



CYPRESS GLEN
— SENIOR LIVING —

Disclosure Statement

Cypress Glen Retirement Community

**Provider: The United Methodist Retirement Homes,
Incorporated (UMRH)**

Date of Disclosure Statement: 02/27/2026

Last Date for Delivery: 03/09/2027

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

Financial Snapshot: Key Ratios for Cypress Glen

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

Fiscal Year Ended September 30, 2025 (FY), with comparative historical and prospective periods

Ratio	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	NC 25 th % ¹	NC 50 th % ¹	NC 75 th % ¹
DCOH*	574.86	690.80	700.69	695.67	745.67	694.97	—	—	—
CUSH*	12.62x	13.69x	14.50x	12.97x	16.81x	13.07x	—	—	—
OR	78.08%	80.92%	78.01%	87.88%	78.92%	78.79%	—	—	—
NOM	22.68%	19.32%	22.75%	20.31%	20.46%	20.58%	—	—	—
NOM-A	31.43%	26.11%	32.06%	31.03%	30.81%	31.86%	—	—	—
DSCR*	3.22x	2.43x	3.14x	1.97x	2.55x	2.26x	—	—	—
CD*	96.69%	105.05%	115.19%	126.86%	98.58%	103.05%	—	—	—
CED	88.94%	88.92%	52.74%	109.19%	96.76%	101.32%	—	—	—

*Ratios noted are those of The United Methodist Retirement Homes, Inc. (UMRH) Obligated Group.

Liquidity Ratios:

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

Profitability Ratios:

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

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

Capital Structure Ratios:

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

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

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1. Provider Identification

Legal Responsibility for Continuing Care

The United Methodist Retirement Homes, Incorporated (UMRH) is the entity that enters into continuing care contracts (Residency Agreements) with residents and is legally responsible for providing continuing care and performing all obligations under those Residency Agreements (Standard Residency Agreement, 50% Return of Capital™ Residency Agreement, 80% Return of Capital™ Residency Agreement and 90% Return of Capital™ Residency Agreement). No other person or entity is responsible for providing continuing care to residents except as expressly disclosed in this Disclosure Statement.

Doing Business As (DBA)

UMRH conducts business under the name Cypress Glen Retirement Community (Cypress Glen). The name Cypress Glen is a trade name only and does not represent a separate legal entity. UMRH owns and operates Cypress Glen. UMRH remains legally responsible for providing continuing care and performing all obligations under the Residency Agreements.

Item	Information
Legal Provider Name:	The United Methodist Retirement Homes, Inc.
Doing Business As (DBA):	Cypress Glen Retirement Community (Cypress Glen)
Business Address:	UMRH: 2600 Croasdaile Farm Parkway, Suite A-500, Durham, North Carolina 27705 Cypress Glen: 100 Hickory Street, Greenville, North Carolina 27858
Telephone Number:	UMRH: 919-384-3000 Cypress Glen: 252-830-0036
Legal Entity Type:	Nonprofit organized under the laws of North Carolina
For-Profit / Nonprofit Status:	Nonprofit
Federal Tax Status:	Tax-exempt under Section 501(c)(3) of the Internal Revenue Code
Ownership Type:	UMRH does not have any owners (direct or indirect) and is a private nonprofit organization. The provider is not part of any publicly held or publicly traded corporate system.
Tax Filing Status:	Current on all required federal and state tax filings

Item	Information
Ownership / Control:	UMRH is a nonprofit corporation who owns and controls Croasdaile Village Retirement Community (Croasdaile Village), a continuing care retirement community located in Durham, North Carolina; Wesley Pines Retirement Community (Wesley Pines), a continuing care retirement community located in Lumberton, North Carolina; and Cypress Glen Retirement Community (Cypress Glen), a continuing care community located in Greenville, North Carolina.

2. Organizational Structure

2.1. Multi-Entity Organization Status

Cypress Glen is owned and operated by UMRH, a North Carolina nonprofit corporation that is governed by a voluntary Board of Trustees. There are no owners (direct or indirect) of UMRH. UMRH is not part of a multi-entity organization.

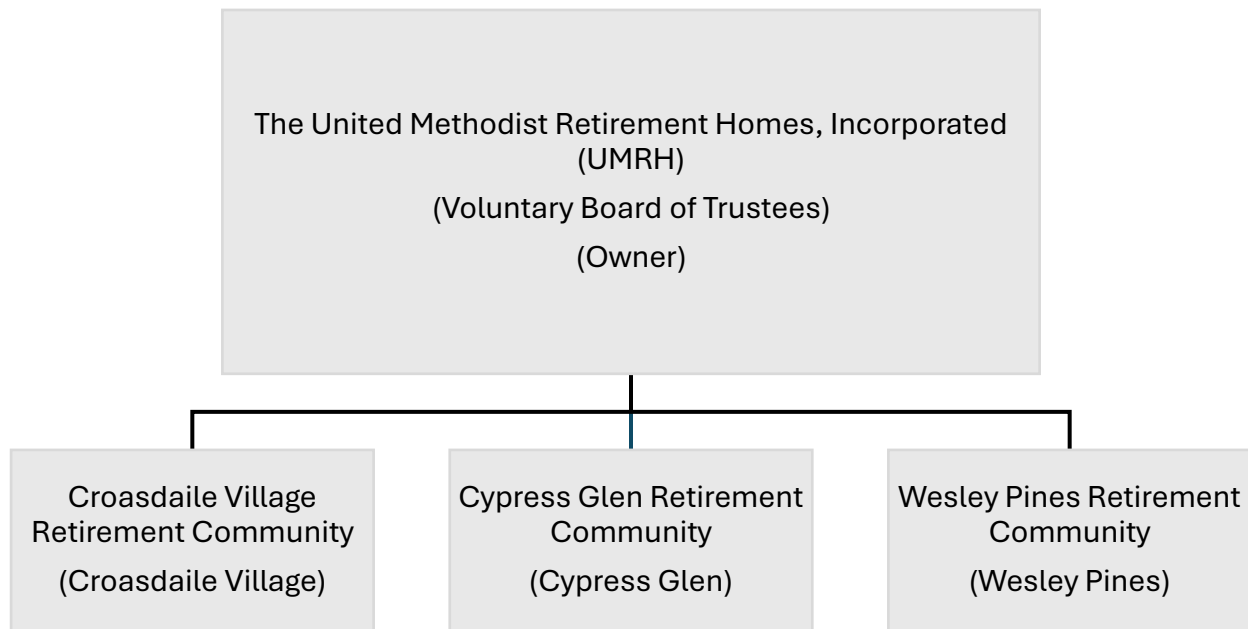
2.2. Consolidation of Financial Statements

Audited financial statements are prepared on a consolidated basis with UMRH and the continuing care retirement communities it owns and operates, which include Croasdaile Village, Cypress Glen and Wesley Pines. The consolidated audited financial statements also include UMRH's affiliate, The United Methodist Retirement Homes Foundation, Inc. (UMRH Foundation), and UMRH's subsidiaries, UMRH Affordable Housing Development, LLC (UMRH-AHD) and Wesley Ridge of Lumberton, LLC (Wesley Ridge). Consolidating schedules within the audit present the financial position and results of operations of each subsidiary, including Cypress Glen, individually.

2.3. Controlling Person

Item	Information
Name:	The United Methodist Retirement Homes, Inc. (Governed by a Voluntary Board of Trustees)
Business Address:	2600 Croasdaile Farm Parkway, Suite A-500, Durham, North Carolina 27705
Telephone Number:	919-384-3000

2.4. Company Structure Chart



Accessible Text Equivalent:

- **The United Methodist Retirement Homes, Incorporated (Parent and Controlling Person; Nonprofit Corporation)** – Provider of Residency Agreements; owns and operates Croasdaile Village, Cypress Glen, and Wesley Pines
 - **Croasdaile Village** – Continuing care retirement community located in Durham, North Carolina
 - **Cypress Glen** – Continuing care retirement community located in Greenville, North Carolina
 - **Wesley Pines** – Continuing care retirement community located in Lumberton, North Carolina

3. Key Persons and Management Personnel

Definitions (for purposes of this Section):

- **Outside Interests:** Any professional service firm, association, trust, partnership, or corporation in which the individual has, or which has in the individual, a ten percent (10%) or greater interest and that currently provides, or is expected to provide, goods, leases, or services to the provider of an aggregate value of \$5,000 or more.
- **Adverse Disclosures:** Any conviction of or plea of nolo contendere to a felony charge; any final judgment in a civil action for fraud, embezzlement, fraudulent conversion, or misappropriation of property; any currently effective injunctive or

restrictive court order; or any suspension or revocation within the past five years of a state or federal license or permit as a result of governmental action.

3.1. Senior Managers of UMRH

Name / Role	Education	Experience	Length of Service
Jonathan P. Erickson – Corporate Executive Director	Bachelor of Arts in Psychology from North Park University; Master’s in Community Health from Northern Illinois University; Certificate in Long Term Care from the University of Connecticut	Over 35 years in continuing care retirement community management; Current UMRH Corporate Executive Director (Covenant Living – 11 years; Life Care Services LLC (LCS) – 27 years)	19 years and 8 months (since 07/01/2006); Serves as Corporate Executive Director of UMRH; employed as a Regional Operations Manager by LCS (Management company of UMRH)
Stacy W. Dobson – Chief Financial Officer	Bachelor of Arts in Accounting from NC State University	30+ years in nonprofit finance, Certified Public Accountant (CPA)	28 years and 9 months (since 05/19/1997)

Business Address: 2600 Croasdaile Farm Parkway, Suite A-500 Durham, North Carolina 27705

Disclosure: The managers have reported no Outside Interests or Adverse Disclosures.

3.2. Community Management – Cypress Glen

Name / Role	Education	Experience	Length of Service
Laurie H. Stallings – Executive Director	Bachelor of Social Work from East Carolina University; Graduate of University of North Texas – Retirement Housing Professional Program	35+ years in the long-term care industry; Licensed assisted living administrator; Licensed nursing home administrator in the State of North Carolina	32 years and 1 month, (since 01/24/1994)
Terry (Trey) Hayes – Health Care Administrator	Bachelor of Business Administration from University of Florida	12+ years in the long-term care industry; Licensed nursing home administrator in the State of North Carolina; Previously	3 years and 3 months (since 12/01/2022)

Name / Role	Education	Experience	Length of Service
		served as licensed nursing home administrator for PruittHealth and Principle LTC	

Business Address: 100 Hickory Street, Greenville, North Carolina 27858

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

3.3. Board of Trustees – UMRH

Name / Role	Education	Experience	Length of Service
William L. (Lee) Harris – Chair	National Lending School Graduate, University of Oklahoma; Bachelor of Science in Business Administration & Accounting from Washington & Lee University	Retired Chartered Financial Analyst; Member of CFA Institute; Former member of North Carolina United Methodist Council on Finance & Administration and numerous committees	6 years and 4 months (Elected Chair on 11/03/2022; Previous Trustee for 8 years from 2010 to 2022 and served as Treasurer, Finance Chair, and UMRH Foundation Chair from 2011 to 2018)
Mack B. Parker – Vice Chair	Bachelor of Science from North Carolina Agricultural & Technical (A&T) State University; Master of Business Administration from University of New Haven	Retirement Planner; Rotarian/District Governor; North Carolina United Methodist Church Conference Council on Finance & Administration, Board of Pensions, Board of Mission, and Mission Outreach	3 years and 3 months (Trustee since 11/03/2022; Elected Vice Chair on 10/30/2025; Previous Trustee from 2002 to 2010 and Chair from 2008 to 2010)
Nancy J. Van Antwerp – Treasurer, Finance Committee Chair and UMRH Foundation Chair	Master of Science in Social Work from Ohio State University; Master of Public Administration from Xavier University; Master of Divinity from	Retired Public & Non-Profit Administration (Adult Protective Services; Oklahoma House of Representatives; Department of Human	6 years and 4 months (Trustee since 11/07/2019; Elected Treasurer on 10/30/2025; Secretary from 2020

Name / Role	Education	Experience	Length of Service
	Phillips Theological Seminary	Services; Mental Health & Substance Abuse; Administrator of Urban Ministry; Block Grant Reviewer; Commission on Accreditation of Rehabilitation Facilities (CARF) Accreditation Reviewer)	to 2025; Ex-Officio from 2018 to 2019)
Rev. Harvey G. Southern (Gray) – Secretary	Bachelor of Science from University of North Carolina – Chapel Hill; Doctor of Ministry from Columbia Theological Seminary; Master of Divinity from Yale Divinity School	Retired United Methodist Pastor; United Methodist Church North Carolina Conference Secretary & Chair of Board of Institutions; Former District Superintendent	5 years and 3 months (Trustee since 10/29/2020; Elected Secretary on 10/30/2025; Previous Ex-Officio from 2007 to 2012)
Rev. “Paul” Woo-IL Lee – Trustee	Bachelor of Arts from University of Nebraska – Kearney; Master of Divinity from Duke University; Juris Doctor from North Carolina Central University School of Law	Reverend; Attorney	8 years and 4 months (Trustee since 11/01/2017)
John R. Davison (Russ) – Trustee	Bachelor of Science in Business Administration from University of North Carolina – Chapel Hill	Retired Certified Public Accountant; Executive Management	2 months (Trustee since 01/01/2026)
Gaynelle A. Patterson – Trustee	Bachelor of Science in Accounting from Pembroke State University; Master of Management from Pembroke State University	Accountant; Office Manager	2 months (Trustee since 01/01/2026)

Name / Role	Education	Experience	Length of Service
Spence A. Evans – Trustee	Bachelor of Science in Business Administration from Campbell University; Master of Business Administration from Campbell University	Senior Trust Officer; Serves on various other non-profit boards	2 months (Trustee since 01/01/2026)
Dr. Kenneth K. Steinweg – Trustee	Doctor of Medicine (M.D.) from University of North Carolina – Chapel Hill	Retired Physician & U.S. Army; Former Director of Geriatric Division and Chair of the Department of Family Practice at East Carolina University; Former Medical Director at Cypress Glen	4 years and 4 months (Trustee since 11/04/2021)
Sheryl B. Taylor – Trustee	Bachelor of Social Work from Methodist University	Social Worker, Hospice & Financial Aid; Board Secretary for Lumberton Christian Care Center	3 years (Trustee since 02/23/2023)
Nancy R. Little – Trustee	Bachelor of Science from University of North Carolina – Chapel Hill; Doctor of Education from Eastern Carolina University	Associate Professor & Founding Member of Brody School of Medicine Department of Public Health; Licensed Nursing Home Administrator; Previous service on North Carolina Licensed Board of Nursing Home Examiners	1 year and 6 months (Trustee since 08/22/2024)
James E. Martin – Trustee	Bachelor of Science in Business Administration from Pembroke State College; International City/County Management Credentialed	Retired County Manager and Accountant; Previous service on boards and committees	3 years (Trustee since 02/23/2023)

Name / Role	Education	Experience	Length of Service
Steve Harper – Ex-Officio Trustee	Bachelor of Science in Economics from Franklin & Marshall College	Croasdaile Village – President of Resident Association; Retired Business Manager	2 years (Since 02/17/2024)
Wilson Ray – Ex-Officio Trustee	Bachelor of Arts in History from Benedictine College, Master of Economics from University of Utah	Wesley Pines – President of Resident Association; Retired from U.S. Army	2 years (Since 02/17/2024)
Barbara Walker – Ex-Officio Trustee	Bachelor of Science in Geology from Stanford University; Master of Library Science from University of Arizona	Cypress Glen – President of Resident Association; Retired Librarian	2 months (01/01/2026)
Jim Mullen – Ex-Officio Trustee	Bachelor of Arts in Psychology from Eastern Carolina University; Master in Rehabilitation Counseling from Eastern Carolina University	Chair – Cypress Glen Local Committee; Retired East Carolina University Associate Vice Chancellor of Human Resources	1 year and 6 months (10/15/2024)
Jonathan P. Erickson – Ex-Officio Trustee (Without Vote)	Bachelor of Arts in Psychology from North Park University; Master’s in Community Health from Northern Illinois University; Certificate in Long Term Care from the University of Connecticut	Over 35 years in continuing care retirement community management; Current UMRH Corporate Executive Director (Covenant Living – 11 years; LCS – 27 years)	19 years and 8 months (Ex-Officio Trustee since 7/1/2006) with UMRH

Background: The Board of Trustees of UMRH governs UMRH and its ownership and operation of Cypress Glen. As a result, the Board of Trustees for UMRH and Cypress Glen are the same.

Business Address: 2600 Croasdaile Farm Parkway, Suite A-500, Durham, North Carolina 27705

Disclosure: None of the trustees of Cypress Glen have reported any Outside Interests or Adverse Disclosures.

3.4. Management Entity – Life Care Services LLC (LCS)

- **Nature of Role:**

UMRH has retained Life Care Services LLC (LCS) to manage Cypress Glen. As the nation's third largest operator of senior living communities, LCS serves more than 40,000 residents in more than 120 communities nationwide. With more than 50 years of service, LCS has developed expertise in nearly every facet of senior living management. LCS has been recognized #1 in customer satisfaction with independent senior living communities for 7 years in a row. LCS is responsible for managing the day-to-day operation of UMRH's 3 continuing care retirement communities in accordance with UMRH's policies, directives, and goals.

- **Business Address:**

400 Locust Street, Suite 820, Des Moines, Iowa 50309

- **Key Officers:**

Chris Bird (Chief Executive Officer); Daniel Lahey (Executive Vice President/Chief Financial and Investment Officer); GeLynna Shaw (Executive Vice President of Operations); Bridgette Uhlemann (Corporate Counsel and Director of Legal and Compliance); Jason Victor (Senior Vice President, Treasurer and Corporate Finance).

3.5. 10% + Ownership Interests

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

UMRH is organized as a nonprofit corporation and therefore has no equity ownership interests. There is not any professional service firm, association, trust, partnership or corporation in which the Executive Director, management staff or any member of the Board of Trustees has a 10% or greater interest in and which it is presently intended shall currently or in the future provide goods, leases or services to Cypress Glen or to residents of Cypress Glen of an aggregate value of \$5,000 or more within any year. Further, there is not any professional service firm, association, trust, partnership or corporation that currently provides any goods, leases or services of an aggregate value of \$5,000 or more within any year to Cypress Glen or to the residents of Cypress Glen that has a 10% or greater interest in any officer, trustee, or management staff (including the Executive Director).

4. Governing Body and Oversight

4.1. Provider Governing Body

UMRH is governed by a Board of Trustees consisting of 10 to 16 members, presidents (or designees) of each of its communities' Resident Associations (3 in total), and chairs of each of its communities' Local Committees (3 in total). Governance and control reside with the UMRH Board of Trustees.

The Board is responsible for the overall direction and oversight of UMRH's operations, financial condition, and resident welfare. Its duties include:

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

The Board of Trustees does not have the power to bind or create any obligation or liability in the part of the North Carolina Annual Conference, Southeastern Jurisdiction, of the United Methodist Church or any other unit or person of United Methodism other than itself. The North Carolina Annual Conference, the Southeastern Jurisdiction of the United Methodist Church, and all other units or persons of United Methodism also do not have the power to bind or create any obligation or liability on the part of the Board of Trustees other than their own. The UMRH Board of Trustees also serves as the members of the Board of the UMRH Foundation. In practice, the Finance, Investment and Audit Committee serves as the Board of Directors for the UMRH Foundation.

4.1.1. Selection of Members

60% (or as close to such percentage as reasonably possible) of the Trustees are elected by a majority of the Trustees. Recommendations of potential nominees are made to the Nominating Committee for review. Recommendations may be made by current staff or board members. As much as possible, equal representation is from the regions of Eastern North Carolina where UMRH's communities are located. The remaining 40% (or as close to such percentage as reasonably possible, but not to exceed) of the persons to serve are nominated and elected by the North Carolina Annual Conference Board of Institutions, Inc. (Board of Institutions). Before the Board of Institutions' fall meeting, the UMRH Board of Trustees' Nominating Committee prepares and furnishes to the Board of Institutions a list of recommended person(s) to fulfill the 40% threshold.

Elected Trustees are divided into 4 classes of equal members and the successors in each class of Trustees serve 4-year terms after taking office in November after the annual meeting at which they are elected to the Board. Elected Trustees may serve no more than 2 consecutive terms and may be re-elected after rotating off for 1 year. A vacancy occurring in an Elected Trustee position on the Board of Trustees may be filled for the unexpired term

by the remaining Elected Trustees at any regular or special meetings of the Board of Trustees. Officers of UMRH are the Chair, Vice Chair, Secretary, and Treasurer. They are elected at the Board of Trustees' annual meeting and must serve a period of 1 year, and until their successors are elected and qualified.

4.1.2. Oversight of Management and Operations

The Board of Trustees delegates day-to-day operations of Cypress Glen and UMRH to the Executive Director and senior management. The Board maintains oversight through:

- Regular review of financial and operating reports.
- Approval of budgets, major contracts, capital projects, and debt issuances.
- Meeting at least 4 times each year, plus scheduled committee meetings.
- Evaluation of management performance and compliance with the management agreement.

4.1.3. Committees

Committees of the Board of Trustees include:

- **Marketing, Occupancy and Benevolence Committee:**

The Marketing, Occupancy and Benevolence Committee has the authority to recommend to the Board of Trustees policies and criteria pursuant to which all applications for residency to any of the UMRH communities must conform. The committee shall have the initial authority to terminate the residence of a person at the community upon 30 days' written notice, when in their judgement, such termination is in the best interest of the community. The committee shall review the marketing and occupancy assessments from the communities. The communities shall review any community recommendations for resident benevolence based on UMRH policies.

- **Finance, Investment and Audit Committee:**

The Finance, Investment and Audit Committee has the authority to negotiate sales and transfers of securities and other properties of UMRH. It supervises the handling of all funds and supervises the preparation and implementation of the budget along with UMRH's Corporate Executive Director. This committee also ensures that an approved independent audit of the books of UMRH is made and presented to the Board of Trustees at the first meeting following the completion of the audit for the preceding year. This committee makes a report on its activities at each meeting of the Board of Trustees. The Treasurer serves as the Chair of the Finance, Investment and Audit Committee.

- **Bylaws Committee:**

The Bylaws Committee annually reviews the UMRH Bylaws and submits its analysis to the Board of Trustees, including any recommendations for changes.

- **Health, Compliance and Ethics Committee:**

The Health, Compliance and Ethics Committee counsels and monitors UMRH's Corporate Executive Director and the executive directors at Croasdaile Village, Cypress Glen, and Wesley Pines concerning the administration of the Health Services at each community and reports its analysis to the Board of Trustees. It shall review the organizational compliance with Federal and State standards regarding care, Compliance and Ethics Program, HIPAA standards, Quality Assurance & Performance Improvement Program, including training, education, auditing and monitoring efforts.

- **Nominating Committee:**

The Nominating Committee presents nominations to the Annual Meeting of the Board of Trustees for the offices of the Board, the Chairman of the Nominating Committee, members of the Nominating Committee, and any Elected Trustee positions to be nominated by the Board of Institutions for election at UMRH's fall meeting.

- **Special Committees:**

Special Committees may be appointed from time to time for special tasks as deemed necessary or desirable for the conduct of affairs of UMRH. These committees are discharged upon completion of the special tasks for which such Special Committee was appointed.

- **Executive Committee:**

The Executive Committee discusses and identifies issues to be presented to the Board of Trustees for consideration, discussion, and appropriate action. Action on behalf of the Board of Trustees shall be taken by its officers, Corporate Executive Director and those employees of the UMRH acting pursuant to specific or general authority previously given by the Board of Trustees. During the intervals between meetings of the Board, the Executive Committee will have and exercise all the powers of the Board that may be legally delegated in the management of the business and affairs of the Corporation.

4.2. Division of Responsibilities

To avoid duplication and ensure effective oversight:

- The UMRH Board of Trustees is responsible for controlling the affairs and properties of UMRH.

- The Cypress Glen Resident Association is responsible for resident-level matters, annually electing a council of representatives to form committees in various areas of concern to advise community administration.

5. Related Parties

UMRH has relationships with related parties. Each arrangement exceeded \$5,000 in FY2025 and is therefore disclosed below. For purposes of this section, Actual/Probable Cost refers to the cost incurred by UMRH.

5.1. UMRH Affordable Housing, Inc.

- **Nature of Relationship:**

UMRH is the sole shareholder of UMRH Affordable Housing, Inc. UMRH Affordable Housing, Inc. was organized in 2002 in the State of North Carolina in conjunction with the Wesley Ridge project, a 24-unit affordable rental housing complex located adjacent to Wesley Pines. UMRH Affordable Housing, Inc. is not responsible for the contractual or financial obligations of UMRH.

- **Goods/Leases/Services Provided:**

Minimal filing and oversight time.

- **Actual/Probable Cost:**

UMRH has minimal direct/indirect expenses.

5.2. UMRH Affordable Housing Development, LLC

- **Nature of Relationship:**

UMRH is the sole member of UMRH Affordable Housing Development, LLC. UMRH Affordable Housing Development, LLC was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing Wesley Ridge. UMRH Affordable Housing Development, LLC is not responsible for the contractual or financial obligations of UMRH.

- **Goods/Leases/Services Provided:**

Minimal filing time.

- **Actual/Probable Cost:**

UMRH has minimal direct/indirect expenses.

5.3. The United Methodist Retirement Homes Foundation, Inc.

- **Nature of Relationship:**

UMRH is affiliated with The United Methodist Retirement Homes Foundation, Inc. (UMRH Foundation). The UMRH Foundation is a nonprofit, organized for the benefit of the continuing care retirement communities operated by UMRH. Its purpose is to enhance resident life at Croasdaile Village, Cypress Glen and Wesley Pines by funding projects from annual gifts, planned gifts and endowments, to support benevolent care for residents who can no longer fully pay for their care, and to support special programs and employee scholarships at UMRH's 3 communities. The Foundation is also the umbrella for capital campaigns, mini campaigns and special appeals. Additionally, it manages the investment of Foundation assets, including those held in Endowment Funds established as restricted funds.

- **Goods/Leases/Services Provided:**

Administration of the benevolent care program, as per the UMRH Benevolence Policy and funding for special projects.

- **Actual/Probable Cost:**

Not applicable. The Foundation raised \$444,025 in FY 2025 to support benevolent care and special projects for the communities.

5.4. Wesley Ridge of Lumberton, LLC

- **Nature of Relationship:**

Wesley Ridge of Lumberton, LLC is a non-profit organization that offers affordable housing to senior adults ages 62 and older, and to disabled adults 18 years of age and older in 24 units. UMRH fully acquired Wesley Ridge on January 31, 2022.

- **Goods/Leases/Services Provided:**

Minimal filing and oversight time.

- **Actual/Probable Cost:**

UMRH has minimal direct/indirect expenses. Services provided are paid for by the residents of Wesley Ridge.

6. Relationships with Religious, Charitable, or Other Organizations

The disclosures in this section address organizational relationships and are distinct from the related-party transactions in Section 5 – Related Parties on page 18.

UMRH is related by faith to the North Carolina Annual Conference, Southeastern Jurisdiction, of The United Methodist Church. The North Carolina Annual Conference of The

United Methodist Church is not responsible for the financial and contractual obligations of UMRH. The Board of Trustees does not have the power to bind or create any obligation or liability in the part of the North Carolina Annual Conference, Southeastern Jurisdiction, of the United Methodist church or any other unit or person of United Methodism other than itself.

UMRH and Cypress Glen are also affiliated by membership with LeadingAge North Carolina; Methodist Ministries Network; North Carolina Health Care Facilities Association; North Carolina Assisted Living Association, and LeadingAge (National). UMRH and Cypress Glen do not exercise governance authority and do not provide direct financial or operational support to these organizations.

The UMRH Foundation is a nonprofit, organized for the benefit of the continuing care retirement communities operated by UMRH. Its purpose is to enhance resident life at Croasdaile Village, Cypress Glen and Wesley Pines by funding projects from annual gifts, planned gifts and endowments, to support benevolent care for residents who can no longer fully pay for their care, and to support special programs and employee scholarships at UMRH's 3 communities.

7. Other Persons Responsible for Obligations

Except as described in Section 8 – Obligated Groups regarding UMRH's participation in the obligated group and the joint and several liability for bonds, no other person or entity is responsible for the financial or contractual obligations of the provider, UMRH.

8. Obligated Groups

UMRH is a member of an obligated group created under the terms of bond indentures and related financing agreements. Membership in the obligated group creates joint and several liability among the members solely for repayment of bonded indebtedness and for compliance with related bond covenants.

As of September 30, 2025, the obligated group consisted of:

- UMRH
- The United Methodist Retirement Homes Foundation, Inc.

9. Debt Covenants and Compliance

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

As of September 30, 2025, UMRH and the obligated group were in full compliance with all covenants contained in debt agreements.

10. Third-Party Management Arrangements

UMRH has retained Life Care Services LLC (LCS) to manage Cypress Glen. As the nation's third largest operator of senior living communities, LCS serves more than 40,000 residents in more than 100 communities nationwide. With more than 50 years of service, LCS has developed expertise in nearly every facet of senior living management. LCS has been recognized #1 in customer satisfaction with independent senior living communities for 7 years in a row. Management of Cypress Glen is performed by LCS under contract with UMRH. LCS' responsibilities include:

- Recruiting and employing the Corporate Executive Director
- Supervising the licensing, equipping and staffing of Cypress Glen
- Ensuring that budgets are timely prepared and presented to the Board
- Establishing and operating a system of financial controls for Cypress Glen, including comparative analyses with other communities
- Overseeing the food service and quality accommodations provided by Cypress Glen

Day-to-day operations at the community, including staffing, financial management, contracting, and other operational functions are carried out by the Executive Director and senior management employed by UMRH. LCS is not financially responsible for the contractual obligations or other obligations of UMRH. The Board of Trustees of UMRH retains the ultimate responsibility for hiring executive directors and monitoring the operating costs, wages, salaries, expenses, fees, and overall fiscal viability of Cypress Glen.

11. Real Property Leases

UMRH does not lease any of the real property that makes up Cypress Glen.

12. Endowment Funds

The United Methodist Retirement Homes Foundation, Inc. raises and maintains endowment funds to provide resident financial assistance through UMRH's Benevolence Policy and support special programs and projects and employee scholarships. There may be Board and donor-required restrictions on the use and distribution of the funds, and for certain funds, only the interest earned each year may be used for specified purposes.

The Benevolent Endowment Fund is comprised of donations from private third parties to assist residents in need of financial assistance. The Benevolent Endowment Fund is restricted by the Board and may be utilized to offset the cost of providing financial assistance to residents who are unable to meet their financial commitments.

13. Description and Location of the Community

Cypress Glen is situated on approximately 95 acres of land and is located 1 mile from the campus of East Carolina University, at 100 Hickory Street, Greenville, North Carolina. It is a continuing care retirement community designed to accommodate persons 62 years of age or older in a dignified manner. It is licensed by the North Carolina Department of Insurance. We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion, sex, handicap, or national origin.

All residences are equipped with safety features, such as assist bars in the bathroom and an emergency call system, with 24-hour check. Cypress Glen also offers additional personal services to residents residing in residential living (independent living) through its home care program. These residents pay a fee for these services.

In addition to the primary intent of the community, which is to assure the residents of continuing care throughout their retirement years, the community is designed to create an environment that will enrich the lives of the people who live and work there. The design of the main commons building provides areas for dining and meetings without detracting from the homelike environment of the community. Some of the amenities which residents can enjoy include:

- A central dining room
- A casual dining area
- A chapel
- A multi-purpose room
- A health clinic
- A physical and occupational therapy area
- Card rooms
- A game room
- A library
- A mail area
- An arts and crafts studio
- Lounges
- A wellness center with a cardiovascular fitness room
- Aerobics room
- A deep-water salt treated pool

- A salon/spa
- A computer wired for Internet access in the conference room

The Community Health Center is licensed by the North Carolina Division of Health Service Regulation. The Community Health Center offers assisted living, memory care, and nursing care to residents of Cypress Glen. It is staffed by licensed nursing personnel 24 hours a day.

Assisted living services include assistance with the activities of daily living such as ambulation, bathing, dressing, eating, personal hygiene, toileting, and the supervision or administration of medications. Memory care services include scheduled and unscheduled special care assisted living services to persons with Alzheimer's Disease or related disorders. 6 of the 30 skilled nursing facility beds are Medicare-certified.

Each resident is eligible to receive a total of 6 free days each year of either assisted living care or nursing care in Community Health Center while a resident of their residence. If there are 2 residents under a Residency agreement, each resident will receive 6 free days, but the days cannot be combined and used by only one resident. Such 6 free days renews on an annual basis and does not accumulate. While utilizing the 6 free days, the resident will be required to continue to pay the Monthly Fee for his/her residence, as well as any charges for physician services and ancillary health services and supplies. Once a resident is permanently relocated to assisted living, memory care or nursing care, they no longer qualify for the 6 free days of assisted living or nursing care and will be required to pay the assisted living fee or the per diem charge for such care. *[NOTE: The 6 free days of care is a combined total for assisted living care and nursing care at Cypress Glen.]*

The community is a "smoke-free" campus. Smoking (including E-Cigarettes) is not allowed by residents, guests, and business invitees on Cypress Glen's campus (inside or outside) except in a designated outside area. No smoking areas include, but are not limited to, the residences, hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas. Smoking is only permitted in the designated area. Violation of the Smoke-Free Campus Policy can result in cancellation of the Residency Agreement for just cause.

