

**DISCLOSURE STATEMENT**

**May 31, 2025**

**TRYON ESTATES  
617 Laurel Lake Drive  
Columbus, NC 28722  
(828) 894-3000**

**A CONTINUING CARE COMMUNITY**

**OWNED BY**

**ACTS RETIREMENT-LIFE COMMUNITIES, INC.®**

**The date of this continuing care disclosure statement is May 31, 2025. Article 64 of Chapter 58 of the North Carolina General Statutes, entitled "Continuing Care Retirement Communities" requires delivery of a current continuing care disclosure statement prior to the signing of a resident contract providing for continuing care. This continuing care disclosure statement shall be considered current and may be delivered by Tryon Estates at any time prior to May 30, 2026, unless Tryon Estates determines that a revision is necessary before that date. This continuing care disclosure statement has not been reviewed or approved by any government agency or representative to ensure the accuracy or completeness of the information set out.**



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## **DISCLOSURE STATEMENT**

In accordance with Article 64 of Chapter 58 of the North Carolina General Statutes, this statement is provided to all prospective residents of Tryon Estates, a continuing care retirement community.

### **ORGANIZATION INTRODUCTION AND INFORMATION (Corporation)**

The provider and owner of Tryon Estates is ACTS Retirement-Life Communities, Inc.®, (“Acts”), a Pennsylvania nonprofit corporation with business address at 420 Delaware Drive, P.O. Box 2222, Fort Washington, PA 19034. Acts is a nonprofit corporation which qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”). Acts is exempt from federal income taxes on its exempt income pursuant to Section 501(a) of the Code. Acts is affiliated with other nonprofit organizations with similar missions and purposes to serve senior adults. These affiliated organizations also qualify as organizations described in Section 501(c)(3) of the Code and are exempt from federal income taxes on their exempt income pursuant to Section 501(a) of the Code, and include ACTS Retirement Services, Inc., ACTS Legacy Foundation, Inc., ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, ACTS Signature Community Services, Inc., ACTS Acquisition and Development Company, LLC, Acts Communities of Maryland, Inc., Mease Life, Inc., and Bonita Springs Retirement Village, Inc. d/b/a The Terraces at Bonita Springs. Acts is not affiliated with any other religious, nonprofit or proprietary organizations or management entity. Acts, ACTS Management Services, Inc., ACTS Retirement-Life Communities Management, LLC, Acts Alliance Management, LLC, ACTS Signature Community Services, Inc., and Mease Life, Inc. (collectively, the “Obligated Group”) are jointly and severally obligated on certain debt and other obligations of the Obligated Group. Other than as set forth in the preceding sentence, the affiliates of Acts are not responsible for the financial and contractual obligations of Acts. Acts has extensive experience in the ownership of lifecare communities and currently owns or is affiliated with the following lifecare communities in Pennsylvania, New Jersey, Delaware, Maryland, North Carolina, South Carolina, Georgia, Alabama, and Florida:

Fort Washington Estates (PA)	Bayleigh Chase (MD)
Gwynedd Estates (PA)	Heron Point of Chestertown (MD)
Spring House Estates (PA)	Matthews Glen (NC)
Southampton Estates (PA)	Tryon Estates (NC)
Lima Estates (PA)	Park Pointe Village (SC)
Normandy Farms Estates (PA)	Lanier Village Estates (GA)
Granite Farms Estates (PA)	Magnolia Trace (AL)
Brittany Pointe Estates (PA)	Westminster Village (AL)
Cokesbury Village (DE)	St. Andrews Estates (FL)
Country House (DE)	Edgewater at Boca Pointe (FL)
Manor House (DE)	Indian River Estates (FL)
The Evergreens (NJ)	Azalea Trace (FL)
Fairhaven (MD)	Mease Life (FL)
Buckingham’s Choice (MD)	The Terraces at Bonita Springs (FL)

Presently, approximately 11,128 residents live in the above listed communities.

## **COMMUNITY INTRODUCTION AND INFORMATION (Community)**

Tryon Estates is a lifecare community owned by Acts, a nonprofit company incorporated in the Commonwealth of Pennsylvania. Tryon Estates is affiliated with the organizations listed on the previous page. Its Board of Directors is the same as that of Acts as set forth below. The business address for each is c/o ACTS Retirement-Life Communities, Inc., 420 Delaware Drive, P.O. Box 2222, Fort Washington, PA 19034.

With the exception of Gerald T. Grant, Karen I. Christiansen, and Marvin Mashner, the individuals listed below as members of the Board of Directors of Acts, while having broad experience in business, philanthropic and/or facility matters, have no direct business experience in the operation or management of lifecare communities aside from their connection with Acts as members of its Board of Directors.

### **ACTS RETIREMENT-LIFE COMMUNITIES, INC.® BOARD OF DIRECTORS**

<u>Name</u>	<u>Title</u>
Gerald T. Grant	Chief Executive Officer
Karen I. Christiansen, CMA	President
Susan Allmond	Chairman
Daniel W. Lawson, II	Vice Chairman
Elric C. Gerner	Secretary
Marvin Mashner, CPA	Treasurer
Glenn D. Fox, Esquire*	Assistant Secretary
Susan Ahern, CPA, CMA*	Assistant Treasurer
Kathryn Brod	Director
Warren Callaway	Director
Linda Chamberlain	Director
H. Bruce Detweiler, CPA	Director
John L. Esterhai, Jr., MD	Director
James Glynn	Director
Jason Greer	Director
Michael D. Kelly	Director
John E. Lammers, MD	Director
Dr. Daniel Middlebrooks	Director

\*Officer, but not a member, of the Board of Directors

ACTS RETIREMENT-LIFE COMMUNITIES, INC.®  
OFFICERS AND SENIOR MANAGEMENT

The business address for each listed below is c/o ACTS Retirement-Life Communities, Inc., 420 Delaware Drive, P.O. Box 2222, Fort Washington, PA 19034.

<u>Name</u>	<u>Title</u>
Gerald T. Grant	Chief Executive Officer
Karen I. Christiansen, CMA	President
Glenn D. Fox, Esquire	Executive Vice President and General Counsel
Jonathan D. Grant	Executive Vice President and Chief Operating Officer
James H. Petty	Executive Vice President and Chief Strategy Officer
Susan Ahern, CPA, CMA	Senior Vice President and Chief Financial Officer
Sean T.R. Fletcher	Senior Vice President, Real Estate Services
Deirdre E. Groenen, Esquire	Senior Vice President and Chief Human Resources Officer
Peter J. Kress	Senior Vice President and Chief Innovation Officer
Jeremy O. Neely	Senior Vice President and Chief Community Operations Officer
Joshua S. Pasker, Esquire	Senior Vice President, Deputy General Counsel
Brian T. Rutter	Senior Vice President, Chief Communications and Brand Officer
Holly S. Schade	Senior Vice President and Chief Clinical Officer
Craig D. Thompson	Senior Vice President, Chief Property & Sustainability Officer
Lori M. Woodward	Senior Vice President, and Chief Marketing Officer
George R. Bryan	Vice President of Operations, Southeast Region
Stephen V. Eggles	Vice President of Operations, Mid-South Region
Christopher J. Hartman, Sr.	Vice President, IT Operations
Megan Longley	Vice President, Sales
Teresa C. Moore	Vice President, Resident Health Services
Patrick D. Picciocchi	Vice President, Culinary and Resident Experiences
Paul M. Reinbold, MD, CMD	Vice President and Chief Medical Director
Jodie R. Reinhart	Vice President, Strategy & Business Development
Brian E. Rounsavill	Vice President, Procurement & Contract Management
Michael F. Salitsky	Vice President of Operations, Mid-Atlantic Region

ACTS RETIREMENT-LIFE COMMUNITIES, INC.®  
OFFICERS AND SENIOR MANAGEMENT  
(continued)

<u>Name</u>	<u>Title</u>
Peggy C. Valdivia	Vice President, Financial Services
David Vega	Vice President, Operations Analysis and Compliance
Terri A. White	Vice President of Operations, Northeast Region
Dionne James	Executive Director, Tryon Estates

BACKGROUND OF OFFICERS AND SENIOR MANAGEMENT -- The management of Tryon Estates is provided at the direction of Acts' Board of Directors, Chief Executive Officer, and President. The following is a listing of and background information for the members of senior management for Acts.

Gerald T. Grant serves as Chief Executive Officer. He has been with Acts since 1988 and previously served as President and Chief Operating Officer and Executive Vice President & Chief Financial Officer. He currently serves as an officer and member of the board of Acts Retirement-Life Communities and affiliate entities. Mr. Grant has been active in various healthcare industry and financial organizations, including currently serving as a member of LeadingAge CEOMO. He is a former surveyor for CARF/CCAC and was previously a member of its Financial Advisory Panel. Mr. Grant has a Bachelor's Degree in Accounting from The Pennsylvania State University and a Master's Degree in Finance from LaSalle University.

Karen I. Christiansen serves as President, having most recently served as Executive Vice President & Chief Financial Officer. Ms. Christiansen has been with Acts since 1996. She currently serves as an officer and member of the board of Acts Retirement-Life Communities and many of its affiliate organizations. In addition, Ms. Christiansen is a former member of church council, serving on its board of deacons, as well as previously serving on the board of directors for a not-for-profit organization that provides supportive programs and outreach services to those in need. She is a former member of the LeadingAge Budget and Finance Committee and previously served as a surveyor for CARF/CCAC and was a member of its Financial Advisory Panel. Ms. Christiansen is a Certified Management Accountant and a member of the Institute of Certified Management Accountants. She was previously nominated for Philadelphia Business Journal's Women of Distinction Award. Ms. Christiansen has a Bachelor's degree in Accounting from Gwynedd Mercy University, and a Master's degree in Finance from Temple University. In addition, she has completed a leadership program at The Wharton School of the University of Pennsylvania.

Glenn D. Fox, Esquire serves as Executive Vice President and General Counsel. Mr. Fox joined Acts in 2016 after having spent several years as its outside corporate counsel. Prior to joining Acts, Mr. Fox was a partner in a major law

firm located in Philadelphia, Pennsylvania. He has more than 40 years of experience representing numerous business and nonprofit organizations, including senior living, long-term care and other health care providers, in corporate, transactional, tax and financial matters. Mr. Fox currently serves on the LeadingAge General Counsel Group, on the LeadingAge Legal Committee, and previously on the board of directors of a not-for-profit social service organization and as President of the board of directors of the foundation that supported that organization. Mr. Fox earned a Bachelor of Business Administration degree in Accounting from Temple University, a Juris Doctorate degree from Temple University School of Law, and a Master of Laws degree in Taxation from Villanova University. He is also a Certified Public Accountant.

Jonathan D. Grant serves as Executive Vice President and Chief Operating Officer. He has over 40 years of experience in the retirement and health care environment. After joining the Acts Culinary Department in 1984 as a member of the wait staff, Mr. Grant held various positions within the organization, including Culinary Director, Administrator, Director of Community Information Technologies, Executive Director at St. Andrews Estates and Tryon Estates, Vice President of Operations, Mid-Atlantic Region, and Senior Vice President, Community Operations. Mr. Grant holds Bachelor of Arts and Master of Business Administration degrees from Florida Atlantic University and is a LeadingAge Leadership Fellow. In addition, Mr. Grant works with various industry related associations and boards.

James H. Petty serves as Executive Vice President and Chief Strategy Officer, previously serving as Senior Vice President, Strategy & Mission Development and Vice President of Operations, Mid-South Region. He has 29 years' experience in the senior living industry. Mr. Petty has a varied background which began at Acts in 1996, and he previously served as the Executive Director at Park Pointe Village in Rock Hill, South Carolina. Licensed as a Nursing Home and Assisted Living Administrator, his background also extends into development and marketing, where he served as the vice president of marketing services for a senior living development firm. Mr. Petty has a Bachelor's degree in Business Administration from Gordon College and a Master of Business Administration degree from Augusta University. Mr. Petty is also a LeadingAge Leadership Fellow.

Susan Ahern serves as Senior Vice President and Chief Financial Officer. Ms. Ahern has been with Acts since 2000, most recently serving as Vice President and Controller. She is a Certified Public Accountant and a Certified Management Accountant. Ms. Ahern is a member of the Pennsylvania Institute of Certified Public Accountants and the Institute of Certified Management Accountants. She is a former member of the CARF/CCAC Financial Advisory Panel and previously served as virtual financial surveyor for the organization. Ms. Ahern earned her bachelor's degree in Accounting from Messiah University, her Master of Business Administration degree from LaSalle University and is a Fellow in the LeadingAge Leadership Academy.

Sean T.R. Fletcher serves as Senior Vice President, Real Estate Services. Mr. Fletcher has been with Acts since 2005, most recently serving as Vice President, Property Management and Construction Services. He has a wide range of experience in construction and operations and has held positions as a project manager and estimator for Ernest Bock & Sons, a Philadelphia based general contractor, and spent 13 years in arena, stadium and convention center operations for Philadelphia based Spectacor. Mr. Fletcher also served eight years as Treasurer and Secretary of the Via Verde Master Home Owner's Association in Boca Raton, FL. He earned a Bachelor of Science degree in Sports Management from Temple University and has taken post graduate courses in Construction Management at Drexel University.

Deirdre E. Groenen, Esquire serves as Senior Vice President and Chief Human Resources Officer. Ms. Groenen joined Acts in 2020 and has a unique background of both legal and human resources experience. She practiced law in civil litigation for many years, including employment litigation and counseling. She also has significant experience in HR leadership, compliance, training and development, diversity and inclusion, discrimination and harassment training and prevention, federal and state leave laws, and employee benefits and compensation. Ms. Groenen is a frequent speaker on HR topics, including in the areas of diversity and inclusion and HR compliance, and is a member of the Society of Human Resources Management and Tristate HRMA. Ms. Groenen has a Bachelor's degree in Political Science from Temple University and a Juris Doctorate from Temple University's Beasley School of Law.

Peter J. Kress serves as Senior Vice President and Chief Innovation Officer and has been with Acts since 1993. After leading the information technology group at Acts for 25 years, he transitioned to a role leading AI-forward innovation and technology initiatives including Acts' new research and development function, the Innovation Lab. Before joining Acts, Mr. Kress was President of his own software consulting company for over 10 years. He serves as a commissioner for the Center for Aging Services Technologies (CAST), an advisory board member for the CIO Consortium and was a co-founder of the LTPAC Health IT Collaborative. Mr. Kress is actively involved in promoting the use of technology to support well-being for seniors and frequently speaks on a variety of industry topics. He holds a Bachelor of Arts degree from Covenant College and a Master of Arts degree in Gerontology from the University of Southern California. Mr. Kress has also completed graduate studies in divinity and theology at Westminster Theological Seminary. Mr. Kress is passionate about the intersection of aging services, joyful longevity, artificial intelligence, and innovation.

Jeremy O. Neely serves as Senior Vice President and Chief Community Operations Officer. Mr. Neely has almost 30 years of healthcare management and retirement living experience and is a licensed Nursing Home Administrator. He has served Acts in a number of roles since 1999, most recently as Vice President of Operations, Northeast Region. He is a past member of the LeadingAge PA board of directors, most recently serving as Immediate Past Chair. In 2022, he was named Leader of the Year by LeadingAge PA. This

award recognizes an individual who demonstrates excellence in management and governance accountability, is proactive in quality of care to residents, and has played a pivotal role in overall operations leading to organizational success. Mr. Neely is a Certified Aging Services Professional (CASP) and a LeadingAge Leadership Fellow. He has a Bachelor's degree in Accounting and Economics from Eastern Connecticut State University and a Master of Business Administration degree from Eastern University.

Joshua S. Pasker, Esquire serves as Senior Vice President, Deputy General Counsel. Prior to joining Acts in 2025, Mr. Pasker was a transactional and business partner at Saul Ewing LLP for over 19 years, where he served as Co-Office Managing Partner of the Philadelphia Office and Vice-Chair of the Public Finance Practice Group. Mr. Pasker is an experienced transactional lawyer who has represented business and nonprofit corporations in financing, transactional and corporate matters. Mr. Pasker has served on several boards including the March of Dimes Transportation, Building & Construction Awards Board which partners with community business leaders to raise awareness and funds for the mission of the March of Dimes. Mr. Pasker has a Bachelor of Arts degree in Political Science from the University of Delaware and a Juris Doctorate degree from The Pennsylvania State University Dickinson School of Law.

Brian T. Rutter serves as Senior Vice President, Chief Communications and Brand Officer. He has been with Acts since 2022 and previously served as Chief Marketing Officer for Acts Alliance Management, LLC, an affiliate of Acts. He possesses prior career experience in marketing, public relations/communications, brand, and sales with organizations that include Delta Air Lines, Deloitte Consulting, the National Association of Convenience Stores, and Armstrong World Industries. Mr. Rutter is active in his community, where he is Co-President of the Board of Trustees of First Presbyterian Church; President of the Hamilton Club of Lancaster; a member of the Board of Trustees of the Fulton Theatre; and a mentor and member of the Advisory Committee for the Young Men's Mentor Program with the Lancaster Chamber of Commerce. Mr. Rutter has a Bachelor's degree in Business Administration from Franklin & Marshall College and a Master of Business Administration degree from Emory University.

Holly S. Schade serves as Senior Vice President and Chief Clinical Officer. She most recently served as Vice President of Health and Home Services. Ms. Schade has over 35 years of clinical experience and healthcare management experience. She has been with Acts since 1993, previously serving as Director of Nursing, Nursing Home Administrator, Information Systems Medical Liaison, and as the Executive Director of Spring House Estates. Ms. Schade is a licensed Nursing Home Administrator and a board-certified licensed registered nurse in gerontology. She holds a Bachelor's degree in Business Administration from Thomas Jefferson University and a Master of Business Administration degree from Eastern University. Ms. Schade is also a Certified Aging Services Professional and a LeadingAge Leadership Fellow. Ms. Schade is a former surveyor for CARF/CCAC, conducting numerous accreditation surveys throughout the United States and Canada.

Craig D. Thompson serves as Senior Vice President, Chief Property & Sustainability Officer. He has been with Acts since 2022 previously serving as President and Chief Operating Officer of Acts Alliance Management, LLC, an affiliate of Acts. Prior to joining Acts, he served Willow Valley Communities beginning in 2018 and after a 35 year career in operations for Armstrong World Industries, Case New Holland, and High Industries. Mr. Thompson has a Bachelor's degree in Operations Management from The Pennsylvania State University, an Executive Master of Business Administration degree from Drexel University, and a Master of Science in Organizational Dynamics from the University of Pennsylvania.

Lori M. Woodward serves as Senior Vice President and Chief Marketing Officer. Prior to joining Acts in 2012, Ms. Woodward held a series of leadership positions in the senior living industry, including positions with Hamlyn Senior Marketing, Springpoint Senior Living, Sunrise Senior Living and Presbyterian Homes of New Jersey. Ms. Woodward serves as a volunteer with Boys & Girls Club of Philadelphia. She earned a Bachelor's degree in English and Business from Millersville University, and a Master of Business Administration degree in Marketing from LaSalle University.

George R. Bryan serves as Vice President of Operations, Southeast Region. Mr. Bryan joined Acts in 1994 and has previously served in various roles throughout his career with Acts including Nursing Home Administrator, Executive Director, and Campus Executive Director. He has served as a board member of the LeadingAge Florida as well as a member of the CCRC Public Policy and Membership Committees. Mr. Bryan holds a bachelor's degree in Health Service Administration from the University of Central Florida, a Master of Business Administration degree from Florida Atlantic University and is a LeadingAge Leadership Fellow. He is a licensed Nursing Home Administrator in the state of Florida.

Stephen V. Eggles serves as Vice President of Operations, Mid-South Region. He has been with Acts since 1989, previously serving as Vice President, Nutrition and Wellness Services and as the Executive Director of Brittany Pointe Estates, Normandy Farms Estates, and Tryon Estates. Mr. Eggles serves on the Board of Directors for the Senior Dining Association and on the Public Committee with LeadingAge NC. He holds a Bachelor of Science degree from The Pennsylvania State University and a Master's degree from Eastern University. Mr. Eggles is also a licensed Nursing Home Administrator.

Christopher J. Hartman, Sr. serves as Vice President, IT Operations. He has been with Acts since 2003, most recently serving as Corporate Director of Technology Services. Mr. Hartman has over 30 years of experience in the information technology industry. He maintains his CASP (Certified Aging Services Professional) Certification through the University of North Texas, and he holds a Master's certificate in Business Leadership and Management from Michigan State University.

Megan Longley serves as Vice President, Sales. Ms. Longley joined Acts in 2015 and has over 25 years' experience in sales and marketing, operations, and new business development in senior living services. At Acts, Ms. Longley provides leadership and guidance for the achievement of company-wide occupancy objectives and the strategic sales effort. She has held a series of senior leadership positions for senior living organizations operating in over 27 states to include adult daycare, CCRC, independent living, assisted living, memory care and home care. A few of her leadership positions have included Senior Vice President of Strategic Operations at Benchmark Senior Living and Director of Sales at Marriott Senior Living. She also holds a Personal Care Administrator license in the Commonwealth of Pennsylvania. She is an active supporter of ARC of Delaware County. Ms. Longley has presented sales and marketing best practices at multiple state and national conferences and has been awarded three National Mature Media promotion awards. Ms. Longley has a Bachelor of Arts degree in Gerontology/Social Work from The Pennsylvania State University and has completed post-graduate studies at Harvard University.

Teresa C. Moore serves as Vice President, Resident Health Services. Ms. Moore has more than 35 years of experience in healthcare and over 25 years of experience in the senior services industry. She has been with Acts since 1996 and most recently served as Corporate Director of Resident Health Services and, prior, as Regional Clinical Director, Nursing Home Administrator, and Director of Home Health. Ms. Moore has served as a CARF/CCAC surveyor and is a member of the American Association of Post-Acute Care Nursing. She is a registered nurse, a licensed Nursing Home Administrator, and holds a Bachelor's degree in Human Services from Gardner Webb University.

Patrick D. Picciocchi serves as Vice President, Culinary and Resident Experiences. Mr. Picciocchi joined Acts in 2006 and served in several roles with the organization including as Executive Director at Matthews Glen in Matthews, North Carolina and as the Chief Hospitality Officer of Acts Alliance Management, LLC, an affiliate of Acts. He is a licensed Nursing Home Administrator in the states of Pennsylvania, Delaware and North Carolina. Mr. Picciocchi holds a Bachelor of Science degree in Hotel and Institutional Management from the University of Delaware, a Master of Business Administration degree from Delaware Valley College, and a Master of Science in Management degree from the University of Wilmington.

Paul M. Reinbold, MD, CMD serves as Vice President and Chief Medical Director. Dr. Reinbold previously provided services as a Medical Director to multiple skilled nursing facilities since 1995. He also previously served as the Corporate Medical Director and Clinical Operations Advisor to the CEO at Integrace, Inc., prior to the affiliation with Acts. Since 2010 he continues as the Medical Director of Bayleigh Chase in Easton, MD. He fulfilled a maximum term as Chief of the Medical Staff for the University of Maryland-Shore Medical Center Easton. Dr. Reinbold is certified as a Medical Director by the Post-Acute and Long-Term Care Medical Association and is Board Certified in Internal Medicine by the American Board of Internal Medicine. He holds a Bachelor's degree in Biology from the University of Delaware,

a Medical Degree from Hahnemann University School of Medicine and completed his residency in Internal Medicine at Lehigh Valley Hospital.

Jodie R. Reinhart serves as Vice President, Strategy & Business Development. She has been with Acts since 2022 and previously served as Chief Financial Officer for Acts Alliance Management, LLC, an affiliate of Acts. Ms. Reinhart possesses previous career experience as Chief Financial Officer for a nonprofit in government contracting, and auditing and tax services for a variety of corporations in public accounting. She is active in the community, having previously served as the Board Chair of Samaritan Center and Treasurer of CHI St. Joseph's Children's Health. Ms. Reinhart has a Bachelor's degree in Biology from Elizabethtown College, a Bachelor's degree in Accounting from Lebanon Valley College, and is a licensed Certified Public Accountant.

Brian E. Rounsavill serves as Vice President, Procurement & Contract Management. He joined Acts in 2021, most recently serving as Corporate Director of Procurement & Contract Management. Prior to joining Acts, Mr. Rounsavill served as the Senior Director of Contracting and Procurement for the Children's Hospital of Philadelphia and the Director of Purchasing at Princeton University. He has been recognized by the National Purchasing Institute with their Achievement of Excellence in Procurement Award, served two terms as President of the New Jersey Higher Education Purchasing Association, was elected Chair of the National Association of Educational Procurement's Ad Hoc Committee on Defining & Calculating Cost Savings, and is the author of several industry articles on cost savings and sourcing strategies. He holds several industry certifications, as a Certified Professional in Supply Management (CPSM), Certified Purchasing Manager (CPM) and Accredited Purchasing Practitioner (APP). Mr. Rounsavill received his undergraduate degree in Business Management from Moravian College and his Master of Business Administration degree from Lehigh University.

Michael F. Salitsky serves as Vice President of Operations, Mid-Atlantic Region. He has over 28 years of health care management experience, and he previously served as the Executive Director of Country House. Prior to joining the Acts family, Mr. Salitsky was with Five Star Senior Living for eight years as the Executive Director of the Foulk Manor South Community in Wilmington, Delaware. He has been on the Board of Examiners of Nursing Home Administrators for 10 years serving as the Board President for six years. Mr. Salitsky is a licensed Nursing Home Administrator in the State of Delaware since 1995 and has a Bachelor of Arts degree from Wilkes University.

Peggy C. Valdivia serves as Vice President, Financial Services. Ms. Valdivia joined Acts in 2006, most recently serving as Vice President and Controller. Ms. Valdivia serves on the board of the Supportive Services of the Aging and Disabled United Appeal Fund in Alabama and is a former member of the CARF/CCAC Financial Advisory Panel, previously serving as virtual financial surveyor for the organization. Ms. Valdivia earned her Bachelor's degree in Accounting from Bloomsburg University of Pennsylvania, her Master of Business

Administration degree from Eastern University and is a LeadingAge Leadership Fellow.

David Vega serves as the Vice President of Operations Analysis and Compliance. He has been with Acts since 1991 and previously served as the Corporate Director of Compliance. He began his career at Acts in the Accounting Department and for the last 22 years has served the organization in various roles in the Compliance and Internal Audit Departments. Mr. Vega is a Certified Compliance Professional and is Certified in Healthcare Compliance. Mr. Vega has a Bachelor's Degree in Business Administration from American Intercontinental University, a Certificate in Forensic Accounting from the University of North Carolina at Charlotte, and a Master's Degree in Health Informatics from Walden University.

Terri A. White serves as Vice President of Operations, Northeast Region. She has over 30 years of health care management experience. Ms. White is a licensed Delaware Nursing Home Administrator and is a LeadingAge Leadership Fellow. She remains active in senior living as a member and Board Chair for LeadingAge New Jersey and Delaware. Ms. White also previously served on the Board of Directors for Delaware Health Care Facilities Association. Ms. White earned her Bachelor of Science degree in Organizational Communications from Ohio University and received her Master of Science management degree in Organizational Leadership from Wilmington University.

Dionne James serves as Tryon Estates' Executive Director. Ms. James has been with ACTS since 2005, previously serving as the Administrator of Health Services at Tryon Estates. She has over 30 years experience in long-term care and has been a licensed Nursing Home Administrator since 1997. She was formerly a board member of LeadingAge North Carolina and is a North Carolina LeadingAge Leadership fellow. Ms. James holds a Bachelor's degree in Psychology with an emphasis in Gerontology from St. Andrews College in Laurinburg, North Carolina and is currently pursuing a Master of Science in Management from Wilmington University in Delaware.

PROFESSIONAL SERVICES -- None of the individuals named above has a ten percent (10%) or greater interest in any professional service firm, association, trust, partnership or corporation which intends currently, or at some time in the future, to provide goods, leases, or services to the community, or to residents of the community, of an aggregate value of five hundred dollars (\$500.00) or more within any year. No professional service firm, association, trust, partnership, or corporation is providing services or goods of five hundred dollars (\$500.00) or more and/or has a ten percent (10%) or greater interest in any of the individuals named above.

CRIMINAL VIOLATION STATEMENT -- None of the previously listed officers or directors have been convicted of a felony or pleaded nolo contendere to a felony charge or have been held liable or enjoined in a civil action by final judgment for any felony or civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation of property. None of the officers or directors listed above are currently subject to an injunctive or restrictive court order. None have had any state or federal license or

permit suspended or revoked during the last five years as a result of an action brought about by a governmental agency or department that arose out of or related to the business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Article 64 or a similar law in another state.

**LOCATION AND DESCRIPTION OF PHYSICAL PROPERTY** -- The community is situated in a suburban location on more than 64 acres in Polk County, North Carolina. Tryon Estates consists of: 1) 270 independent living units, ranging in approximate sizes from 717 square feet to 1,330 square feet; 2) 10 carriage homes, ranging in approximate sizes from 1,715 square feet to 2,185 square feet; 3) 44 assisted living rooms; and, 4) 52 skilled nursing beds. The buildings are three stories and constructed of masonry, with heated and enclosed walkways. The central building includes the administrative offices and an auditorium, main dining room, café, craft room, recreational areas, and multi-purpose room.

**ANTICIPATED EXPANSION OR DEVELOPMENT** -- There is no anticipated expansion or development planned for Tryon Estates at this time.

**ESTIMATED NUMBER OF RESIDENTS** -- At December 31, 2024, there were approximately 449 residents at Tryon Estates with 270 of the independent living units, including carriage homes, occupied.

### **ADMISSION POLICIES**

**APPLICATION FOR RESIDENCY** – Resident's application to Acts for residency in the community shall include the following:

- a) Application Form
- b) Priority List Deposit
- c) Application Fee

**HEALTH CRITERIA** -- Acts' policy is that residents be able to live safely alone in their own apartment at the time they are accepted as residents.

**MEDICAL EXAMINATION FORM.** Approximately thirty (30) days prior to the execution of the Resident Contract and payment of the reservation fee, a medical form is mailed to resident which must be completed by a physician at resident's expense, and immediately returned.

**INTERVIEW WITH ADMISSIONS COMMITTEE.** Approximately thirty (30) days prior to the execution of the Resident Contract and payment of the reservation fee, resident is scheduled for a final interview with an admissions committee or other authorized person(s) to determine if resident is able to meet physical and mental conditions of entrance. If resident is deemed to have met the physical and mental requirements, he/she will be granted entrance upon meeting the financial requirements.

**INABILITY TO MEET HEALTH REQUIREMENTS.** In the event an applicant is denied admission, the priority list contract shall terminate and the priority list deposit shall be refunded within thirty (30) days of the date of termination. Acts reserves the right to determine whether the applicant is unable to take occupancy due to illness, injury or incapacity. Where two individuals have signed the priority list contract, the death or a substantial change in the physical, mental or financial condition of one applicant shall not constitute termination.

**INABILITY OF ONE RESIDENT TO MEET PHYSICAL REQUIREMENTS.** Please reference the previous section, "Inability to Meet Health Requirements."

## **FINANCIAL AND INSURANCE CRITERIA**

**REVIEW OF FINANCIAL CONDITION.** Approximately thirty (30) days prior to the execution of the Resident Contract and payment of the reservation fee, resident will be given a financial qualification form which will be completed by resident and returned to Acts before the welcome interview is scheduled. The finance department will review the financial condition of the resident's estate and approve financial qualification prior to the execution of the Resident Contract. In the event that resident is unable to meet these financial conditions, the priority list contract shall terminate and the priority list deposit shall be refunded within thirty (30) days of the date of termination.

**REQUIRED INSURANCE.** As a condition to admission, resident will, prior to the date of availability, enroll in part A of the Medicare program and subscribe to and pay for coverage under part B of the Medicare program. If not eligible for Medicare, resident will enroll in some other insurance program providing equivalent benefits as approved in writing by Acts. Additionally, resident will subscribe to and pay for Medicare supplemental coverage (commonly referred to as "medigap insurance," covering days 21 through 100 of skilled care services), as approved by Acts. Throughout the duration of the Resident Contract, resident shall maintain, at resident's expense, the required insurance coverage. Proof of required insurance coverage must be provided to Acts prior to the date of availability. Acts may require resident to provide proof of required insurance from time to time after occupancy. Should resident fail to arrange for or maintain required medical insurance coverage, resident will be responsible for all charges that otherwise would have been reimbursed through these required insurance programs and shall demonstrate adequate financial resources for such coverage to Acts upon request.

Medicare Part A co-insurance for skilled days 21 through 100, and Medicare Part B annual deductible and co-insurance are the responsibility of resident.

**ASSIGNMENT OF REQUIRED INSURANCE AND THIRD PARTY PAYMENTS.** Resident assigns and transfers over to Acts all rights of resident to required public and private insurance and benefits to the extent necessary to pay Acts for services provided to resident under the Resident Contract. If resident becomes eligible to receive payment from any third party for services provided under the Resident Contract by Acts, resident shall at all times cooperate fully with Acts

and each third party payor so that Acts may make claim for and receive any applicable third party payments. Resident authorizes Acts to make any and all claims for such insurance and benefits and agrees to execute all documents necessary to enable Acts to collect or enforce such claims. If for any reason Acts cannot apply directly for such benefits, resident shall from time to time apply for the payments for services provided by Acts to which resident is entitled under applicable insurance benefit programs, and pay to Acts the benefits received within ten (10) days of payment by the third party payor.

**ENROLLMENT IN A HEALTH MAINTENANCE ORGANIZATION ("HMO") OR OTHER MANAGED CARE PLAN.** Resident may only enroll in a health maintenance organization ("HMO") or other managed care plan for which Acts is a network or participating provider unless Acts provides prior written consent. Prior to enrolling in any HMO or managed care plan, resident shall sign an addendum identifying the plan and reflecting Acts' approval or disapproval. In the event that resident subscribes to an HMO or other managed care plan, including a managed care plan that provides Medicare benefits, and Acts is not a participating provider in resident's managed care plan, Acts may elect, at its option, to attempt to negotiate a contract with and obtain payment from resident's managed care plan for covered services to be provided by Acts. If Acts is or becomes a network provider in resident's managed care plan, Acts reserves the right to withdraw from participation as a network provider. If resident's managed care plan and Acts do not reach an agreement on the terms under which services would be provided, or if resident's managed care plan does not agree to provide payment for covered services provided by Acts or if Acts withdraws from participation in resident's managed care plan, resident shall either transfer to and receive services from a participating provider in resident's managed care plan or shall pay Acts, in addition to the monthly rate, the daily rate for routine nursing care services which would have been covered by Medicare indemnity coverage, but only for the limited period of time during which Medicare or other required insurance coverage would have been available. In the event that resident is transferred to a provider participating in resident's managed care plan, resident shall continue to pay the monthly rate and additionally all costs and charges related to the transfer to and occupancy of the participating provider. There will be no reduction in the monthly rate as a result of resident's participation in any health insurance program or managed care plans which provide for payment for services rendered or made available by Acts. Any co-insurance required by the HMO or managed care plan shall be paid by resident.

**AGE REQUIREMENTS** -- As a condition to admission, resident will supply satisfactory evidence that he/she has obtained his/her sixty-second (62<sup>nd</sup>) birthday by the date of availability.

#### **CHANGES OF CONDITION OF RESIDENT PRIOR TO OCCUPANCY**

a) Change in financial condition. If, after the date of accepting and signing a Resident Contract by both parties and prior to the date of occupancy of a residential unit, a change in resident's financial condition occurs and resident no longer qualifies under Section 2.1 of the Resident Contract, Acts reserves the right to terminate the Resident

Contract. Any portion of the entrance fee that has been paid shall be refunded in full no later than sixty (60) days after the effective date of termination of the Resident Contract.

b) Change in medical condition. Once a Resident Contract is accepted and signed by both parties, the Resident Contract shall not terminate solely due to a change in medical condition. However, Acts reserves the right to determine the appropriate living accommodation.

CANCELLATION/TERMINATION – (Please reference Section 13, “Termination of Resident Contract” of the Resident Contract and Section 5, “Termination of Addendum” of the Addendum for Modified Health Care Plan for more details).

**TERMINATION BY RESIDENT PRIOR TO OCCUPANCY.** If resident or resident’s legal representative notifies Acts in writing of his/her election to withdraw or terminate the Resident Contract before resident takes occupancy, the Resident Contract with said resident shall automatically be terminated. If resident dies before the date of availability, or if, through illness, injury, or incapacity, resident is precluded from taking occupancy and becoming a resident under the terms of the Resident Contract, the Resident Contract shall be automatically rescinded. The resident or his/her designated beneficiary shall receive a refund in accordance with Subsection 14.1 of the Resident Contract.

**TERMINATION BY RESIDENT DURING THIRTY (30) DAY RESCISSION PERIOD.** Resident or resident’s legal representative may terminate the Resident Contract within thirty (30) days of the later of the execution of the Resident Contract or the receipt date of this disclosure statement by signing the ‘Notice of Right to Rescind’ and delivering it to Acts. Resident is not required to move into the retirement community before the expiration of this thirty (30) day rescission period.

**TERMINATION BY RESIDENT DURING TRANSITION PERIOD.** After the lapse of the thirty (30) day rescission period and before the lapse of a one hundred twenty (120) day period commencing on the earlier to occur of (i) the date resident takes occupancy or (ii) the date of availability of residential unit (the “transition period”), resident or resident’s legal representative, may terminate the Resident Contract by giving written and personally signed notice of termination to Acts. Resident shall surrender the residential unit within a period of thirty (30) days from the date on which such notice is received by Acts. The Resident Contract shall terminate on the date of surrender. Resident shall be entitled to a refund, as provided in Subsection 14.1 of the Resident Contract.

**TERMINATION BY RESIDENT AFTER THE TRANSITION PERIOD.** Resident or resident’s legal representative has the right, at any time, to terminate the Resident Contract by delivery to Acts of written notice of his/her intent to do so. The written notice need not cite a specific reason for the termination but it shall state a date, of not less than thirty (30) days or more than one hundred and twenty (120) days, when the termination is to become effective, and on or prior to such date resident shall surrender the living accommodation. On the effective date of such termination, and contingent upon surrender of the living

accommodation, resident's obligation to continue monthly rate payments shall cease and resident shall be entitled to a refund, if any, as provided in Subsection 14.2 of the Resident Contract.

**TERMINATION BY DEATH OF RESIDENT.** Unless sooner terminated by its own provisions, the Resident Contract shall terminate at death of resident, whereupon all obligations of Acts under the Resident Contract, other than those relating to the removal of resident's personal property, shall cease. At the death of resident, resident shall have no further rights in the living accommodation, and Acts shall have immediate access to the living accommodation. The removal of any personal effects of resident in the living accommodation or from storage shall be the responsibility of resident's executor, administrator, or legal representative, or of other persons entitled by law to receive them. Acts will hold such personal effects for a period not to exceed thirty (30) days, but Acts is not responsible for loss or damage to personal property in its possession. At the death of resident, all entrance fee refunds, excess monthly rate payments (prorated daily to the date of surrender), and any other funds deposited with Acts under the Resident Contract shall be refunded in accordance with Section 14 of the Resident Contract.

In the event removal of resident's personal possessions is not accomplished within thirty (30) days, Acts has the right to continue charging the monthly rate or charge for storage of resident's personal possessions until such possessions have been removed from the living accommodation.

**LIMITATIONS ON TERMINATION FOR SHARED OCCUPANCY.** If any co-resident is precluded from taking occupancy of the residential unit because of death, illness, injury or incapacity, the Resident Contract shall remain in full force and effect as to the other co-resident(s), at the option of co-resident(s). The remaining co-resident(s) shall sign an addendum which changes the terms of the Resident Contract from shared occupancy to single occupancy, if applicable, and which reflects changes in the entrance fee and/or the monthly rate. As long as a co-resident continues to occupy any living accommodation within retirement community, the Resident Contract shall not terminate until the death, permanent transfer, discharge or voluntary departure of all co-residents from retirement community.

**TERMINATION BY ACTS.** Acts may terminate the Resident Contract prior to occupancy due to a change in financial condition or after occupancy for "just cause" (as described below), based on the judgment of Acts by providing resident with at least thirty (30) days written notice. If such action is taken by Acts, resident will have a maximum of sixty (60) days from the date of Acts' notice to surrender the residential unit. On or before the termination date, resident shall surrender. On the date of surrender, resident's obligation to continue monthly rate payments shall cease and resident or resident's designated beneficiary shall be entitled to receive a refund, if any, as provided in Section 14 of the Resident Contract or Section 6 of the 50% Refundable Plan Addendum, whichever is applicable.

