be entered as a claim against the Resident or his estate.
- e.  Monthly Service Fee. The Monthly Service Fee established and published for the residence and number of occupants covered by this Agreement is payable in advance upon occupancy and on the first day of each month thereafter. Springmoor will operate the facility consistent with sound practices and maintenance of the quality of care and services provided for herein. It is agreed that, if required by the cost of operations, the Resident's monthly service fee may be increased or decreased by Springmoor. In determining any change in monthly service fee, Springmoor will consider, among other things, changes in operating costs and cost of living. It will be the responsibility of the Resident to pay the adjusted monthly fee. Springmoor will give the Resident thirty (30) days notice of any such changes. The Monthly Service Fee in effect on the date of this Agreement for the residence and number of occupants covered by this Agreement is \$\_\_\_\_\_ When residence is terminated, the Resident or his estate shall continue to be responsible for monthly service fees through the date that the residential unit is vacated and accepted by Springmoor. After termination of residence, monthly service fees paid beyond the vacated and acceptance date are refunded to the Resident or the estate within thirty (30) days.
- f. Extra Charges. Resident will be invoiced monthly by Springmoor for any services or supplies obtained for and furnished to Resident which are not provided for hereunder in return for the regular Monthly Service Fee. Such invoices are payable by the first day of the month following the date of the invoice.

- g. Monthly Statement. Springmoor will furnish monthly statements to the Resident showing the amount due for the Monthly Service Fee and any other services which are chargeable to the Resident pursuant to this Agreement. The Resident will pay statements by the first of the month following the date of the statement.
- h. Failure to Make Payment. If the Resident fails to pay any of the Monthly Service Fees or incurred extra charges by the required time, Springmoor will provide a second monthly statement. If payment is not made by the twentieth of the month following the date of the initial statement, Springmoor will submit the amount due to the Guarantor of this Agreement. If the Resident or Guarantor does not pay the invoice within (20) days from the date it was submitted to the Guarantor, Springmoor may terminate this Agreement.
- i. Financial Assistance. It is understood by the parties that the Resident has sufficient assets at the present time to meet expected costs for subsistence and service. Without in any way qualifying the right of Springmoor to terminate this Agreement, it is a declared policy of Springmoor that a Resident shall not be dismissed nor his Residence and Care Agreement terminated solely because of the Resident's inability to pay the Monthly Service Fee due to circumstances beyond the control of the Resident that are not the result of the intentional conduct of the Resident.

In such event, the matter will be reviewed by Springmoor with the Resident. If the Resident presents to Springmoor facts which in Springmoor's opinion justify special financial consideration, Springmoor may at its option partially or wholly subsidize Resident's Monthly Service Fee provided such subsidy can be granted without impairing the ability of Springmoor to meet its commitments to all residents while operating on a sound financial basis. All determinations made by Springmoor shall be a confidential transaction between Springmoor and the Resident except for data that may be required by regulatory bodies.

In consideration of this policy, the Resident agrees that he will not make any gift of real or personal property for the purpose of evading his obligations under this Agreement.

Should Springmoor subsidize partly or wholly the Resident's Monthly Service Fees, Resident agrees that any Resident and Care Fee refund that is due or personal or real property owned by him is to be used first at his death to repay Springmoor an amount equal to the aggregate amount of subsidy furnished by Springmoor to the Resident during the period of residence.

- j. Financial Statement. Springmoor may from time to time request financial statements from any Resident whose monthly service fee is subsidized by Springmoor.

### 3. HealthCare

- a. Health Care Center. Springmoor agrees to provide and maintain a health center for medical and health care of residents. The health center will consist of an infirmary, special care rooms, nursing services, and will be staffed and equipped to certification standards of the Department of Human Resources.

Springmoor will provide scheduled hours for outpatient services for the care of all residents with minor illnesses or injuries and periodic physical examinations.

The Health Center will provide personnel who will respond to the emergency call system from each residence or to telephone calls for emergency assistance. The nursing staff

will determine the degree of assistance and care needed by the Resident and the best manner to render such care. The Resident is expected to go to the health center for all care, except emergency care.