UMRH is currently constructing an expansion project at Cypress Glen (the Project) which includes:

- 57 new independent living apartments with underbuilding parking (the South Wing Apartments)
- Improvements to community amenities and administrative areas (new auditorium, new dining facility with outdoor dining, a woodworking shop, upgrades to the central kitchen, remodel and improvement of office and administrative areas)
- Improvements to the site (construction of a flood control levee, new entry with guardhouse and signage, new independent living courtyard, new maintenance shed and additional parking)

The Project has been primarily funded through bonds, which finances the costs of the expansion project, funds a portion of interest during construction, and pays certain expenses incurred in connection with the issuance of the bonds.

Cypress Glen welcomed new residents into the new expansion apartment building in January 2026, with the Dining and Auditorium building expected to be completed by June 2026. The office area, flood control levee, woodworking shop and maintenance garage were completed in 2025. A timeline is provided in Section 30 – Expansion and Renovation Plans on page 54.

In addition to the Project, the UMRH Board of Trustees and the Cypress Glen management team continually update the strategic master plan with a focus on monitoring opportunities to improve the community. UMRH has bought and will continue to buy parcels neighboring the Cypress Glen campus for future utilization and/or to buffer the campus.

14. Living Units by Level of Care

As of September 30, 2025, Cypress Glen has the following units constructed in the community:

- 212 independent living units (which includes 149 apartments and 63 cottages)
- 30 assisted living units
- 12 memory care units
- 30 skilled nursing beds

Cypress Glen is licensed to operate up to 30 assisted living units, 12 memory care units, and 30 skilled nursing beds.

15. Continuing Care at Home Program

The provider does not operate a Continuing Care at Home Program.

16. Resident Population Served

As of September 30, 2025, the resident population served by Cypress Glen under Residency Agreements was as follows:

- 353 residents in independent living
- 29 residents in assisted living/memory care
- 13 residents in skilled nursing

A reservation deposit of \$1,000 is required upon the execution of a Future Resident Agreement by a prospective resident. An amount equal to 10% of the entrance fee, less the \$1,000 reservation deposit, is due within 10 days of the execution of a Residency

Agreement. The balance of the entrance fee will be paid upon the earlier of (i) occupancy or (ii) 90 days after the Residency Agreement is executed.

If a future resident applies for and is not accepted for residency, they will receive a full refund of the reservation deposit paid under the Future Resident Agreement. The fee is also refundable if no offers have been extended and refused, or if the future resident's health changes require admission to another facility. In case of death, the refund is payable to the estate of the future resident, with provision of required documentation.

Placement on the waitlist does not guarantee admission to the community or priority for a specific unit and does not create contractual rights unless expressly provided in a Residency Agreement. As of September 30, 2025, the community maintained a waitlist for admission to independent living consisting of 360 individuals. From time to time, there may be waitlists for Assisted Living. Continuing Care residents would take priority for entry into Assisted Living when there is such a waitlist.

17. Occupancy Rates

The 12-month daily average occupancy rates for Cypress Glen for the past 5 fiscal years were as follows:

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

Fiscal Year-End	Independent Living (%)	Assisted Living (%)*	Skilled Nursing (%)
September 30, 2025	97.2%	98.1%	87.0%
September 30, 2024	96.8%	97.7%	85.7%
September 30, 2023	97.0%	97.2%	86.2%
September 30, 2022	96.7%	95.1%	78.7%
September 30, 2021	95.5%	84.3%	73.6%

*Includes Memory Care occupancy.

18. Semiannual Resident Meetings

UMRH holds meetings with residents of Cypress Glen at least twice each fiscal year, as required by law.

Fiscal Year 2025 Meeting Dates

- June 7, 2025
- December 8, 2025

As required by law, an independent member of the provider's Board of Trustees was present at each of the meetings (Lee Harris, Dr. Kenneth Steinweg and Bob Clinkscales (Resident Association President) on June 7, 2025, and Lee Harris and Bob Clinkscales) on December 8, 2025).

19. Resident Property Rights

Residents do not hold ownership or property rights in the real estate of the community. Residency and access to services are governed solely by the Residency Agreement.

20. Services Provided Under the Contract

UMRH offers services continuing care Residency Agreements at Cypress Glen (Standard Residency Agreement, 50% Return of Capital™ Residency Agreement, 80% Return of Capital™ Residency Agreement and 90% Return of Capital™ Residency Agreement). The following disclosures describe the services included in the continuing care Residency Agreements, as well as those available for additional charge.

20.1. Health Care Services

Residents of Cypress Glen have access to assisted living, skilled nursing, and memory support care (Health Center Level Services) on campus. The Community Health Center is staffed by licensed nursing personnel 24 hours a day.

Assisted living services include assistance with the activities of daily living, such as ambulation, bathing, dressing, eating, personal hygiene, toileting, and the supervision or administration of medications. Memory care services include scheduled and unscheduled special care assisted living services to persons with Alzheimer's Disease or related disorders. For skilled nursing, Cypress Glen offers round-the-clock access to holistic care for nursing, therapies, social services and dietetics. 6 of the skilled nursing facility beds are Medicare-certified.

Cypress Glen has a designated licensed physician to serve as Medical Director of the Community Health Center. Residents are required to have a local attending physician and may engage the services of the Medical Director at their own expense. If a resident's personal physician will be providing the resident with services in the Community Health Center, they may do so upon providing Cypress Glen with their credentials and proof of liability insurance. They must agree to abide by the community's policies and procedures.

Each resident is eligible to receive a total of 6 free days each year of either assisted living care or nursing care in Community Health Center while a resident of their residence. If

there are 2 residents under a Residency agreement, each resident will receive 6 free days, but the days cannot be combined and used by only one resident. Such 6 free days renews on an annual basis and does not accumulate. While utilizing the 6 free days, the resident will be required to continue to pay the Monthly Fee for his/her residence, as well as any charges for physician services and ancillary health services and supplies. Once a resident is permanently relocated to assisted living, memory care or nursing care, they no longer qualify for the 6 free days of assisted living or nursing care and will be required to pay the assisted living fee or the per diem charge for such care. *[NOTE: The 6 free days of care is a combined total for assisted living care and nursing care at Cypress Glen.]*

Cypress Glen will not be responsible for the charges for medical treatment or services by the Medical Director or the resident's attending physician, nor will the community be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

A resident who is under the age of 62 when they occupy their residence under a Residency Agreement is not eligible to receive the 6 free days of care in the Health Center until they attain the age of 62. During that time, they will be entitled to Health Center Level Services at the then-current per diem charge being charged to non-residents until age 62.

20.2. Continuing Care Retirement Community (CCRC) Contracts

Residents living at Cypress Glen in independent living apartments and cottages receive the following services as part of their monthly fees, with additional services available at an extra charge. Below are the services included in the monthly fees as listed in the Residency Agreements offered by UMRH at Cypress Glen. Please also see Section 2 of the Residency Agreements for these services.

20.2.1. Services Included in Monthly Fees

- Dining allowance equal to 2 meals per day for residents of A and B wings; 3 meals per day for residents of the C wing; and 25 meals per month for residents of the D wing, East wing, West wing, South wing, and cottages
- Limited meal delivery to be provided when approved by authorized staff
- Consultation and preparation of routine special diets
- Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal
- Standard television satellite system
- Building janitor and maintenance
- Groundskeeping
- Weekly housekeeping services
- Laundry facilities for residents in the A, B and C wings; washers and dryers provided in the D wing, East wing, West wing, South wing, and cottages

- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate
- Services of a chaplain
- Services of a life enrichment director
- Parking for residents and guests
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed
- Kitchen facilities
- Scheduled local transportation as published by the community, including transportation to local medical facilities (non-emergency)
- Limited additional storage space for A, B, C, D, East, West and South wing apartments
- Emergency call system, with 24-hour check-in
- Smoke detectors
- Security – 24 hours a day
- 6 free days each year of assisted living, memory care or nursing care in the Community Health Center as defined in the Residency Agreement (until permanent relocation to the Community Health Center)

20.2.2. Services Available at Additional Charge

Supplemental services, when available, will be provided at an additional charge (also referred to as Extra Charges in the Residency Agreements). A list of Extra Charges for these supplemental services can be obtained from Cypress Glen's administration:

- Extra meals, depending on a resident's dining allowance
- Beer and wine
- Extended meal delivery as approved by authorized staff
- Preparation of special diets (beyond those which are routine), as prescribed by the resident's attending physician
- Additional housekeeping services
- Guest accommodations, if available
- Guest meals
- Personal transportation and transportation for special events and group trips
- Community Health Center services
- Wireless internet

- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment)
- Access to Convenient Care Clinic
- Salon services

20.3. Delivery of Services

Core residential, assisted living, and skilled nursing services are provided directly by UMRH. At Cypress Glen, food and beverage services are furnished in-house. Certain therapies (physical, occupational, rehabilitation and speech) are furnished under contract with independent third parties.

21. Resident Fees

Nonancillary fees at Cypress Glen consist of required, ongoing fees such as entrance fees, monthly service fees, and transfer fees, as opposed to optional ancillary charges (such as guest meals, salon services, or other discretionary add-ons). The following tables show Cypress Glen's current fee schedules, along with historical information on entrance fee and monthly fee increases over the past 5 fiscal years. Narrative explanations of household composition changes, transfer fees, and resale fees are also included.

21.1. Residency Agreements

Residency Agreements represent the continuing care contracts for residents who live at the Cypress Glen campus. Monthly fees, entrance fees and the amount of the refund a resident (or resident's estate) is entitled to after a resident assumes occupancy differ under the Residency Agreements (Standard Residency Agreement, 50% Return of Capital™ Residency Agreement, 80% Return of Capital™ Residency Agreement and 90% Return of Capital™ Residency Agreement). Below are current monthly or daily fees, historical fee increases, and current entrance fees based on the most common Residency Agreement for Cypress Glen: the Standard Residency Agreement).

Table 21.1: Current Monthly Fees for Independent Living

Unit Type	Single Occupant	Double Occupant
Apartments (A & B Wings)	–	–
Independent Living – Studio	\$2,505	\$3,966
Independent Living – Single	\$2,630	\$4,091

Unit Type	Single Occupant	Double Occupant
Independent Living – Deluxe Single	\$3,285	\$4,746
Independent Living – Deluxe Studio	\$3,476	\$4,937
Independent Living – Combination	\$3,544	\$5,005
Independent Living – Deluxe Suite	\$3,735	\$5,196
Independent Living – 1 Bedroom Main	\$3,798	\$5,259
Independent Living – 1 Bedroom Suite	\$3,821	\$5,282
Independent Living – 2 Bedroom Suite	\$4,000	\$5,461
Independent Living – 1 Bedroom Grand	\$4,035	\$5,496
Independent Living – 1 Bedroom Den Main	\$4,094	\$5,555
Independent Living – 2 Bedroom Deluxe Suite	\$4,094	\$5,555
Independent Living – 1 Bedroom Flex	\$4,094	\$5,555
Independent Living – 2 Bedroom Main Grand	\$4,185	\$5,646
Apartment (D Wing)	–	–
Independent Living – One Bedroom	\$3,822	\$5,283
Independent Living – One Bedroom Deluxe	\$3,861	\$5,322
Independent Living – Two Bedroom	\$4,340	\$5,801
Independent Living – Two Bedroom Deluxe	\$4,980	\$6,441
Independent Living – Three Bedroom	\$5,298	\$6,759
Independent Living – Three Bedroom Special/Deluxe	\$5,617	\$7,078
Apartment (East & West Wings)	–	–
Independent Living – One Bedroom Alcove	\$3,834	\$5,295

Unit Type	Single Occupant	Double Occupant
Independent Living – One Bedroom	\$3,860	\$5,321
Independent Living – One Bedroom Den	\$4,099	\$5,560
Independent Living – Two Bedroom	\$4,359	\$5,820
Independent Living – Two Bedroom Bay	\$5,297	\$6,758
Independent Living – Two Bedroom Great Room	\$5,694	\$7,155
Apartment (South Wing)	–	–
Independent Living – Holly	\$4,395	\$5,856
Independent Living – Pine	\$4,618	\$6,079
Independent Living – Maple	\$5,131	\$6,592
Independent Living – Spruce	\$5,385	\$6,846
Independent Living – Cedar	\$5,602	\$7,063
Independent Living – Sycamore	\$7,148	\$8,609
Cottages and Garden Villas	–	–
Independent Living – Dogwood Cottage	\$4,290	\$5,751
Independent Living – Cypress Cottage	\$5,298	\$6,759
Independent Living – Birch Cottage	\$5,536	\$6,997
Independent Living – Hawthorn Villa	\$6,009	\$7,470
Independent Living – Alder Cottage	\$5,776	\$7,237
Independent Living – Magnolia Villa	\$5,863	\$7,324
Independent Living – Hawthorn Cottage	\$6,009	\$7,470
Independent Living – Oak Villa	\$6,066	\$7,527
Independent Living – Elm Cottage	\$6,260	\$7,721

Unit Type	Single Occupant	Double Occupant
Independent Living – Willow Cottage	\$6,387	\$7,848
Independent Living – Evergreen Cottage	\$6,845	\$8,306
Independent Living – Oak Cottage	\$6,929	\$8,390

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

Table 21.2: Current Daily and Average Monthly Fees for Assisted Living, Memory Care and Skilled Nursing

Level of Care	Daily Rate	Average Monthly
Assisted Living (Semi-Private)	\$314	\$9,551
Assisted Living (Private)	\$339	\$10,311
Memory Care (Private)	\$357	\$10,859
Skilled Nursing (Semi-Private Room)	\$376	\$11,437
Skilled Nursing (Private Room)	\$401	\$12,197

Table 21.3: Historical Increases in Monthly Fees

Fiscal Year-End	Average % Increase	Weighted Average \$ Increase	Frequency
September 30, 2026	3.6%	\$158	Annual
September 30, 2025	4.7%	\$196	Annual
September 30, 2024	4.75%	\$191	Annual
September 30, 2023	6.0%	\$225	Annual
September 30, 2022	4.0%	\$144	Annual

Table 21.4: Current Entrance Fees for Independent Living

Unit Type	Single Occupant*	Double Occupant*
Apartments (A & B Wings)	–	–
Independent Living – Studio	\$24,156	\$34,863
Independent Living – Single	\$29,405	\$40,112
Independent Living – Deluxe Single	\$41,894	\$52,601
Independent Living – Deluxe Studio	\$48,305	\$59,012
Independent Living – Combination	\$49,813	\$60,520
Independent Living – Deluxe Suite	\$58,805	\$69,512
Independent Living – 1 Bedroom Main	\$60,907	\$71,614
Independent Living – 1 Bedroom Suite	\$72,982	\$83,689
Independent Living – 2 Bedroom Suite	\$88,207	\$98,914
Independent Living – 1 Bedroom Grand	\$91,380	\$102,087
Independent Living – 1 Bedroom Den Main	\$93,866	\$104,573
Independent Living – 2 Bedroom Deluxe Suite	\$93,866	\$104,573
Independent Living – 1 Bedroom Flex	\$100,510	\$111,217
Independent Living – 2 Bedroom Main Grand	\$110,871	\$121,578
Apartment (D Wing)	--	--
Independent Living – One Bedroom	\$117,144	\$127,851
Independent Living – One Bedroom Deluxe	\$123,485	\$134,192
Independent Living – Two Bedroom	\$153,395	\$164,102
Independent Living – Two Bedroom Deluxe	\$177,667	\$188,374
Independent Living – Three Bedroom	\$183,139	\$193,846

Unit Type	Single Occupant*	Double Occupant*
Independent Living – Three Bedroom Special/Deluxe	\$203,318	\$214,025
Apartment (East & West Wings)	--	--
Independent Living – One Bedroom Alcove	\$124,011	\$134,718
Independent Living – One Bedroom	\$131,145	\$141,852
Independent Living – One Bedroom Den	\$144,901	\$155,608
Independent Living – Two Bedroom	\$167,460	\$178,167
Independent Living – Two Bedroom Bay	\$195,565	\$206,272
Independent Living – Two Bedroom Great Room	\$220,387	\$231,094
Apartment (South Wing)	--	--
Independent Living – Holly	\$231,920	\$242,627
Independent Living – Pine	\$244,400	\$255,107
Independent Living – Maple	\$270,400	\$281,107
Independent Living – Spruce	\$284,960	\$295,667
Independent Living – Cedar	\$296,400	\$307,107
Independent Living – Sycamore	\$408,720	\$419,427
Cottages and Garden Villas	--	--
Independent Living – Dogwood Cottage	\$157,431	\$168,138
Independent Living – Cypress Cottage	\$198,787	\$209,494
Independent Living – Birch Cottage	\$202,803	\$213,510
Independent Living – Hawthorn Villa	\$264,833	\$275,540
Independent Living – Alder Cottage	\$227,387	\$238,094
Independent Living – Magnolia Villa	\$295,643	\$306,350

Unit Type	Single Occupant*	Double Occupant*
Independent Living – Hawthorn Cottage	\$308,743	\$319,450
Independent Living – Oak Villa	\$322,819	\$333,526
Independent Living – Elm Cottage	\$267,528	\$278,235
Independent Living – Willow Cottage	\$293,261	\$303,968
Independent Living – Evergreen Cottage	\$296,888	\$307,595
Independent Living – Oak Cottage	\$349,707	\$360,414

***For patio apartments, add \$2,500 to the entrance fee with the Standard Residency Agreement.**

Refundability terms vary by contract and are disclosed in Section 24 – Contract Cancellation and Refund Policies.

Table 21.5: Historical Increases in Entrance Fees

Fiscal Year-End	Average % Increase	Weighted Average \$ Increase	Frequency
September 30, 2026	4.0%	\$5,929	Annual
September 30, 2025	3.0%	\$4,317	Annual
September 30, 2024	2.5%	\$3,516	Annual
September 30, 2023	3.0%	\$4,070	Annual
September 30, 2022	2.0%	\$2,204	Annual

21.2. Household Composition Changes

If a resident marries or otherwise increases the number of persons residing in a living unit, an additional entrance fee is required for the new resident, based on the applicable fee schedule at the time of entry. The monthly fee is adjusted to the 2-person rate. If the additional resident does not meet admission requirements, they may not be admitted under a Residency Agreement.

If the resident marries a person who is also a resident of the community, and should they decide to occupy one residence as Joint Residents, they must declare which residence will be occupied and which residence will be released. No additional entrance fee or second-person entrance fee will be required from the residents at the time of this transfer. The

entrance fees paid by the residents will continue to amortize and will be refunded in accordance with their respective agreements. Please see Section 22 – Refundable Entrance Fee Obligations on page 37 for refund information.

Said refund, if any, will be paid, without interest, at such time as a new resident has paid the full amount of the entrance fee for the residence or within 2 years from the date on which the residence was released, whichever occurs first.

If there are joint residents under a Residency Agreement and one joint resident dies, the second person monthly fee will cease, and the remaining resident continues to pay the monthly fee without the second person monthly fee component.

21.3. Transfer Fees and Resale Fees

Transfers Between Independent Living Units

If a resident transfers to a different independent living unit, they will need to sign an Amendment to Residency Agreement – Transfer to New Residence (Amendment). If the entrance fee for the new independent living unit exceeds the entrance fee paid for the current residence, then the resident must pay the difference between the two entrance fees at the time of executing the Amendment. The resident must also pay a refurbishing fee. If the entrance fee for the current residence exceeds the entrance fee for the new residence, then the refund is calculated pursuant to the resident's Residency Agreement:

- **Standard Residency Agreement:**

Under the Standard Residency Agreement, if the resident's entrance fee is fully amortized, no refunds will be made. If the entrance fee is not fully amortized, Cypress Glen will refund to the resident the excess of the entrance fee previously paid by the resident applicable to the current residence over the entrance fee in effect for the new residence, less 2% per month of occupancy or partial month, of the difference between the entrance fees between the two residences. Cypress Glen will distribute the refund when a new resident reserves and pays the entrance fee for the current residence.

- **50% Return of Capital™, 80% Return of Capital™, and 90% Return of Capital™ Residency Agreements:**

Cypress Glen will refund to the resident either 50%, 80% or 90% of the excess of the entrance fee previously paid by the resident applicable to the current residence over the current entrance fee in effect for the new residence, depending on the type of Residency Agreement the resident entered with the community.

Under the 50% Return of Capital™ Residency Agreement, the resident will receive 50% of the excess of the entrance fee previously paid by the resident applicable to

the current entrance fee in effect for the new residence, without interest, less 2% for each month of residency or portion thereof for up to 25 months.

Under the 80% Return of Capital™ Residency Agreement, the resident will receive 80% of the excess of the entrance fee previously paid by the resident applicable to the current entrance fee in effect for the new residence, without interest, less 2% for each month of residency or portion thereof for up to 10 months.

Under the 90% Return of Capital™ Residency Agreement, the resident will receive 90% of the excess of the entrance fee previously paid by the resident applicable to the current entrance fee in effect for the new residence, without interest, less 2% for each month of residency or portion thereof for up to 5 months.

If no entrance fee adjustments are needed, the resident must only pay the refurbishing fee.

Transfer to a Higher Level of Care (Health Center)

In the event the resident requires permanent care in the Health Center (beyond the 6 free days of care allocated to a resident), the resident will pay the per diem charge applicable to the level of care required by the resident, as well as the charges for physician services and any additional health services. If the resident is determined appropriate for Health Center Level Services (assisted living, memory care, or skilled nursing care), and is permanently relocated to the Health Center or another care facility licensed to provide the resident with the appropriate care the resident needs (a comparable facility), the resident will be required to release the residence to Cypress Glen and remove all of their personal property from the residence and from any storage unit. Cypress Glen has the right to reassign the residence for occupancy by others. Release of the resident's residence does not qualify the resident for a refund of the entrance fee, unless the Residency Agreement is canceled.

Resale Fees

No resale fees are charged because residents do not hold ownership rights in their living units.

22. Refundable Entrance Fee Obligations

22.1. Conditions for Refunds After Occupancy

Certain Residency Agreements at Cypress Glen include a 90%, 80% or 50% refund provision.

- **90% Return of Capital™ Residency Agreement:** Under the 90% Return of Capital™ Residency Agreement, the resident or resident's estate will receive a refund of the entrance fee previously paid by the resident, without interest, less 2% for each month of residency or portion thereof for up to 5 months. Subject to Cypress Glen's right of offset, the refund of the entrance fee will not be less than 90%. The refund will be paid at such time the residence is reserved by a new resident and when that

new resident has paid the full amount of the entrance fee, or within 2 years from the date of cancellation, whichever occurs first.

- **80% Return of Capital™ Residency Agreement:** Under the 80% Return of Capital™ Residency Agreement, the resident or resident's estate will receive a refund of the amount of the Entrance Fee previously paid by the resident, without interest, less 2% for each month of residency or portion thereof for up to 10 months. Subject to Cypress Glen's right of offset, the refund of the entrance fee will not be less than 80%. The refund will be paid at such time the residence is reserved by a new resident and when that new resident has paid the full amount of the entrance fee, or within 2 years from the date of cancellation, whichever occurs first.
- **50% Return of Capital™ Residency Agreement:** Under the 50% Return of Capital™ Residency Agreement, the resident or resident's estate will receive a refund of the amount of the entrance fee previously paid by the resident, less 2% for each month of residency or portion thereof for up to 25 months. Subject to Cypress Glen's right of offset, the refund of the entrance fee will not be less than 50%. The refund will be paid at such time that the residence is reserved by a new resident and when that new resident has paid the full amount of the Entrance Fee, or within 2 years from the date of cancellation, whichever occurs first.
- **Standard Residency Agreement:** In addition, Cypress Glen offers the Standard Residency Agreement, under which the refundable portion of the entrance fee decreases on a monthly basis and amortizes to 0% after a 50-month period. Once the amortization period has elapsed, no refund is payable upon termination of the contract or the death of the resident. This Residency Agreement therefore does not create refundable entrance fee obligations beyond the initial amortization period.

22.2. Conditions for Refunds Prior to Occupancy

22.2.1. Nonacceptance

If the resident is not accepted for residency at the community, the full amount of the entrance fee paid by the resident will be promptly refunded, without interest. If the resident's spouse or second person does not meet the requirements for residency, said person may be admitted directly into the Health Center as long as accommodations are available, such person qualifies for the care available in the Health Center, and admission is acceptable in accordance with state law and regulations. The resident will pay the full charges for such level of care.

22.2.2. Right of Recission

In accordance with North Carolina laws and regulations governing continuing care retirement communities, a resident has the right to rescind the Residency Agreement within 30 days following the later of:

- Their execution of the Residency Agreement, or
- The receipt of a Disclosure Statement.

The resident is not required to move into the community before the expiration of the 30-day rescission period. If the resident rescinds the Residency Agreement, the full amount of the entrance fee paid by the resident will be refunded, without interest, within 60 days of receipt of the written notice of rescission.

22.2.3. Cancellation Prior to Occupancy Due to Death, Illness, Injury, Incapacity or a Substantial Change in Physical, Mental or Financial Condition

If the resident dies before occupying a residence at the community or if, on account of illness, injury, incapacity, a resident is unable to occupy the residence at the community, then the Residency Agreement will automatically cancel. The resident may also cancel the Residency Agreement prior to occupancy due to a substantial change in the resident's physical, mental or financial condition. In all of these events of cancellation prior to occupancy, the resident or resident's estate will receive a refund of the entrance fee paid, without interest, less any costs specifically incurred by the community at the resident's request. Under a Residency Agreement for an existing unit, said refund will be made within 60 days of receipt of the notice of cancellation.

22.2.4. Cancellation Prior to Occupancy for Other Reasons

If the resident cancels the Residency Agreement prior to occupancy, but after the right of rescission period, for reasons other than those stated in Section 22.2.3 – Cancellation Prior to Occupancy Due to Death, Illness, Injury, Incapacity or a Substantial Change in Physical, Mental, or Financial Condition, the resident will receive a refund of the entrance fee paid, less a non-refundable portion of the entrance fee not to exceed the greater of \$3,000, or 2% of the entrance fee and less any costs specifically incurred by the community at resident's request. Under a Residency Agreement for an existing unit, said refund will be made within 60 days of receipt of the notice of cancellation.

22.3. Refund Obligations as of September 30, 2025

Category	Number of Contracts	Aggregate Amount
Refunds due once all contractual conditions are met	2	\$46,053
Refunds currently due (including amounts 30+ days past due)	1	\$9,595
Resident now in non-independent living unit – unit not resold	0	0
Resident now in non-independent living unit – unit resold	0	0

As of September 30, 2025, UMRH had \$55,658 in total refundable entrance fee obligations. One refund was contractually due or past due at year-end. All other obligations have been satisfied in accordance with contract terms under the Residency Agreements as independent living units are resold and replacement entrance fees are received; however, the timing of refund payments depends on the pace of independent living unit turnover.

23. Financial Hardship Policies

23.1. Policies for Residents Unable to Pay

It is the policy of UMRH to permit residents to remain in the community if they become unable to pay monthly fees through no fault of their own, provided they have first fully applied their available assets and income. Prior to providing benevolent assistance, the resident will be required to downgrade to the smallest unit, when available. The community will handle the actual move for the resident, and they will not be eligible for an entrance fee refund. Two people occupying a unit together will not be required to move to a unit smaller than a one bedroom. Residents are not discharged solely due to financial hardship once admitted under a Residency Agreement and are permitted to remain in the community indefinitely as long as providing financial assistance does not impair UMRH's ability to operate Cypress Glen on a sound financial basis.

23.2. Sources of Financial Support

Gifts to the UMRH Foundation provide funds to improve life at UMRH's communities. For residents who have exhausted their financial means, UMRH and the UMRH Foundation offer benevolent support to help cover the cost of care. The Board of Trustees reviews and approves benevolence requests. Information about the Benevolent Endowment Fund can be found at Section 12 – Endowment Funds on page 21.

23.3. Conditions or Limitations

Financial assistance may be available to existing continuing care residents who live at Cypress Glen under a continuing care Residency Agreement. The resident cannot impair their ability to meet their financial obligations by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance as outlined in the Residency Agreement. A resident must meet all "spend-down" provisions and formally apply for benevolence as established in UMRH's Benevolence Policy. Financial assistance funds are available as long as providing financial assistance does not impair UMRH's ability to operate Cypress Glen on a sound financial basis.

UMRH does not offer financial assistance to those residents who are admitted directly to assisted living, memory care or skilled nursing as private pay residents, as private pay residents are individuals who did not execute a Residency Agreement.

The guidelines for assets and monthly income that are used to determine the need and eligibility of any resident who applies for benevolence are provided in UMRH's Benevolence Policy. The Executive Director, Chief Financial Officer and Corporate Executive Director, in full agreement, may approve a temporary alteration to the benevolence procedure on an emergency basis, provided that the resident meets the financial guidelines.

23.4. Narrative

In 2025, UMRH and the UMRH Foundation credited \$349,889 in direct benevolence care support to Cypress Glen residents. As of September 30, 2025, the UMRH Foundation maintained net assets of \$3,681,101 for Cypress Glen and \$1,962,485 for UMRH, designated for benevolent care and subject to the restrictions listed above and under Section 12 – Endowment Funds on page 21.

24. Contract Cancellation and Refund Policies

24.1. Provider-Initiated Cancellation

UMRH may terminate a Residency Agreement upon:

- **Before occupancy or commencement of services, if:**
 - **Failure to pay the entrance fee:**

If the resident executes the Residency Agreement but fails to pay their entrance fee.
 - **Nonacceptance based on residency criteria:**

If the resident is unable to meet the financial, health, and insurance requirements required for eligibility for admission to Cypress Glen.
 - **Death, illness, injury, incapacity, or a substantial change in physical, mental, or financial condition:**

If the resident dies before occupying the residence at Cypress Glen or if, on account of illness, injury, or incapacity, a resident is unable to occupy the residence at Cypress Glen, the Residency Agreement automatically cancels.
- **After occupancy or commencement of services, if:**
 - **Noncompliance:**

If the resident does not comply with the terms of the Residency Agreement or the published operating procedures, covenants, rules, regulations, and policies.
 - **Misrepresentation:**

If the resident misrepresents themselves or fails to disclose information during the residency process.

- **Nonpayment:**

If the resident fails to pay any charges to UMRH or any fees or charges due to UMRH, within 45 days of the date when such charges are due.

- **Threat to health or safety:**

If the resident's health status or behavior constitutes a substantial threat to the health, safety, or peace of themselves, other residents, or others, including the resident's refusal to consent to relocation, or behavior that would result in physical damage to the property of Cypress Glen or others.

- **Change in condition:**

If there is a major change in the resident's physical or mental condition, and the resident's condition cannot be cared for in the Community Health Center within the limits of Cypress Glen's license.

Cancellation by UMRH occurs only as a last resort, after it becomes clear to UMRH that cancellation is necessary, and after the resident and/or the resident's legal representative or responsible party has an opportunity to be heard. Additionally, in the event in which the resident's Residency Agreement must be cancelled due to a threat to health or safety or a change in their physical or mental condition, UMRH is authorized to transfer the resident to an appropriate hospital or other facility, and will promptly notify the resident's personal representative or attending physician.

24.2. Resident-Initiated Cancellation

A resident may cancel a Residency Agreement under the following circumstances:

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

In accordance with North Carolina laws and regulations governing continuing care retirement communities, a resident has the right to rescind the Residency Agreement within 30 days following the later of their execution of a Residency Agreement or the receipt of a Disclosure Statement. The resident is not required to move into Cypress Glen before the expiration of the 30-day rescission period. If the resident rescinds the Residency Agreement, the full amount of the entrance fee paid will be refunded, without interest, within 60 days of receipt of the written notice of rescission.

A resident may cancel at any time. If the resident dies before occupying the residence at Cypress Glen or if, on account of illness, injury or incapacity, a resident is unable to occupy the residence at Cypress Glen, then the Residency Agreement will automatically cancel. The resident may also cancel the Residency Agreement prior to occupancy due to a substantial change in the resident's physical, mental or financial condition. In all of these events of cancellation prior to occupancy, the resident or resident's estate will receive a refund of the entrance fee paid, without interest, and less any costs specifically incurred by Cypress Glen at the resident's

request. Said refund will be made within 60 days of the receipt of the notice of cancellation.

If the resident cancels the Residency Agreement prior to occupancy, but after the right of rescission period for reasons other than death, illness, injury, incapacity, or a substantial change in the resident's physical, mental or financial condition, the resident will receive a refund of the entrance fee paid, without interest, less a nonrefundable portion of the entrance fee not to exceed the greater of \$3,000 or 2% of the entrance fee and less any costs specifically incurred by Cypress Glen at resident's request. The non-refundable portion of the entrance fee will not exceed the amount of fees transferred to UMRH. Additionally, a service charge will not be assessed against a resident due to a termination of the Residency Agreement because of UMRH's failure to meet its obligations under the contract, or upon its failure to obtain a permanent license as required by law.

Said refund will be made within 60 days of receipt of the notice of cancellation.

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

A resident may voluntarily cancel by providing 30 days' prior written notice of cancellation, which is effective and irrevocable upon delivery. Cancellation occurs 30 days after written notice is delivered, and the resident must remove personal property from the residence and from any storage unit within the 30-day notice period. The resident is obligated to pay the monthly fee during the 30 days, and thereafter if the residence has not been released to Cypress Glen. Refund of the entrance fee shall be as outlined in Section 22 – Refundable Entrance Fee Obligations.