Just cause shall include, but not be limited to, (i) a default in payment (a default in payment occurs when monthly payments are not received in accordance with Section 9 of the Resident Contract), (ii) the submission or omission of any material false information in the application documents and process, (iii) the failure of resident to abide by Acts' rules, regulations, policies and procedures, (iv) the breach of any of the other terms of the Resident Contract or addenda to the Resident Contract, or (v) a good faith determination in writing by Acts that continued occupancy by resident creates a serious threat or danger to the life, health, safety or peaceful enjoyment of resident or other residents or persons in retirement community. In situations where continued occupancy threatens the life, health, safety or peaceful enjoyment of resident or other residents, only such notice as is reasonably practicable under the circumstances will be provided to resident or resident's legal representative, and termination may be effective immediately.

In the event the Resident Contract may be terminated contemporaneously with the Addendum for Modified Health Care Plan pursuant to Section 5 of the addendum, Acts, in its discretion, may provide resident with an option to pay a lifecare conversion fee in accordance with Acts' prevailing policy.

**SURRENDER.** The obligation to pay the monthly rate shall continue until surrender of the living accommodation by resident or by the estate or family or legal representative of resident in the case of death. The monthly rate shall be prorated for the month of surrender.

REFUND(S) APPLICABLE/NOT APPLICABLE – (Please reference Section 14, "Refunds of Entrance Fee" of the Resident Contract for more details).

**NOTICE OF TERMINATION PRIOR TO OR DURING TRANSITION PERIOD.** Entrance fee payments will be refunded in full if the Resident Contract is terminated prior to occupancy or within the thirty (30) day rescission period, or if written notice of termination of the Resident Contract is received during the transition period and resident surrenders within thirty (30) days. The Entrance Fee refund will be reduced by any costs specifically incurred by Acts at the request of resident to the extent those charges were not paid by resident.

**NOTICE OF TERMINATION AFTER TRANSITION PERIOD.** In the event written notice of termination of the Resident Contract is received after the transition period and prior to death, resident is entitled to a refund of the entrance fee paid less the administrative fee and less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of the entrance fee paid less the administrative fee for each month the Resident Contract has been in force, starting on the first day of the month after the earlier of the date of occupancy or date of availability, and ending on the date of surrender. The entrance fee refund will be reduced by any costs specifically incurred by Acts at the request of resident to the extent those charges were not paid by resident, and any amounts deducted to cover financial assistance.

In the event resident signed the 50% Refundable Plan Addendum to the Resident Contract for the Acts Life Care 50 Plan, Acts will refund to the resident, resident's estate or designated beneficiary the refundable component of the entrance fee, which constitutes fifty percent (50%) of the net entrance fee plus any remaining balance of the amortizable portion of the net entrance fee, less any amounts deducted to cover financial assistance, as defined in the addendum, to cover costs incurred to refurbish, restore or repair the residential unit in the event of unreasonable wear and tear, or to cover costs incurred at the specific written request of resident, or to satisfy unpaid or subsidized charges.

**TERMINATION BY DEATH OF RESIDENT PRIOR TO OCCUPANCY OR DURING TRANSITION PERIOD.** In the event of the death of resident before occupancy or during the transition period, the entrance fee less those costs specifically incurred by Acts at the request of resident (to the extent those charges were not paid by resident), will be refunded to resident's estate or to resident's designated beneficiary. In situations of shared occupancy, in the event of the death of a co-resident before occupancy or during the transition period, resident's estate or his/her designated beneficiary shall receive a refund of the difference between the entrance fee for shared occupancy and the entrance fee for single occupancy for the residential unit at the time of signing the Resident Contract.

**TERMINATION BY DEATH OF RESIDENT AFTER TRANSITION PERIOD.** If death should occur after the transition period, resident is entitled to a refund of the entrance fee paid less the administrative fee and less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of the entrance fee paid less the administrative fee for each month the Resident Contract has been in force, starting on the first day of the month after the earlier of the date of occupancy or the date of availability, and ending on the date of surrender. If death occurs after the fifty (50) month amortization period, the entrance fee is not refundable and shall automatically become the exclusive property of Acts upon the death of resident. In situations of shared occupancy, the amount of the entrance fee less the administrative fee shall be assigned to the surviving co-resident in the event of the death of a co-resident. Any entrance fee refund will be reduced by any costs specifically incurred by Acts at the request of resident to the extent those charges were not paid by resident, and any amounts deducted to cover financial assistance.

**TERMINATION BY DEATH OF RESIDENT - ELECTION OF 50% REFUNDABLE PLAN ADDENDUM.** In the event of the death of resident before occupancy or during the transition period, the entire entrance fee paid, less those costs specifically incurred by Acts at the specific written request of resident to the extent those charges were not paid by resident, will be refunded in full to resident's estate or to resident's designated beneficiary. If death should occur after the transition period, the refundable component of the net entrance fee shall be refunded to resident's estate or resident's designated beneficiary. Any unamortized balance of the amortizable portion of the net entrance fee shall be refunded with the refundable component. After the twenty five (25) month amortization period, the amortizable portion of the net entrance fee shall not be

refunded and automatically shall be retained by Acts upon the death of resident. In situations of shared occupancy, the amount of the amortizable portion of the net entrance fee shall be assigned to the surviving co-resident in the event of the death of a co-resident.

**TERMINATION BY ACTS.** In the event that Acts terminates the Resident Contract in accordance with Subsection 13.6 of the Resident Contract, resident shall be entitled to receive a refund, if any, for some or all of the entrance fee as provided in Section 14 of the Resident Contract or Section 6 of the 50% Refundable Plan Addendum, whichever is applicable.

**CHANGE OF RESIDENTIAL UNIT.** If resident is authorized by Acts to change and move to a smaller residential unit in accordance with the terms of the Resident Contract, resident is entitled to a refund of the difference, if any, between:

- a) Present residential unit. The current entrance fee, less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of such entrance fee for each month the Resident Contract has been in force, commencing from the date of availability, and,
- b) Proposed residential unit. The current entrance fee, less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of such entrance fee for each month the Resident Contract has been in force, commencing from the date of availability. This refund is payable pursuant to Section 14.6 of the Resident Contract.

**TIME FRAME OF REFUND(S)** -- As per Section 14.6, "Timing of Refund Payments", of the Resident Contract, prior to occupancy, any refunds of the entrance fee shall be made within sixty (60) days of Acts' receipt of resident's written notice of intent to cancel the Resident Contract. After occupancy, any refund of the entrance fee shall be made within one hundred twenty (120) days of the effective date of termination of the Resident Contract, or death. Please see Section 6(d) of the 50% Refundable Plan Addendum to the Resident Contract for time frame of refunds applicable to the Acts Life Care 50 Plan.

**MOVES** -- (Please reference Section 11, "Relocation to a Different Living Accommodation or Outside Facility" of the Resident Contract for more details).

**FROM ONE RESIDENTIAL UNIT TO ANOTHER AS REQUESTED BY RESIDENT.** Upon resident's written request and written approval of Acts, resident may exercise a limited option to move from one residential unit to another in accordance with the prevailing policy. Resident must notify Acts in writing of the type of residential unit desired. Acts reserves the right in its sole discretion to approve or deny requests to move. In the event resident receives approval from Acts to move to another residential unit, resident shall sign an addendum to the Resident Contract reflecting all costs and charges related to exercising the option to move, including the entrance fee and monthly rate for the selected residential unit. Resident may be required to pay a refurbishment fee as determined by Acts in accordance with prevailing policy. If resident moves to a

larger sized residential unit an additional entrance fee may be required in accordance with Subsection 11.1(a) of the Resident Contract.

FROM ONE RESIDENTIAL UNIT TO ANOTHER AS REQUIRED BY ACTS. Acts may relocate resident to a different residential unit in the retirement community, substantially similar to that selected by resident, if it determines that such a move should be made for the benefit of resident or for the proper operation of retirement community, as determined by Acts. In the event resident is directed to relocate, Acts shall be responsible for all reasonable moving and relocation expenses. Resident shall execute an addendum which shall reflect all changes in the monthly rate.

#### TRANSFER TO ASSISTED LIVING RESIDENCE, SKILLED CARE CENTER OR OUTSIDE FACILITY.

a) Conditions of continued occupancy. Resident shall have the right to occupy the residential unit for so long as resident satisfies the health and other conditions of continued occupancy.

b) Decision to Transfer.

- (i) Authority to transfer. Acts may transfer resident from and between the residential unit and skilled care center or assisted living residence, or any other appropriate care facility, if it determines that such a move should be made because of the health and/or welfare of the resident, for the proper operation of the retirement community, to comply with regulations of the North Carolina Division of Facility Services, the North Carolina Department of Health, local regulations of the fire department, or any other duly constituted authority or agency, or to otherwise meet the requirements of law.
- (ii) Role of Acts' utilization review committee. The decision as to whether a transfer shall be deemed temporary or permanent shall be made by Acts' utilization review committee. The utilization review committee shall consider the opinion of resident and the advice of a family representative, if available, and, if requested and at resident's expense, a private physician. The opinion of resident and advice of family and resident's physician is advisory only and shall not be binding on Acts. The utilization review committee's decision regarding the temporary or permanent nature of any transfer may be made at any time. Upon a determination by Acts' utilization review committee that resident is no longer capable of meeting the health or other requirements for occupancy of the residential unit, resident or resident's next of kin, legal representative or agent acting on resident's behalf, will be notified by Acts that arrangements will be made for resident's immediate transfer to an assisted living residence, a skilled care center or other appropriate care facility.

c) Transfer to assisted living residence. When resident is in need of assisted living services as determined by Acts' medical director and/or the utilization review committee, and does not need routine nursing care services, resident may be transferred permanently to Acts' assisted living residence, if available, or other facility providing assisted living services. If there is no co-resident in the residential unit, resident will, within thirty (30) days, surrender the residential unit. The residential unit then occupied by such resident shall be declared vacant and Acts may reassign the residential unit to another person.

d) Transfer to skilled care center. When resident is in need of routine nursing care services as determined by Acts' medical director and/or the utilization review committee, resident will be moved to a shared accommodation in the skilled care center or other facility providing routine nursing care services under the Resident Contract. Upon request, resident may have access to a private room, if available, in Acts' skilled care center for which an additional fee may apply. If, after continued evaluation, it is determined by Acts that resident cannot return to his/her residential unit, and if there is no co-resident in said accommodation, Acts may declare the residential unit vacant, and may reassign the residential unit to another person. Resident will, within a thirty (30) day period after such decision has been made, surrender the residential unit.

e) Transfer to outside facility. If it is determined by Acts' medical director and/or Acts' utilization review committee that resident cannot be cared for within the scope of the services Acts provides in the retirement community, or resident cannot otherwise meet the conditions of continued occupancy, and if there is no co-resident in the residential unit, Acts may declare the transfer permanent and the residential unit vacant, and reassign the residential unit to another person. Resident will, within a thirty (30) day period from the date the decision is made, surrender the residential unit and have all personal possessions removed from it.

f) Temporary and permanent transfers under Addendum for Modified Health Care Plan.

- (i) Temporary transfer. If resident is temporarily transferred to a skilled care center or assisted living residence, resident shall pay the then current per diem rate for routine nursing care or assisted living services and any other charges for ancillary or miscellaneous services, and shall pay the monthly rate to retain possession of the residential unit. In situations of shared occupancy where one co-resident is temporarily transferred to a skilled care center or assisted living residence, the monthly rate shall be reduced to the monthly rate for single occupancy of the residential unit, and the transferred co-resident shall be charged, and both co-residents shall be collectively responsible to pay, the then current per diem rate for routine nursing care or assisted living services, and any other additional charges for ancillary or miscellaneous services. In the event both co-residents are temporarily transferred to a skilled care center or assisted living residence, each co-resident shall be charged and shall pay the then current per diem rate for routine

nursing care or assisted living services, and any additional charges for ancillary or miscellaneous services. In addition, the monthly rate shall be reduced to the monthly rate for single occupancy during any period of temporary transfer and will be paid by the resident or co-resident in order to retain possession of the residential unit.

- (ii) Permanent transfer. If resident is permanently transferred to a skilled care center or assisted living residence, then the obligation to pay the monthly rate shall cease, and resident shall be responsible for the payment of the then current per diem rate for routine nursing care or assisted living services, and any other additional charges for ancillary or miscellaneous services. In situations of shared occupancy where one co-resident is permanently transferred to a skilled care center or assisted living residence, the monthly rate shall be reduced to the monthly rate for single occupancy of the residential unit, and the transferred co-resident shall be charged, and both co-residents shall collectively be responsible to pay, the then current per diem rate for routine nursing care or assisted living services, and any other additional charges for ancillary or miscellaneous services, as well as the reduced monthly rate. In the event both co-residents are permanently transferred to a skilled care center or assisted living residence, each co-resident shall be charged and shall pay the then current per diem rate for routine nursing care or assisted living services, and any additional charges for ancillary or miscellaneous services and the obligation to pay the monthly rate shall cease and the residential unit shall revert to Acts.

After transfer to and occupancy in a skilled care center or assisted living residence for a cumulative period of three (3) years (calculated using the total number of days in which the then current per diem rate was paid for temporary or permanent use of a skilled care center or assisted living residence), the resident's obligation to pay the then current per diem rate for routine nursing care or assisted living services in accordance with the above terms and conditions shall be converted to an obligation to pay the then current monthly rate for routine nursing care or assisted living services under the "life care" arrangement provided for in the Resident Contract. Resident remains responsible for any other additional charges for ancillary or miscellaneous services. In situations of shared occupancy, the cumulative three (3) year period shall apply to each co-resident individually; meaning each co-resident pays the then current per diem rate during his/her first three (3) years of occupancy in a skilled care center or assisted living residence before his/her payment obligation is converted to the then current monthly rate.

g) Release of or return to residential unit after transfer.

- (i) Temporary transfer. If resident is admitted temporarily to Acts' skilled care center, assisted living residence, or a hospital or other

outside facility, with a medical prognosis of recovery and return to health consistent with the conditions of continued occupancy, then resident shall retain occupancy of the residential unit for the purpose of resuming residency. During any period of temporary transfer, resident shall continue to pay the applicable monthly rate for the residential unit. Resident may return to the residential unit which has been retained in accordance with the terms of this provision at such time as Acts determines that resident can satisfy the conditions of continued occupancy.

- (ii) Permanent Transfer. If resident is permanently transferred to Acts' skilled care center, assisted living residence, or a hospital or other appropriate outside facility, resident shall surrender the residential unit within thirty (30) days of written notice of Acts' decision to permanently transfer resident. If Acts, with the advice of Acts' medical director, determines that resident subsequently has recovered sufficiently to satisfy the conditions of continued occupancy of a residential unit, resident, upon request, shall be eligible for consideration to receive the next available residential unit with a floor plan comparable to the one relinquished, provided resident repays Acts any amounts refunded to resident under the resident contract and pays the applicable monthly rate.

#### MARRIAGES/SECOND OCCUPANT

**NEW SECOND OCCUPANT.** As per Section 10 of the Resident Contract, if resident decides to marry/reside with a non-resident while occupying the residential unit and desires that the new spouse/additional occupant share the residential unit, the spouse/additional occupant must comply with the entrance procedure outlined in the Resident Contract and shall execute a then current version of the Resident Contract. The spouse/additional occupant shall pay an entrance fee equal to the then current entrance fee for the smallest residential unit in the retirement community at the time the spouse/additional occupant takes occupancy. The prevailing monthly rate for shared occupancy will commence on the day the spouse/second occupant moves into the residential unit. In the event the spouse/additional occupant is not accepted as a new resident, resident may terminate the Resident Contract pursuant to Section 13 and receive any refund as set forth in Section 14.

**RESIDENT MOVES INTO ANOTHER RESIDENT'S RESIDENTIAL UNIT.** The resident vacating his/her residential unit is entitled to a refund of the original entrance fee determined by the following calculation: depreciation of the original entrance fee as per Section 14.2 of the Resident Contract or Section 5 of the 50% Refundable Plan Addendum, whichever is applicable, less one-half (1/2) of the entrance fee of the retirement community's smallest residential unit at the time the first of the two residents took occupancy. If the resident vacating his/her residential unit selected the Acts Life Care 50 Plan at the time of original occupancy, only the amount that causes the vacating resident's refund to equal the refundable component of the entrance fee, as defined in Section 4 of the 50%

Refundable Plan Addendum, shall be subtracted. If the depreciated entrance fee is less than one-half (1/2) of the smallest residential unit, then one-half (1/2) of the smallest residential unit shall not be subtracted. If the entrance fee is fully depreciated, the vacating resident shall receive a refund of ten percent (10%) of the net original entrance fee paid and payment of one-half (1/2) of the smallest residential unit shall be waived. The monthly rate for shared occupancy established for the original occupant of the residential unit will commence on the day the spouse/second occupant moves into the residential unit.

#### RESIDENTS LEAVE CURRENT RESIDENTIAL UNITS TO SHARE/OCCUPY LARGER RESIDENTIAL UNIT.

(a) If a larger residential unit is available when both residents choose to vacate the two smaller residential units: (1) the resident with the earlier Resident Contract will pay the difference between the smaller and the larger residential unit based upon the entrance fee schedule in effect at the time the first resident signed the Resident Contract, and (2) the other resident will be entitled to a refund of the original entrance fee determined by calculating the refund to which the resident would be entitled if he/she vacated the premises less one-half (1/2) of the entrance fee of the retirement community's smallest residential unit in effect at the time the earlier of the two residents took occupancy. If the depreciated entrance fee is less than one-half (1/2) of the smallest residential unit entrance fee, one-half (1/2) of the smallest residential unit shall not be retained by Acts. The prevailing monthly rate for shared occupancy will commence on the day both residents occupy the larger residential unit. However, residents must move to the new residential unit the earlier to occur of sixty (60) days from the date of selection or on the date the restoration of the new residential unit is completed. Failure to move will result in resident paying a prorated monthly fee for all three residential units from the date the new residential unit is available until the date of the move.

(b) If a larger residential unit is not immediately available, residents may choose to vacate one residential unit until a larger residential unit is available. The resident vacating the residential unit will be entitled to a refund as stated in RESIDENT MOVES INTO ANOTHER RESIDENT'S RESIDENTIAL UNIT. When a larger residential unit becomes available, the residents will move at their own expense from the smaller to the larger residential unit and will pay the difference between the smaller and larger residential unit based upon the entrance fee schedule in effect at the time the first resident signed the Resident Contract. The prevailing monthly rate for shared occupancy will commence on the day both residents occupy the smaller/larger residential unit.

(c) If transfers result in residents paying more for the larger residential unit than they would have paid for the residential unit as new residents at current prices, then residents may elect to cancel their current Resident Contracts and reenter the retirement community in the larger residential unit at the current entrance fee.

INABILITY TO PAY -- (Please reference Section 12 of the Resident Contract for more details).

**FAILURE TO MAKE PAYMENTS.** If resident fails to make any of the monthly rate payments at the required time, or to pay any other amounts shown on the monthly statement within thirty (30) days after the first day of the month, then Acts may give written notice to resident to pay all such amounts and furnish most recent financial records. If resident fails to comply with such notice, Acts may terminate the Resident Contract, and shall provide resident with the refund, if any, set forth in Section 14, less any outstanding balances or financial obligations.

**SPECIAL CONSIDERATION.** Without in any way qualifying the right of Acts to terminate the Resident Contract, if the sole reason for non-payment is insufficient funds, beyond the control of resident, the matter will be reviewed by Acts with resident. If resident presents facts which justify special financial consideration, Acts may solely at its discretion, partly subsidize resident's monthly rate, provided that such subsidy can be granted without impairing the ability of Acts to meet and continue its objectives while operating on a sound financial basis. All determinations made by Acts shall be regarded as a confidential transaction between Acts and resident except for reports required by regulatory or other government bodies.

**SUBSIDY BY ACTS.** Should Acts subsidize resident's monthly rate, resident agrees that any property which was his/hers at, or subsequent to the date of the Resident Contract, and remaining in his/her possession at death, is to be transferred to Acts for the purpose of repaying (at least to the extent of the value of such property) an amount equal to the aggregate amount of subsidy furnished resident by Acts during the period of residency. If the value of resident's possessions/property exceeds the aggregate amount of subsidy furnished by Acts, all excess proceeds will be returned to resident's estate. The Resident Contract shall operate as a grant, assignment, transfer and conveyance to Acts of such property, and resident hereby grants to Acts a security interest in such property, all of which may be enforced as a claim against resident's estate, and to effect such assignment and to enable Acts to enforce such claim, resident shall execute such further documents, instruments or contracts, such as stock powers, Uniform Commercial Code financing statements, deeds, bills of sale and the like, as Acts shall deem necessary or appropriate to protect or perfect its rights, interest and claims granted in this subsection. Acts may, from time to time, request financial statements from any resident whose monthly rate is subsidized by Acts. This section shall apply whether or not resident is in residence at retirement community at time of death and shall survive termination of the Resident Contract.

**REDUCTION OF INCOME.** Resident believes that his/her sources of income are adequate to meet his/her financial responsibility to Acts and to meet and pay any additional costs to resident, and to pay personal and incidental expenses during the period of residency. If resident's sources of income do not meet these requirements, resident may be required to relocate to a smaller unit in the

retirement community at the discretion of Acts, and resident will make every reasonable effort to obtain assistance from family or other available means, and from public benefits, to the extent that resident is eligible to receive them, including, but not limited to federal, state or county aid or assistance, Aid to the Blind, veterans' pension, etc. resident agrees that he/she will apply for and diligently seek such benefits.

## **SERVICES**

**STANDARD SERVICES AVAILABLE** -- (Please reference Sections 4, "Living Accommodation and Common Areas" and 5, "Services Provided by Company to Resident and Resident's Responsibilities", of the Resident Contract for more details).

**LIVING ACCOMMODATION.** From and after the date of availability, resident has the right to occupy and use, in accordance with terms of the Resident Contract, the residential unit designated in Section 3, and accommodations in assisted living residence and skilled care center as defined in Section 11 of the Resident Contract.

**FURNISHINGS.** Acts will furnish wall to wall carpeting (except in kitchen and bath), range with oven, microwave oven, refrigerator, window blinds, and other fixtures in the residential unit in accordance with Acts' prevailing policy. Resident may upgrade, change or replace the furnishings provided by Acts at resident's cost. These furnishings, even if upgraded, changed or replaced at resident's cost, shall become the permanent property of Acts unless otherwise agreed to in writing by both parties. All other furnishings shall be furnished by resident, subject to supervision of, and approval by, Acts, and shall remain as resident's personal property, except as set forth in Subsections 5.6 and 5.9 of the Resident Contract.

**COMMON AREAS.** Subject to scheduling requirements and availability as established by Acts and as part of the services included in the monthly rate, resident may use, in common with all other residents, the dining room(s), lobby or lobbies, auditorium, social and recreational rooms, and other common areas furnished by Acts.

**UTILITIES AND TAXES.** As part of the services included in the monthly rate, Acts will furnish water, light, heat, electricity, air conditioning and standard cable television service (excluding premium channels). Payments of real estate taxes are also included in the monthly rate. Payment of the monthly rate does not give the resident any interest in the land, improvements, or real estate of Acts and the retirement community. Resident shall participate in and assign all rights to any real estate, property tax or utility credit program.

**TELEPHONE.** Resident is required to have a telephone, or alternative communication device which is approved by Acts, in the residential unit, at resident's expense. Telephone service charges (excluding international calls) and connection charges are included in the monthly rate. Acts shall provide a directory of telephone numbers for access to retirement community personnel. Resident may have an option, at resident's expense, to add international calling plans.

**TELEVISION AND INTERNET.** Acts shall provide each residential unit with connection(s) for television signal and internet access through either an external antenna or cable system. Acts shall provide standard cable television service (excluding premium channels) and internet service. Costs for cable premium channels are not included in the monthly rate and shall be paid by resident. Resident may have an option, at resident's expense, to upgrade the internet service provided by Acts.

**HOUSEKEEPING.** Resident shall maintain the residential unit in a clean, sanitary and orderly condition, and is responsible for all usual light housekeeping tasks. Annually, Acts will provide such heavier cleaning services as it deems necessary. Acts reserves the right to inspect the residential unit periodically for cleanliness and safety. If resident fails to maintain the residential unit in a clean, sanitary and orderly condition as determined by Acts, then Acts reserves the right to clean the residential unit and resident shall pay the charges assessed by Acts for cleaning the residential unit. Additional housekeeping services are available to resident for an additional fee.

**MAINTENANCE AND REPAIRS.** Necessary repairs, maintenance and replacement of property and equipment owned by Acts will be performed and provided at the discretion of Acts. Repairs, maintenance, and replacement of property of resident will be the responsibility of resident.

**LAUNDRY.** Automatic washers and dryers for personal laundry are located within retirement community and are available to all residents. Acts will provide laundry service for flat linens, provided by resident, on a weekly basis as part of the monthly rate.

**STORAGE.** For each apartment style residential unit, Acts will make available additional storage in a designated area upon request of resident. Use of storage areas shall be subject to direction and supervision of Acts. Resident is responsible for the risk of loss for all items stored in the storage units.

**GROUNDS.** Acts will furnish basic grounds keeping care including lawn service. Resident, at his/her own expense may plant and maintain the area adjacent to his/her residential unit, subject to the approval of Acts. All plants, trees and shrubs so planted shall immediately become and remain the permanent property of Acts.

**TRANSPORTATION.** Acts will provide transportation services on a scheduled basis, for purposes such as shopping, certain medical care services and other special functions, as defined by Acts.

**FOOD AND MEALS - DINING ROOM SERVICE.** Acts will, as part of the services included in the monthly rate, provide to resident, one meal for each day of the month (e.g. 30 meals in the month of November, 31 meals in the month of December), which may be utilized at resident's discretion, up to a maximum of three (3) meals per day, until the monthly meal allocation is exhausted for the applicable calendar month. Unused meals in one month may not be carried over

to another month. Meals may be taken in excess of the monthly allocation and will be an additional charge. Meals shall be taken in a designated dining area at any time during the calendar month, at resident's discretion, although reasonable advance notice of attendance may be requested. Special dietary needs may be provided on request and subject to availability and Acts' policies and procedures. In addition, Acts will make available, in accordance with its scheduling policies, a private dining room for family gatherings or other special occasions of resident. For these occasions, in accordance with Acts' policies and procedures, resident may supply food from outside sources or use catering services provided by retirement community on a fee-for-service basis.

**FOOD AND MEALS - TRAY SERVICE.** Acts will, as part of the services included in the monthly rate, provide to resident tray service if ordered by Acts' medical director or persons authorized by Acts. Tray service shall be on a temporary basis, not to exceed three (3) days or fourteen (14) days following a three (3) day stay in the hospital or the skilled care center. Any resident requesting further tray service shall be evaluated by Acts' medical director and/or resident's physician to determine whether routine nursing care services are required. In the event that tray service extends beyond the above limits, Acts may charge resident for tray service meals in an amount determined by Acts, except if ordered by Acts' medical director.

**FOOD AND MEALS - MEAL ALLOWANCE.** If resident is away from retirement community for a period of fourteen (14) consecutive days or more, he/she may qualify for a limited meal allowance in accordance with Acts' prevailing policy which is subject to change. If the resident qualifies, the meal allowance will be applied as a credit on the monthly statement. Arrangements for this allowance must be made in advance and in writing, and is applicable only when resident is away from his/her residential unit, excluding stays in an assisted living residence or a skilled care center.

**OUTPATIENT NURSING SERVICES.** Outpatient nursing services are made available to resident in the retirement community during regular office hours in accordance with prevailing policy which is subject to change from time to time. Certain outpatient nursing services including routine nursing consultations, weight checks and blood pressure readings are included in the monthly rate. Other services may be provided at a fee published in the nurse's office. Acts reserves the right to limit the outpatient nursing services which are included in the monthly rate.

**SECURITY.** Acts will, as part of the services included in the monthly rate, provide certain security services at the retirement community in accordance with Acts' prevailing policy which is subject to change from time to time.

**PARKING.** If resident owns and operates a registered motor vehicle, Acts shall provide a minimum of one uncovered parking space for each residential unit, which is included in the monthly rate. Any assignment of parking spaces will be made in accordance with prevailing policy which is subject to change from time to time. Guest parking is available in designated areas.

SERVICES AVAILABLE AT EXTRA CHARGE -- (Please reference Sections 4, "Living Accommodation and Common Areas" and 5, "Services Provided by Company to Resident and Resident's Responsibilities", of the Resident Contract for more details).

**STRUCTURAL CHANGES.** All structural or physical changes of any kind within or about the residential unit (i.e. shelves, framework, awnings, etc.) will be made only upon first being approved by Acts in writing and thereafter being subject to the supervision of Acts. The cost of any such change requested by resident shall be borne by resident and paid for before work begins, unless otherwise agreed to in writing by both parties, and all such changes shall immediately become and remain the permanent property of Acts.

**GUEST USE OF DINING ROOM.** Acts will serve meals to resident's guest in the dining room at an extra charge. Charges for guest meals will be included on resident's monthly statement. Resident is requested to provide Acts with advance notice of any anticipated guests.

**GUEST MEAL CHARGES.** Amounts charged to resident's monthly statement for guest meals will be made according to the currently established rates as set and periodically adjusted by Acts.

**RESPONSE SYSTEM.** Resident may contact retirement community personnel (i.e. security personnel or administrative staff) who will be available to respond twenty-four (24) hours a day. Retirement community personnel will contact emergency response personnel provided by county or city governments, or by various health care providers unaffiliated with Acts. Acts does not provide Emergency Medical Services ("EMS") or Emergency Medical Technicians ("EMT"). While the response system may be used to inform retirement community personnel of a medical emergency or a security concern, Acts disclaims any and all responsibility or liability for responding to medical emergencies or security concerns. Any costs associated with external emergency response personnel shall be payable by resident directly to the emergency response organization.

**PROPERTY INSURANCE.** Acts shall maintain insurance for Acts' property only, which is included in the monthly rate. Resident is required to purchase and maintain personal property and liability insurance in an amount acceptable to Acts as may be determined from time to time by Acts.

**CHANGES IN THE SCOPE OF SERVICE AND ANCILLARY FEE SCHEDULE.** The scope of services and related fees as reflected in the ancillary fee schedule for services not included in the monthly rate are subject to change and may be modified by Acts from time to time with sixty (60) days advance written notice of any changes, except for changes required by State or Federal assistance programs.

HEALTH AND ASSISTED LIVING SERVICES AVAILABLE -- (Please reference Section 6, "General Medical, Nursing and Assisted Living Services", of the Resident Contract for more details).

**ASSISTED LIVING AND ROUTINE NURSING CARE SERVICES.** As part of the monthly rate, Acts shall provide, or make available, in accordance with resident's needs, assisted living services in private accommodations and routine nursing care services in shared accommodations. In addition, residents who have executed the Addendum for Modified Health Care Plan shall be charged the then current per diem rate for assisted living services and routine nursing care services for a cumulative period of three (3) years (calculated using the total number of days in which the then current per diem rate is paid for temporary or permanent use of an assisted living residence or skilled care center). In the event that those services are provided on the campus of retirement community, resident shall sign an admission contract upon transfer to either the assisted living residence or skilled care center, which contract(s) will supplement the terms of the Resident Contract. In the event that any payment provision of the admission contracts in the assisted living residence or skilled care center are in conflict or inconsistent with any terms or provisions of the Resident Contract, then the Resident Contract shall control and govern the relationship between resident and Acts. As part of the monthly rate, Acts shall provide to resident three (3) meals per day when resident is in assisted living residence or skilled care center.

**HOME CARE SERVICES.** As part of the monthly rate, resident may be eligible for qualified home care services, as determined by Acts and in accordance with prevailing policy. Additional home care services may be available on a fee-for-service basis.

**EXCLUSIONS (ITEMS AND SERVICES NOT COVERED BY THE MONTHLY RATE).** Medical, health and ancillary services not included in or covered by the monthly rate include, but are not limited to, the cost of hospitalization, ambulance service, therapist or rehabilitation services, psychotherapy and psychiatric consultations or services, physician services, diagnostic services, private duty nurses, nursing assistants or companions, including temporary nursing or assistive services in the residential unit, specialized treatment, refractions, eyeglasses, contact lenses, hearing aids, podiatry, dentistry, dentures, inlays, orthopedic devices and appliances such as walkers, braces, wheelchairs, special beds or chairs, incontinence supplies, personal care supplies such as disposable underpads, toiletries, digestive aids and pharmacy medications, drugs, including prescription and over-the-counter medications, medical equipment and supplies such as syringes, respirators, ventilators, oxygen tanks, intravenous items, catheterization materials, specialized treatment including ventilator dependent treatment, dialysis, and higher acuity nursing care services such as subacute care, transitional care or special rehabilitation services. Acts, in its discretion, may provide any or all of the services not covered by the monthly rate at an additional charge, or refer the resident to another provider capable of providing higher acuity care services. Ancillary and miscellaneous charges in an assisted living residence or skilled care center are not included in the monthly rate.

**TRANSFER TO HOSPITAL OR OTHER SPECIALIZED SERVICE FACILITY.** Acts does not provide ambulance services, hospital care, acute care, transitional care or subacute care or other services provided by a special service facility. Acts shall have the right to transfer resident to a hospital or other facility in accordance with the provisions of Subsection 11.3 of the Resident Contract.

**ILLNESS OR ACCIDENT AWAY FROM RETIREMENT COMMUNITY.** If resident suffers an accident or illness while away from retirement community, Acts will have no responsibility to pay for resident's medical, surgical, hospital or nursing care obtained offsite; however, after resident returns to retirement community, Acts shall assume its responsibility to provide those services as specified in the Resident Contract that are deemed necessary by Acts.

**ACCIDENT OR ILLNESS CAUSED BY OTHERS.** In the event resident is physically injured by an individual or entity not a party to the Resident Contract, resident grants to Acts a right of subrogation, and authorizes Acts to bring such demands, claims or legal proceedings in the name of or on behalf of resident for purposes of recovering from any third party or third party's insurer responsible for resident's injury, the dollar value of all care provided by Acts to resident as a result of any such injury. Resident shall cooperate and sign any documents necessary to facilitate Acts' ability to exercise its subrogation right. After all costs and expenses incurred by Acts (including legal fees and cost of care furnished to resident by Acts because of such injury) have been reimbursed to Acts through subrogation, the balance of any recovery, will be refunded to resident.

**LIMITATIONS ON CARE.** Acts is not designed to care for persons who abuse alcohol or drugs or who require specialized psychiatric care or service not authorized or permitted under the skilled care or assisted living licensing regulations. If Acts determines that resident's continued presence in retirement community is either dangerous or detrimental to the health, safety or peace of resident or other residents, then Acts may temporarily transfer resident to an appropriate institution of Acts' choosing and resident shall continue to pay the monthly rate directly to Acts. Acts will then be responsible to pay to the institution an amount that shall not exceed Acts' prevailing daily rate for shared accommodations in the skilled care center. Any additional charges beyond the amount paid by Acts are the obligation of and shall be paid by resident. If resident prefers an institution other than that chosen by Acts, Acts will then be responsible to pay the lesser of Acts' daily rate for shared accommodations in the skilled care center or the daily rate of the institution chosen by Acts.

**RESPONSIBILITY OF ACTS FOR SERVICES INCLUDED IN MONTHLY RATE.** Resident shall not be liable to any health care provider for the cost of any services which are covered by Acts under the Resident Contract and which are paid for by resident through payment of the monthly rate. In the event that Acts authorizes any health care provider to provide services, which Acts is required to provide under the Resident Contract, Acts shall assume responsibility for the payment of those health care services.

PRIVATELY EMPLOYED PRIVATE DUTY CONTRACTORS. Subject to the approval of Acts, resident may utilize the services of privately employed private duty contractors, or other licensed agencies unrelated to Acts, who provide personal or health care services in the residential unit. Such services are subject to Acts' prevailing policy and requirements, which are subject to change, and must be approved in advance and in writing by Acts. Resident is responsible to pay for all such services. In exchange for Acts' approval of resident's utilization of a private duty contractor or other licensed agencies unrelated to Acts, resident releases Acts from any liability for the acts or omissions of any individual or agency providing services to resident in the residential unit. Live-in companions, whether paid or unpaid by resident are not permitted, except with Acts' advance written consent.

AVERAGE ANNUAL COST OF SERVICES – The average annual cost to Acts (Obligated Group) of providing to resident the care specified in the Resident Contract, based on 2024 information, is \$69,837 for residential services and \$178,115 for medical care services.

### **FEES**

APPLICATION FEE/PRIORITY LIST DEPOSIT -- Each resident, or couple of residents, executing a Resident Contract has paid to Acts a priority list deposit of one thousand (\$1,000) dollars. Additionally, a non-refundable application fee of two hundred (\$200) dollars is paid for each residential unit selected. The priority list deposit will be applied as a credit toward the reservation fee. If resident elects to terminate the Resident Contract before moving into and occupying his/her residential unit, the priority list deposit will be refunded. The application fee is not refundable in accordance with Acts' prevailing policy which is subject to change.

If resident elects to rescind the Resident Contract within thirty (30) days of the later of: (i) the date on which the Resident Contract is executed, or (ii) the date on which resident receives the disclosure statement required by North Carolina General Statutes, section 58-64-20, resident shall receive reimbursement for all amounts paid, less any monthly fee applicable to any time resident actually occupied the apartment, the non-refundable application fee, and those nonstandard costs specifically incurred by Acts at the request of resident, as specified on the addendum to the agreement. Resident shall not be required to move into the living accommodation prior to the expiration of the latest thirty (30) day period described above.

ADMINISTRATIVE FEE – An administrative fee in an amount equal to five percent (5%) of the total entrance fee paid will be retained by Acts. The administrative fee is non-refundable after the transition period.

ENTRANCE FEE/MONTHLY FEE – Persons entering Tryon Estates as residents will be offered the option of choosing between five different financial arrangements, as shown on Attachment No. 7.

The entrance fee of a specific living accommodation may be higher or lower depending on certain attributes of the living accommodation. Please contact a Tryon Estates Life Care Consultant for further information.

The entrance fees in Attachment No. 7 are subject to change without notice, and the monthly fees are subject to change with sixty (60) days prior written notice (in accordance with the terms of the Resident Contract).

The entrance fee is a one-time fee paid to Acts prior to the admission of resident to Tryon Estates. The entrance fee assures residents lifetime access to a living accommodation at Tryon Estates (subject to the terms and conditions of the Resident Contract). The amount of the entrance fee is based on the model, size, location and number of occupants of the residential unit. Residents who have chosen to enter Tryon Estates under the financial arrangement described as Acts Life Care 50 Plan will pay a greater entrance fee and a greater monthly fee than residents choosing the financial arrangements described as Acts Life Care Premier Plan, Acts Life Care Asset Preservation Plan, or Acts Life Care Income Preservation Plan. Residents who have chosen to enter Tryon Estates under the financial arrangement described as Acts Modified Life Care Plan will pay a lesser entrance fee and a lesser monthly fee than residents choosing the financial arrangements described as Acts Life Care Premier Plan, Acts Life Care Asset Preservation Plan, or Acts Life Care Income Preservation Plan.

For the financial arrangements described as Acts Life Care Premier Plan, Acts Life Care Asset Preservation Plan, Acts Life Care Income Preservation Plan and Acts Modified Life Care Plan, the entrance fee less the administrative fee (the "net entrance fee") is amortized by Acts in the amount of two percent (2%) per month for a period of fifty (50) months from the date resident actually takes occupancy of the residential unit or the date designated by Acts for resident to accept occupancy of the residential unit, whichever is earlier. After the fifty (50) month period, there will be no refund of the net entrance fee. For the financial arrangement described as Acts Life Care 50 Plan, the net entrance fee shall be amortized by Acts in the amount of two percent (2%) per month for a period of twenty five (25) months from the date resident actually takes occupancy of the residential unit or the date designated by Acts for resident to accept occupancy of the residential unit, whichever is earlier. After the twenty five (25) month period, an amount equivalent to fifty percent (50%) of the net entrance fee shall be retained in full by Acts and amortization of the net entrance fee shall cease. The remaining refundable component of the net entrance fee shall not be amortized. Please see pages 16 through 19 of this disclosure statement for details surrounding situations in which resident would be due an entrance fee refund under any financial arrangement.

The entrance fee may be used by Acts for any proper corporate purposes of Acts, whether or not directly related to the contract and without consulting resident. Acts reserves the right to establish entrance fee and monthly fee rates of a different amount for persons entering Tryon Estates, and the rates need not be uniform with or proportional to those charged to resident.

