COMPLETE CARE AT LAURELTON LLC
(a limited liability company)

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

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INDEPENDENT AUDITORS' REPORT

To the Members of
Complete Care at Laurelton, LLC

Opinion

We have audited the accompanying financial statements of Complete Care at Laurelton, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and member's deficiency, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Complete Care at Laurelton, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- 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 Complete Care at Laurelton, LLC'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 financial statements

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Complete Care at Laurelton, LLC'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.

Brand Sonnenschine LLP

November 1, 2024

COMPLETE CARE AT LAURELTON, LLC
(a limited liability company)
BALANCE SHEET
AT DECEMBER 31, 2023

ASSETS		
Current assets		
Cash and cash equivalents (note 2)	$	209,201
Cash - restricted (patient funds) (note 2)		23,784
Accounts receivable - less allowance for doubtful accounts of $383,400		2,560,224
Federal credit receivable (note 9)		493,597
Due from prior owner (note 13)		736
Prepaid expenses and other		83,272
Total current assets		3,370,814
Property and equipment - net (note 3)		2,556,254
Right-of-use assets - operating lease (note 6)		17,660,463
Goodwill - net (note 5)		24,764
Due from related entities (note 7)		6,142,386
TOTAL ASSETS	$	29,754,681
LIABILITIES AND MEMBERS' DEFICIENCY		
Current liabilities		
Accounts payable	$	2,273,681
Accrued expenses and taxes		316,786
Due to private and third-party payors (note 16)		650,687
Due to landlord (note 7)		3,202,481
Patients' funds payable		21,928
Operating lease obligation (note 6)		167,251
Total current liabilities		6,632,814
Operating lease obligation (note 6)		17,493,212
Due to related entities (note 7)		11,758,968
Total liabilities		35,884,994
Members' deficiency		(6,130,313)
TOTAL LIABILITIES AND MEMBERS' DEFICIENCY	$	29,754,681

COMPLETE CARE AT LAURELTON, LLC
(a limited liability company)
STATEMENTS OF OPERATIONS AND MEMBERS' DEFICIENCY
YEAR ENDED DECEMBER 31, 2023

Revenues	$	12,874,593
Operating expenses		14,893,146
Loss from operations		(2,018,553)
Non-operating revenue (expense)		
Interest income		58,771
Interest expense		(75,682)
NET LOSS		(2,035,464)
Members' deficiency - December 31, 2022		(4,094,849)
MEMBERS' DEFICIENCY - DECEMBER 31, 2023	$	(6,130,313)

Seeaccompanying notes to the financial statements.

COMPLETE CARE AT LAURELTON, LLC
(a limited liability company)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities		
Net loss	$	(2,035,464)
Adjustments to reconcile net loss to		
net cash used in operating activities:		
Depreciation and amortization		313,341
Decrease in assets		
Accounts receivable		(278,301)
Federal credit receivable		1,042,722
Prepaid expenses		6,815
Increase (decrease) in liabilities		
Accounts payable		178,128
Accrued expenses and taxes		88,667
Due to private and third-party payors		134,879
Patients' funds payable		(12,940)
Net cash used in operating activities		(562,153)
Cash flows from investing activities		
Purchase of property and equipment		(62,045)
Net cash used in investing activities		(62,045)
Cash flows from financing activities		
Net payments to prior owner		(4,822)
Due to landlord		160,481
Payments from related entities		521,629
Net cash provided by financing activities		677,288
Net increase in cash, restricted cash, and cash equivalents		53,090
Cash, restricted cash, and cash equivalents - December 31, 2022		179,895
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - DECEMBER 31, 2023	$	232,985

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and business – Complete Care at Laurelton, LLC (the "Company") was formed in the State of Delaware on March 16, 2018, without finite life. The members of the Company are generally protected from liability for acts and obligations of the Company. The operating agreements provide, among other things, for the Company to continue at the will of the General Members, unless sooner terminated as provided in the agreement. The Company leases the nursing home license, land and a building in Brick, New Jersey from a related party. Effective June 13, 2018, the Company was licensed to operate a long-term care facility consisting of 180 long-term beds.

Basis of accounting – The books and records of the Company are maintained on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Cash equivalents – Cash equivalents represent short-term investments with original maturity dates of three months or less.

Restricted cash - patient funds – The Company adopted Financial Accounting Standards Board ("FASB") standard "ASU-2016-18, Statement of Cash Flows (Topic 230): Restricted Cash." This standard requires that cash, restricted cash, and cash equivalents be included in beginning and ending cash, restricted cash, and cash equivalents on the statement of cash flows. The Company is required to maintain patient funds in a separate restricted account. The amount at all times must be equal to or exceed the aggregate of all outstanding obligations to the patients.