Springmoor will provide short-term and continuing inpatient care of residents in the Health Center when requested by a physician or when the immediate need for inpatient care is determined by Springmoor. Inpatient accommodations will be provided in semi-private special care rooms. Should the Springmoor Health Center bed capacity be filled with Springmoor residents when the need for care arises, Springmoor will provide inpatient health care in another approved health care facility selected by Springmoor.

At the time residence commences in Springmoor and at the beginning of each calendar year thereafter, each resident will be credited with thirty (30) eligible days of inpatient care in the health center. In the case of a direct admission to the Health Center, eligible days can not be used until after 90 days of residence. A maximum of ninety (90) eligible days may be accumulated by each resident at any one time. Eligible days will not be transferred from one resident to another and will not be advanced by Springmoor or borrowed from another resident. Eligible days do not accumulate when a resident has become a continuing care patient in the Health Center.

When a resident with eligible days is a short-term inpatient in the Health Center, he continues to pay only his regular monthly service fee and pays no per diem fee for his inpatient care. When eligible days are exhausted, the short-term inpatient resident continues to pay the monthly service fee and 30% of the current Health Center daily rate.

When it is determined that a resident will require continuing inpatient care, they can use up to 30 accumulated eligible days and then must pay the full Health Center daily rate once they have exhausted them. The resident will also continue to pay the monthly service fee for their prior residence until vacated.

The resident, family and visitors shall follow Springmoor policy and procedures with respect to visiting hours, regard for other patients, cooperation with staff, and adherence to physicians orders. If Resident is transferred to a health or medical facility outside of Springmoor, he will continue to pay the monthly service fee for the last residence or health care unit he occupied on a continuing basis before the transfer.

- b. Springmoor Comprehensive Health Care Program. This program, hereinafter referred to as "CHCP", is available to all Springmoor residents who are 65+ years of age and who have Medicare Hospital Insurance - Part A, Medicare Medical Insurance - Part B, and a Medicare supplement or Medicare Part C Advantage Plan; or who are 65+ years of age, but do not have Medicare Parts A and B, but do have health insurance with major medical coverage that is acceptable by Springmoor; or who are under 65 years of age and due to disability have Medicare - Part A and Medicare - Part B and a Medicare supplement, or Medicare Part C Advantage Plan. Residents should also enroll in Medicare Part D drug coverage or another pharmacy drug plan of choice.
- (1) Physician Coverage. Springmoor will provide qualified physicians to give medical care to residents. Springmoor physicians will provide for their patients scheduled office hours, twenty-four hour a day emergency medical care coverage, medical care in Stewart Health Center and referral to other medical specialists when needed for total care. Residents may elect to use another physician of their choice provided the physician will provide the above described care coverage.

**Traditional Medicare:** Residents who opt for a traditional Medicare plan should also have supplemental insurance to help assist with the 20% co-insurance. The Springmoor staff will track to ensure bills have been filed to all insurance carriers on record using Insurance Pro-Track. When possible, this will be completed prior to payment being submitted.

In the event the physicians at Springmoor, or your outside physician, choose not to accept assignment with Medicare, the CHCP program will cover the Part B excess charges that are not covered by the resident's insurance after the 20% co-insurance is paid. The resident will be responsible for any deductible, denial, co-payment, co-insurance, or other charges not covered by insurance at 100%.

The Resident should also obtain a Medicare Part D Drug Plan.

**Medicare Advantage Plan:** Residents who opt for a Medicare Advantage Plan often have a copay for provider visits. Springmoor staff will track to ensure bills have been filed properly using Insurance Pro-Track. When possible, this will be completed prior to payment being submitted.

It will remain the responsibility of the resident to confirm their insurance is accepted by their medical providers and that the provider is in-network. The resident will be responsible for any deductible, denial, co-payment, co-insurance, or other charges not covered by insurance at 100%.

