

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)

FINANCIAL STATEMENTS
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
BALANCE SHEET	3
STATEMENTS OPERATIONS AND MEMBER'S DEFICIENCY	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	14
SUPPLEMENTARY INFORMATION:	
REVENUES	15
OPERATING EXPENSES	16
PATIENT DAYS	20
SCHEDULES OF PAYROLL AND BENEFITS	21

INDEPENDENT AUDITORS' REPORT

To the Member of
Complete Care at Harborage LLC

Opinion

We have audited the accompanying financial statements of Complete Care at Harborage 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 period from March 16, 2023 (commenced operations) to December 31, 2023, 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 Harborage LLC as of December 31, 2023, and the results of its operations and its cash flows from March 16, 2023 (commenced operations) to December 31, 2023, 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 Harborage 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 Harborage 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 Harborage 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 Harborage 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 Sonnenschein LLP

November 26, 2024

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

ASSETS

Current assets

Cash and cash equivalents (note 2)	\$ 555,512
Cash - restricted (patient funds) (note 2)	46,370
Accounts receivable - less allowance for doubtful accounts \$202,600	6,261,713
Prepaid expenses and other	133,124
Total current assets	<u>6,996,719</u>

Property and equipment - net (note 3)	119,584
Right-of-use asset - operating lease (note 10)	6,683,559
Due from related entities (note 12)	102,174
Security deposits	10,532

TOTAL ASSETS	<u>\$ 13,912,568</u>
---------------------	----------------------

LIABILITIES AND MEMBER'S DEFICIENCY

Current liabilities

Accounts payable	\$ 4,094,218
Accrued expenses and withheld taxes	1,576,387
Due to private and third-party payors (note 14)	397,032
Operating lease obligation (note 10)	1,127,552
Due to prior owner (note 8)	26,915
Patients' funds payable	46,370
Total current liabilities	<u>7,268,474</u>

Due to related entities (note 12)	3,410,498
Operating lease obligation (note 10)	6,681,007
Notes payable - member (note 11)	603,880

Total liabilities	17,963,859
--------------------------	------------

Member's deficiency	<u>(4,051,291)</u>
----------------------------	--------------------

TOTAL LIABILITIES AND MEMBER'S DEFICIENCY	<u>\$ 13,912,568</u>
--	----------------------

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIENCY
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

Revenues	\$ 20,411,361
Operating expenses	<u>24,471,865</u>
Loss from operations	(4,060,504)
Non-operating revenue (expense)	
Interest income	11,961
Interest expense	<u>(2,748)</u>
NET LOSS AND MEMBER'S DEFICIENCY AT DECEMBER 31, 2023	\$ <u><u>(4,051,291)</u></u>

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
STATEMENT OF CASH FLOWS
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

Cash flows from operating activities	
Net loss	\$ (4,051,291)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	5,035
Increase in assets	
Accounts receivable	(6,261,713)
Prepaid expenses and other	(133,124)
Increase in liabilities	
Accounts payable	4,094,218
Accrued expenses and withheld taxes	1,576,387
Due to prior owner	26,915
Due to private and third-party payors	397,032
Operating lease payable net of right-of-use asset	1,125,000
Patients' funds payable	46,370
Net cash used in operating activities	<u>(3,175,171)</u>
Cash flows from investing activities	
Purchase of property and equipment	(124,619)
Increase in security deposits	(10,532)
Due from related entities	(102,174)
Net cash used in investing activities	<u>(237,325)</u>
Cash flows from financing activities	
Proceeds from notes payable - member	603,880
Due to related entities	3,410,498
Net cash provided by financing activities	<u>4,014,378</u>
NET INCREASE IN AND CASH, RESTRICTED CASH, AND CASH EQUIVALENTS AT DECEMBER 31, 2023	<u>\$ 601,882</u>

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

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

Organization and business – Complete Care at Harborage LLC (the “Company”) was formed in the State of New Jersey on March 8, 2022. The Company commenced operations of a 234-bed long term nursing facility and 13-bed vent facility in North Bergen, New Jersey, on March 1, 2023. The member of the Company is generally protected from liability for acts and obligations of the Company. The operating agreements provides, among other things, for the Company to continue at the will of the General Member, unless sooner terminated as provided in the agreement. The Company leases land, a building, and rights to its license in North Bergen, New Jersey.