Trade accounts receivable – Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. The Company's allowance increased by approximately $36,900 in 2023.

Property and equipment – Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to the Company as incurred. Significant renovations and replacements that improve and extend the life of the asset are capitalized.

Revenues – Revenue is derived primarily from providing healthcare services to patients. Revenues are recognized when services are provided to the patients at the amount that reflects the consideration to which the Company expects to be entitled to from patients and third-party payors, including Medicaid, Medicare, and insurers (private and Medicare replacement plans), in exchange for providing patient care. The healthcare services in transitional and skilled, home health, and hospice patient contracts include routine services in exchange for a contractual agreed-upon amount or rate. Routine services are treated as a single-performance obligation satisfied over time as services are rendered. As such, patient care services represent a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services that are not included in the daily rates for routine services, but instead are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered.

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognized from healthcare services is adjusted for estimates of variable consideration to arrive at the transaction price. The Company determines the transaction price based on contractually agreed-upon amounts or rates, adjusted for estimates of variable consideration. The Company uses the expected value method to determine the variable component that should be used to arrive at the transaction price, using contractual agreements and historical reimbursement experience within each payor type. The amount of variable consideration, which is included in the transaction price may be constrained and is included in the net revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. If actual amounts of consideration ultimately received differ from estimates, these estimates are adjusted, which would affect net service revenue in the period such variances become known.

Government grants – In 2022, the Company adopted ASU-2022-10, Government Assistance (Topic 832: Disclosures by Business Entities about Government Assistance). The Company's accounting policy for government grants is to follow International Accounting Standards No. 20 – "Accounting for Government Grants and Disclosure of Government Assistance."

Income taxes – The Company is treated as a partnership for federal income tax purposes and does not incur income taxes. Instead, their earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situations.

In 2020, the State of New Jersey passed the Business Alternative Income Tax ("BAIT") Act. This law allowed LLCs to pay tax due on partnership earnings instead of on the individual owner's return. The tax rates are graduated and range from 5.675% to 10.9% of earnings. The Company recorded no New Jersey BAIT income tax in 2023.

Estimates – The preparation of consolidated financial statements in conformity with the 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.

Goodwill and other intangible assets – The Company adopted ASU 2014-02 Intangibles - Goodwill and Other (Topic 350): Accounting for Goodwill. With this adoption, the Company amortizes goodwill on a straight-line basis over a weighted-average ten-year period. The Company tests goodwill for impairment if a triggering event occurs. If a triggering event occurs, the Company will test for impairment by comparing the fair market value of the Company at the entity level vs. the recorded value of its goodwill for determining if the Company had experienced an impairment loss. Intangible assets are stated at cost.

Advertising – Advertising costs, except for costs associated with direct-response advertising, are charged to Company when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received.

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Guaranteed payments to members – Guaranteed payments to members that are intended as compensation for services rendered are accounted for as expenses of the Company rather than as allocations of the Company's net earnings. Guaranteed payments that are intended as payments of interest on capital accounts are not accounted for as expenses of the Company, but rather, as part of the allocation of net earnings.

Leases – In 2022, the Company adopted ASC-842 Leases. With adoption, the Company determined which contracts conveyed the Company a right to control identified property, plant, or equipment for a period of time in exchange for consideration that were deemed to be leases. The Company classified these contracts as Right-of-Use ("ROU") assets. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. ROU assets include amounts for scheduled rent increases and may be reduced by lease incentive amounts. Using the transition approach, the Company elected to use the following practical expedients and, therefore, did not reassess any of the following: (1) whether any expired or existing contracts are or contain leases, (2) the lease classification of expired or existing operating leases and recorded them as operating leases and all existing leases that were classified as capital leases as financing leases, and (3) initial direct costs for any existing leases.

With implementation, the Company also elected the following practical expedients of (1) using the Company's implicit borrowing rate (if available at the time of the lease origination); or (2) using a risk-free discount rate (US Treasury Rate) for the lease-derived ROU assets. ROU assets were treated separately from non-lease components of all asset classes. For leases utilizing the risk-free rate expedient, the Company elected to use a period comparable with that of the lease term, as an accounting policy election for all leases. The Company also made an accounting policy election to not record ROU assets or lease liabilities for leases with an initial term of 12 months or less and will recognize payments for such leases in its Statements of Earnings on a straight-line basis over the lease term. There were no residual value guarantees in any of the leases. The Company used hindsight in determining the lease term.