In the event of cancellation of the Residency Agreement after occupancy or commencement of services, UMRH will offset against any entrance fee refund due to the resident or the resident's estate the following:

- The amount of unpaid monthly fees, prorated monthly fees for the period of time the residence was occupied (including the period of time until the resident or the resident's representative removes all their personal property from the residence or any storage unit) after the contract is cancelled
- Any extra charges
- Any health care expenses incurred on the resident's behalf and other amounts payable to the community that remain unreimbursed
- Any charges incurred to restore the residence to good condition, except for normal wear and tear

24.3. Refunds Upon Cancellation

- If the resident is not accepted for residency at Cypress Glen, the full amount of the entrance fee paid by the resident will be promptly refunded, without interest.

- Refundable entrance fees are returned in accordance with Section 22 – Refundable Entrance Fee Obligations on page 37, Section 24.1 –Provider-Initiated Cancellation on page 41, or Section 24.2 – Resident-Initiated Cancellation on page 42. They are outlined in Section 9 – Refund of Entrance Fee of the Residency Agreements.
- Non-refundable portions of entrance fees are retained by UMRH.
- Prepared monthly fees are prorated to the date the living unit is vacated or services cease, and any remaining balance is refunded.

24.4. Refunds Upon Death

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

If a resident dies before moving into the community, the entrance fee is refundable in full, less the non-refundable \$250 application fee for an individual and \$350 application fee for a couple.

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

Refunds are made according to the standard entrance fee provisions described in Section 22 – Refundable Entrance Fee Obligations on page 37. Prepaid monthly fees are prorated to the date of death and refunded.

25. Re-occupancy of Units

A living unit at Cypress Glen may be reassigned to a new resident under the following circumstances:

25.1. Resident-Initiated Vacating

- **Voluntary termination:**

When a resident cancels their Residency Agreement and permanently vacates the living unit.

- **Transfer to a higher level of care:**

When a resident moves from independent living to assisted living or skilled nursing, and the contract permits the original living unit to be reassigned.

25.2. Provider-Initiated Vacating

- **Transfer to a higher level of care and permanent relocation to Health Center Level Services:**

UMRH reserves the right to relocate a resident to a different residence or higher level of care after consultation with the resident, resident's family and attending physician if it is determined that such a move should be made for the benefit of the resident or for the proper operation of Cypress Glen or to meet the requirements of

the law. In the event the resident requires permanent care in the Health Center (beyond the 6 free days of care allocated to a resident), the resident will pay the per diem charge applicable to the level of care required by the resident, as well as the charges for physician services and any additional health services. If the resident is determined appropriate for Health Center Level Services (assisted living, memory care or skilled nursing care), and is permanently relocated to the Health Center or another care facility licensed to provide the resident with the appropriate care the resident needs (a comparable facility), the resident will be required to release the residence to Cypress Glen and remove all of their personal property from the residence and from any storage unit. Cypress Glen has the right to reassign the residence for occupancy by others. Release of the resident's residence does not qualify the resident for a refund of the entrance fee, unless the Residency Agreement is canceled. Subject to the terms and conditions of the residency agreement, the resident will continue to pay the monthly fee.

- **Contract termination by provider:**

When a Residency Agreement is terminated by UMRH under the circumstances described in Section 24 – Contract Cancellation and Refund Policies on page 41.

- **Persistent nonpayment:**

When a resident fails to meet contractual payment obligations and UMRH declares the Residency Agreement terminated.

25.3. Temporary Absences

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

25.4. Refunds

Refunds associated with the vacating of a living unit are handled in accordance with Section 22 – Refundable Entrance Fee Obligations on page 37.

Reassignment of the unit after a resident's voluntary termination, as explained in Section 24.2 – Resident-Initiated Cancellation, affects the timing of the refund. Refunds made following a resident-initiated cancellation prior to occupancy are due 60 days after receipt of the notice of cancellation.

In the event a Residency Agreement is cancelled after occupancy, the resident will receive the refund of their entrance fee after reassignment of a unit to a new resident who has paid the full amount of the entrance fee or within 2 years from the date of cancellation, whichever occurs first, as explained in Section 22 – Refundable Entrance Fee Obligations on page 37.

26. Resident Relocation

Cypress Glen will generally not encourage residents to relocate or transfer from one residence to another after occupancy. The community maintains a policy to allow a resident to transfer when it may better meet the current needs of a resident.

Additionally, residents of Cypress Glen may be required to relocate from their current living unit to another living unit within the community under the following circumstances:

26.1. Resident Needs

UMRH reserves the right to relocate a resident to a different residence or a higher level of care after consultation with the Director of Nursing, the Medical Director, the Executive Director, resident, resident's family and attending physician if it is determined that such a move should be made for the benefit of the resident or for the proper operation of Cypress Glen or to meet the requirements of law.

- **Emergency entry and relocation:**

UMRH may enter the residence should it be necessary in an emergency to protect the resident's health or safety or the health or safety of other residents. If relocation is recommended by Cypress Glen's Medical Director or the resident's attending physician, Cypress Glen will request that the resident relocates to another residence within the community, to assisted living care or skilled nursing care, or another care facility licensed to provide the resident with the appropriate care the resident needs (a comparable facility).

- **Temporary relocation to the Community Health Center:**

In the event the resident requires temporary care in the Community Health Center (beyond the 6 free days of care allocated to a resident), the resident will pay a per diem charge applicable to the level of care required by the resident, as well as the charges for physician services and any additional health services.

- **Permanent relocation to Health Center Level Services:**

In the event the resident requires permanent care in the Community Health Center (beyond the 6 free days of care allocated to a resident), the resident will pay the per diem charge applicable to the level of care required by the resident, as well as the charges for physician services and any additional health services. If the resident is determined appropriate for Health Center Level Services (assisted living, memory care or skilled nursing care), and is permanently relocated to the Community Health Center or another care facility licensed to provide the resident with the appropriate care the resident needs (a comparable facility), the resident will be required to release the residence to Cypress Glen and remove all of their personal property from the residence and from any storage unit. Cypress Glen has the right to reassign the residence for occupancy by others. Release of the resident's residence does not qualify the resident for a refund of the entrance fee, unless the Residency

Agreement is canceled. Subject to the terms and conditions of the Residency Agreement, the resident will continue to pay the monthly fee.

- **Relocation within the Community Health Center:**

UMRH reserves the right to relocate the resident to a different level of care within the Community Health Center if the resident requires such care. Such relocation is made after a review by the Director of Nursing, the Medical Director, and the Executive Director in consultation with the resident's attending physician, the resident's personal representative, and the resident, to the extent possible.

26.2. Provider Needs

- **Relocation pursuant to financial assistance needs:**

UMRH may request that a resident transfer to a smaller residence if they need financial assistance.

- **Transfer to a hospital or other care facility:**

If it is determined after consultation with the resident's attending physician, the resident's personal representative and the resident to the extent possible, that the resident needs care beyond that which the Village Health Center is licensed to provide, the resident will be transferred to a hospital or other care facility. The resident will continue to pay the monthly fee for the residence.

26.3. Process

Transfer from One Independent Living Residence to Another Independent Living Residence

If a resident wishes to transfer from one independent living residence to a different independent living residence, the resident must:

- Submit a written request indicating why and when the resident wishes to transfer
- Receive prior approval from the Executive Director
- Enter into an Amendment to Residency Agreement – Transfer to a New Residence (Amendment) on their Residency Agreement

A resident will be credited for the current repayable portion of their entrance fee, calculated to the date of the Amendment. Based on the calculation of the current repayable portion of the entrance fee, Cypress Glen will determine whether the resident must pay an additional entrance fee based on the current entrance fee for the new residence as of the date of the Amendment. If a resident transfers to a residence with a lower entrance fee, no difference in entrance fee will be repaid. Once the Residency Agreement is terminated according to its terms, the resident or the resident's estate will be repaid based upon the date of the original Residency Agreement and the adjusted entrance fee amount applicable to the new residence as set forth in the Amendment.

If the resident must pay an additional entrance fee, the resident will be required to complete a new Confidential Data Applicable and disclose all assets and monthly income, as well as qualify financially for the new residence in accordance with Cypress Glen's Residency Policy.

The monthly fee paid by the resident will also be adjusted to the current monthly fee applicable to the new residence, pursuant to the terms in the Amendment. Residents will also be required to pay a refurbishing fee pursuant to the terms in the Amendment.

Transfer to Community Health Center

Residents who execute a continuing care Residency Agreement are given priority over nonresidents for admission to the Community Health Center. If a resident transferred to a residence with a lower monthly fee but then requires care in the Community Health Center, the monthly charges for care in the Community Health Center will be based upon the higher monthly fee for a period of two years from the date of the Amendment. The higher monthly fee charges do not apply to residents who were requested by UMRH to transfer to a smaller residence due to needing financial assistance. Residents who require care in the Community Health Center must enter into a separate admission agreement for the appropriate level of care, which will be signed by UMRH and the resident.

In the event the Community Health Center is fully occupied when the resident is determined to need assisted living or skilled nursing care services, the resident agrees to relocate to an alternate health care facility that provides services similar to the Community Health Center or to another care facility licensed to provide the appropriate care the resident needs (a comparable facility) until an appropriate space becomes available for the resident at Cypress Glen. UMRH is not responsible for the charges associated with a comparable facility. Upon the resident's relocation to a comparable facility, the resident will continue to pay the monthly fee.

Within 30 days following the date notice is delivered to the resident of their permanent relocation to the Community Health Center or a comparable facility for Health Center Level Services, or to another care facility licensed to provide the resident the appropriate care they need, the resident's personal property must be removed from the residence and from any storage unit. If the resident's personal property is not removed from the residence and from any storage unit within these 30 days, UMRH will continue to charge the resident the monthly fee or may remove and store such personal property at the resident's expense and risk.

Rights of Second Single Resident

When two joint residents reside in a single residence under a Residency Agreement, upon the death or permanent relocation of one resident to a different level of care at Cypress Glen, or other inability of that resident to continuing residing in the residence, the remaining resident may continue to reside in the residence under the terms of the Residency Agreement and shall pay the monthly fee.

27. Admission and Continuation Standards

27.1. Admission Requirements

Admission to Cypress Glen is subject to both health and financial screening at the time of application.

Residency Agreements

- **Financial standards:**

The financial evaluation of a prospective resident is dependent upon the prospective resident's net worth and average monthly income. UMRH uses the FINAID system to financially evaluate a prospective resident's net worth and monthly income. FINAID projects income for prospective residents based on their financial assets and income sources and compares this revenue to projected expenses such as monthly fees, personal expenses, and income taxes. A prospective resident who meets all other qualifications for residency but fails to meet the financial qualifications may still be accepted for residency if one or both of the following apply:

- **Third party guarantee:**

A third party with adequate resources agrees in writing prior to a prospective resident's acceptance for residency to guarantee payment of the prospective resident's obligations under the Residency Agreement.

- **Waiver by the UMRH Board of Trustees:**

Upon special application by the prospective resident, the financial requirements may be waived by the UMRH Board of Trustees in its sole discretion.

- **Health standards:**

An inquiry is made into all prospective residents regarding the prospective resident's ability to live in a residence, with or without reasonable accommodation or reasonable modification. A prospective resident who poses a direct threat to the health and safety of themselves or others, or whose tenancy would result in substantial physical damage to the property of others or the community, does not qualify for residency in a residence. To determine whether a prospective resident meets the health guidelines, the following information will be gathered:

- **Confidential Data Application and Resident Health Information Form:**

Insurance and health information will be obtained on a Confidential Data Application and Resident Health Information Form, to be completed by the prospective resident.

- **Memory Health Assessment:**

A Memory Health Assessment, to be administered by the Community.

- **Health Information Form:**

A Health Information Form, to be completed by the prospective resident's physician.

If admission is denied due to the resident's failure to meet admission standards, UMRH can cancel the Residency Agreement.

27.2. Continuation Requirements

Continuation is subject to ongoing standards. The resident may reside in their residence for as long as they live unless they are not capable of occupancy or the Residency Agreement is terminated by them or UMRH. If, in the opinion of the resident's attending physician or the Medical Director, their physical or mental health requires the resident to have home care services, assisted living services or nursing care services, they will be requested to obtain the needed services in their residence (at their expense) or relocate to the Community Health Center or another care facility licensed to provide the resident with the appropriate care the resident needs (a comparable facility).

If a resident encounters financial difficulties after residency at Cypress Glen and is unable to pay the total monthly fee or the fees for care in assisted living, memory care or skilled nursing care, these charges may be deferred as long as the resident has met the provisions under the Benevolence Policy. A resident may be permitted to remain at Cypress Glen for reduced fees based on their ability to pay for as long as the resident establishes facts to justify the deferment. Financial assistance is not available to a resident if they impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy.

27.3. Changes in Condition Before Occupancy or Commencement of Services

If a resident's condition changes before occupancy or commencement of services, the resident may cancel the Residency Agreement.

28. Age and Insurance Requirements

28.1. Age Requirements

A prospective resident must have attained their 62nd birthday by the anticipated date of residency. A prospective resident who meets all other qualifications for residency but fails to meet the age qualifications may still be accepted for residency if the prospective resident is age 55 or older and is applying for the same residence as a prospective resident or current resident who is 62 or older by the anticipated date of residency.

28.2. Insurance Requirements

When eligible, the resident is required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to UMRH to assure the resident's ability to fully cover a Medicare-qualified stay in the Health Center or a comparable facility. The resident shall furnish to UMRH such evidence of coverage as UMRH may time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should the resident's supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Health Center or a comparable facility, or should the resident fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Health Center or a comparable facility, the resident shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Health Center or a comparable facility. If the resident is eligible to receive the 6 free days of nursing care in the Health Center and the resident's stay in the Health Center is a Medicare-qualified stay, such 6 free days will be applied after the expiration of the resident's qualified stay providing that the resident has Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

If the resident is not eligible for Medicare, the resident shall maintain health insurance coverage acceptable to UMRH and shall furnish UMRH with evidence of such coverage upon UMRH's request. Should the resident's health insurance not fully cover the resident's stay in the Health Center or a comparable facility, the resident shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each admission and stay in the Health Center or a comparable facility.

If failure to maintain Medicare Part A, Medicare Part B, supplemental health insurance or other health insurance coverage causes depletion of the resident's resources and impairs the resident's ability to meet their financial obligations, UMRH need not defer to the resident's financial obligations and retains the right to cancel the Residency Agreement.

UMRH will use reasonable efforts to assist the resident with working with the resident's long-term care insurance provider to obtain the benefits to which the resident may be entitled.

28.3. Special Conditions

The final determination of whether the prospective resident is acceptable for residency to the retirement community will be made by the UMRH Corporate Executive Director after taking into consideration the recommendations of the Cypress Glen Executive Director and the UMRH Chief Financial Officer.

Occasionally, after gathering all the prospective resident's health information, there may still be questions about whether the community can accommodate the prospective resident in a residence. If this uncertainty exists, this will be disclosed to the prospective resident, and the community will discuss additional health information that is needed. In

such event, the prospective resident will be asked to execute an authorization that allows the community to obtain additional health or medical information to make a residency decision. Any questions about the resident's capability to meet the requirements of living in a Cypress Glen residence may also require a second opinion from the Medical Director.

If a prospective resident misrepresents themselves in the residency process and subsequently becomes a resident of the community, Cypress Glen, upon discovering the misrepresentation, may revoke the resident's right to reside at the community pursuant to the terms of the Residency Agreement.

29. Reserve Funding and Refund Security

29.1. Cash and Investments

As of September 30, 2025, UMRH held \$132,533,118 in unrestricted cash and investments.

29.2. Investment Management and Oversight

- **Oversight Body:**

The Finance, Investment and Audit Committee

- **Day-to-Day Management:**

UMRH retains Alex. Brown (a division of Raymond James & Associates, Inc. (Raymond James)), an SEC-registered investment adviser under the Investment Advisers Act of 1940, to manage its investment portfolio on a discretionary basis. Alex. Brown/Raymond James serves as a fiduciary to UMRH and manages assets pursuant to a written Investment Policy Statement approved by the UMRH Board of Trustees.

- **Policy and Controls:**

Investments are managed under the UMRH and UMRH Foundation Investment Policy. Along with the Finance, Investment and Audit Committee, UMRH uses an Investment Consultant (Oppenheimer & Co.) to assist in establishing investment policy, objectives and guidelines and oversight of the Investment Adviser (Alex. Brown/Raymond James) who invest funds according to UMRH policy. The Investment Policy emphasizes capital preservation, liquidity, and long-term growth. Assets are diversified across public equities, high-quality fixed income, and cash equivalents. Illiquid investments are not permitted, and the entire portfolio is invested in commingled exchange traded funds and mutual funds that can be liquidated in one day. The team at Alex. Brown receives an asset-based management fee, which includes custody of assets at Raymond James, and does not receive commissions or compensation for the sale of specific securities and does not utilize proprietary products.

- **Experience:**

Alex. Brown has been in business since 1800, and Raymond James has been in business since 1962. Both entities started working with UMRH in 2016.

29.3. Statutory Operating Reserve Requirement

As of September 30, 2025, Cypress Glen's 12-month rolling average independent living unit occupancy was 97.23%. Based on this level of occupancy, the required statutory opening reserve was 25% of projected operating costs for the next 12 months.

Because UMRH is part of an obligated group that maintains a separate Debt Service Reserve Fund, principal and interest payments are excluded from the operating reserve calculation.

Table 29.1: Statutory Operating Reserve Calculation (as of September 30, 2025)

Component	Amount
Total projected operating expenses	\$25,945,050
Add: Debt service (principal)	\$483,000
Less: Principal and interest (covered by Debt Service Reserve Fund)	(\$2,828,000)
Less: Depreciation and amortization	(\$3,784,241)
Net projected operating costs	\$19,815,809
Applicable reserve percentage based on occupancy	25%
Required operating reserve	\$4,953,952
Unrestricted cash & investments on hand	\$132,533,118
Excess above required reserve	\$127,579,166

Summary: The required statutory operating reserve was \$4,953,952 million. Provider held \$132,533,118 million in unrestricted cash and investments, providing an excess cushion of \$127,579,166 million above the statutory minimum.

29.4. Refund Security (Entrance Fee Refunds)

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

- \$112,503,109 of unrestricted liquidity above the statutory operating reserve.

UMRH has escrows for expansion funds, and it has reserve funds through the statutory Operating Reserve. UMRH is not required by statute to escrow entrance fees, and none are maintained in escrow. Additionally, UMRH holds surety bonds on the resident fund account for situations in which UMRH is the representative payee or the resident's onsite bank. UMRH also holds lines of credit on construction-related matters.

The Operating Reserve is not a designated refund reserve, and that use of funds counted toward the operating reserve requirement requires approval of the Commissioner.

Table 29.2: Unrestricted Cash and Investment Summary as of September 30, 2025

Category	Amount	Notes
Total unrestricted cash & investments	\$132,533,118	All liquid balances (cash and investments)
Less: Required operating reserve	\$20,030,009	Must be maintained; release requires regulatory approval
Less: Board-designated for refunds	(\$0)	Internal designation; unrestricted under GAAP
Excess unrestricted cash and investments above operating reserve and board designated refund reserve	\$112,503,109	Available for operations and refund needs (outside of designated reserves)

30. Expansion and Renovation Plans

Overview of the Expansion Project (the Project)

UMRH is currently constructing an expansion project at Cypress Glen which includes:

- 57 new independent living apartments with underbuilding parking (the South Wing Apartments)
- Improvements to community amenities and administrative areas (new auditorium, new dining facility with outdoor dining, a woodworking shop, upgrades to the central kitchen, remodel and improvement of office and administrative areas)
- Improvements to the site (construction of a flood control levee, new entry with guardhouse and signage, new independent living courtyard, new maintenance shed and additional parking)

The Project has been primarily funded through bonds, which finances the costs of the expansion project, funds a portion of interest during construction, and pays certain expenses incurred in connection with the issuance of the bonds.

South Wing Apartments Pre-Sales:

As of March 5, 2024, all 57 of the South Wing Apartments have been pre-sold by receipt of the executed Residency Agreement and the related 10% deposit.

Completion Timeline:

Cypress Glen welcomed new residents into the new expansion apartment building in January of 2026, with the Dining and Auditorium building expected to be completed by May 2026. The flood levee, maintenance garage, administrative area renovation and woodworking shop were completed in 2025.

The following table outlines the proposed timeline for the Project:

Table 30.1: Cypress Glen Project Timeline

Event	Date
Began Construction on the Project	February 2024
South Wing Apartments Available for Occupancy*	January 2026
Construction Complete on the Project	December 2026
South Wing Apartments Achieve Stabilized Occupancy	September 2026

*Construction completion of the South Wing Apartments was in January 2026 and construction completion of the common area expansion and renovation is expected in March 2026.

Table 30.2: Unit Mix Prior to and Upon Completion of the Project

Units	Current	Removed	Project	Post Completion
Independent Living Units	212	–	57	269
Assisted Living Units	30	–	–	30
Memory Care Units	12	–	–	12
Skilled Nursing Beds	30	–	–	30
Total	284	–	57	341

Table 30.3: The Project Unit Mix and Pricing – South Wing Apartments

Apartment	Unit Count	Square Footage	Standard Entrance Fee Plan	Standard Entrance Fee Plan (Double)	Monthly Fee	Monthly Fee (Double)
Holly (1 Bedroom Den)	6	1,099	\$223,000	\$232,751	\$4,052	\$5,513
Pine (2 Bedroom Deluxe)	6	1,155	\$235,000	\$244,751	\$4,258	\$5,719
Maple (2 Bedroom Inside Corner)	12	1,283	\$260,000	\$269,751	\$4,731	\$6,192
Spruce (2 Bedroom Den)	18	1,347	\$274,000	\$283,751	\$4,965	\$6,426
Cedar (2 Bedroom Outside Corner)	12	1,401	\$285,000	\$294,751	\$5,164	\$6,625
Sycamore (2 Bedroom Penthouse)	3	1,884	\$393,000	\$402,751	\$6,590	\$8,051

Fees are effective upon the anticipated opening, December 1, 2025.

In addition to the Standard Entrance Fee Plan, UMRH also offers the 50% Refund Plan, the 80% Refund Plan, and the 90% Refund Plan. Entrance fees under the 50% Refund Plan, 80% Refund Plan and 90% Refund Plan are higher than the Standard Entrance Fee Plan by a factor of 1.40, 1.70 and 1.92, respectively. Monthly fees are the same for all refund plans.

The second person entrance fee adds \$9,751 and the second person monthly fee adds \$1,461.

31. Audit Opinion and Timeliness

The consolidated financial statements of UMRH for the fiscal year ending on September 30, 2025, were audited by Forvis Mazars, LLP.

- **Timeliness:**

The audit was completed and issued within 150 days of fiscal year-end, meeting statutory requirements.

- **Audit Opinion:**

The independent auditor issued an unqualified opinion (a “clean” audit opinion) on the consolidated financial statements.

UMRH does not issue separate stand-alone audited financial statements; its financial information is presented within the consolidated audit of UMRH, The United Methodist Retirement Homes Foundation, Inc., UMRH Affordable Housing Development, LLC, and Wesley Ridge of Lumberton, LLC, with consolidating schedules.

32. Audited Financial Statements

The audited consolidated financial statements of UMRH for the fiscal year ended September 30, 2025, are attached hereto as Appendix A and form an integral part of this Disclosure Statement. These statements include the balance sheet, statement of operations, statement of cash flows, and accompanying notes, and have been prepared in accordance with generally accepted accounting principles (GAAP).

Because the financial statements include UMRH, UMRH Foundation, and UMRH Affordable Housing Development, LLC as referenced in Section 5 – Related Parties and Section 8 – Obligated Groups and are presented on a consolidated basis, supplemental consolidating schedules provide provider-level detail for UMRH. As explained in Appendix A, all significant intercompany accounts and transactions have been eliminated. UMRH, UMRH Foundation, and UMRH Affordable Housing Development, LLC are collectively referred to as the “Company.”

33. Five-Year Prospective Financial Statements

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

Because the prospective financial statements are presented on a consolidated basis, supplemental consolidating schedules provide prospective operating results for UMRH on a stand-alone basis.

34. Variances from Prospective Financial Statements

For the fiscal year ended September 30, 2025, management reviewed the results of operations for UMRH against the prospective financial statements filed in the prior year.

Variances included both financial line items and key assumptions, such as occupancy, used in preparing the projections. The following material variances were identified:

Table 34.1: Variance Analysis - Fiscal Year Ended September 30, 2025

Category	Projected Amount	Actual Amount	Variance	Explanation
Purchases of Property and Equipment	\$55.2 million	\$42.7 million	-\$12.5 million	Projected construction costs were inconsistent with actual out-of-pocket costs throughout the fiscal year but are expected to fall within budget at completion.
Accounts Payable	\$3.7 million	\$8.4 million	+\$4.7 million	Projection included an estimated construction liability that was much higher than expected.
Operating Expenses	\$22.5 million	\$20.4 million	+\$2.1 million	Projected expenses include an allocation of the Corporate Office expense of \$1.6 million as required by statute. Actual financials do not allocate these expenses.
Assets Limited as to Use, Debt Service	\$8.0 million	\$19.5 million	+\$11.5 million	Construction draws related to the expansion were slower than the budgeted schedule.

35. Key Financial Metrics

This section presents the eight statutory financial ratios required under N.C. Gen. Stat. § 58-64A-150(a)(39). Historical values are based on audited financial statements; prospective values are derived from the provider's five-year prospective financial statements. Comparative statewide medians will be published by the North Carolina Department of Insurance beginning in late 2026.

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

Full statutory text of definitions is provided in Appendix F.

35.1. Liquidity Ratios

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

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

Table 35.1: Liquidity Ratios – Provider Only

Ratio	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
DCOH	574.07	689.92	699.82	695.67	745.67	694.97
CUSH	12.60x	13.67x	14.48x	12.97x	16.81x	13.07x

Narrative – Provider Only:

The provider's Days Cash on Hand continues to be strong and well-above the covenant of 250 days, providing a buffer against individual campus fluctuations. There is no covenant regarding the CUSH ratio.

Table 35.1A: Liquidity Ratios – Obligated Group

Ratio	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
DCOH	574.86	690.80	700.69	695.67	745.67	694.97
CUSH	12.62x	13.69x	14.50x	12.97x	16.81x	13.07x

Narrative – Obligated Group:

The group's Days Cash on Hand continues to be strong and well-above the covenant of 250 days, providing a buffer against individual campus fluctuations. There is no covenant regarding the CUSH ratio.

35.2. Profitability Ratios

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

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

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

Table 35.2: Profitability Ratios – Provider Only

Ratio	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
OR	88.88%	87.94%	85.70%	90.36%	85.38%	86.25%
NOM	10.05%	12.24%	13.99%	11.62%	13.36%	15.22%
NOM-A	24.11%	21.63%	22.28%	21.61%	22.22%	24.51%

Narrative – Provider Only:

The provider's Profitability ratios indicate a consistent ability to generate surpluses from operations. This allows the provider to make well-informed decisions concerning the funding of residential care and other operational needs, maintenance of the existing plant and equipment and the creation of reserves. None of the Profitability ratios has covenant requirements.

Table 35.2A: Profitability Ratios – Obligated Group

Ratio	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
OR	88.88%	87.94%	85.68%	90.36%	85.38%	86.25%
NOM	10.03%	12.23%	13.97%	11.62%	13.36%	15.22%
NOM-A	24.09%	21.63%	22.27%	21.61%	22.22%	24.51%

Narrative – Obligated Group:

The group's Profitability ratios indicate a consistent ability to generate surpluses from operations. This allows the provider to make well-informed decisions concerning the funding of residential care and other operational needs, maintenance of the existing plant and equipment and the creation of reserves. None of the Profitability ratios has covenant requirements.

35.3. Capital Structure Ratios

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

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

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

Table 35.3: Capital Structure Ratios – Provider Only

Ratio	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
DSCR	3.22x	2.40x	3.10x	1.97x	2.55x	2.26x
CD	96.54%	104.92%	115.03%	126.86%	98.58%	103.05%
CED	156.14%	160.70%	374.75%	384.37%	395.71%	111.52%

Narrative – Provider Only:

The provider’s Capital Structure ratios reflect a positive long-term viability for UMRH and its campuses. They ensure funds are available to meet the long-term contractual needs of residents, as well as strategic growth objectives relating to existing and future facilities. The Debt Service Coverage ratio exceeds the covenant of 1.2x and the Unrestricted Cash & Investments to Long-Term Debt ratio exceeds the covenant of 35%. There is no covenant for the CED ratio, however fiscal years 2025-2027 reflect expansion growth at all 3 campuses.

Table 35.3A: Capital Structure Ratios – Obligated Group

Ratio	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028
DSCR	3.22x	2.43x	3.14x	1.97x	2.55x	2.26x
CD	96.69%	105.05%	115.19%	126.86%	98.58%	103.05%
CED	156.14%	160.70%	374.75%	384.37%	395.71%	111.52%

Narrative – Obligated Group:

The group’s Capital Structure ratios reflect a positive long-term viability for UMRH and its campuses. They ensure funds are available to meet the long-term contractual needs of residents, as well as strategic growth objectives relating to existing and future facilities. The Debt Service Coverage ratio exceeds the covenant of 1.2x and the Unrestricted Cash & Investments to Long-Term Debt ratio exceeds the covenant of 35%. There is no covenant for the CED ratio, however fiscal years 2025-2027 reflect expansion growth at all 3 campuses.

35.4. Overall Summary

Both the provider and the obligated group demonstrate sound liquidity, improving profitability, and conservative leverage. These ratios confirm that UMRH operates within a financially resilient group that provides additional stability and access to shared reserves. Projected performance indicates stable or modestly improving results through FY 2028, with sufficient capacity to fund operations, service debt, and support ongoing capital renewal.

36. Actuarial Opinion and Balance

UMRH retained Continuing Care Actuaries, LLC to develop a population projection as of September 30, 2024. The actuarial report evaluates UMRH's current and projected financial position and determines whether UMRH is in satisfactory actuarial balance. The actuary was prepared within the prior 3 years as required by North Carolina law and reviewed UMRH's prospective financial statements for the next five years using standard actuarial methods and assumptions that concluded that UMRH is in satisfactory actuarial balance as of September 30, 2024. Key assumptions, based on historical resident data, included:

- The following unit counts by level of care: 269 (independent living, which accounts for the 57-unit expansion); 42 (assisted living, 12 of which are memory care); 30 (skilled nursing)
- The average new entrant age assumptions: 82.5 years old (couple male); 80.5 (couple female); 85 years old (single male); 82.7 (single female)
- The projected independent living occupancy: 207 units occupied and 77% occupancy (FY 2025) and 263 units occupied and 97.8% occupancy (FY 2026 and thereafter)

Occupancy projections were based on management's best assessment of market conditions available at the time of the actuarial study.

The actuary concluded that Cypress Glen is in satisfactory actuarial balance and that Cypress Glen's independent living units are projected to achieve the ultimate occupancy of 97.8%.

As of the date of filing this Disclosure Statement, UMRH is not required to obtain a new actuarial study under North Carolina law because it is a provider that only offers health care on a fee-for-service basis or only provides a limited number of free days in a long-term care facility. Pursuant to North Carolina law, UMRH is required to submit to the Commissioner an actuarial projection at least once every 5 years.

37. Most Recent Department Examination Report

The North Carolina Department of Insurance has not concluded an examination of UMRH pursuant to Article 64A of the North Carolina General Statutes.

38. Other Material Information

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

39. Contract Forms and Attachments

UMRH offers 3 continuing care Residency Agreements, which differ primarily in their entrance fees, monthly fees and entrance fee refund provisions. They do not materially differ in the scope and level of health care services offered, contract duration or termination rights, or financial and health eligibility standards.

- **90% Return of Capital™ Residency Agreement** – Under the 90% Return of Capital™ Residency Agreement, resident or resident's estate will receive a refund of the amount of the entrance fee previously paid by the resident, without interest, less 2 percent for each month of residency or portion thereof for up to 5 months. Subject to the community's right of offset, the refund of the entrance fee will not be less than 90%. Said refund will be paid at such time the residence is reserved by a new resident, and said new resident has paid the full amount of the entrance fee or within 2 years from the date of cancellation, whichever occurs first.
- **80% Return of Capital™ Residency Agreement** – Under the 80% Return of Capital™ Residency Agreement, resident or resident's estate will receive a refund of the amount of the entrance fee previously paid by the resident, without interest, less 2% for each month of residency or portion thereof for up to 10 months. Subject to the community's right of offset, the refund of the entrance fee will not be less than 80%. Said refund will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the entrance fee or within 2 years from the date of cancellation, whichever occurs first.
- **50% Return of Capital™ Residency Agreement** – Under the 50% Return of Capital™ Residency Agreement, resident or resident's estate will receive a refund of the amount of the entrance fee previously paid by the resident, without interest, less 2% for each month of residency or portion thereof for up to 25 months. Subject to the community's right of offset, the refund of the entrance fee will not be less than 50%. Said refund will be paid at such time as the residence is reserved by a new resident,

and said new resident has paid the full amount of the entrance fee or within 2 years from the date of cancellation, whichever occurs first.

- **Standard Residency Agreement** – Under the Standard Residency Agreement, resident or resident’s estate will receive a refund of the amount of the entrance fee previously paid by resident, without interest, less 2% for each month of residency or portion thereof for up to 50 months. After 50 months of occupancy, no refund of the entrance fee will be made. Said refund, if any, will be paid at such time as the residence is reserved by a new resident and said new resident has paid the full amount of the entrance fee or within 2 years from the date of cancellation, whichever occurs first.