The monthly fee is the charge per month for occupancy of the residential unit and shall commence on the date resident occupies a residential unit in Tryon Estates. Payment

of the monthly fee will entitle resident to receive (i) the services that are specifically identified in Section 5 of the Resident Contract (and on pages 26 through 29 of this disclosure statement) as being provided to resident without additional charge by Acts and (ii) the general medical, nursing and assisted living services that are specifically identified in Section 6 of the Resident Contract (and on pages 30 through 32 of this disclosure statement) as being provided to resident without additional charge by Acts.

The monthly fee is payable in advance each month within five (5) days of resident's receipt of the monthly statement. In the event that the date of occupancy occurs after the first day of the month, the monthly fee shall be reduced on a pro-rata basis for the number of days between the first day of the applicable month and the date of occupancy.

**NOTIFICATION OF FEE INCREASE(S)** -- Resident is required to pay a standard monthly fee for the type of unit selected effective as of the first day of occupancy or the date of availability, whichever occurs first. The amount may be increased or decreased, but no such increase or decrease shall be effective until resident shall have received at least sixty (60) days prior written notice of such change unless such change is required by state or federal assistance programs. The obligation to begin paying the monthly fee shall be due and payable within five (5) days of the date of resident's monthly statement.

**CHANGES IN FEES FOR THE PREVIOUS FIVE YEARS** -- Set forth below is a table which shows the average amount of the increase in the first person/second person monthly fees for occupancy in all units at Tryon Estates for the past five years.

<u>Unit Size</u> <u>(sq. ft.)</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>Average</u>
717	124 / 82	141 / 75	212 / 100	122 / 63	98 / 67	139 / 77
1,023	145 / 82	165 / 75	247 / 100	142 / 63	114 / 67	163 / 77
1,330	161 / 82	183 / 75	275 / 100	158 / 63	127 / 67	181 / 77
1,715	155 / 82	177 / 75	265 / 100	152 / 63	122 / 67	174 / 77
2,185	171 / 82	195 / 75	293 / 100	168 / 63	135 / 67	192 / 77
% Increase	3.90% / 3.90%	4.65% / 3.70%	7.50% / 5.20%	4.50% / 3.38%	3.75% / 3.75%	4.86% / 3.99%

## **FINANCIAL INFORMATION**

**RESERVES, ESCROWS AND TRUSTS** -- Acts has established reserve accounts in accordance with the terms of its debt obligations and to satisfy statutory requirements in Pennsylvania, Maryland, Georgia, Florida and North Carolina. The reserve accounts provide contingency funds for debt service requirements, renovation of physical plant and contractual obligations.

In compliance with North Carolina statutory regulations, Acts maintains a minimum reserve of \$11,081,672. Acts also participates in an Obligated Group financing which maintains a total debt service reserve of \$5,814,000 and cash and discretionary reserves totaling \$294,920,000 at year end 2024. These funds are invested in U.S. Treasury Notes, certificates of deposits, and other approved investments by designated

trustees. Further explanation for the purpose and commitments on these reserves are detailed more fully in the certified financial statements (see Attachment Number 1).

COMPLIANCE WITH OPERATING RESERVE REQUIREMENT– In accordance with North Carolina General Statute 58-64-33, Acts maintains an operating reserve equal to twenty-five (25%) percent of the total projected operating costs, excluding depreciation and amortized expenses, of Tryon Estates for the period ending December 31, 2025 based on community occupancy in excess of ninety percent (90%) (the "Operating Reserve Requirement"). Tryon Estates maintained an occupancy rate in excess of ninety percent (90%) through the end of 2024 and expects to continue to do so throughout 2025.

#### Assets Designated for Operating Reserve

The following assets are designated for the operating reserve requirement stated in North Carolina General Statute 58-64-33:

Tryon Estates Operating Reserve	\$ 3,478,836
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These assets are invested in money market funds, short-term investment funds and treasury securities. Future investment strategies will, of course, depend on market conditions as well as statutory requirements applicable to Acts.

Company policies and decisions relative to the investment of reserve and financial assistance funds and the application of financial assistance funds are under the direction of the finance committee of the board of directors. Within the parameters of these policies, specific investment decisions may be suggested by any of the five (5) finance committee members who may then forward their conclusions to the board of directors for formal authorization and enactment.

SUMMARY OF ACTUARIAL REPORTS – Acts engages an independent actuary to prepare actuarial compilations and compute future service obligations for management purposes only. Acts has not had a comprehensive actuarial study completed within the last three years.



**ATTACHMENT NO. 1**

**SPECIAL-PURPOSE COMBINED  
FINANCIAL STATEMENTS FOR 2024 AND 2023**

**ACTS RETIREMENT-LIFE COMMUNITIES, INC. (OBLIGATED GROUP)**



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

Special-Purpose Combined Financial Statements  
and Supplementary Information

December 31, 2024 and 2023

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

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## **Independent Auditors' Report**

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

### **Opinion**

We have audited the special-purpose combined financial statements of ACTS Retirement-Life Communities, Inc. Obligated Group (the Obligated Group), which comprise the special-purpose combined balance sheets as of December 31, 2024 and 2023, and the related special-purpose combined statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the special-purpose combined financial statements.

In our opinion, the accompanying special-purpose combined financial statements present fairly, in all material respects, the combined financial position of the Obligated Group as of December 31, 2024 and 2023, and the results of its operations and changes in net assets and its cash flows for the years then ended in accordance with the financial reporting provisions specified in the Master Trust Indenture dated December 1, 1996, as supplemented (the Agreement).

### **Basis for Opinion**

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

### **Emphasis of Matter - Basis of Accounting**

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the special-purpose combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the special-purpose combined financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the special-purpose combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the special-purpose combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Obligated Group's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the special-purpose combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Obligated Group's ability to continue as a going concern for a reasonable period of time.

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

### **Restriction on Use**

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

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the special-purpose combined financial statements as a whole. The combining information on pages 28 to 33 is presented for purposes of additional analysis and is not a required part of the special-purpose combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the special-purpose combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the special-purpose combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the special-purpose combined financial statements or to the special-purpose combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the special-purpose combined financial statements as a whole.

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

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania

April 29, 2025, except for our report above on the supplementary information,  
as to which the date is May 29, 2025

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

Special-Purpose Combined Balance Sheets

December 31, 2024 and 2023

(In Thousands)

	2024	2023		2024	2023
Assets			Liabilities and Net Assets		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash and cash equivalents	\$ 24,975	\$ 18,108	Accounts payable and accrued expenses	\$ 100,101	\$ 100,967
Current portion of board-designated funds	259,945	261,882	Short-term indebtedness	56,270	73,424
Current portion of assets whose use is limited	8,012	15,859	Nonrecourse indebtedness	11,656	14,490
Accounts receivable, entrance fee receivables and other receivables, net	25,930	25,173	Entrance fee deposits	7,319	14,895
Prepaid expenses, inventory and deposits	11,643	11,247	Current maturities of long-term debt	23,856	23,049
Due from affiliated organizations	22,962	19,643			
Total current assets	353,467	351,912	Total current liabilities	199,202	226,825
<b>Board-Designated Funds</b>	10,000	10,000	<b>Long-Term Debt, Net</b>	781,354	807,558
<b>Assets Whose Use is Limited</b>	96,921	97,088	<b>Accumulated Loss on Investment Contracts</b>	1,253	2,108
<b>North Carolina Operating Reserve Funds</b>	10,631	9,790	<b>Refundable Portion of Entrance Fees</b>	7,455	7,227
<b>Goodwill</b>	4,926	4,926	<b>Deferred Revenue From Entrance Fees</b>	1,049,436	952,955
<b>Intangible Asset</b>	-	2,670	Total liabilities	2,038,700	1,996,673
<b>Property and Equipment</b>			<b>Net Assets</b>		
Land and improvements	106,437	105,377	Without donor restrictions	121,833	110,816
Building and improvements	2,514,747	2,365,500	With donor restrictions	25,832	24,160
Furniture, fixtures and equipment	198,286	186,025	Total net assets	147,665	134,976
Construction in progress	80,585	110,332			
	2,900,055	2,767,234			
Accumulated depreciation	(1,203,054)	(1,123,968)			
Property and equipment, net	1,697,001	1,643,266			
<b>Deferred Costs, Net</b>	13,419	11,997			
Total	\$ 2,186,365	\$ 2,131,649	Total	\$ 2,186,365	\$ 2,131,649

See notes to special-purpose combined financial statements

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

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

Years Ended December 31, 2024 and 2023

(In Thousands)

	<b>2024</b>	<b>2023</b>
<b>Operating Revenue</b>		
Resident services revenues, net of amortization of entrance fees	\$ 417,562	\$ 390,650
Resident services revenues from third-party payors	38,936	38,760
Investment income	16,044	13,323
Net assets released from restrictions to provide resident services	2,581	2,471
Other revenue	19,682	18,351
Total operating revenue before amortization of entrance fees	494,805	463,555
Amortization of entrance fees	135,391	126,730
Total operating revenue	630,196	590,285
<b>Operating Expenses</b>		
Salaries, wages and benefits	339,144	317,993
Contracted services	29,926	30,392
Utilities	27,704	27,987
Food	25,439	23,643
Supplies	25,116	23,642
Real estate taxes	13,015	12,568
Insurance	10,087	8,703
Other	24,969	23,745
Total operating expenses before depreciation, amortization and interest	495,400	468,673
Depreciation and amortization	96,376	90,204
Interest, net	33,117	29,678
Total operating expenses	624,893	588,555
Operating income	\$ 5,303	\$ 1,730

See notes to special-purpose combined financial statements

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

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

Years Ended December 31, 2024 and 2023

(In Thousands)

	<b>2024</b>	<b>2023</b>
<b>Changes in Net Assets Without Donor Restrictions</b>		
Operating income	\$ 5,303	\$ 1,730
Net unrealized gain on investments and investment contracts	4,646	15,931
Loss on early extinguishment of debt	-	(63)
Other valuation adjustment	(40)	(314)
Net gain on nonoperating events	239	874
	<u>10,148</u>	<u>18,158</u>
Net operating income	10,148	18,158
Transfer to affiliate	-	(391)
Net assets released from restrictions to acquire property and equipment	869	5,784
	<u>11,017</u>	<u>23,551</u>
Change in net assets without donor restrictions	11,017	23,551
<b>Changes in Net Assets With Donor Restrictions</b>		
Contributions	310	30
Change in beneficial interest in the investments of Community Foundation of South Alabama (CFSA)	25	28
Change in beneficial interest in the investments of ACTS Legacy Foundation, Inc. (ALF)	1,337	(3,633)
	<u>1,672</u>	<u>(3,575)</u>
Change in net assets with donor restrictions	1,672	(3,575)
Change in net assets	12,689	19,976
<b>Net Assets, Beginning</b>	<u>134,976</u>	<u>115,000</u>
<b>Net Assets, Ending</b>	<u>\$ 147,665</u>	<u>\$ 134,976</u>

See notes to special-purpose combined financial statements

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

## Special-Purpose Combined Statements of Cash Flows

Years Ended December 31, 2024 and 2023

(In Thousands)

	2024	2023
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 12,689	\$ 19,976
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	96,376	90,204
Amortization of entrance fees	(135,391)	(126,730)
Other valuation adjustment	40	314
Amortization of bond discount and premium, net	(3,057)	(3,021)
Amortization of deferred financing costs	727	737
Entrance fees and deposits from nonrefundable resale contracts	222,753	209,682
Refunds of entrance fees and deposits from nonrefundable resale contracts	(17,054)	(17,872)
Administrative fee included in gross entrance fees	(12,911)	(11,460)
Increase in deferred costs	(2,855)	(3,714)
Net realized and unrealized gain on investments	(6,544)	(16,996)
Change in fair value of investment contracts	(855)	(209)
Loss on early extinguishment of debt	-	63
Loss on write-off of intangible asset	1,929	-
Forgiveness of nonrecourse indebtedness	(1,500)	-
Change in beneficial interest in the investments of ALF	(1,337)	878
Change in beneficial interest in the investments of CFSA	(25)	(28)
Net change in due from affiliated organizations	(3,319)	7,206
Transfer to affiliate	-	391
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable and other receivables	(2,777)	1,145
Increase in prepaid expenses, inventory and deposits	(396)	(511)
Increase in accounts payable and accrued expenses	2,265	5,709
Net cash provided by operating activities	148,758	155,764
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of property and equipment	35	-
Purchase of property and equipment, net	(125,158)	(139,890)
Decrease (increase) in investments	11,466	(13,606)
Net cash used in investing activities	(113,657)	(153,496)
<b>Cash Flows From Financing Activities</b>		
Entrance fees and deposits from initial sale contracts	37,679	27,499
Refunds of deposits from initial sale contracts	(374)	(1,252)
Entrance fees from refundable contracts	835	-
Refunds of refundable entrance fees	(544)	(3,485)
Payment of accounts payable, construction	(29,825)	(35,047)
Proceeds from short-term indebtedness	83,985	72,724
Payments on nonrecourse debt	(1,339)	(1,628)
Proceeds from long-term indebtedness	-	14,822
Increase in deferred financing costs	(13)	(1,141)
Payments on short-term indebtedness	(101,139)	(72,542)
Payments on long-term indebtedness	(23,049)	(23,044)
Net cash used in financing activities	(33,784)	(23,094)
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	1,317	(20,826)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	65,224	86,050
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 66,541</u>	<u>\$ 65,224</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Interest paid, net of amounts capitalized	<u>\$ 35,623</u>	<u>\$ 31,669</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Obligations incurred for the acquisition of property and equipment	<u>\$ 22,814</u>	<u>\$ 29,825</u>
Proceeds from long-term indebtedness used to repay long-term indebtedness	<u>\$ -</u>	<u>\$ 27,768</u>
Proceeds from long-term indebtedness used to repay short-term indebtedness	<u>\$ -</u>	<u>\$ 55,000</u>

See notes to special-purpose combined financial statements

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

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Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

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

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

ACTS Management Services, Inc. (AMS) is a not-for-profit Pennsylvania corporation providing management, marketing and development services to senior living providers. AMS is the sole member of ACTS Retirement-Life Communities Management, LLC (ARLCM) and ACTS Alliance Management, LLC (AAM), Pennsylvania limited liability companies. AMS and ARLCM provide management, marketing and development services to ACTS Retirement-Life Communities, Inc. (ACTS) and the Affiliates (as herein defined). Prior to November 1, 2024, AAM provided management and related services to Willow Valley Communities (WVC), a not-for profit Pennsylvania corporation that provides residential, personal care and skilled care services to senior adults in its continuing care retirement community (CCRC) located in Pennsylvania.

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

ACTS is the sole member of the following entities:

ACTS Signature Community Services, Inc. (ASCS), a not-for-profit Pennsylvania corporation providing home and community-based services and primary care services to ACTS.

ACTS Legacy Foundation, Inc. (ALF), a not-for-profit Delaware corporation that provides fundraising, supports all charitable programs and manages the donor restricted funds for ACTS and the Affiliates. On June 1, 2024, Mease Life Residents Foundation, Inc. (MLRF), an entity under common control and a not-for-profit Florida corporation, merged into ALF.

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

Acts Communities of Maryland, Inc. (ACMD), formerly known as Integrate, Inc. d/b/a ACTS Retirement-Life Communities of Maryland, a not-for-profit Maryland corporation which operates 4 CCRCs located in Maryland.

Mease Life, Inc. (ML), a not-for-profit Florida corporation which operates a CCRC located in Dunedin, Florida. ML was the sole member of MLRF through May 31, 2024 before MLRF merged into ALF. MLRF provided fundraising and supported all charitable programs for ML.

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

The ACTS Obligated Group includes ACTS, AMS, ARLCM, AAM and ASCS under the terms of a Master Trust Indenture (Note 9).

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

Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

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

### Basis of Presentation and Principles of Combination

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

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

## 2. Summary of Significant Accounting Policies

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

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

	2024	2023
	(In Thousands)	
Cash and cash equivalents	\$ 24,975	\$ 18,108
Restricted cash and cash equivalents included in investments	41,566	47,116
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 66,541</u>	<u>\$ 65,224</u>

### Investments and Investment Risk

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

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

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### Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

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

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

#### Accounts Receivable and Entrance Fee Receivables

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

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

#### Property and Equipment

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

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

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

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

Depreciation expense was \$94,202,000 in 2024 and \$87,890,000 in 2023.

Interest is capitalized for assets that require a period of time to be constructed or to prepare them for their intended use. The amount of interest capitalized was \$5,336,000 in 2024 and \$9,779,000 in 2023.

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

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Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

### **Goodwill**

In connection with the recording of the assets and liabilities of Presbyterian Retirement Corporation, Inc. (PRC), a not-for-profit Alabama corporation, in 2017, as part of the affiliation with ACTS, the fair value of the assets was less than the fair value of the liabilities. As a result, goodwill of \$4,926,000 was recorded in connection with the transaction. PRC merged into ACTS in 2023. As a result of this change in reporting structure, the goodwill previously assigned to PRC's separate reporting unit of \$4,926,000 was assigned to ACTS.

Goodwill is not amortized; instead the Company evaluates goodwill for impairment on an annual basis or more frequently if indicators of impairment exist. In 2024 and 2023, the Company assessed qualitative factors (events and circumstances) to determine whether it was more likely than not (that is, a likelihood of more than 50%) that the fair value of PRC's separate reporting unit, which is now a division of ACTS, was less than its carrying amount, including goodwill. Based on the assessment of qualitative factors, the Company concluded that it was more likely than not that the fair value of PRC's separate reporting unit, which is now a division of ACTS, exceeded its carrying amount, including goodwill. Therefore, additional testing to identify potential impairment was unnecessary. As such, no impairment losses were recorded in 2024 and 2023.

### **Deferred Costs**

Deferred costs include incremental costs of obtaining agreements that would not have been incurred if the agreements were not obtained and are recorded at cost. Deferred costs are amortized over the estimated life expectancy of the residents using the straight-line method, which approximates the period of time that services are expected to be transferred to residents. Amortization of deferred costs was \$1,433,000 in 2024 and \$1,424,000 in 2023.

### **Deferred Financing Costs**

Deferred financing costs are amortized straight-line over the terms of the related debt, which approximates using the effective interest method and are classified net with the related debt. Amortization expense, which is included as a component of interest expense, was \$727,000 in 2024 and \$737,000 in 2023.

### **Derivative Financial Instruments**

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

### **Entrance Fees**

Under a continuing care contract (resident agreement) for a residential living unit, the Company receives entrance fee payments in advance. The Company offers both nonrefundable and refundable resident agreements. As of December 31, 2024 and 2023, the majority of the Company's resident agreements are nonrefundable.

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

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

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### Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

The nonrefundable portion of entrance fees is amortized to revenue over the actuarially computed life expectancy of the residents using the straight-line method, which approximates the period of time that services under the resident agreements are expected to be transferred to residents and the Company's performance obligation to the residents is satisfied, and is classified as deferred revenue from entrance fees on the special-purpose combined balance sheets. Amortization of entrance fees was \$135,391,000 in 2024 and \$126,730,000 in 2023.

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

The gross contractual refund obligations under existing resident agreements were approximately \$476,177,000 and \$423,302,000 at December 31, 2024 and 2023, respectively.

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

### Obligation to Provide Future Services

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

### Net Assets

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

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

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

### Resident Services Revenues

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

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

### Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

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

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

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

#### Contract Balances

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a resident when that right is conditioned on something other than the passage of time (for example, the Company's future performance). Contract liabilities represent the Company's obligation to transfer goods or services to a resident for which the Company has received consideration (or the amount is due) from the resident. The Company's beginning and ending contract assets and liabilities are separately presented on the balance sheets as of December 31, 2024 and 2023. Contracts assets and liabilities as of December 31, 2022 in thousands are as follows:

Accounts receivable, entrance fee receivables and other receivables, net	\$	25,171
Deferred revenue from entrance fees		868,530

#### Income Taxes

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

#### Measure of Operations and Performance Indicator

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

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

### Notes to Special-Purpose Combined Financial Statements

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

#### Use of Estimates

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

#### Subsequent Events

The Company evaluated subsequent events for recognition or disclosure through April 29, 2025, the date the special-purpose combined financial statements were issued.

### 3. Liquidity and Availability of Resources

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

	2024	2023
	(In Thousands)	
Cash and cash equivalents	\$ 24,975	\$ 18,108
Accounts receivable, entrance fee receivables and other receivables, net	25,930	25,173
Investments without donor restrictions	257,841	258,608
Total	<u>\$ 308,746</u>	<u>\$ 301,889</u>

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

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

Donor restricted funds of \$22,299,000 and \$20,627,000 at December 31, 2024 and 2023, respectively, can be made available based on the passage of time or other events specified by the donors. The Company has certain investments without donor restrictions that have been internally designated for long-term purposes of \$12,104,000 and \$13,245,000 at December 31, 2024 and 2023, respectively, which have been excluded from the amounts above.

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

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

Notes to Special-Purpose Combined Financial Statements

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

#### Investments

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

	2023	2022
	(In Thousands)	
Current portion of board-designated funds	\$ 259,945	\$ 261,882
Current portion of assets whose use is limited	8,012	15,859
Board-designated funds, noncurrent	10,000	10,000
Assets whose use is limited, noncurrent	96,921	97,088
North Carolina Operating Reserve funds	10,631	9,790
Total	<u>\$ 385,509</u>	<u>\$ 394,619</u>

Investment return is as follows:

	2024	2023
	(In Thousands)	
Without donor restrictions:		
Interest and dividend income	\$ 13,291	\$ 12,049
Net realized gain on investments	2,753	1,274
Total investment income	16,044	13,323
Net unrealized gain on investments	3,791	15,722
Total investment return	<u>\$ 19,835</u>	<u>\$ 29,045</u>

#### Fair Value Measurements

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

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

The levels of the fair value hierarchy are as follows:

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

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

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

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

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

2024				
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)
	(In Thousands)			
Assets:				
Instruments measured and reported at fair value:				
Investments:				
U.S. government securities	\$ 92,089	\$ -	\$ 92,089	\$ -
Corporate debt securities	68,240	-	68,240	-
Money market funds	60,025	60,025	-	-
Mutual and exchange traded funds, fixed income	57,897	57,897	-	-
Mutual and exchange traded funds, equity	34,853	34,853	-	-
Equities	28,251	28,251	-	-
Beneficial interest in the investments of ALF	25,249	-	25,249	-
Guaranteed investment contracts	5,003	-	-	5,003
Municipal bonds	4,386	-	4,386	-
Other	3,699	-	3,699	-
Beneficial interest in the investments of CFSA	243	-	243	-
Time deposits	205	205	-	-
Total	<u>\$ 380,140</u>	<u>\$ 181,231</u>	<u>\$ 193,906</u>	<u>\$ 5,003</u>
Reconciliation of investments to the special-purpose combined balance sheet:				
Cash and cash equivalents	\$ 651			
Real estate held for investment at cost	4,718			
Investments measured at fair value	<u>380,140</u>			
Total investments	<u>\$ 385,509</u>			
Liabilities:				
Accumulated loss on investment contracts	\$ 1,253	\$ -	\$ 1,253	\$ -

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

Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

	2023			
	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Other Unobservable Inputs (Level 3)
	(In Thousands)			
Assets:				
Instruments measured and reported at fair value:				
Investments:				
U.S. government securities	\$ 82,117	\$ -	\$ 82,117	\$ -
Corporate debt securities	70,991	-	70,991	-
Money market funds	71,808	71,808	-	-
Mutual and exchange traded funds, fixed income	59,435	59,435	-	-
Mutual and exchange traded funds, equity	36,301	36,301	-	-
Equities	27,056	27,056	-	-
Beneficial interest in the investments of ALF	23,912	-	23,912	-
Guaranteed investment contracts	4,991	-	-	4,991
Municipal bonds	5,756	-	5,756	-
Other	4,597	-	4,597	-
Beneficial interest in the investments of CFSA	218	-	218	-
Time deposits	355	355	-	-
Total	<u>\$ 387,537</u>	<u>\$ 194,955</u>	<u>\$ 187,591</u>	<u>\$ 4,991</u>
Reconciliation of investments to the special-purpose combined balance sheet:				
Cash and cash equivalents	\$ 2,364			
Real estate held for investment at cost	4,718			
Investments measured at fair value	<u>387,537</u>			
Total investments	<u>\$ 394,619</u>			
Liabilities:				
Accumulated loss on investment contracts	<u>\$ 2,108</u>	<u>\$ -</u>	<u>\$ 2,108</u>	<u>\$ -</u>

The Company's guaranteed investment contracts increased \$12,000 in 2024 and decreased \$1,487,000 in 2023, due to net deposits and withdrawals and the dissolution of certain debt service reserve funds.

### Financial Instruments

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

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

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

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

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

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

	2024	2023
	(In Thousands)	
Resident monthly fees	\$ 4,058	\$ 3,496
Resident entrance fees	7,605	9,625
Third-party accounts	15,506	14,483
Other	3,670	3,664
Total receivables	30,839	31,268
Allowance for credit losses	(4,909)	(6,095)
Accounts receivable, entrance fee receivables and other receivables, net	<u>\$ 25,930</u>	<u>\$ 25,173</u>

### 6. Property and Equipment

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

	2024	2023
	(In Thousands)	
Land and improvements	\$ 106,437	\$ 105,377
Building and improvements	2,514,747	2,365,500
Furniture, fixtures and equipment	198,286	186,025
Construction in progress	80,585	110,332
Total property and equipment	2,900,055	2,767,234
Accumulated depreciation	(1,203,054)	(1,123,968)
Property and equipment, net	<u>\$ 1,697,001</u>	<u>\$ 1,643,266</u>

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

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Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

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

ACTS has an available \$85,000,000 revolving line of credit with a financial institution. Interest on amounts outstanding on the line of credit was 5.87% at December 31, 2024. Interest is calculated monthly based on changes to the SOFR, as defined. Borrowings were \$37,302,000 and \$66,327,000 December 31, 2024 and 2023, respectively. The line of credit is set to expire in October 2027.

ACTS also has an available \$90,000,000 revolving line of credit with another financial institution. Interest on amounts outstanding on the line of credit was 5.79% at December 31, 2024. Interest is calculated monthly based on changes to the SOFR, as defined. Borrowings were \$18,968,000 and \$7,097,000 at December 31, 2024 and 2023, respectively. The line of credit is set to expire in June 2027.

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

### **8. Nonrecourse Indebtedness**

In February 2021, the Company closed on a \$13,840,000 debt financing consisting of a nonrecourse, nonbank qualified tax-free mortgage loan. The proceeds from the financing were used to refinance the existing nonrecourse indebtedness, reimburse for the costs of capital improvements and finance closing costs. The nonbank qualified tax-free mortgage loan amortizes over 25 years and has a 2.61% fixed rate of interest for five years. The outstanding balance was \$11,778,000 and \$12,217,000 (which is reported net of deferred financing costs of \$122,000 and \$127,000 on the special-purpose combined balance sheets) at December 31, 2024 and 2023, respectively.

In December 2021, the Company established a \$4,500,000 noninterest bearing promissory note with an unrelated third party in connection with an asset purchase transaction. The outstanding balance was \$2,400,000 at December 31, 2023. The Company made payments of \$900,000 and the remaining balance of \$1,500,000 was canceled during 2024.

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

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

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

Notes to Special-Purpose Combined Financial Statements

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

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2023A. The interest rate is 5.25% and principal matures in varying amounts from 2051 through 2053.	\$ 10,315	\$ 10,315
Delaware Economic Development Authority Retirement Communities Revenue Bonds Series 2023B. The interest rates range from 5% to 5.25% and principal matures in varying amounts from 2037 through 2053.	58,215	58,215
Taxable Term Loan dated December 15, 2023. The interest rate is 6.23% and resets in December 2026. Principal is anticipated to mature in varying amounts through March 2043. However, the Company must request an extension of the maturity date (December 2026) to formally extend the loan. The maturity date will be considered extended only if the bank provides written notice of the extension.	26,868	27,768
Public Finance Authority Retirement Communities Revenue Bonds Series 2020A. The interest rates range from 4% to 5% and principal matures in varying amounts from 2037 through 2041.	48,460	48,460
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2020B. The interest rates range from 4% to 5% and principal of \$9,480,000 and \$9,880,000 matures in 2041 and 2042, respectively.	19,360	19,360
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2020C. The interest rates range from 4% to 5% and principal matures in varying amounts from 2042 through 2045.	47,290	47,290
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2020D (Taxable). The interest rates range from 2.6% to 3.2% and principal matures in varying amounts through 2029.	61,905	75,990
Public Finance Authority Retirement Communities Revenue Bonds Series 2019A. The interest rate is 5% and principal matures in varying amounts through 2049.	23,710	23,780
Public Finance Authority Retirement Communities Revenue Bond Series 2019B. The interest rate is 2.69% and principal matures in varying amounts through 2039.	19,635	20,680
Special Care Facilities Financing Authority of the City of Daphne Retirement Communities Revenue Bond Series 2019A (Taxable). The interest rate is 4.35% and principal matures in varying amounts through 2043.	15,853	16,412
Public Finance Authority Retirement Communities Revenue Bond Series 2019B. The interest rate is 3.52% and principal matures in varying amounts from 2043 through 2046.	5,100	5,100

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

Notes to Special-Purpose Combined Financial Statements

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	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2018A. The interest rate is 5% and principal matures in varying amounts from 2042 through 2045.	\$ 46,815	\$ 46,815
Delaware Economic Development Authority Retirement Communities Revenue Bonds Series 2018B. The interest rate is 5% and principal of \$17,325,000 and \$18,450,000 matures in 2047 and 2048, respectively.	35,775	35,775
South Carolina Jobs-Economic Development Authority Retirement Communities Revenue Bonds Series 2018C. The interest rate is 5% and principal matures in varying amounts from 2045 through 2047.	21,540	21,540
Public Finance Authority Retirement Communities Revenue Bonds Series 2018D. The interest rate is 3.51% and resets in June 2025. Principal matures in varying amounts from 2037 through 2040.	32,065	32,065
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2018E. The interest rate was 3.51%. Refinanced in March 2025 as described in Note 18.	31,615	31,615
Montgomery County Industrial Development Authority (PA) Retirement Communities Revenue Bonds Series 2016. The interest rate is 5% and principal matures in varying amounts from 2033 through 2036.	97,165	97,165
Palm Beach County Health Facilities Authority (FL) Retirement Communities Revenue Bonds Series 2016. The interest rates range from 3% to 5% and principal matures in varying amounts through 2032.	78,035	78,035
Gainesville and Hall County Development Authority (GA) Retirement Community Revenue Refunding Bonds Series 2016. The interest rates range from 4% to 5% and principal of \$435,000 and \$6,755,000 matures in 2032 and 2033, respectively.	7,190	7,190
Delaware Economic Development Authority Variable Rate Demand Revenue Bonds Series 2007A. The interest rate is fixed at 4.75% and resets in December 2026. Principal matures in varying amounts through 2037.	39,370	41,695
Gainesville and Hall County Development Authority (GA) Senior Living Facility Variable Rate Demand Revenue Bonds Series 2003B. The interest rate was 4.51% at December 31, 2024 and principal matures in varying amounts through 2033. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	22,345	23,705

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

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December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
	(In Thousands)	
Escambia County Health Facilities Authority (FL) Healthcare Facilities Variable Rate Revenue Refunding Bonds Series 2003B. The interest rate was 4.51% at December 31, 2024 and principal matures in varying amounts through 2029. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	\$ 10,620	\$ 12,515
Montgomery County Industrial Development Authority (PA) Retirement Community Variable Rate Demand Revenue Bonds Series 2002. The interest rate was 4.51% at December 31, 2024 and principal matures in varying amounts through 2029. Security is provided through a bond insurance commitment enhanced by a standby bond purchase agreement.	<u>6,045</u>	<u>6,855</u>
Total	765,291	788,340
Current maturities of long-term debt	(23,856)	(23,049)
Bond premiums and discounts, net	47,439	50,496
Unamortized deferred financing costs	<u>(7,520)</u>	<u>(8,229)</u>
Long-term debt	<u>\$ 781,354</u>	<u>\$ 807,558</u>

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

Scheduled principal repayments on long-term indebtedness outstanding as of December 31, 2024 are as follows (in thousands):

Years ending December 31:	
2025	\$ 23,856
2026	24,701
2027	25,601
2028	26,546
2029	30,475
2030-2034	157,920
2035-2039	157,863
2040-2044	175,849
2045-2049	120,710
2050-2053	<u>21,770</u>
Total	<u>\$ 765,291</u>

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

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December 31, 2024 and 2023

### 10. Derivative Instruments and Hedging Activities

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

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

Changes in fair value of the interest rate swap agreements are recorded as a component of net unrealized gain on investments and investment contracts. The change in fair value was \$855,000 in 2024 and \$209,000 in 2023.

At December 31, 2024, the Company had the following interest rate swaps in effect:

Debt Series	Notional Amount	Maturity Date	Effective Interest Rate	Accumulated Unrealized Loss
Series 2002 (PA)	\$ 6,045,000	2029	3.64%	\$ 165,000
Series 2003B (GA)	22,345,000	2033	3.54%	929,000
Series 2003B (FL)	10,620,000	2029	3.35%	159,000

The fair value of the interest rate swap agreements was \$(1,253,000) and \$(2,108,000) at December 31, 2024 and 2023, respectively, and was obtained from an independent third-party valuation specialist.

### 11. Net Assets

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

	2024	2023
	(In Thousands)	
Financial assistance to residents	\$ 13,550	\$ 13,661
Purchase of property and equipment	3,332	3,160
Resident services	635	638
Other	4,782	3,168
Restricted in perpetuity	3,533	3,533
Total net assets with donor restrictions	\$ 25,832	\$ 24,160

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

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

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

Notes to Special-Purpose Combined Financial Statements

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### 12. Resident Services Revenues

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

	2024			
	Residential Living	Assisted Living	Skilled Care	Total
	(In Thousands)			
Private pay	\$ 325,950	\$ 41,921	\$ 49,691	\$ 417,562
Medicare and other	3,181	3	33,057	36,241
Medicaid	-	-	2,695	2,695
Total resident services revenues	<u>\$ 329,131</u>	<u>\$ 41,924</u>	<u>\$ 85,443</u>	<u>\$ 456,498</u>
Amortization of entrance fees				<u>\$ 135,391</u>
	2023			
	Residential Living	Assisted Living	Skilled Care	Total
	(In Thousands)			
Private pay	\$ 304,327	\$ 34,710	\$ 51,613	\$ 390,650
Medicare and other	2,974	3	32,168	35,145
Medicaid	-	-	3,615	3,615
Total resident services revenues	<u>\$ 307,301</u>	<u>\$ 34,713</u>	<u>\$ 87,396</u>	<u>\$ 429,410</u>
Amortization of entrance fees				\$ 126,730

### 13. Retirement Plans

The Company participates in a 401(k) Plan (the ACTS 401(k) Plan) covering substantially all full-time employees. The ACTS 401(k) Plan allows for qualified employees to voluntarily contribute up to the Internal Revenue Service maximum. In accordance with the terms of the ACTS 401(k) Plan, the Company matches up to 100% of the first 3% of the employee's contribution, plus an additional 50% of the next 2% of the employee's contribution. Plan expense was \$6,427,000 in 2024 and \$6,118,000 in 2023.

AMS provides a nonqualified Supplemental Executive Retirement Plan (SERP) to certain members of senior executive management in addition to those benefits available under the ACTS 401(k) Plan. Retirement benefits, as defined in the plan document and amendments, are based on age, years of service and average compensation during the last five years of employment. SERP expense was \$3,392,000 in 2024 and \$2,917,000 in 2023. The SERP liability is included in accounts payable and accrued expenses on the special-purpose combined balance sheets and was \$10,005,000 and \$8,738,000 at December 31, 2024 and 2023 respectively.

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

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Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

### **14. Concentrations of Credit Risk**

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

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

### **15. Commitments and Contingencies**

#### **Senior Living Services Industry**

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

#### **Workers' Compensation**

The Company maintains a self-insured workers' compensation program with a per occurrence retention limit of \$600,000. At December 31, 2024 and 2023, the reserve for workers' compensation liability claims was \$3,921,000 and \$3,852,000, respectively, and is included in accounts payable and accrued expenses on the special-purpose combined balance sheets. Reserves are based upon fully developed cases and are actuarially determined. These estimates are based on historical loss experience along with certain assumptions about future events. Changes in assumptions for such things as medical costs, as well as changes in actual loss experience could cause these estimates to change in the near term.

#### **Construction Agreements**

The Company entered into construction agreements for certain development and renovation activities at various communities. Commitments were approximately \$15,615,000 as of December 31, 2024.

#### **Litigation**

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

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

Notes to Special-Purpose Combined Financial Statements  
December 31, 2024 and 2023

### 16. Related-Party Transactions

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

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

Total fees earned by Manager were \$9,469,000 in 2024 and \$7,242,000 in 2023. These balances are generally settled in the normal course of business.

ARLCM receives a fixed premium from ACMD, AADC, ML and TERR for their participation in workers' compensation and health insurance programs, which is adjusted from time to time. Premiums collected by ARLCM and AMS in connection with these programs were \$5,431,000 in 2024 and \$4,755,000 in 2023.

At December 31, 2024 and 2023, the Company has a beneficial interest in the investments of ALF of \$25,249,000 and \$23,912,000, respectively, related to donor restricted funds. These amounts are included in investments on the special-purpose combined balance sheets.

At December 31, 2024 and 2023, the Company had balances due from ACMD of \$17,609,000 and \$18,503,000, respectively, balances due from ALF of \$1,277,000 and \$785,000, respectively, and balances due from other affiliates of \$4,076,000 and \$355,000, respectively.

### 17. Functional Expenses

The Company provides housing, healthcare and other related services to residents within its geographic locations. The special-purpose combined financial statements report certain expense categories that are attributable to more than one program service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function, including depreciation and amortization and other occupancy costs, are allocated to a function based on usage of space. Expenses relating to providing these services are approximately as follows for 2024 and 2023:

2024				
	Program Services	General and Administrative	Fundraising	Total
	(In Thousands)			
Salaries, wages and benefits	\$ 313,851	\$ 24,517	\$ 776	\$ 339,144
Contracted services	26,531	3,354	41	29,926
Utilities	27,629	75	-	27,704
Food	24,530	883	26	25,439
Supplies	17,297	7,744	75	25,116
Real estate taxes	12,083	932	-	13,015
Insurance	10,005	82	-	10,087
Other	12,809	12,057	103	24,969
Depreciation and amortization	89,018	7,358	-	96,376
Interest, net	33,117	-	-	33,117
Total	\$ 566,870	\$ 57,002	\$ 1,021	\$ 624,893

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

Notes to Special-Purpose Combined Financial Statements

December 31, 2024 and 2023

	2023			
	Program	General and	Fundraising	Total
	Services	Administrative		
	(In Thousands)			
Salaries, wages and benefits	\$ 294,036	\$ 23,212	\$ 745	\$ 317,993
Contracted services	27,037	3,329	26	30,392
Utilities	27,928	59	-	27,987
Food	22,873	746	24	23,643
Supplies	16,610	6,956	76	23,642
Real estate taxes	11,821	747	-	12,568
Insurance	8,655	48	-	8,703
Other	12,869	10,783	93	23,745
Depreciation and amortization	83,603	6,601	-	90,204
Interest, net	29,678	-	-	29,678
Total	<u>\$ 535,110</u>	<u>\$ 52,481</u>	<u>\$ 964</u>	<u>\$ 588,555</u>

**18. Subsequent Event**

In March 2025, the Montgomery County Industrial Development Authority (PA) issued, on behalf of ACTS Obligated Group, \$100,170,000 Retirement Communities Revenue Bonds, Series 2025A, and the Palm Beach County Health Facilities Authority (FL) issued, on behalf of ACTS Obligated Group, \$62,930,000 Retirement Communities Revenue Bonds, Series 2025B (collectively, the Series 2025 Bonds). In connection with the issuance of the Series 2025 Bonds, ML was admitted as a member of the ACTS Obligated Group.

The proceeds from the Series 2025 Bonds were primarily used to refinance \$31,615,000 Montgomery County Industrial Development Authority (PA), Retirement Communities Revenue Bonds, Series 2018E; refinance \$21,005,000 Pinellas County Health Facilities Authority Health Care Facilities, Refunding and Revenue Bonds, Series 2021 (ML); refinance \$25,000,000 of the outstanding borrowings on the lines of credit described in Note 7 on a long-term basis; and provide a source of funds for \$90,000,000 in project funds that will be used for various capital projects. Interest on the Series 2025 Bonds is 5% and is payable semi-annually. Principal matures in varying amounts from 2037 through 2055.

The scheduled principal repayments on long-term indebtedness as of December 31, 2024, in Note 9, were not affected by the refinancing of the \$31,615,000 Montgomery County Industrial Development Authority (PA), Retirement Communities Revenue Bonds, Series 2018E.