Deferred financing costs – The Company adopted Financial Accounting Standards Board standard "ASU-2015-03 Interest-Imputation of Interest." This standard requires that debt issuance costs relating to financing debt be shown as an offset to the note payable instead of as a deferred charge categorized as an intangible asset. The guidance also requires that the resulting amortization of the deferred financing costs be shown as interest expense instead of amortization expense.

Subsequent events – The Company has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through November 1, 2024, the date the financial statements were available to be issued. Subsequent events that were identified are disclosed in note 20.

NOTE 2 – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

The balance in cash, restricted cash, and cash equivalents at December 31, 2023, consists of the following:

Operating cash	$	209,201
Restricted cash – patient funds		23,784
Total cash, restricted cash, and cash equivalents	$	232,985

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023, are summarized as follows:

	Life (Years)		
Furniture and equipment	5-7	$	917,385
Leasehold improvements	15		2,794,472
			3,711,857
Less: accumulated depreciation			1,155,603
		$	2,556,254

Included in leasehold improvements at December 31, 2023, is $331 of construction in progress related to a renovation project. The cost to complete the project is approximately $300,000. The assets are booked as phases are completed. Depreciation will commence upon completion of the project.

Depreciation expense was $307,734 for 2023.

NOTE 4 – LINE OF CREDIT

In October 2020, the Company and three related entities entered into a revolving line of credit agreement in the amount of $3,000,000, with an original maturity date of October 14, 2023. The line of credit was extended, and the maturity date under the current extension is July 1, 2024. Interest accrues at the greater of the US Prime rate plus 1% or 4.75%, and is payable on the fourteenth day of each consecutive month beginning November 14, 2020. At December 31, 2023, no funds were drawn by the Company, but were drawn down by a related entity. The loan is personally guaranteed by certain members of the Company.

NOTE 5 – GOODWILL

The changes in the carrying values of goodwill during the years are as follows:

Historical cost to acquire goodwill	$	56,068
Less: accumulated amortization		31,304
Carrying value – year-end	$	24,764

Amortization expense was $5,607 for 2023.

NOTE 5 – GOODWILL (CONTINUED)

The Company did not experience any triggering events during the years that required the Company to test the value of its goodwill for impairment.

NOTE 6 – LEASES

The Company has operating leases for the nursing facility and equipment. ROU assets represent the Company's right to use an underlying asset for the lease term if greater than twelve months. Lease obligations represent the Company's liability to make lease payments arising from the lease. Operating lease ROU assets and related obligations are recognized at the commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The Company used its incremental borrowing rate to calculate the present value of its operating lease liability. The incremental borrowing rate is based on the information available at the commencement date to determine the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company occupies the facility as a party to an operating lease, which commenced in June 2018 and expires in December 2048. The lease provides for a monthly Base Rent equal to 1.05 times the sum of the (i) Lessor's annual principal and interest payments, (ii) Lessor's annual mortgage insurance premiums, (iii) Lessor's annual deposits for reserves for replacements, (iv) annual property insurance, and (iv) annual real estate taxes on the property. In addition to Base Rent, the Lessee shall also pay Additional Rent equal to all expenses of the leased premises plus net cash flow of the lessee per the lease.

The following table is a summary of components of lease expense and year-end ROU assets and leases liabilities relating to operating and finance leases for the year ended December 31, 2023.

Operating lease cost	$	1,818,415
Short-term/variable lease cost		141,238
Total	$	1,959,653
OPERATING LEASES		
Operating lease ROU assets	$	17,660,463
Operating lease current liabilities	$	167,251
Operating lease long-term liabilities		17,493,212
Total operating lease liabilities	$	17,660,463
WEIGHTED-AVERAGE REMAINING LEASE TERM		
Operating leases		25 years
WEIGHTED-AVERAGE DISCOUNT RATE		
Operating leases		10 %

NOTE 6 – LEASES (CONTINUED)

Undiscounted maturities of lease liabilities were as follows:

For the Years Ended December 31		Operating Lease
2024	$	1,925,769
2025		1,925,769
2026		1,925,769
2027		1,925,769
2028		1,925,769
Thereafter		38,515,382
Total undiscounted maturities of lease liabilities		48,144,227
Less: discount on lease liabilities		(30,483,765)
TOTAL LEASE LIABILITIES	$	17,660,462

The following table presents the supplemental cash flow information for the year ended December 31, 2023:

2023 cash paid for amounts included in
the measurement of lease liabilities:

Operating cash flows for operating leases	$	1,818,415

NOTE 7 – RELATED-PARTY TRANSACTIONS

Amounts due from related entities controlled by one of the Company's members was $5,272,081 at December 31, 2023. Amounts due to related entities controlled by one of the Company's members was $11,758,968 at December 31, 2023. The loans are deemed to be non-interest-bearing, unsecured, and there is no formal repayment plan for these demand loans.