A representative form of the most common Residency Agreement is attached hereto as Appendix D.

Appendix Index

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

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Appendix A – Audited Financial Statements



The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries

**Independent Auditor's Report, Consolidated Financial
Statements, and Consolidating Supplementary Information**

September 30, 2025 and 2024



The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
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September 30, 2025 and 2024

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Independent Auditor's Report

Board of Trustees
The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Durham, North Carolina

Opinion

We have audited the consolidated financial statements of The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of September 30, 2025 and 2024, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Company'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements, as a whole. The consolidating balance sheet information and the consolidating statement of operations and changes in net assets information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The consolidating balance sheet information and the consolidating statement of operations and changes in net assets information have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated 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 basic consolidated financial statements as a whole.

Forvis Mazars, LLP

**Charlotte, North Carolina
January 22, 2026**

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Consolidated Balance Sheets
September 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,219,037	\$ 4,952,922
Investments	129,519,440	120,954,343
Assets limited as to use, current portion	9,380,571	6,367,042
Accounts receivable, net	3,983,161	4,185,514
Other receivables	2,255,285	1,901,669
Inventories	247,784	195,250
Prepaid expenses and other current assets	1,500,382	1,560,515
Total Current Assets	<u>150,105,660</u>	<u>140,117,255</u>
Non-Current Assets		
Assets limited as to use, net of current portion	51,351,701	90,236,233
Investments - restricted	12,324,999	11,306,371
Property and equipment, net	271,839,544	229,861,132
Trusts receivable	166,340	140,672
Deferred marketing costs, net	153,977	180,545
Interest rate swap agreements	7,311,064	6,951,885
Total Non-Current Assets	<u>343,147,625</u>	<u>338,676,838</u>
Total Assets	<u><u>\$ 493,253,285</u></u>	<u><u>\$ 478,794,093</u></u>

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Consolidated Balance Sheets
September 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Annuity payable, current portion	\$ 39,649	\$ 64,724
Bonds payable, current portion	18,995,000	5,565,000
Accounts payable	11,985,801	7,621,769
Accrued salaries and related expenses	2,781,884	2,653,289
Accrued interest payable	3,382,251	3,638,821
Total Current Liabilities	<u>37,184,585</u>	<u>19,543,603</u>
Long-Term Liabilities		
Annuity payable, net of current portion	211,685	393,497
Bonds payable, net of current portion	196,851,322	215,950,738
Liability for refundable advance fees	14,548,871	14,473,247
Deferred revenue from non-refundable advance fees	97,027,622	96,694,741
Due to related parties	8,696	4,305
Funds held for others	56,942	92,581
Total Long-Term Liabilities	<u>308,705,138</u>	<u>327,609,109</u>
Total Liabilities	<u>345,889,723</u>	<u>347,152,712</u>
Net Assets		
Without donor restrictions	128,866,690	114,782,746
With donor restrictions	18,496,872	16,858,635
Total Net Assets	<u>147,363,562</u>	<u>131,641,381</u>
Total Liabilities and Net Assets	<u>\$ 493,253,285</u>	<u>\$ 478,794,093</u>

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2025 and 2024

	2025	2024
Revenues, Gains, and Other Support without Donor Restrictions		
Net resident and patient service revenue	\$ 87,057,307	\$ 82,519,871
Amortization of advance fees	12,392,998	11,421,393
Net assets released from restrictions	642,522	725,843
Other	269,153	93,773
Interest and dividend income	5,534,621	5,019,205
Total Revenues, Gains, and Other Support without Donor Restrictions	105,896,601	99,780,085
Expenses		
Nursing services	24,308,088	24,376,694
Dietary and food services	15,690,521	14,665,288
Administration	14,829,332	14,025,324
Plant operations, maintenance and security	9,409,353	8,692,898
Laundry and housekeeping	4,978,501	4,931,171
Resident services - activities	3,164,009	3,074,400
Home care	3,479,284	3,076,845
Interest	4,981,972	5,192,393
Depreciation and amortization	15,358,667	15,730,143
Loss on disposal of property and equipment	146,278	2,019,800
Total Expenses	96,346,005	95,784,956
Operating Income	9,550,596	3,995,129
Non-Operating Gains (Losses)		
Net investment gains, realized	5,286,532	1,205
Net investment (losses) gains, unrealized	(1,145,638)	15,964,162
Contributions	36,746	204,834
Construction related marketing costs	(76,410)	(390,113)
Change in fair value of interest rate swap agreements	359,178	(4,613,676)
Other	(25,404)	35,852
Net Non-Operating Gains	4,435,004	11,202,264
Excess of Revenues, Gains, and Other Support over Expenses	13,985,600	15,197,393
Net Assets Released from Restrictions for Purchase of Property and Equipment	98,344	76,938
Change in Net Assets without Donor Restrictions	\$ 14,083,944	\$ 15,274,331

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets
Years Ended September 30, 2025 and 2024 (Continued)

	<u>2025</u>	<u>2024</u>
Change in Net Assets with Donor Restrictions		
Contributions	\$ 912,879	\$ 968,030
Interest and dividend income	393,920	317,026
Net investment gains, realized	621,775	53,157
Net investment gains, unrealized	165,518	2,412,242
Change in split interest agreements	285,011	228,384
Maturity of split interest agreement	-	3,316
Change in value of pledges	-	(28,846)
Bad debt expense (recovery of bad debt)	-	3,000
Net assets released from restrictions	(740,866)	(802,781)
	<u>1,638,237</u>	<u>3,153,528</u>
Change in Net Assets with Donor Restrictions		
	15,722,181	18,427,859
Change in Net Assets		
	131,641,381	113,213,522
Net Assets, Beginning of Year		
	<u>\$ 147,363,562</u>	<u>\$ 131,641,381</u>

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	\$ 15,722,181	\$ 18,427,859
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	15,332,099	15,703,575
Amortization of deferred financing costs	44,137	97,819
Amortization of bond premium	(148,552)	(149,121)
Amortization of deferred marketing costs	26,568	26,568
Amortization of deferred revenue from advance fees	(12,392,998)	(11,421,393)
Non-refundable entrance fees received	13,845,363	29,956,546
Loss on disposal of property and equipment	146,278	2,019,800
Unrealized (losses) gains on investments and assets limited as to use	980,120	(18,376,404)
Realized gains on investments and assets limited as to use	(5,908,307)	(54,362)
Change in fair value of interest rate swap agreement	(359,179)	4,613,676
Change in		
Accounts receivable	202,353	(294,968)
Other receivables	(736,127)	(985,439)
Trusts receivable	(25,668)	(15,542)
Contributions receivable	-	25,846
Due from/to related parties	4,391	4,305
Inventories	(52,534)	36,053
Prepaid expenses and other current assets	60,133	(267,031)
Deferred marketing costs	-	(120,100)
Accounts payable	(281,842)	190,637
Accrued salaries and related expenses	128,595	395,788
Deferred revenue - other	-	(6,500)
Accrued interest payable	(256,570)	1,874,372
Funds held for others	(35,639)	6,009
Net Cash Provided by Operating Activities	26,294,802	41,687,993
Investing Activities		
Purchase of property and equipment	(52,822,005)	(22,936,766)
Purchase of investments	(35,051,710)	(20,341,142)
Sale of investments	29,247,331	1,274,219
Proceeds from sale of property and equipment	11,090	658,991
Net Cash Used in Investing Activities	(58,615,294)	(41,344,698)

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended September 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Financing Activities		
Refunds of deposits and refundable fees	(2,457,251)	(3,417,518)
Refundable entrance fees received	1,795,900	2,346,962
Payments on bonds and note payable	(5,565,000)	(5,410,000)
Deferred financing costs	-	(1,449,299)
Proceeds from issuance of bonds	-	68,186,170
Net change in annuity obligations	<u>(206,887)</u>	<u>(804)</u>
Net Cash (Used in) Provided by Financing Activities	<u>(6,433,238)</u>	<u>60,255,511</u>
Change in Cash, Cash Equivalents, and Restricted Cash	(38,753,730)	60,598,806
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>79,836,707</u>	<u>19,237,901</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u><u>\$ 41,082,977</u></u>	<u><u>\$ 79,836,707</u></u>
Supplemental Cash Flows Information		
Cash paid during the year for interest	\$ 8,529,994	\$ 5,164,917
Additions of property and equipment included in accounts payable	\$ 9,140,417	\$ 4,494,543

Note 1. Summary of Significant Accounting Policies

Organization

The United Methodist Retirement Homes, Incorporated ("UMRH") is a not-for-profit corporation, which principally provides housing, health care, and other related services to residents through the ownership and operation of Wesley Pines Retirement Community ("Wesley Pines") in Lumberton, North Carolina, Cypress Glen Retirement Community ("Cypress Glen") in Greenville, North Carolina, and Croasdaile Village Retirement Community ("Croasdaile Village") in Durham, North Carolina. UMRH was incorporated in North Carolina in 1946. UMRH's corporate office is located in Durham, North Carolina.

The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"), an affiliate of UMRH, is a not-for-profit corporation which was organized in order to raise endowment funds for the residential facilities operated by UMRH, to support benevolent care for residents who are unable to pay for continuing care at the residential facilities operated by UMRH, and to support special programs at the residential facilities operated by UMRH. The Foundation was incorporated under the laws of the State of North Carolina in 1994.

UMRH Affordable Housing Development, LLC ("UMRH-AHD"), a subsidiary of UMRH, is a limited liability company, which was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing affordable rental housing for senior citizens. UMRH is the sole member of UMRH-AHD.

Wesley Ridge of Lumberton, LLC ("Wesley Ridge") is a non-profit organization that offers affordable housing to senior adults ages 62 and older, and to disabled adults 18 years of age and older. Wesley Ridge was acquired by UMRH on January 31, 2022. As of September 30, 2025 and 2024, Wesley Ridge had total assets of approximately \$1,282,000 and \$1,304,000, respectively, and total unrestricted revenues, gains and other support of approximately \$187,000 and \$176,000, respectively, for the years then ended. Due to the limited financial activity, Wesley Ridge was not included in the consolidated financial statements as of September 30, 2025 and 2024.

UMRH Affordable Housing, Inc. ("UMRH-AH") is a taxable C-Corporation wholly owned by UMRH, created to support affordable housing initiatives. It has held membership interests in projects like Wesley Ridge to facilitate financing but is no longer essential to current operations.

The consolidated financial statements include the financial statements of UMRH, the Foundation, and UMRH-AHD. All significant intercompany accounts and transactions have been eliminated. UMRH, the Foundation, and UMRH-AHD are collectively referred to as the "Company".

Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments both readily convertible to known amounts of cash and so near maturity at acquisition (three-months or less when purchased) that there is an insignificant risk of change in value because of changes in interest rates. Cash equivalents are stated at cost, which approximates fair value. Throughout the year the Company has bank balances which exceed federal depository limits.

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2025 and 2024

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total amounts shown in the consolidated statements of cash flows:

	<u>2025</u>	<u>2024</u>
Cash	\$ 3,219,037	\$ 4,952,922
Investments – restricted	118,380	108,103
Assets limited as to use		
Construction funds	15,427,281	58,764,139
Entrance fee escrow	5,313,264	2,127,087
Debt service held by trustee	9,452,610	6,421,903
Held for others	56,941	92,581
Restricted cash for line of credit	234,120	234,120
Insurance regulation	3,744,950	3,765,627
Net assets with donor restrictions	<u>3,516,394</u>	<u>3,370,225</u>
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 41,082,977</u>	<u>\$ 79,836,707</u>

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Interest and dividend income are included in operating income unless the income or loss is restricted by donor or law. Gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating gains (losses).

Assets Limited as to Use

Assets limited as to use consist of funds held for debt service in accordance with the Company's bond issues, funds reserved by insurance regulation, construction funds, and funds held for residents. Net assets with donor restrictions are restricted by donors or grantors for a specific purpose.

Insurance regulation assets whose use is limited represents funds reserved to comply with North Carolina Department of Insurance regulations. The amount of this reserve is calculated annually in accordance with the requirements of N.C. General Statute 58, Article 64. These investments consist of cash, cash equivalents, and other short-term investments.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents approximates its fair value. The fair value of the Company's investments is presented in Note 3 and Note 5 and is based on quoted market prices. The carrying values of accounts receivable, other receivables, accounts payable, and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Company's interest rate swaps is presented in Note 8. The Company's long-term debt approximates the fair values of those obligations.

Accounts Receivable, Net

Accounts receivable are reported at estimated net realizable amounts from residents and responsible third-party payers. Amounts owed to the Company are reported net of explicit and implicit price concessions. Specific resident balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of accounts receivable involves significant assumptions and judgments. In this regard, the Company has implemented a standardized approach to estimate and review the collectability of its receivables based on resident receivable aging trends. Historical collection and payer reimbursement experience are an integral part of the

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Notes to Consolidated Financial Statements
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estimation process related to determining the ultimate collectability of accounts. In addition, the Company assesses the current state of its billing functions in order to identify any known collection or reimbursement issues to determine the impact, if any, on its reserve estimates, which involve judgment.

The Company performs periodic assessments to determine if an allowance for expected credit losses is necessary. The Company considers its incurred loss experience and adjusts for known and expected events and other circumstances. The Company does not believe there are any other significant concentrations of receivables that would subject the Company to any significant credit risks in the collection of accounts receivable. In estimating its expected credit losses, The Company may consider changes in the length of time its receivables have been outstanding or requests to alter payment terms due to financial difficulty. Because the Company's accounts receivable are primarily with affluent parties or governmental payors that have sufficient resources to pay their obligations, the Company's credit losses, if any, are immaterial to the consolidated financial statements.

The following table provides information about the Company's accounts receivable, residents, and clients, net:

	<u>2025</u>	<u>2024</u>
Beginning of year	\$ 4,185,514	\$ 3,890,546
End of year	\$ 3,983,161	\$ 4,185,514

Trusts Receivable

Trusts receivable represent the present value of irrevocable charitable remainder unitrusts ("CRUTs") and a charitable gift annuity ("CGA"). The assets related to these CRUTs and CGA will become the property of the designated beneficiaries upon the donor's death. An amount equal to the receivable was recorded as net assets with donor restrictions. Adjustments to the asset to reflect changes in present value are recognized as activity through net assets with donor restrictions.

Other Receivables

Other receivables are obligations due under normal trade terms and contract agreements requiring payment within a certain amount of time from the invoice date. The carrying amount of other receivables may be reduced by an allowance that reflects management's best estimate of the amount that may not be collected. Management reviews each receivable balance periodically and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that may not be collected. The Company does not believe there are significant credit risks associated with other receivables. In estimating its credit losses, the Company may consider historical collection information and existing economic conditions adjusted for current conditions and reasonable supportable forecasts. Amounts recognized for allowances for expected credit losses are immaterial to the consolidated financial statements. If amounts become uncollectible, they will be charged to operations when that determination is made; however, management does not expect these amounts to be material.

Property and Equipment, Net

Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. Interest is capitalized on facilities during the construction period. Depreciation is provided using the straight-line method over the estimated useful lives of the assets shown below:

Land improvements	15 to 30 years
Buildings and improvements	5 to 40 years
Equipment and fixtures	2 to 25 years

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Annuity Payable

The Foundation acts as trustee for irrevocable charitable remainder unitrusts ("CRUTs") and charitable gift annuities ("CGAs"). The assets in these trusts will remain in trust, paying distributions to the donors during their lifetimes, and the remainder assets will become the property of the designated beneficiaries upon the donors' deaths. Such amounts received are recorded as "Investments – restricted" on the consolidated balance sheets. These trusts require specified distributions to be made to the trusts' designated beneficiaries over the trusts' terms. The present value of the expected distributions is recorded as annuity obligations. Adjustments to the annuity obligations to reflect amortization of discounts, revaluations of the present value of the estimated future payments and changes in actuarial assumptions are recorded as a change in the value of split-interest agreements.

Funds Held for Others

This liability represents agency funds held for UMRH residents. The related asset is included in assets limited as to use.

Interest Rate Swaps

The interest rate swap agreements are carried at fair value, estimated using a discounted cash flow method at a rate commensurate with the risk involved. A change in the fair value of the interest rate swap agreements is reported in non-operating gains (losses) in the consolidated statements of operations and changes in net assets (see Note 8).

Liability for Refundable Advance Fees

Entrance fee plans available to residents include a standard rate plan, a 50% refundable plan, 80% refundable plan, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is remarketed) or within twenty-four months, whichever occurs first.

Deferred Revenue from Non-refundable Advance Fees

Deferred revenue from non-refundable advance fees represent payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. These advance fees may be partially refundable upon termination of the agreement and decline at a rate of 2% per month of occupancy and are paid after termination of the residency agreement (provided the resident's independent living unit is remarketed) or within twenty-four months, whichever occurs first.

Advance fees are recorded as deferred revenue and recognized as revenue earned on a straight-line basis over the estimated remaining life of each resident or couple, beginning with the date of occupancy. Any unrecognized deferred revenue, less any related refund, at the date of death or termination of the contract is recorded as income in the period the death or termination of the contract occurs.

Net Assets

Net assets of the Company and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations, but which include other restricted assets limited as to use (see Note 4).

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Notes to Consolidated Financial Statements
September 30, 2025 and 2024

Net Assets with Donor Restrictions

Include those net assets subject to donor-imposed stipulations that may or will be met either by action of the Company and/or the passage of time or those net assets subject to donor-imposed stipulations that they be maintained permanently by the Company. Generally, the donors of these assets permit the Company to use all or part of the income earned on related investments for general or specific purposes.

Net Assets Released from Restrictions

The Company reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor-imposed 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 and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Net Resident and Patient Service Revenues

Net resident and patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and include estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically, such adjustments for the Company have been immaterial in relation to the consolidated financial statements as a whole.

Revenues under third-party payor agreements are subject to examination and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

Excess of Revenues, Gains, and Other Support Over Expenses

The consolidated statements of operations and changes in net assets includes excess of revenues, gains and other support over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues, gains and other support over expenses, consistent with industry practice, would include net assets released from restriction for purchase of property and equipment and contributions of long-lived assets (including assets acquired using contributions which by donor restrictions were to be used for the purposes of acquiring such assets).

Benevolent Assistance and Community Benefits

The Company currently maintains a benevolent assistance program and policy for residents holding continuing-care residency agreements in the event the resident(s) should become unable to pay for services. The Company reserves the right to change the program and policy from time to time. The benevolent assistance policy will not apply to residents who have impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance, or other health insurance after assuming occupancy. Upon review of each resident's individual financial situation, the Company may permit the resident to remain at the facility for a lesser fee based on the resident's ability to pay, but only after meeting all of the "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. The Company may decline new benevolent assistance applications if it is determined that deferment of such charges may impair the Company's ability to operate on a sound financial basis. Since the Company does not expect to collect the normal charges for services provided for those residents who meet the benevolent assistance provisions, charges for such assistance are not included in net patient service revenue.

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The Company also contributes certain dollars, volunteer hours, healthcare, and housing services to benefit the surrounding community. Total community benefits and charity care were approximately \$6,489,000 and \$6,792,000 for the years ended September 30, 2025 and 2024, respectively (unaudited), which was made up of approximately \$5,717,000 and \$5,845,000 in unreimbursed healthcare, housing and services and approximately \$772,000 and \$947,000 in community benefits for the year ended September 30, 2025 and 2024, respectively (unaudited).

Continuing-Care Contracts

The Company enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Company specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the Company has the ability to increase fees as deemed necessary. At the end of each fiscal year, the Company calculates the present value of the net cost of future services to be provided to current residents and compares the amount with the deferred revenue from advance fees at that date. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability (obligation for future costs) is recorded. No liability has been recorded as of September 30, 2025 or 2024, because the present value of the estimated net costs of future services and use of facilities is less than deferred revenues from advances fees. The present value of the net cost of future services and use of facilities was discounted at 4.87% and 4.60% in 2025 and 2024, respectively.

Concentration of Credit Risk

Concentrations of credit risk with respect to patient accounts receivable are limited due to the formalized agreements with third-party payors. The Company has significant accounts receivable (approximately 35% and 41% in 2025 and 2024, respectively) whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Company has determined that it does not have any material unrecognized tax benefits or obligations as of September 30, 2025 and 2024.

Risks and Uncertainties

On July 3, 2025, the U.S. Congress enacted the One Big Beautiful Bill Act (OBBBA), a comprehensive budget reconciliation law introducing significant changes to federal healthcare programs, tax policy, and energy-related incentives. The legislation includes substantial reductions in Medicaid funding, modifications to provider tax structures, and new eligibility and cost-sharing requirements for Medicaid beneficiaries. The OBBBA has not had a material impact on the financial results to date as many aspects of the legislation are effective for future periods. The Organization is currently evaluating what impact the OBBBA may have on the financial results, cash flows and financial position for future periods.

Revisions

Certain revisions have been made to the prior period consolidated financial statement footnotes to conform to the current year presentation. There was no impact to any consolidated financial statement line item.

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Subsequent Events

In December 2025, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed-rate Retirement Facilities First Mortgage Revenue Bonds, Series 2025 ("2025A Public Bonds") in the aggregate principal amount of \$77,125,000 and up to \$15,000,000 in long-term bank bonds ("Series 2025C Bonds"). The Series 2025A Public Bonds consisted of \$50,825,000 Series 2025A Bonds, \$4,650,000 Tax-Exempt Mandatory Paydown Securities (TEMPS-85 SM) Series 2025B-1 Bonds ("Series 2025B-1"), \$6,250,000 in Tax-Exempt Mandatory Paydown Securities (TEMPS-70 SM) Series 2025B-2 Bonds ("Series 2025B-2"), and \$15,400,000 in Tax-Exempt Mandatory Paydown Securities (TEMPS-50 SM) Series 2025B-3 Bonds ("Series 2025B-3"). These bonds were issued to finance the expansion and renovation of Croasdaile Village and Wesley Pines.

The Company evaluated the effect subsequent events would have on the consolidated financial statements through January 22, 2026, which is the date the consolidated financial statements were issued.

Note 2. Revenue Recognition

The Company generates revenues, primarily by providing housing and health services to its residents. The following streams of revenue are recognized as follows:

Monthly Fees

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living, nursing care, and memory care and these performance obligations are earned each month. Under ASC Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominant component and does not contain a lease component under ASC Topic 842. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Advanced Fees

The non-refundable advanced fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the consolidated balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the consolidated balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident or couple as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 18, 42 and 51.

Health Care Services

In the facility, the Company provides assisted and nursing care to residents who are covered by government and commercial payers. The Company is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the third party payors. Most rates are predetermined from Medicare and Medicaid. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

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The Company disaggregates its revenue from contracts with customers by payor source, as the Company believes it best depicts how the nature, timing and uncertainty of its revenues and cash flows are affected by economic factors. See details on a reportable segment basis in the tables below:

	September 30, 2025			
	Independent Living	Assisted Living and Memory Care	Skilled Nursing	Total
Private pay	\$ 45,923,735	\$ 15,314,045	\$ 11,964,543	\$ 73,202,323
Government reimbursement	-	21,193	10,782,229	10,803,422
Other third-party payor programs	-	-	3,051,562	3,051,562
Total	<u>\$ 45,923,735</u>	<u>\$ 15,335,238</u>	<u>\$ 25,798,334</u>	<u>\$ 87,057,307</u>

	September 30, 2024			
	Independent Living	Assisted Living and Memory Care	Skilled Nursing	Total
Private pay	\$ 42,513,090	\$ 14,504,685	\$ 11,576,636	\$ 68,594,411
Government reimbursement	-	50,699	10,879,519	10,930,218
Other third-party payor programs	-	-	2,995,242	2,995,242
Total	<u>\$ 42,513,090</u>	<u>\$ 14,555,384</u>	<u>\$ 25,451,397</u>	<u>\$ 82,519,871</u>

Note 3. Investments

Aggregate fair values of investments at September 30 are summarized below:

	2025	2024
Cash and cash equivalents	\$ 118,380	\$ 108,103
Money market funds	22,111,215	21,700,920
Equity	54,549,034	54,316,507
Fixed income	<u>65,065,810</u>	<u>56,135,184</u>
Total investments	141,844,439	132,260,714
Short-term investments	<u>(129,519,440)</u>	<u>(120,954,343)</u>
Investments - restricted	<u>\$ 12,324,999</u>	<u>\$ 11,306,371</u>

A summary of net investment income for the years ended September 30 is as follows:

	2025	2024
Net realized gains	\$ 5,908,307	\$ 54,362
Net unrealized (losses) gains	<u>(980,120)</u>	<u>18,376,404</u>
Net investment income	<u>\$ 4,928,187</u>	<u>\$ 18,430,766</u>

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Note 4. Assets Limited as to Use

The composition of assets limited as to use at September 30 is set forth in the following tables:

	<u>2025</u>	<u>2024</u>
Cash funds and cash equivalents	\$ 37,745,560	\$ 74,775,682
Equity	8,937,493	9,020,297
Fixed income	<u>14,049,219</u>	<u>12,807,296</u>
Total assets limited as to use	<u>\$ 60,732,272</u>	<u>\$ 96,603,275</u>
	<u>2025</u>	<u>2024</u>
Other restricted assets limited to use		
Construction funds \$	\$ 15,427,281	\$ 58,764,138
Entrance fee escrow	5,313,264	2,127,087
Debt service held by trustees	12,976,084	9,879,816
Insurance regulation	20,094,244	19,281,722
Held for others	56,941	92,581
Restricted cash for line of credit	234,120	234,120
Net assets with donor restrictions	<u>6,630,338</u>	<u>6,223,811</u>
Total assets limited as to use	60,732,272	96,603,275
Current portion required to meet current obligations	<u>(9,380,571)</u>	<u>(6,367,042)</u>
Assets limited as to use, net of current portion	<u>\$ 51,351,701</u>	<u>\$ 90,236,233</u>

Note 5. Fair Value of Assets and Liabilities

Fair value as defined under U.S. GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. U.S. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1** Observable inputs such as quoted prices in active markets.
- Level 2** Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3** Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include mutual funds, exchange-traded funds, government and agency bond funds, and money market funds which are valued based on prices readily available

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in active markets in which those securities are traded. Level 2 investments include interest rate swap agreements which are valued on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets.

The Company does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during 2025. There were no changes during 2025 to the Company's valuation techniques used to measure asset and liability fair values on a recurring basis.

The following tables set forth by level the fair value hierarchy the Company's financial assets accounted for at fair value on a recurring basis as of September 30, 2025 and 2024.

September 30, 2025				
Fair Value Measurements Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 93,354,272	\$ 93,354,272	\$ -	\$ -
Money market funds	22,111,215	22,111,215	-	-
Exchange-traded funds	45,723,809	45,723,809	-	-
Government and agency bond funds	3,523,475	3,523,475	-	-
Interest rate swap agreements	7,311,064	-	7,311,064	-
Total assets in the fair value hierarchy	<u>\$ 172,023,835</u>	<u>\$ 164,712,771</u>	<u>\$ 7,311,064</u>	<u>\$ -</u>

The Company has \$37,863,940 of cash and cash equivalent balances included in investments and assets limited as to use as of September 30, 2025, which are not included in the fair value hierarchy.

September 30, 2024				
Fair Value Measurements Using				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 87,442,157	\$ 87,442,157	\$ -	\$ -
Money market funds	21,700,920	21,700,920	-	-
Exchange-traded funds	41,379,216	41,379,216	-	-
Government and agency bond funds	3,457,911	3,457,911	-	-
Interest rate swap agreements	6,951,885	-	6,951,885	-
Total assets in the fair value hierarchy	<u>\$ 160,932,089</u>	<u>\$ 153,980,204</u>	<u>\$ 6,951,885</u>	<u>\$ -</u>

The Company has \$74,883,785 of cash and cash equivalent balances included in investments and assets limited as to use as of September 30, 2024, which are not included in the fair value hierarchy.

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Note 6. Property and Equipment

Property and equipment consists of the following at September 30:

	<u>2025</u>	<u>2024</u>
Land	\$ 7,168,815	\$ 7,098,447
Land improvements	27,963,785	27,577,330
Buildings and improvements	327,035,538	323,644,230
Equipment and fixtures	27,404,609	26,144,034
Construction in progress	<u>70,951,081</u>	<u>19,993,262</u>
Total property and equipment	460,523,828	404,457,303
Accumulated depreciation	<u>(188,684,284)</u>	<u>(174,596,171)</u>
Property and equipment, net	<u>\$ 271,839,544</u>	<u>\$ 229,861,132</u>

Construction in progress includes various projects, the largest of which is a campus expansion project. The Company had depreciation expense of approximately \$15,330,000 and \$15,704,000 for the years ended September 30, 2025 and 2024, respectively. The Company capitalized approximately \$1,367,000 and \$220,000 of interest for the years ended September 30, 2025 and 2024, respectively. At September 30, 2025, the Company had approximately \$2,173,000 in future construction commitments.

Note 7. Bonds Payable

Bonds payable consists of the following at September 30:

	<u>2025</u>	<u>2024</u>
First Mortgage Revenue Bonds, Series 2014A		
Variable rate of 2.785% due October 1, 2024		
See related swap disclosure in Note 8	\$ -	\$ 30,000
First Mortgage Revenue Bonds, Series 2014B		
Variable rate of 2.745% due October 1, 2024		
See related swap disclosure in Note 8	-	180,000
First Mortgage Revenue Bonds, Series 2016A		
Term bonds		
Due October 1, 2030 yielding 2.880%	8,250,000	8,250,000
Due October 1, 2031 yielding 2.950%	3,000,000	3,000,000
Due October 1, 2035 yielding 3.180%	13,390,000	13,390,000
First Mortgage Revenue and Revenue Refunding Bonds, Series 2021A		
Serial bonds due through October 1, 2036		
yielding between 0.840% and 2.390%	15,880,000	15,915,000
Term bonds		
Due October 1, 2041 yielding 2.500%	5,045,000	5,045,000
Due October 1, 2046 yielding 2.660%	6,000,000	6,000,000
Due October 1, 2051 yielding 2.760%	22,395,000	22,395,000

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	<u>2025</u>	<u>2024</u>
First Mortgage Revenue Refunding Bonds, Series 2021B		
Due October 1, 2033 yielding 2.359%	8,145,000	8,265,000
Due October 1, 2047 yielding 2.411%	61,665,000	66,865,000
First Mortgage Revenue Bonds, Series 2024A		
Due October 1, 2028 yielding 3.750%	7,800,000	7,800,000
Due October 1, 2028 yielding 4.250%	5,475,000	5,475,000
Due October 1, 2039 yielding 4.190%	4,855,000	4,855,000
Due October 1, 2044 yielding 4.550%	7,785,000	7,785,000
Due October 1, 2049 yielding 4.790%	9,970,000	9,970,000
Due October 1, 2054 yielding 4.920%	<u>31,295,000</u>	<u>31,295,000</u>
Total bonds payable	210,950,000	216,515,000
Current portion of bonds payable	(18,995,000)	(5,565,000)
Deferred financing costs, net	(3,313,011)	(3,357,147)
Unamortized premium	<u>8,209,333</u>	<u>8,357,885</u>
Bonds payable, net of current portion	<u>\$ 196,851,322</u>	<u>\$ 215,950,738</u>

In September 2014, the Company issued \$12,025,000 of tax-exempt, variable First Mortgage Revenue Refunding Bonds ("2014A Bonds") through the North Carolina Medical Care Commission. Of this total amount, \$1,310,000 funded the partial refunding of the Series 2005B Bonds and \$10,715,000 refunded the entirety of the Series 2004A and a portion of the Series 2005A Bonds, which was funded on October 1, 2014. The interest rate on the 2014A Bonds is variable based on prevailing market rates and is reset monthly based on 79% SOFR plus 1.00%. The Company entered into an interest rate swap agreement on the Series 2014A Bonds, which is described in Note 8. These bonds were retired during the year ended September 30, 2025.

In December 2014, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, adjustable rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2014B ("2014B Bonds") in the aggregate principal amount of up to \$16,630,000. Of this total amount, \$6,390,000 and \$10,040,000 funded the partial refunding of the Series 2005C Bonds due October 1, 2019 and October 1, 2024, respectively. The interest rate on the 2014B Bonds is variable based on prevailing market rates and is reset monthly based on 79% SOFR plus 1.60%. The Company entered into an interest rate swap agreement on the Series 2014B Bonds, which is described in Note 8. These bonds were retired during the year ended September 30, 2025.

In May 2016, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2016A ("2016A Bonds") in the aggregate principal amount of up to \$34,485,000. The bond funds were used to refund the entirety of the 2005A Bonds due October 1, 2025 and October 1, 2035, and the remaining outstanding amount of \$24,640,000 of the 2005C Bonds due October 1, 2032.

In December 2021, the Company issued \$49,470,000 of Public Finance Authority Retirement Facilities First Mortgage Revenue and Revenue Refunding 2021A Bonds ("2021A Bonds"). The proceeds of the 2021A Bonds refunded a portion of the outstanding 2016A Bonds, refunded the 2017B Bonds, and built a 54-unit independent living apartment building at Croasdale Village. In addition, the Company issued \$81,375,000 Direct Bank Bonds issued through the North Carolina Medical Care Commission ("2021B Bonds") and bought by Truist Bank with a 15-year commitment. The proceeds of the 2021B Bonds refunded the outstanding 2013A and 2017A Bonds. The 2021B Bonds are initially taxable at an all-in swap rate of 1.748% until July 2023, at which time the interest rate converted to an all-in tax-exempt swap rate of 2.47%. The Company entered into two interest rate swap agreements on the Series 2021B Bonds, which are described in Note 8.