- (2) Hospital Care. Springmoor staff will review all bills provided associated with Hospital Care. They will ensure both primary and supplemental insurance have received all claims, and the amount owed is the accurate amount. Residents will be responsible for any denied charges, deductible, co-pay or co-insurance that may be required under the terms of their selected insurance.
  - (3) Surgeons and Other Specialists. Springmoor staff will review all bills provided associated with surgeons and other specialists. They will ensure both primary insurance and any supplemental insurance have received all claims, and the amount owed is the accurate amount. Residents will be responsible for any denied charges, deductible, co-pay or co-insurance that may be required under the terms of their selected insurance. Springmoor may ask residents to obtain a second opinion, when practical, in stances involving specialized medical care and surgery.
  - (4) Travel Outside of the United States. CHCP does not cover medical care or hospital care for residents while they are outside of the United States.
  - (5) Other Health Costs. The detailed list of exclusions is contained in the Medicare Handbook published by the Health Care Financing Administration. Springmoor CHCP will pay up to a lifetime limit of \$5,000.00 for psychiatric care that is not covered by Medicare, the required Medicare supplement, or third-party payers. Springmoor does not cover the cost of prescription drugs. Springmoor also limits coverage (e.g. length of coverage; dollar limits) where Medicare places limits. The limits are usually but not necessarily the same. Detailed information on Springmoor coverage and limitations is published periodically and provided by request.
- c. Residents Not Covered by Medicare and Springmoor CHCP. If Resident is not eligible for Medicare - Part A and B, he will carry health insurance with major medical provisions that

are acceptable to Springmoor. If the resident is under 65 years of age, medical care coverage and cost is limited to that defined in the approved health insurance policy. Premiums on such insurance will be paid by the Resident. When a Resident becomes eligible for and covered by Medicare - Parts A and B he must take out the required Medicare supplemental insurance or Medicare Part C Advantage Plan.

- d. Staff Assistance. Springmoor will assist Resident in filing Medicare and other insurance claims and in follow up of unpaid claims.
- e. Insurance. Residents will, if not already enrolled, secure Medicare Hospital Insurance under Part A, and secure and pay the premium for the Medicare Medical Insurance under Part B. The resident will also secure Medicare supplemental insurance which will pay as a minimum the Part A and Part B deductibles and any difference between the Medicare approved rate on the Medicare payment or enroll in a Medicare Part C Advantage Plan. If Resident is not eligible for Medicare coverage, Resident will apply for and maintain private health insurance coverage acceptable to Springmoor as indicated above.

Resident will authorize, as necessary, any provider of such hospitalization, medical, and other health services to receive reimbursement under all insurance required by Springmoor or insurance otherwise covering the resident. Resident will make, as necessary, assignments to providers of medical and other health services of all benefits accruing to Resident under these plans. If Resident is entitled to medical care by governmental agencies, he will make application for such care or payment. The Resident will make and deliver to Springmoor a limited Power of Attorney for the purpose of permitting and instructing Springmoor to act as the Resident's agent or attorney in fact in all matters relating to any such benefits.

Any insurance benefits paid from federal, state, or any other sources will, as between Springmoor and the Resident, be paid or credited first against any charge for hospital, medical, or other services involved; next, to reimburse to the Resident any payment made by the Resident for the service involved; and next, any balance to reimburse to Springmoor any payment made by and for such services, or for application on account of such service as Springmoor may direct.

- f. Examination. Springmoor will not pay any cost of treatment of any health condition not discovered or reported because of concealment or misrepresentation by the Resident or any person acting in concert with or on behalf of the Resident.
- g. Health Center Admission. Admissions as inpatients to the Health Center must be requested by a physician and must be approved by Springmoor when need is determined by Springmoor. Resident may be admitted for inpatient care not to exceed seventy-two (72) hours without a request by a physician.
- h. Use Of Private Duty Nurses, Nurses Aides, Sitters, Companions. Springmoor must approve the use of private duty staff and the individual staff member to be assigned, to assure compliance with Springmoor policy and standards.

Private Duty Staff may be used, upon approval, by a Resident in an independent residential unit who is temporarily ill and expected to recover to full independence in the acts of daily living within a maximum of three months.

Private Duty Staff may be used in short term emergency situations where care is needed while transfer arrangements are being made for the Resident to move to a more protective accommodation where care is commensurate with need.

Private duty staff may be used in the Health Center for patients who prefer or need individual staff care.

Private duty staff may not be used in independent residences where the Resident is not able to carry out the acts of daily living and this limitation is expected to last beyond three months. The resident is expected, instead, to move to accommodations where care is commensurate with need.

- i. Transfer. If Resident's physical or mental condition deteriorates so that it precludes his ability to live independently in his residence or if Resident cannot live in his residence without endangering himself or others, Springmoor may transfer the Resident to a more protective accommodation that can best provide for safety and care as required.