Operations recorded $646,408 of management fees for the year to a related management company, which is related through common ownership. The balance due to the related management company is $870,305 at year-end, and is included in due to related entities.

The Company leases its facility from a related entity. The balance due to the related landlord was $3,202,481 at year-end (note 4).

NOTE 8 – REVENUES

Approximately 3% of the revenues in 2023 were derived from billings to the New Jersey Department of Health for stays by Medicaid patients. Approximately 43% of revenues in 2023 were derived from billings to Managed Care Organizations that were approved by the New Jersey Department of Health.

Approximately 25% of the revenues in 2023 were derived from the Federal government for Medicare recipients and for services covered by Medicare Part B.

NOTE 8 – REVENUES (CONTINUED)

Effective July 2014, the New Jersey Department of Human Services changed its reimbursement methodology to a Managed Care Organization ("MCO") system. Operations entered into contracts with state-approved MCOs that will be paying for all new Medicaid admissions. All subsequent rates will be negotiated between Operations and each MCO.

NOTE 9 – OTHER LOANS AND GRANT REVENUE

To help ease the financial burden created by the COVID-19 pandemic, the Company received funding from both Federal and State government agencies as described below.

The Coronavirus Aid, Relief, and Economic Security Act (the "CARES act"), and subsequent legislation, provides a refundable employee retention tax credit ("ERC") to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The organization has determined it qualifies for the tax credit and has claimed ERC revenue of $1,536,319 during 2021. Of this amount, $1,042,722 was received during 2023. The amount included in federal credit receivable was $493,597 at December 31, 2023.

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Company's claim to the employee retention credit, and it is not possible to determine the impact this would have on the Company.

NOTE 10 - CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") for up to $250,000 per entity. At December 31, 2023, the Company had approximately $116,000 of uninsured balances.

At December 31, 2023, the Company had approximately 14% of its receivables due from the New Jersey Department of Health, 27% of its receivables due from New Jersey Managed Care organizations, and 24% of its receivables due from the Federal government for Medicare recipients, respectively.

At December 31, 2023, approximately 48% of the accounts payable balance was payable to two vendors.

NOTE 11 – ADVERTISING

Advertising expense was $46,328 in 2023. There were no direct-response advertising costs either capitalized or expensed.

NOTE 12 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for interest	$	75,682

NOTE 13 – DUE FROM PRIOR OWNER

The Company had either received payments due to the prior owner or has had recoupments, which the prior owner was required to reimburse. The balance due from the prior owner at December 31, 2023, was $736.

NOTE 14 – ECONOMIC DEPENDENCY

In 2023, the Company purchased a substantial portion of its services from two vendors. Purchases from these vendors totaled approximately $1,496,000. The balance due to these vendors and included in accounts payable at December 31, 2023, was approximately $351,000.

NOTE 15 – CONTRACTED SERVICES

A significant portion of the facility services are contracted from outside services.

NOTE 16 – DUE TO PRIVATE AND THIRD-PARTY PAYORS

The Company has received funds from various private and third-party payors, which are presently being repaid or may have to be repaid upon audit.

NOTE 17 – EMPLOYEE BENEFIT PLAN

The Company implemented a qualified Salary-Reduction Profit-Sharing Plan (the “Plan”) for eligible employees under section 401(K) of the Internal Revenue Code. The Plan provides for voluntary employee contributions through salary reductions. There were no contributions made by the employer during 2023.

NOTE 18 – CONTINGENCIES

Revenues are based on current billings. Certain adjustments may be made in subsequent periods as a result of audits or appeals, the final results of which are not determinable as of the date of the financial statements. Such adjustments, if any, will be reflected in revenues in the period in which they are ascertained.

At times the Company is involved in various lawsuits and subject to certain contingencies in the normal course of business. Management is vigorously defending any claims that are asserted.

NOTE 18 – CONTINGENCIES (CONTINUED)

The Company is contingently liable for the portion of the line of credit (note 4) owed by the co-borrowers. At December 31, 2023, there was a balance of $1,500,000 due by the co-borrower.