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

Special-Purpose Combining Balance Sheet Schedule

December 31, 2024

(In Thousands)

	Matthews Glen**	Tryon Estates**	Other Obligated Group Members*	Total Obligated Group
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 24,975	\$ 24,975
Current portion of board-designated funds	469	275	259,201	259,945
Current portion of assets whose use is limited	2,823	-	5,189	8,012
Accounts receivable, entrance fee receivables and other receivables, net	1,006	545	24,379	25,930
Prepaid expenses, inventory and deposits	74	41	11,528	11,643
Due from affiliated organizations	-	-	22,962	22,962
Total current assets	4,372	861	348,234	353,467
<b>Board-Designated Funds</b>	-	-	10,000	10,000
<b>Assets Whose Use is Limited</b>	624	305	95,992	96,921
<b>North Carolina Operating Reserve Funds</b>	7,249	3,382	-	10,631
<b>Goodwill</b>	-	-	4,926	4,926
<b>Property and Equipment</b>				
Land and improvements	15,229	2,877	88,331	106,437
Building and improvements	323,086	112,055	2,079,606	2,514,747
Furniture, fixtures and equipment	13,407	5,630	179,249	198,286
Construction in progress	3,476	453	76,656	80,585
	355,198	121,015	2,423,842	2,900,055
Accumulated depreciation	(87,047)	(62,446)	(1,053,561)	(1,203,054)
Property and equipment, net	268,151	58,569	1,370,281	1,697,001
<b>Deferred Costs, Net</b>	80	-	13,339	13,419
Total	\$ 280,476	\$ 63,117	\$ 1,842,772	\$ 2,186,365

\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*), ACTS Management Services, Inc., ACTS Signature Community Services, Inc., ACTS Alliance Management, LLC, ACTS Retirement-Life Communities Management, LLC, and associated intercompany eliminations.

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

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

Special-Purpose Combining Balance Sheet Schedule (Continued)

December 31, 2024

(In Thousands)

	<b>Matthews Glen**</b>	<b>Tryon Estates**</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Liabilities and Net Assets</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued expenses	\$ 2,755	\$ 1,506	\$ 95,840	\$ 100,101
Short-term indebtedness	-	-	56,270	56,270
Nonrecourse indebtedness	-	-	11,656	11,656
Entrance fee deposits	1,059	315	5,945	7,319
Current maturities of long-term debt	-	-	23,856	23,856
Total current liabilities	3,814	1,821	193,567	199,202
<b>Long-Term Debt</b>	-	-	781,354	781,354
<b>Accumulated Loss on Investment Contracts</b>	-	-	1,253	1,253
<b>Refundable Portion of Entrance Fees</b>	176	-	7,279	7,455
<b>Deferred Revenue From Entrance Fees</b>	137,699	38,103	873,634	1,049,436
<b>Corporate Advances and Transfers</b>	48,765	2,163	(50,928)	-
Total liabilities	190,454	42,087	1,806,159	2,038,700
<b>Net Assets</b>				
Without donor restrictions	89,398	20,725	11,710	121,833
With donor restrictions	624	305	24,903	25,832
Total net assets	90,022	21,030	36,613	147,665
Total	<u>\$ 280,476</u>	<u>\$ 63,117</u>	<u>\$ 1,842,772</u>	<u>\$ 2,186,365</u>

\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*), ACTS Management Services, Inc., ACTS Signature Community Services, Inc., ACTS Alliance Management, LLC, ACTS Retirement-Life Communities Management, LLC, and associated intercompany eliminations.

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

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

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

Year Ended December 31, 2024

(In Thousands)

	Matthews Glen**	Tryon Estates**	Other Obligated Group Members*	Total Obligated Group
<b>Operating Revenue</b>				
Resident services revenues, net of amortization of entrance fees	\$ 36,980	\$ 18,433	\$ 362,149	\$ 417,562
Resident services revenues from third-party payors	2,183	738	36,015	38,936
Investment income	1,559	597	13,888	16,044
Net assets released from restrictions to provide resident services	154	50	2,377	2,581
Other revenue	880	541	18,261	19,682
Total operating revenue before amortization of entrance fees	41,756	20,359	432,690	494,805
Amortization of entrance fees	13,860	5,387	116,144	135,391
Total operating revenue	55,616	25,746	548,834	630,196
<b>Operating Expenses</b>				
Salaries, wages and benefits	19,692	9,115	310,337	339,144
Contracted services	2,683	876	26,367	29,926
Utilities	2,147	1,221	24,336	27,704
Food	2,065	1,161	22,213	25,439
Supplies	1,383	622	23,111	25,116
Real estate taxes	636	323	12,056	13,015
Insurance	826	567	8,694	10,087
Other	6,492	2,982	15,495	24,969
Total operating expenses before depreciation, amortization and interest	35,924	16,867	442,609	495,400
Depreciation and amortization	9,009	4,918	82,449	96,376
Interest, net	2,682	851	29,584	33,117
Total operating expenses	47,615	22,636	554,642	624,893
Operating income (loss)	8,001	3,110	(5,808)	5,303

\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*), ACTS Management Services, Inc., ACTS Signature Community Services, Inc., ACTS Alliance Management, LLC, ACTS Retirement-Life Communities Management, LLC, and associated intercompany eliminations.

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

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

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

Year Ended December 31, 2024

(In Thousands)

	<b>Matthews Glen**</b>	<b>Tryon Estates**</b>	<b>Other Obligated Group Members*</b>	<b>Total Obligated Group</b>
<b>Changes in Net Assets Without Donor Restrictions</b>				
Operating income (loss)	\$ 8,001	\$ 3,110	\$ (5,808)	\$ 5,303
Net unrealized gain on investments and investment contracts	322	165	4,159	4,646
Other valuation adjustment	-	-	(40)	(40)
Net gain on nonoperating events	-	-	239	239
Net operating income (loss)	8,323	3,275	(1,450)	10,148
Net assets released from restrictions to acquire property and equipment	38	12	819	869
Change in net assets without donor restrictions	8,361	3,287	(631)	11,017
<b>Changes in Net Assets With Donor Restrictions</b>				
Contributions	18	7	285	310
Change in beneficial interest in the investments of Community Foundation of South Alabama (CSFA)	-	-	25	25
Change in beneficial interest in the investments of ACTS Legacy Foundation, Inc. (ALF)	204	34	1,099	1,337
Change in net assets with donor restrictions	222	41	1,409	1,672
Change in net assets	8,583	3,328	778	12,689
<b>Net Assets, Beginning</b>	81,439	17,702	35,835	134,976
<b>Net Assets, Ending</b>	<u>\$ 90,022</u>	<u>\$ 21,030</u>	<u>\$ 36,613</u>	<u>\$ 147,665</u>

\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*), ACTS Management Services, Inc., ACTS Signature Community Services, Inc., ACTS Alliance Management, LLC, ACTS Retirement-Life Communities Management, LLC, and associated intercompany eliminations.

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

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

Special-Purpose Combining Statement of Cash Flows Schedule

Year Ended December 31, 2024

(In Thousands)

	Matthews Glen**	Tryon Estates**	Other Obligated Group Members*	Total Obligated Group
<b>Cash Flows From Operating Activities</b>				
Change in net assets	\$ 8,583	\$ 3,328	\$ 778	\$ 12,689
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation and amortization	9,009	4,918	82,449	96,376
Amortization of entrance fees	(13,860)	(5,387)	(116,144)	(135,391)
Other valuation adjustment	-	-	40	40
Amortization of bond discount and premium, net	-	-	(3,057)	(3,057)
Amortization of deferred financing costs	-	-	727	727
Entrance fees and deposits from nonrefundable resale contracts	23,811	7,552	191,390	222,753
Refunds of entrance fees and deposits from nonrefundable resale contracts	(524)	(134)	(16,396)	(17,054)
Administrative fee included in gross entrance fees	(1,105)	(352)	(11,454)	(12,911)
Increase in deferred costs	-	-	(2,855)	(2,855)
Net realized and unrealized gain on investments	(546)	(280)	(5,718)	(6,544)
Change in fair value of investment contracts	-	-	(855)	(855)
Loss on write-off of intangible asset	-	-	1,929	1,929
Forgiveness of nonrecourse indebtedness	-	-	(1,500)	(1,500)
Change in beneficial interest in the investments of ALF	(222)	(41)	(1,074)	(1,337)
Change in the beneficial interest in the investments of CFSA	-	-	(25)	(25)
Net change in due from affiliated organizations	-	-	(3,319)	(3,319)
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable and other receivables	308	(130)	(2,955)	(2,777)
Decrease (increase) in other prepaid expenses, inventory and deposits	12	(10)	(398)	(396)
Increase in accounts payable and accrued expenses	768	316	1,181	2,265
Net cash provided by operating activities	26,234	9,780	112,744	148,758
<b>Cash Flows From Investing Activities</b>				
Proceeds from sale of property and equipment	-	-	35	35
Purchase of property and equipment	(28,549)	(5,036)	(91,573)	(125,158)
(Increase) decrease in investments and assets whose use is limited	(268)	87	11,647	11,466
Net cash used in investing activities	(28,817)	(4,949)	(79,891)	(113,657)

\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*), ACTS Management Services, Inc., ACTS Signature Community Services, Inc., ACTS Alliance Management, LLC, ACTS Retirement-Life Communities Management, LLC, and associated intercompany eliminations.

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

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

Special-Purpose Combining Statement of Cash Flows Schedule (Continued)

Year Ended December 31, 2024

(In Thousands)

	Matthews Glen**	Tryon Estates**	Other Obligated Group Members*	Total Obligated Group
<b>Cash Flows From Financing Activities</b>				
Entrance fees and deposits from initial sale contracts	\$ 35,424	\$ -	\$ 2,255	\$ 37,679
Refunds of deposits from initial sale contracts	(314)	-	(60)	(374)
Entrance fees from refundable contracts	-	-	835	835
Refunds of refundable entrance fees	-	-	(544)	(544)
Payment of accounts payable, construction	(4,653)	(1)	(25,171)	(29,825)
Proceeds from short-term indebtedness	-	-	83,985	83,985
Payments on nonrecourse debt	-	-	(1,339)	(1,339)
Increase in deferred financing costs	-	-	(13)	(13)
Payments on short-term indebtedness	-	-	(101,139)	(101,139)
Payments on long-term indebtedness	-	-	(23,049)	(23,049)
Net change in corporate advances and transfers	(33,653)	(4,961)	38,614	-
Net cash used in financing activities	(3,196)	(4,962)	(25,626)	(33,784)
Net (decrease) increase in cash, cash equivalents and restricted cash and cash equivalents	(5,779)	(131)	7,227	1,317
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	8,935	236	56,053	65,224
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	<u>\$ 3,156</u>	<u>\$ 105</u>	<u>\$ 63,280</u>	<u>\$ 66,541</u>
<b>Supplemental Disclosure of Cash Flow Information</b>				
Interest paid, net of amounts capitalized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,623</u>	<u>\$ 35,623</u>
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>				
Obligations incurred for the acquisition of property and equipment	<u>\$ 2,552</u>	<u>\$ 46</u>	<u>\$ 20,216</u>	<u>\$ 22,814</u>
<b>Reconciliation of Cash, Cash Equivalents and Restricted Cash and Cash Equivalents to Balance Sheet</b>				
Cash and cash equivalents	\$ -	\$ -	\$ 24,975	\$ 24,975
Restricted cash and cash equivalents included in investments and assets whose use is limited	3,156	105	38,305	41,566
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 3,156</u>	<u>\$ 105</u>	<u>\$ 63,280</u>	<u>\$ 66,541</u>

\* Includes ACTS Retirement-Life Communities, Inc., other than the North Carolina divisions (\*\*), ACTS Management Services, Inc., ACTS Signature Community Services, Inc., ACTS Alliance Management, LLC, ACTS Retirement-Life Communities Management, LLC, and associated intercompany eliminations.

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



**ATTACHMENT NO. 2**

INTERIM FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED MARCH 31, 2025  
(UNAUDITED)

ACTS RETIREMENT-LIFE COMMUNITIES, INC. (OBLIGATED GROUP)





## **ACTS OBLIGATED GROUP**

*ACTS Retirement-Life Communities, Inc.,  
ACTS Management Services, Inc.,  
ACTS Signature Community Services, Inc.,  
ACTS Alliance Management, LLC,  
ACTS Retirement-Life Communities Management, LLC and  
Mease Life, Inc.*

## **QUARTERLY DISCLOSURE PACKAGE**

**FOR THE QUARTER ENDED**

**MARCH 31, 2025**

## GENERAL BUSINESS DISCUSSION

*The financial results presented within this package are those of the Acts Obligated Group. The Acts Obligated Group, originally formed in 1996 and originally consisting of Adult Communities Total Services, Inc. (now known as ACTS Retirement-Life Communities, Inc.) ("Acts") and Brittany Pointe Estates, Inc. ("BPE"), has since admitted additional members including: Lanier Village Estates, Inc. ("LVE"), Azalea Trace, Inc. ("AT"), ACTS Management Services, Inc., ACTS Signature Community Services, Inc., Magnolia Trace, An ACTS Retirement-Life Community, LLC ("MT"), Peninsula United Methodist Homes, Inc. ("PUMH"), Park Pointe Village, Inc. ("PPV"), Acts Alliance Management, LLC ("AAM"), Presbyterian Retirement Corporation, Inc. dba Westminster Village ("WV"), ACTS Retirement-Life Communities Management, LLC ("ARLCM"), and Mease Life, Inc.. BPE, LVE, AT, MT, PUMH, PPV, WV, and The Evergreens ("EG"), all formerly affiliates of Acts, have been merged with and into the legal entity of Acts and are now operating divisions. Acts also has affiliates that are not members of the Acts Obligated Group which include ACTS Acquisition and Development Company, LLC ("AADC"), ACTS Legacy Foundation, Inc., Acts Communities of Maryland, Inc. ("ACMD"), and Bonita Springs Retirement Village, Inc. dba The Terraces at Bonita Springs ("Terraces").*

*The accompanying financial statements have been prepared in accordance with GAAP, generally accepted accounting principles, and present fairly the financial condition of the Acts Obligated Group and result of its operations, subject to year-end adjustments.*

*Statements made in this report which are not historical facts contain "forward-looking" statements (as defined in the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties and are subject to change at any time. Although Acts believes the expectations reflected in such forward-looking statements are reasonable assumptions, it can give no assurance that its expectations will be attained. The Acts Obligated Group assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.*

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As 2025 commences, the Acts Obligated Group ("Acts") continues to achieve the goals of increasing independent living occupancy and enhancing financial strength, while maintaining high levels of resident and team member satisfaction. In support of these efforts, strategic capital investment and technology enhancements continue to target the amenities and experiences that make the Acts communities attractive to both current and future generations. As of March 31, 2025, independent living occupancy was 93.1%, exceeding the budget of 91.2% with 98 additional units occupied, and ahead of prior year of 91.9%. In addition, 17 of the 23 communities in the Obligated Group had hard occupancy at or above 90%. This increased to an impressive 22 of the 23 communities when including residences that are occupied, committed, and selected, increasing occupancy to 96.6%.

The strong occupancy supported solid financial performance through the end of the first quarter as reflected in positive operating income of \$1.3 million, which exceeded budget by \$1.3 million and prior year by \$1.2 million. Most notable is the level of net resale entrance fee proceeds of \$197.8 million for the twelve months ended March 31, 2025, providing for strong debt service coverage of 3.1x. The substantial net proceeds from entrance fees also supported a net operating margin adjusted of 11.9% for the first quarter of 2025 and a healthy 25.7% for the twelve months ended March 31, 2025. In addition, the days cash on hand ratio, while lower than year end, remained healthy with 224 days. This is a typical pattern for the first quarter as several annual payments are made during the first three months of the year.

### ***Other Notable Activity:***

#### ***Park Pointe Village Expansion***

A phased expansion is planned at Park Pointe Village located in Rock Hill, South Carolina. Pre-sales of 48 apartments and 82 carriage homes began in April. At present, 27 of the 104 units have

been selected. In addition to independent living units, phase I will also include a new clubhouse. Future phases include additional independent living units, assisted living and memory care.

#### *Financing Transaction*

In March 2025, Acts closed a \$163.1 million debt financing transaction, consisting of: Series 2025A Montgomery County Industrial Development Authority tax-exempt fixed rate bonds for \$100.2 million and Series 2025B Palm Beach County Health Facilities Authority (FL) tax-exempt fixed rate bonds for \$62.9 million (collectively, the Series 2025 Bonds). In connection with the issuance of the Series 2025 Bonds, Mease Life was admitted as a member of the Acts Obligated Group. Additional information can be found in the Official Statement dated 3/11/2025 and posted to <http://emma.msrb.org>.

The proceeds from the Series 2025 Bonds were primarily used to refinance \$31,615,000 Montgomery County Industrial Development Authority (PA), Retirement Communities Revenue Bonds, Series 2018E; refinance \$21,005,000 Pinellas County Health Facilities Authority Health Care Facilities, Refunding and Revenue Bonds, Series 2021 (ML); refinance \$25,000,000 of the outstanding borrowings on the lines of credit on a long-term basis; and provide a source of funds for \$90,000,000 in project funds that will be used for various capital projects. Interest on the Series 2025 Bonds is 5% and is payable semi-annually. Principal matures in varying amounts from 2037 through 2055.

### **FINANCIAL SUMMARY**

*The financial results and discussion presented within this package are those of the Acts Obligated Group. Therefore, these results do not include those of other affiliated organizations, including ACTS Acquisition and Development Company, LLC, ACTS Legacy Foundation, Inc., Acts Communities of Maryland, Inc., and Bonita Springs Retirement Village, Inc. dba The Terraces at Bonita Springs (See Consolidating Schedules).*

Below is a summary explanation of the significant variances between the periods ended March 31, 2025 and 2024.

#### ***Statement of Financial Position:***

##### *Assets:*

Assets increased \$116.4 million (5.3%) primarily due to a \$46.4 million increase in net property and equipment. The additions were reflective of ordinary capital improvements along with strategic initiatives to add additional independent living units to Matthews Glen in Charlotte, NC and enhance privacy in WillowBrooke Court Skilled Care Centers. Cash, cash equivalents and investments increased by \$67.7 million primarily as a result of the \$90 million project fund from the 2025 debt financing. Other asset activity included i) a combined increase in receivables, prepaid expenses and due from affiliates of \$3.4 million due to the timing of payments, ii) a \$1.4 million increase in deferred marketing costs, and iii) a decrease in intangible assets of \$2.5 million.

### *Liabilities:*

Total liabilities increased \$108.9 million (5.4%) primarily due to an \$87.5 million increase in deferred revenue from entrance fees supported by strong sales activity and a \$0.9 million increase in refundable entrance fees, which were offset slightly by an \$4.1 million decrease in entrance fee deposits. In addition, an increase of \$88 million in long-term indebtedness mainly due to the \$163.1 million Series 2025 debt financing offset by a \$56.3 million decrease in short term debt due to payments from initial sale entrance fees and \$25 million from the Series 2025 Bonds. Non-recourse indebtedness decreased by \$2.5 million as principal payments were made along with the forgiveness of a promissory note. Other changes in liabilities included a \$4.6 million decrease in accounts payable and accrued expenses due to the timing of payments, and a \$0.1 million increase in accumulated loss on investment contracts.

### *Net Assets:*

The increase in net assets of \$8.1 million is primarily attributed to positive operating performance and net unrealized gains on investments and an increase in net assets with donor restrictions.

### ***Statement of Operations and Changes in Net Assets:***

#### *Revenue:*

Operating revenue increased by \$7.3 million (4.6%) as the result of the healthy occupancy increase which was reflected in both the \$3.2 million increase in amortization of entrance fees, and most notably in the \$5.0 million increase in resident services revenue that also included a 3.90% monthly fee increase effective January 1, 2025. These increases were offset by a \$0.8 million decrease in investment income, \$0.2 million increase in net assets released from restriction to provide resident services, and a \$0.3 million decrease in other revenue mainly attributed to apartment modifications.

#### *Expenses:*

Operating expenses increased by \$6.1 million (3.8%) primarily related to a \$4.6 million increase in salary, wages and benefits attributable to an annual wage increase of 3.25% for all eligible team members. Depreciation, amortization, and interest expense also increased in the aggregate by approximately \$1.0 million reflective of capital investments and expansions. Other changes in expenses included i) a \$0.9 million increase in utilities, ii) a \$0.4 million increase in food due to increased census, iii) a \$0.3 million increase in real estate taxes, and iv) a \$0.2 million increase in supplies mainly due to software subscriptions. These increases were offset by i) reductions in contracted services of \$1 million as agency utilization continued to decline and bringing Mease Life culinary in-house July 2024, and ii) a \$0.2 million decrease in other expenses related to advertising, and rentals and leases.

#### *Operating Income:*

The increase in operating income of \$1.2 million comparing the periods ended March 31, 2025 to 2024 was predominantly attributed to the increase in revenues growing at a faster pace than expenses.

## ***Statement of Cash Flows:***

### ***Cash Flows from Operating Activities:***

Net cash flows provided by operating activities decreased by \$4.6 million primarily due to a \$7.7 million decrease in working capital accounts due to the timing of payments, offset by a \$2.8 million increase in entrance fees from non-refundable resale contracts net of refunds and administrative fees.

### ***Cash Flows from Investing Activities:***

Net cash flows used in investing activities increased by \$2.3 million primarily due to an \$8.7 million increase in investments offset by a \$6.4 million decrease in property and equipment purchases.

### ***Cash Flows from Financing Activities:***

Net cash flows used in financing activities decreased by \$73.1 million. This is primarily due to the \$92 million increase in net proceeds from long-term indebtedness from the 2025 debt financing net of payments made, a \$6.6 million decrease in the payments of accounts payable, construction, and a \$0.2 million decrease in refunds of refundable entrance fees. Other activity included a \$13.9 million decrease in net proceeds of short-term debt as the Series 2025 Bonds refinanced \$25 million of capital projects on the line of credit on a long-term basis; a \$10.2 million decrease in initial sale entrance fees net of refunds; and a \$1.6 million increase in deferred financing costs from the Series 2025 Bonds.

**ACTS OBLIGATED GROUP**  
**STATEMENT OF FINANCIAL POSITION \***  
**MARCH 31, 2025 AND 2024**

	<b>3/31/25</b>	<b>3/31/2024<sup>1</sup></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 9,219,537	\$ 14,049,756
Investments	480,626,609	408,108,097
Accounts receivable and entrance fee receivables, net	21,871,193	21,602,349
Prepaid expenses, inventory, and deposits	12,301,007	11,147,352
Property and equipment, net	1,763,124,407	1,716,746,319
Goodwill	4,925,429	4,925,429
Intangible asset	-	2,447,500
Deferred costs, net	14,019,316	12,626,153
Due from affiliated organizations	25,107,887	22,513,142
	<u>\$ 2,331,195,385</u>	<u>\$ 2,214,166,097</u>
<b>TOTAL ASSETS</b>		
	<u>\$ 2,331,195,385</u>	<u>\$ 2,214,166,097</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 102,054,818	\$ 106,690,665
Short-term indebtedness	27,652,207	83,981,420
Non-recourse indebtedness	11,544,100	14,082,039
Long-term indebtedness	938,468,616	850,409,567
Entrance fee deposits	10,352,621	14,446,585
Refundable portion of entrance fees	7,920,416	6,970,308
Deferred revenue from entrance fees	1,038,002,402	950,532,375
Accumulated loss on investment contracts	1,565,637	1,487,599
	<u>2,137,560,817</u>	<u>2,028,600,558</u>
<b>TOTAL LIABILITIES</b>		
	<u>2,137,560,817</u>	<u>2,028,600,558</u>
<b>NET ASSETS</b>		
Without donor restrictions	167,136,198	160,228,232
With donor restrictions	26,498,370	25,337,307
	<u>193,634,568</u>	<u>185,565,539</u>
<b>TOTAL NET ASSETS</b>		
	<u>193,634,568</u>	<u>185,565,539</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
	<u>\$ 2,331,195,385</u>	<u>\$ 2,214,166,097</u>

\* Includes intercompany eliminations

<sup>1</sup> Restated to include Mease Life, Inc. as a member of the Acts Obligated Group

**ACTS OBLIGATED GROUP**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS\***  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**

	<b>YEAR TO DATE</b>	
	<b>3/31/25</b>	<b>3/31/2024<sup>1</sup></b>
<b>OPERATING REVENUE</b>		
Resident services revenue, net of amortization of entrance fees	\$ 111,629,042	\$ 106,668,429
Resident revenue from third-party payors	10,649,562	10,657,862
Investment income	3,023,505	3,820,881
Net assets released from restriction to provide resident services	677,606	516,981
Other revenue	3,776,314	4,034,901
	<hr/>	<hr/>
Total operating revenue before amortization of entrance fees	129,756,029	125,699,054
	<hr/>	<hr/>
Amortization of entrance fees	36,202,428	32,976,727
	<hr/>	<hr/>
Total operating revenue	165,958,457	158,675,781
	<hr/>	<hr/>
<b>OPERATING EXPENSES</b>		
Salary, wages, and benefits	91,216,709	86,664,974
Contracted services	7,243,747	8,214,578
Utilities	8,496,978	7,651,139
Food	6,496,831	6,137,133
Supplies	6,379,681	6,157,611
Real estate taxes	3,361,530	3,110,400
Insurance	2,675,987	2,632,944
Other	5,210,437	5,382,157
	<hr/>	<hr/>
Total operating expenses before depreciation, amortization and interest	131,081,900	125,950,936
	<hr/>	<hr/>
Depreciation and amortization	25,140,027	23,995,446
Interest, net	8,482,064	8,654,632
	<hr/>	<hr/>
Total operating expenses	164,703,991	158,601,014
	<hr/>	<hr/>
<b>OPERATING INCOME</b>	\$ 1,254,466	\$ 74,767
	<hr/>	<hr/>

\* Includes intercompany eliminations

<sup>1</sup> Restated to include Mease Life, Inc. as a member of the Acts Obligated Group

**ACTS OBLIGATED GROUP**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)\***  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**

	YEAR TO DATE	
	3/31/25	3/31/2024 <sup>1</sup>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Operating income	\$ 1,254,466	\$ 74,767
Net unrealized gain on investments and investment contracts	1,938,800	3,534,391
Loss on early extinguishment of debt	(1,437,204)	-
Other valuation adjustment	(88,430)	(9,960)
Net gain on non-operating events	400,000	140,771
	<hr/>	<hr/>
Net operating income	2,067,632	3,739,969
Net assets released from restriction to acquire property and equipment	67,143	186,831
Change in beneficial interest in investments of ACTS Legacy Foundation, Inc.	(18,864)	-
	<hr/>	<hr/>
Change in net assets without donor restrictions	2,115,911	3,926,800
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	156,592	53,168
Change in beneficial interest in investments of ACTS Legacy Foundation, Inc.	392,124	1,044,173
	<hr/>	<hr/>
Change in net assets with donor restrictions	548,716	1,097,341
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	2,664,627	5,024,141
	<hr/>	<hr/>
<b>NET ASSETS, BEGINNING</b>	190,969,941	180,541,398
	<hr/>	<hr/>
<b>NET ASSETS, ENDING</b>	<u>\$ 193,634,568</u>	<u>\$ 185,565,539</u>

\* Includes intercompany eliminations

<sup>1</sup> Restated to include Mease Life, Inc. as a member of the Acts Obligated Group

**ACTS OBLIGATED GROUP**  
**STATEMENT OF CASH FLOWS\***  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**

	<b>YEAR TO DATE</b>	
	<b>3/31/25</b>	<b>3/31/2024<sup>1</sup></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,664,627	\$ 5,024,141
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	25,140,027	23,995,446
Other valuation adjustment	88,430	9,960
Amortization of entrance fees	(36,202,428)	(32,976,727)
Amortization of bond discount and premium	(788,659)	(760,737)
Amortization of deferred financing costs	183,207	182,734
Entrance fees from non-refundable resale contracts	29,079,544	25,332,177
Refunds of non-refundable entrance fees and deposits from resale contracts	(5,233,838)	(3,960,718)
Administrative fee included in gross entrance fees	(1,075,487)	(1,382,520)
Increase in deferred costs	(642,809)	(821,401)
Net realized and unrealized gain on investments	(2,220,768)	(3,672,067)
Change in fair value of investment contracts	312,908	(619,998)
Loss on early extinguishment of debt	1,437,204	-
Change in beneficial interest in investments of ACTS Legacy Foundation, Inc.	(373,260)	(1,044,173)
Net change in due to/from affiliated organizations	(4,275,534)	(2,988,968)
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	1,601,180	(347,764)
(Increase) decrease in prepaid expenses, inventory, and deposits	(23,590)	702,272
Increase in accounts payable and accrued expenses	22,017,262	29,647,134
Net cash provided by operating activities	31,688,016	36,318,791
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(26,854,181)	(33,233,904)
Decrease in investments	3,361,431	12,067,864
Net cash used in investing activities	(23,492,750)	(21,166,040)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Entrance fees from initial sale contracts	150,000	10,402,463
Refunds of entrance fees and deposits from initial sale contracts	-	(31,000)
Refunds of refundable entrance fees	-	(236,767)
Payment of accounts payable, construction	(23,318,717)	(29,942,222)
Proceeds from short-term indebtedness	-	41,156,502
Net proceeds from long-term indebtedness	91,983,145	-
Increase in deferred financing costs	(1,584,753)	-
Payments on short-term indebtedness	(3,617,900)	(30,598,825)
Payments on non-recourse indebtedness	(112,810)	(409,068)
Principal payments on long-term indebtedness	(649,000)	(623,000)
Net cash provided by (used in) financing activities	62,849,965	(10,281,917)
<b>NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS</b>	71,045,231	4,870,834
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, BEGINNING</b>	74,233,876	73,597,648
<b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 145,279,107	\$ 78,468,482
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>		
Proceeds from long-term indebtedness used to repay short-term indebtedness	\$ 25,000,000	\$ -
Proceeds from long-term indebtedness used to repay long-term indebtedness	\$ 52,620,000	\$ -
Investments (debt service reserve funds) used to repay long-term indebtedness	\$ 3,326,711	
<b>Reconciliation of Cash and Restricted Cash to Balance Sheet</b>		
Cash and cash equivalents	\$ 9,219,537	\$ 14,049,756
Cash and cash equivalents included in investments	136,059,570	64,418,726
Total cash, cash equivalents and restricted cash and cash equivalents	\$ 145,279,107	\$ 78,468,482

\* Includes intercompany eliminations

<sup>1</sup> Restated to include Mease Life, Inc. as a member of the Acts Obligated Group

**ACTS RETIREMENT-LIFE COMMUNITIES, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2025 AND 2024**

	ACTS Obligated Group	Other Affiliates*	Eliminations**	3/31/2025 Consolidated	3/31/2024 Consolidated
<b>ASSETS</b>					
Cash and cash equivalents	\$ 9,219,537	\$ 4,184,965	\$ (344,626)	\$ 13,059,876	\$ 15,324,921
Investments	480,626,609	46,066,809	(8,279,256)	518,414,162	437,296,525
Accounts receivable and entrance fee receivables, net	21,871,193	10,511,439	(40,807)	32,341,825	28,128,568
Prepaid expenses, inventory, and deposits	12,301,007	1,388,877	(1,126,711)	12,563,173	11,418,234
Property and equipment, net	1,763,124,407	325,002,718	(14,997,167)	2,073,129,958	1,910,001,614
Goodwill	4,925,429	112,182,466	-	117,107,895	109,463,908
Deferred costs, net	14,019,316	2,719,991	-	16,739,307	14,458,045
Due from affiliated organizations	25,107,887	(25,107,887)	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,331,195,385</b>	<b>\$ 476,949,378</b>	<b>\$ (24,788,567)</b>	<b>\$ 2,783,356,196</b>	<b>\$ 2,526,091,815</b>
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 102,054,818	\$ 14,708,421	\$ (29,385,320)	\$ 87,377,919	\$ 87,280,114
Short-term indebtedness	27,652,207	-	-	27,652,207	83,981,420
Non-recourse indebtedness	11,544,100	-	(11,544,100)	-	-
Long-term indebtedness	938,468,616	189,353,317	-	1,127,821,933	983,758,538
Charitable gift annuity obligations	-	2,653,446	-	2,653,446	2,859,017
Entrance fee deposits	10,352,621	2,057,807	-	12,410,428	15,733,233
Refundable portion of entrance fees	7,920,416	94,994,452	-	102,914,868	66,169,729
Deferred revenue from entrance fees	1,038,002,402	144,944,445	-	1,182,946,847	1,057,467,559
Accumulated loss on investment contracts	1,565,637	-	-	1,565,637	1,487,599
Due to affiliated organization	-	-	30,184,938	30,184,938	30,690,509
<b>TOTAL LIABILITIES</b>	<b>2,137,560,817</b>	<b>448,711,888</b>	<b>(10,744,482)</b>	<b>2,575,528,223</b>	<b>2,329,427,718</b>
<b>NET ASSETS</b>					
Without donor restrictions	167,136,198	15,036,823	(14,044,085)	168,128,936	157,817,675
With donor restrictions	26,498,370	13,200,667	-	39,699,037	38,846,422
<b>TOTAL NET ASSETS</b>	<b>193,634,568</b>	<b>28,237,490</b>	<b>(14,044,085)</b>	<b>207,827,973</b>	<b>196,664,097</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,331,195,385</b>	<b>\$ 476,949,378</b>	<b>\$ (24,788,567)</b>	<b>\$ 2,783,356,196</b>	<b>\$ 2,526,091,815</b>

\* Includes ACTS Legacy Foundation, Inc., ACTS Acquisition and Development Company LLC, Acts Communities of Maryland Inc., formerly Integrate, Inc., Bonita Springs Retirement Village, Inc. dba The Terraces at Bonita Springs, and associated intercompany eliminations.

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

**ACTS RETIREMENT-LIFE COMMUNITIES, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**

	ACTS Obligated Group	Other Affiliates*	Eliminations**	3/31/2025 Consolidated	3/31/2024 Consolidated
<b>OPERATING REVENUE</b>					
Resident services revenue, net of amortization of entrance fees	\$ 111,629,042	\$ 20,666,172	\$ -	\$ 132,295,214	\$ 122,292,036
Resident services revenue from third-party payors	10,649,562	3,895,215	-	14,544,777	13,413,431
Investment income	3,023,505	436,687	(141,625)	3,318,567	3,894,234
Net assets released from restriction to provide resident services	677,606	185,907	-	863,513	743,024
Other (loss) revenue	3,776,314	(1,864,763)	17,383	1,928,934	1,845,009
Total operating revenue (loss) before amortization of entrance fees	129,756,029	23,319,218	(124,242)	152,951,005	142,187,734
Amortization of entrance fees	36,202,428	5,097,842	-	41,300,270	36,481,132
Total operating revenue (loss)	165,958,457	28,417,060	(124,242)	194,251,275	178,668,866
<b>OPERATING EXPENSES</b>					
Salaries, wages, and benefits	91,216,709	14,621,838	(14,818,084)	91,020,463	84,560,474
Contracted services	7,243,747	1,118,364	12,648,910	21,011,021	21,156,471
Utilities	8,496,978	1,940,607	(101,480)	10,336,105	8,977,566
Food	6,496,831	1,145,792	(16,499)	7,626,124	6,994,729
Supplies	6,379,681	998,345	(101,348)	7,276,678	6,920,653
Real estate taxes	3,361,530	515,159	(89,584)	3,787,105	3,362,520
Insurance	2,675,987	479,143	(16,250)	3,138,880	2,919,241
Other	5,210,437	1,203,483	(688,039)	5,725,881	5,317,324
Total operating expenses before depreciation, amortization and interest	131,081,900	22,022,731	(3,182,374)	149,922,257	140,208,978
Depreciation and amortization	25,140,027	3,229,324	(133,764)	28,235,587	25,946,095
Interest, net	8,482,064	2,169,288	(77,553)	10,573,799	9,646,214
Total operating expenses	164,703,991	27,421,343	(3,393,691)	188,731,643	175,801,287
Operating income	\$ 1,254,466	\$ 995,717	\$ 3,269,449	\$ 5,519,632	\$ 2,867,579

\* Includes ACTS Legacy Foundation, Inc., ACTS Acquisition and Development Company LLC, Acts Communities of Maryland, Inc., formerly Integrace, Inc., Bonita Springs Retirement Village, Inc. dba The Terraces at Bonita Springs, and associated intercompany eliminations.

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

**ACTS RETIREMENT-LIFE COMMUNITIES, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)**  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**

	ACTS Obligated Group	Other Affiliates*	Eliminations**	3/31/2025 Consolidated	3/31/2024 Consolidated
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Operating income	\$ 1,254,466	\$ 995,717	\$ 3,269,449	\$ 5,519,632	\$ 2,867,580
Net unrealized gain (loss) on investments and investment contracts	1,938,800	(175,896)	297,460	2,060,364	3,518,357
Loss on early extinguishment of debt	(1,437,204)	-	-	(1,437,204)	-
Other valuation adjustment	(88,430)	(874,619)	-	(963,049)	(329,138)
Net gain on non-operating events	400,000	-	-	400,000	140,771
Net operating income (loss)	2,067,632	(54,798)	3,566,909	5,579,743	6,197,570
Change in beneficial interest in investments of ACTS Legacy Foundation, Inc.	(18,864)	18,864	-	-	-
Net assets released from restriction to acquire property and equipment	67,143	27,673	-	94,816	324,959
Change in net assets without donor restrictions	\$ 2,115,911	\$ (8,261)	\$ 3,566,909	\$ 5,674,559	\$ 6,522,529
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
Contributions	156,592	1,387,645	-	1,544,237	1,699,719
Investment income	-	149,930	-	149,930	139,664
Net unrealized loss on investments	-	(154,303)	-	(154,303)	147,026
Change in split interest agreements	-	132,776	-	132,776	86,046
Net assets released from restriction to provide resident services	-	(863,513)	-	(863,513)	(743,024)
Net assets released from restriction to acquire property and equipment	-	(94,816)	-	(94,816)	(324,959)
Change in beneficial interest in investments of other foundations	-	(294,103)	-	(294,103)	-
Change in beneficial interest in investments of ACTS Legacy Foundation, Inc.	392,124	(392,124)	-	-	-
Change in net assets with donor restrictions	548,716	(128,508)	-	420,208	1,004,472
<b>CHANGE IN NET ASSETS</b>	2,664,627	(136,769)	3,566,909	6,094,767	7,527,001
<b>NET ASSETS, BEGINNING</b>	190,969,941	28,374,259	(17,610,994)	201,733,206	189,137,096
<b>NET ASSETS, ENDING</b>	<u>\$ 193,634,568</u>	<u>\$ 28,237,490</u>	<u>\$ (14,044,085)</u>	<u>\$ 207,827,973</u>	<u>\$ 196,664,097</u>

\* Includes ACTS Legacy Foundation, Inc., ACTS Acquisition and Development Company LLC, Acts Communities of Maryland, Inc., formerly Integrace, Inc., Bonita Springs Retirement Village, Inc. dba The Terraces at Bonita Springs, and associated intercompany eliminations.