If a diagnosis is confirmed that in all probability the Resident's condition is irreversible and there is negligible possibility of recovery that would permit independent living, Springmoor may (subject to survivor's options as set out in this Agreement, if applicable) assign Resident's residential unit to another Resident.

Resident shall bear all cost of moving and storing his furniture in the event of such transfer. Additionally, if Springmoor determines that the Resident improves sufficiently to carry out the acts of daily living, the Resident will have a priority right to independent living accommodations similar to those previously occupied as soon as they are available.

If the Resident needs care that is beyond the scope of the facilities and personnel at Springmoor, the Resident will be transferred to an appropriate facility selected by and at the expense of Springmoor so long as the Resident complies with the terms and conditions of this Agreement.

Springmoor is neither designed nor licensed to care for persons who have a psychotic condition or suffer from certain contagious or dangerous diseases. If it is determined, by standard legal and acceptable evaluation procedures, that Resident is psychotic or suffers from mental illness or contagious or dangerous disease, so that Resident's continuing presence at Springmoor is detrimental to the health or peace of the Resident or other residents, then the Resident may be transferred to an institution capable of administering such care.

Springmoor will consult with Resident or Resident's designee and Resident's physician regarding all decisions to transfer the Resident. If Resident or his designee prefers a different institution or hospital facility than that selected by Springmoor, arrangements will be made to this end with the understanding that Springmoor is relieved of any increase in financial responsibility.

Transfers will not change the Resident's status or responsibilities as a Resident of Springmoor, and he still retains all rights and privileges of residency subject, however, to the rules and decisions of the medical staff.

- j. Authorization. The Resident authorizes Springmoor to act in his behalf to obtain transportation, admit and approve treatment at a local hospital in the event of an emergency. Springmoor agrees to notify family or other responsible parties in such emergencies.

Likewise, Resident authorizes Springmoor to act in his behalf for other emergency treatment and care recommended by the attending physician when the Resident is unable to make such decisions and the family or other responsible party cannot be reached to make such decisions.

- k. Release. The Resident hereby forever absolves, releases, and discharges Springmoor, its Directors and all persons on its staff who are in any way directly or indirectly connected with authorizing or participating in or providing routine care or emergency medical care, procedures or operations performed on the Resident.
- l. Medical Record Release. The Resident hereby authorizes Springmoor to release medical records for treatment, or insurance claims to hospitals, other health care providers and third party agents.
- 4. Joint Residency
  - a. Application. If two persons sign this Agreement as Residents, the accommodations and services will be for both of them, the sums stated under Financial Provisions cover both of them, and the word "Resident" as used herein shall apply to both of them unless the contract requires otherwise. If the two occupants are man and wife, each of them will be individually responsible for the full monthly service fee. If the two occupants are not man and wife, each joint Resident will be liable for one-half (1/2) of the payments of the monthly service fees which become due hereunder unless otherwise agreed by them and approved by Springmoor. Termination of the residency of one joint Resident shall not affect this Agreement, and the residency of the other person who shall have the rights set forth in the paragraph entitled "Survivor's Options."
  - b. Inpatient Health Care. If one of two Residents of a residence is a short-term inpatient in the Health Center and has eligible days of care, he will continue to pay the double occupancy monthly service fee for his residence.

If one of two Residents of a residence is a short-term inpatient in the Health Center and is charged for inpatient care because eligible days are exhausted, he will continue to pay the double occupancy monthly service fee for his residence and pay the charge defined for Health Care.

If one of two Residents of a residence becomes a continuing care inpatient in the Health Center, he will cease to pay the double occupancy monthly service fee of the residence, and his monthly service fee will become the current Health Center Life Care rate for the unit occupied. The Resident remaining in the residence will on the same date begin to pay the single occupant Monthly Service Fee for that residence.