During the period, Skilled Nursing sales represented 95% of total sales revenue, while vent sales represented 5% of total revenue.

Basis of accounting – The books and records of the Company are maintained on the accrual basis of accounting 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. At December 31, 2023, the Company recorded an initial valuation allowance of approximately \$203,000.

Property and equipment – Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which 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 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

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

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

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, which 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.

Revenue recognized from healthcare services are 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 in determining 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, the Company adjusts these estimates, which would affect net service revenue in the period such variances become known.

Income taxes – The Company is treated as a single member LLC for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members of the single member (“Parent”) company and taxed depending on their personal tax situations. The policy of the Company is to record interest expense and penalties relating to income taxes in operating expense. For the year ended December 31, 2023, there were no income tax-related interest or penalty expenses and no accrued interest and penalties.

In 2020, the State of New Jersey passed the Business Alternative Income Tax Act (“BAIT”). This law allowed LLCs to pay tax due on partnership earnings instead of on the individual owners’ return. The tax rates are graduated and range from 5.675% to 10.9% of earnings. The Company did not record New Jersey BAIT taxes during 2023.

Estimates – The preparation of financial statements in conformity with 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Guaranteed payments to member – Guaranteed payments to member 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.

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

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

Leases – The Company adopted ASC-842 Leases. With this 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 were deemed 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 (Loss) 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.

Subsequent events – The Company has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through November 26, 2024, the date the financial statements were available to be issued. There were no subsequent events identified.

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	\$	555,512
Restricted cash – patient funds		<u>46,370</u>
Total cash, restricted cash, and cash equivalents	\$	<u>601,882</u>

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 3 – PROPERTY AND EQUIPMENT

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

	Estimated life (Years)		
Leasehold improvements	15	\$	81,701
Furniture and equipment	5-7		<u>42,918</u>
			124,619
Less: accumulated depreciation			<u>5,035</u>
		\$	<u>119,584</u>

Depreciation expense was \$5,035 for the period.

NOTE 4 – REVENUES

Approximately 3% of the revenues for the period were derived from billings to the New Jersey Department of Health for stays by Medicaid patients. Approximately 44% of revenues for the period were derived from billings to Managed Care Organizations that were approved by the New Jersey Department of Health.

Approximately 28% of the revenues for the period were derived from the Federal government for Medicare recipients and for services covered by Medicare Part B.

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

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at several financial institutions. At December 31, 2023, accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At December 31, 2023, the Company had approximately \$825,000 of uninsured cash balances.

At December 31, 2023, the Company had approximately 7% of its receivables due from the New Jersey Department of Health for Medicaid patients, and 53% of its receivables due from Managed Care organizations for Medicaid-approved patients, and 14% of its receivables due from the Federal government for Medicare recipients.

At December 31, 2023, approximately 53% of the accounts payable balance was payable to three vendors.

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 6 – ECONOMIC DEPENDENCY

During the period, the Company purchased a substantial portion of its services from three vendors. Purchases from these vendors totaled approximately \$476,000. The balance due to these vendors at December 31, 2023, and included in accounts payable was approximately \$1,684,000.

NOTE 7 – ADVERTISING

Advertising expense was \$38,708 for the period. There were no direct-response advertising costs either capitalized or expensed.

NOTE 8 – DUE TO 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. At December 31, 2023, the balance due to the prior owner was \$26,915.

NOTE 9– SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest	\$ 1,832
--	----------

NOTE 10 – LEASES

The Company has an operating lease its nursing facility. 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 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 of 7% to calculate the present value of its operating lease liability. The incremental borrowing rate is based on the information available at the commencement date in determining 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.

In March 2023, the Company entered into a four-year lease agreement with an unrelated entity. The lease agreement has an additional two-year option to extend. The lease amounts escalate each year, with a \$1,000,000 increase each year for years 2-4. All real estate taxes and other property costs are the responsibility of the Company.