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

**ACTS RETIREMENT-LIFE COMMUNITIES, INC. AND AFFILIATES**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**

	ACTS Obligated Group	Other Affiliates*	Eliminations**	3/31/2025 Consolidated	3/31/2024 Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Change in net assets	\$ 2,664,627	\$ (136,769)	\$ 3,566,909	\$ 6,094,767	\$ 7,527,001
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation and amortization	25,140,027	3,229,324	(133,764)	28,235,587	25,946,095
Other valuation adjustment	88,430	874,619	-	963,049	329,138
Amortization of entrance fees	(36,202,428)	(5,097,842)	-	(41,300,270)	(36,481,132)
Amortization of bond premium and discount	(788,659)	(220,909)	-	(1,009,568)	(974,579)
Amortization of deferred financing costs	183,207	12,306	(1,171)	194,342	193,866
Entrance fees from non-refundable resale contracts	29,079,544	4,885,665	-	33,965,209	27,387,351
Refunds of non-refundable entrance fees and deposits from resale contracts	(5,233,838)	(1,643,394)	-	(6,877,232)	(4,407,767)
Administrative fee included in gross entrance fees	(1,075,487)	(179,249)	-	(1,254,736)	(1,478,490)
Increase in deferred costs	(642,809)	(215,920)	-	(858,729)	(965,793)
Net realized and unrealized (gain) loss on investments	(2,220,768)	271,661	(207,423)	(2,156,530)	(3,770,514)
Change in fair value of investment contracts	312,908	-	-	312,908	(619,998)
Loss on early extinguishment of debt	1,437,204	-	-	1,437,204	-
Change in beneficial interest in investments of ACTS Legacy Foundation, Inc.	(373,260)	373,260	-	-	-
Change in beneficial interest in investments of other foundations	-	294,103	-	294,103	-
Net change in due to/from affiliated organizations	(4,275,534)	4,275,534	3,390,474	3,390,474	2,784,460
Changes in assets and liabilities:					
Decrease (increase) in accounts receivable	1,601,180	(761,319)	(351,592)	488,269	(900,240)
(Increase) decrease in prepaid expenses, inventory, and deposits	(23,590)	287,739	513,976	778,125	1,089,581
Increase in accounts payable and accrued expenses	22,017,262	1,907,429	228,739	24,153,430	27,796,727
Net cash provided by operating activities	31,688,016	8,156,238	7,006,148	46,850,402	43,455,706
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property and equipment	(26,854,181)	(3,427,342)	7,015	(30,274,508)	(36,810,814)
Decrease in investments	3,361,431	5,949,862	35,110	9,346,403	11,116,332
Net cash (used in) provided by investing activities	(23,492,750)	2,522,520	42,125	(20,928,105)	(25,694,482)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Entrance fees from initial sale contracts	150,000	-	-	150,000	10,402,463
Refunds of entrance fees and deposits from initial sale contracts	-	-	-	-	(31,000)
Refunds of refundable entrance fees	-	(7,011,699)	-	(7,011,699)	(3,575,477)
Payment of accounts payable, construction	(23,318,717)	(2,250,751)	-	(25,569,468)	(33,583,454)
Proceeds from short-term indebtedness	-	-	-	-	41,156,502
Net proceeds from long-term indebtedness	91,983,145	-	-	91,983,145	-
Increase in deferred financing costs	(1,584,753)	-	-	(1,584,753)	-
Increase in charitable gift annuity obligations	-	90,069	-	90,069	78,216
Payments on charitable gift annuity obligations	-	(117,369)	-	(117,369)	(119,237)
Payments on short-term indebtedness	(3,617,900)	-	-	(3,617,900)	(30,598,825)
Payments on non-recourse indebtedness	(112,810)	-	112,810	-	-
Principal payments on long-term indebtedness	(649,000)	(265,000)	-	(914,000)	(878,000)
Net cash provided by (used in) financing activities	62,849,965	(9,554,750)	112,810	53,408,025	(17,148,812)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	71,045,231	1,124,008	7,161,083	79,330,322	612,412
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	74,233,876	17,001,605	(7,505,709)	83,729,772	87,976,469
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ 145,279,107	\$ 18,125,613	\$ (344,626)	\$ 163,060,094	\$ 88,588,881
<b>Supplemental Disclosure of Noncash Investing and Financing Activities</b>					
Proceeds from long-term indebtedness used to repay short-term indebtedness	\$ 25,000,000	\$ -	\$ -	\$ 25,000,000	\$ -
Proceeds from long-term indebtedness to repay long-term indebtedness	\$ 52,620,000	\$ -	\$ -	\$ 52,620,000	\$ -
Investments (debt service reserve funds) used to repay long-term indebtedness	\$ (3,326,711)	\$ -	\$ -	\$ (3,326,711)	\$ -
<b>Reconciliation of Cash and Restricted Cash to Balance Sheet</b>					
Cash and cash equivalents	\$ 9,219,537	\$ 4,184,965	\$ (344,626)	\$ 13,059,876	\$ 15,324,921
Cash and cash equivalents included in investments	136,059,570	13,940,648	-	150,000,218	73,263,960
Total cash, cash equivalents and restricted cash and cash equivalents	\$ 145,279,107	\$ 18,125,613	\$ (344,626)	\$ 163,060,094	\$ 88,588,881

\* Includes ACTS Legacy Foundation, Inc., ACTS Acquisition and Development Company LLC, Acts Communities of Maryland, Inc., formerly Integrace, Inc., Bonita Springs Retirement Village, Inc. dba The Terraces at Bonita Springs, and associated intercompany eliminations.

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

**ACTS OBLIGATED GROUP  
CENSUS SUMMARY  
AS OF MARCH 31, 2025 AND 2024**

<b>CENSUS SUMMARY</b>	<b><u>2025 ACTUAL</u></b>	<b><u>2024 ACTUAL</u></b>
<b>INDEPENDENT LIVING UNITS</b>		
<b>AVAILABLE</b>	6,189	6,145
<b>OCCUPIED</b>	5,759	5,647
<b>OCCUPANCY %</b>	93.1%	91.9%
<b># OF RESIDENTS:</b>		
<b>LIFECARE</b>	7,281	7,096
<b>NON-LIFECARE</b>	254	255
<b>TOTAL</b>	7,535	7,158
<b>RESIDENTS PER INDEPENDENT LIVING UNIT</b>	1.31	1.27
<b>ASSISTED LIVING BEDS</b>		
<b>AVAILABLE</b>	1,108	1,090
<b>OCCUPIED</b>	932	906
<b>OCCUPANCY %</b>	84.1%	83.1%
<b># OF RESIDENTS:</b>		
<b>LIFECARE</b>	733	708
<b>PRIVATE PAY</b>	199	198
<b>SKILLED NURSING FACILITY</b>		
<b>AVAILABLE</b>	1,265	1,334
<b>OCCUPIED</b>	1,021	1,077
<b>OCCUPANCY %</b>	80.7%	80.7%
<b># OF RESIDENT DAYS:</b>		
<b>LIFECARE RESIDENTS</b>	66,026	72,380
<b>MEDICARE/MEDICAID</b>	14,476	14,112
<b>PRIVATE PAY/CONT. CARE CONTRACT</b>	11,413	11,578
<b>TOTAL</b>	91,915	98,070

**ACTS OBLIGATED GROUP  
MARKETING SUMMARY  
FOR THE PERIODS ENDED MARCH 31, 2025 AND 2024**

	<u><b>2025 ACTUAL</b></u>	<u><b>2024 ACTUAL</b></u>
<b>INDEPENDENT LIVING UNITS RESALE ACTIVITY</b>		
<b>CASH BASIS</b>		
<b>GROSS ENTRANCE FEES \$</b>	28,595,644	25,133,277
<b>REFUNDS \$</b>	(5,207,338)	(4,010,785)
<b>NET ENTRANCE FEES</b>	23,388,306	21,122,492
<b>GROSS MEMBERSHIP FEES \$</b>	483,900	198,900
<b>REFUNDS \$</b>	(26,500)	(186,700)
<b>NET MEMBERSHIP FEES</b>	457,400	12,200
<b>MOVE IN BASIS</b>		
<b>GROSS RESALE \$</b>	21,421,930	17,363,900
<b>RESALE #</b>	65	52
<b>AVERAGE \$</b>	329,568	333,921
<b>GROSS RESALE \$ - MEMBERSHIP</b>	343,500	136,900
<b>RESALE #</b>	5	1
<b>AVERAGE \$</b>	68,700	136,900
<b>INDEPENDENT LIVING UNITS INITIAL SALE ACTIVITY</b>		
<b>CASH BASIS</b>		
<b>GROSS ENTRANCE FEES \$</b>	150,000	10,402,463
<b>REFUNDS \$</b>	0	(31,000)
<b>NET ENTRANCE FEES</b>	150,000	10,371,463
<b>MOVE IN BASIS</b>		
<b>GROSS INITIAL SALE \$</b>	0	12,112,458
<b>INITIAL SALE #</b>	0	21
<b>AVERAGE \$</b>	0	576,784

## ACTS OBLIGATED GROUP

ACTS Retirement-Life Communities, Inc., ACTS Management Services, Inc.,  
ACTS Signature Community Services, Inc., ACTS Alliance Management, LLC,  
ACTS Retirement-Life Communities Management, LLC, and Mease Life, Inc.

### Bond Issues and Related Loans in the Original Amounts of:

\$16,400,000 Montgomery County Industrial Development Authority Retirement Community Revenue Bonds Series 2002

\$38,500,000 Gainesville and Hall County Development Authority (State of Georgia) Senior Living Facility Revenue Bonds Series 2003B

\$25,395,000 Escambia County Health Facilities Authority (State of Florida) Healthcare Facilities Revenue Refunding Bonds Series 2003B

\$47,675,000 Delaware Economic Development Authority Variable Rate Demand Revenue Bonds Series 2007A

\$105,585,000 Palm Beach County Health Facilities Authority (Florida) Retirement Communities Revenue Bonds Series 2016

\$97,165,000 Montgomery County Industrial Development Authority (Pennsylvania) Retirement Communities Revenue Bonds Series 2016

\$7,190,000 Gainesville and Hall County Development Authority (Georgia) Retirement Community Revenue Refunding Bonds Series 2016

\$46,815,000 Palm Beach County Health Facilities Authority (Florida) Retirement Communities Revenue Bonds Series 2018A

\$35,775,000 Delaware Economic Development Authority (Delaware) Retirement Communities Revenue Bonds Series 2018B

\$21,540,000 South Carolina Jobs-Economic Development Authority (South Carolina) Retirement Community Revenue Bonds, Series 2018C

\$32,065,000 Public Finance Authority Retirement Communities Revenue Bonds Series 2018D

\$23,910,000 Public Finance Authority Retirement Communities Revenue Bonds Series 2019A

\$23,000,000 Public Finance Authority Retirement Communities Revenue Bonds Series 2019B

\$17,975,000 Special Care Facilities Financing Authority of the City of Daphne Retirement Communities Revenue Bonds Series 2019A

\$5,100,000 Public Finance Authority Retirement Communities Revenue Bonds Series 2019B

\$48,460,000 Public Finance Authority Retirement Communities Revenue Bonds, Series 2020A

\$19,360,000 Palm Beach County Health Facilities Authority (Florida) Retirement Communities Revenue Bonds, Series 2020B

\$47,290,000 Montgomery County Industrial Development Authority (Pennsylvania) Retirement Communities Revenue Bonds, Series 2020C

## CERTIFICATION

### Page 2

\$84,295,000 Montgomery County Industrial Development Authority (Pennsylvania) Retirement Communities Revenue Bonds, Series 2020D

\$10,315,000 Montgomery County Industrial Development Authority (Pennsylvania) Retirement Communities Revenue Bonds, Series 2023A

\$58,215,000 Delaware Economic Development Authority (Delaware) Retirement Communities Revenue Bonds Series 2023B

\$27,768,000 Term Loan dated December 15, 2023

\$100,170,000 Montgomery County Industrial Development Authority (Pennsylvania) Retirement Communities Revenue Bonds, Series 2025A

\$62,930,000 Palm Beach County Health Facilities Authority (Florida) Retirement Communities Revenue Bonds, Series 2025B

In accordance with Section 7.10 of the Master Trust Indenture between the Obligated Group and U.S. Bank Trust Company National Association as successor to U.S. Bank National Association, as successor trustee dated December 1, 1996, and Section 7.4 of the Supplement No. 14 to the Master Trust Indenture dated December 1, 2002, and related loan agreements for the above referenced issues, I hereby certify that:

- (i) the Obligated Group is in compliance with the rate covenant of Section 7.4 of the Master Trust Indenture, which Historical Debt Service Coverage Ratio for the four most recent fiscal quarters ended March 31, 2025 is shown on the attached page,
- (ii) the Obligated Group is in compliance with the liquidity covenant of Section 7.4 of the Supplement No. 14 to the Master Trust Indenture, which Days Cash on Hand for the most recent fiscal quarter ended March 31, 2025 is shown on the attached page,
- (iii) as of the date of the accompanying financial statements there did not exist and, to the best of my knowledge, at no time during the period covered by the accompanying financial statements did there exist, nor to the best of my knowledge does there exist on the date of this certification, any Default or Potential Default (or, with the giving of notice or the passage of time or both, would be in default) as more fully described in the agreements referred to above.



Susan Ahern  
Senior Vice President and CFO  
ACTS Retirement-Life Communities, Inc.

5/14/2025

Date

**ACTS OBLIGATED GROUP**  
**DEBT SERVICE COVERAGE RATIO**  
**FOR THE TWELVE MONTHS ENDED MARCH 31, 2025 AND DECEMBER 31, 2024**

	<b>12 Months Ended 3/31/25</b>	<b>12 Months Ended 12/31/24*</b>
Change in Net Assets without Donor Restrictions	\$ 6,910,967	\$ 8,722,000
Plus:		
Depreciation and Amortization	99,346,608	98,201,000
Interest, net	34,397,607	34,581,000
Loss on Early Extinguishment of Debt	1,437,204	-
Change in the Beneficial Interest in the Investments of ACTS Legacy Foundation, Inc.	68,864	50,000
Other Valuation Adjustment	118,310	40,000
Net Entrance Fees from Resale Contracts	197,814,816	194,796,000
Net Entrance Fees from New Apartments (30% of all initial sales, excluding entrance fees related to Qualifying Intermediate Term Indebtedness)	<u>8,124,825</u>	<u>11,192,000</u>
Total	<u>341,308,234</u>	<u>338,860,000</u>
Less:		
Amortization of Entrance Fees	139,713,017	136,487,000
Net Gain on Non-operating Events	497,341	239,000
Unrealized Gain on Investments and Investment Contracts	3,092,482	4,688,000
Net Assets Released from Restriction to Provide Property and Equipment	<u>889,175</u>	<u>1,009,000</u>
Total	<u>144,192,015</u>	<u>142,423,000</u>
Revenue Available for Debt Service	<u>\$ 204,027,186</u>	<u>\$ 205,159,000</u>
Maximum Annual Debt Service	<u>\$ 66,320,821</u>	<u>\$ 60,572,000</u>
Debt Service Coverage Ratio**	<u>3.1:1</u>	<u>3.4:1</u>

\* Includes intercompany eliminations  
Restated to include Mease Life, Inc. for comparative purposes

\*\* Per section 7.4(a)(i) of Supplement No. 14 to the Master Trust Indenture dated December 1, 1996, the Borrower will maintain, for each fiscal year an aggregate Debt Service Coverage Ratio of not less than 1.20.

**ACTS OBLIGATED GROUP**  
**DAYS CASH ON HAND RATIO**  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND DECEMBER 31, 2024**

	<b>3 Months Ended 3/31/25</b>	<b>12 Months Ended 12/31/24*</b>
Cash and Equivalents	\$ 9,219,537	\$ 26,863,000
Investments without Donor Restrictions	282,920,628	275,419,000
State Escrow and Reserve Requirements	52,550,832	63,791,000
Restricted Assets Designated to Support Operating Programs and Services	<u>1,936,868</u>	<u>1,589,000</u>
Total Unrestricted Cash and Reserves	<u>\$ 346,627,865</u>	<u>\$ 367,662,000</u>
Total Operating Expenses	\$ 164,703,991	\$ 651,295,000
Less: Depreciation and Amortization	25,140,027	98,201,000
Less: Amortization of Deferred Financing Costs (included in interest expense)	<u>183,207</u>	<u>727,000</u>
Net Operating Expenses	<u>\$ 139,380,757</u>	<u>\$ 552,367,000</u>
Days Cash on Hand**	<u>224</u>	<u>244</u>

\* Includes intercompany eliminations  
Restated to include Mease Life, Inc. for comparative purposes

\*\* Per section 7.4(a)(ii) of Supplement No. 14 to the Master Trust Indenture dated December 1, 1996, the Borrower will maintain, for each second fiscal quarter and fiscal year a Days Cash on Hand of at least 90 days.

**ACTS OBLIGATED GROUP**  
**OPERATING RATIO & NET OPERATING MARGIN-ADJUSTED RATIO CALCULATION\*\***  
**FOR THE PERIODS ENDED MARCH 31, 2025 AND DECEMBER 31, 2024**

	<b>3 Months Ended 12/31/25*</b>	<b>12 Months Ended 12/31/24*</b>
Total Operating Revenue Before Amortization of Entrance Fees	\$ 129,756,029	\$ 516,189,000
Total Operating Expenses Before Depreciation, Amortization and Interest	<u>131,081,900</u>	<u>517,012,000</u>
Total Operating Deficit	<u>\$ (1,325,871)</u>	<u>\$ (823,000)</u>
Operating Ratio	<u>101.0%</u>	<u>100.2%</u>
 Resident Revenue	 \$ 126,054,918	 \$ 499,818,000
Net Proceeds from Entrance Fees	22,770,219	194,796,000
Resident Expense	<u>(131,081,900)</u>	<u>(517,012,000)</u>
	<u>17,743,237</u>	<u>177,602,000</u>
Divided by:		
Resident Revenue	126,054,918	499,818,000
Net Proceeds from Entrance Fees	<u>22,770,219</u>	<u>194,796,000</u>
	<u>\$ 148,825,137</u>	<u>\$ 694,614,000</u>
 Net Operating Margin-Adjusted Ratio	 <u>11.9%</u>	 <u>25.6%</u>

\* Includes intercompany eliminations  
Restated to include Mease Life, Inc. for comparative purposes

\*\* Provided for informational purposes only

**ATTACHMENT NO. 3**

**FIVE YEAR FINANCIAL FORECAST**

**ACTS RETIREMENT-LIFE COMMUNITIES, INC. (OBLIGATED GROUP)**



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

Projected Special-Purpose  
Combined Financial Statements  
for Each of the Five Years Ending  
December 31, 2029 and  
Accountants' Compilation Report

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

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## Accountants' Compilation Report

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

Management is responsible for the accompanying projection of ACTS Retirement-Life Communities, Inc. (Obligated Group), which comprises the projected special-purpose combined balance sheets and the related projected special-purpose combined statements of operations and changes in net assets and cash flows as of and for each of the five years ending December 31, 2029, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial projection established by the American Institute of Certified Public Accountants (AICPA). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial projection nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on this financial projection.

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

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

*Baker Tilly US, LLP*

Philadelphia, Pennsylvania  
June 6, 2025

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

Projected Special-Purpose Combined Balance Sheets  
Under the Hypothetical Assumptions Described in Note 1  
December 31, 2025 through 2029  
(In Thousands)

	2025	2026	2027	2028	2029
<b>Assets</b>					
Current Assets					
Cash and cash equivalents	\$ 15,417	\$ 17,495	\$ 18,634	\$ 18,216	\$ 18,436
Board-designated funds	274,075	297,498	315,503	334,684	348,986
Accounts receivables and entrance fee receivables, net	30,055	30,995	31,944	33,227	34,990
Prepaid expenses, inventory, and deposits	12,802	13,186	13,583	14,114	14,835
Due from affiliated organizations	19,832	18,802	17,741	16,648	15,523
Total current assets	352,181	377,976	397,405	416,889	432,770
Board-Designated Funds	10,000	10,000	10,000	10,000	10,000
Assets Whose Use is Limited	173,270	134,363	118,052	123,860	130,001
North Carolina Operating Reserve Funds	11,082	11,414	11,757	12,109	12,473
Property and Equipment, net	1,823,268	1,879,204	1,969,862	2,066,580	2,108,684
Goodwill	4,926	4,926	4,926	4,926	4,926
Deferred Costs, net	13,551	13,112	12,452	11,926	10,954
Total assets	<u>\$ 2,388,278</u>	<u>\$ 2,430,995</u>	<u>\$ 2,524,454</u>	<u>\$ 2,646,290</u>	<u>\$ 2,709,808</u>
<b>Liabilities and Net Assets</b>					
Current Liabilities					
Accounts payable and accrued expenses	\$ 108,965	\$ 111,912	\$ 114,844	\$ 118,982	\$ 125,466
Entrance fee deposits	10,769	11,158	11,547	11,965	12,341
Short-term indebtedness	31,270	36,448	93,989	28,902	24,319
Current maturity of nonrecourse indebtedness	466	480	495	510	526
Current maturities of long-term debt	24,701	25,601	26,546	30,475	28,555
Total current liabilities	176,171	185,599	247,421	190,834	191,207
Long-term Indebtedness	888,751	860,535	831,254	894,161	862,654
Nonrecourse Indebtedness	10,738	10,258	9,763	9,253	8,727
Refundable Portion of Entrance Fees	5,455	3,555	1,807	228	228
Deferred Revenue from Entrance Fees	1,109,823	1,166,293	1,221,410	1,329,896	1,412,391
Accumulated Loss on Investment Contracts	1,253	1,253	1,253	1,253	1,253
Total liabilities	<u>2,192,191</u>	<u>2,227,493</u>	<u>2,312,908</u>	<u>2,425,625</u>	<u>2,476,460</u>
Net Assets					
Without donor restrictions	167,537	172,135	177,135	182,975	192,132
With donor restrictions	28,550	31,367	34,411	37,690	41,216
Total net assets	<u>196,087</u>	<u>203,502</u>	<u>211,546</u>	<u>220,665</u>	<u>233,348</u>
Total liabilities and net assets	<u>\$ 2,388,278</u>	<u>\$ 2,430,995</u>	<u>\$ 2,524,454</u>	<u>\$ 2,646,290</u>	<u>\$ 2,709,808</u>

See summary of significant projection assumptions and accounting policies

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

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

Under the Hypothetical Assumptions Described in Note 1

For Each of the Five Years Ending December 31, 2029

(In Thousands)

	2025	2026	2027	2028	2029
<b>Operating Revenue</b>					
Resident services revenue, net of amortization of entrance fees	\$ 449,256	\$ 463,438	\$ 477,668	\$ 497,377	\$ 524,933
Resident services revenue from third-party payors	49,388	50,795	52,318	53,888	55,586
Investment income	12,202	12,391	13,203	13,927	14,593
Net assets released from restrictions to provide resident services	2,520	2,596	2,673	2,754	2,836
Contributions	108	111	114	118	121
Other revenue	15,196	15,683	16,178	16,671	17,196
Total operating revenue before amortization of entrance fees	528,670	545,014	562,154	584,735	615,265
Amortization of entrance fees	132,520	137,211	143,695	154,102	161,416
Total operating revenue	661,190	682,225	705,849	738,837	776,681
<b>Operating Expenses</b>					
Administrative and general	113,552	116,961	120,480	125,189	131,583
Health care	116,520	120,016	123,630	128,460	135,022
Property management	100,660	103,680	106,802	110,975	116,644
Culinary services	95,459	98,323	101,284	105,241	110,617
Resident care	68,366	70,417	72,537	75,372	79,222
Environmental services	24,633	25,372	26,136	27,157	28,544
Total operating expenses before depreciation, amortization, and interest	519,190	534,769	550,869	572,394	601,632
Depreciation and amortization	103,615	107,903	114,128	120,681	127,354
Interest, net	35,932	36,531	37,506	41,659	40,362
Total operating expenses	658,737	679,203	702,503	734,734	769,348
Operating income	\$ 2,453	\$ 3,022	\$ 3,346	\$ 4,103	\$ 7,333

See summary of significant projection assumptions and accounting policies

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

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

Under the Hypothetical Assumptions Described in Note 1

For Each of the Five Years Ending December 31, 2029

(In Thousands)

	2025	2026	2027	2028	2029
<b>Changes in Net Assets Without Donor Restrictions</b>					
Operating income	\$ 2,453	\$ 3,022	\$ 3,346	\$ 4,103	\$ 7,333
Loss on early extinguishment of debt	(1,437)	-	-	-	-
Net operating income	1,016	3,022	3,346	4,103	7,333
Net assets released from restrictions to acquire property and equipment	1,501	1,576	1,654	1,737	1,824
Admission of Mease Life, Inc. into ACTS Retirement-Life Communities, Inc. (Obligated Group)	43,187	-	-	-	-
Changes in net assets without donor restrictions	45,704	4,598	5,000	5,840	9,157
<b>Changes in Net Assets With Donor Restrictions</b>					
Contributions	50	52	53	55	56
Change in beneficial interest in investments of ALF and CFSA	2,551	2,765	2,991	3,224	3,470
Admission of Mease Life, Inc. into ACTS Retirement-Life Communities, Inc. (Obligated Group)	117	-	-	-	-
Changes in net assets with donor restrictions	2,718	2,817	3,044	3,279	3,526
Change in net assets	48,422	7,415	8,044	9,119	12,683
<b>Net Assets, Beginning</b>	147,665	196,087	203,502	211,546	220,665
<b>Net Assets, Ending</b>	<u>\$ 196,087</u>	<u>\$ 203,502</u>	<u>\$ 211,546</u>	<u>\$ 220,665</u>	<u>\$ 233,348</u>

See summary of significant projection assumptions and accounting policies

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

Projected Special-Purpose Combined Statements of Cash Flows

Under the Hypothetical Assumptions Described in Note 1

For Each of the Five Years Ending December 31, 2029

(In Thousands)

	2025	2026	2027	2028	2029
<b>Cash Flows From Operating Activities</b>					
Change in net assets	\$ 48,422	\$ 7,415	\$ 8,044	\$ 9,119	\$ 12,683
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation and amortization	103,615	107,903	114,128	120,681	127,354
Admission of Mease Life, Inc. into ACTS Retirement-Life Communities, Inc. (Obligated Group)	(43,304)	-	-	-	-
Amortization of entrance fees	(132,520)	(137,211)	(143,695)	(154,102)	(161,416)
Loss on early extinguishment of debt	1,437	-	-	-	-
Amortization of bond discount and premium, net	(3,150)	(3,403)	(3,522)	(3,645)	(3,772)
Amortization of deferred financing costs	734	788	787	821	820
Entrance fees and deposits from non-refundable resale contracts	222,580	227,968	234,794	241,857	249,057
Refunds of entrance fees and deposits from non-refundable resale contracts	(23,677)	(22,519)	(23,873)	(25,293)	(26,932)
Administrative fee included in gross entrance fees	(10,801)	(11,379)	(11,720)	(13,978)	(14,444)
Increase in deferred costs	(1,558)	(1,616)	(1,664)	(2,144)	(2,025)
Change in beneficial interest in investments of ALF and CFSA	(2,551)	(2,765)	(2,991)	(3,224)	(3,470)
Net change in due from affiliated organizations	1,000	1,030	1,061	1,093	1,125
Changes in assets and liabilities:					
Increase in accounts receivable and entrance fee receivables	(2,709)	(940)	(949)	(1,283)	(1,763)
Increase in prepaid expenses, inventory and deposits	(524)	(384)	(397)	(531)	(721)
Increase (decrease) in accounts payable and accrued expenses	9,732	1,572	3,482	(977)	4,972
Net cash provided by operating activities	166,726	166,459	173,485	168,394	181,468
<b>Cash Flows From Investing Activities</b>					
Purchase of property and equipment	(145,773)	(142,093)	(183,321)	(190,473)	(140,693)
Cash, cash equivalents and restricted cash and cash equivalents received upon admission of Mease Life, Inc. into ACTS Retirement-Life Communities, Inc. (Obligated Group)	7,693	-	-	-	-
Increase in investments	(15,767)	(25,670)	(20,330)	(21,583)	(16,786)
Net cash used in investing activities	(153,847)	(167,763)	(203,651)	(212,056)	(157,479)
<b>Cash Flows From Financing Activities</b>					
Entrance fees from initial sale contracts	-	-	-	60,420	36,606
Refunds of refundable entrance fees	(2,000)	(1,900)	(1,748)	(1,579)	-
Payment of accounts payable, construction	(23,319)	(18,316)	(19,691)	(19,141)	(24,256)
Proceeds from short-term indebtedness	-	5,178	57,541	91,541	32,023
Net proceeds from long-term indebtedness	89,917	-	-	964	-
Payment of redemption premium	(1,260)	-	-	-	-
Increase in deferred financing costs	(1,585)	-	-	(964)	-
Payments on nonrecourse indebtedness	(452)	(466)	(480)	(495)	(510)
Payments on short-term indebtedness	-	-	-	(60,422)	(36,606)
Payments on long-term indebtedness	(23,856)	(24,701)	(25,601)	(26,546)	(30,475)
Net cash provided by (used in) financing activities	37,445	(40,205)	10,021	43,778	(23,218)
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	50,324	(41,509)	(20,145)	116	771
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	66,541	116,865	75,356	55,211	55,327
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	\$ 116,865	\$ 75,356	\$ 55,211	\$ 55,327	\$ 56,098
<b>Supplemental Disclosure of Cash Flow Information</b>					
Interest paid, net of amounts capitalized	\$ 38,348	\$ 39,146	\$ 40,241	\$ 44,483	\$ 43,314
<b>Supplemental Disclosure of Noncash Financing Activities</b>					
Obligations incurred for the acquisition of property and equipment	\$ 18,316	\$ 19,691	\$ 19,141	\$ 24,256	\$ 25,768
Proceeds from long-term debt used to repay short-term debt	\$ 25,000	\$ -	\$ -	\$ 96,206	\$ -
Proceeds from long-term debt to repay long-term debt	\$ 52,620	\$ -	\$ -	\$ -	\$ -

See summary of significant projection assumptions and accounting policies

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

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### Summary of Significant Projection Assumptions and Accounting Policies

The accompanying financial projection presents, to the best of the knowledge and belief of management of ACTS Retirement-Life Communities, Inc. (Obligated Group) (Management), the expected financial position, results of operations and changes in net assets, and cash flows of ACTS Retirement-Life Communities, Inc. (Obligated Group) as of and for each of the five years ending December 31, 2029 if the hypothetical assumptions described in Note 1 below occur. Accordingly, the projection reflects Management's judgment as of June 6, 2025, the date of the projection, of the expected conditions and Management's expected course of action if the hypothetical assumptions occur.

The accompanying financial projection was prepared for the purpose of submission to the North Carolina Department of Insurance, as required by North Carolina General Statute 58-64-20(a)(12) and should not be considered a presentation of expected future results. Accordingly, these projections may not be useful for other purposes. The assumptions disclosed herein are those that Management believes are significant to the financial projection. Furthermore, even if the hypothetical assumptions occur as described, there will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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

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

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

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

- a) Derivative instruments and investments do not reflect unrealized gains or losses or changes in the fair value of the asset or liability due to the inability to predict fair value changes.
- b) Interest rates for fixed rate debt are based upon actual interest rates, while variable rate bonds are based upon historical rates for similar debt outstanding.
- c) The composition of ACTS Retirement-Life Communities, Inc. (Obligated Group) will not change during the projection period except for the admission of Mease Life, Inc. during March 2025 (Note 6).
- d) ACTS Retirement-Life Communities, Inc. (Obligated Group) will complete the proposed renovation and expansion projects at the campuses described in Note 10.
- e) ACTS Retirement-Life Communities, Inc. (Obligated Group) will obtain the financing during 2028 described in Note 6.

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

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### Summary of Significant Projection Assumptions and Accounting Policies

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

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

ACTS Management Services, Inc. (AMS) is a not-for-profit Pennsylvania corporation providing management, marketing and development services to senior living providers. AMS is the sole member of ACTS Retirement-Life Communities Management, LLC (ARLCM) and ACTS Alliance Management, LLC (AAM), Pennsylvania limited liability companies. AMS and ARLCM provide management, marketing and development services to ACTS Retirement-Life Communities, Inc. (ACTS) and the Affiliates (as herein defined). Prior to November 1, 2024, AAM provided management and related services to Willow Valley Communities (WVC), a not-for profit Pennsylvania corporation that provides residential, personal care and skilled care services to senior adults in its continuing care retirement community (CCRC) located in Pennsylvania.

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

ACTS is the sole member of the following entities:

ACTS Signature Community Services, Inc. (ASCS), a not-for-profit Pennsylvania corporation providing home and community-based services and primary care services to ACTS.

ACTS Legacy Foundation, Inc. (ALF), a not-for-profit Delaware corporation that provides fundraising, supports all charitable programs and manages the donor restricted funds for ACTS and the Affiliates. On June 1, 2024, Mease Life Residents Foundation, Inc. (MLRF), an entity under common control and a not-for-profit Florida corporation, merged into ALF.

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

Acts Communities of Maryland, Inc. (ACMD), formerly known as Integrace, Inc. d/b/a ACTS Retirement-Life Communities of Maryland, a not-for-profit Maryland corporation which operates 4 CCRCs located in Maryland.

Mease Life, Inc. (ML), a not-for-profit Florida corporation which operates a CCRC located in Dunedin, Florida. ML was the sole member of MLRF through May 31, 2024 before MLRF merged into ALF. MLRF provided fundraising and supported all charitable programs for ML.

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

The ACTS Obligated Group includes ACTS, AMS, ARLCM, AAM, ASCS and ML under the terms of a Master Trust Indenture. ML became a member of the ACTS Obligated Group in March 2025, as described in Note 6.

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

### Summary of Significant Projection Assumptions and Accounting Policies

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

### Basis of Presentation and Principles of Combination

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

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

### 3. Summary of Significant Accounting Policies

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

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

	2025	2026	2027	2028	2029
	(In Thousands)				
Cash and cash equivalents	\$ 15,417	\$ 17,495	\$ 18,634	\$ 18,216	\$ 18,436
Restricted cash and cash equivalents included in board-designated funds and assets whose use is limited	101,448	57,861	36,577	37,111	37,662
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 116,865</u>	<u>\$ 75,356</u>	<u>\$ 55,211</u>	<u>\$ 55,327</u>	<u>\$ 56,098</u>

#### Board-Designated Funds

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

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

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

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#### **Investments and Investment Risk**

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

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

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

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

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

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

#### **Property and Equipment**

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

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

Projected depreciation expense (in thousands) is \$101,821, \$105,848, \$111,804, \$118,011 and \$124,357 in 2025 through 2029, respectively.

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

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

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### Summary of Significant Projection Assumptions and Accounting Policies

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

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

#### **Goodwill**

In connection with the recording of the assets and liabilities of Presbyterian Retirement Corporation, Inc. (PRC), a not-for-profit Alabama corporation, in 2017, as part of the affiliation with ACTS, the fair value of the assets was less than the fair value of the liabilities. As a result, goodwill of \$4,926,000 was recorded in connection with the transaction. PRC merged into ACTS in 2023. As a result of this change in reporting structure, the goodwill previously assigned to PRC's separate reporting unit of \$4,926,000 was assigned to ACTS.

Goodwill is not amortized; instead, the Company evaluates goodwill for impairment on an annual basis or more frequently if indicators of impairment exist. The Company assesses qualitative factors (events and circumstances) to determine whether it is more likely than not (that is, a likelihood of more than 50%) that the fair value of PRC is less than its carrying amount, including goodwill. Based on the most recent assessment of qualitative factors (events and circumstances), the Company concluded that it was more likely than not that the fair value of PRC exceeded its carrying amount, including goodwill. Therefore, additional testing to identify potential impairment was unnecessary. As such, no impairment losses are reflected in the accompanying projected special-purpose combined financial statements during the projection period.

#### **Deferred Costs**

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

Projected amortization expense (in thousands) is \$1,794, \$2,055, \$2,324, \$2,670 and \$2,997 in 2025 through 2029, respectively.

#### **Deferred Financing Costs**

Deferred financing costs are amortized straight-line over the terms of the related debt, which approximates using the effective interest method and are classified net with the related debt. Projected amortization expense (in thousands), which is included as a component of interest expense, is \$734, \$788, \$787, \$821 and \$820 in 2025 through 2029, respectively.

#### **Derivative Financial Instruments**

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

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

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### Summary of Significant Projection Assumptions and Accounting Policies

#### **Deferred Revenue From Entrance Fees**

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

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

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

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

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

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

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

#### **Net Assets**

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

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net assets without donor restrictions.

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

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

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

#### **Resident Services Revenues**

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

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

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

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

#### **Contract Balances**

Contract assets represent the Company's right to consideration in exchange for goods or services that the Company has transferred to a resident when that right is conditioned on something other than the passage of time (for example, the Company's future performance). Contract liabilities represent the Company's obligation to transfer goods or services to a resident for which the Company has received consideration (or the amount is due) from the resident. The Company's contract assets are accounts receivable, entrance fee receivables and other receivables, net. The Company's contract liability is deferred revenue from entrance fees.

#### **Income Taxes**

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

**Measure of Operations and Performance Indicator**

The projected special-purpose combined statements of operations and changes in net assets include the determination of operating income and net operating income (the performance indicator).

Operating income includes only those operating revenues and expenses that are an integral part of the Company's program activities and net assets released from donor restrictions to provide resident services. Net operating income includes all operating activities, as well as loss on early extinguishment of debt.

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

**4. Short-Term Indebtedness**

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

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

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

**5. Nonrecourse Indebtedness**

In February 2021, the Company closed on a \$13,840,000 debt financing consisting of a nonrecourse, nonbank qualified tax-free mortgage loan. The proceeds from the financing were used to refinance the existing nonrecourse indebtedness, reimburse for the costs of capital improvements and finance closing costs. The nonbank qualified tax-free mortgage loan amortizes over 25 years and has a 2.61% fixed rate of interest for five years. Management has assumed an interest rate of 2.61% on the nonrecourse indebtedness each year during the projection period.

**6. Long-Term Indebtedness**

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

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

### Summary of Significant Projection Assumptions and Accounting Policies

In March 2025, the Montgomery County Industrial Development Authority (PA) issued, on behalf of the Company, \$100,170,000 Retirement Communities Revenue Bonds, Series 2025A, and the Palm Beach County Health Facilities Authority (FL) issued, on behalf of the Company, \$62,930,000 Retirement Communities Revenue Bonds, Series 2025B (collectively, the Series 2025 Bonds). In connection with the issuance of the Series 2025 Bonds, ML was admitted as a member of the ACTS Obligated Group. The proceeds from the Series 2025 Bonds were primarily used to refinance \$31,615,000 Montgomery County Industrial Development Authority (PA), Retirement Communities Revenue Bonds, Series 2018E (ACTS Obligated Group); refinance \$21,005,000 Pinellas County Health Facilities Authority, Health Care Facilities Refunding and Revenue Bonds, Series 2021 (ML); refinance \$25,000,000 of the outstanding borrowings on the lines of credit described in Note 4 on a long-term basis; and provide a source of funds for \$90,000,000 in project funds that will be used for various capital projects. Interest on the Series 2025 Bonds is 5% and is payable semi-annually. Principal matures in varying amounts from 2037 through 2055. These transactions are included in the financial projection.

It is assumed that an Authority will issue, on behalf of the Company, \$97,170,000 of fixed rate tax-exempt bonds in 2028. The proceeds from the issuance are assumed to provide for the payoff of the amount of outstanding on the line of credit associated with the Park Pointe Village expansion (Note 10) and other miscellaneous capital improvements and renovations and will be used to finance certain cost of issuance and other related costs. It is assumed the bonds will mature in 2045 and carry a fixed rate of interest of 4.8%.

Long-term debt is projected to be comprised of approximately 85% fixed rate, tax-exempt revenue bonds, 11% fixed rate, taxable revenue bonds and taxable term loans, and 4% variable rate, tax-exempt demand revenue bonds. The interest rate on substantially all variable rate bonds is fixed by interest rate swaps.

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

Years ending December 31:	
2025	\$ 23,856
2026	24,701
2027	25,601
2028	26,546
2029	30,475
2030 - 2034	166,053
2035 - 2039	181,933
2040 - 2044	215,609
Thereafter	299,172
Total	<u>\$ 993,946</u>

## 7. Revenue and Expense Assumptions

### Revenue

The Company derives revenue from six primary sources: monthly resident fees, entrance fee amortization, per-diem rates charged for nonresident skilled care residents, income from "fee-for-service" programs, investment income and miscellaneous income. Monthly and per diem fees included in resident services revenue are assumed to increase approximately 3.0% per year each year during the projection period. Resident services revenue from third-party payors is assumed to increase 3.0% each year during the projection period. Entrance fee amortization will increase as the resident population grows through the occupancy of vacant residential living units, as existing occupied residential living units are vacated and resold, and as expansion residential living units are placed in service. Other revenue is projected to increase approximately 3.0% per year during the projection period.

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

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

Growth of occupied residential living units will be achieved as resales are expected to outpace turnover in 2025. During 2024, the Company's residential living units operated at an average occupancy level of 92.1%. Management projected gradual increases in average residential living occupancy during the remainder of the projection period as follows: 93.9% in 2025 through 2027 and 94% in 2028 and 2029 based on historical trends and future expectations. During 2024, the Company's assisted living units operated at an average occupancy level of 83.9%. Management projected average assisted living occupancy to be 84.7% in 2025 and 2026, 84.5% in 2027, 84.3% in 2028 and 85.2% in 2029. During 2024, the Company's skilled care units operated at an average occupancy level of 78.4%. Management projected average skilled care occupancy to be 82.8% in 2025 through 2029.

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

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

As of December 31, 2024, the Company has a beneficial interest in the investments of ALF of \$28,783,000 and a beneficial interest of the Community Foundation of South Alabama (CFSA) of \$243,000. These amounts, as well as growth in these amounts during the projection period, are included in assets whose use is limited in the projected special-purpose balance sheets.