The New Jersey Department of Health is currently in the process of revising the methodology used to calculate the Medicaid reimbursement rate paid to the Company. The effect of these revisions on future Company cannot be determined at this time.

The Company, along with another Company related through common ownership, maintains a high deductible health plan policy, which runs from June 1 through May 31. For the Plan year ended May 31, 2024, the Company was responsible to pay for claims up to $250,000 per employee, respectively, with no aggregate deductibles. The Company is jointly and severally liable for its affiliated Company' insurance responsibility.

The Company has a corporate credit card with a maximum spending limit of $100,000. At December 31, 2023, there was no balance due and included in accrued expense on the card.

NOTE 19 – RISKS AND UNCERTAINTIES

During 2022 and for the first quarter of 2023, inflationary pressures have caused the cost of services and supplies to increase drastically. In response to this, the Federal Reserve Board has increased the federal funds rate from approximately 0.20% in March 2022 to 4.64% by November 2024. This increase has caused the cost of borrowing to jump significantly in a short period of time. If these increased rates continue for the long-term, it could impact the Company's ability to finance its operations in the future.

NOTE 20 – SUBSEQUENT EVENTS

On October 8, 2024, the Company along with a related entity entered renewed the line of credit (note 4) with a maturity date of October 1, 2025.

Brand Sonnenschine LLP
Certified Public Accountants & Advisors

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Members of
Complete Care at Laurelton, LLC

We have audited the financial statements of Complete Care at Laurelton, LLC (a limited liability company) as of and for the year ended December 31, 2023, and our report thereon dated November 1, 2024, which expressed an unmodified opinion on those financial statements, appears on page one. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information of revenues, operating expenses, patient days, and schedule of payroll and benefits are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Brand Sonnenschine LLP

November 1, 2024

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COMPLETE CARE AT LAURELTON, LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
REVENUES
YEAR ENDED DECEMBER 31, 2023

		Per Patient Day
Current year		
Medicaid	$ 348,524	$ 257.78
Medicaid - Managed Care	5,571,578	257.93
Private	1,229,512	313.97
Medicare	3,263,951	762.43
Medicare Part A bad debts	(65,372)	(15.27)
Hospice	581,957	265.49
Respite	3,654	243.60
Insurance	1,523,739	394.75
Total current year	12,457,543	$ 334.73
Miscellaneous		
Therapy	411,920	
Other	5,130	
	417,050	
TOTAL REVENUES	$ 12,874,593	

COMPLETE CARE AT LAURELTON, LLC
(limited liability companies)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

		Per Patient Day
DIRECT PATIENT CARE COST		
Direct routine patient care costs		
Salaries - RN	$ 487,987	$ 13.11
- LPN	644,508	17.32
- CNA	1,276,862	34.31
Employee benefits	386,382	10.38
Contracted nursing	1,682,541	45.21
	4,478,280	120.33
Routine patient care costs - not directly reported		
Medical supplies	142,602	3.83
COVID expenses	15,963	0.43
Oxygen	10,677	0.29
OTC drugs	1,132	0.03
Enteral Feeding	11,638	0.31
Incontinency products	32	-
	182,044	4.89
TOTAL DIRECT PATIENT CARE COST	**4,660,324**	**125.22**
ANCILLARY PATIENT CARE COSTS		
Radiology and laboratory	32,963	0.89
Therapy services	637,299	17.12
Prescription Drugs (not OTC)	264,806	7.12
Ambulance	34,006	0.91
TOTAL ANCILLARY PATIENT CARE COSTS	**969,074**	**26.04**

COMPLETE CARE AT LAURELTON, LLC
(limited liability companies)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

		Per Patient Day
INDIRECT PATIENT CARE COSTS		
Nursing administration		
Salaries - DON and ADON	$ 238,419	$ 6.41
- Nursing supervisors	568,476	15.27
- Medical records	11,359	0.31
- MDS Coordinator	133,093	3.58
- Staffing Coordinator	79,584	2.14
- Infection Control	101,726	2.73
- Other - Nursing Administration	124,736	3.35
Employee benefits	183,554	4.93
Clinical consultants	13,509	0.36
	1,454,456	39.08
Workforce-related costs - patient care		
Direct patient care recruitment	27,904	0.75
	27,904	0.75
Patient support services		
Food (including supplements)	343,141	9.22
Dietary salaries	477,031	12.82
Employee benefits	76,500	2.06
Dietician	79,680	2.14
Contracted dietary	13,255	0.36
Dietary supplies	50,291	1.35
Contracted laundry	490,827	13.19
Housekeeping and laundry supplies and services	13,632	0.37
Salaries - social services	119,384	3.21
Employee benefits	19,145	0.51
Social services	5,877	0.16
Salaries - recreation	212,085	5.70
Employee benefits	34,012	0.91
Contracted recreation	12,124	0.33
Recreation supplies and services	12,924	0.35
Medical director	91,109	2.45
Pharmacy consultant	39,986	1.07
Fire drill	2,266	0.06
Garbage disposal	25,501	0.69
Landscaping/snow removal	38,652	1.04
Exterminating	4,619	0.12
	2,162,041	58.11
TOTAL INDIRECT PATIENT CARE COSTS	**3,644,401**	**97.94**