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

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 10 – LEASES (CONTINUED)

Operating lease cost	\$ 699,012
Straight-line rent amount	1,125,000
Short-term/variable lease cost	<u>150,212</u>
Total	\$ <u>1,974,224</u>

OPERATING LEASES

Operating lease ROU assets	\$ <u>6,683,559</u>
Operating lease current liabilities	\$ 1,127,552
Operating lease long-term liabilities	<u>6,681,007</u>
Total operating lease liabilities	\$ <u>7,808,559</u>

WEIGHTED-AVERAGE REMAINING LEASE TERM

Operating leases	3.25 years
------------------	------------

WEIGHTED-AVERAGE DISCOUNT RATE

Operating leases	7.50 %
------------------	--------

Undiscounted maturities of lease liabilities were as follows:

For the Years Ended December 31	Operating Lease
2024	\$ 1,682,010
2025	2,682,010
2026	3,682,010
2027	983,003
Total undiscounted maturities of lease liabilities	9,029,033
Less: discount on lease liabilities	<u>(1,220,474)</u>
TOTAL LEASE LIABILITIES	\$ <u>7,808,559</u>

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

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

Operating cash flows for operating leases	\$ 2,949,012
---	--------------

Supplemental non-cash information on lease liabilities resulting from obtaining right-of-use assets:

Right-of-use assets obtained in exchange for new Operating lease obligation	\$ 8,060,400
---	--------------

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 11 – NOTE PAYABLE - MEMBER

At December 31, 2023, a loan from a member amounted to \$603,880. The loan is non-interest-bearing and is not expected to be repaid in the near future.

NOTE 12 – RELATED-PARTY TRANSACTIONS

Related-party loans owed to affiliated entities that are controlled by the Company's members were \$2,417,190 at December 31, 2023. Related-party loans due from affiliated entities that are controlled by the Company's members were \$102,174 at December 31, 2023. The loans are deemed to be non-interest-bearing. There is no formal plan for repayment of these demand loans.

The Company recorded \$1,018,870 of management fees for the period to a related management company, which is related through common ownership. The balance due to the related management company was approximately \$993,308 at period-end and is included in due to related entities.

NOTE 13 – CONTRACTED SERVICES

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

NOTE 14 – 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 15 – 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 contributions made by the employer of \$72,187 for the period.

NOTE 16 – 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 may be involved in various lawsuits and subject to certain contingencies in the normal course of business. Management vigorously defends any claims that may be asserted.

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 16 – CONTINGENCIES (CONTINUED)

The Company, along with other companies related through common ownership, maintains a high deductible health plan policy, which runs from June 1 through May 31. For the Plan years 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 liable for its affiliated companies' insurance responsibility.

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 operations cannot be determined at this time.

NOTE 17 – 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.

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

To the Member of
Complete Care at Harborage LLC

We have audited the financial statements of Complete Care at Harborage LLC as of December 31, 2023, and for the period from March 16, 2023 (commencement of operations) through December 31, 2023, and our report thereon dated November 26, 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 contained in the statement of revenues, operating expenses, patient days, and payroll and benefits is presented for purposes of additional analysis of the financial statements, rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is 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 as a whole.

Brand Sonnenschine LLP

November 26, 2024

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
REVENUES

FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

		Per Patient Day
Current year - SNF		
Medicaid	\$ 579,340	\$ 283.71
Medicaid - Managed Care	8,197,417	277.80
Private	1,741,203	271.30
Medicare - Part A	5,392,200	822.61
Medicare - Part A bad debt expense	(62,909)	(9.60)
Insurance	2,619,647	523.62
Hospice	<u>278,263</u>	281.64
Total current year - SNF	<u>18,745,161</u>	<u>\$ 371.09</u>
 Current year - Vent		
Medicaid	\$ 60,684	\$ 638.78
Medicaid - Managed Care	796,650	719.65
Private	40,565	250.40
Medicare - Part A	65,752	1,315.04
Insurance	<u>62,775</u>	541.16
Total current year - Vent	<u>1,026,426</u>	<u>\$ 670.87</u>
 Miscellaneous		
Therapy	409,037	
Other	<u>230,737</u>	
	<u>639,774</u>	
 TOTAL REVENUES	 <u>\$ 20,411,361</u>	