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

#### **Operating Expenses**

Operating expenses are projected to increase based on an assumed average inflation factor of 3.0% each year during the projection period, incremental costs associated with increased occupancy levels, and incremental costs associated with the renovation and expansion projects disclosed in Note 10. The outcome of the projection is particularly sensitive to variances in inflation. In addition, Management assumes that if there are further unexpected increases in operating costs, those could be offset by the ability to increase charges for resident services.

#### **Interest Expense**

Interest expense is calculated based on the terms of current debt outstanding. Interest rates on fixed rate bonds and term loans outstanding were assumed to range from approximately 2.6% to 6.2%. Interest rates on variable rate bonds outstanding were assumed to range from approximately 3.3% to 3.6%, which represents the range of rates as of December 31, 2024 on the Company's existing variable rate bonds. Since variable interest rates are market-driven and not readily determinable, variable rate bonds were assumed to remain at these rates throughout the projection period. The interest rate on short-term indebtedness was assumed to be 6.4% throughout the projection period.

Interest costs capitalized are projected to be (in thousands) \$4,561, \$4,682, \$4,671, \$4,135 and \$1,953 in 2025 through 2029, respectively.

#### **Depreciation**

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

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

### Summary of Significant Projection Assumptions and Accounting Policies

#### 8. Balance Sheet Assumptions

##### Receivables

Receivables are projected to be 22 days of the resident services revenue and resident services revenue from third-party payors.

##### Investments

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

	2025	2026	2027	2028	2029
	(In Thousands)				
Investments related to:					
Board-designated funds	\$ 284,075	\$ 307,498	\$ 325,503	\$ 344,684	\$ 358,986
State reserves - NC	11,082	11,414	11,757	12,109	12,473
Assets whose use is limited:					
State reserves - other	51,636	53,487	55,402	57,383	59,433
Real estate held for investment at cost	4,718	4,718	4,718	4,718	4,718
Beneficial interest in the investments of ALF and CFSA	31,577	34,342	37,333	40,557	44,027
Donor restricted funds	393	445	498	552	608
Debt and project construction reserves	84,946	41,371	20,101	20,650	21,215
Total assets whose use is limited	173,270	134,363	118,052	123,860	130,001
Total	\$ 468,427	\$ 453,275	\$ 455,312	\$ 480,653	\$ 501,460

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

In accordance with North Carolina General Statute 58-64-33, the Company maintains an operating reserve equal to twenty-five percent (25%) of the total operating expenses (excluding depreciation and amortization expenses) of Matthews Glen and Tryon Estates based on occupancy of each community exceeding ninety percent (90%). Matthews Glen and Tryon Estates are continuing care retirement communities located in North Carolina for which the Company serves as the provider of continuing care. Matthews Glen and Tryon Estates each achieved an occupancy rate in excess of ninety percent (90%) as of December 31, 2024 and are expected to continue to do so each year throughout the projection period.

##### Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are projected to be 63 days of expenses excluding depreciation, amortization and interest based on historical experience. Amounts for construction related accounts payable are also included in accounts payable and accrued expenses.

##### Entrance Fee Deposits

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

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

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### Summary of Significant Projection Assumptions and Accounting Policies

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

Entrance fees from resales are projected to increase as the result of increased occupancy and entrance fee price increases of 3.0% per year based on historical operating experience and future expectations.

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

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

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

##### **Gwynedd Estates**

It is assumed that a new assisted living and memory care center will be built on the campus during 2025 through 2027 at a projected cost of \$18,000,000. Construction costs will be primarily funded through a project fund established in conjunction with the permanent financing completed in 2025.

##### **Spring House Estates**

It is assumed that the skilled care center will be renovated from 2025 through 2027 at a projected cost of \$11,500,000. The renovations will primarily include privacy enhancements in resident rooms. Renovation costs will be funded by the project funds established in conjunction with the permanent financing completed in 2023 and 2025.

##### **Southampton Estates**

It is assumed that the skilled care center will be renovated from 2025 through 2027 at a projected cost of \$7,500,000. The renovations will primarily include privacy enhancements in resident rooms. Renovation costs will be funded by the project funds established in conjunction with the permanent financing completed in 2023 and 2025.

##### **Lima Estates**

It is assumed that a rehabilitation/therapy addition and expansion will be completed from 2025 through 2027 at a projected cost of \$3,000,000. Construction costs will be funded by a project fund established in conjunction with the permanent financing completed in 2025.

##### **Granite Farms Estates**

It is assumed that the skilled care center will be renovated from 2025 through 2027 at a projected cost of \$7,500,000. The renovations will primarily include privacy enhancements in resident rooms. Renovation costs will be primarily funded through a project fund established in conjunction with the permanent financing completed in 2025.

##### **Brittany Pointe Estates**

It is assumed that an assisted living renovation and clubhouse repositioning will be completed in 2025 through 2028 with a projected cost of \$15,600,000. The clubhouse repositioning includes a new lobby, resident amenity spaces, an exterior courtyard and rehabilitation and primary care practice suites. Renovation costs will be primarily funded through a project fund established in conjunction with the permanent financing completed in 2025.

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

### Summary of Significant Projection Assumptions and Accounting Policies

#### Cokesbury Village

It is assumed that renovations will be made to the welcome house and the assisted living and skilled care center from 2025 through 2028 at a projected cost of \$3,000,000. Renovation costs will be funded through a project fund established in conjunction with the permanent financing completed in 2023.

#### Mease Life

It is assumed that renovations will be made to the external façade of the building, including replacing roofs, and the existing kitchen, and a new HVAC system will be installed in the skilled care center from 2025 through 2027 at a projected cost of \$12,000,000. Renovation costs will be funded through a project fund established in conjunction with the permanent financing completed in 2025.

#### Edgewater at Boca Pointe

It is assumed that the healthcare center will be renovated during 2026 and 2027 at a projected cost of \$11,000,000. The renovations will primarily include enhancements in resident rooms. Renovation costs will be partially funded by a project fund established with the permanent financing completed in 2025.

#### Park Pointe Village

It is assumed that Park Pointe Village will execute a capital project during 2026 through 2030 in three phases of construction. The capital project will include the addition of 226 residential living units and 20 assisted living units, a new club house, and renovation and enhancement of existing facilities and amenities. The projected cost during the projection period is \$182,783,000. Construction will be initially funded through bank lines of credit (Note 4). It is assumed that partial repayment of amounts drawn on the lines of credit will be made using the proceeds from a tax-exempt bond issuance in 2028 (Note 6). It is also assumed that the unpaid balance of amounts drawn on the line credit will be repaid using the proceeds from entrance fees for the new residential living units; 82 and 48 residential units are assumed to be occupied in 2028 and 2029, respectively. The remaining 96 residential units to be constructed as part of the capital project are projected to be placed in service after 2029.

#### Ordinary Capital Expenditures

In addition to the renovation and expansion of existing properties, the Company funds, through normal operations, a level of ordinary capital expenditures. During the projection period, ordinary capital expenditures are expected to range from \$116 million to \$141 million per year. Included in this amount are apartment restoration expenditures, which are based on units anticipated to return to inventory, and planned upgrades at certain communities.

#### Summary

Projected purchases of property and equipment for 2025 through 2029 are summarized below:

	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
	<u>(In Thousands)</u>				
Ordinary capital expenditures	\$ 141,039	\$ 115,606	\$ 121,970	\$ 122,088	\$ 136,939
Park Pointe Village	-	5,178	57,542	90,541	29,522
Other campus specific projects described above	<u>23,050</u>	<u>41,000</u>	<u>22,950</u>	<u>2,100</u>	<u>-</u>
Total	<u>\$ 164,089</u>	<u>\$ 161,784</u>	<u>\$ 202,462</u>	<u>\$ 214,729</u>	<u>\$ 166,461</u>

**11. Retirement Plans**

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

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

**12. Commitments and Contingencies****Senior Living Services Industry**

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

**Litigation**

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



**ATTACHMENT NO. 4**

RESIDENT CONTRACT

ACTS RETIREMENT-LIFE COMMUNITIES, INC.





# **RESIDENT CONTRACT**

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NORTH CAROLINA

ACTS RETIREMENT-LIFE COMMUNITIES, INC.  
A NONPROFIT CORPORATION

ACTS NC-RC001 06/01/2017



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## **Definitions**

**ADMINISTRATIVE FEE:** The Administrative Fee is equal to five percent (5%) of the Entrance Fee, as designated in Section 3.

**ANCILLARY FEE SCHEDULE:** The schedule of charges for services not included in the Monthly Rate.

**APPLICATION FEE:** The Application Fee is a non-refundable fee submitted with Resident's application and priority list contract.

**ASSISTED LIVING SERVICES:** Assistance with activities of daily living, such as eating, bathing, dressing, grooming and toileting, provided in an Assisted Living Residence.

**ASSISTED LIVING RESIDENCE:** A licensed assisted living residence which provides Assisted Living Services under this Resident Contract and which may or may not be located on the campus of Retirement Community.

**COMPANY:** ACTS Retirement-Life Communities, Inc., a nonprofit corporation organized and existing under the laws of the Commonwealth of Pennsylvania; which has qualified as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and is exempt from federal income taxes on its exempt income pursuant to Section 501(a) of the Code.

**CONDITIONS FOR CONTINUED OCCUPANCY:** The health and safety requirements, (as defined by Company's prevailing policy which is subject to change) for continued Occupancy of the Residential Unit or other accommodation in Retirement Community.

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

**ENTRANCE FEE:** A one-time fee paid to Company prior to admission to Retirement Community. The amount of the Entrance Fee is based on the model, size and location of the Residential Unit and the number of occupants of the Residential Unit.

**EXTENDED DATE OF AVAILABILITY:** An extension to the Date of Availability for a reasonable period of time granted by Company.

**HOME CARE SERVICES:** Assistance with activities of daily living provided by nurses or aides in Resident's Living Accommodation, as defined by and in accordance with prevailing policy.

**LEGAL REPRESENTATIVE:** A personal representative with legal standing authorized to act on behalf of Resident or a representative who has provided the funds necessary for Resident to enter into this Resident Contract.

**LIVING ACCOMMODATION:** The Residential Unit of the Retirement Community, an assisted living room in an Assisted Living Residence or a nursing care bed in a Skilled Care Center.

**MONTHLY RATE:** The charge per month for Occupancy of the Living Accommodation.

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

**PRIORITY LIST DEPOSIT:** A payment the applicant made at the time of submitting an application, in consideration of which the name of the applicant is placed on a list awaiting availability of a Residential Unit. The Priority List Deposit is applied as a credit toward the payment of the Entrance Fee.

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

**RESIDENTIAL UNIT:** The living unit identified in Section 3 which is designated for Occupancy under this Resident Contract.

**RETIREMENT COMMUNITY:** The Company's facility and campus identified in this Resident Contract as the location Resident will take Occupancy of the Residential Unit.

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

**SHARED OCCUPANCY:** The right to reside in and use a Residential Unit vested in two or more persons.

**SINGLE OCCUPANCY:** The right to reside in and use a Residential Unit vested in one person.

**SKILLED CARE CENTER:** A licensed nursing facility which provides Routine Nursing Care Services under this Resident Contract and which may or may not be located on the campus of the Retirement Community.

**SPECIAL SERVICE FACILITY:** A psychiatric institution, drug or alcohol treatment facility, renal treatment facility, rehabilitation unit, Subacute or Transitional Care provider, including other licensed nursing facilities providing specialized medical care and treatment, such as some subacute services, not provided by Company.

**SUBACUTE CARE:** Short-term care (10 to 40 days) for patients who require medical care and monitoring at least weekly, skilled nursing care of approximately 4.0 hours per day, rehabilitative therapies and I.V. therapies without significant medical complications.

**SURRENDER:** To cease Occupancy, to remove all possessions from Company, and to return all Company's property, including, but not limited to, keys and emergency alert equipment, if applicable.

**TRANSITION PERIOD:** The first one hundred twenty (120) days of Occupancy in the Residential Unit.

**TRANSITIONAL CARE:** Short-term care (5 to 30 days) for patients who require regular medical care and monitoring, intensive skilled nursing care of approximately 5.5 to 8 hours per day, an integrated program of therapies (both rehabilitative and respiratory) including utilization of pharmaceuticals and laboratory services.

**UTILIZATION REVIEW COMMITTEE:** The Utilization Review Committee shall consist of members of the skilled care and administrative staff designated by Company, and shall make determinations relating to level of care transfers.

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

This Resident Contract made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_, is between ACTS RETIREMENT-LIFE COMMUNITIES, INC. (hereinafter called "Company"), AND \_\_\_\_\_

(hereinafter referred to as "Resident," and where this Resident Contract is executed by one or more individuals, they are called collectively "Resident" where the context permits and individually as "Co-Resident") who has applied for and has been conditionally approved for admission to the Retirement Community by Company. Subject to the signing of this Resident Contract, Company and Resident, intending to be legally bound, agree to the following terms and conditions.

**SECTION 1. General Statements**

**1.1 General Statements Regarding Company**

Company is a nonprofit corporation which qualifies as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). Company is exempt from federal income taxes on its exempt income pursuant to Section 501(a) of the Code. Company is affiliated with other nonprofit organizations with similar missions and purposes to serve senior adults. These affiliated organizations are also organizations described in Section 501(c)(3) of the Code and are exempt from federal income taxes on their exempt income pursuant to Section 501(a) of the Code, and include ACTS Retirement Services, Inc., ACTS Legacy Foundation, Inc., ACTS Management Services, Inc., ACTS Signature Community Services, Inc., ACTS Acquisition Company, LLC, Heron Point of Chestertown, Inc., Park Pointe Village, Inc., and Presbyterian Retirement Corporation, Inc. Company is not affiliated with any other religious, nonprofit or proprietary organizations or management entity. Company, ACTS Management Services, Inc. and ACTS Signature Community Services, Inc. (collectively, the "Obligated Group") are jointly and severally obligated on certain debt and other obligations of the Obligated Group. Other than as set forth in the preceding sentence, the affiliates of Company are not responsible for the financial and contractual obligations of Company.

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

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

Beginning with the date of Occupancy of a Living Accommodation in the Retirement Community, or the Date of Availability, whichever is earlier,

Company will provide a Living Accommodation, together with the facilities, services and medical care specified in this Resident Contract until the Resident's death or earlier termination of this Resident Contract.

This general description of continuing care to be provided by Company is a summary only and the exact nature of continuing care provided by Company under this Resident Contract is more fully set forth in the remaining sections of this Resident Contract.

## **SECTION 2. Conditions to Admission**

### **2.1 Financial Qualifications**

As a condition to admission, Company requires that Resident have assets and income which are sufficient under foreseeable circumstances and after provision for payment of Resident's obligations hereunder to meet ordinary and customary living expenses after assuming Occupancy over Resident's projected lifetime.

### **2.2 Change in Financial Condition Prior to Occupancy**

If, after the date of accepting and signing a Resident Contract by both parties and prior to the date of Occupancy of a Residential Unit, a change in Resident's financial condition occurs and Resident no longer qualifies under Subsection 2.1, Company reserves the right to terminate this Resident Contract. Any refund due to Resident shall be paid in accordance with Subsection 14.1.

### **2.3 Medical Qualifications**

As a condition to admission into Residential Unit, Company requires that Resident be able to meet health and safety requirements, as defined by Company's prevailing policy which is subject to change.

### **2.4 Change in Medical Condition Prior to Occupancy**

Once a Resident Contract is accepted and signed by both parties, the Resident Contract shall not terminate solely due to a change in medical condition. However, Company reserves the right to determine the appropriate Living Accommodation.

### **2.5 Required Insurance**

As a condition to admission, Resident will, prior to the Date of Availability, enroll in Part A of the Medicare Program and subscribe to and pay for coverage under Part B of the Medicare Program. If not eligible for Medicare, Resident will enroll in some other insurance program providing equivalent benefits as approved in writing by Company. Additionally,

Resident will subscribe to and pay for Medicare supplemental coverage (commonly referred to as “medigap insurance”, covering days 21 through 100 of skilled care services), as approved by Company. Throughout the duration of this Resident Contract, Resident shall maintain, at Resident’s expense, the required insurance coverage. Proof of required insurance coverage must be provided to Company prior to the Date of Availability. Company may require Resident to provide proof of required insurance from time to time after Occupancy. If Resident fails to maintain required insurance, the terms as set forth in Subsection 6.7(a) will prevail.

**2.6 Age Requirements**

As a condition to admission, Resident will supply satisfactory evidence that he/she has obtained his/her 62nd birthday by the Date of Availability.

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

The Residential Unit assigned to Resident is:

Type of Unit \_\_\_\_\_; Unit Number \_\_\_\_\_; Date of Availability \_\_\_\_\_

Location: \_\_\_\_\_ (“Retirement Community”)

Payment of Entrance Fee:

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

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

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

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

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

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

Payments made under Exhibit “B”, as of signing this Resident  
Contract, for modifications to the Residential Unit, if any \$ \_\_\_\_\_

Current Monthly Rate (as of the date of the signing of this Resident Contract) \$ \_\_\_\_\_

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

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

\_\_\_\_\_

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

### **4.1 Living Accommodation**

From and after the Date of Availability, Resident has the right to occupy and use, in accordance with the terms of this Resident Contract, the Residential Unit designated in Section 3, and accommodations in Assisted Living Residence and Skilled Care Center as defined in Section 11 of this Resident Contract.

### **4.2 Furnishings**

Company will furnish wall to wall carpeting (except in kitchen and bath), range with oven, microwave oven, refrigerator, window blinds, and other fixtures in the Residential Unit in accordance with Company's prevailing policy. Resident may upgrade, change or replace the furnishings provided by Company at Resident's cost. These furnishings, even if upgraded, changed or replaced at Resident's cost, shall become the permanent property of Company unless otherwise agreed to in writing by both parties. All other furnishings shall be furnished by Resident, subject to supervision of, and approval by, Company, and shall remain as Resident's personal property, except as set forth in Subsections 5.6 and 5.9.

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

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

### **4.4 Common Areas**

Subject to scheduling requirements and availability as established by Company and as part of the services included in the Monthly Rate, Resident may use, in common with all other residents, the dining room(s), lobby or lobbies, auditorium, social and recreational rooms, and other common areas furnished by Company.

### **4.5 Assisted Living Residence**

Company shall provide Assisted Living Services in a licensed Assisted Living Residence at either the Retirement Community, another affiliated

retirement community or an outside provider not located at the Retirement Community.

**4.6 Skilled Care Center**

Company shall provide Routine Nursing Care Services in a licensed Skilled Care Center, at either the Retirement Community, another affiliated retirement community or an outside provider not located at the Retirement Community.

**4.7 Date of Availability**

Resident shall take possession of the Residential unit as of the Date of Availability. If the Residential Unit is available for Occupancy before the Date of Availability, Resident may take possession on the first available date. The obligation to pay the Monthly Rate shall begin on the Date of Availability or upon Occupancy, whichever is earlier, and the Entrance Fee must be paid in full prior to or at the time of Occupancy. In the event that Resident fails to take possession or pay the Monthly Rate on the Date of Availability, and the Residential Unit is available for Occupancy, then Company, in its sole and absolute discretion may elect to terminate this Resident Contract.

The Date of Availability may be extended by Company for a reasonable period (i.e. the "Extended Date of Availability"). Company shall provide written notice of any extension of the Date of Availability addressed to Resident in accordance with Section 18. If, however, the Residential Unit is not ready for Occupancy by the Date of Availability or Extended Date of Availability, and such delay is due to labor strikes, fire, an act of God or any other cause beyond the control of Company, then, Company, in its sole discretion, may further extend the Date of Availability for a reasonable period of time. In the event that Resident fails to take possession on the Extended Date of Availability, then Company, in its sole and absolute discretion, may elect to terminate this Resident Contract in accordance with the termination and refund provisions.

**4.8 Limitations on Occupancy**

No person other than Resident may take Occupancy of the Living Accommodation except with the express written approval of Company. In the event that a spouse or other person who is not a party to this Resident Contract is accepted for Occupancy in the Living Accommodation at a time subsequent to the date hereof, the terms as set forth in Subsection 10.2 will prevail.

**4.9 Company's Rights Regarding Retirement Community and Living Accommodation**

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

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

**5.1 Utilities and Taxes**

As part of the services included in the Monthly Rate, Company will furnish water, light, heat, electricity, air-conditioning, and standard cable television service (excluding premium channels). Payments of real estate taxes are also included in the Monthly Rate. Payment of the Monthly Rate does not give the Resident any interest in the land, improvements, or real estate of Company and the Retirement Community. Resident shall participate in and assign all rights to any real estate, property tax or utility credit program.

**5.2 Telephone**

Resident is required to have a telephone, or an alternative communication device which is approved by Company, in the Residential Unit, at Resident's expense. Telephone service charges (excluding international calls) and connection charges are included in the Monthly Rate. Company shall provide a directory of telephone numbers for access to Retirement Community personnel. Resident may have an option, at Resident's expense, to add international calling plans.

**5.3 Television and Internet**

Company shall provide each Residential Unit with connection(s) for television signal and internet access through either an external antenna or cable system. Company shall provide standard cable television service (excluding premium channels) and internet service. Costs for cable premium channels are not included in the Monthly Rate and shall be paid by Resident. Resident may have an option, at Resident's expense, to upgrade the internet service provided by Company.

#### **5.4 Housekeeping**

Resident shall maintain the Residential Unit in a clean, sanitary and orderly condition, and is responsible for all usual light housekeeping tasks. Annually, Company will provide such heavier cleaning services as it deems necessary. Company reserves the right to inspect the Residential Unit periodically for cleanliness and safety. If Resident fails to maintain the Residential Unit in a clean, sanitary and orderly condition as determined by Company, then Company reserves the right to clean the Residential Unit and Resident shall pay the charges assessed by Company for cleaning the Residential Unit. Additional housekeeping services are available to Resident for an additional fee.

#### **5.5 Maintenance and Repairs**

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

#### **5.6 Structural Changes**

All structural or physical changes of any kind within or about the Residential Unit (i.e. shelves, framework, awnings, etc.) will be made only upon first being approved by Company in writing and thereafter being subject to the supervision of Company. The cost of any such change requested by Resident shall be borne by Resident and paid for before work begins, unless otherwise agreed to in writing by both parties, and all such changes shall immediately become and remain the permanent property of Company.

#### **5.7 Laundry**

Automatic washers and dryers for personal laundry are located within Retirement Community and are available to all Residents. Company will provide laundry service for flat linens, provided by Resident, on a weekly basis as part of the Monthly Rate.

#### **5.8 Storage**

For each apartment style Residential Unit, Company will make available additional storage in a designated area upon request of Resident. Use of storage facilities shall be subject to direction and supervision of Company. Resident is responsible for the risk of loss for all items stored in the storage units.

## **5.9 Grounds**

Company will provide basic grounds keeping care including lawn service. Resident, at his/her own expense may plant and maintain the area adjacent to his/her Residential Unit, subject to the approval of Company. All plants, trees and shrubs so planted shall immediately become and remain the permanent property of Company.

## **5.10 Transportation**

Company will provide transportation services on a scheduled basis, for purposes such as shopping, certain medical care services and other special functions, as defined by Company.

## **5.11 Food and Meals**

### **(a) Dining Room Service**

Company will, as part of the services included in the Monthly Rate, provide to Resident, one meal for each day of the month (e.g. 30 meals in the month of November, 31 meals in the month of December), which may be utilized at Resident's discretion, up to a maximum of three (3) meals per day, until the monthly meal allocation is exhausted for the applicable calendar month. Unused meals in one month may not be carried over to another month. Meals may be taken in excess of the monthly allocation and will be an additional charge. Meals shall be taken in a designated dining area at any time during the calendar month, at Resident's discretion, although reasonable advance notice of attendance may be requested. Special dietary needs may be provided on request and subject to availability and Company's policies and procedures. In addition, Company will make available, in accordance with its scheduling policies, a private dining room for family gatherings or other special occasions of Resident. For these occasions, in accordance with Company's policies and procedures, Resident may supply food from outside sources or use catering services provided by Retirement Community on a fee-for-service basis.

### **(b) Tray Service**

Company will, as part of the services included in the Monthly Rate, provide to Resident tray service if ordered by Company's medical director or persons authorized by Company. Tray service shall be on a temporary basis, not to exceed three (3) days or fourteen (14) days following a three (3) day stay in the hospital or the Skilled Care Center. Any Resident requesting further tray service shall be evaluated by Company's medical director and/or Resident's physician to determine whether Routine Nursing Care Services are required. In the event that tray service extends beyond the above

limits, Company may charge Resident for tray service meals in an amount determined by Company, except if ordered by Company's medical director.

**(c) Meal Allowance**

If Resident is away from Retirement Community for a period of fourteen (14) consecutive days or more, he/she may qualify for a limited meal allowance in accordance with Company's prevailing policy which is subject to change. If the Resident qualifies, the meal allowance will be applied as a credit on the monthly statement. Arrangements for this allowance must be made in advance and in writing, and is applicable only when Resident is away from his/her Residential Unit, excluding stays in an Assisted Living Residence or a Skilled Care Center.

**(d) Guest Use of Dining Room**

Company will serve meals to Resident's guests in the dining room at an extra charge. Charges for guest meals will be included on Resident's monthly statement. Resident is requested to provide Company with advance notice of any anticipated guests.

**(e) Guest Meal Charges**

Amounts charged to Resident's monthly statement for guest meals will be made according to the currently established rates as set and periodically adjusted by Company.

**(f) Dining Room Dress Code**

In the designated dining area, Resident shall comply with Retirement Community's prevailing dress code policy which is subject to change from time to time.

**5.12 Response System**

Resident may contact Retirement Community personnel (i.e. security personnel or administrative staff) who will be available to respond twenty-four (24) hours a day. Retirement Community personnel will contact emergency response personnel provided by county or city governments, or by various health care providers unaffiliated with Company. Company does not provide Emergency Medical Services ("EMS") or Emergency Medical Technicians ("EMT"). While the response system may be used to inform Retirement Community personnel of a medical emergency or a security concern, Company disclaims any and all responsibility or liability for responding to medical emergencies or security concerns. Any costs associated with external emergency response personnel shall be payable by Resident directly to the emergency response organization.

### **5.13 Security**

Company will, as part of the services included in the Monthly Rate, provide certain security services at Retirement Community in accordance with Company's prevailing policy which is subject to change from time to time.

### **5.14 Parking**

If Resident owns and operates a registered motor vehicle, Company shall provide a minimum of one uncovered parking space for each Residential Unit, which is included in the Monthly Rate. Any assignment of parking spaces will be made in accordance with prevailing policy which is subject to change from time to time. Guest parking is available in designated areas.

### **5.15 Property Insurance**

Company shall maintain insurance for Company's property only, which is included in the Monthly Rate. Resident is required to purchase and maintain personal property and liability insurance in an amount acceptable to Company as may be determined from time to time by Company.

### **5.16 Administration**

Company shall provide administrative support services to implement the provisions of this Resident Contract, which services are included in the Monthly Rate.

### **5.17 Additional Miscellaneous Services**

Other miscellaneous services, as may become available, will be at an additional charge and are not included in the Monthly Rate.

### **5.18 Changes in the Scope of Services and Ancillary Fee Schedule**

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

## **SECTION 6. General Medical, Nursing and Assisted Living Services**

### **6.1. Outpatient Nursing Services**

Outpatient nursing services are made available to Resident in the Retirement Community during regular office hours in accordance with prevailing policy which is subject to change from time to time. Certain

outpatient nursing services including routine nursing consultations, weight checks and blood pressure readings are included in the Monthly Rate. Other services may be provided at a fee published in the nurse's office. Company reserves the right to limit the outpatient nursing services which are included in the Monthly Rate.

**6.2 Assisted Living and Routine Nursing Care Services**

As part of the Monthly Rate, Company shall provide, or make available, in accordance with Resident's needs, Assisted Living Services in private accommodations and Routine Nursing Care Services in shared accommodations. In the event that those services are provided on the campus of Retirement Community, Resident shall sign an admission contract upon transfer to either the Assisted Living Residence or Skilled Care Center, which contract(s) will supplement the terms of this Resident Contract. In the event that any payment provision of the admission contracts in the Assisted Living Residence or Skilled Care Center are in conflict or inconsistent with any terms or provisions of this Resident Contract, then this Resident Contract shall control and govern the relationship between Resident and Company. As part of the Monthly Rate, Company shall provide to Resident three (3) meals per day when Resident is in Assisted Living Residence or Skilled Care Center.

**6.3 Home Care Services**

As part of the Monthly Rate, Resident may be eligible for qualified Home Care Services, as determined by Company and in accordance with prevailing policy. Additional Home Care Services may be available on a fee-for-service basis.

**6.4 Costs in a Skilled Care Center or an Assisted Living Residence Prior to Occupancy**

If Resident is admitted to either an Assisted Living Residence or a Skilled Care Center prior to Occupancy of the Residential Unit, the Entrance Fee immediately shall become due, and Resident shall pay the Monthly Rate for the Residential Unit designated in this Resident Contract. In situations of Shared Occupancy, the Monthly Rate for Single Occupancy shall be paid upon admission of one Co-Resident until the Date of Availability or upon Occupancy by the other Co-Resident of any Living Accommodation, whichever is earlier, at which time the Monthly Rate for Shared Occupancy shall become effective.

All miscellaneous charges and fees for ancillary services not covered or included in the Monthly Rate are an additional charge and shall be paid by Resident. Company reserves the right to determine, at any time, if admission to the Skilled Care Center or Assisted Living Residence is permanent.

**6.5 Costs in a Skilled Care Center or an Assisted Living Residence After Occupancy**

**(a) Routine Nursing Care Services**

Upon transfer to a Skilled Care Center or other facility providing Routine Nursing Care Services under this Resident Contract, Resident shall continue to pay the applicable Monthly Rate for the Residential Unit, which is subject to periodic increases. All miscellaneous charges and fees for ancillary services not covered or included in the Monthly Rate are reflected on Company's Ancillary Fee Schedule and are an additional charge which shall be paid by Resident.

**(b) Assisted Living Services**

Upon transfer to the Assisted Living Residence or other facility providing Assisted Living Services under this Resident Contract, Resident shall continue to pay the applicable Monthly Rate for the Residential Unit, which is subject to periodic increases. All miscellaneous charges and fees for ancillary services and supplies not covered or included in the Monthly Rate are reflected on Company's Ancillary Fee Schedule and are an additional charge which shall be paid by Resident.

**(c) Intra-Community Transfer and the Monthly Rate**

In the event that Resident has moved from the Residential Unit to a Residential Unit with a lower Monthly Rate within one year prior to permanent transfer of Resident (or remaining Co-Resident) to a Skilled Care Center or Assisted Living Residence, Resident shall pay the higher Monthly Rate for the vacated Residential Unit while remaining in the Skilled Care Center or Assisted Living Residence.

**6.6 Exclusions (Items and Services Not Covered by the Monthly Rate)**

Medical, health and ancillary services not included in or covered by the Monthly Rate include, but are not limited to, the cost of hospitalization, ambulance service, therapist or rehabilitation services, psychotherapy and psychiatric consultations or services, physician services, diagnostic services, private duty nurses, nursing assistants or companions, including temporary nursing or assistive services in the Residential Unit, specialized treatment, refractions, eyeglasses, contact lenses, hearing aids, podiatry, dentistry, dentures, inlays, orthopedic devices and appliances such as walkers, braces, wheelchairs, special beds or chairs, incontinence supplies, personal care supplies such as disposable underpads, toiletries, digestive aids and pharmacy medications, drugs, including prescription and over-the-counter medications, medical equipment and supplies such as syringes, respirators, ventilators, oxygen tanks, intravenous items,

catheterization materials, specialized treatment including ventilator dependent treatment, dialysis, and higher acuity nursing care services such as Subacute Care, Transitional Care or special rehabilitation services. Company, in its discretion, may provide any or all of the services not covered by the Monthly Rate at an additional charge, or refer the Resident to another provider capable of providing higher acuity care services. Ancillary and miscellaneous charges in an Assisted Living Residence or Skilled Care Center are not included in the Monthly Rate.

## **6.7 Hospital, Medical and Nursing Insurance**

### **(a) Required Insurance**

Should Resident fail to maintain required medical insurance coverage, as described in Subsection 2.5, Resident will be responsible for all charges that otherwise would have been reimbursed through these required insurance programs and shall demonstrate adequate financial resources for such coverage to Company upon request.

Medicare Part A co-insurance for skilled days 21 through 100, and Medicare Part B annual deductible and co-insurance are the responsibility of Resident.

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### **(b) Assignment of Required Insurance and Third Party Payments**

Resident assigns and transfers over to Company all rights of Resident to required public and private insurance and benefits to the extent necessary to pay Company for services provided to Resident under this Resident Contract. If Resident becomes eligible to receive payment from any third party for services provided under this Resident Contract by Company, Resident shall at all times cooperate fully with Company and each third party payor so that Company may make claim for and receive any applicable third party payments. Resident authorizes Company to make any and all claims for such insurance and benefits and agrees to execute all documents necessary to enable Company to collect or enforce such claims. If for any reason Company cannot apply directly for such benefits, Resident shall from time to time apply for the payments for services provided by Company to which Resident is entitled under applicable insurance benefit programs, and pay to Company the benefits received within ten (10) days of payment by the third party payor.

(c) **Enrollment in a Health Maintenance Organization (“HMO”) or Other Managed Care Plan**

Resident may only enroll in a health maintenance organization (“HMO”) or other managed care plan for which Company is a network or participating provider, unless Company provides prior written consent. Prior to enrolling in any HMO or managed care plan, Resident shall sign an addendum identifying the plan and reflecting Company’s approval or disapproval. In the event that Resident subscribes to an HMO or other managed care plan, including a managed care plan that provides Medicare benefits, and Company is not a participating provider in Resident’s managed care plan, Company may elect, at its option, to attempt to negotiate a contract with and obtain payment from Resident’s managed care plan for covered services to be provided by Company. If Company is or becomes a network provider in Resident’s managed care plan, Company reserves the right to withdraw from participation as a network provider. If Resident’s managed care plan and Company do not reach an agreement on the terms under which services would be provided, or if the Resident’s managed care plan does not agree to provide payment for covered services provided by Company or if Company withdraws from participation in Resident’s managed care plan, Resident shall either transfer to and receive services from a participating provider in Resident’s managed care plan or shall pay Company, in addition to the Monthly Rate, the daily rate for Routine Nursing Care Services which would have been covered by Medicare indemnity coverage, but only for the limited period of time during which Medicare or other required insurance coverage would have been available. In the event that Resident is transferred to a provider participating in Resident’s managed care plan, Resident shall continue to pay the Monthly Rate and additionally all costs and charges related to the transfer to and occupancy of the participating provider. There will be no reduction in the Monthly Rate as a result of Resident’s participation in any health insurance program or managed care plans which provide for payment for services rendered or made available by Company. Any co-insurance required by the HMO or managed care plan shall be paid by Resident.

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(d) **Long Term Care Insurance**

Company does not require Resident to maintain a long term care insurance policy. However, if Resident maintains such a policy, Company will assist Resident in making claims for such insurance benefits in accordance with Company’s prevailing policy and procedures. If insurance benefits are received directly by Company, Company will apply proceeds to Resident’s future Monthly Rate and

ancillary charges. After all such charges have been paid to Company, the balance of any insurance benefits will be refunded to Resident or Resident's estate.

**6.8 Transfer to Hospital or Other Specialized Service Facility**

Company does not provide ambulance services, hospital care, acute care, Transitional Care or Subacute Care or other services provided by a Special Service Facility. Company shall have the right to transfer Resident to a hospital or other facility in accordance with the provisions of Subsection 11.3.

**6.9 Illness or Accident Away from Retirement Community**

If Resident suffers an accident or illness while away from Retirement Community, Company will have no responsibility to pay for Resident's medical, surgical, hospital or nursing care obtained offsite; however, after Resident returns to Retirement Community, Company shall assume its responsibility to provide those services as specified in this Resident Contract that are deemed necessary by Company.

**6.10 Accident or Illness Caused by Others**

In the event Resident is physically injured by an individual or entity not a party to this Resident Contract, Resident grants to Company a right of subrogation, and authorizes Company to bring such demands, claims or legal proceedings in the name of or on behalf of Resident for purposes of recovering from any third party or third party's insurer responsible for Resident's injury, the dollar value of all care provided by Company to Resident as a result of any such injury. Resident shall cooperate and sign any documents necessary to facilitate Company's ability to exercise its subrogation right. After all costs and expenses incurred by Company (including legal fees and cost of care furnished to Resident by Company because of such injury) have been reimbursed to Company through subrogation, the balance of any recovery, will be refunded to Resident.

**6.11 Limitations on Care**

Company is not designed to care for persons who abuse alcohol or drugs or who require specialized psychiatric care or service not authorized or permitted under the skilled care or assisted living licensing regulations. If Company determines that Resident's continued presence in Retirement Community is either dangerous or detrimental to the health, safety or peace of Resident or other residents, then Company may temporarily transfer Resident to an appropriate institution of Company's choosing and Resident shall continue to pay the Monthly Rate directly to Company. Company will then be responsible to pay to the institution an amount that shall not exceed the Company's prevailing daily rate for shared accommodations in the Skilled Care Center. Any additional charges

beyond the amount paid by Company are the obligation of and shall be paid by Resident. If Resident prefers an institution other than that chosen by Company, Company will then be responsible to pay the lesser of the Company's daily rate for shared accommodations in the Skilled Care Center or the daily rate of the institution chosen by Company.

**6.12 Responsibility of Company for Services Included in Monthly Rate**

Resident shall not be liable to any health care provider for the cost of any services which are covered by Company under this Resident Contract and which are paid for by Resident through payment of the Monthly Rate. In the event that Company authorizes any health care provider to provide services, which Company is required to provide under this Resident Contract, Company shall assume responsibility for the payment of those health care services.

**6.13 Privately Employed Private Duty Contractors**

Subject to the approval of Company, Resident may utilize the services of privately employed private duty contractors, or other licensed agencies unrelated to Company, who provide personal or health care services in the Residential Unit. Such services are subject to Company's prevailing policy and requirements, which are subject to change, and must be approved in advance and in writing by Company. Resident is responsible to pay for all such services. In exchange for Company's approval of Resident's utilization of a private duty contractor or other licensed agencies unrelated to Company, Resident releases Company from any liability for the acts or omissions of any individual or agency providing services to Resident in the Residential Unit. Live-in companions, whether paid or unpaid by Resident are not permitted, except with Company's advance written consent.

**6.14 Change in Ancillary Fee Schedule**

The Ancillary Fee Schedule associated with services not included in the Monthly Rate may be modified by Company from time to time with sixty (60) days advance written notice of any changes, except for changes required by State or Federal assistance programs.

**SECTION 7. Application Fee and Priority List Deposit**

**7.1 Application Fee**

Resident has paid to Company a non-refundable Application Fee at the time of submitting an application and executing the priority list contract.

## **7.2 Priority List Deposit**

Resident has paid to Company a Priority List Deposit at the time of submitting an application and executing the priority list contract. Payment of the Priority List Deposit, along with the submission of the priority list contract places the Resident on the priority list. The Priority List Deposit will be applied as a credit toward the Reservation Fee.

## **SECTION 8. Entrance Fee**

### **8.1 Purpose and Use**

Company may use the Entrance Fee in any manner it deems appropriate and may apply it to any corporate purpose. Company is not holding any part of the Entrance Fee in trust for Resident and has not assumed and is not assuming any fiduciary obligation to Resident concerning the Entrance Fee or any other amounts paid for admission to or continued Occupancy in the Retirement Community.

### **8.2 Payment Schedule**

#### **(a) Reservation Fee**

Upon execution of this Resident Contract, Resident shall pay a Reservation Fee. The Reservation Fee is equal to ten percent (10%) of the Entrance Fee, less the Priority List Deposit.

#### **(b) Final Payment**

Upon the Date of Availability or Occupancy, whichever is earlier, Resident shall pay the remaining balance of the Entrance Fee.

### **8.3 Right to Establish Entrance Fee**

Company reserves the right to establish Entrance Fee rates and Monthly Rates (as described in Section 9) of a different amount for persons being admitted for Occupancy after the date hereof, and the rates charged such other persons need not be uniform with or proportional to those charged to Resident under this Resident Contract. The Entrance Fee amount, as defined in this Resident Contract, shall not be increased or changed during the duration of the agreed upon care, except for changes required by State or Federal assistance programs or regulations, or if Resident changes from the Residential Unit to another residential unit (as described in Subsection 11.1).

#### **8.4 Administrative Fee and Amortization of Entrance Fee**

##### **(a) Administrative Fee**

An Administrative Fee in an amount equal to five percent (5%) of the Entrance Fee is non-refundable after the Transition Period and will be retained by Company.

