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## SUPPLEMENT TO
## OFFERING CIRCULAR DATED APRIL 30, 2025

*The following information, as of September 30, 2025, supplements and updates the Offering Circular of The Free Methodist Foundation, doing business as "**FM Financial**," dated April 30, 2025 ("**Offering Circular**"), and should be read in conjunction with the more detailed information about us and our offering of Certificates, including the Risk Factors, set forth in the Offering Circular. Capitalized terms used but not defined in the Supplement have the meanings given to them in our Offering Circular. Please keep this Supplement with your Offering Circular for future reference.*

*This Supplement may contain forward-looking statements about our plans, strategies, objectives, goals, and expectations. These forward-looking statements are identifiable by words or phrases indicating that we "expect," "anticipate," "project," "plan," "believe," or "intend" that a particular event may or will occur in the future or similarly stated expectations. These forward-looking statements are subject to many factors, including the above Risk Factors and the other information contained in this Offering Circular, that could cause actual results to differ materially from the stated expectations. We undertake no obligation to update or revise any forward-looking statements to reflect developments or information obtained after the date of this Offering Circular.*

STATE SPECIFIC INFORMATION

**Washington**. In Washington, Certificates are offered and sold only to persons who, prior to their solicitation for the purchase of Certificates, were existing Certificate holders.

- Not FDIC or SIPC Insured
- Not a Bank Instrument
- No FMCUSA Guarantee

**This Supplement is dated September 30, 2025.**

## RISK FACTORS

*Recent Losses*

Our net assets decreased by $3,534,655, $307,136, and $3,166,407 for the years ended December 31, 2024, 2023, and 2022, respectively. As of December 31, 2024, our net assets were $19,035,300. The negative change in net assets from 2022 was primarily due to investment market conditions. The negative change in net assets in 2023 and 2024 was primarily a result of two loans becoming delinquent and eventually moving to non-accrual status. See below. See also "Risk Factors – Delinquent Loans" on page 3 of the Offering Circular, "FMLF Lending Activities – Loan Delinquencies" on page 14 of the Offering Circular, and Note 3 of the Financial Statements. Continued losses over multiple years could adversely affect our ability to make interest and principal payments on the Certificates.

Additionally, continued losses over multiple years could result in states where we currently sell Certificates refusing to grant, prohibiting, or restricting required securities registrations or exemptions. If that occurs, or if we do not maintain all required securities registrations and exemptions for any other reason, you may not be able to reinvest the proceeds of your Certificate if you live in a state where our Certificates are not registered or exempt at the time of the attempted reinvestment. To the extent that we are dependent on the proceeds of future sales of Certificates to provide liquidity to make timely interest and principal payments on our outstanding indebtedness, including the Certificates, our financial condition and ability to make interest and principal payments on the Certificates may be adversely affected by a cessation or substantial decrease in the sale of Certificates.

## FMLF LENDING ACTIVITIES

*The Kenney*

On December 3, 2014, we loaned $3,552,183 to The Kenney, an FMCUSA-related senior living facility in Seattle, Washington. The loan was secured by a deed of trust on The Kenney's property, appraised for $17 million to $19 million in April of 2017 and $22.5 million to $25 million in November of 2023, which met our underwriting requirement for an independent appraisal showing property values at least 30% above the loan amount. Subsequently, we loaned additional amounts and the balance prior to April, 2023, totaled $9,519,172.

The Kenney was deeply affected by the COVID-19 pandemic, competitive pressures, management deficiencies, and ongoing sector-wide challenges. We have not received payments from The Kenney since April, 2023. During 2023, the existing manager worked to improve operations with little success, and the loan was placed on nonaccrual. On July 24, 2024, we filed a petition to appoint a receiver of The Kenney, resulting in the court appointment of SAK West Seattle LLC, an affiliate of SAK Healthcare, as receiver of The Kenney on July 25, 2024. SAK Healthcare is a leading senior community turnaround specialist that has over 30 years of experience. In this role, SAK Healthcare is responsible for overseeing operations, safeguarding assets, and protecting the interests of creditors, including FM Financial. SAK Healthcare retained Raymond James to lead the strategy to market and sell The Kenney.