- c. Survivor's Options. The term "survivor" as used in this Agreement means a Resident signer of this Agreement who continues to be covered by this Agreement after the termination of residency for whatever reason by the other Resident, covered by this Agreement:

The survivor shall have the option of:

- (1) retaining the same accommodation with the Monthly Service Fee changed to the rate for single occupancy; or
- (2) moving to a smaller residence when available and paying the monthly rate for single occupancy of the smaller residence; or

- (3) moving to a larger residential unit, when available, paying the difference between the current Residence and Care Fee of the two residences and paying the monthly rate for single occupancy of the larger residence.
- d. Termination of One Resident. If one joint Resident terminates and the survivor continues residency, there will be no refund of Residence and Care Fees to the terminating person. The remaining Resident may elect to have another person subsequently share the residence if the additional person is approved by Springmoor as set forth below.
- e. Sharing Occupancy. If a single occupant of a residence wishes to invite another resident to share such living accommodations, the combined occupancy must be approved by Springmoor. In such event there will be no adjustment in Residence and Care Fees. The Monthly Service Fee will be the double occupancy rate. If a single occupant of a residence wishes to invite a non-resident to share a living accommodation through marriage, the new occupant will be required to make application for residency and, if accepted, to pay a Residence and Care Fee equal to the then current difference between the single and double occupancy fee for the Residence and Care Plan covered by the initial occupant. The Monthly Service Fee will be the double occupancy rate. If a single occupant of a residence wishes to invite a non-resident to share a living accommodation other than through marriage, the new occupant will be required to make application for residency and, if accepted the incoming joint resident must pay one-half of the then current Residence and Care Fee for joint residency under the Residence and Care Fee Plan covered by the initial occupant. The Monthly Service Fee will be the double occupancy rate. Except for short-term visitors and guests, no person other than the resident may occupy the residence covered by this Agreement without approval by Springmoor.

## 5. Resident's Obligations

In addition to those obligations enumerated elsewhere in this Agreement, the Resident specifically agrees as follows:

- a. Adherence to Policies. The Resident agrees to abide by such administrative policies and procedures and amendments thereto as shall be formulated by Springmoor for the operation and management of Springmoor Life Care Retirement Community and for the comfort, safety, and security of all residents. The Resident will be furnished a copy of current administrative policies of Springmoor. Repeated failure to follow said policies, resulting in a loss of comfort, security, or safety for other residents; repeated resident uncooperation that limits Springmoor's ability to provide care; damage to facility or furnishings; may result in termination by Springmoor of this Agreement.
- b. Liability for Debts. Springmoor shall not be liable or responsible for any expense incurred or debt or obligation of any nature or any kind contracted by the Resident on his own account and is not obligated to pay for, furnish, supply, or give the Resident any support, maintenance, board, or lodging when the Resident is absent from Springmoor. Resident will hold harmless Springmoor as to all debts and obligations.
- c. Cooperation. The Resident agrees to assist Springmoor in making application for and utilization of all appropriate government support funds to which he may be entitled. Resident will execute reasonable and necessary documents for this purpose.
- d. Intentional Misconduct of the Resident. The Resident agrees to pay or reimburse Springmoor for any loss or damage suffered by Springmoor as the result of negligence or intentional

misconduct on the part of the Resident. Springmoor assumes no responsibility for any injury resulting from such negligence or intentional misconduct.

#### 6. Transfer to Another Residence at Springmoor

- a. When a resident is relocating to Stewart Health Center, the resident continues to be responsible for the monthly service fees of the residential unit being released until the residential unit is released and accepted by Springmoor.
- b. When a resident is relocating to the Supportive Living Center during the overlap period the resident is responsible for the Monthly Service Fee of the residential unit with the higher Monthly Service Fee. If the overlap is more than ten (10) days, the resident is responsible for both dwelling units beginning with the eleventh (11th) day until the vacated unit is released and accepted by Springmoor.
- c. When a resident is relocating to another residential unit as a personal preference, the resident is responsible for the monthly service fee of the residential unit being occupied from the date the residential unit is ready for occupancy. The resident is also responsible for the monthly service fee of the residential unit being vacated until the residential unit is released and accepted by Springmoor.
- d. If an applicant accepts an interim residential unit with the concurrence of Springmoor management, and plans to relocate to another residential unit when it becomes available, the resident will pay the Monthly Service Fee for the interim residential unit until it is released and accepted by Springmoor. On that day, the resident will begin paying the Monthly Service Fee for the residential unit being moved into. The relocation process is expected to take place over a maximum of ten days. If relocation exceeds ten days, the resident shall be responsible for the Monthly Service Fees of both units beginning on the eleventh day.
- e. Monthly Service Fee is always adjusted to the fee for the residential unit being moved into at the time the new residence is accepted.
- f. If the Residence and Care Fee is the same or less for the residential unit being occupied, no adjustment is made. If the Residence and Care Fee is more for the residential unit being occupied, the resident must pay the difference between the then current Residence and Care Fee of the two residences.