##### **(b) Amortization of Entrance Fee**

After deducting an Administrative Fee, which is five percent (5%) of the Entrance Fee, the remaining Entrance Fee shall be amortized by Company in the amount of two percent (2%) per month for a period of fifty (50) months from the date of Occupancy or Date of Availability, whichever is earlier. After the fifty (50) month period, there will be no refund of the Entrance Fee.

### **SECTION 9. Monthly Rate**

#### **9.1 Standard Monthly Rate**

In addition to the other amounts paid by Resident to Company under this Resident Contract, Resident will pay to Company the standard Monthly Rate established for the unit selected.

#### **9.2 Adjustments in the Monthly Rate**

The Monthly Rate may be adjusted from time to time. Company shall provide at least sixty (60) days written notice of such change unless such change is required by State or Federal assistance programs or regulations.

#### **9.3 Payment and Due Date**

The Monthly Rate is billed in advance and shall be due and payable within five (5) days of the date of Resident's monthly statement. The obligation to pay the Monthly Rate shall commence on the earlier to occur (i) the date the Resident takes Occupancy of the Residential Unit or (ii) the Date of Availability, whether or not Resident moves in at the time. The Resident shall be billed on a monthly basis for all other charges, including but not limited to miscellaneous and ancillary charges or other services. Payment for all other charges shall be due with the Monthly Rate.

#### **9.4 Service Charge for Late Payment**

A service charge of one and one-half percent (1.5%) per month will be added to amounts past due in accordance with Company's prevailing policy. Resident is obligated to pay all reasonable attorneys fees and costs incurred relative to the collection of any amount past due.

## **SECTION 10. Co-Resident**

### **10.1 Co-Resident's Fee Responsibility**

In situations of Shared Occupancy, each Co-Resident shall be jointly and severally liable for all payments due under this Resident Contract. Upon the death of one or more Co-Residents, or should one or more Co-Residents leave the Retirement Community, any remaining Co-Resident(s) shall be responsible for payment of the applicable Monthly Rate and any other past or future charges.

### **10.2 Marriages/Additional Occupant**

If Resident decides to marry/reside with a non-resident while occupying the Residential Unit and desires that the new spouse/additional occupant share the Residential Unit, the spouse/additional occupant must comply with the entrance procedure outlined in this Resident Contract and shall execute a then current version of the Resident Contract. The spouse/additional occupant shall pay an Entrance Fee equal to the then current Entrance Fee for the smallest residential unit in the Retirement Community at the time the spouse/additional occupant takes Occupancy. The prevailing Monthly Rate for Shared Occupancy will commence on the day the spouse/additional occupant moves into the Residential Unit. In the event the spouse/additional occupant is not accepted as a new resident, Resident may terminate the Resident Contract pursuant to Section 13 and receive any refund as set forth in Section 14.

## **SECTION 11. Relocation to a Different Living Accommodation or Outside Facility**

### **11.1 Relocation From Residential Unit to Another as Requested by Resident**

Upon Resident's written request and written approval of Company, the Resident may exercise a limited option to move from the Residential Unit to another in accordance with Company's prevailing policy. Resident must notify Company in writing of the type of residential unit desired. Company reserves the right in its sole discretion to approve or deny requests to move. In the event Resident receives approval from Company to move to another residential unit, Resident shall sign an addendum to this Resident Contract reflecting all costs and charges related to exercising the option to move, including the Entrance Fee and Monthly Rate for the selected residential unit. Resident may be required to pay a refurbishment fee as determined by Company in accordance with Company's prevailing policy.

#### **(a) Relocation to Larger Sized Residential Unit**

On the Date of Availability of the larger sized residential unit, an additional Entrance Fee will be paid. The additional Entrance Fee is equal to the difference between the Entrance Fee of the larger

residential unit as of the time Resident first took Occupancy and the Entrance Fee paid for the smaller Residential Unit designated in Section 3.

**(b) Relocation to Smaller Sized Residential Unit**

Any refund of the Entrance Fee as a result of relocation to a smaller sized residential unit is calculated as the difference between:

**(i) Present Residential Unit**

The current Entrance Fee, less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of such Entrance Fee for each month this Resident Contract has been in force, commencing from the Date of Availability, and

**(ii) Proposed Residential Unit**

The current Entrance Fee, less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of such Entrance Fee for each month this Resident Contract has been in force, commencing from the Date of Availability.

**11.2 Relocation From Residential Unit to Another as Required by Company**

Company reserves the right to make all necessary arrangements and adjustments regarding residence not otherwise specifically provided in this Resident Contract. Company may relocate Resident to a different residential unit in the Retirement Community, substantially similar to that selected by Resident, if it determines that such a move should be made for the benefit of Resident or for the proper operation of Retirement Community, as determined by Company. In the event Resident is directed to relocate, Company shall be responsible for all reasonable moving and relocation expenses. Resident shall execute an addendum which shall reflect all changes in the Monthly Rate.

**11.3 Transfer to Assisted Living Residence, Skilled Care Center or Outside Facility**

**(a) Conditions of Continued Occupancy**

Resident shall have the right to occupy the Residential Unit for so long as Resident satisfies the health and other Conditions of Continued Occupancy.

**(b) Decision to Transfer**

**(i) Authority to Transfer**

Company may transfer Resident from and between the Residential Unit and Skilled Care Center or Assisted Living Residence, or any other appropriate care facility, if it determines that such a move should be made because of the health and/or welfare of the Resident, for the proper operation of the Retirement Community, to comply with regulations of the North Carolina Division of Facility Services, the North Carolina Department of Health, local regulations of the Fire Department, or any other duly constituted authority or agency, or to otherwise meet the requirements of law.

**(ii) Role of Company's Utilization Review Committee**

The decision as to whether a transfer shall be deemed temporary or permanent shall be made by Company's Utilization Review Committee. The Utilization Review Committee shall consider the opinion of Resident and the advice of a family representative, if available, and, if requested and at the Resident's expense, a private physician. The opinion of Resident and the advice of family and Resident's physician is advisory only and shall not be binding on Company. The Utilization Review Committee's decision regarding the temporary or permanent nature of any transfer may be made at any time. Upon a determination by Company's Utilization Review Committee that Resident is no longer capable of meeting the health or other requirements for Occupancy of the Residential Unit, Resident or Resident's next of kin, Legal Representative or agent acting on Resident's behalf, will be notified by Company that arrangements will be made for Resident's immediate transfer to an Assisted Living Residence, a Skilled Care Center or other appropriate care facility.

**(c) Transfer to Assisted Living Residence**

When Resident is in need of Assisted Living Services as determined by Company's medical director and/or the Utilization Review Committee and does not need Routine Nursing Care Services, Resident may be transferred permanently to Company's Assisted Living Residence, if available, or other facility providing Assisted Living Services. If there is no Co-Resident in the Residential Unit, Resident will, within thirty (30) days, Surrender the Residential Unit. The Residential Unit then occupied by such Resident shall be declared vacant and Company may reassign the Residential Unit to another person.

**(d) Transfer to Skilled Care Center**

When Resident is in need of Routine Nursing Care Services as determined by Company's medical director and/or the Utilization Review Committee, Resident will be moved to a shared accommodation in the Skilled Care Center or other facility providing Routine Nursing Care Services under this Resident Contract. Upon request, Resident may have access to a private room, if available, in Company's Skilled Care Center for which an additional fee may apply. If, after continued evaluation, it is determined by Company that Resident cannot return to his/her Residential Unit, and if there is no Co-Resident in said accommodation, Company may declare the Residential Unit vacant, and may reassign the Residential Unit to another person. Resident will, within a thirty (30) day period after such decision has been made, Surrender the Residential Unit.

**(e) Transfer to Outside Facility**

If it is determined by Company's medical director and/or Company's Utilization Review Committee that Resident cannot be cared for within the scope of the services Company provides in the Retirement Community, or Resident cannot otherwise meet the Conditions of Continued Occupancy, and if there is no Co-Resident in the Residential Unit, Company may declare the transfer permanent and the Residential Unit vacant and reassign the Residential Unit to another person. Resident will, within a thirty (30) day period from the date the decision is made, Surrender the Residential Unit and have all personal possessions removed from it.

**(i) Temporary Transfer**

During any temporary transfer to a hospital or outside facility, Resident shall continue to pay the Monthly Rate and shall be responsible for all costs and charges related to the transfer to and occupancy of the outside facility or hospital except as provided in Subsection 6.12.

**(ii) Permanent Transfer**

Upon permanent transfer to an outside facility, and after Surrender of the Living Accommodation, the obligation to pay the Monthly Rate shall end and this Resident Contract shall terminate. Any refund due shall be paid in accordance with the refund provisions of this Resident Contract. In the event of Shared Occupancy, this Resident Contract shall not terminate and Co-Resident shall pay the Monthly Rate until the permanent transfer or discharge of all Co-Residents from the Retirement Community and Surrender of the Living Accommodation. Resident is obligated to pay all costs and

charges related to the transfer to and occupancy of any outside facility or hospital except when Resident is transferred to an outside assisted living or skilled care provider because of the unavailability of a bed or room in Retirement Community.

(f) **Release of or Return to Residential Unit After Transfer**

(i) **Temporary Transfer**

If Resident is admitted temporarily to Company's Skilled Care Center, Assisted Living Residence, or a hospital or other outside facility, with a medical prognosis of recovery and return to health consistent with the Conditions of Continued Occupancy, then Resident shall retain Occupancy of the Residential Unit for the purpose of resuming residency. During any period of temporary transfer, Resident shall continue to pay the applicable Monthly Rate for the Residential Unit. Resident may return to the Residential Unit which has been retained in accordance with the terms of this provision at such time as Company determines that Resident can satisfy the Conditions of Continued Occupancy.

(ii) **Permanent Transfer**

If Resident is permanently transferred to Company's Skilled Care Center, Assisted Living Residence, or a hospital or other appropriate outside facility, Resident shall Surrender the Residential Unit within thirty (30) days of written notice of Company's decision to permanently transfer Resident. If Company, with the advice of Company's medical director, determines that Resident subsequently has recovered sufficiently to satisfy the Conditions of Continued Occupancy of a residential unit, Resident, upon request, shall be eligible for consideration to receive the next available residential unit with a floor plan comparable to the one relinquished, provided Resident repays Company any amounts refunded to Resident under the Resident Contract and pays the applicable Monthly Rate.

**SECTION 12. Company's Policy Concerning Financial Difficulty**

It is the policy of Company that Resident shall not be dismissed nor his/her Resident Contract terminated solely because of Resident's financial inability to continue to pay all or part of the Monthly Rate. However, Resident's acceptance into Company has been based on the accuracy of facts recorded on Resident's financial statement, by which facts Company determined that Resident was able to meet all the financial obligations specified within this Resident Contract. If, in

the opinion of Company, Resident either has misrepresented information on the financial statement or in any way weakens, through omission or commission, his/her ability or the ability of his/her personal estate to satisfy his/her financial obligations under this Resident Contract, because Resident has made gifts of real or personal property or any imprudent financial transactions after submitting the financial statement and/or after acceptance into Retirement Community, Company reserves the right to terminate this Resident Contract.

#### **12.1 Failure to Make Payments**

If Resident fails to make any of the Monthly Rate payments at the required time, or to pay any other amounts shown on the monthly statement within thirty (30) days after the first day of the month, then Company may give written notice to Resident to pay all such amounts and furnish most recent financial records. If Resident fails to comply with such notice, Company may terminate this Resident Contract, and shall provide Resident with the refund, if any, set forth in Section 14, less any outstanding balances or financial obligations.

#### **12.2 Subsidy by Company**

Should Company subsidize Resident's Monthly Rate, Resident agrees that any property which was his/hers at, or subsequent to the date of this Resident Contract, and remaining in his/her possession at death, is to be transferred to Company for the purpose of repaying (at least to the extent of the value of such property) an amount equal to the aggregate amount of subsidy furnished Resident by Company during the period of residency. If the value of Resident's possessions/property exceeds the aggregate amount of subsidy furnished by Company, all excess proceeds will be returned to Resident's estate. This Resident Contract shall operate as a grant, assignment, transfer and conveyance to Company of such property, and Resident hereby grants to Company a security interest in such property, all of which may be enforced as a claim against Resident's estate, and to effect such assignment and to enable Company to enforce such claim, Resident shall execute such further documents, instruments or contracts, such as stock powers, Uniform Commercial Code financing statements, deeds, bills of sale and the like, as Company shall deem necessary or appropriate to protect or perfect its rights, interest and claims granted in this subsection. Company may, from time to time, request financial statements from any Resident whose Monthly Rate is subsidized by Company. This subsection shall apply whether or not Resident is in residence at Retirement Community at time of death and shall survive termination of the Resident Contract.

#### **12.3 Special Consideration**

Without in any way qualifying the right of Company to terminate this Resident Contract, if the sole reason for non-payment is insufficient funds, beyond the control of Resident, the matter will be reviewed by Company

with Resident. If Resident presents facts which justify special financial consideration, Company may solely at its discretion, partly subsidize Resident's Monthly Rate provided that such subsidy can be granted without impairing the ability of Company to meet and continue its objectives while operating on a sound financial basis. All determinations made by Company shall be regarded as a confidential transaction between Company and Resident except for reports required by regulatory or other government bodies.

#### **12.4 Reduction of Income**

Resident believes that his/her sources of income are adequate to meet his/her financial responsibility to Company and to meet and pay any additional costs to Resident, and to pay personal and incidental expenses during the period of residency. If Resident's sources of income do not meet these requirements, Resident may be required to relocate to a smaller unit in Retirement Community at discretion of Company, and Resident will make every reasonable effort to obtain assistance from family or other available means, and from public benefits, to the extent that Resident is eligible to receive them, including, but not limited to federal, state or county aid or assistance, Aid to the Blind, Veterans' Pension, etc. Resident agrees that he/she will apply for and diligently seek such benefits.

### **SECTION 13. Termination of Resident Contract**

#### **13.1 Termination by Resident Prior to Occupancy**

If Resident or Resident's Legal Representative notifies Company in writing of his/her election to withdraw or terminate this Resident Contract before Resident takes Occupancy, this Resident Contract with said Resident shall automatically be terminated. If Resident dies before the Date of Availability, or if, through illness, injury, or incapacity, Resident is precluded from taking Occupancy and becoming a Resident under the terms of this Resident Contract, the Resident Contract shall be automatically rescinded. The Resident or his/her designated beneficiary shall receive a refund, in accordance with Subsection 14.1 of this Resident Contract.

#### **13.2 Termination by Resident During Transition Period**

Resident or Resident's Legal Representative may terminate this Resident Contract within thirty (30) days of the later of the execution of this Resident Contract or the receipt date of the disclosure statement by signing the attached Notice of Right to Rescind and delivering it to Company. Resident is not required to move into the Retirement Community before the expiration of this thirty (30) day rescission period. After the lapse of the thirty (30) day rescission period and before the lapse of the Transition Period commencing on the earlier to occur of (i) the date Resident takes

Occupancy or (ii) the Date of Availability of Residential Unit, Resident or Resident's Legal Representative, may terminate this Resident Contract by giving written and personally signed notice of termination to Company. Resident shall Surrender within a period of thirty (30) days from the date on which such notice is received by Company. The Resident Contract shall terminate on the date of Surrender. Resident shall be entitled to a refund, as provided in Subsection 14.1 of this Resident Contract.

### **13.3 Termination by Resident After Transition Period**

Resident or Resident's Legal Representative has the right, at any time, to terminate this Resident Contract by delivery to Company of written notice of his/her intent to do so. The written notice need not cite a specific reason for the termination but it shall state a date, of not less than thirty (30) days or more than one hundred and twenty (120) days, when the termination is to become effective, and on or prior to such date Resident shall Surrender the Living Accommodation. On the effective date of such termination, and contingent upon Surrender of the Living Accommodation, Resident's obligation to continue Monthly Rate payments shall cease and Resident shall be entitled to a refund, if any, as provided in Subsection 14.2 of this Resident Contract.

### **13.4 Termination by Death of Resident**

Unless sooner terminated by its own provisions, this Resident Contract shall terminate at death of Resident, whereupon all obligations of Company under this Resident Contract, other than those relating to the removal of Resident's personal property, shall cease. At the death of Resident, Resident shall have no further rights in the Living Accommodation, and the Company shall have immediate access to the Living Accommodation. The removal of any personal effects of Resident in the Living Accommodation or from storage shall be the responsibility of Resident's executor, administrator, or Legal Representative, or of other persons entitled by law to receive them. Company will hold such personal effects for a period not to exceed thirty (30) days, but Company is not responsible for loss or damage to personal property in its possession. At the death of Resident, all Entrance Fee refunds, excess Monthly Rate payments (prorated daily to the date of Surrender), and any other funds deposited with Company under this Resident Contract shall be refunded in accordance with Section 14 of this Resident Contract.

In the event removal of Resident's personal possessions is not accomplished within thirty (30) days, Company has the right to continue charging the Monthly Rate or charge for storage of Resident's personal possessions until such possessions have been removed from the Living Accommodation.

### **13.5 Limitations on Termination in Situations of Shared Occupancy**

If any Co-Resident is precluded from taking Occupancy of the Residential Unit because of death, illness, injury or incapacity, this Resident Contract shall remain in full force and effect as to the other Co-Resident(s), at the option of Co-Resident(s). The remaining Co-Resident(s) shall sign an addendum which changes the terms of this Resident Contract from Shared Occupancy to Single Occupancy, if applicable, and which reflects changes in the Entrance Fee and/or the Monthly Rate. As long as a Co-Resident continues to occupy any Living Accommodation within Retirement Community, the Resident Contract shall not terminate until the death, permanent transfer, discharge or voluntary departure of all Co-Residents from Retirement Community.

### **13.6 Termination by Company**

Company may terminate this Resident Contract prior to Occupancy in accordance with Subsection 2.2 or after Occupancy for “just cause” (as described in Subsection 13.6(a) based on the judgment of Company by providing Resident with at least thirty (30) days written notice. If such action is taken by Company, Resident will have a maximum of sixty (60) days from the date of Company’s notice to Surrender the Residential Unit. On or before the termination date, Resident shall Surrender. On the date of Surrender, Resident's obligation to continue Monthly Rate payments shall cease and this Resident Contract shall terminate. Resident or Resident’s designated beneficiary shall be entitled to receive a refund, if any, as provided in Section 14 of this Resident Contract.

#### **(a) Just Cause**

Just cause shall include, but not be limited to, (i) a default in payment (a default in payment occurs when monthly payments are not received in accordance with Section 9, (ii) the submission or omission of any material false information in the application documents and process, (iii) the failure of Resident to abide by Company’s rules, regulations, policies and procedures, (iv) the breach of any of the other terms of this Resident Contract, or (v) a good faith determination in writing by Company that continued Occupancy by Resident creates a serious threat or danger to the life, health, safety or peaceful enjoyment of Resident or other residents or persons in Retirement Community.

In situations where continued Occupancy threatens the life, health, safety or peaceful enjoyment of Resident or other residents, only such notice as is reasonably practicable under the circumstances will be provided to Resident or Resident's Legal Representative, and termination may be effective immediately.

### **13.7 Surrender**

The obligation to pay the Monthly Rate shall continue until Surrender of the Living Accommodation by Resident or by the estate or family or Legal Representative of Resident in the case of death. The Monthly Rate shall be prorated for the month of Surrender.

## **SECTION 14. Refunds of Entrance Fee**

The refunds, if any, payable to Resident, if this Resident Contract is terminated in accordance with its terms are as follows:

### **14.1 Notice of Termination Prior to or During Transition Period**

Entrance Fee payments will be refunded in full if this Resident Contract is terminated prior to Occupancy or within the thirty (30) day rescission period, or if written notice of termination of this Resident Contract is received during the Transition Period and Resident Surrenders within thirty (30) days. The Entrance Fee refund will be reduced by any costs specifically incurred by Company at the request of Resident to the extent those charges were not paid by Resident.

### **14.2 Notice of Termination After Transition Period**

In the event written notice of termination of this Resident Contract is received after the Transition Period and prior to death, Resident is entitled to a refund of the Entrance Fee paid less the Administrative Fee and less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of the Entrance Fee paid less the Administrative Fee for each month this Resident Contract has been in force, starting on the first day of the month after the earlier of the date of Occupancy or Date of Availability and ending on the date of Surrender. The Entrance Fee refund will be reduced by any costs specifically incurred by Company at the request of Resident to the extent those charges were not paid by Resident.

### **14.3 Termination by Death of Resident**

#### **(a) Prior to Occupancy or During Transition Period**

In the event of the death of Resident before Occupancy or during the Transition Period, the Entrance Fee less those costs specifically incurred by Company at the request of Resident (to the extent those charges were not paid by Resident), will be refunded to Resident's estate or to Resident's designated beneficiary.

(i) **Shared Occupancy**

In situations of Shared Occupancy, in the event of the death of a Co-Resident before Occupancy or during the Transition Period, Resident's estate or his/her designated beneficiary shall receive a refund of the difference between the Entrance Fee for Shared Occupancy and the Entrance Fee for Single Occupancy for the Residential Unit at the time of signing this Resident Contract.

(b) **After Transition Period**

If death should occur after the Transition Period, Resident is entitled to a refund of the Entrance Fee paid less the Administrative Fee and less a sum equal to two percent (2%) per month, or fraction thereof, of the amount of the Entrance Fee less the Administrative Fee for each month this Resident Contract has been in force, starting on the first day of the month after the earlier of the date of Occupancy or Date of Availability, and ending on the date of Surrender. If death occurs after the fifty (50) month amortization period, the Entrance Fee is not refundable and shall automatically become the exclusive property of Company upon the death of the Resident.

(i) **Shared Occupancy**

In situations of Shared Occupancy, the amount of the Entrance Fee less the Administrative Fee shall be assigned to the surviving Co-Resident in the event of the death of a Co-Resident.

**14.4 Termination by Company**

In the event that Company terminates this Resident Contract in accordance with Subsection 13.6, Resident shall be entitled to receive a refund, if any, for some or all of the Entrance Fee as provided in Subsection 14.1 if termination is prior to Occupancy or during the Transition Period or Subsection 14.2 if termination occurs after the Transition Period.

**14.5 Designation of Beneficiary**

Resident may designate a beneficiary for receipt of any refund of the Entrance Fee if: i) the designation is in writing, ii) the designation is witnessed by two or more competent witnesses, iii) the designation is noncontingent and iv) the designation is specified in percentages and accounts for 100% of any refund due.

#### **14.6 Timing of Refund Payments**

Prior to Occupancy, any refunds of the Entrance Fee shall be made within sixty (60) days of the Company's receipt of Resident's written notice of intent to cancel the Resident Contract. After Occupancy, any refund of the Entrance Fee shall be made within one hundred twenty (120) days of the effective date of termination of this Resident Contract, or death.

#### **14.7 Deductions from Entrance Fee Refund**

##### **(a) Deductions for Subsidy**

In the event that Company approves subsidy for Resident in accordance with Section 12 of this Resident Contract, Company, in its sole discretion, may deduct from any refund of the Entrance Fee amounts equivalent to the amount of any subsidy provided to the Resident.

##### **(b) Deductions for Amounts Due on Monthly Statement**

Any amounts due and unpaid as reflected on Resident's monthly statement will be deducted from any Entrance Fee refund.

#### **14.8 Release of Obligation**

Upon termination of this Resident Contract, Company is released from any further obligations to Resident except for the payment of any refund which may be due under this section. Resident is released from any further obligations except for the payment of any amounts due Company, including the repayment of any financial assistance, the payment of the Monthly Rate until Surrender and the recovery of all personal property.

### **SECTION 15. Rights and Obligations of Resident as to Property**

The rights and obligations of Resident as to property are as follows:

#### **15.1 Right to Real Property**

The rights and privileges of Resident do not include any rights, title or interest whether legal, equitable, beneficial or otherwise, in or to any part of the real property, including land, buildings and improvements owned or administered by Company, except the right granted to Resident to take Occupancy of the Residential Unit in accordance with the terms of this Resident Contract. Resident shall have no interest in the real property of the Company. Resident's rights are primarily for services, and this Resident Contract does not create the relationship of Landlord and Tenant and it does not confer any legal or equitable ownership or other interest in the real property or in Company itself. Any rights, privileges or benefits

arising under or related to this Resident Contract shall be subordinate and inferior to all mortgages or deeds of trust on any of the premises or real properties of Company, previously or subsequently given, to secure any loans or advances made to Company or its successors, now outstanding or made in the future, and subordinate and inferior to all amendments, modifications, replacements, or refundings. Resident agrees that, upon request of Company, or the holder of any such instrument, he/she will execute and deliver any document which is alleged to be necessary or required to effect or evidence such subordination.

#### **15.2 Right to Personal Property of Company**

As in the case of real property, Resident has no right, title or interest, legal, equitable, beneficial or otherwise in or to any part of the personal property owned by Company, and this includes carpets, window blinds, appliances, kitchen cabinets, and fixtures in the Living Accommodation, even if upgraded at Resident's cost.

#### **15.3 Responsibility for Damages**

Any loss or damage to real or personal property of Company, caused by the negligence of Resident, Resident's guests or Resident's pet, shall be charged to and paid for by Resident. Similarly, if any negligence of any of the above-mentioned results in injury, illness or damage to any other resident, Company assumes no responsibility and Resident hereby releases and discharges Company from any injury to Resident or damage to Resident's personal property caused by the fault or negligence of other residents of Company or of their guests or pets.

#### **15.4 Responsibility for Protection of Resident's Property**

Company shall not be responsible for the loss of any personal property belonging to Resident due to theft, fire, or any cause, unless said property is specifically entrusted in writing to the care and control of Company, and then only for lack of ordinary care to safeguard, and account for, such property. Company is not responsible for personal injury to other residents or guests within Resident's Residential Unit. Resident shall have the responsibility, at his/her own expense, of providing and maintaining a standard property and liability insurance policy as deemed necessary by Company, and to file a copy of said policy detailing the coverages with Company's administrative office.

#### **15.5 Removal of Resident's Personal Property**

If the Residential Unit is vacated under the terms of this Resident Contract, the contents of the Residential Unit must be removed within thirty (30) days. After the thirty (30) day period, Company shall have the right, at Resident's expense, to remove all personal property of Resident from his/her Residential Unit, and store the same, at Resident's expense and

risk. If the property is stored in a commercial storage warehouse or commercial storage facility, Company shall have no responsibility for such property during transfer or after it has been placed in storage, and Resident, or Resident's estate, shall be liable for all moving and storage fees incurred.

## **16. Arrangement for Guardianship, Resident's Estate and Burial**

### **16.1 Advance Directives and Power of Attorney Requirements**

Resident, no later than the Date of Availability shall inform Company of his/her decision regarding advance directives stating Resident's wishes concerning the type and extent of medical care he/she receives if he/she is unable to make wishes known. Resident who has executed advance directives shall provide to Company a copy of such document no later than Date of Availability.

Likewise, Resident, no later than the Date of Availability, shall appoint a power of attorney to act on Resident's behalf in the event Resident is unable to represent him/herself. A copy of the power of attorney will be provided to Company no later than the Date of Availability.

### **16.2 Legal Guardian**

If Resident becomes incapacitated or unable to properly care for self or property, and no representative has been lawfully designated to act on behalf of Resident or no lawfully designated representative is available or willing and able to act on behalf of Resident, then Company may institute legal proceedings to adjudge Resident incapacitated and have a guardian appointed for Resident's estate and person or both. Resident authorizes Company to nominate a legal guardian to serve subject to court approval, and Resident releases Company from any liability related to the nomination. All costs of such legal proceedings, including counsel fees, shall be paid by Resident or the legally appointed guardian of Resident's estate.

### **16.3 Burial Plans**

Company does not provide any burial or funeral benefits or services. Resident agrees to arrange for and take care of all such plans and costs.

## **SECTION 17. Non-Transferable**

The rights and privileges of Resident under this Resident Contract to a Living Accommodation, facilities, services and medical care are personal to Resident and cannot be transferred or assigned by act of Resident, or by any proceeding at law, or otherwise. If any person, other than the person(s) who have/has signed

this Resident Contract, commence(s) to live in Resident's Living Accommodation without following the proper procedure established by Company, then, Company may immediately terminate this Resident Contract.

**SECTION 18. Notice**

All notices to be given in accordance with this Resident Contract shall be deemed to have been properly given if and when delivered personally or sent by mail as follows:

To Company: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To Resident (before taking Occupancy):

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

**SECTION 19. Average Annual Cost of Providing Services**

The average annual cost to Company of providing to Resident the care specified in the Resident Contract is reflected in the disclosure statement which will be made available to Resident.

**SECTION 20. Right of Self-Organization**

All residents living in the Retirement Community shall have the right of self-organization and may meet privately at the Retirement Community to conduct business. The Board of Directors or a designated representative shall meet quarterly with the residents of the Retirement Community for the purpose of free discussion of subjects which may include, but are not limited to income, expenditures and financial matters as they apply to Company and the Retirement Community and proposed changes in policies and services. Company shall provide residents with at least seven (7) days notice of each quarterly meeting.

**SECTION 21. Waiver**

No act, agreement, or statement of any Resident, or other individual purchasing care for a Resident under this Resident Contract or under any contract to furnish care to the Resident shall constitute a valid waiver of any provision of any North

Carolina Statute enacted and intended to benefit or protect the residents of the Retirement Community, or any individual purchasing care for such residents.

## **SECTION 22. Arbitration**

### **22.1 Procedural Rules**

Any controversy, dispute or disagreement arising out of or relating to this Resident Contract, or concerning any rights arising under this Resident Contract or a breach of this Resident Contract, shall be settled by voluntary arbitration. This arbitration shall be conducted on Company's property in accordance with the American Health Lawyers Association ("AHLA") Alternative Dispute Resolution Service Rules of Procedure for Arbitration. The decision shall be final, binding and non-appealable, and any court having proper jurisdiction may enter judgment on the award rendered by the arbitrator.

### **22.2 Time Limit for Arbitration**

Any request for arbitration of a dispute must be requested and submitted to AHLA or an alternate neutral arbitration service selected by Company if AHLA is unable or unwilling to serve, prior to the lapse of two (2) years from the date on which the event giving rise to the dispute occurred. In the event AHLA is unable or unwilling to serve, then the request for arbitration must be submitted to Company within thirty (30) days of receipt of notice of AHLA's unwillingness or inability to serve as a neutral arbitrator. Company shall select an alternative neutral arbitration service within thirty (30) days thereafter and the selected arbitration agency's procedural rules shall apply to the arbitration proceeding. The failure to submit a request for arbitration to AHLA or an alternate neutral arbitration service selected by Company within the designated time (i.e., two (2) years) shall operate as a bar to any subsequent request for arbitration, or for any claim for relief or a remedy, or to any action or legal proceeding of any kind or nature, and the parties will be forever barred from arbitrating or litigating a resolution to any such dispute.

## **SECTION 23. Uncontrollable Interruption of Services**

In the event that Company is unable to fulfill any of its obligations under the Resident Contract resulting from an interruption of, or failure to provide, contracted services due to an act of God or other cause beyond the reasonable control of Company, specifically including labor strikes or other forms of labor disturbances, and/or embargoes, fire, flood, earthquakes, inclement weather or acts of Resident, then Company shall not be liable or responsible for any personal injury to Resident or damage to Resident's property arising from any such event. Company will make every effort to provide the usual services in such event and Resident shall continue to pay the Monthly Rate.

## **SECTION 24. Miscellaneous**

### **24.1 Entire Resident Contract**

This Resident Contract, together with the application form, financial statement and medical records, including applicable signed amendments, constitute the entire Resident Contract between Company and Resident. Resident warrants that all representations are true and correct. Company is not liable and shall not be bound by any statements, representations or promises made by any person representing or purporting to represent Company, unless such statements, representations or promises are set forth in this Resident Contract.

### **24.2 Policies, Procedures, Rules and Regulations**

Resident will observe all policies, procedures, rules and regulations which Company shall adopt for the convenience, comfort, safety and well-being of all residents and the Retirement Community, which are subject to change from time to time.

#### **(a) Policy Regarding Alcoholic Beverages**

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

#### **(b) Smoke-Free Policy**

Resident and guests shall refrain from smoking in the Retirement Community, including the Living Accommodation, common areas and grounds, except in the designated areas, which are subject to change.

### **24.3 No Waiver**

Any failure by Company to exercise any right or remedy under this Resident Contract shall not be construed as a waiver of the right to exercise the same or any other right at any time, or from time to time thereafter.

### **24.4 Invalidity, Unenforceability**

If any portion of this Resident Contract shall, for any reason, be held to be invalid or unenforceable in any jurisdiction in which it is sought to be enforced, such invalidity and unenforceability shall not affect any other provision of this Resident Contract, and it shall be construed as if such invalid or unenforceable provision were omitted.

**24.5 Amendments**

This Resident Contract may be amended only in writing executed by both Resident and Company's corporate officers.

**24.6 Section Headings**

Section headings are for reference purposes only.

**24.7 Binding Effect**

This Resident Contract shall be binding upon, and inure to, the benefit of Company and Resident, and their respective successors, permitted assigns and Legal Representatives.

**24.8 Counterparts**

This Resident Contract may be executed in two or more counterparts, each of which shall be deemed an original, but all of which, when taken together, shall constitute but one Resident Contract.

**24.9 North Carolina Law**

All matters affecting the interpretation of this Resident Contract and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of North Carolina.

**24.10 Receipt of Copy of Resident Contract and Disclosure Statement**

Resident acknowledges that prior to the payment of any funds to Company he/she has received and read a copy of this Resident Contract and the continuing care disclosure statement and understands the contents of both documents.

IN WITNESS WHEREOF, Company, by its duly authorized representatives and Resident have executed this Resident Contract the day and year first above written.

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

By: \_\_\_\_\_  
**ACTS Retirement-Life Communities, Inc.**  
**Authorized Representative**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Social Security #**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Social Security #**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Social Security #**

\_\_\_\_\_  
**Witness**

**EXHIBIT "A"**

**NOTICE OF RIGHT TO RESCIND**

Date rescission period begins \_\_\_\_\_. You may rescind and terminate your Resident Contract without penalty or forfeiture within thirty (30) days of the later of the above date or the receipt date of the disclosure statement. You are not required to move into the continuing care community before the expiration of this thirty (30) day period. No other contract or statement you sign shall constitute a waiver of your right to rescind your Resident Contract within this thirty (30) day period.

To rescind your Resident Contract, mail or deliver a signed and dated copy of this notice, or any other dated written notice stating your desire to rescind to the following address:

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

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

Not later than midnight of \_\_\_\_\_ (last day for rescission).

Pursuant to this notice, I hereby cancel my Resident Contract.

Date: \_\_\_\_\_

**PROSPECTIVE RESIDENT'S SIGNATURE**

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

**THIS PAGE INTENTIONALLY LEFT BLANK.**

**EXHIBIT "B"**

**OPTIONAL FURNISHINGS, ADDITIONAL APPLIANCES OR MODIFICATIONS OF  
RESIDENTIAL UNIT REQUESTED BY RESIDENT**

This Addendum to the Resident Contract made this \_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_, is between ACTS RETIREMENT-LIFE COMMUNITIES, INC., (hereinafter called "Company"), AND \_\_\_\_\_ (hereinafter referred to as "Resident," and where this Addendum is executed by one or more individuals, they are called collectively "Resident"). Resident has requested that Company make the following modifications to the Residential Unit designated in the Resident Contract.

**Description of Modifications**

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**Total Modification Fee: \$**\_\_\_\_\_

The Modification Fee is the responsibility of Resident and shall be paid at the time of execution of this Addendum. The Modification Fee is non-refundable. Company, in its sole discretion, may require that all modifications to the Residential Unit be removed upon vacating the Residential Unit and Company reserves the right to charge Resident a fee for restoring the Residential Unit back to its original configuration. Title to all modifications shall vest immediately in Company.

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Resident**

\_\_\_\_\_  
**Representative for  
ACTS Retirement-Life Communities, Inc.**



**ATTACHMENT NO. 5**

50% REFUNDABLE PLAN ADDENDUM

(ADDENDUM TO RESIDENT CONTRACT)

ACTS RETIREMENT-LIFE COMMUNITIES, INC.



## **ADDENDUM**

### **50% REFUNDABLE PLAN**

THIS ADDENDUM, made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, amends the Resident Contract (the "Contract") dated \_\_\_\_\_, 20\_\_\_\_, and any preceding addenda or amendments to the Resident Contract by and between

\_\_\_\_\_ called "Resident" (and where two individuals sign the Contract for Shared Occupancy, they are called collectively "Resident" where the context permits, and individually Co-Resident") and ACTS Retirement-Life Communities, Inc. (called "Company").

### **BACKGROUND**

Contemporaneously with the execution of this Addendum, Resident entered into the Contract with Company; and

The Contract provides for an Entrance Fee which is amortized by Company over a certain period of time; and

Company desires to offer and Resident desires to accept a refundable Entrance Fee option called the "50% Refundable Plan," which allows for a refund of fifty percent (50%) of the Entrance Fee; and

Resident and Company desire to enter into this Addendum to modify the refund and other applicable provisions of the Contract.

NOW THEREFORE, in consideration of the mutual promises contained in this Addendum and intending to be legally bound, Company and Resident agree as follows:

1. **Limited Option Period**

Resident must elect the 50% Refundable Plan on or before the execution of the Contract. After execution of the Contract, the 50% Refundable Plan shall not be available to Resident.

2. **Payment of Entrance Fee**

The Resident shall pay to Company an Entrance Fee in the amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_).

The Entrance Fee shall be paid in accordance with Section 3 of the Contract.

**3. Administrative Fee**

An Administrative Fee in an amount equal to five percent (5%) of the total Entrance Fee paid will be retained by Company.

**4. Designation of 50% Refundable Plan**

There shall be a Refundable Component of the Entrance Fee, in an amount equivalent to fifty percent (50%) of the net Entrance Fee (after deducting the Administrative Fee), and an Amortizable Portion of the Entrance Fee in an amount equivalent to fifty percent (50%) of the net Entrance Fee (after deducting the Administrative Fee).

**5. Limited Amortization of Entrance Fee**

The net Entrance Fee shall be amortized by Company in the amount of two percent (2%) of the net Entrance Fee per month for a period of twenty five (25) months from the date of Occupancy or Date of Availability, whichever is earlier. After the twenty five (25) month period, an amount equivalent to fifty percent (50%) of the net Entrance Fee, shall be retained in full by Company and amortization of the net Entrance Fee shall cease. The Refundable Component of the net Entrance Fee, in the amount of \$ \_\_\_\_\_, shall not be amortized.

**6. Modification of Refund Provisions**

**(a) Termination of Contract Prior to or During the Transition Period**

The Entrance Fee will be refunded in full if the Contract is terminated prior to or during the Transition Period. Resident will receive a refund of the entire Entrance Fee paid, less those costs specifically incurred by Company at the specific written request of Resident, to the extent those charges were not paid by Resident. The refund shall be made within one hundred twenty (120) days of the effective date of termination of the Contract.

**(b) Termination of Contract After Transition Period**

In the event of termination of the Contract after the Transition Period, Company will refund to the Resident, Resident's estate, or designated beneficiary the Refundable Component of the Entrance Fee, which constitutes fifty percent (50%) of the net Entrance Fee, plus any remaining balance of the Amortizable Portion of the net Entrance Fee, less any amounts deducted to cover financial assistance pursuant to paragraph 7 below, to cover costs incurred to refurbish, restore or repair

the Residential Unit in the event of unreasonable wear and tear, or to cover costs incurred at the specific written request of Resident, or to satisfy unpaid or subsidized charges.

**(c) Termination by Death of Resident**

In the event of the death of Resident before Occupancy or during the Transition Period, the entire Entrance Fee paid, less those costs specifically incurred by Company at the specific written request of Resident to the extent those charges were not paid by Resident, will be refunded in full to Resident's estate or to Resident's designated beneficiary. If death should occur after the Transition Period, the Refundable Component of the net Entrance Fee shall be refunded to the Resident's estate or Resident's designated beneficiary. Any unamortized balance of the Amortizable Portion of the net Entrance Fee shall be refunded with the Refundable Component. After the twenty five (25) month amortization period, the Amortizable Portion of the net Entrance Fee shall not be refunded and automatically shall be retained by Company upon the death of the Resident. In situations of Shared Occupancy, the amount of the Amortizable Portion of the net Entrance Fee shall be assigned to the surviving Co-Resident in the event of the death of a Co-Resident.