As part of our efforts to assist in the stabilization of this facility and improve the likelihood of repayment of the loans, during 2024 we loaned an additional $1,226,794 and during 2025 we loaned an additional $817,113 to The Kenney based on the recommendations of SAK Healthcare. SAK Healthcare used those funds in an effort to stabilize operations, safeguard stakeholder interests, preserve and enhance the value of the collateral, and improve the likelihood of success of the turnaround efforts and long-term recovery. As of July 31, 2025, our outstanding loans to The Kenney totaled $11,942,128. The implementation of this strategy has contributed to improved processes, systems and quality of care for the residents with the goal of preserving and building upon The Kenney's 120-year legacy. The receiver is currently in the process of evaluating all options, including purchase offers.



*Hearthstone*

On August 28, 2013, we loaned $5,000,000 to Woodstock Christian Life Services d/b/a Hearthstone Communities ("**Hearthstone**"), an FMCUSA-related senior living facility in Woodstock, Illinois. The loan was secured by a mortgage on Hearthstone's property, appraised for $28.6 million in July of 2008 and $22.8 million in March of 2018, which met our underwriting requirement for an independent appraisal showing property values at least 30% above the loan amount. Subsequently, we loaned additional amounts and the balance prior to May, 2023, totaled $10,207,733.

Hearthstone was deeply affected by the COVID-19 pandemic, competitive pressures, management deficiencies, and ongoing sector-wide challenges. We have not received payments from Hearthstone since May, 2023. During 2023, the existing manager attempted to improve operations with little success, and the loan was placed on nonaccrual. On February 6, 2024, we sought judicial foreclosure of the mortgaged property securing its loan to Hearthstone, leading to the court appointment of SAK Illinois, LLC, an affiliate of SAK Healthcare, as receiver on February 8, 2024. In this role, SAK Healthcare is responsible for overseeing operations, safeguarding assets, and protecting the interests of creditors, including FM Financial. SAK Healthcare retained Raymond James to lead the strategy to market and sell Hearthstone.

As part of our efforts to assist in the stabilization and optimization of this facility and improve the likelihood of repayment of the loans, during 2024 we loaned an additional $3,496,840 and during 2025 we loaned an additional $2,107,553 to Hearthstone based on the recommendations of SAK Healthcare. SAK Healthcare used those funds in an effort to stabilize and optimize operations, safeguard stakeholder interests, preserve and enhance the value of the collateral, and improve the likelihood of success of the turnaround efforts and long-term recovery. As of July 31, 2025, our outstanding loans to Hearthstone totaled $15,812,126. The strategy contributed to improved processes, systems and quality of care for residents, but was not able to materially improve financial operations. Despite efforts to improve and market the facility, SAK Healthcare has determined that continued operations of Hearthstone are no longer viable, and on August 1, 2025, began informing staff and residents of its intent to close the facility. After 60 days of the transition period, SAK Healthcare is expected to begin liquidating Hearthstone's assets. FM Financial is working with SAK Healthcare to enhance the value while respecting the residents.

*Allowance for Credit Losses*

As of July 31, 2025, the loans to The Kenney and Hearthstone totaled $27,784,255, constituting 19.0% of our total outstanding loans as of that date. We maintain an allowance for credit losses of $3,928,000, including an allowance of $3,426,592 individually evaluated for the Hearthstone and The Kenney loans. We expect to apply $3,204,091 of the allowance to losses we expect to experience on the Hearthstone loans. We do not expect the allowance for credit losses to cover all the losses on loans to The Kenney and Hearthstone. Prior to these two delinquent loans the FMLF, over its more than 60-year history, has never experienced a loss of principal on any of its loans.

*Loans Outstanding*

As of July 31, 2025, we had 163 outstanding loans with principal balances receivable aggregating $145,974,369, an increase of $5,620,363 from $140,354,006 on December 31, 2024. This represented a 4.0% change. Our loan portfolio increased by $11,028,100 (8.5%) in 2024, by $6,694,355 (5.5%) in 2023, and by $5,913,238 (5%) in 2022. As July 31, 2025, we also had $7,207,689 in outstanding loan commitments that had not been funded.