#### 7. Termination

- a. Whether Resident is occupying a residence, Health Center unit, or a facility away from Springmoor due to the need for care that is beyond the scope of the facilities and personnel of Springmoor, his residency under this Agreement will be terminated by any of the following:
  - (1) The first ninety (90) days from the effective date of residence will be considered to be a trial basis. During this ninety-day period, Springmoor or the Resident may terminate the residency by giving the other fourteen (14) days written notice of intent to terminate.
  - (2) The Resident may terminate residency at any time by giving Springmoor fourteen (14) days written notice of intent to terminate.
  - (3) Residency will be terminated by the death of the Resident.

- (4) If Resident fails to pay his monthly service fee or other proper charges; or fails to maintain his insurance coverage required herein; or fails to provide Medicare, other insurance or personal reimbursement that is owed to Springmoor or Health Care Providers; or repeatedly fails to follow the administrative policies of Springmoor; or engages in willful misconduct resulting in loss or damage suffered by another Resident or Springmoor; or if there has been any material misrepresentation or omission made by the Resident in his application for residency; and if said deficiency is not paid, corrected, or stopped to the satisfaction of Springmoor within fourteen (14) days after written notice of the nature and extent of said deficiency is given the Resident; provided Springmoor may at its option pay for, correct, or stop said deficiency at its own expense, and the Resident will reimburse Springmoor for any expenses incurred; or Springmoor may require the Resident to furnish additional security or make satisfactory arrangements for fulfilling his obligations under this Agreement; or Springmoor may transfer the Resident to a different residential unit or adjust the services to which the Resident is entitled under his Agreement; or Springmoor may terminate his residency immediately.
- b. The termination date for computing any refund or any outstanding payments due or accrued will be the date the residential unit is actually vacated and accepted by Springmoor.
  - c. On the date of termination of residency under this Agreement, the Resident shall vacate the unit and shall leave it in good condition except for reasonable wear and tear. The Resident shall be liable to Springmoor for any costs incurred in restoring the residential unit to good condition except for reasonable wear and tear.
  - d. No refund will be made by Springmoor until all charges incurred by the Resident have been paid. Springmoor is authorized to offset any refund against any proper charge to the Resident under the terms of this Agreement.
  - e. Except as otherwise expressly provided in this Agreement, Springmoor shall have the right to retain all sums paid by the Resident.
  - f. Upon termination of residency and upon complying with the provisions of this Agreement, Springmoor shall have no further obligation to the Resident or his heirs, executors, administrators, or assigns.

8. Estate Provisions

- a. Resident agrees hereby to execute a valid will and henceforth to keep same current and to file evidence thereof in the business office of Springmoor.

Resident is also required to file in the business office the name, relationship, and address of his next of kin and/or the name and address of the person he wishes to handle his affairs upon his death and to keep such information current.

- b. It is understood and agreed that Springmoor is not responsible for Resident's funeral or other burial expenses. Resident is expected to make such arrangements prior to residence at Springmoor or to designate some party to make them at his death and to file evidence of such arrangements in Springmoor's business office.
- c. Resident will designate a power-of-attorney. This designation shall be kept current in the administrative office of Springmoor.

9. Miscellaneous

- a. Rights and Privileges Personal and Exclusive: Limitations. The rights and privileges of the Resident under this Agreement to living accommodations, facilities, and services are personal to the Resident and cannot be transferred or assigned by act of the Resident or by any proceeding at law or otherwise.

Rights of the Resident under this Agreement are the rights and privileges herein expressly granted and do not include any proprietary interest in the properties or assets of Springmoor or any membership in Springmoor Life Care Retirement Community.