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In March 2024, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Bonds, Series 2024A ("2024A Bonds") in the aggregate principal amount of \$67,180,000. The bond funds consisted of \$53,905,000 Series 2024A Bonds, \$5,475,000 Tax-exempt Mandatory Paydown Securities (TEMP-85sm) Series 2024B-1 Bonds and \$7,800,000 Tax-exempt mandatory Paydown Securities (TEMPS-50sm) Series 2024B-2 Bonds.

Principal repayments on bonds payable, excluding discounts and premiums, for the next five years and thereafter, are summarized as follows:

2026	\$ 18,995,000
2027	5,920,000
2028	6,120,000
2029	6,350,000
2030	6,580,000
Thereafter	<u>166,985,000</u>
	<u>\$ 210,950,000</u>

All series of bonds are subject to annual mandatory sinking fund requirements prior to their due dates. There are certain covenants associated with the bonds that are outlined in the Master Trust indentures. The most restrictive of these covenants requires maintenance of a long-term debt service coverage ratio, as defined, of not less than 1.20.

The Company incurred deferred financing costs in the amount of approximately \$3,939,000 in association with the issuance of the above Series 2014A, Series 2014B, Series 2016A, Series 2021A, Series 2021B, and Series 2024A Bonds. Amortization expense of approximately \$44,000 and \$98,000 was recognized during 2025 and 2024, respectively, to the interest expense line item on the consolidated statements of operations and changes in net assets. Accumulated amortization was \$676,000 and \$582,000 for the years ended September 30, 2025 and 2024, respectively.

Note 8. Interest Rate Swap

Variable rate long-term debt exposes the Company to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

In August 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014A Bonds that took effect October 1, 2014. The Company pays a fixed rate of 2.97% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The swap was terminated during fiscal year 2025.

In December 2014, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2014B Bonds that took effect October 1, 2015. The Company pays a fixed rate of 3.195% while the financial institution pays based on 78% of 1-Month LIBOR plus 1.3925%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The swap was terminated during fiscal year 2025.

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In December 2021, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that took effect July 12, 2023. The Company pays a fixed rate of 2.470% while the financial institution pays based on 79% of 1-Day SOFR plus 1.067%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset in fiscal years 2025 and 2024.

The following schedule outlines the terms and fair values of the interest rate swap agreement.

	<u>2014A Bond Bank Swap</u>	<u>2014B Bond Bank Swap</u>	<u>2021B Bond Bank Swap</u>
Notional amount	\$ 30,000	\$ 180,000	\$ 69,810,000
Trade date	8/5/2014	12/22/2014	11/4/2021
Effective date	10/1/2014	10/1/2015	7/12/2023
Termination date	10/1/2024	10/1/2024	12/1/2036
Fixed rate	2.970%	3.195%	2.470%
Fair value at September 30, 2023	\$ 5,377	\$ 32,723	\$ 11,527,461
Unrealized gains	<u>(5,312)</u>	<u>(32,370)</u>	<u>(4,575,994)</u>
Fair value at September 30, 2024	65	353	6,951,467
Unrealized gains (losses)	<u>(65)</u>	<u>(353)</u>	<u>359,597</u>
Fair value at September 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,311,064</u>

By using an interest rate swap to hedge exposure to change in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The market risk associated with an interest rate swap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken.

Note 9. Benevolent Assistance and Other Contractual Adjustments

UMRH maintains records to identify and monitor the level of benevolent assistance it provides. These records include the amount of charges forgone for services and supplies furnished under its benevolent assistance policy. Amounts of benevolent assistance provided based on the cost to provide was approximately \$582,000 and \$582,000 for the years ended September 30, 2025 and 2024, respectively.

Additionally, residents in the health center and assisted living levels of care may be eligible to participate in the North Carolina Medicaid or federal Medicare programs. Contractual adjustments represent the difference between UMRH's standard rates and the rates paid by net third party payors. For the years ended September 30, 2025 and 2024, the net reduction to patient service revenue by net third party payor price concessions (primarily Medicaid and Medicare) of approximately \$4,364,000 and \$4,475,000, respectively. Implicit price concessions for uncollectible accounts totaled approximately \$850,000 and \$383,000 for the years ended September 30, 2025 and 2024, respectively.

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Note 10. Retirement Plans

Effective July 1, 2002, UMRH formed a 403(b) defined-contribution retirement plan covering substantially all its employees. UMRH matches 50% of eligible employee contributions up to eight percent on employees' annual compensation. Matching contributions begin on the first payroll of the first calendar quarter after the employee's hire date. The employees are immediately vested in their contributions. UMRH matching contributions are vested after the twelfth consecutive month period beginning with the first day of the plan year and ending with the last day of the plan year in which the employee is credited with at least 1,000 hours of service. At the end of the plan year, UMRH's matching contributions are vested on a sliding scale from zero to 100% based on years of vesting service where employees are 100% vested after 5 years. Retirement plan expense amounted to approximately \$589,000 and \$537,000 for the years ended September 30, 2025 and 2024, respectively.

Note 11. Net Assets with Donor Restrictions

Net assets were available for the following purposes at September 30:

	<u>2025</u>	<u>2024</u>
Benevolent care	\$ 5,628,969	\$ 4,859,947
Split interest agreements	333,404	319,307
Use and maintenance of the Cypress Glen facility	2,443,785	2,183,063
Facility operations and maintenance	234,008	207,905
Capital campaign	13,288	13,183
Other	<u>3,838,910</u>	<u>3,588,703</u>
	<u>\$ 12,492,364</u>	<u>\$ 11,172,108</u>

Net assets restricted to investment in perpetuity, the income from which is expendable to support, at September 30:

	<u>2025</u>	<u>2024</u>
Benevolent endowment fund	\$ 3,519,792	\$ 3,513,104
Split interest agreements	979,886	708,972
Use and maintenance of the Cypress Glen facility	649,525	649,525
Facility operations and maintenance	100,691	100,691
Other	<u>754,614</u>	<u>714,235</u>
Net assets restricted to investment in perpetuity	6,004,508	5,686,527
Net assets with donor restrictions available at September 30	<u>12,492,364</u>	<u>11,172,108</u>
Total net assets with donor restrictions	<u>\$ 18,496,872</u>	<u>\$ 16,858,635</u>

Note 12. Commitments and Contingencies

The Company is involved in litigation in the ordinary course of business related to professional liability claims. Management believes these claims, if asserted, would be settled within the limits of coverage, which is on a claims-made basis, with insurance limits of \$1,000,000 per claim and \$3,000,000 in the aggregate.

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Should the policies not be renewed or replaced with equivalent insurance, claims based on occurrences during their terms but reported subsequently would be uninsured. Management anticipates that such coverage will be renewed or replaced with equivalent insurance as these policies expire.

Note 13. Contingent Liabilities

The Company is self-insured for its employee health insurance and records an estimate for claims incurred but unpaid at year end. The estimated liability for these claims approximated \$224,000 and \$273,000 as of September 30, 2025 and 2024, respectively. The liability is included in current liabilities on the consolidated balance sheets. The total self-insurance expenses were approximately \$3,520,000 and \$3,660,000, for 2025 and 2024, respectively. The self-insured plan has a stop loss coverage of \$125,000 per individual per plan year ended September 30, 2025 and 2024, and has an \$1,000,000 annual aggregate.

Note 14. Management Fees

The Company pays management fees to Life Care Services LLC ("LCS") pursuant to a Client Services Agreement dated January 1, 2023. Under this Agreement, LCS is to: (i) provide a qualified Corporate Executive Director, who is an employee of LCS; (ii) perform general, financial, personnel, facility and other management services necessary for operation of UMRH's corporate office and the operation and marketing of the communities. The term of the Client Services Agreement is five years terminable by UMRH, with six months' notice, at the conclusion of the third anniversary without cause or penalty. The Company recognized management fee expenses of approximately \$3,116,000 and \$2,940,000 for the years ended September 30, 2025 and 2024, respectively which are included in administrative expenses on the consolidated statement of operations and changes in net assets.

Note 15. Endowment Funds

The Company's endowments consist of individual funds established for a variety of purposes including support for residents in financial need, plant operations and maintenance and other general obligations. The endowments consist of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the Company has interpreted the State Prudent Management of Institutional Funds Act ("SPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Company classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with SPMIFA, the Company considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Company and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation

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- The expected total return from income and the appreciation of investments
- Other resources of the Company
- The investment policies of the Company

Endowment Net Asset Composition by Type of Fund as of September 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ 17,183,582	\$ 17,183,582

Changes in Endowment Net Assets for the Year Ended September 30, 2025

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 15,830,356	\$ 15,830,356
Investment gains	-	1,181,213	1,181,213
Contributions to principal and transfers, net	-	912,879	912,879
Change in value of pledges	-	-	-
Bad debt expense, net	-	-	-
Releases from restriction	-	(740,866)	(740,866)
Maturity of split interest agreement	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 17,183,582</u>	<u>\$ 17,183,582</u>

Endowment Net Asset Composition by Type of Fund as of September 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment	\$ -	\$ 15,830,356	\$ 15,830,356

Changes in Endowment Net Assets for the Year Ended September 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 12,905,315	\$ 12,905,315
Investment gains	-	2,782,425	2,782,425
Contributions to principal and transfers, net	-	967,936	967,936
Change in value of pledges	-	(28,846)	(28,846)
Bad debt expense, net	-	3,000	3,000
Releases from restriction	-	(802,790)	(802,790)
Maturity of split interest agreement	-	3,316	3,316
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 15,830,356</u>	<u>\$ 15,830,356</u>

Return Objectives and Risk Parameters

The Company has adopted investment and spending policies for endowment assets that attempt to emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index. Endowment assets include those assets of donor-restricted funds that the Company must hold in perpetuity.

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Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Company relies on a combination strategy of capital preservation and modest capital growth. The Company targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Company has a policy of utilizing the interest and dividends earned on these endowments for their restricted purposes. The Company believes the investment policy established will facilitate the growth of these endowed funds and allow for earnings on these endowed funds to be used consistent with the intent of the donors.

Note 16. Liquidity and Availability

As part of its liquidity management, the Company has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, the Company invests cash in excess of daily operating funds in short-term investments such as mutual funds, exchange-traded funds, government and agency bond funds and, money market funds.

The following schedule reflects the Company's financial assets to meet cash needs for general expenses within one year. The financial assets were derived from the total assets on the consolidated balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months. The Company seeks to maintain sufficient liquid assets to cover 120 days' operating and capital expenses.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following at September 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 3,219,037	\$ 4,952,922
Accounts receivable	3,983,161	4,185,514
Other receivables	2,255,285	1,901,669
Investments	<u>129,519,440</u>	<u>120,954,343</u>
	<u>\$ 138,976,923</u>	<u>\$ 131,994,448</u>

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Note 17. Schedule of Expenses by Natural Classification and Function

The following is a schedule of expenses by both natural classification and function for the year ended September 30, 2025:

	September 30, 2025		
	Program Services	Management and General	Fundraising
			Total
Salaries and benefits	\$ 35,463,555	\$ 6,255,909	\$ 220,165
Fees for services	8,953,646	2,452,235	-
Supplies	7,713,667	909,503	1,714
Medical and personal care	3,420,261	-	-
Occupancy	2,826,464	19,756	-
Insurance	1,254,393	128,286	-
Interest	4,981,923	49	-
Depreciation and amortization	15,256,244	102,423	-
Other	4,002,773	2,343,024	40,015
Total expense	<u>\$ 83,872,926</u>	<u>\$ 12,211,185</u>	<u>\$ 261,894</u>
			<u>\$ 96,346,005</u>

The following is a schedule of expenses by both natural classification and function for the year ended September 30, 2024:

	September 30, 2024		
	Program Services	Management and General	Fundraising
			Total
Salaries and benefits	\$ 34,277,078	\$ 6,024,613	\$ 217,864
Fees for services	8,994,348	2,408,635	-
Supplies	7,121,919	821,547	1,242
Medical and personal care	3,612,457	-	-
Occupancy	2,724,361	19,137	-
Insurance	1,026,530	128,575	-
Interest	5,192,340	53	-
Depreciation and amortization	15,568,991	161,151	-
Other	3,244,712	4,200,406	38,997
Total expense	<u>\$ 81,762,736</u>	<u>\$ 13,764,117</u>	<u>\$ 258,103</u>
			<u>\$ 95,784,956</u>

Consolidating Supplementary Information

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	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	Eliminating Entries	Total UMRH	UMRH Foundation	Eliminating Entries	Obligated Group	UMRH AHD	Consolidated
ASSETS											
Current Assets											
Cash and cash equivalents	\$ 3,010,718	\$ 400	\$ 2,260	\$ 300	\$ -	\$ 3,013,678	\$ 119,627	\$ -	\$ 3,133,305	\$ 85,732	\$ 3,219,037
Contributions receivable, current portion	-	36,063	2,603,093	287,174	-	2,926,330	-	(2,926,330)	-	-	-
Investments	149,513,682	-	-	-	(19,994,242)	129,519,440	-	-	129,519,440	-	129,519,440
Assets limited as to use - debt service, current portion	-	-	4,109,660	5,042,085	-	9,151,745	-	-	9,151,745	-	9,151,745
Assets limited as to use, current portion	-	26,141	192,954	9,431	-	228,526	-	-	228,526	300	228,826
Accounts receivable, net	-	925,536	422,838	2,634,787	-	3,983,161	-	-	3,983,161	-	3,983,161
Other receivables	3,896	47,272	672,361	1,531,756	-	2,255,285	-	-	2,255,285	-	2,255,285
Due from related parties	677,083	-	39,211,034	109,192,135	(148,715,792)	364,460	-	(364,460)	-	-	-
Inventories	425	52,262	54,874	140,223	-	247,784	-	-	247,784	-	247,784
Prepaid expenses and other current assets	105,043	143,278	610,011	642,050	-	1,500,382	-	-	1,500,382	-	1,500,382
Total Current Assets	153,310,847	1,230,952	47,879,085	119,479,941	(168,710,034)	153,190,791	119,627	(3,290,790)	150,019,628	86,032	150,105,660
Non-Current Assets											
Assets limited as to use - statutory operating reserve	-	2,930,780	4,624,407	12,439,055	-	19,994,242	100,000	-	20,094,242	-	20,094,242
Assets limited as to use - debt service, net of current portion	-	-	15,427,281	3,824,339	-	19,251,620	-	-	19,251,620	-	19,251,620
Assets limited as to use, net of current portion	674,525	-	4,612,461	3,378,709	-	8,665,695	3,340,144	-	12,005,839	-	12,005,839
Investments - restricted	-	-	-	-	-	-	12,324,999	-	12,324,999	-	12,324,999
Property and equipment, net	50,287	12,072,148	98,999,145	160,717,964	-	271,839,544	-	-	271,839,544	-	271,839,544
Trusts receivable	-	-	-	-	-	-	166,340	-	166,340	-	166,340
Contributions receivable, net of current portion	-	979,889	4,258,002	5,053,789	-	10,291,680	-	(10,291,680)	-	-	-
Deferred marketing costs, net	-	-	4,327	149,650	-	153,977	-	-	153,977	-	153,977
Interest rate swap agreement	-	734,031	1,257,503	5,319,530	-	7,311,064	-	-	7,311,064	-	7,311,064
Total Non-Current Assets	724,812	16,716,848	129,183,126	190,883,036	-	337,507,822	15,931,483	(10,291,680)	343,147,625	-	343,147,625
Total Assets	\$ 154,035,659	\$ 17,947,800	\$ 177,062,211	\$ 310,362,977	\$ (168,710,034)	\$ 490,698,613	\$ 16,051,110	\$ (13,582,470)	\$ 493,167,253	\$ 86,032	\$ 493,253,285

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Consolidating Balance Sheet Information
September 30, 2025

(Continued)

	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	Eliminating Entries	Total UMRH	UMRH Foundation	Eliminating Entries	Obligated Group	UMRH AHD	Consolidated
LIABILITIES AND NET ASSETS											
Current Liabilities											
Annuity payable, current portion	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,649	\$ -	\$ 39,649	\$ -	\$ 39,649
Bonds payable, current portion	-	289,000	13,758,000	4,948,000	-	18,995,000	-	-	18,995,000	-	18,995,000
Accounts payable	766,148	313,219	8,411,561	2,484,221	-	11,975,149	10,652	-	11,985,801	-	11,985,801
Accrued salaries and related expenses	431,167	527,168	740,535	1,083,014	-	2,781,884	-	-	2,781,884	-	2,781,884
Accrued interest payable	-	15,067	1,655,591	1,711,593	-	3,382,251	-	-	3,382,251	-	3,382,251
Insurance regulation - statutory operating reserve	-	2,930,780	4,624,407	12,439,055	(19,994,242)	-	-	-	-	-	-
Due to related parties	148,403,169	312,623	-	-	(148,715,792)	-	-	-	-	-	-
Contributions payable, current portion	-	-	-	-	-	-	2,926,330	(2,926,330)	-	-	-
Total Current Liabilities	149,600,484	4,387,857	29,190,094	22,665,883	(168,710,034)	37,134,284	2,976,631	(2,926,330)	37,184,585	-	37,184,585
Long-Term Liabilities											
Annuity payable, less current portion	-	-	-	-	-	-	211,685	-	211,685	-	211,685
Bonds payable, less current portion	-	6,641,472	64,863,047	125,346,803	-	196,851,322	-	-	196,851,322	-	196,851,322
Liability for refundable advance fees	-	113,039	5,375,769	9,060,063	-	14,548,871	-	-	14,548,871	-	14,548,871
Deferred revenue from non-refundable advance fees	-	1,714,220	19,979,810	75,333,592	-	97,027,622	-	-	97,027,622	-	97,027,622
Contributions payable, less current portion	-	-	-	-	-	-	10,291,680	(10,291,680)	-	-	-
Due to related party	8,696	-	-	-	-	8,696	364,460	(364,460)	8,696	-	8,696
Funds held for others	-	16,717	35,737	4,488	-	56,942	-	-	56,942	-	56,942
Total Long-Term Liabilities	8,696	8,485,448	90,254,363	209,744,946	-	308,493,453	10,867,825	(10,656,140)	308,705,138	-	308,705,138
Total Liabilities	149,609,180	12,873,305	119,444,457	232,410,829	(168,710,034)	345,627,737	13,844,456	(13,582,470)	345,889,723	-	345,889,723
Net Assets											
Without donor restrictions	3,751,954	4,049,130	48,155,657	72,606,242	-	128,562,983	217,975	-	128,780,958	85,732	128,866,690
With donor restrictions	674,525	1,025,365	9,462,097	5,345,906	-	16,507,893	1,988,679	-	18,496,572	300	18,496,872
Total Net Assets	4,426,479	5,074,495	57,617,754	77,952,148	-	145,070,876	2,206,654	-	147,277,530	86,032	147,363,562
Total Liabilities and Net Assets	\$ 154,035,659	\$ 17,947,800	\$ 177,062,211	\$ 310,362,977	\$ (168,710,034)	\$ 490,698,613	\$ 16,051,110	\$ (13,582,470)	\$ 493,167,253	\$ 86,032	\$ 493,253,285

The United Methodist Retirement Homes, Incorporated, its Affiliate, and Subsidiaries
Consolidating Statement of Operations and Changes in Net Assets Information
Year Ended September 30, 2025

	Corporate	Wesley Pines	Cypress Glen	Croasdaile Village	Eliminating Entries	Total UMRH	UMRH Foundation	Eliminating Entries	Obligated Group	UMRH AHD	Consolidated
Unrestricted Revenues, Gains, and Other Support											
Net resident and patient service revenue	\$ -	\$ 11,245,737	\$ 21,280,779	\$ 54,530,791	\$ -	\$ 87,057,307	\$ -	\$ -	\$ 87,057,307	\$ -	\$ 87,057,307
Amortization of advance fees	-	261,480	2,703,086	9,428,432	-	12,392,998	-	-	12,392,998	-	12,392,998
Net assets released from restriction	1,083	30,254	216,587	386,772	-	634,696	78,235	(70,409)	642,522	-	642,522
Other	40,494	46,750	49,454	132,455	-	269,153	-	-	269,153	-	269,153
Interest and dividend income	5,314,081	-	10,300	181,695	-	5,506,076	28,536	-	5,534,612	9	5,534,621
Total Unrestricted Revenues, Gains, and Other Support	5,355,658	11,584,221	24,260,206	64,660,145	-	105,860,230	106,771	(70,409)	105,896,592	9	105,896,601
Expenses											
Nursing services	-	5,160,676	5,308,042	13,839,370	-	24,308,088	-	-	24,308,088	-	24,308,088
Dietary and food services	-	1,859,587	3,587,127	10,243,807	-	15,690,521	-	-	15,690,521	-	15,690,521
Administration	6,535,319	914,755	2,697,344	4,667,647	-	14,815,065	84,435	(70,409)	14,829,091	241	14,829,332
Plant operations, maintenance and security	-	888,710	2,929,065	5,591,578	-	9,409,353	-	-	9,409,353	-	9,409,353
Laundry and housekeeping	-	510,330	1,193,689	3,274,482	-	4,978,501	-	-	4,978,501	-	4,978,501
Resident services - activities	-	162,470	771,535	2,230,004	-	3,164,009	-	-	3,164,009	-	3,164,009
Home care	-	-	-	3,479,284	-	3,479,284	-	-	3,479,284	-	3,479,284
Interest	-	185,617	338,906	4,457,449	-	4,981,972	-	-	4,981,972	-	4,981,972
Depreciation and amortization	14,174	680,562	3,610,329	11,053,602	-	15,358,667	-	-	15,358,667	-	15,358,667
Loss (gains) on disposal of property and equipment	-	-	2,282	143,996	-	146,278	-	-	146,278	-	146,278
Total Expenses	6,549,493	10,362,707	20,438,319	58,981,219	-	96,331,738	84,435	(70,409)	96,345,764	241	96,346,005
Operating Income (Loss)	(1,193,835)					9,528,492	22,336		9,550,828	(232)	9,550,596
Non-Operating Gains (Losses)											
Net investment gains, realized	5,286,532	-	-	-	-	5,286,532	-	-	5,286,532	-	5,286,532
Net investment gains, unrealized	(1,202,446)	-	(10,951)	67,759	-	(1,145,638)	-	-	(1,145,638)	-	(1,145,638)
Contributions	15,969	861	3,489	10,829	-	31,148	5,598	-	36,746	-	36,746
Construction related marketing costs	-	-	(57,246)	(19,165)	-	(76,411)	-	-	(76,411)	-	(76,411)
Change in fair value of interest rate swap agreements	-	36,104	61,808	261,267	-	359,179	-	-	359,179	-	359,179
Other	8,188	11,747	(45,739)	400	-	(25,404)	-	-	(25,404)	-	(25,404)
Net Non-Operating Gains (Losses)	1,221,514	3,821,887	5,678,926	321,090	-	4,429,406	5,598	-	4,435,004	-	4,435,004
Excess of Revenues, Gains, and Other Support Over Expenses	2,914,408	1,270,226	3,773,248	6,000,016	-	13,957,898	27,934	-	13,985,832	(232)	13,985,600
Net Assets Released from Restrictions for Purchase of Property and Equipment	-	-	59,124	39,220	-	98,344	-	-	98,344	-	98,344
Change in Net Assets without Donor Restrictions	2,914,408	1,270,226	3,832,372	6,039,236	-	14,056,242	27,934	-	14,084,176	(232)	14,083,944
Change in Net Assets with Donor Restrictions											
Contributions	820	17,300	368,455	449,566	-	836,141	76,738	-	912,879	-	912,879
Interest and dividend income	-	24,886	197,353	117,689	-	339,928	53,992	-	393,920	-	393,920
Investment Income	-	49,692	395,069	235,436	-	680,197	107,096	-	787,293	-	787,293
Change in split interest agreement	-	7,331	35,973	240,611	-	283,915	1,096	-	285,011	-	285,011
Net assets released from donor restriction	(1,083)	(7,756)	(264,749)	(389,043)	-	(662,631)	(78,235)	-	(740,866)	-	(740,866)
Change in Net Assets with Donor Restrictions	(263)	91,453	732,101	654,259	-	1,477,550	160,687	-	1,638,237	-	1,638,237
Change in Net Assets	2,914,145	1,361,679	4,564,473	6,693,495	-	15,533,792	188,621	-	15,722,413	(232)	15,722,181
Net Assets, Beginning of Year	1,512,334	3,712,816	53,053,281	71,258,653	-	129,537,084	2,018,033	-	131,555,117	86,264	131,641,381
Net Assets, End of Year	\$ 4,426,479	\$ 5,074,495	\$ 57,617,754	\$ 77,952,148	\$ -	\$ 145,070,876	\$ 2,206,654	\$ -	\$ 147,277,530	\$ 86,032	\$ 147,363,562

Appendix B – Five-Year Prospective Financial Statements



The United Methodist Retirement Homes, Incorporated

**Accountant's Compilation Report, Forecasted
Financial Statements, and Supplementary Information**

September 30, 2026 through 2030



The United Methodist Retirement Homes, Incorporated
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September 30, 2026 through 2030

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Accountant's Compilation Report

Board of Trustees
The United Methodist Retirement Homes, Incorporated
Durham, North Carolina

Management is responsible for the accompanying financial forecast of The United Methodist Retirement Homes, Incorporated ("UMRH"), which comprises the forecasted balance sheets, statements of operations and changes in net assets and cash flows as of September 30, 2026 through 2030 and for the years then ended, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a forecast established by the American Institute of Certified Public Accountants (AICPA). We have performed 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 forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial forecast.

The forecasted results may not be achieved, as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and 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 financial forecast and this report are intended solely for the information and use of UMRH and to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64. They are not intended to be and should not be used by anyone other than these specified parties.

As disclosed in Note 1 to the audited consolidated financial statements for UMRH, its Affiliates and Subsidiaries, accounting principles generally accepted in the United States of America require that the financial statements for affiliates and subsidiaries meeting certain criteria be consolidated with the parent organization's financial statements. For purposes of this forecast, the financial statements of the affiliates and subsidiaries, which should be consolidated with UMRH's consolidated financial statements under accounting principles generally accepted in the United States of America, have been excluded from the forecasted financial statements. In addition, under FASB ASU No. 2016-18, *Statement of Cash Flows (Topic: 230): Restricted Cash*, requires that a statement of cash flows explain the change in cash during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents which reconciling the beginning of period and end of period total amounts shown on the statements of cash flows. For purposes of this forecast, management has not presented restricted cash on the statement of cash flows. The effects of these departures from accounting principles generally accepted in the United States of America on the forecasted financial position, results of operations and cash flows have not been determined.

The accompanying supplementary information on pages 15 - 23 is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Forvis Mazars, LLP
Charlotte, North Carolina
February 20, 2026

The United Methodist Retirement Homes, Incorporated
Forecasted Balance Sheets
September 30, 2026 Through 2030
(in Thousands)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets					
Cash	\$ 7,180	\$ 11,432	\$ 7,239	\$ 7,606	\$ 10,429
Contributions receivable from UMRH Foundation, current portion	3,119	3,119	3,119	3,119	3,119
Investments	134,053	137,630	135,321	147,013	152,239
Assets limited as to use - debt service, current portion	616	616	592	542	491
Assets limited as to use - future construction, current portion	-	-	4,229	4,765	4,229
Assets limited as to use - all other, current portion	229	229	229	229	229
Accounts receivable, net	3,979	4,176	4,376	4,588	4,739
Other receivables	446	465	488	510	533
Due from related parties	364	364	364	364	364
Inventories	219	226	233	240	247
Prepaid expenses and other current assets	1,641	1,763	1,841	1,883	1,926
Total Current Assets	151,846	160,020	158,031	170,859	178,545
Assets Limited as to Use					
Assets limited as to use - statutory operating reserve	20,030	21,858	29,762	23,862	24,629
Assets limited as to use - debt service, net of current portion	32,167	5,627	5,627	5,627	5,627
Assets limited as to use - all other, net of current portion	5,608	5,698	5,791	5,887	5,987
	57,805	33,183	41,180	35,376	36,243
Property and Equipment, Net	315,661	348,992	350,657	350,565	350,911
Other Assets					
Interest rate swap agreement	7,311	7,311	7,311	7,311	7,311
Contributions receivable from UMRH Foundation, net of current portion	10,292	10,292	10,292	10,292	10,292
Deferred marketing costs, net	127	101	206	174	142
	17,730	17,704	17,809	17,777	17,745
Total Assets	\$ 543,042	\$ 559,899	\$ 567,677	\$ 574,577	\$ 583,444
LIABILITIES AND NET ASSETS					
Current Liabilities					
Bonds payable, current portion	\$ 5,920	\$ 32,420	\$ 6,584	\$ 6,895	\$ 7,140
Accounts payable	5,017	4,939	4,603	4,696	4,857
Accrued salaries and related expenses	2,863	3,086	2,075	2,248	2,427
Accrued interest payable	3,414	3,492	3,421	3,340	3,257
Total Current Liabilities	17,214	43,937	16,683	17,179	17,681
Long-Term Liabilities					
Bonds payable, less current portion	266,607	246,096	242,112	234,995	227,632
Liability for refundable advanced fees	15,962	16,050	16,257	16,577	17,010
Deferred revenue for non-refundable advanced fees	91,964	87,896	112,131	109,209	107,541
Due to related parties	9	9	9	9	9
Fund held for others	57	57	57	57	57
Total Long-Term Liabilities	374,599	350,108	370,566	360,847	352,249
Total Liabilities	391,813	394,045	387,249	378,026	369,930
Net Assets					
Net assets without donor restrictions	134,529	149,005	163,429	179,402	196,215
Net assets with donor restrictions	16,700	16,849	16,999	17,149	17,299
Total Net Assets	151,229	165,854	180,428	196,551	213,514
Total Liabilities and Net Assets	\$ 543,042	\$ 559,899	\$ 567,677	\$ 574,577	\$ 583,444

The United Methodist Retirement Homes, Incorporated
Forecasted Statements of Operations and Changes in Net Assets
Years Ending September 30, 2026 Through 2030
(in Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Revenue					
Net resident services, apartments	\$ 44,463	\$ 46,165	\$ 51,403	\$ 54,751	\$ 56,781
Net resident services, health care center	26,962	28,425	29,133	29,863	30,616
Net resident services, assisted living	11,927	12,358	12,804	13,268	13,747
Net resident services, memory care	3,459	3,582	3,712	3,845	3,983
Net resident services, home care	2,526	2,628	2,733	2,842	2,956
Amortization of advanced fees	12,584	12,234	15,358	14,199	14,055
Net assets released from restriction	925	926	926	925	925
Other	78	78	78	78	78
Interest and dividend income	4,765	5,602	5,794	5,993	6,200
Total Revenue	<u>107,689</u>	<u>111,998</u>	<u>121,941</u>	<u>125,764</u>	<u>129,341</u>
Expenses					
Health care center	19,431	20,019	20,626	21,248	21,892
Assisted living	4,157	4,281	4,410	4,543	4,679
Memory care	1,677	1,727	1,779	1,832	1,888
Home care	2,471	2,546	2,622	2,701	2,782
Resident services	3,450	3,557	3,713	3,834	3,950
Dietary and food service	16,610	17,134	18,000	18,695	19,270
Housekeeping	5,102	5,279	5,689	5,880	6,059
Laundry	275	284	292	302	309
Plant	10,287	10,607	11,350	11,842	12,208
General and administration	15,722	16,240	17,126	17,592	18,192
Depreciation and amortization	15,436	11,297	14,492	14,558	14,768
Interest	6,913	4,402	7,268	6,614	6,381
Total Expenses	<u>101,531</u>	<u>97,373</u>	<u>107,367</u>	<u>109,641</u>	<u>112,378</u>
Change in Net Assets	6,158	14,625	14,574	16,123	16,963
Net Assets, Beginning of Year	<u>145,071</u>	<u>151,229</u>	<u>165,854</u>	<u>180,428</u>	<u>196,551</u>
Net assets, End of Year	<u>\$ 151,229</u>	<u>\$ 165,854</u>	<u>\$ 180,428</u>	<u>\$ 196,551</u>	<u>\$ 213,514</u>

The United Methodist Retirement Homes, Incorporated
Forecasted Statements of Cash Flows
Years Ending September 30, 2026 Through 2030
(in Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Operating Activities					
Change in net assets	\$ 6,158	\$ 14,625	\$ 14,574	\$ 16,123	\$ 16,963
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	15,410	11,272	14,461	14,526	14,736
Amortization of deferred financing costs	402	95	552	67	69
Amortization of bond premium	(672)	(489)	(348)	(289)	(292)
Amortization of deferred marketing costs	27	27	32	32	32
Amortization of advanced fees	(12,584)	(12,234)	(15,358)	(14,199)	(14,055)
Non-refundable entrance fees received	11,832	13,745	45,549	17,167	18,029
Net change in					
Accounts receivable - residents and patients	4	(198)	(200)	(212)	(151)
Accounts receivable - other	1,809	(19)	(23)	(22)	(23)
Contributions receivable	(193)	-	-	-	-
Inventories	29	(7)	(7)	(7)	(7)
Prepaid expenses and other current assets	(141)	(121)	(78)	(42)	(43)
Accounts payable	(6,958)	(80)	(335)	92	159
Accrued salaries and related expenses	81	221	(1,009)	172	181
Deferred marketing costs	-	-	(137)	-	-
Accrued interest payable	32	78	(72)	(80)	(83)
Net Cash Provided by Operating Activities	<u>15,236</u>	<u>26,915</u>	<u>57,601</u>	<u>33,328</u>	<u>35,515</u>
Investing Activities					
Purchase of property and equipment	(59,231)	(44,603)	(16,126)	(14,434)	(15,082)
Net change in investments and assets limited as to use	(4,569)	(5,405)	(5,595)	(5,791)	(5,994)
Net change in assets limited as to use	(1,322)	26,451	(4,298)	(583)	488
Net Cash Used in Investing Activities	<u>(65,122)</u>	<u>(23,557)</u>	<u>(26,019)</u>	<u>(20,808)</u>	<u>(20,588)</u>
Financing Activities					
Refunds of deposits and refundable fees	(5,191)	(6,496)	(6,831)	(6,713)	(6,423)
Refundable entrance fees received	2,292	1,006	1,080	1,144	1,214
Payments on bonds and note payable	(18,995)	(5,920)	(6,120)	(6,584)	(6,895)
Payments on bonds and note payable (from escrowed funds)	-	-	(26,300)	-	-
Deferred financing costs	(1,532)	-	-	-	-
Proceeds from issuance of bonds	77,478	12,304	2,396	-	-
Net Cash Used in Financing Activities	<u>54,052</u>	<u>894</u>	<u>(35,775)</u>	<u>(12,153)</u>	<u>(12,104)</u>
Change in Cash	<u>4,166</u>	<u>4,252</u>	<u>(4,193)</u>	<u>367</u>	<u>2,823</u>
Cash, Beginning of Year	<u>3,014</u>	<u>7,180</u>	<u>11,432</u>	<u>7,239</u>	<u>7,606</u>
Cash, End of Year	<u>\$ 7,180</u>	<u>\$ 11,432</u>	<u>\$ 7,239</u>	<u>\$ 7,606</u>	<u>\$ 10,429</u>

The United Methodist Retirement Homes, Incorporated
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Note 1. Nature of Business

The United Methodist Retirement Homes, Incorporated ("UMRH") is a not-for-profit corporation, which principally provides housing, health care, and other related services to residents through the ownership and operation of Wesley Pines Retirement Community ("Wesley Pines") in Lumberton, North Carolina, Cypress Glen Retirement Community ("Cypress Glen") in Greenville, North Carolina, and Croasdaile Village Retirement Community ("Croasdaile Village") in Durham, North Carolina. UMRH was incorporated in North Carolina in 1946. UMRH's corporate office is located in Durham, North Carolina.