**(d) Timing of Refund Payments**

- (i) Termination Prior to or During the Transition Period.** In the event of termination of the Contract prior to or during the Transition Period, the amounts due as a refund will be paid within one hundred twenty (120) days of the effective date of the termination of the Contract.
- (ii) Termination After the Transition Period.** In the event of termination of the Contract after the Transition Period, amounts due as a refund will be paid within thirty (30) days of the admission of a new resident to the Residential Unit vacated by Resident.

**7. Deductions for Financial Assistance**

In the event that Company approves financial assistance to Resident in accordance with the financial assistance policy in Section 12 of the Contract, Company, in its sole discretion, may deduct from the Refundable Component of the net Entrance Fee and any unamortized balance of the net Entrance Fee, amounts equivalent to the amount of any financial assistance approved for the Resident. Such deductions shall be made at the time any refund becomes due and payable to the Resident under the Contract. If any portion of the

Refundable Component is exhausted by deductions made to reimburse Company for financial assistance approved by Company, there shall be no refund, partial or otherwise, of the net Entrance Fee.

8. Federal Income Tax Disclosure Statement

The Internal Revenue Service ("I.R.S.") may characterize the amount to be refunded to Resident, Resident's estate, or Resident's designated beneficiary as an interest-free loan from Resident to Company, and may attribute to Resident annual receipt of interest income on the amount characterized as a loan, even though Resident did not receive interest payments. Resident should consult with Resident's accountant or attorney to determine whether and to what extent this provision affects Resident.

9. Other Terms and Conditions

All of the other terms and conditions of the Contract, to the extent not inconsistent with this Addendum, shall remain in full force and effect, and shall govern the terms and conditions of the relationship between Resident and Company.

IN WITNESS WHEREOF, ACTS Retirement-Life Communities, Inc. and Resident have duly executed this Addendum as of the date first mentioned above.

Attest:

ACTS Retirement-Life Communities, Inc.

\_\_\_\_\_

By: \_\_\_\_\_

Witness:

\_\_\_\_\_

Resident

(SEAL)

Witness:

\_\_\_\_\_

Resident

(SEAL)

**ATTACHMENT NO. 6**

ADDENDUM FOR MODIFIED HEALTH CARE PLAN

(ADDENDUM TO RESIDENT CONTRACT)

ACTS RETIREMENT-LIFE COMMUNITIES, INC.



# **ACTS RETIREMENT-LIFE COMMUNITIES, INC.**

## **ADDENDUM FOR MODIFIED HEALTH CARE PLAN**

**THIS ADDENDUM, made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, amends the Resident Contract (called “Resident Contract”) entered into on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and any preceding addenda or amendments to the Resident Contract by and between ACTS Retirement-Life Communities, Inc., a nonprofit corporation, (hereinafter called “Company”), and \_\_\_\_\_ (called “Resident,” and when two or more individuals sign this Addendum for Shared Occupancy, they are called collectively “Resident” where the context permits, and individually “Co-Resident”).**

### **BACKGROUND**

**Resident entered into the Resident Contract with Company for occupancy of Residential Unit # \_\_\_\_\_ in the Retirement Community; and**

**Under the terms of the Resident Contract, Company offers to Resident a “life care” arrangement which contemplates the provision of Routine Nursing Care and Assisted Living Services in a Skilled Care Center and/or Assisted Living Residence at no additional charge (except for charges for ancillary services) above the Monthly Rate as defined more fully in the Resident Contract; and**

**In addition to the “life care” arrangement, Company intends to offer a Modified Health Care Plan, under which the cost and charges for Routine Nursing Care and Assisted Living Services are not included in the Monthly Rate, and Resident shall be obligated to pay the then current per diem rate for such services as set forth in Paragraph 4 herein; and**

**It is the intent of Company to limit participation in the Modified Health Care Plan to Resident if, and only if, Resident obtains and maintains long-term care insurance with certain terms and conditions as set forth in Paragraph 1 herein; and**

**Resident desires to participate in Company’s Modified Health Care Plan;**

**and**

**Company and Resident desire to enter into this Addendum to establish the terms and conditions related to participation in the Modified Health Care Plan, and to modify and amend the charges applicable to transfer to a Skilled Care Center and/or Assisted Living Residence as described in the Resident Contract.**

NOW THEREFORE, in consideration of the mutual promises contained in this Addendum and intending to be legally bound, Company and Resident agree as follows:

1. Long-Term Care Insurance Requirement.

In order to be eligible to participate in the Modified Health Care Plan, the Resident shall obtain and maintain an acceptable long-term care insurance policy (the "LTCI Policy") as determined by Company which shall provide coverage for charges for accommodations and services for Resident's stays in either the Assisted Living Residence or Skilled Care Center. The LTCI Policy benefit must provide adequate coverage and benefits, as determined by Company in its sole discretion, for residency in the Assisted Living Residence or Skilled Care Center. Resident shall provide Company with a copy of the LTCI Policy prior to acceptance into the Modified Health Care Plan. If permitted by the insurance carrier, the LTCI Policy shall name Company as a co-payee. If the Resident fails to maintain the LTCI Policy, then Company, at its option, may terminate this Addendum. In the event Company terminates this Addendum due to Resident's failure to maintain the LTCI Policy, then the Resident Contract shall be terminated, except as provided for in Section 5.2.

2. Payment of the Entrance Fee and Monthly Rate.

Resident shall pay to Company an Entrance Fee in the amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_), and Resident's Monthly Rate shall be \_\_\_\_\_ dollars (\$\_\_\_\_\_). The Entrance Fee shall be paid in accordance with Section 3 of the Resident Contract.

3. Costs in the Skilled Care Center and Assisted Living Residence.

3.1 Temporary Transfer.

If Resident is temporarily transferred to a Skilled Care Center or Assisted Living Residence, then Resident shall pay the then current per diem rate for Routine Nursing Care or Assisted Living Services and any other additional charges for ancillary or miscellaneous services, and shall pay the Monthly Rate to retain possession of the Residential Unit. In situations of Shared Occupancy where one Co-Resident is temporarily transferred to a Skilled Care Center or Assisted Living Residence, the Monthly Rate shall be reduced to the Monthly Rate for Single Occupancy, and the transferred Co-Resident

shall be charged, and both Co-Residents shall collectively be responsible to pay, the then current per diem rate for routine nursing care or assisted living services, and any other additional charges for ancillary or miscellaneous services. In the event both Co-Residents are temporarily transferred to the Skilled Care Center or Assisted Living Residence, each Co-Resident shall be charged and shall pay the then current per diem rate for Routine Nursing Care or Assisted Living Services, and any additional charges for ancillary or miscellaneous services. In addition, the Monthly Rate shall be reduced to the Monthly Rate for Single Occupancy during any period of temporary transfer and will be paid by the Resident or Co-Resident in order to retain possession of the Residential Unit.

### **3.2 Permanent Transfer.**

If Resident is permanently transferred to a Skilled Care Center or Assisted Living Residence, then the obligation to pay the Monthly Rate shall cease, and Resident shall be responsible for the payment of the then current per diem rate for Routine Nursing Care or Assisted Living Services, and any other additional charges for ancillary or miscellaneous services. In situations of Shared Occupancy where one Co-Resident is permanently transferred to a Skilled Care Center or Assisted Living Residence, the Monthly Rate shall be reduced to the Monthly Rate for Single Occupancy, and the transferred Co-Resident shall be charged, and both Co-Residents shall collectively be responsible to pay, the then current per diem rate for Routine Nursing Care or Assisted Living Services, and any other additional charges for ancillary or miscellaneous services, as well as the reduced Monthly Rate. In the event both Co-Residents are permanently transferred to a Skilled Care Center or Assisted Living Residence, each Co-Resident shall be charged and shall pay the then current per diem rate for Routine Nursing Care or Assisted Living Services, and any additional charges for ancillary or miscellaneous services and the obligation to pay the Monthly Rate shall cease and the Residential Unit shall revert to Company.

### **4. Occupancy in the Skilled Care Center or Assisted Living Residence.**

After transfer to and occupancy in a Skilled Care Center or Assisted Living Residence for a cumulative period of three (3) years (calculated using the total number of days in which the routine per diem rate was paid for temporary or permanent use of an Assisted Living Residence or Skilled Care Center), the Resident's obligation to pay the then current per diem rate for Routine Nursing Care or Assisted Living Services in accordance with the terms and conditions of the Modified Health Care Plan shall be converted to an obligation to pay the then current Monthly Rate for Routine

Nursing Care or Assisted Living Services under the “life care” arrangement provided for in the Resident Contract. Resident remains responsible for any other additional charges for ancillary or miscellaneous services. In situations of Shared Occupancy, the cumulative three (3) year period shall apply to each Co-Resident individually; meaning each Co-Resident pays the then current per diem rate during his/her first three (3) years of occupancy in a Skilled Care Center or Assisted Living Residence before his/her payment obligation is converted to the then current Monthly Rate.

**5. Termination of Addendum.**

5.1 This Addendum shall terminate: (1) at Company’s option, due to Resident’s failure to maintain the LTCI Policy in accordance with the terms and conditions of Paragraph 1; or (2) if Resident dies or leaves the Retirement Community, except in situations of Shared Occupancy, then this Addendum shall not terminate until both Co-Residents die or leave the Retirement Community. Termination of this Addendum shall automatically and contemporaneously terminate the Resident Contract.

5.2 In the event this Addendum is terminated due to Resident’s failure to maintain the LTCI Policy in accordance with the terms and conditions of Subparagraph 1, Company, at its option, may provide Resident an option to pay Company a lifecare conversion fee in accordance with Company’s prevailing policy.

**6. Acknowledgements of Resident.**

Resident acknowledges that participation in the Modified Health Care Plan is conditioned on Resident obtaining and maintaining the LTCI Policy as specified in Paragraph 1. Resident recognizes that failure to maintain the LTCI Policy in accordance with the terms and conditions of Paragraph 1 may result in termination of this Addendum and the Resident Contract.

**7. Severability.**

The various provisions of this Addendum shall be severable one from another. If any provision of this Addendum is found by a court or administrative body of proper jurisdiction and authority to be invalid, the other provisions shall remain in full force and effect as if the invalid portion had not been part of this Addendum.

**8. Governing Law.**

This Addendum shall be governed by and construed in accordance with the laws of the state named in the Resident Contract.

9. **Non-Transferable.**

The rights and privileges of Resident under this Addendum are personal to Resident and cannot be transferred or assigned by act of Resident, or by any proceeding at law, or otherwise.

10. **Other Terms and Conditions.**

All of the other terms and conditions of the Resident Contract, to the extent not inconsistent with this Addendum, shall remain in full force and effect, and shall govern the terms and conditions of the relationship between Company and Resident.

IN WITNESS WHEREOF, Company and Resident have duly executed this Addendum as of the day and year first mentioned above.

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

By: \_\_\_\_\_  
ACTS Retirement-Life Communities, Inc.  
Authorized Representative

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Resident

\_\_\_\_\_  
Witness



## **ATTACHMENT NO. 7**

DESCRIPTION OF ALL FEES REQUIRED OF RESIDENT  
INCLUDING THE ENTRANCE AND MONTHLY FEE



## Tryon Estates Signature Pricing

To fit your individual goals, preferences, and budget, Acts offers a variety of affordable financial options that are designed to accommodate your income, asset and insurance situation. Each individual residence is priced to reflect the many attributes of that particular residence. Your Life Care Consultant will help you decide on the location and pricing plan that best suits your preferences. Pricing plans include:



### **Acts Life Care® Premier**

The most popular of the Acts financial options, Acts Life Care Premier features an entrance fee and monthly service fee that secure your residency at an Acts community. With Acts Life Care, monthly service fees will never increase solely as a result of needing a higher level of care.



### **Acts Life Care Asset Preservation**

The Asset Preservation Plan is for those who desire the highest level of asset preservation. This plan offers the same benefits of lifestyle and health care security, but has a higher level of asset protection than Acts Life Care Premier. With a lower entrance fee, this plan is designed for those who enjoy a comfortable and predictable income.



### **Acts Life Care Income Preservation**

The Income Preservation Plan is for those who have a strong asset base. With Acts Life Care Income Preservation, your assets fund the entrance fee, while you enjoy higher income protection with more value-driven monthly service fees.



### **Acts Life Care 50**

Acts Life Care 50 offers a refund of 50% of the net entrance fee for those who wish to provide a financial legacy. Under this plan, the entrance fee (less an administrative fee) amortizes over a 25-month period, with the balance being returned to you or your estate when your period of occupancy ends.



### **Acts Modified Life Care**

Acts Modified Life Care is a desirable plan for anyone who already carries comprehensive long-term care insurance and chooses to maintain it throughout their residency. You pay a lower entrance fee and lower monthly fee with this plan during your time in independent living. If you later require care, your long-term care insurance policy will be used toward the per diem care costs for a cumulative period of three years, after which time your fees revert to the Acts Modified Life Care monthly fee in effect at that time. The entrance fee (less an administrative fee) amortizes over a 50-month period with the balance returned to you or your estate should you no longer reside at the community during that period.



## Acts Life Care Premier / Age 62 and up

LIVING ACCOMMODATION	APPROX. SQ. FT.	ENTRANCE FEE	MONTHLY FEE
<b>Melrose</b> 1 Bedroom	717	\$196,900-\$217,900	\$3,299
<b>Saluda</b> 1 Bedroom with Great Room 2 Bedroom 1 Bedroom with Den	1,023	\$276,900-\$305,900	\$3,856
<b>Pearson</b> 2 Bedroom with Great Room 3 Bedroom 2 Bedroom with Den	1,330	\$336,900-\$371,900	\$4,290
<b>Carriage Homes</b>			
<b>White Oak</b> 2 Bedroom	1,715	\$554,900	\$4,134
<b>Blue Ridge</b> 3 Bedroom	2,185	\$611,900	\$4,565
<b>Second Person Fees</b>		\$40,000	\$2,182

*subject to change without notice*

## Monthly Fee

*The monthly fee includes:*

### Utilities/Taxes

Water, heat, electricity, air-conditioning, standard cable television, wireless internet, property taxes.

### Maintenance

Repairs, maintenance and replacement of equipment, exterior cleaning, groundskeeping including lawn service.

### Personal Services

One chef-prepared meal for each day of the month (additional meals available), recreation program catering to a wide spectrum of interests, 24-hour security, 24-hour access to a resident nurse, nurse practitioner, medical alert system, annual apartment inspection and cleaning, scheduled local transportation, weekly flat linen laundry service, access to either personal or shared laundry facilities, additional storage.

## Acts Life Care Premier Details

- Acts Life Care Premier entrance fees effective November 1, 2024. Monthly fees effective January 1, 2025. Pricing is subject to change without notice. Upon occupancy, the company provides 60-days notice prior to changes in the monthly fee or other ancillary charges.
- Entrance fee becomes firm upon payment of 10% of the current entrance fee and execution of the Resident Contract.
- During the first 120 days of occupancy, the entrance fee is 100% refundable for any reason.
- After the 120th day of occupancy, the refund will be calculated by amortizing the entrance fee (minus a 5% administrative fee) by 2% for each month of occupancy. At the end of 50 months, the entrance fee is fully amortized and there will be no refund.
- Specific terms and conditions apply. Please refer to Resident Contract and Disclosure Statement.



## Acts Life Care Asset Preservation / Age 62 and up

LIVING ACCOMMODATION	APPROX. SQ. FT.	ENTRANCE FEE	MONTHLY FEE
<b>Melrose</b> 1 Bedroom	717	\$167,900-\$184,900	\$3,860
<b>Saluda</b> 1 Bedroom with Great Room 2 Bedroom 1 Bedroom with Den	1,023	\$234,900-\$259,900	\$4,512
<b>Pearson</b> 2 Bedroom with Great Room 3 Bedroom 2 Bedroom with Den	1,330	\$285,900-\$315,900	\$5,019
<b>Carriage Homes</b>			
<b>White Oak</b> 2 Bedroom	1,715	\$471,900	\$4,837
<b>Blue Ridge</b> 3 Bedroom	2,185	\$520,900	\$5,341
<b>Second Person Fees</b>		\$40,000	\$2,182

*subject to change without notice*

## Monthly Fee

*The monthly fee includes:*

### Utilities/Taxes

Water, heat, electricity, air-conditioning, standard cable television, wireless internet, property taxes.

### Maintenance

Repairs, maintenance and replacement of equipment, exterior cleaning, groundskeeping including lawn service.

### Personal Services

One chef-prepared meal for each day of the month (additional meals available), recreation program catering to a wide spectrum of interests, 24-hour security, 24-hour access to a resident nurse, nurse practitioner, medical alert system, annual apartment inspection and cleaning, scheduled local transportation, weekly flat linen laundry service, access to either personal or shared laundry facilities, additional storage.

## Acts Life Care Asset Preservation Details

- Acts Life Care Asset Preservation entrance fees effective November 1, 2024 and monthly fees effective January 1, 2025. Pricing is subject to change without notice. Upon occupancy, the company provides 60-days notice prior to changes in the monthly fee or other ancillary charges.
- Entrance fee becomes firm upon payment of 10% of the current entrance fee and execution of the Resident Contract.
- During the first 120 days of occupancy the entrance fee is 100% refundable for any reason.
- After the 120th day of occupancy, the refund will be calculated by amortizing the entrance fee (minus a 5% administrative fee) by 2% for each month of occupancy. At the end of 50 months, the entrance fee is fully amortized and there will be no refund.
- Specific terms and conditions apply. Please refer to Resident Contract and Disclosure Statement.



## Acts Life Care Income Preservation / Age 62 and up

LIVING ACCOMMODATION	APPROX. SQ. FT.	ENTRANCE FEE	MONTHLY FEE
<b>Melrose</b> 1 Bedroom	717	\$235,900-\$260,900	\$3,002
<b>Saluda</b> 1 Bedroom with Great Room 2 Bedroom 1 Bedroom with Den	1,023	\$331,900-\$366,900	\$3,509
<b>Pearson</b> 2 Bedroom with Great Room 3 Bedroom 2 Bedroom with Den	1,330	\$403,900-\$445,900	\$3,904
<b>Carriage Homes</b>			
<b>White Oak</b> 2 Bedroom	1,715	\$665,900	\$3,762
<b>Blue Ridge</b> 3 Bedroom	2,185	\$734,900	\$4,154
<b>Second Person Fees</b>		\$40,000	\$2,182

*subject to change without notice*

## Monthly Fee

*The monthly fee includes:*

### Utilities/Taxes

Water, heat, electricity, air-conditioning, standard cable television, wireless internet, property taxes.

### Maintenance

Repairs, maintenance and replacement of equipment, exterior cleaning, groundskeeping including lawn service.

### Personal Services

One chef-prepared meal for each day of the month (additional meals available), recreation program catering to a wide spectrum of interests, 24-hour security, 24-hour access to a resident nurse, nurse practitioner, medical alert system, annual apartment inspection and cleaning, scheduled local transportation, weekly flat linen laundry service, access to either personal or shared laundry facilities, additional storage.

## Acts Life Care Income Preservation Details

- Acts Life Care Income Preservation entrance fees effective November 1, 2024 and monthly fees effective January 1, 2025. Pricing is subject to change without notice. Upon occupancy, the company provides 60-days notice prior to changes in the monthly fee or other ancillary charges.
- Entrance fee becomes firm upon payment of 10% of the current entrance fee and execution of the Resident Contract.
- During the first 120 days of occupancy the entrance fee is 100% refundable for any reason.
- After the 120th day of occupancy, the refund will be calculated by amortizing the entrance fee (minus a 5% administrative fee) by 2% for each month of occupancy. At the end of 50 months, the entrance fee is fully amortized and there will be no refund.
- Specific terms and conditions apply. Please refer to Resident Contract and Disclosure Statement.



## Acts Life Care 50

LIVING ACCOMMODATION	APPROX. SQ. FT.	ENTRANCE FEE UP TO AGE 79	ENTRANCE FEE AGE 80-89	MONTHLY FEE
<b>Melrose</b> 1 Bedroom	717	\$285,900-\$315,900	\$312,900-\$345,900	\$3,629
<b>Saluda</b> 1 Bedroom with Great Room 2 Bedroom 1 Bedroom with Den	1,023	\$400,900-\$442,900	\$439,900-\$485,900	\$4,242
<b>Pearson</b> 2 Bedroom with Great Room 3 Bedroom 2 Bedroom with Den	1,330	\$487,900-\$538,900	\$534,900-\$590,900	\$4,719
<b>Carriage Homes</b>				
<b>White Oak</b> 2 Bedroom	1,715	\$804,900	\$882,900	\$4,547
<b>Blue Ridge</b> 3 Bedroom	2,185	\$887,900	\$972,900	\$5,022
<b>Second Person Fees</b>		\$40,000	\$40,000	\$2,400

*subject to change without notice*

## Monthly Fee

*The monthly fee includes:*

### Utilities/Taxes

Water, heat, electricity, air-conditioning, standard cable television, wireless internet, property taxes.

### Maintenance

Repairs, maintenance and replacement of equipment, exterior cleaning, groundskeeping including lawn service.

### Personal Services

One chef-prepared meal for each day of the month (additional meals available), recreation program catering to a wide spectrum of interests, 24-hour security, 24-hour access to a resident nurse, nurse practitioner, medical alert system, annual apartment inspection and cleaning, scheduled local transportation, weekly flat linen laundry service, access to either personal or shared laundry facilities, additional storage.

## Acts Life Care 50 Details

- Entrance fees effective November 1, 2024. Monthly fees effective January 1, 2025. Pricing is subject to change without notice. Upon occupancy, the company provides 60-days notice prior to changes in the monthly fee or other ancillary charges.
- Entrance fee becomes firm upon payment of 10% of the current entrance fee and execution of the Resident Contract.
- During the first 120 days of occupancy the entrance fee is 100% refundable for any reason.
- After the 120th day of occupancy, the refund will be calculated by amortizing the entrance fee (minus a 5% administrative fee) by 2% for each month of occupancy up to the first 25 months. The entrance fee will cease amortizing and becomes firm when it reaches 50% of the net entrance fee.
- Specific terms and conditions apply. Please refer to Resident Contract, 50% Refundable Plan addendum, and Disclosure Statement.



## Acts Modified Life Care / Age 62 and up

LIVING ACCOMMODATION	APPROX. SQ. FT.	ENTRANCE FEE	MONTHLY FEE
<b>Melrose</b> 1 Bedroom	717	\$176,900-\$195,900	\$2,969
<b>Saluda</b> 1 Bedroom with Great Room 2 Bedroom 1 Bedroom with Den	1,023	\$248,900-\$274,900	\$3,470
<b>Pearson</b> 2 Bedroom with Great Room 3 Bedroom 2 Bedroom with Den	1,330	\$302,900-\$334,900	\$3,861
<b>Carriage Homes</b>			
<b>White Oak</b> 2 Bedroom	1,715	\$504,900	\$3,721
<b>Blue Ridge</b> 3 Bedroom	2,185	\$562,900	\$4,109
<b>Second Person Fees</b>		\$40,000	\$2,182

*subject to change without notice*

## Monthly Fee

*The monthly fee includes:*

### Utilities/Taxes

Water, heat, electricity, air-conditioning, standard cable television, wireless internet, property taxes.

### Maintenance

Repairs, maintenance and replacement of equipment, exterior cleaning, groundskeeping including lawn service.

### Personal Services

One chef-prepared meal for each day of the month (additional meals available), recreation program catering to a wide spectrum of interests, 24-hour security, 24-hour access to a resident nurse, nurse practitioner, medical alert system, annual apartment inspection and cleaning, scheduled local transportation, weekly flat linen laundry service, access to either personal or shared laundry facilities, additional storage.

## Acts Modified Life Care Plan Details

The Modified Life Care Plan is designed for residents who have a long-term care insurance policy and wish to retain their policy after moving to an Acts community.

Under the terms of the Modified Life Care Plan, residents pay a lower entrance fee and lower monthly service fee with this plan during their time in independent living. If they later require care, their long-term care insurance policy will be used toward their per diem care costs for a cumulative period of three (3) years, after which their fees revert to the then-current Acts Modified Life Care monthly rate.

- Acts Modified Life Care Plan entrance fees effective November 1, 2024 and monthly fees effective January 1, 2025. Pricing is subject to change without notice. Upon occupancy, the company provides 60-days notice prior to changes in the monthly fee or other ancillary charges.
- Entrance fee becomes firm upon payment of 10% of the current entrance fee and execution of the Resident Contract.
- During the first 120 days of occupancy the entrance fee is 100% refundable for any reason.
- After the 120th day of occupancy, the refund will be calculated by amortizing the entrance fee (minus a 5% administrative fee) by 2% for each month of occupancy. At the end of 50 months, the entrance fee is fully amortized and there will be no refund.
- The maintenance of a long-term care insurance policy is required.
- Specific terms and conditions apply. Please refer to the Resident Contract, Modified Healthcare Plan addendum and Disclosure Statement for further details.



**ATTACHMENT NO. 8**

**BALANCE SHEET**

**2024 ACTUAL VS. FORECAST**

**ACTS RETIREMENT-LIFE COMMUNITIES, INC. (OBLIGATED GROUP)**



**ACTS RETIREMENT-LIFE COMMUNITIES, INC. (OBLIGATED GROUP)****BALANCE SHEET**

(In Thousands)

	2024 Actual	2024 Forecast	Variance	
<b>Assets</b>				
Cash and cash equivalents	\$ 24,975	\$ 34,447	\$ (9,472)	(1)
North Carolina operating reserve funds	10,631	10,631	-	
Investments	374,878	388,574	(13,696)	(2)
Accounts receivable, entrance fee receivables and other receivables, net	25,930	27,475	(1,545)	(3)
Prepaid expenses, inventory, and deposits	11,643	11,863	(220)	
Property and equipment, net	1,697,001	1,659,162	37,839	(4)
Goodwill	4,926	4,926	-	
Intangible asset	-	1,780	(1,780)	(5)
Deferred costs, net	13,419	12,610	809	
Due from affiliated organizations	22,962	18,142	4,820	(6)
	<u>\$ 2,186,365</u>	<u>\$ 2,169,610</u>	<u>\$ 16,755</u>	
Total assets				
<b>Liabilities and Net Assets</b>				
Accounts payable and accrued expenses	\$ 100,101	\$ 107,573	\$ (7,472)	(7)
Short-term indebtedness	56,270	28,356	27,914	(8)
Nonrecourse indebtedness	11,656	12,851	(1,195)	
Long-term indebtedness	805,210	805,219	(9)	
Entrance fee deposits	7,319	15,335	(8,016)	(9)
Refundable portion of entrance fees	7,455	5,227	2,228	(10)
Deferred revenue from entrance fees	1,049,436	1,049,616	(180)	
Accumulated loss on investment contracts	1,253	2,108	(855)	
	<u>2,038,700</u>	<u>2,026,285</u>	<u>12,415</u>	
Total liabilities				
<b>Net Assets</b>				
Without donor restrictions	121,833	117,313	4,520	(11)
With donor restrictions	25,832	26,012	(180)	
	<u>147,665</u>	<u>143,325</u>	<u>4,340</u>	
Total net assets				
Total liabilities and net assets	<u>\$ 2,186,365</u>	<u>\$ 2,169,610</u>	<u>\$ 16,755</u>	

## DISCUSSION OF 2024 ACTUAL RESULTS COMPARED TO FORECAST

### BALANCE SHEET

A threshold of \$1.5 million between actual and forecasted results is considered material.

#### Assets

Total assets were greater than forecasted expectations by \$16.8 million (0.8%) in 2024 due to the following factors:

- (1) Cash and cash equivalents were less than forecasted by \$9.5 million (27.5%) primarily due to accounts payable and accrued expenses falling short of forecasted expectations resulting from the timing of payments.
- (2) Investments were under the forecasted amount by \$13.7 million (3.5%) due to a larger than forecasted amount of investment made in capital spending leading to the greater than forecasted amount of property and equipment.
- (3) Accounts receivable, entrance fee receivables and other receivables, net, were below forecasted expectations by \$1.5 million (5.6%) due to positive collection efforts throughout the year.
- (4) Property and equipment, net of accumulated depreciation, was greater than forecasted expectations by \$37.8 million (2.3%) due to more capital projects being placed into service than anticipated.
- (5) The 2024 forecast included an intangible asset in the amount of \$1.8 million. The reduction of the intangible asset occurred in connection with the mutual and amicable dissolution of the Strategic Alliance between ACTS Retirement Services, Inc. and Willow Valley Communities.
- (6) The amount due from affiliated organizations was greater than the forecasted amount by \$4.8 million (26.6%) due to the timing of reimbursement from affiliated organizations.

#### Liabilities and Net Assets

Total liabilities and net assets were greater than forecasted expectations by \$16.8 million (0.8%) in 2024 due to the following factors:

- (7) Accounts payable and accrued expenses were less than forecasted by \$7.5 million (7.0%) due to the timing of payments.

- (8) Short-term indebtedness was greater than forecasted expectations by \$27.9 million (98.4%) as draws on available bank lines of credit exceeded the forecast at a greater amount than payments on the same lines of credit.
- (9) Entrance fee deposits were less than forecasted by \$8.0 million (52.3%) due to the timing of receipt of partial entrance fee payments and resident move-ins.
- (10) The refundable portion of entrance fees was over the forecasted amount by \$2.2 million (42.6%) due to a lower number of independent living units that became reoccupied triggering the required entrance fee refund for a previous resident.
- (11) Net assets without donor restrictions were greater than forecasted expectations by \$4.5 million (3.9%) primarily due to the positive operating results and the realized and unrealized gain on investments of \$6.5 million.



**ATTACHMENT NO. 9**

**STATEMENT OF OPERATIONS**

**2024 ACTUAL VS. FORECAST**

**ACTS RETIREMENT-LIFE COMMUNITIES, INC. (OBLIGATED GROUP)**



**ACTS RETIREMENT-LIFE COMMUNITIES, INC. (OBLIGATED GROUP)**  
**STATEMENT OF OPERATIONS**  
(In Thousands)

	2024 Actual	2024 Forecast	Variance	
<b>Operating Revenue</b>				
Resident services revenue, net of amortization of entrance fees	\$ 417,562	\$ 412,222	\$ 5,340	(1)
Resident services revenue from third-party payors	38,936	43,615	(4,679)	(2)
Investment income	16,044	10,594	5,450	(3)
Net assets released from restriction to provide resident services	2,581	2,219	362	
Contributions	-	115	(115)	
Other revenue	19,682	19,048	634	(4)
	<u>494,805</u>	<u>487,813</u>	<u>6,992</u>	
Total operating revenue before amortization of entrance fees	494,805	487,813	6,992	
Amortization of entrance fees	135,391	125,416	9,975	(5)
	<u>630,196</u>	<u>613,229</u>	<u>16,967</u>	
Total operating revenue	630,196	613,229	16,967	
<b>Operating Expenses</b>				
Administrative and general	133,292	136,226	(2,934)	(6)
Health care	105,701	103,088	2,613	(7)
Property management	95,249	89,910	5,339	(8)
Culinary services	84,496	82,359	2,137	(9)
Resident care	57,000	50,074	6,926	(10)
Environmental services	19,662	19,437	225	
	<u>495,400</u>	<u>481,094</u>	<u>14,306</u>	
Total operating expenses before depreciation, amortization, and interest	495,400	481,094	14,306	
Depreciation and amortization	96,376	96,199	177	
Interest, net	33,117	34,066	(949)	(11)
	<u>624,893</u>	<u>611,359</u>	<u>13,534</u>	
Total operating expenses	624,893	611,359	13,534	
Operating income	<u>\$ 5,303</u>	<u>\$ 1,870</u>	<u>\$ 3,433</u>	

## DISCUSSION OF 2024 ACTUAL RESULTS COMPARED TO FORECAST

### STATEMENT OF OPERATIONS

A threshold of \$0.5 million between actual and forecasted results is considered material.

#### Total Operating Revenue:

Operating revenue exceeded forecasted expectations by \$17.0 million (2.8%) in 2024 due to the following factors:

- (1) Resident services revenue, net of amortization of entrance fees, was greater than forecasted expectations by \$5.3 million (1.3%) due to a higher than forecasted level of self-pay resident census in the assisted living residences offset by a lower than expected level of Life Care resident census in the skilled care centers.
- (2) Resident services revenue from third-party payors was below the forecasted amount by \$4.7 million (10.7%) due to lower than expected Medicare Part A and Medicaid resident census in the skilled care centers and lower than expected revenue from outpatient therapy services covered by Medicare Part B.
- (3) Investment income was greater than forecasted expectations by \$5.5 million (51.4%) during 2024 due to a higher than forecasted average rate of return coupled with realized gains on investments which are not included in the forecast due to the inability to predict market conditions.
- (4) Other revenue was above the forecasted amount by \$0.6 million (3.3%) due to a higher than anticipated amounts of rental income and apartment modification income from new residents.
- (5) Amortization of entrance fees was greater than the forecasted level by \$10.0 million (8.0%) due to a higher average entrance fee per resale coupled with a greater amount of income recognized from terminated resident agreements.

#### Total Operating Expenses:

Operating expenses were unfavorable to forecasted expectations by \$13.5 million (2.2%) in 2024 due to the following factors:

- (6) Administrative and general expenses were lower than forecasted by \$2.9 million (2.2%) due to lower than expected amount of marketing and advertising costs resulting from positive growth in the percentage of occupied independent living units.

- (7) Health care costs were greater than forecasted expectations by \$2.6 million (2.5%) due to higher than expected costs related to paid overtime and medical related supplies.
- (8) Property management expenses were higher than forecasted by \$5.3 million (5.9%) due to higher than expected costs related to contracted maintenance services and maintenance supplies.
- (9) Culinary services expenses were above the forecasted amount by \$2.1 million (2.6%) due to increased costs of raw food and culinary related supplies commensurate with the growth in resident census.
- (10) Resident care expenses were greater than forecasted expectations by \$6.9 million (13.8%) due to higher than anticipated salaries and wages as resident census in the assisted living residences exceed the forecasted amount coupled with related increases in supply and activities costs.
- (11) Interest expense was lower than forecasted expectations by \$0.9 million (2.8%) due to a greater than expected amount of interest that could be capitalized coupled with lower than expected rates on variable rate debt.

**ATTACHMENT NO. 10**

**STATEMENT OF CASH FLOWS**

**2024 ACTUAL VS. FORECAST**

**ACTS RETIREMENT-LIFE COMMUNITIES, INC. (OBLIGATED GROUP)**



**ACTS RETIREMENT-LIFE COMMUNITIES, INC. (OBLIGATED GROUP)**

**STATEMENT OF CASH FLOWS**

(In Thousands)

	2024 Actual	2024 Forecast	Variance
<b>Cash Flows from Operating Activities</b>			
Change in net assets	\$ 12,689	\$ 8,349	\$ 4,340
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization	96,376	96,199	177
Amortization of entrance fees	(135,391)	(125,416)	(9,975) (1)
Other valuation adjustment	40	-	40
Amortization of bond discount and premium, net	(3,057)	(3,043)	(14)
Amortization of deferred financing costs	727	704	23
Entrance fees and deposits from nonrefundable resale contracts	222,753	202,218	20,535 (2)
Refunds of entrance fees and deposits from nonrefundable resale contracts	(17,054)	(19,470)	2,416 (3)
Administrative fee included in gross entrance fees	(12,911)	(9,899)	(3,012) (4)
Increase in deferred costs	(2,855)	(1,785)	(1,070)
Net realized and unrealized gain on investments	(6,544)	-	(6,544) (5)
Change in fair value of investment contracts	(855)	-	(855)
Loss on write-off of intangible asset	1,929	-	1,929 (6)
Forgiveness of nonrecourse indebtedness	(1,500)	-	(1,500) (6)
Change in beneficial interest in the investments of ACTS Legacy Foundation, Inc.	(1,337)	(1,827)	490
Change in beneficial interest in the investments of Community Foundation of Southern Alabama	(25)	(25)	-
Net change in due from affiliated organizations	(3,319)	1,501	(4,820) (7)
Changes in assets and liabilities:			
Increase in accounts receivable	(2,777)	(2,302)	(475)
Increase in prepaid expenses, inventory, and deposits	(396)	(616)	220
Increase in accounts payable and accrued expenses	2,265	6,606	(4,341) (8)
Net cash provided by operating activities	148,758	151,194	(2,436)
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of property and equipment	35	-	35
Purchase of property and equipment, net	(125,158)	(80,208)	(44,950) (9)
Decrease (increase) in investments	11,466	(8,381)	19,847 (10)
Net cash used in investing activities	(113,657)	(88,589)	(25,068)
<b>Cash Flows from Financing Activities</b>			
Entrance fees and deposits from initial sale contracts	37,679	49,668	(11,989) (11)
Refunds of deposits from initial sale contracts	(374)	-	(374)
Entrance fees from refundable entrance contracts	835	-	835
Refunds of refundable entrance fees	(544)	(2,000)	1,456
Payments of accounts payable, construction	(29,825)	(29,825)	-
Proceeds from short-term indebtedness	83,985	4,600	79,385 (12)
Payments on nonrecourse debt	(1,339)	(1,639)	300
Increase in deferred financing costs	(13)	-	(13)
Payments on short-term indebtedness	(101,139)	(49,668)	(51,471) (12)
Payments on long-term indebtedness	(23,049)	(23,049)	-
Net cash (used in) provided by financing activities	(33,784)	(51,913)	18,129
Net increase in cash, cash equivalents and restricted cash and cash equivalents	1,317	10,692	(9,375)
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning</b>	65,224	65,224	-
<b>Cash, Cash Equivalents and Restricted Cash and Cash Equivalents, Ending</b>	\$ 66,541	\$ 75,916	\$ (9,375)

## DISCUSSION OF 2024 ACTUAL RESULTS COMPARED TO FORECAST

### STATEMENT OF CASH FLOWS

A threshold of \$1.5 million between actual and forecasted results is considered material.

#### Cash Flows from Operating Activities:

Net cash provided by operating activities fell short of forecasted expectations by \$2.4 million (1.6%) in 2024 due to the following factors:

- (1) Amortization of entrance fees was greater than the forecasted level by \$10.0 million (8.0%) due to a higher average entrance fee per resale coupled with a greater amount of income recognized from terminated resident agreements.
- (2) Entrance fees and deposits from nonrefundable resale contracts were above the forecasted amount by \$20.5 million (10.2%) due to a higher number of independent living resales than anticipated in the forecast coupled with a higher average entrance fee per resale.
- (3) Refunds of entrance fees and deposits from nonrefundable resale contracts were lower than forecasted by \$2.4 million (12.4%) due to a lower than expected amount of terminated contracts with a remaining refund liability.
- (4) Administrative fee included in gross entrance fees was \$3.0 million (30.4%) higher than forecasted commensurate with the greater than forecasted amount of entrance fees from nonrefundable resale contracts.
- (5) In 2024, the net realized and unrealized gain on investments was \$6.5 million. The forecast does not consider realized and unrealized gains or losses due to the inability to predict market conditions.
- (6) A loss on the write-off of an intangible asset in the amount of \$1.9 million and forgiveness of nonrecourse indebtedness of \$1.5 million were recorded, but not forecasted, in 2024. Both were the result of the mutual and amicable dissolution of the Strategic Alliance between ACTS Retirement Services, Inc. and Willow Valley Communities.
- (7) There was an increase in the amount due from affiliated organizations of \$3.3 million in 2024 versus a forecasted decrease of \$1.5 million. The actual increase was due to the timing of reimbursement from affiliated organizations for shared vendor payments.

- (8) The increase in accounts payable and accrued expenses was \$4.3 million (65.7%) less than forecasted due to the timing of vendor payments at year-end.

#### Cash Flows from Investing Activities:

Net cash used in investing activities was greater than forecasted expectations by \$25.1 million (28.3%) in 2024 due to the following factors:

- (9) The purchase of property and equipment was greater than the forecasted amount by \$45.0 million (56.0%) in 2024. The greater than expected amount of cash outflow for purchase of property and equipment was due to the timing of certain capital projects.
- (10) There was a decrease in investments of \$11.5 million in 2024 compared to a forecasted increase of \$8.4 million. The decrease was primarily the result of the intentional investment in greater than forecasted capital spending.

#### Cash Flows from Financing Activities:

Net cash used in financing activities was below forecasted expectations by \$18.1 million (34.9%) in 2024 due to the following factors:

- (11) Entrance fees and deposits from initial sale contracts were lower than forecasted by \$12 million (24.1%) due to the recognition of some of the initial sale entrance fees in periods prior to and after 2024.
- (12) Proceeds from short-term indebtedness and payments on short-term indebtedness were higher than forecasted expectations by \$79.4 million and \$51.5 million, respectively. Available bank lines of credit are utilized to fund certain independent living expansion projects and payments are made to repay amounts drawn as entrance fees are received.