- b. Inability to Manage Affairs. The Resident agrees that if his mind should become so unsound or weakened that he is incapable of governing himself and managing his affairs, Springmoor will have an interest in the matter which will entitle Springmoor to institute legal action for determination of the Resident's incompetency, and for designation of a guardian or trustee if such need should arise. The Resident further agrees to designate a guardian or trustee to be appointed if such need should arise. The Resident further agrees that Springmoor, or a representative, thereof, will be the proper person to be appointed in such case if the court determines the guardian or trustee so named is not in the best interest of the Resident or his estate.
- c. Personal Belongings. Springmoor will not be responsible for the loss of any property belonging to the Resident due to theft, mysterious disappearance, fire, or any other cause, it being understood that the Resident will have the responsibility of providing any desired insurance protection covering any such loss. Upon the termination of residency, Springmoor shall have the right to promptly remove from the residence all property belonging to the Resident and have the same stored for the Resident. The Resident or his estate will be obligated for the payment of such moving and storage charges and will reimburse Springmoor for its expense so incurred.
- d. Subrogation Rights. In case of injury to the Resident by a third party, Springmoor shall have the right of subrogation for all of its costs and expenses incurred by reason of such injuries, and shall have the right, in the name of the Resident or otherwise, to take all necessary steps and procedures to enforce the payment of the same by the person responsible for the injury.

The Resident agrees to cooperate fully and assist Springmoor in recovering said costs and expenses.

- e. Compliance with Applicable Laws. Springmoor will operate Springmoor Life Care Retirement Community in full compliance with all applicable laws and rules, regulations, and ordinances promulgated by lawful governmental authority. Notwithstanding any other provision of this Agreement, Springmoor shall have the right to change the living accommodations of the Resident to meet the requirements of law, or the regulations of a Fire Department, Department of Public Health, or other duly constituted governmental authority or agency.
- f. Rights of Management. The absolute right of management is reserved to Springmoor and its administrators. Springmoor reserves the right to accept or reject any person for residency. Residents do not have the right to accept or reject any person for residency. Residents do not have the right to management or the right to determine admissions or terms of admission of any other Resident.
- g. Right of Entry. The Resident grants duly authorized employees of Springmoor the right of entry into the Resident's residence for managerial purpose at reasonable times or for emergency purposes as required.
- h. Waiver of Breach. The failure of Springmoor in any one or more instances to insist upon the strict performance, observance, or compliance by Resident with any of the terms or provisions of this Agreement, or its waiver of the breach by Resident of any terms or provisions of this Agreement shall not be construed to be a waiver or relinquishment by Springmoor of its right to insist upon strict compliance by Resident with all the terms or provisions of this Agreement.
- i. Entire Contract in This Agreement. This Agreement constitutes the entire contract between Springmoor and the Resident. Springmoor is not liable for nor bound in any manner by any statements, representations, or promises made by any person representing or purporting to represent Springmoor unless such statements, representations, or promises are set forth in this Agreement. This Agreement may not be amended or modified except by written agreement signed by the parties hereto. Any special or additional understandings are attached hereto and incorporated herein by reference.
- j. Successor of Springmoor: Estate of Resident. This Agreement shall bind and inure to the benefit of the successors and assigns of Springmoor and the heirs or personal representative of the Resident.
- k. Plans and Schedules. The current plan of Springmoor, Residence and Care Fee schedule, Monthly Service Fee schedule, administrative policies and procedures, scheduled charges for meals and other services, and current literature regarding Springmoor will be available for inspection at the business office of Springmoor during business hours.
- l. Limitations. The Resident will not be considered a third party beneficiary to any other Residence and Care Agreement to which Springmoor is a party.
- m. Governing Law. This Agreement will be governed by and construed according to the laws of the State of North Carolina.
- n. Use of Residential Appliances. Should Resident demonstrate his inability to use the range, refrigerator, disposal unit, or other appliances in his residence safely, Springmoor will have

the right to turn off such power and/or remove the appliance in which case the Resident agrees to pay charges for extra meals not otherwise covered by this Agreement in Springmoor's dining center.