The financial forecast presents, to the best of management's knowledge and belief, the expected financial position, results of operations, and cash flows for the forecast period of UMRH, excluding its affiliates and subsidiaries, UMRH Affordable Housing Development, LLC ("UMRH-AHD"), UMRH Affordable Housing, Inc. ("UMRH-AH"), The United Methodist Retirement Homes Foundation, Inc. (the "Foundation"), and Wesley Ridge of Lumberton, LLC ("Wesley Ridge"), as required under Article 64A of Chapter 58 of the North Carolina General Statutes.

UMRH-AHD is a limited liability company, which was organized in North Carolina in 2002 to further the charitable purposes of UMRH by developing affordable rental housing for senior citizens. UMRH is the sole member of UMRH-AHD.

The Foundation is a not-for-profit corporation which was organized in order to raise endowment funds for the residential facilities operated by UMRH, to support benevolent care for those residents who are unable to pay for continuing care at the residential facilities operated by UMRH, and to support special programs at the residential facilities operated by UMRH.

Wesley Ridge is a non-profit organization that offers affordable housing to senior adults ages 62 and older, and to disabled adults 18 years of age and older. Accordingly, this forecast reflects management's judgment as of March 4, 2026, the date of completion of this forecast, of the expected conditions and its course of action.

UMRH-AH is a taxable C-Corporation wholly owned by UMRH, created to support affordable housing initiatives. It has held membership interests in projects like Wesley Ridge to facilitate financing but is no longer essential to current operations.

Note 2. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements included in the forecast have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") with the exception of excluding its three Affiliates. Significant accounting policies are described in the appropriate assumptions and notes to the forecasted financial statements. The assumptions described are not all-inclusive, however.

The forecast reflects management's judgements as of February 20, 2026, the date of this forecast, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

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Use of Estimates

The preparation of the prospective consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Short-term investments presented as investments in the consolidated balance sheets are not considered cash equivalents since UMRH considers them part of their investing activities. Throughout the year UMRH has bank balances which exceed federal depository limits.

Restricted Cash

During 2020, UMRH adopted FASB ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the cash during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents which reconciling the beginning of period and end of period total amounts shown on the consolidated statements of cash flows. As of September 30, 2025 and 2024, UMRH had approximately \$37.8 million and \$74.9 million respectively, invested in cash, cash equivalents, and restricted cash on the consolidated statements of cash flows. For purposes of the forecast, management has not presented restricted cash on the forecasted statements of cash flows.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Interest and dividend income are included in operating income unless the income or loss is restricted by donor or law.

Assets Limited as to Use

Assets limited as to use consist of funds held for debt service in accordance with UMRH's bond issues, funds reserved by insurance regulation, entrance fee escrow funds, funds held for future construction, and funds held for residents. Net assets with donor restrictions are restricted by donors or grantors for a specific purpose.

Insurance regulation assets whose use is limited represents funds reserved to comply with North Carolina Department of Insurance regulations. The amount of this reserve is calculated annually in accordance with the requirements of N.C. General Statute 58, Article 64. These investments consist of cash, cash equivalents, and other short-term investments.

Accounts Receivable, Net

Accounts receivable are reported at estimated net realizable amounts from residents and responsible third-party payers. Amounts owed to UMRH are reported net of explicit and implicit price concessions. Specific resident balances are written off at the time they are determined to be uncollectible. The process for estimating the ultimate collection of accounts receivable involves significant assumptions and judgments. In this regard, UMRH has implemented a standardized approach to estimate and review the collectability of its receivables based on resident receivable aging trends. Historical collection and payer reimbursement experience are an integral part of the estimation process related to determining the ultimate collectability of accounts. In addition, the Company assesses the current state of its billing functions in order to identify any known collection or reimbursement issues to determine the impact, if any, on its reserve estimates, which involve judgment.

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UMRH performs periodic assessments to determine if an allowance for expected credit losses is necessary. UMRH considers its incurred loss experience and adjusts for known and expected events and other circumstances. UMRH does not believe there are any other significant concentrations of receivables that would subject UMRH to any significant credit risks in the collection of accounts receivable. In estimating its expected credit losses, UMRH may consider changes in the length of time its receivables have been outstanding or requests to alter payment terms due to financial difficulty. Because UMRH's accounts receivable are primarily with affluent parties or governmental payors that have sufficient resources to pay their obligations, UMRH's credit losses, if any, are immaterial to the consolidated financial statements.

Inventories

Inventories are stated at average cost (approximately first-in, first-out) not in excess of net realizable value.

Other Receivables

Other receivables are obligations due under normal trade terms and contract agreements requiring payment within a certain amount of time from the invoice date. The carrying amount of other receivables may be reduced by an allowance that reflects management's best estimate of the amount that may not be collected. Management reviews each receivable balance periodically and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that may not be collected. The Company does not believe there are significant credit risks associated with other receivables. In estimating its credit losses, the Company may consider historical collection information and existing economic conditions adjusted for current conditions and reasonable supportable forecasts. Amounts recognized for allowances for expected credit losses are immaterial to the consolidated financial statements. If amounts become uncollectible, they will be charged to operations when that determination is made; however, management does not expect these amounts to be material.

Property and Equipment

Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. Interest is capitalized on facilities during the construction period. Depreciation is provided using the straight-line method over the estimated useful lives of the assets shown below:

Land improvements	15 to 30 years
Buildings and improvements	5 to 40 years
Equipment and fixtures	2 to 25 years

Funds Held for Others

The liability balance represents agency funds held in trust for UMRH residents. The related asset is included in assets limited as to use. Activity related to these funds is not recorded in UMRH's statements of forecasted operations and changes in net assets.

Interest Rate Swaps

The interest rate swap agreements are carried at fair value, estimated using a discounted cash flow method at a rate commensurate with the risk involved.

Liability for Refundable Advance Fees

Entrance Fee plans available to residents include a standard rate plan, a 50% refundable, 80% refundable, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue for non-refundable advanced fees. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is remarketed) or within twenty-four months, whichever occurs first.

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Deferred Revenue for Non-refundable Advance Fees

Deferred revenue from non-refundable advance fees represents payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. These advance fees may be partially refundable upon termination of the agreement and generally decline at a rate of 2% per month of occupancy and are paid after termination of the residency agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Advance fees are recorded as deferred revenue and recognized as revenue earned on a straight-line basis over the estimated remaining life of each resident beginning with the date of occupancy. Any unrecognized deferred revenue, less any related refund, at the date of death or termination of the contract is recorded as income in the period the death or termination of the contract occurs.

Net Assets

Net assets of UMRH and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations but which include other restricted assets limited as to use.

Net Assets with Donor Restrictions

Include those net assets subject to donor-imposed stipulations that may or will be met either by action of UMRH and/or the passage of time or those net assets subject to donor-imposed stipulations that they be maintained permanently by UMRH. Generally, the donors of these assets permit UMRH to use all or part of the income earned on related investments for general or specific purposes.

Net Assets Released from Restrictions

UMRH reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor-imposed 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 and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

Net Resident and Patient Service Revenues

Net resident and patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically, such adjustments for UMRH have been immaterial in relation to the consolidated financial statements as a whole.

Revenues under third-party payor agreements are subject to examination and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

The United Methodist Retirement Homes, Incorporated
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Benevolent Assistance and Community Benefits

UMRH currently maintains a benevolent assistance program and policy for residents holding continuing care residency agreements in the event the resident(s) should become unable to pay for services. UMRH reserves the right to change the program and policy from time to time. The benevolent assistance policy will not apply to residents who have impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance after assuming occupancy. Upon review of each resident's individual financial situation, UMRH may permit the resident to remain at the facility for a lesser fee based on the resident's ability to pay, but only after meeting all of the "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. UMRH may decline new benevolent assistance applications if it is determined that deferment of such charges may impair the UMRH's ability to operate on a sound financial basis. Since UMRH does not expect to collect the normal charges for services provided for those residents who meet the benevolent assistance provisions, charges for such assistance are not included in net patient service revenue. The Company also contributes certain dollars, volunteer hours, healthcare, and housing services to benefit the surrounding community.

Continuing-Care Contracts

UMRH enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and UMRH specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, UMRH has the ability to increase fees as deemed necessary. At the end of each fiscal year, the Company calculates the present value of the net cost of future services to be provided to current residents and compares the amount with the deferred revenue from advance fees at that date. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advance fees, a liability (obligation for future costs) is recorded. No obligation for future costs associated with these contracts has been provided by UMRH because the present value of the estimated net costs of future services and use of facilities is less than deferred revenues from advanced fees. that future cash inflows will be sufficient to cover such costs.

Revenue Recognition

UMRH generates revenues, primarily by providing housing and health services to its residents. The following streams of revenue are recognized as follows:

Monthly Fees

The life care contracts that residents select require an advanced fee and monthly fees based upon the type of space they are applying for. Resident fee revenue for recurring and routine monthly services is generally billed monthly in advance. Payment terms are usually due within 30 days. The services provided encompass social, recreational, dining along with assisted living, nursing care, and memory care and these performance obligations are earned each month. Under ASC Topic 606, management has determined that the performance obligation for the standing obligation to provide the appropriate level of care is the predominant component and does not contain a lease component under ASC Topic 842. Resident fee revenue for non-routine or additional services are billed monthly in arrears and recognized when the service is provided.

Advanced Fees

The non-refundable advanced fees are recognized as deferred revenue upon receipt of the payment and included in liabilities in the consolidated balance sheets until the performance obligations are satisfied. The refundable portion of an entrance fee is not considered part of the transaction price and as such is recorded as a liability in the consolidated balance sheets. Additionally, management has determined the contracts do not contain a significant financing component as the advanced payment assures residents the access to health care in the future. These deferred amounts are then amortized on a straight-line basis into revenue on a monthly basis over the life of the resident as the performance obligation is the material right associated with access to future services as described in FASB ASC 606-10-55 paragraph 42 and 51.

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Health Care Services

In the facility, UMRH provides assisted and nursing care to residents who are covered by government and commercial payers. UMRH is paid fixed daily rates from government payers. The fixed daily rates and other fees are billed in arrears monthly. The monthly fees represent the most likely amount to be received from the third-party payors. Most rates are predetermined from Medicare and Medicaid. Under ASC Topic 606, management has elected to utilize the portfolio approach in aggregating the revenues under these revenue streams.

Concentration of Credit Risk

Concentrations of credit risk with respect to patient accounts receivable are limited due to the formalized agreements with third-party payors. UMRH has significant accounts receivable whose collectability or realizability is dependent upon the performance of certain governmental programs, primarily Medicare and North Carolina Medicaid. Management does not believe there are significant credit risks associated with these governmental programs.

Income Taxes

UMRH has been recognized by the Internal Revenue Service as a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code ("IRC") and is exempt from federal income taxes pursuant to Section 501(a) of the IRC. Accordingly, no provision for income taxes is included in the accompanying forecasted financial statements.

Note 3. Summary of Significant Forecasted Balance Sheet Assumptions

Cash

Forecasted cash is a result from the application of all other assumptions.

Investments

Forecasted short-term investments are a result of all other forecasted changes. The forecasted amounts do not include any estimate for a change in the fair value of the underlying securities.

Accounts Receivable, Net

The 2026 forecasted accounts receivable is based on the 2026 budget. Forecasted accounts receivable are based on the percentage change in forecasted operating revenues and are forecasted to increase by an average of approximately 4.5% in 2027 through 2030. Other receivables are forecasted to increase by an average of approximately 4.6% in 2027 through 2030.

Assets Limited as to Use

Forecasted assets limited as to use is based on the forecasted change in restricted cash.

Inventories

The 2026 forecasted inventories are based on the 2026 budget. Inventories are forecasted to increase by an average of approximately 3.1% in years 2027 through 2030.

Prepaid Expenses and Other Current Assets

The 2026 balances are based on the 2026 budget. Prepaid expenses and other current assets are forecasted to increase by an average of approximately 4.1% in years 2027 through 2030.

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September 30, 2026 through 2030

Property and Equipment

The 2026 property and equipment additions are based on UMRH's budgeted additions. Additions are estimated to be as follows (dollars in thousands).

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Beginning of year, property and equipment	\$ 460,524	\$ 519,755	\$ 564,358	\$ 580,484	\$ 594,918
Additions	59,231	44,603	16,126	14,434	15,082
Disposals	-	-	-	-	-
End of year, property and equipment	519,755	564,358	580,484	594,918	610,000
Accumulated depreciation	(204,094)	(215,366)	(229,827)	(244,353)	(259,089)
Total property and equipment, net	<u>\$ 315,661</u>	<u>\$ 348,992</u>	<u>\$ 350,657</u>	<u>\$ 350,565</u>	<u>\$ 350,911</u>

Forecasted depreciation is computed on the straight-line method over the estimated lives of depreciable property and equipment. The forecast assumes all disposals during the forecast period will be fully depreciated with no resulting gain or loss.

Contributions Receivable from UMRH Foundation

Contributions receivable from UMRH Foundation are forecasted to remain the same in future years at the completion of various renovation and expansion projects.

Due from Related Party

Due from related parties represents the net amount due to affiliates of UMRH. The 2026 balance is based on the 2026 budget and forecasted to remain consistent from 2027 through 2030.

Accounts Payable and Accrued Salaries and Related Expenses

The 2026 balances are based on the 2026 budget. Forecasted accounts payable and accrued expenses are based on the percentage change in forecasted operating expenses and capital expenditures less depreciation expense and are forecasted to decrease by an average of approximately 1.4% in years 2027 through 2030.

Deferred Entrance Fee Revenue and Entrance Fees Earned

The 2026 balances are based on the 2026 budget. Forecasted annual resident entry fees are based on estimated average unit prices times an actuarial forecasted number of units released coupled with a 4.8% per year increase in the average entry fee for the years 2027 through 2030. Forecasted refunds are based on actuarial estimates of the number of refunds times the estimated average refund potential. Amortization into revenue of these advance fees is computed using the straight-line method over the estimated remaining life expectancy of the resident.

Bonds Payable

In May 2016, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Refunding Bonds, Series 2016A ("2016A Bonds") in the aggregate principal amount of up to \$34,485,000. The bond funds were used to refund the entirety of the 2005A Bonds due October 1, 2025 and October 1, 2035, and the remaining outstanding amount of \$22,715,000 of the 2005C Bonds due October 1, 2032.

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In December 2021, the Company issued \$49,470,000 of Public Finance Authority Retirement Facilities First Mortgage Revenue and Revenue Refunding 2021A Bonds ("2021A Bonds"). The proceeds of the 2021A Bonds refunded a portion of the outstanding 2016A Bonds, refunded the 2017B Bonds, and built a 54-unit independent living apartment building at Croasdaile Village. In addition, the Company issued \$81,375,000 Direct Bank Bonds issued through the North Carolina Medical Care Commission ("2021B Bonds") and bought by Truist Bank with a 15-year commitment. The proceeds of the 2021B Bonds refunded the outstanding 2013A and 2017A Bonds. The 2021B Bonds are initially taxable at an all-in swap rate of 1.748% until July 2023, at which time the interest rate converted to an all-in tax-exempt swap rate of 2.47%. The Company entered into two interest rate swap agreements on the Series 2021B Bonds, which are described below.

In March 2024, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed rate Retirement Facilities First Mortgage Revenue Bonds, Series 2024A ("2024A Bonds") in the aggregate principal amount of \$67,180,000. The bond funds consisted of \$53,905,000 Series 2024A Bonds, \$5,475,000 Tax-exempt Mandatory Paydown Securities (TEMP-85sm) Series 2024B-1 Bonds and \$7,800,000 Tax-exempt mandatory Paydown Securities (TEMPS-50sm) Series 2024B-2 Bonds.

In December 2025, the North Carolina Medical Care Commission authorized the issuance of tax-exempt, fixed-rate Retirement Facilities First Mortgage Revenue Bonds, Series 2025 ("2025A Public Bonds") in the aggregate principal amount of \$77,125,000 and up to \$15,000,000 in long-term bank bonds ("Series 2025C Bonds"). The Series 2025A Public Bonds consisted of \$50,825,000 Series 2025A Bonds, \$4,650,000 Tax-Exempt Mandatory Paydown Securities (TEMPS-85 SM) Series 2025B-1 Bonds ("Series 2025B-1"), \$6,250,000 in Tax-Exempt Mandatory Paydown Securities (TEMPS-70 SM) Series 2025B-2 Bonds ("Series 2025B-2"), and \$15,400,000 in Tax-Exempt Mandatory Paydown Securities (TEMPS-50 SM) Series 2025B-3 Bonds ("Series 2025B-3"). These bonds were issued to finance the expansion and renovation of Croasdaile Village and Wesley Pines.

Principal repayments, excluding discounts and premiums, for the next five years and thereafter, are summarized as follows (in thousands):

2026	\$	18,995
2027		5,920
2028		32,420
2029		6,584
2030		6,895
Thereafter		<u>234,772</u>
	\$	<u>305,586</u>

Interest Rate Swaps

Variable rates long-term debt exposes UMRH to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk.

In December 2021, the Company entered into a interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that took effect December 1, 2021. The Company pays a fixed rate of 1.748% while the financial institution pays based on 100% of 1-Day SOFR plus 1.350%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset.

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In December 2021, the Company entered into a forward interest rate swap agreement with a financial institution in conjunction with the 2021B Bonds that took effect July 12, 2023. The Company pays a fixed rate of 2.470% while the financial institution pays based on 79% of 1-Day SOFR plus 1.067%. The difference between the fixed and floating rates is accrued and recorded in interest expense in the accompanying consolidated statements of operations and changes in net assets. The fair value of this derivative instrument is recorded on the consolidated balance sheets as a long-term asset.

By using an interest rate swap to hedge exposure to change in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. Market risk is the adverse effect on the value of the financial instrument that results from a change in interest rates. The market risk associated with an interest rate swap is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken.

Note 4. Summary of Significant Forecasted Assumptions for Revenues and Expenses

Resident Services

Apartments, Health Care Center, Assisted Living, Memory Care, and Home Care revenue is reported at the estimated net realizable amounts from residents. They are based on average daily fees and occupancy levels. Daily rates are forecasted based on 2026 budgeted rates for each type of unit. Apartment revenues are forecasted to increase on average approximately 6.3% in years 2027 through 2030. Health Care Center revenues are forecasted to increase on average approximately 3.2% in years 2027 through 2030. Assisted Living revenues are forecasted to increase on average approximately 3.6% in years 2027 through 2030. Memory Care revenues are forecasted to increase on average approximately 3.6% in years 2027 through 2030. Home Care revenues are forecasted to increase on average approximately 4.0% in years 2027 through 2030.

Interest and Dividend Income

Interest and dividend income is based on budgeted interest and dividend income for 2026 and is forecasted to increase on average approximately 3.4% in years 2027 through 2030.

Other Revenue

Other revenue is based on budgeted other revenue for 2026 and is forecasted to remain consistent throughout the projection period.

Expenses

The 2026 expenses, which include resident care, dietary, housekeeping, plant, and general and administrative expenses are forecasted based on the 2026 budget. Expenses are forecasted to increase approximately 2.7% in years 2027 through 2030.

Non-Operating Gains (Losses)

Non-operating gains (losses) have not been included in the forecast years 2026 through 2030 due to volatility and unpredictability of the amounts.

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Note 5. Debt Service Coverage Ratio

Credit analysts and lenders generally consider the debt service coverage ratio to be an important factor in evaluating a continuing care retirement community's ability to fund annual debt service with cash flow from net cash revenues and net entrance fees. The debt service coverage ratio computation is not defined by GAAP and is described as a non-GAAP metric. The lack of standardization in calculating debt service coverage ratios makes it difficult to draw relevant comparisons among companies.

The debt service coverage ratio as calculated below comes from the 2025 Financial Ratios & Trends of CARF-CCAC Accredited Organizations, calculated using annual debt service (the current year's capitalized interest cost plus interest expense and scheduled principal payments) in the denominator as annual debt service. (dollars in thousands):

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Excess (deficiency) of revenue over expenses	\$ 6,158	\$ 14,625	\$ 14,574	\$ 16,123	\$ 16,963
Interest expense	6,913	4,402	7,268	6,614	6,381
Depreciation	15,436	11,297	14,492	14,558	14,768
Net proceeds from advance fees (A)	8,933	8,255	9,269	11,062	12,820
Amortization of advanced fees	<u>(12,854)</u>	<u>(12,234)</u>	<u>(15,358)</u>	<u>(14,199)</u>	<u>(14,055)</u>
Cash available for debt service (1)	<u>\$ 24,586</u>	<u>\$ 26,345</u>	<u>\$ 30,245</u>	<u>\$ 34,158</u>	<u>\$ 36,877</u>
Interest (B)	\$ 6,913	\$ 4,402	\$ 7,268	\$ 6,614	\$ 6,381
Principal payments (C)	<u>5,720</u>	<u>5,920</u>	<u>6,120</u>	<u>6,350</u>	<u>6,580</u>
Annual Debt Service (2)	<u>\$ 12,633</u>	<u>\$ 10,322</u>	<u>\$ 13,388</u>	<u>\$ 12,964</u>	<u>\$ 12,961</u>
Debt Service Coverage Ratio (1/2)	<u>1.97</u>	<u>2.55</u>	<u>2.26</u>	<u>2.63</u>	<u>2.85</u>

(A) Net proceeds from advance fees excludes initial expansion entrance fees received.

(B) Interest includes interest capitalized and interest expense as assumed by management.

(C) Principal payments excludes payments on intermediate-term debt that are to be paid from escrowed entrance fees.

Supplementary Information

Wesley Pines Retirement Community
Forecasted Balance Sheets
September 30, 2026 Through 2030
(in Thousands)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions receivable from					
UMRH Foundation, current portion	36	36	36	36	36
Assets limited as to use - all other, current portion	26	26	26	26	26
Accounts receivable, net	848	934	957	981	1,006
Other receivables	21	21	23	23	23
Due from related parties	-	-	-	-	-
Inventories	41	42	43	45	46
Prepaid expenses and other current assets	147	151	155	159	163
Total Current Assets	1,119	1,210	1,240	1,270	1,300
Assets Limited As to Use					
Assets limited as to use - statutory operating reserve	2,873	2,956	3,133	3,210	3,308
Assets limited as to use - debt service, net of current portion	1,746	-	-	-	-
	4,619	2,956	3,133	3,210	3,308
Property and Equipment, Net	18,920	20,423	20,201	20,022	19,866
Other Assets					
Interest rate swap	734	734	734	734	734
UMRH Foundation, net of current portion	980	980	980	980	980
	1,714	1,714	1,714	1,714	1,714
Total Assets	\$ 26,372	\$ 26,303	\$ 26,288	\$ 26,216	\$ 26,188
LIABILITIES AND NET ASSETS (DEFICIT)					
Current Liabilities					
Bonds payable, current portion	\$ 289	\$ 307	\$ 334	\$ 354	\$ 366
Accounts payable	388	402	415	426	440
Accrued salaries and related expenses	540	580	406	436	465
Accrued interest payable	22	37	37	36	35
Insurance regulation - statutory operating reserve	2,873	2,956	3,133	3,210	3,308
Due to related parties	1,839	2,536	3,658	4,628	5,664
Total Current Liabilities	5,951	6,818	7,983	9,090	10,278
Long-Term Liabilities					
Bonds payable, less current portion	14,810	14,506	14,222	13,870	13,508
Liability for refundable advanced fees	113	105	98	94	89
Deferred revenue for non-refundable advanced fees	1,681	1,676	1,689	1,733	1,802
Fund held for others	17	17	17	17	17
Total Long-Term Liabilities	16,621	16,304	16,026	15,714	15,416
Total Liabilities	22,572	23,122	24,009	24,804	25,694
Net Assets (Deficit)					
Net deficit without donor restrictions	2,775	2,156	1,254	387	(531)
Net assets with donor restrictions	1,025	1,025	1,025	1,025	1,025
Total Net Assets (Deficit)	3,800	3,181	2,279	1,412	494
Total Liabilities and Net Assets (Deficit)	\$ 26,372	\$ 26,303	\$ 26,288	\$ 26,216	\$ 26,188

Wesley Pines Retirement Community
Forecasted Statements of Operations and Changes in Net Assets (Deficit)
Years Ending September 30, 2026 Through 2030
(in Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Revenue					
Net resident services, apartments	\$ 1,182	\$ 1,224	\$ 1,267	\$ 1,311	\$ 1,357
Net resident services, health care center	6,698	7,623	7,776	7,932	8,091
Net resident services, assisted living	2,453	2,539	2,627	2,719	2,814
Amortization of advanced fees	284	278	276	277	284
Net assets released from restriction	9	9	9	9	9
Other	5	5	5	5	5
Total Revenue	<u>10,631</u>	<u>11,678</u>	<u>11,960</u>	<u>12,253</u>	<u>12,560</u>
Expenses					
Health care center	4,585	4,723	4,864	5,010	5,161
Assisted living	769	792	816	840	866
Resident services	178	183	189	194	200
Dietary and food service	1,895	1,951	2,011	2,071	2,131
Housekeeping	568	585	603	621	639
Plant	1,030	1,061	1,092	1,125	1,159
General and administration	1,072	1,104	1,136	1,170	1,204
Depreciation	700	639	636	611	608
Interest	173	288	496	442	434
Corporate allocation - depreciation	1	2	2	2	2
Corporate allocation - all other	935	969	1,017	1,034	1,074
Total Expenses	<u>11,906</u>	<u>12,297</u>	<u>12,862</u>	<u>13,120</u>	<u>13,478</u>
Deficiency of Revenue over Expenses and Change in Net Assets	(1,275)	(619)	(902)	(867)	(918)
Net Assets (Deficit), Beginning of Year	<u>5,075</u>	<u>3,800</u>	<u>3,181</u>	<u>2,279</u>	<u>1,412</u>
Net Assets (Deficit), End of Year	<u>\$ 3,800</u>	<u>\$ 3,181</u>	<u>\$ 2,279</u>	<u>\$ 1,412</u>	<u>\$ 494</u>

Wesley Pines Retirement Community
Forecasted Statements of Cash Flows
Years Ending September 30, 2026 Through 2030
(in Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Operating Activities					
Change in net assets	\$ (1,275)	\$ (619)	\$ (902)	\$ (867)	\$ (918)
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	700	639	636	611	608
Amortization of deferred financing costs	5	3	57	3	4
Amortization of bond premium	-	-	(8)	-	-
Amortization of advanced fees	(284)	(278)	(276)	(277)	(284)
Non-refundable entrance fees received	414	327	352	380	407
Net change in					
Accounts receivable - residents and patients	78	(86)	(23)	(24)	(25)
Accounts receivable - other	27	(1)	(1)	(1)	(1)
Due to/from related parties	1,526	698	1,120	970	1,036
Inventories	12	(1)	(1)	-	(1)
Prepaid expenses and other current assets	(4)	(4)	(4)	(4)	(4)
Accounts payable	74	13	13	12	13
Accrued salaries and related expenses	13	40	(174)	29	30
Accrued interest payable	7	15	-	(1)	(1)
Net Cash Provided by Operating Activities	<u>1,293</u>	<u>746</u>	<u>789</u>	<u>831</u>	<u>864</u>
Investing Activities					
Purchase of property and equipment	(7,548)	(2,142)	(414)	(432)	(452)
Change in assets limited as to use	(1,746)	1,746	-	-	-
Net Cash Used in Investing Activities	<u>(9,294)</u>	<u>(396)</u>	<u>(414)</u>	<u>(432)</u>	<u>(452)</u>
Financing Activities					
Refunds of deposits and refundable fees	(163)	(61)	(69)	(64)	(58)
Payments on bonds and note payable	(289)	(289)	(306)	(335)	(354)
Proceeds from issuance of bonds	8,453	-	-	-	-
Net Cash Used in Financing Activities	<u>8,001</u>	<u>(350)</u>	<u>(375)</u>	<u>(399)</u>	<u>(412)</u>
Change in Cash	-	-	-	-	-
Cash, Beginning of Year	-	-	-	-	-
Cash, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Cypress Glen Retirement Community
Forecasted Balance Sheets
September 30, 2026 Through 2030
(in Thousands)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets					
Cash	\$ 2	\$ 2	\$ 2	\$ 2	\$ 2
Contributions receivable from UMRH Foundation, current portion	2,796	2,796	2,796	2,796	2,796
Assets limited as to use - all other, current portion	193	193	193	193	193
Accounts receivable, net	451	466	481	497	513
Other receivables	116	131	139	146	154
Due from related parties	36,817	37,682	38,397	39,798	41,537
Inventories	37	38	40	41	43
Prepaid expenses and other current assets	626	642	659	676	694
Total Current Assets	41,038	41,950	42,707	44,149	45,932
Assets Limited As to Use					
Assets limited as to use - statutory operating reserve	4,954	5,306	5,476	5,633	5,812
Assets limited as to use - all other, net of current portion	4,699	4,789	4,882	4,978	5,078
	9,653	10,095	10,358	10,611	10,890
Property and Equipment, Net	99,347	99,202	99,261	99,481	99,847
Other Assets					
Interest rate swap agreement	1,258	1,258	1,258	1,258	1,258
UMRH Foundation, net of current portion	4,258	4,258	4,258	4,258	4,258
Deferred costs, net	3	3	2	1	-
	5,519	5,519	5,518	5,517	5,516
Total Assets	\$ 155,557	\$ 156,766	\$ 157,844	\$ 159,758	\$ 162,185
LIABILITIES AND NET ASSETS					
Current Liabilities					
Bonds payable, current portion	\$ 494	\$ 516	\$ 528	\$ 551	\$ 563
Accounts payable	426	440	456	471	488
Accrued salaries and related expenses	760	817	523	565	611
Accrued interest payable	1,654	1,653	1,652	1,651	1,650
Insurance regulation - statutory operating reserve	4,954	5,306	5,476	5,633	5,812
Total Current Liabilities	8,288	8,732	8,635	8,871	9,124
Long-Term Liabilities					
Bonds payable, less current portion	64,465	63,954	63,430	62,884	62,326
Liability for refundable advanced fees	7,005	7,322	7,687	8,100	8,559
Deferred revenue for non-refundable advanced fees	17,890	17,116	16,610	16,413	16,520
Fund held for others	36	36	36	36	36
Total Long-Term Liabilities	89,396	88,428	87,763	87,433	87,441
Total Liabilities	97,684	97,160	96,398	96,304	96,565
Net Assets					
Net assets without donor restrictions	48,218	49,951	51,791	53,799	55,965
Net assets with donor restrictions	9,655	9,655	9,655	9,655	9,655
Total Net Assets	57,873	59,606	61,446	63,454	65,620
Total Liabilities and Net Assets	\$ 155,557	\$ 156,766	\$ 157,844	\$ 159,758	\$ 162,185

Cypress Glen Retirement Community
Forecasted Statements of Operations and Changes in Net Assets
Years Ending September 30, 2026 Through 2030
(in Thousands)