COMPLETE CARE AT LAURELTON, LLC
(limited liability companies)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

ADMINISTRATIVE AND OPERATING COSTS		**Per Patient Day**
Property operating costs		
Salaries - Maintenance	$ 114,410	$ 3.07
Employee benefits	15,362	0.41
Maintenance supplies and services	47,395	1.27
Gas	46,457	1.25
Electric	86,300	2.32
Water and sewer	80,707	2.17
Cable	21,622	0.58
Telephone	20,552	0.55
Real estate tax	107,061	2.88
Property insurance	46,021	1.24
	585,887	15.74
Administrative and operating costs		
Administrator	247,576	6.65
Employee benefits	33,242	0.89
Salaries - Office	350,291	9.41
Employee benefits	47,033	1.26
Contracted office	12,191	0.33
Data processing	165,325	4.44
Office and postage	2,696	0.07
Management fees	646,408	17.37
Office supplies and expenses	44,637	1.20
Insurance	147,813	3.97
Accounting	19,500	0.52
Legal	82,064	2.21
Travel	7,220	0.19
Consulting	296,893	7.98
Miscellaneous	81,502	2.19
License, dues, and seminars	12,872	0.35
	2,197,263	59.03
TOTAL ADMINISTRATIVE AND OPERATING COSTS	**2,783,150**	**74.77**

COMPLETE CARE AT LAURELTON, LLC
(limited liability companies)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

				Per Patient Day
CAPITAL COSTS				
Depreciation and amortization	$	313,341	$	8.42
Rent		1,818,415		48.86
Equipment lease		34,177		0.92
TOTAL CAPITAL COSTS		2,165,933		58.20
NON-ALLOWABLE COSTS				
Medicaid assessment tax		425,445		11.43
Bad debt expense		174,502		4.69
Marketing		46,328		1.24
Non-allowable miscellaneous		23,989		0.64
TOTAL NON-ALLOWABLE COSTS		670,264		18
TOTAL OPERATING EXPENSES	$	**14,893,146**	$	**400.17**

COMPLETE CARE AT LAURELTON, LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
PATIENT DAYS
YEAR ENDED DECEMBER 31, 2023

		Percent of Total
SKILLED NURSING FACILITY		
Medicaid	1,352	3.64%
Medicaid - Managed Care	21,601	58.04%
Private	3,916	10.52%
Medicare	4,281	11.50%
Respite	15	0.04%
Insurance	3,860	10.37%
Hospice	2,192	5.89%
	37,217	100.00%
Percent occupancy - 180 beds	56.65%	

COMPLETE CARE AT LAURELTON, LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
SCHEDULES OF PAYROLL AND BENEFITS
YEAR ENDED DECEMBER 31, 2023

				Per Patient Day
SALARIES				
RN	$	487,987	$	13.11
LPN		644,508		17.32
CNA		1,276,862		34.31
DON and ADON		238,419		6.41
Nursing supervisors		568,476		15.27
Medical Records		11,359		0.31
MDS Coordinator		133,093		3.58
Staffing Coordinator		79,584		2.14
Infection Control		101,726		2.73
Dietary		477,031		12.82
Social services		119,384		3.21
Recreation		212,085		5.70
Maintenance		114,410		3.07
Administrator		247,576		6.65
Nursing administrator		124,736		3.35
Office		350,291		9.41
TOTAL SALARIES	$	**5,187,527**	$	**139.39**

EMPLOYEE BENEFITS		
Employee benefits	$	241,765
Payroll taxes		450,170
Workers' compensation		103,295
TOTAL EMPLOYEE BENEFITS	$	**795,230**
TOTAL EMPLOYEE BENEFITS AS A PERCENT OF SALARIES		**15.33%**