- o. Guests. Resident may receive such visitors as he wishes for visits in his residence upon such reasonable terms and conditions as Springmoor may establish. Overnight guests shall be permitted to visit in Resident's residence upon the following terms and conditions:
  - (1) Resident shall be responsible for all meals and other costs incurred in connection with such visits. (2) No more than two overnight guests shall be permitted in Resident's residence at one time, except by permission of Springmoor. (3) No one who is ill or who becomes ill may remain as a visitor. (4) Resident shall be permitted overnight guests for no more than a total of thirty days in any calendar year. (5) In all cases, Springmoor must be notified of all overnight guests, and Springmoor has authority to limit or terminate the stay of any guest at any time and for any reason. (6) No visitor who has any contagious illness or disease is permitted, day or night, (7) At all times, Resident is responsible for any injury to others or damage to the property of others or Springmoor by his guest(s). (8) No one will be permitted to use Resident's residence during Resident's absence from Springmoor. (9) Guests may use Springmoor guest accommodations by appointment and for a reasonable charge. (10) Guests who are minors will be accompanied by an adult at all times.
- p. Revision of Federal Medicare Statutes. At the time of execution of this Agreement, the parties are aware that the federal Medicare statutes and program are duly enacted and functioning. This Agreement contemplates that said Medicare programs will continue in substantially the same form and fashion as currently exist. The parties hereto recognize and agree that in the event the Medicare statutes and programs should be substantially amended modified, revised, or eliminated, this Agreement will be modified in such fashion as to preserve its intent and purpose within the then existing law and health care programs.

The parties hereto agree that each will negotiate the terms of said modifications in this Agreement in good faith.

- q. General. The use of the masculine gender will be construed to include the feminine gender where the context so requires in this Agreement.

#### 10. Designations

The following person(s) is designated and has agreed to act for the Resident as described. The Resident agrees to keep the Springmoor Business Office informed of any changes in designations and to document any changes in designations by executing a Notice of Change of Designation at the Springmoor Business Office. Springmoor is authorized and directed to consult with these designees about any matters which may concern the Resident when requested by the Resident or in the event of the Resident's incapacity.

- a. The following named person or institution has power of attorney and is authorized to make decisions, in the event of my incapacity or when I otherwise request the designee to do so. This designee will also sign this Agreement as Guarantor (Guarantor No. 1). This person is to act as my guardian or trustee in the event I become unable to handle my affairs. A copy of this power of attorney is provided and incorporated herein.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

- b. Resident has in effect a last will and testament. The following person or institution has a copy of this document.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

- c. The following person(s) or institution is authorized to make decisions and consent to give or withhold medical or surgical procedures in the event of my incapacity to do so. A copy of this power of attorney is provided and incorporated herein.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

The following person(s) or institution is to handle my affairs upon my death.

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

11. Limited Power of Attorney

A limited power of attorney is given to Springmoor for the purpose of permitting and instructing Springmoor to act as Resident's agent or attorney in fact of all matters pertaining to medical and health insurance and benefits. The power of attorney is provided and incorporated herein.

12. Modification

The terms and conditions of this Agreement are replaced and/or modified as set forth below.

\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_
\_\_\_\_\_

IN WITNESS WHEREOF, the parties have hereto executed this Residence and Care Agreement in duplicate or triplicate originals, one of which is retained by each party.

Springmoor, Inc.
of Raleigh, North Carolina

By: \_\_\_\_\_
Executive Director

\_\_\_\_\_
Date

WITNESS: \_\_\_\_\_
Name

\_\_\_\_\_
Resident

\_\_\_\_\_
Street Address

\_\_\_\_\_
Resident

\_\_\_\_\_
City State Zip

GUARANTY (NO.1)

To induce Springmoor to enter into the foregoing Agreement with Resident, the undersigned hereby guarantees to Springmoor, its successors, and assigns, the payment by Resident of the Monthly Service Fees to the full extent of Resident's funds and other assets and the performance by Resident of all the other terms, covenants, obligations, and conditions of this Agreement. Notice of all defaults is waived and consent is hereby given to all extensions of time that Springmoor may grant. The undersigned is in no way committing their own resources. This is not a personal guarantee by Guarantor of Guarantor's funds.

WITNESS: \_\_\_\_\_  
Name

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Relationship to Resident

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State Zip

GUARANTY (NO. 2)

To induce Springmoor to enter into the foregoing Agreement with Resident, the undersigned hereby guarantees to Springmoor, its successors, and assigns, the payment of the Monthly Service Fees and the performance by Resident of all the other terms, covenants, obligations, and conditions of this Agreement Notice of all defaults is waived, and consent is hereby given to all extensions of time that Springmoor may grant.

WITNESS: \_\_\_\_\_  
Name

\_\_\_\_\_  
Guarantor

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
Relationship to Resident

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City State Zip

## **Appendix E — Examination Report**

Not Applicable.

## 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.