	2026	2027	2028	2029	2030
Revenue					
Net resident services, apartments	\$ 14,152	\$ 14,647	\$ 15,159	\$ 15,690	\$ 16,239
Net resident services, health care center	3,771	3,871	3,973	4,079	4,188
Net resident services, assisted living	3,370	3,471	3,576	3,683	3,793
Net resident services, memory care	1,439	1,482	1,527	1,573	1,620
Amortization of advanced fees	2,900	2,887	2,878	2,914	3,002
Net assets released from restriction	535	535	535	535	535
Other	21	21	21	21	21
Interest and dividend income	12	12	12	12	12
Total Revenue	26,200	26,926	27,681	28,507	29,410
Expenses					
Health care center	3,230	3,332	3,437	3,545	3,657
Assisted living	1,570	1,617	1,666	1,716	1,768
Memory care	729	751	773	797	821
Resident services	843	868	895	922	950
Dietary and food service	4,097	4,228	4,363	4,502	4,646
Housekeeping	1,412	1,455	1,499	1,545	1,592
Plant	3,273	3,376	3,483	3,592	3,705
General and administration	2,982	3,072	3,164	3,259	3,357
Depreciation and amortization	3,782	4,459	4,450	4,491	4,558
Interest	2,345	288	276	263	249
Corporate allocation - depreciation	2	4	4	4	4
Corporate allocation - all other	1,680	1,743	1,831	1,863	1,937
Total Expenses	25,945	25,193	25,841	26,499	27,244
Excess of Revenue Over Expenses	255	1,733	1,840	2,008	2,166
Net Assets, Beginning of Year	57,618	57,873	59,606	61,446	63,454
Net Assets, End of Year	\$ 57,873	\$ 59,606	\$ 61,446	\$ 63,454	\$ 65,620

Cypress Glen Retirement Community
Forecasted Statements of Cash Flows
Years Ending September 30, 2026 Through 2030
(in Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Operating Activities					
Change in net assets	\$ 255	\$ 1,733	\$ 1,840	\$ 2,008	\$ 2,166
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	3,781	4,458	4,449	4,490	4,557
Amortization of deferred financing costs	295	5	5	5	5
Amortization of bond premium	(199)	-	-	-	-
Amortization of deferred marketing costs	1	1	1	1	1
Amortization of advanced fees	(2,900)	(2,887)	(2,878)	(2,914)	(3,002)
Non-refundable entrance fees received	2,198	4,190	4,480	4,751	5,017
Net change in					
Accounts receivable - residents and patients	(29)	(15)	(15)	(17)	(16)
Accounts receivable - other	556	(16)	(8)	(8)	(7)
Contributions receivable/(payable)	(193)	-	-	-	-
Due to/from related parties	2,394	(866)	(715)	(1,401)	(1,739)
Inventories	18	(1)	(1)	(1)	(1)
Prepaid expenses and other current assets	(16)	(16)	(17)	(17)	(18)
Accounts payable	(7,985)	14	15	15	16
Accrued salaries and related expenses	20	57	(294)	43	45
Accrued interest payable	(2)	(1)	(1)	(1)	(1)
Net Cash Provided by Operating Activities	<u>(1,806)</u>	<u>6,656</u>	<u>6,861</u>	<u>6,954</u>	<u>7,023</u>
Investing Activities					
Purchase of property and equipment	(4,128)	(4,312)	(4,508)	(4,710)	(4,923)
Assets limited as to use	19,450	(90)	(93)	(96)	(100)
Net Cash Used in Investing Activities	<u>15,322</u>	<u>(4,402)</u>	<u>(4,601)</u>	<u>(4,806)</u>	<u>(5,023)</u>
Financing Activities					
Refunds of deposits and refundable fees	(1,760)	(2,467)	(2,502)	(2,422)	(2,296)
Refundable entrance fees received	2,002	707	758	802	847
Payments on bonds and note payable	(13,758)	(494)	(516)	(528)	(551)
Net Cash Used in Financing Activities	<u>(13,516)</u>	<u>(2,254)</u>	<u>(2,260)</u>	<u>(2,148)</u>	<u>(2,000)</u>
Change in Cash	-	-	-	-	-
Cash, Beginning of Year	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
Cash, End of Year	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 2</u>

Croasdaile Village Retirement Community
Forecasted Balance Sheets
Years Ending September 30, 2026 Through 2030
(in Thousands)

	2026	2027	2028	2029	2030
ASSETS					
Current Assets					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions receivable from					
UMRH Foundation, current portion	287	287	287	287	287
Assets limited as to use - debt service, current portion	616	616	592	542	491
Assets limited as to use - future construction, current portion	-	-	4,229	4,765	4,229
Assets limited as to use - all other, current portion	9	9	9	9	9
Accounts receivable, net	2,679	2,776	2,938	3,110	3,220
Other receivables	308	311	326	340	355
Due from related parties	117,185	121,165	117,317	117,161	119,165
Inventories	141	145	150	154	159
Prepaid expenses and other current assets	760	857	911	928	945
Total Current Assets	121,985	126,166	126,759	127,296	128,860
Assets Limited as to Use					
Assets limited as to use - statutory operating reserve	12,203	13,597	21,155	15,019	15,511
Assets limited as to use - debt service, net of current portion	30,422	5,627	5,627	5,627	5,627
Assets limited as to use - all other, net of current portion	234	234	234	234	234
	42,859	19,458	27,016	20,880	21,372
Property and Equipment, Net	197,303	229,241	231,036	230,867	230,971
Other Assets					
Interest rate swap agreement	5,320	5,320	5,320	5,320	5,320
Contributions receivable from					
UMRH Foundation, net of current portion	5,054	5,054	5,054	5,054	5,054
Deferred costs, net	124	98	204	173	142
	10,498	10,472	10,578	10,547	10,516
Total Assets	\$ 372,645	\$ 385,337	\$ 395,389	\$ 389,590	\$ 391,719
LIABILITIES AND NET ASSETS					
Current Liabilities					
Bonds payable, current portion	\$ 5,137	\$ 31,597	\$ 5,722	\$ 5,990	\$ 6,211
Accounts payable	3,409	3,274	2,869	2,920	3,019
Accrued salaries and related expenses	1,116	1,218	714	795	879
Accrued interest payable	1,738	1,802	1,732	1,653	1,571
Insurance regulation - statutory operating reserve	12,203	13,597	21,155	15,019	15,511
Total Current Liabilities	23,603	51,488	32,192	26,377	27,191
Long-Term Liabilities					
Bonds payable, less current portion	187,331	167,636	164,460	158,240	151,798
Liability for refundable advanced fees	8,844	8,622	8,472	8,383	8,361
Deferred revenue for non-refundable advanced fees	72,393	69,104	93,831	91,063	89,219
Fund held for others	4	4	4	4	4
Total Long-Term Liabilities	268,572	245,366	266,767	257,690	249,382
Total Liabilities	292,175	296,854	298,959	284,067	276,573
Net Assets					
Net assets without donor restrictions	75,124	83,137	91,084	100,177	109,800
Net assets with donor restrictions	5,346	5,346	5,346	5,346	5,346
Total Net Assets	80,470	88,483	96,430	105,523	115,146
Total Liabilities and Net Assets	\$ 372,645	\$ 385,337	\$ 395,389	\$ 389,590	\$ 391,719

Croasdaile Village Retirement Community
Forecasted Statements of Operations and Changes in Net Assets
Years Ending September 30, 2026 Through 2030
(in Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Revenue					
Net resident services, apartments	\$ 29,129	\$ 30,294	\$ 34,977	\$ 37,749	\$ 39,185
Net resident services, health care center	16,493	16,931	17,383	17,852	18,337
Net resident services, assisted living	6,104	6,348	6,602	6,866	7,140
Net resident services, memory care	2,020	2,100	2,184	2,272	2,363
Net resident services, home care	2,526	2,627	2,733	2,842	2,956
Amortization of advanced fees	9,400	9,069	12,204	11,008	10,769
Net assets released from restriction	381	381	381	381	381
Other	25	25	25	25	25
Interest and dividend income	121	121	121	121	121
Total Revenue	<u>66,199</u>	<u>67,896</u>	<u>76,610</u>	<u>79,116</u>	<u>81,277</u>
Expenses					
Health care center	11,616	11,965	12,324	12,693	13,074
Assisted living	1,818	1,872	1,928	1,986	2,046
Memory care	948	976	1,006	1,036	1,067
Home care	2,471	2,546	2,622	2,701	2,782
Resident services	2,429	2,505	2,629	2,718	2,799
Dietary and food service	10,619	10,955	11,628	12,124	12,492
Housekeeping	3,122	3,239	3,587	3,714	3,827
Laundry	275	284	292	301	310
Plant	5,984	6,170	6,775	7,124	7,343
General and administration	4,956	5,104	5,515	5,732	5,908
Depreciation and amortization	10,945	6,184	9,390	9,441	9,584
Interest	4,395	3,826	6,496	5,910	5,698
Corporate allocation - depreciation	6	9	10	9	11
Corporate allocation - all other	4,097	4,248	4,461	4,534	4,713
Total Expenses	<u>63,681</u>	<u>59,883</u>	<u>68,663</u>	<u>70,023</u>	<u>71,654</u>
Excess (Deficiency) of Revenue Over Expenses and Change in Net Assets	2,518	8,013	7,947	9,093	9,623
Net Assets, Beginning of Year	<u>77,952</u>	<u>80,470</u>	<u>88,483</u>	<u>96,430</u>	<u>105,523</u>
Net Assets, End of Year	<u>\$ 80,470</u>	<u>\$ 88,483</u>	<u>\$ 96,430</u>	<u>\$ 105,523</u>	<u>\$ 115,146</u>

Croasdaile Village Retirement Community
Forecasted Statements of Cash Flows
Years Ending September 30, 2026 Through 2030
(in Thousands)

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>
Operating Activities					
Change in net assets	\$ 2,518	\$ 8,013	\$ 7,947	\$ 9,093	\$ 9,623
Adjustments to reconcile change in net assets to net cash provided by operating activities					
Depreciation	10,919	6,158	9,359	9,410	9,553
Amortization of deferred financing costs	102	88	490	59	61
Amortization of bond premium	(473)	(489)	(340)	(289)	(292)
Amortization of deferred marketing costs	26	26	31	31	31
Amortization of advanced fees	(9,400)	(9,069)	(12,204)	(11,008)	(10,769)
Non-refundable entrance fees received	9,221	9,227	40,718	12,037	12,605
Net change in					
Accounts receivable - residents and patients	(45)	(97)	(162)	(172)	(110)
Accounts receivable - other	1,224	(3)	(14)	(14)	(15)
Due to/from related parties	(7,993)	(3,980)	3,849	156	(2,004)
Inventories	(2)	(5)	(4)	(4)	(5)
Prepaid expenses and other current assets	(118)	(97)	(54)	(17)	(17)
Accounts payable	925	(135)	(405)	51	97
Accrued salaries and related expenses	33	103	(506)	81	83
Accrued interest payable	27	64	(70)	(79)	(82)
Deferred marketing costs	-	-	(137)	-	-
Net Cash Provided by Operating Activities	<u>6,964</u>	<u>9,804</u>	<u>48,498</u>	<u>19,335</u>	<u>18,759</u>
Investing Activities					
Purchase of property and equipment	(47,504)	(38,096)	(11,154)	(9,240)	(9,657)
Assets limited as to use	(19,027)	24,795	(4,205)	(487)	588
Net Cash Used in Investing Activities	<u>(66,531)</u>	<u>(13,301)</u>	<u>(15,359)</u>	<u>(9,727)</u>	<u>(9,069)</u>
Financing Activities					
Refunds of deposits and refundable fees	(3,267)	(3,968)	(4,260)	(4,228)	(4,068)
Refundable entrance fees received	289	299	322	342	368
Payments on bonds and note payable	(4,948)	(5,138)	(5,297)	(5,722)	(5,990)
Payments on bonds and note payable (from escrowed funds)	-	-	(26,300)	-	-
Deferred financing costs	(1,532)	-	-	-	-
Proceeds from issuance of debt	69,025	12,304	2,396	-	-
Net Cash Used in Financing Activities	<u>59,567</u>	<u>3,497</u>	<u>(33,139)</u>	<u>(9,608)</u>	<u>(9,690)</u>
Change in Cash	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Appendix C – Statement of Actuarial Opinion

Not applicable. As of the date of filing this Disclosure Statement, UMRH is not required to obtain a new actuarial study under North Carolina law because it is a provider that only offers health care on a fee-for-service basis or only provides a limited number of free days in a long-term care facility. Pursuant to North Carolina law, UMRH is required to submit to the Commissioner an actuarial projection at least once every 5 years.

Appendix D – Representative Contract(s)



CYPRESS GLEN
— SENIOR LIVING —

**100 Hickory Street
Greenville, North Carolina 27858
(252) 830-0036
www.cypressglen.org**

Standard Residency Agreement

11/21/2025



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Exhibit A – Options and Custom Features Added at Resident's Request

GLOSSARY

The following terms are described as used in the accompanying Residency Agreement. Reference to the Residency Agreement and the context in which the terms are used is recommended to provide a fuller understanding of each of the terms:

"Agreement" means the Residency Agreement, entered into between the Resident and The United Methodist Retirement Homes, Incorporated, which outlines the contractual obligations of both parties.

"Community" means the continuing care retirement community known as "Cypress Glen Retirement Community," including all of the residences, common areas, and site amenities.

"Entrance Fee" means payment that assures a resident a place at the Community for life as long as the resident complies with terms of this Agreement. At the time the resident makes application for residency at the Community, the resident will sign a Residency Agreement to reserve the residence selected and will pay an Entrance Fee deposit to the Community. The balance of the Entrance Fee will be paid on the earlier of (i) occupancy or (ii) 90 days after the Residency Agreement is executed. Specific information is located in Paragraph 1.2 of this Agreement.

"Extra Charges" means the additional fees required to be paid for the additional services and amenities requested by Resident, as set forth in Paragraph 2.2 of this Agreement.

"Health Center" means the portion of the Community, which is licensed to provide three levels of care: assisted living care, memory care, and nursing care, as described in Section 4 of the Agreement.

"Monthly Fee" means that fee payable each month by the Resident as set forth in Paragraphs 1.3 and 1.4 of the Agreement, in consideration for the services and amenities provided to the residents of the Community described in Paragraph 2.1 of this Agreement. If there are Joint Residents under this Agreement, the Monthly Fee will include a "Second Person Monthly Fee."

"Residence" means the apartment or cottage at the Community identified in the introductory paragraph of the Agreement, in which the Resident has the right to live pursuant to this Agreement in exchange for paying the Entrance Fee and the Monthly Fee.

"Resident" or "you" means the Resident(s) who sign this Agreement. Sometimes a second resident (if there are two of you) is referred to in this Agreement as the "Joint Resident." Further, both Residents may be referred to as "Joint Residents." Unless otherwise indicated, "you" refers to both of you if there are two of you.

"Responsible Party" refers to that person who may act on resident's behalf, including signing this Agreement.

"The United Methodist Retirement Homes, Incorporated" or "we" or "our" or "us" means the owner of the retirement community known as Cypress Glen Retirement Community, including all of the residences, common areas, and site amenities associated with these areas. The United Methodist Retirement Homes, Incorporated is a North Carolina non-profit corporation.



CYPRESS GLEN
— SENIOR LIVING —

Residency Agreement Standard

INTRODUCTION

This Standard Residency Agreement ("Agreement") is entered into by The United Methodist Retirement Homes, Incorporated ("UMRH," "we," "us," or "our") and _____ (individually or collectively, "you," "your," or "Resident"). Cypress Glen Retirement Community is a continuing care retirement community located at 100 Hickory Street; Greenville, NC 27858 ("Cypress Glen" or "Community").

We will provide residential housing for seniors along with a wide array of personal services and amenities outlined in this Agreement. Subject to the conditions contained in this Agreement, we agree to make available to you the Residence described as follows:

Residence Number _____
Residence Style _____

You may select certain options and custom features in the Residence at an additional charge, which shall not be subject to any refund provision herein. Any such options and custom features selected and paid for by you will become our property. Such options and custom features must be approved by the Executive Director of the Community prior to adding them to the Residence. The Executive Director of the Community has consented to your request to add the options and custom features set forth on Exhibit A attached to this Agreement. You agree to pay the amount(s) set forth on Exhibit A to cover the charges for such items.

As a Resident of the Community, you are offered lifetime use of your Residence and lifetime access to the Community Health Center, subject to the terms and conditions of this Agreement.

To be accepted for residency, you must meet our residency criteria, which includes: having reached the age of 62 (or sharing your Residence with a Joint Resident who is 62 or older); financial guidelines; and the ability to live in a residence (with or without reasonable accommodation and/or reasonable modification) – all as outlined in our current residency policy.

The purpose of this Agreement is to set forth your rights and duties as a Resident of the Community and to delineate the services to be provided at the Community.

1. CHARGES FOR RESIDENCE AND PRIMARY SERVICES.

1.1 Application Fee. Prior to or upon your execution of this Agreement, you will pay to us a non-refundable Application Fee of \$_____. The Application Fee will be used by us to process your application for residency.

1.2 Entrance Fee. In order to reside at the Community for life, subject to this Agreement, and to receive the services and amenities described below, you agree to pay to us (in addition to the Monthly Fee described below) an Entrance Fee in the amount of \$_____ (includes first and second person, if applicable). The total amount of the Entrance Fee shall be payable as follows:

1.2.1 Ten percent (10%) of the total Entrance Fee is \$_____, less any previously paid Future Resident Fee (\$_____), equals \$_____, which amount is due and payable upon your execution of this Agreement.

1.2.2 The balance of \$_____ of the Entrance Fee shall be paid on the date you assume occupancy at the Community or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier.

1.3 Monthly Fee. You are obligated to begin paying a Monthly Fee (or a pro rata portion thereof) on the date you assume occupancy at the Community or within ninety (90) days from the date this Agreement is executed by you, whichever is earlier. Thereafter, the Monthly Fee is due upon receipt of a statement from us and by no later than the fifteenth (15th) of each month. The Monthly Fee is initially set at a specific amount that can be increased as described in Paragraph 1.6 below. A "Second Person Monthly Fee" shall become part of the Monthly Fee and shall be paid if two persons are Joint Residents under this Agreement. If there are Joint Residents under this Agreement and one Joint Resident dies, the Second Person Monthly Fee shall cease and the remaining Resident shall continue to pay the Monthly Fee without the Second Person Monthly Fee component.

1.4 Initial Monthly Fee. The initial Monthly Fee payable by you is \$_____ per month and an additional \$_____ per month as a Second Person Monthly Fee component of the Monthly Fee if two persons reside as Joint Residents pursuant to this Agreement.

1.5 Continuance of Monthly Fee. Payment of the Monthly Fee will continue as follows:

1.5.1 In the event of your death (in the case of Joint Residents, the death of the surviving Resident), until your estate removes all of your personal property from the Residence and from any storage unit.

1.5.2 In the event of your permanent relocation to Health Center Level Services or Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another care facility licensed to provide the appropriate care you need, until you or your personal representative removes all of your personal property from the Residence and from any storage unit.

1.5.3 In the event of cancellation of this Agreement as outlined in Section 7 or 8, until expiration of the cancellation period and continues until you remove all of your personal property from the Residence and from any storage unit.

1.6 Increase in Monthly Fee. The Monthly Fee is paid to us to provide the services and amenities described in this Agreement and is intended to meet the expenses associated with the operation of the Community. We may increase the Monthly Fee (which includes the Second Person Monthly Fee where applicable) upon thirty (30) days' written notice if we, in our sole discretion, deem it necessary to meet the financial needs of the Community or to provide quality services to the Residents.

1.7 Reserve Funds. The amount of the Monthly Fee also is and will continue to be affected by our policy of maintaining reserve funds for the financial security of the Community.

1.8 Late Payment Charge. We will charge a late payment charge in the amount of twenty-five dollars (\$25.00) if the Monthly Fees or any Extra Charges are not paid by the fifteenth (15th) day of the month. Balances over thirty (30) days old will be assessed a one percent (1%) interest charge per month. If we hire a collection agency or attorney to collect the Monthly Fee and Extra Charges past due from you, you are to pay any and all costs of collection, including reasonable attorney's fees, costs, and expenses associated with such collection efforts.

2. DESCRIPTION OF PRIMARY AND SUPPLEMENTAL SERVICES.

2.1 Services Provided for the Monthly Fee. We will provide you, in consideration for the Monthly Fee referred to above, the following services and amenities at the Community:

- Dining allowance equal to two (2) meals per day for residents of A and B wings; three (3) meals per day for residents of the C wing; and twenty-five (25) meals per month for residents of the D wing, East wing, West wing, and cottages;
- Limited meal delivery to be provided when approved by authorized staff;
- Consultation and preparation of routine special diets;
- Utilities, which include heating, air conditioning, electricity, water, sewer and trash removal;
- Standard television cable system;
- Building janitor and maintenance;
- Grounds keeping;
- Weekly housekeeping services;
- Laundry facilities for residents in the A, B and C wings; washers and dryers provided in the D wing, East wing, West wing and cottages;
- Planned activities (social, cultural, recreational, educational, and spiritual) for those who wish to participate;
- Services of a chaplain;
- Services of a life enrichment director;
- Parking for residents and guests;
- Carpeting (except in kitchen and bath), unless some other floor surface has been installed;
- Kitchen facilities;

- Scheduled local transportation as published by us, including transportation to local medical facilities (non-emergency);
- Limited additional storage space for A, B, C, D, East and West wing apartments;
- Emergency call system, with 24-hour check-in;
- Smoke detectors;
- Security – 24 hours a day; and
- Six (6) days each year of assisted living, memory care or nursing care in the Community Health Center as outlined in Paragraph 4.4.

2.2 Supplemental Services Provided for Extra Charge. Supplemental services, when available, will be provided at Extra Charge and are described below. A list of Extra Charges for these supplemental services can be obtained from administration.

- Extra meals, depending upon a resident's dining allowance;
- Beer and wine;
- Extended meal delivery as approved by authorized staff;
- Preparation of special diets (beyond those which are routine), as prescribed by your attending physician;
- Additional housekeeping services;
- Guest accommodations, if available;
- Guest meals;
- Personal transportation and transportation for special events and group trips;
- Community Health Center services as outlined in Section 4 (including assisted living, memory care, nursing care, and the services of the Clinic);
- Wireless Internet; and
- Certain ancillary services and supplies (such as therapies, pharmacy, laboratory, therapeutic activities, rehabilitative treatments, medical equipment, medical supplies, medical treatment, etc.) as outlined in Paragraph 4.10.
- Access to Convenient Care Clinic.

3. TERMS OF RESIDENCY.

3.1 Use of the Residence. The Residence is for living only and will not be used for carrying on any business or profession, nor in any manner in violation of zoning restrictions. This Agreement is not a lease, and grants you only the right to live in the Residence, access to other facilities of the Community, and to available services and amenities, subject to the terms and conditions of this Agreement.

3.2 Duration of Your Right to Occupy the Residence. You may reside in your Residence for as long as you (or either of you in the case of Joint Residents) live unless you (both of you in the case of Joint Residents) are not capable of occupancy as set forth in our residency policy, or this Agreement is canceled by you or by us. If, in the opinion of your attending physician or the Medical Director, your physical or mental health requires that you need assisted living services, memory care services, or nursing care services, you will be requested to relocate to the Community Health Center or Comparable Facility (as defined in Paragraph 4.2).

3.3 Occupants of the Residence. Except as hereinafter provided, no person other than you (both of you in the case of Joint Residents) may occupy the Residence. In the event that a second person who is not a party to this Agreement is accepted for residency in the Residence after the date we sign this Agreement (said acceptance to be in accordance with our current residency policy), an Entrance Fee in an amount to be determined by us (which will be no more than one-half of the then-current Entrance Fee for the Residence) shall be paid upon residency, and each month thereafter, the then-current Second Person Monthly Fee shall be paid as part of the Monthly Fee. If such second person does not meet the requirements for residency, such second person will not be permitted to occupy the Residence for more than thirty (30) days, except with our express written approval.

If the Resident marries a person who is also a resident of the Community, and should they decide to occupy one residence as Joint Residents, they must declare which residence will be occupied and which residence will be released. The refund due for the released residence, if any, will be provided as described in Paragraph 9.5 of this Agreement.

3.4 Guests. Guests are welcome to stay in your Residence for short stays not to exceed ten (10) consecutive days. Such stay shall not, in the opinion of the Executive Director, adversely affect the operation of the Community or be inconsistent with the welfare of our residents.

3.5 Release. We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from such liability.

3.6 Insurance. Our insurance does not cover your personal property or your liability. It is recommended that you carry personal property insurance and liability insurance at your own expense to cover against any loss or damage to your personal property or to the property of others caused by your negligence or that of your guests. If requested by us, you agree to provide us with proof of such insurance coverage.

3.7 Removal and Storage of Resident's Personal Property.

3.7.1 Within thirty (30) days following the date of your death (the death of the surviving Resident in the case of Joint Residents). If your personal property is not removed from the Residence and from any storage unit within such thirty (30) days, we will continue to charge your estate the Monthly Fee as outlined in Paragraph 1.5.1 above, or we may remove and store such personal property at the expense and risk of your estate. Your Entrance Fee will continue to amortize, if applicable, until the Residence and any storage unit is completely vacated. We will only allow the executor(s) named in your Will to remove or dispose of your personal property in your living accommodation and any related storage unit at the Community. Members of your family or those to whom you have granted power of attorney will not be allowed access to your personal property after your death, unless they are the executor(s) named in your Will.

3.7.2 Within thirty (30) days following the date notice is delivered to you of your permanent relocation to the Community Health Center or Comparable Facility for Health Center Level Services (see definitions in Paragraphs 4.1 and 4.2), or to another

care facility licensed to provide the appropriate care you need. If your personal property is not removed from your Residence and from any storage unit within such thirty (30) days, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.2 above, or we may remove and store such personal property at your expense and risk.

3.7.3 At the end of the cancellation period outlined in Section 7 or 8. If your personal property is not removed from your Residence and from any storage unit by the end of the cancellation period, we will continue to charge you the Monthly Fee as outlined in Paragraph 1.5.3 above, or we may remove and store such personal property at your expense and risk. Your Entrance Fee will continue to amortize, if applicable, until the Residence and any storage unit is completely vacated.

3.8 Furnishings. Furnishings within the Residence will not be provided by us except as stated in Paragraph 2.1. Furnishings provided by you shall not be such as to interfere with your health, safety or general welfare, or that of other residents or others.

3.9 Emergency Entry and Relocation. We may enter your Residence should it be necessary in an emergency to protect your health or safety or the health or safety of other residents. If relocation is recommended by the Medical Director or your attending physician, we will request that you relocate to another residence within the Community, or to the Community Health Center or a Comparable Facility (as defined in Paragraph 4.2), or to a hospital or other health care facility for the protection of your health or safety or for the health or safety of the other residents of the Community.

3.10 Alterations by You. You may not undertake any alterations to your Residence without our prior written approval. Said alterations will be set forth in a separate addendum to this Agreement, signed by you and us.

3.11 Condition of Residence. Upon vacating the Residence, you agree to leave it in good and clean condition. You shall be liable to us for any charges incurred to restore your Residence to good and clean condition, except for normal wear and tear.

3.12 Rights of Second Single Resident. When two Joint Residents reside in a single Residence under this Agreement, upon the death or permanent relocation of one Resident to a different level of care at the Community, or other inability of that Resident to continue residing in the Residence, the remaining Resident may continue to reside in the Residence under the terms of this Agreement and shall pay the Monthly Fee.

3.13 Smoke-Free Community. The Community is a smoke-free community, pursuant to its Smoke-Free Community Policy (a copy of which is available upon request), wherein the campus and buildings have been designated as "smoke free". Smoking (including E-Cigarettes) is not allowed by residents, guests, staff, and business invitees in any part of the Community (except in designated outdoor areas), including, but not limited to, the residences, the Community Health Center (including the assisted living facility, memory care unit, and the nursing facility), hallways, dining rooms, public restrooms, lounge areas, reception areas, waiting rooms, courtyards, entrances, walking paths, driveways, and any other common areas of the Community. Outside designated smoking areas will be posted. Violation of the Smoke-Free

Community Policy can result in our cancellation of this Agreement for just cause as outlined in Paragraph 8.1 hereof.

3.14 Firearms Policy. The Community has adopted a policy governing the possession of firearms at the Community. Firearms need to be registered with the Community and properly secured. In the event that you are unable to safely maintain a firearm, we will contact your designated power of attorney, legal representative or family member to remove any firearms from your Residence.

4. THE COMMUNITY HEALTH CENTER.

4.1 Description. The Community Health Center is the portion of the Community which is licensed to provide three levels of care: assisted living care, memory care, and nursing care (collectively "Health Center Level Services"). The Community Health Center is staffed by licensed nursing personnel 24 hours a day.

4.2 Alternate Accommodations. You will be given priority over non-residents for admission to the Community Health Center. In the event the Community Health Center is fully occupied when you are determined to need such care, you agree to relocate to an alternate health care facility that provides services similar to the Community Health Center or to another care facility licensed to provide the appropriate care you need (a "Comparable Facility") until an appropriate space becomes available for you at the Community. We will not be responsible for the charges associated with the Comparable Facility. Upon your relocation to a Comparable Facility, you shall continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

4.3 Clinic. The Clinic is available for certain examinations, consultations, tests and appointments. Such services will be at an Extra Charge to you.

4.4 Six (6) Days of Assisted Living, Memory Care or Nursing Care. You are eligible to receive a total of six (6) days each year of either assisted living care, memory care or nursing care in the Community Health Center while you are a resident of your Residence. In the case of Joint Residents, each of you will receive six (6) days, but the days cannot be combined and used by only one of you. Such six (6) days renews on an annual basis and does not accumulate. You are required to pay the charges for physician services and any additional health services as outlined in Paragraph 4.10. Once you are permanently assigned to assisted living, memory care or nursing care in the Community Health Center or Comparable Facility, you no longer qualify for the six (6) free days of assisted living, memory care or nursing care and will be required to pay the per diem charge for such care. **[NOTE: The six (6) days of care is a combined annual total for assisted living, memory care and nursing care at the Community.]**

4.5 Transfer to Health Center Level Services. In the event your physical or mental health is determined by us to be appropriate for Health Center Level Services, you agree to relocate to the Community Health Center or a Comparable Facility. Such a determination will be made by us after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

4.6 Temporary Relocation to the Community Health Center. In the event you require temporary care in the Community Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. In addition, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above.

4.7 Permanent Relocation to Health Center Level Services. In the event you require permanent care in the Community Health Center (beyond the six (6) days of care as outlined in Paragraph 4.4, if applicable), you will pay the per diem charge applicable to the level of care needed by you, as well as the charges for physician services and any additional health services as outlined in Paragraph 4.10. If you are determined appropriate for Health Center Level Services, and are permanently relocated to the Community Health Center or a Comparable Facility, you will be required to release your Residence to us, and remove all of your personal property from the Residence and from any storage unit as outlined in Paragraph 3.7.2. We shall have the right to reassign the Residence for occupancy by others except as provided in Paragraph 3.12. Release of the Residence due to your permanent relocation to the Community Health Center or to a Comparable Facility does not qualify you for a refund of the Entrance Fee, unless this Agreement is canceled. Subject to the terms and conditions of this Agreement, you will continue to pay the Monthly Fee in accordance with Paragraph 1.5.2 above.

4.8 Relocation within the Community Health Center. We reserve the right to relocate you to a different level of care within the Community Health Center if you require such care. Such relocation will be made after a review by the Director of Nursing, the Medical Director and the Executive Director in consultation with your attending physician, your personal representative, and you to the extent possible.

4.9 Return to Residence. If we subsequently determine, in consultation with your attending physician, your personal representative and you to the extent possible, that you can resume occupancy in a residence equivalent to the residence you previously occupied, you shall have the right to relocate to such equivalent residence as soon as one is available. Upon reoccupying a residence, your Monthly Fee will be based on the then-current Monthly Fee for the residence.

4.10 Medical Director, Attending Physician, and Additional Health Services. We have designated a licensed physician to serve as Medical Director of the Community Health Center. You are required to have a local attending physician. You may engage the services of the Medical Director at your own expense. If your personal physician will be providing you with services in the Community Health Center, he/she may do so upon providing us with his/her credentials and with proof of liability insurance, and he/she agrees to abide by our policies and procedures. We will not be responsible for the charges for medical treatment or services by the Medical Director or your attending physician, nor will we be responsible for the charges for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment.

4.11 Advanced Payment for Medical Treatment. In the event we incur or advance payment for your medical treatment or for medication, prescribed therapy, nursing supplies, and other medical and miscellaneous supplies and services associated with medical treatment (even

in the event such medical care is given at the direction of your attending physician or the Medical Director without your prior approval), you shall promptly reimburse us for such payments. Upon cancellation of this Agreement for any reason, any amounts due to us under this Paragraph 4.11 shall be offset against any refund of the Entrance Fee.

4.12 Medicare and Health Insurance. The Community Health Center has received Medicare certification on six (6) of its nursing beds. When eligible, you are required to maintain Medicare Part A, Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage acceptable to us to assure your ability to fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility. You shall furnish to us such evidence of coverage as we may from time to time request. Such supplemental insurance should cover Medicare co-insurance and deductibles. Should your supplemental health insurance or equivalent coverage not fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, or should you fail to purchase supplemental health insurance or equivalent coverage to fully cover a Medicare-qualified stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each Medicare-qualified admission and stay in the Community Health Center or a Comparable Facility. If you are eligible to receive the six (6) days of nursing care in the Community Health Center as provided in Paragraph 4.4 and your stay in the Community Health Center is a Medicare-qualified stay, such six (6) days will be applied after the expiration of your Medicare-qualified stay providing you have Medicare Part A, Medicare Part B and acceptable supplemental health insurance or equivalent insurance coverage.

If you are not eligible for Medicare, you shall maintain health insurance coverage acceptable to us and shall furnish us with evidence of such coverage upon our request. Should your health insurance not fully cover your stay in the Community Health Center or a Comparable Facility, you shall be financially responsible for paying deductibles, co-insurance amounts, and any other charges for each admission and stay in the Community Health Center or a Comparable Facility.

If failure to maintain Medicare Part A, Medicare Part B, supplemental health insurance or other health insurance coverage causes depletion of your resources and impairs your ability to meet your financial obligations, we need not defer your financial obligations to us as outlined in Paragraph 6.1, and we retain the right to cancel the Residency Agreement as provided in Section 8.

4.13 Managed Care. If you have chosen to participate in a managed care program as an alternative to Medicare Part A, Medicare Part B, and supplemental insurance coverage, the terms of this Agreement governing nursing care will include the following provisions:

4.13.1 Participating Provider. If the Community Health Center is a participating provider with your managed care program and your stay is a Medicare-qualified stay, the Community agrees to be reimbursed at the rate negotiated with your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.

4.13.2 Not a Participating Provider. If the Community Health Center is not an approved participating provider with your managed care program and you choose to receive health care services at a managed care participating provider, then you agree that you must relocate for as long as necessary for those services to be provided, and be responsible for all charges for health care services. In addition, while receiving health care services at the managed care participating provider, you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above. Such a stay at a managed care participating provider will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable.

4.13.3 Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and your stay is a Medicare-qualified stay, we will attempt to negotiate a reimbursement rate with your managed care program. If we are able to negotiate an acceptable rate, we agree to accept as full payment the rate provided by your managed care program. Such a managed care stay in the Community Health Center will not reduce the number of days of care that you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. You will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, as well as any charges for physician services and any additional health services as outlined in Paragraph 4.10.

4.13.4 No Negotiated Managed Care Rate. If the Community Health Center is not a participating provider in your managed care program and a negotiated rate is not agreed upon and you would still like to receive nursing care in the Community Health Center during a Medicare-qualified stay, then each day of your stay in the Community Health Center will reduce by one day the number of days of care you are eligible to receive without additional charge pursuant to Paragraph 4.4, as applicable. During any such Medicare-qualified stay in the Community Health Center, you agree that you will continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above and any charges for physician services and any additional health services as outlined in Paragraph 4.10. If at any time during any such Medicare-qualified stay in the Community Health Center you are no longer eligible to receive any of the days of care provided for in Paragraph 4.4, then you agree to pay the per diem charge for your care in the Community Health Center, the Monthly Fee for your Residence in accordance with Paragraph 1.5.2 above, and any charges for physician services and any additional health services as outlined in Paragraph 4.10.

4.13.5 Post Medicare-Qualified Stay. At the conclusion of each such Medicare-qualified stay, you will be entitled to care in the Community Health Center in accordance with the terms of this Agreement other than as provided in this Paragraph 4.13, as adjusted to reflect any reduction during such stay in the number of days of care that you are eligible to receive without additional charge as provided in Paragraph 4.4, as applicable.

4.14 Long-Term Care Insurance. We will use reasonable efforts to assist you in working with your long-term care insurance provider to obtain the benefits to which you may be entitled.

4.15 Transfer to Hospital or Other Care Facility. If we determine after consultation with your attending physician, your personal representative and you to the extent possible, that you need care beyond that which the Community Health Center is licensed to provide, you will be transferred to a hospital or other care facility. Our staff will not accompany you to the hospital or other facility. We shall not be responsible for any charges associated with the transfer and health care expenses or charges incurred by you after such a transfer. You shall continue to pay the Monthly Fee for your Residence in accordance with Paragraph 1.5 above.

4.16 Community Health Center Admission Agreement. If you require care in the Community Health Center, you agree to enter into a separate admission agreement for the appropriate level of care, which will be signed by you and us.

4.17 Under Age 62. If you are under the age of 62 when you occupy your Residence under this Agreement, you are not eligible to receive the six (6) days of care in the Community Health Center as described in Paragraph 4.4 until you attain the age of 62. During this time, you will be entitled to Health Center Level Services at the then-current per diem charge being charged to nonresidents until age 62.

5. REPRESENTATIONS.

5.1 Our Representations. We represent and warrant that we are a nonprofit corporation. We are exempt from payment of Federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. We are affiliated with the North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction. The North Carolina Conference of The United Methodist Church of the Southeastern Jurisdiction is not responsible for our financial or contractual obligations.

5.2 Your Representations. You represent and warrant that the representations made in the application for residency, your personal health history, and the confidential financial statement are true and correct and may be relied upon by us as a basis for your acceptance for residency at the Community. You also represent and warrant that you have not made any gift of your property in contemplation of the execution of this Agreement.

6. PROMISES.

6.1 Our Promises. It is and shall be our declared policy to operate as a non-profit organization. We will not cancel this Agreement without just cause as specified in Section 8. Further, we shall not cancel this Agreement solely by reason of your financial inability to pay the full Monthly Fee or the per diem charge for care in the Community Health Center, provided you have met all "spend-down" provisions of eligibility for the Medicaid program and any public assistance funds. This provision shall not apply if you have impaired your ability to meet your financial obligations hereunder by transfer of assets other than to meet ordinary and customary living expenses or by not maintaining Medicare Part A, Medicare Part B, supplemental

insurance, or other health insurance after assuming occupancy. You shall be permitted to remain at the Community for a reduced fee based on your ability to pay for as long as you establish facts to justify deferment of such charges and when deferment of such charges can, in our sole discretion, be granted without impairing our ability to operate the Community on a sound financial basis for the benefit of all residents.

6.2 Your Promises. You agree to comply with all policies and procedures of the Community as now existing or as hereafter amended; to pay the Entrance Fee, Monthly Fee, and any other charges as provided in this Agreement; to not impair your ability to meet the financial obligations under this Agreement by transferring assets, other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance, without our consent; to apply for public assistance funds (if available) and/or Medicaid (if the Community Health Center becomes Medicaid certified) if you should need financial assistance as outlined in Paragraph 6.1 above while receiving Health Center Level Services; and to abide by all other terms of this Agreement.

7. CANCELLATION BY RESIDENT.

7.1 Right of Rescission. Within thirty (30) days following the later of the execution of this Agreement by you or the receipt of a Disclosure Statement from us, you may rescind this Agreement by giving us written notice. You shall not be required to move into the Residence prior to the expiration of the thirty (30) day rescission period. However, if you occupy the Residence during the rescission period and then rescind this Agreement, you will only be charged a Monthly Fee for the period of time that you actually occupied the Residence. Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.2.

7.2 Cancellation Prior to Occupancy. You may cancel this Agreement for any reason at any time before you move into the Community by giving us written notice signed by you (both of you in the case of Joint Residents). Refund of the amount of the Entrance Fee paid shall be as outlined in Paragraph 9.3 or 9.4. If you die prior to occupying the Residence or if, on account of illness, injury or incapacity, you are precluded from occupying the Residence under the terms of this Agreement, this Agreement will automatically cancel upon our receipt of notice of your death, illness, injury or incapacity. If you elect to cancel this Agreement because of a substantial change in your physical, mental, or financial condition prior to occupancy, then this Agreement will cancel upon written notice from you. Refund of the Entrance Fee shall be as outlined in Paragraph 9.3.

7.3 Cancellation After Occupancy. You may cancel this Agreement for any reason after moving into the Community by giving us thirty (30) days' prior written notice of cancellation, which shall be effective and irrevocable upon delivery. Cancellation shall occur thirty (30) days after written notice is delivered, and you must remove your personal property from the Residence and from any storage unit within said thirty (30) day notice period as outlined in Paragraph 3.7.3. You are obligated to pay the Monthly Fee during the thirty (30) days, and thereafter if the Residence has not been released to us in accordance with Paragraph 1.5.3 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

7.4 Cancellation Due to Death After Occupancy. This Agreement will automatically cancel upon your death (unless you have a surviving Joint Resident). Your estate

must remove your personal property from the Residence and from any storage unit within thirty (30) days after your death as outlined in Paragraph 3.7.1. Your estate will be obligated to pay the Monthly Fee as outlined in Paragraph 1.5.1 above. Refund of the Entrance Fee shall be as outlined in Paragraph 9.5.

8. CANCELLATION BY UMRH.

8.1 Cancellation Upon Notice. We may, upon notice and opportunity to cure as hereinafter provided, cancel this Agreement for just cause. Just cause shall include the occurrence of any of the following events (hereinafter referred to as a "Default"):

8.1.1 Noncompliance. You do not comply with the terms of this Agreement or the published operating procedures, covenants, rules, regulations, and policies now existing or later amended by us.

8.1.2 Misrepresentation. You misrepresent yourself or fail to disclose information during the residency process.

8.1.3 Nonpayment. You fail to pay any charges to us, subject to the provisions of Paragraph 6.1, within forty-five (45) days of the date when such charges are due.

8.1.4 Threat to Health or Safety. Your health status or behavior constitutes a substantial threat to the health, safety or peace of yourself, other residents, or others including your refusal to consent to relocation, or behavior that would result in physical damage to the property of the Community or others.

8.1.5 Change in Condition. There is a major change in your physical or mental condition and your condition cannot be cared for in the Community Health Center within the limits of our license.

8.2 Default Notice. Prior to cancellation for any Default described in Paragraph 8.1.1, 8.1.2 or 8.1.3 above, we shall give you notice in writing of such Default, and you shall have at least thirty (30) days thereafter within which to correct such Default. No Default shall eliminate your obligation to pay the Monthly Fee. If you correct such Default within such time, this Agreement shall not be canceled. If you fail to correct such Default within such time, this Agreement shall cancel at the expiration of such thirty (30) days.

In the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5 above, if we or the Medical Director determines that either the giving of notice of Default or the lapse of time as above provided might be detrimental to you or others, then such notice and/or waiting period prior to cancellation shall not be required. Also, in the event of the occurrence of a Default described in Paragraph 8.1.4 or 8.1.5, we are expressly authorized by you to transfer you to an appropriate hospital or other facility, and we will promptly notify your personal representative or attending physician.

9. REFUND OF ENTRANCE FEE.

9.1 Nonacceptance by Us. If we do not accept you for residency at the Community, the full amount of the Entrance Fee you have paid will be promptly refunded to you, without interest.

9.2 Right of Rescission. If you rescind this Agreement as provided in Paragraph 7.1, you shall receive a full refund of the portion of the Entrance Fee paid by you, without interest, within sixty (60) days of our receipt of the written notice of rescission.

9.3 Cancellation Prior to Occupancy Due to Death, Illness, Injury, or Incapacity. If, prior to occupancy and after your right of rescission period has expired, you die or you cancel this Agreement because of illness, injury or incapacity, you or your estate will receive a refund of the portion of the Entrance Fee you have paid, without interest, less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days following (i) the date of automatic cancellation of this Agreement; or (ii) the date of our receipt of your written notice of cancellation.

9.4 Cancellation Prior to Occupancy for Other Reasons. If you cancel this Agreement for reasons other than those stated in Paragraphs 9.2 or 9.3 above, you shall receive a refund of the Entrance Fee paid, less a non-refundable portion of the Entrance Fee not to exceed the greater of (i) three thousand dollars or (ii) two percent (2%) of the entrance fee and less any costs specifically incurred by us at your request and set forth on Exhibit A or in writing in a separate addendum to this Agreement, signed by you and us. Said refund shall be paid within sixty (60) days after our receipt of the written notice of cancellation. In no event shall the non-refundable portion of the Entrance Fee exceed the amount of consideration transferred to the provider by you or a service charge be assessed due to the termination of the contract because of our failure to meet our obligations under the contract, or upon our failure to obtain a permanent license as required by law.

9.5 Cancellation After Occupancy. In the event you or we cancel this Agreement after occupancy or in the event of your death (the death of the survivor in the case of Joint Residents), you or your estate will be reimbursed the amount of the Entrance Fee previously paid by you, less two percent (2%) for each month of residency or portion thereof, for up to fifty (50) months. After fifty (50) months of occupancy, no refund of the Entrance Fee will be made. Said refund, if any, will be paid, without interest, at such time as a new resident has paid the full amount of the Entrance Fee for your Residence or within two (2) years from the date of cancellation, whichever occurs first.

9.6 Offset Against Entrance Fee Refund. In the event of cancellation of this Agreement as described in Paragraph 9.5 above, we will offset against any Entrance Fee refund due to you or your estate the following:

9.6.1 The amount of any unpaid Monthly Fees, prorated Monthly Fees for the period of time the Residence was occupied (which shall include the period of time until you or your personal representative removes all of your personal property from the Residence and from any storage unit) after cancellation of this Agreement, any Extra Charges, or other charges deferred by us on your behalf under Paragraph 6.1; and

9.6.2 Any health care expenses incurred on your behalf and other amounts payable to us, which remain unreimbursed; and

9.6.3 Any charges incurred to restore the Residence to good condition, normal wear and tear excepted, as outlined in Paragraph 3.11; and

9.6.4 Any charges incurred as a result of options and custom features added to the Residence at your request as outlined in Exhibit A or in a separate addendum to this Agreement.

9.7 Cancellation for Any Other Reason Not Specified. In the event of cancellation or termination of this Agreement for reasons not specifically addressed in Sections 7, 8 or Sections 9.1 to 9.6, any refund due to you or your representative shall be calculated in accordance with the terms set forth in this Agreement. The amount and timing of such refund shall be determined based on the provisions applicable to the Entrance Fee reimbursement, deductions for non-standard costs, non-refundable fees, service charges, and any other relevant financial obligations outlined therein.

10. MISCELLANEOUS.

10.1 Nature of Rights. You understand and agree that (i) this Agreement or your rights (including the use of the Residence) under it may not be assigned, and no rights or benefits under this Agreement shall inure to the benefit of your heirs, legatees, assignees, or representatives, except as to receipt of the amounts described in Section 9; (ii) this Agreement and your contractual right to occupy the Community will exist and continue to exist during your lifetime unless canceled as provided herein; (iii) this Agreement grants you the right to occupy and use space in the Community but does not give you exclusive possession of the Residence against us, and you will not be entitled to any rights of specific performance but will be limited to such remedies as set forth herein and as provided by continuing care law; (iv) this Agreement is not a lease or easement and does not transfer or grant you any interest in real property owned by us; and (v) this Agreement grants to us complete decision-making authority regarding the management and operation of the Community.

10.2 Release. We are not responsible for theft, loss of or damage to your personal property, unless such theft, loss or damage is caused by our negligence or the negligence of our agents or employees, and you hereby release us from any such liability. You may want to obtain at your own expense insurance to protect against such losses.

10.3 Force Majeure. Community shall not be liable to Resident for any default, breach or damages arising out of or relating to the suspension or termination of any of its obligations or duties under this Agreement by reason of the occurrence of a Force Majeure Event. A "Force Majeure Event" is defined as the occurrence of an event which materially interferes with the ability of Community to perform its obligations or duties hereunder which is not within the reasonable control of Community, and which could not with the exercise of diligent efforts have been avoided, including, but not limited to, war, rebellion, terrorism, government uprising, natural disasters (including floods, earthquake, fire, hurricanes, windstorms, tornadoes), accident, strike, riot, civil commotion, act of God, pandemic, epidemic, outbreak of infectious diseases or other public health crisis, including quarantine or other

employee restrictions, acts of authority or change in law. Community shall promptly notify Resident of the occurrence and particulars of such Force Majeure Event and shall provide Resident, from time to time, with its best estimate of the duration of such Force Majeure Event and with notice of the termination thereof. Community shall use diligent efforts to avoid or remove such causes of non-performance as soon as is reasonably practicable.

10.4 Amendment. This Agreement may be amended by agreement of the parties to this Agreement. No amendment of this Agreement shall be valid unless in writing and signed by you and us.

10.5 Law Changes. This Agreement may be modified by us at any time in order to comply with applicable laws or regulations. Further, we may change any part of the Community, including the Residence, to meet the requirements of any applicable law or regulation.

10.6 Entire Agreement. This Agreement and any addenda or amendments thereto contain our entire understanding with respect to your residency at the Community.

10.7 Monthly Statement. You shall receive a monthly statement from us showing the total amount of fees and other charges owed by you, which shall be paid upon receipt and by no later than the fifteenth (15th) day of each month.

10.8 Responsible Party for Business and Financial Decision Making. Prior to assuming residency at the Community, you agree to execute and deliver to us a Durable Power of Attorney, trust documents, or other documentation naming a responsible party for business and financial decision-making. These documents should be drafted to remain effective notwithstanding your incompetence or disability and shall be in a form acceptable to us. You agree to keep such documents in effect as long as this Agreement is in effect. The person(s) named as your responsible party shall not be a person(s) employed by us or any other entity engaged in the management of the Community.

10.9 Disposition of Furniture, Possessions, and Property. You agree to make provision by Will or otherwise for the disposition of all of your furniture, property, and possessions located on the premises of the Community within sixty (60) days after the date of residency.

10.10 Nonwaiver. If we fail to insist in any instance upon performance of any of the terms, promises, or conditions of this Agreement, it shall not be construed as a waiver or relinquishment of the future performance of any such terms, promises, or conditions, but your obligation with respect to such future performances shall continue in full force and effect.

10.11 Notices. Any notice required to be given to us under this Agreement shall be in writing and sent certified mail, return receipt requested, with all postage and charges prepaid, or hand-delivered to the Executive Director of the Community at 100 Hickory Street; Greenville, North Carolina 27858. Such notices shall be dated and signed.

Any notice required to be given to you shall be delivered to you at the Community or at such other place as you shall designate to us in writing and sent by certified mail or hand

delivered. All notices mailed in accordance with this Paragraph shall be deemed to be given when mailed whether or not they are actually received.

10.12 Indemnity. We will not be liable for and you agree to indemnify, defend and hold us harmless from claims, damages and expenses, including attorneys' fees and court costs, resulting from any injury or death to persons and any damages to property caused by, resulting from, attributable to, or in any way connected with your negligent or intentional act or omission or that of your guests.

10.13 Severability. The invalidity of any restriction, condition or other provision of this Agreement, or any part of the same, shall not impair or affect in any way the validity or enforceability of the rest of this Agreement.

10.14 Subordination. You agree that all your rights under this Agreement will always be subordinate and junior to the lien of all mortgages or other documents creating liens encumbering the Community, which have been or will be executed by us. Upon request, you agree to execute, acknowledge and deliver to such lender(s) such further written evidence of such subordination as such lender(s) may reasonably require. Except to the extent of your obligation to pay the Monthly Fee and Second Person Monthly Fee, you shall not be liable for any such indebtedness.

10.15 Capacity. This Agreement has been executed on our behalf by our duly authorized agent, and no officer, director, agent or employee of ours shall have any personal liability hereunder to you under any circumstances. This Agreement will become effective upon acceptance and signature by us.

10.16 Resident. In the case of Joint Residents, the rights and obligations of each are joint and several, except as the context of this Agreement otherwise requires.

10.17 Reimbursement for Loss or Damage. You or your responsible party, if applicable, agree to reimburse us for any loss or damage to the Community caused by your intentional, careless, or negligent acts or omissions or that of your guests.

10.18 Charges for Collection. You agree to reimburse us for any charges we incur to collect any unpaid amounts you or estate owes to us under this Agreement.

10.19 Sale or Transfers of Interest. We may sell or transfer our interest in the Community provided the buyer will agree to assume this Agreement and all other existing Residency Agreements. Upon the assumption of this Agreement by a buyer of the Community and its agreement to perform this Agreement and all other agreements, we will have no further obligation hereunder. Your signature hereto constitutes your consent and approval of any such future transaction.

10.20 Private Employee of Resident. If you need additional services, you can obtain these needed services from a private employee, an independent contractor, or through an agency (personal service provider). In such instances, we strongly advise you to obtain these needed services from a licensed and/or certified home health agency. In any event, you must comply with our policy regarding personal service providers, and ensure that your private employee,

independent contractor, or person you employ through an agency complies with our policies and rules of conduct set forth in our policy. If you fail to follow or enforce the policies and rules set forth therein, then we may elect, in our sole option, to cancel this Agreement.

10.21 Tax Considerations. You should consult with your tax advisor regarding the tax considerations associated with this Agreement as more fully explained in our Disclosure Statement.

10.22 Management. We have engaged the services of Life Care Services LLC ("LCS") to manage Cypress Glen. We are not affiliated with LCS nor is LCS responsible for our contractual or financial obligations or the contractual or financial obligations of Cypress Glen.

10.23 Governing Law. This Agreement will be governed, interpreted and construed according to the laws of the State of North Carolina.

10.24 Survival of Representations and Obligations. Your representations and obligations under this Agreement, including but not limited to, your obligation to pay all sums owed by you to us, and your agreement to indemnify us as set forth in Paragraph 10.11, and our representations and obligations under this Agreement, will survive any cancellation of your residency in the Community, regardless of the reason for such cancellation and regardless of whether it is initiated by you or by us.

11. MEDIATION AND ARBITRATION.

11.1 Mediation. In the event a dispute, claim or controversy of any kind arises between the parties – except for those disputes, claims or controversies arising under Paragraph 11.3 below – that cannot be resolved by mutual agreement, the parties agree to submit such dispute, claim or controversy to a neutral mediator for possible resolution. The parties will jointly agree on a neutral mediator. Each party shall submit all evidence or information in writing to the mediator in support of its contentions or allegations and any defense either party may have with respect to the dispute, claim or controversy. Each party shall have the right to a hearing before the mediator and to personally present information pertinent to such dispute, claim or controversy. The mediator shall assist each party, in an unbiased manner, in reaching an amicable agreement regarding the dispute, claim or controversy. If an amicable agreement is not reached, or if either party fails or refuses to negotiate or mediate in good faith to resolve the matter, or if a neutral mediator cannot be agreed upon between the parties, then the parties agree to submit such dispute, claim or controversy to an arbitration process as outlined below.

11.2 Arbitration. It is understood that any and all disputes between the Resident and Community, its owners, operators, officers, directors, administrators, staff, employees, agents, and any management and administrative services company, and all related entities and individuals, their staff, personnel, employees, owners, officers, directors, members, and agents that provide services to the Community that relates to the provision of care, treatment and services the Community provides to the Resident, including any action for injury or death arising from intentional torts, statutory causes of action, negligence, and medical malpractice, that is as to whether any medical services rendered under this contract were unnecessary or unauthorized or were improperly, negligently, or incompetently rendered shall be determined by submission to binding arbitration and not by lawsuit or resort to court process. This provision shall be binding for any and all disputes arising out of the Resident's Residency Agreement and/or the Resident's

residency at the Community, except for disputes pertaining to collections or evictions. This provision is binding on all parties hereto, including the Community, the Resident, the Resident's representatives, agents, responsible party, conservators, executors, family members, successors in interest and heirs, as well as anyone who may have a claim arising out of the Resident's Residency Agreement and/or the Resident's residency at the Community.

If this Agreement is signed by someone other than the Resident, including the Resident's representative, agent, responsible party, conservator, executor, family member, successor in interest and heir said person is doing so not only in their representative capacity for the Resident, but also in their individual capacity and thus agree that any and all claims brought individually by any such person(s) are also subject to binding arbitration.

The parties to this Agreement are giving up their Constitutional right to have any and all disputes decided in a court of law before a jury, and instead are accepting the use of binding arbitration. By signing this Agreement, the parties waive their right to commence and/or be a party to any class or collective action in any court against the other party relating in any manner to the Resident's residency at the Community. Further, the parties waive their right to commence or be a party to any group, class, or collective action claim in arbitration or any other forum.

Submitting to this provision is not a precondition to receiving medical treatment, care, services and/or for admission to the Community and is not a requirement to continue to receive medical treatment, care, and services at the Community. You may rescind your agreement to arbitrate by written notice to the Community within thirty (30) days of signature. This agreement to arbitrate shall not be discharged by the death of any party hereto, nor by the termination of the Residency Agreement, nor by the Resident ceasing to reside at the Community.

This provision shall have retroactive effect. It is agreed by and between the parties hereto that this provision covers services rendered before the date this contract is signed, thus making this provision effective as of the date of the Resident's first admission to the Community.

This Agreement relates to the Resident's admission to the Community and the Community participates in Medicare programs and/or procures supplies from out of state vendors. The parties, therefore, agree that the underlying admission to the Community involves interstate commerce. The parties further agree that this arbitration provision is to be governed by the Federal Arbitration Act and the procedural rules set forth in the Federal Arbitration Act (9 U.S.C. Sections 1-16) shall govern any petition to compel arbitration and shall preempt any inconsistent State law. While the parties agree that this provision shall be governed by the procedural rules set forth in the Federal Arbitration Act, the parties further agree that the substantive law of the State where the Community is located shall apply to any and all claims.

The parties desire to have any and all disputes submitted to binding arbitration and do not want any claims not subject to arbitration to impede any and all other claims from being ordered to binding arbitration.

The parties are to mutually agree on the appointment of a single neutral arbitrator who routinely conducts mediations and/or arbitrations in the State where the Community is located and agree that discovery will be conducted pursuant to the discovery rules set forth by the arbitrator. Should the parties be unable to mutually agree upon the appointment of a single

neutral arbitrator the Federal Arbitration Act shall govern the appointment of the arbitrator. The arbitration shall be venued in a location convenient for all parties, normally the county or region where Community is located.

The expenses and fees of the arbitrator shall be apportioned equally among all parties except as otherwise permitted or required by law.

If any portion of this provision is held invalid, such holding shall not impact the validity of the remaining content of this provision. Any such invalid portion shall be severed from this provision.

The Resident and/or the person executing this Agreement certifies that he/she has read this provision, understands this provision, it has been explained to them in a manner he/she understands, has been given a copy of this provision, and affirmatively represents that he/she is duly authorized by virtue of the Resident's consent, instruction and/or durable power of attorney, to execute this Agreement and accept its terms on behalf of the Resident and acknowledges that the Community is relying on the aforementioned certification. Further, if the person executing this Agreement is someone other than the Resident, you knowingly do so not only in your representative capacity for the Resident, but also in your individual capacity and thus agree that any and all claims brought individually by you are also subject to binding arbitration.

11.3 Voluntary Arbitration of Negligent Health Care Claims. For all claims for damages in personal injury or wrongful death actions, based on alleged negligence in the provision of health care, the parties may voluntarily elect to submit to arbitration pursuant to the procedures set forth in Article 1H of Chapter 90 of the North Carolina General Statutes. N.C. G.S. §90-21.60(b) prohibits any contract from requiring prior agreement of the parties to arbitrate negligent health care claims. Thus, Paragraphs 11.1 and 11.2 do not apply to personal injury or wrongful death actions based on alleged negligence in the provision of health care. If the parties agree to arbitrate such actions, said arbitration will be governed in accordance with N.C.G.S. §90-21.60, *et seq.*

[Signature Page Follows]

NOTICE

BECAUSE THE AUTHORITY TO ENTER INTO CONTINUING CARE CONTRACTS GRANTED BY THE NORTH CAROLINA DEPARTMENT OF INSURANCE IS NEITHER A GUARANTEE OF PERFORMANCE BY THE PROVIDER NOR AN ENDORSEMENT OF ANY CONTINUING CARE CONTRACT PROVISION, PROSPECTIVE RESIDENTS MUST CAREFULLY CONSIDER THE RISKS, BENEFITS, AND COSTS BEFORE SIGNING A CONTINUING CARE CONTRACT AND ARE STRONGLY ENCOURAGED TO SEEK FINANCIAL AND LEGAL ADVICE BEFORE DOING SO.

You hereby certify that you received a copy of this Agreement and a copy of our most current Disclosure Statement dated _____, 20____.

Executed this _____ day of _____,
20____.

**THE UNITED METHODIST
RETIREMENT HOMES,
INCORPORATED
d/b/a Cypress Glen Retirement
Community**

RESIDENT

By _____
Executive Director

Witness

Date: _____

RESIDENT

By _____
Authorized Agent of UMRH

Witness

Date: _____

Attachment: Exhibit A



11/21/2025
CLEAN Standard Residency Agreement (2025-11-21)

Exhibit A

Options and Custom Features Added at Resident's Request:		Amount
		\$
		\$
		\$
		\$
		\$
		\$
Total		\$

Initials _____
Community _____

Resident(s)

Resident(s)

WBD(US) 41242208v3

Appendix E – Examination Report

Not applicable, as the North Carolina Department of Insurance has not conducted an examination of UMRH pursuant to Article 64A of the North Carolina General Statutes.

Appendix F – Statutory Ratio and Supporting Definitions

This Appendix reproduces certain statutory definitions referenced in Section 35 — Key Financial Metrics. The definitions below are quoted verbatim from N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 and are provided for reference only.

Adjusted Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider and net cash proceeds from entrance fees. The quotient shall be calculated by dividing the sum of resident operating income and net proceeds from entrance fees by the sum of resident revenue and net cash proceeds from entrance fees.”* (G.S. 58-64A-145(1))

Annual Debt Service. *“The current year's capitalized interest cost plus interest expense and scheduled principal payments, excluding any balloon principal payment amounts and any portion of the annual debt service that has been or will be funded by debt for the payment of debt service.”* (G.S. 58-64A-5(7))

Average Daily Cash Operating Expenses. *“The total expenses of a provider incurred in the conduct of the provider's business over a defined period of time, divided by the number of days in that period. For purposes of this definition, ‘total expenses’ includes interest expense, but excludes depreciation expense, amortization expense, realized or unrealized nonoperating losses or expenses, bad debt expense, and other noncash expenses.”* (G.S. 58-64A-145(2))

Capital Expenditures as a Percentage of Depreciation Ratio. *“A capital structure ratio that indicates the level of capital reinvestment by a provider. The quotient shall be computed by dividing total purchases of property, plant, and equipment by total depreciation expense.”* (G.S. 58-64A-145(3))

Cushion Ratio. *“A liquidity ratio that measures a provider's ability to pay its annual debt service using its unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by annual debt service.”* (G.S. 58-64A-145(4))

Days Cash on Hand Ratio. *“A liquidity ratio that measures the number of days of cash operating expenses a provider could cover using its existing unrestricted cash and investments. The quotient shall be computed by dividing unrestricted cash and investments by average daily cash operating expenses.”* (G.S. 58-64A-145(5))

Debt Service Coverage Ratio. *“A capital structure ratio that measures a provider's ability to pay annual debt service with cash flow from net cash revenues and net entrance fee receipts. The quotient shall be calculated by dividing the sum of total excess of revenues over or under expenses plus interest expense, depreciation expense, amortization expense, other noncash operating losses or expenses, and net cash proceeds from entrance fees, minus entrance fee amortization, entrance fee refunds contractually past due, and other*

noncash operating gains or revenues divided by annual debt service. Entrance fees received from the initial residents of independent living units at a continuing care retirement community that have been financed in whole or in part with the proceeds of indebtedness shall be excluded from the net proceeds from entrance fees up to an amount equal to the aggregate of the principal amount of the indebtedness.” (G.S. 58-64A-5(17))

Net Cash Proceeds from Entrance Fees. *“Total entrance fees received less entrance fees refunded, and less initial entrance fees received for new independent living units.” (G.S. 58-64A-5(30))*

Net Operating Margin Ratio. *“A profitability ratio that measures the margin generated from the core operations of a provider. The quotient shall be calculated by dividing resident operating income by resident revenue.” (G.S. 58-64A-145(7))*

Operating Ratio. *“A profitability ratio that measures whether current year cash operating revenues are sufficient to cover current year cash operating expenses without the inclusion of cash from entrance fee receipts. The quotient shall be computed by dividing total operating expenses, excluding depreciation expense and amortization expense, by total operating revenues, excluding amortization of entrance fees and other deferred revenue.” (G.S. 58-64A-145(8))*

Prospective Financial Statements. *“Financial forecasts or financial projections, including the summaries of significant assumptions and accounting policies prepared by an independent certified public accountant.” (G.S. 58-64A-5(38))*

Resident Expense. *“Total operating expenses excluding interest expense, depreciation expense, amortization expense, and income taxes.” (G.S. 58-64A-145(10))*

Resident Revenue. *“Total operating revenue excluding interest and dividend income, entrance fee amortization, and contributions.” (G.S. 58-64A-145(11))*

Unrestricted Cash and Investments. *“The sum of the provider's unrestricted cash, cash equivalents and investments, and any provider restricted funds that are available to pay debt or to pay operating expenses. For purposes of this definition, the assets serving as the operating reserve required by G.S. 58-64A-245 shall be considered unrestricted.” (G.S. 58-64A-145(12))*

Unrestricted Cash and Investments to Long-Term Debt Ratio. *“A capital structure ratio that (i) measures a provider's position in available cash and marketable securities in relation to its long-term debt and (ii) measures a provider's ability to withstand annual fluctuations in cash. The quotient shall be calculated by dividing unrestricted cash and investments by total long-term debt, less the current portion of long-term debt.” (G.S. 58-64A-145(13))*

Source: N.C. Gen. Stat. §§ 58-64A-5 and 58-64A-145 (Session Law 2025-58). If the statutory definitions are amended, the statute as amended controls.