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

		Per Patient Day
DIRECT PATIENT CARE COST		
Direct routine patient care costs		
Salaries - RN	\$ 1,260,649	\$ 24.28
- LPN	1,446,691	27.86
- CNA	2,924,588	56.32
Employee benefits	1,346,538	25.93
Contracted nursing	2,487,569	47.90
	9,466,035	182.29
Routine patient care costs - not directly reported		
Medical supplies	568,207	10.94
COVID-19 expenses	54,060	1.04
Oxygen	46,360	0.89
OTC drugs	29,625	0.57
Enteral feeding	60,864	1.17
Incontinency products	8,599	0.17
	767,715	14.78
TOTAL DIRECT PATIENT CARE COST	10,233,750	197.07
ANCILLARY PATIENT CARE COSTS		
Radiology and laboratory	84,350	1.62
Salaries - Therapy	151,352	2.91
Employee benefits	36,187	0.70
Therapy services	1,339,184	25.79
Prescription Drugs (not OTC)	498,546	9.60
Ambulance	28,640	0.55
TOTAL ANCILLARY PATIENT CARE COSTS	2,138,259	41.17

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

		Per Patient Day
INDIRECT PATIENT CARE COSTS		
Nursing administration		
Salaries - DON and ADON	\$ 248,388	\$ 4.78
- Nursing supervisors	475,160	9.15
- Medical records	33,314	0.64
- MDS coordinator	233,917	4.50
- Staffing coordinator	56,637	1.09
- Infection control	91,109	1.75
- Other - Nursing administration	299,647	5.77
Employee benefits	343,852	6.62
Clinical consultants	46,139	0.89
	<u>1,828,163</u>	<u>35.19</u>
 Workforce-related costs - patient care		
Direct patient care recruitment	8,872	0.17
	<u>8,872</u>	<u>0.17</u>
 Patient support services		
Food (including supplements)	2,104,804	40.53
Salaries - Dietary	34,218	0.66
Employee benefits	8,181	0.16
Contracted dietary	6,030	0.12
Dietary supplies	9,137	0.18
Salaries - Housekeeping and laundry	930,911	17.93
Employee benefits	222,572	4.29
Housekeeping and laundry supplies and services	115,402	2.22
Salaries - Social services	152,783	2.94
Employee benefits	36,529	0.70
Salaries - Recreation	263,502	5.07
Employee benefits	63,001	1.21
Contracted recreation	4,080	0.08
Recreation supplies and services	13,569	0.26
Medical director	49,855	0.96
Pharmacy consultant	26,771	0.52
Fire drill	1,250	0.02
Garbage disposal	36,179	0.70
Landscaping/snow removal	1,716	0.03
Exterminating	5,940	0.11
	<u>4,086,430</u>	<u>78.69</u>
 TOTAL INDIRECT PATIENT CARE COSTS	 <u>5,923,465</u>	 <u>114.05</u>

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

ADMINISTRATIVE AND OPERATING COSTS		Per Patient Day
Property operating costs		
Salaries - Maintenance	\$ 166,761	\$ 3.21
Employee benefits	39,871	0.77
Maintenance supplies and services	128,449	2.47
Gas	15,734	0.30
Electric	169,624	3.27
Water and sewer	120,253	2.32
Cable	33,280	0.64
Telephone	7,214	0.14
	<u>681,186</u>	<u>13.12</u>
 Administrative and operating costs		
Administrator	160,494	3.09
Employee benefits	38,373	0.74
Salaries - Office	345,161	6.65
Employee benefits	82,525	1.59
Contracted office	440,178	8.48
Data processing	166,971	3.22
Management fees	1,018,870	19.62
Office supplies and expenses	39,800	0.77
Insurance	120,642	2.32
Accounting	12,000	0.23
Legal	14,889	0.29
Travel	6,255	0.12
Consulting	194,581	3.75
Miscellaneous	23,434	0.45
License, dues, and seminars	19,862	0.38
	<u>2,684,035</u>	<u>51.70</u>
 TOTAL ADMINISTRATIVE AND OPERATING COSTS	 <u>3,365,221</u>	 <u>64.82</u>

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

		Per Patient Day
CAPITAL COSTS		
Depreciation	\$ 5,035	\$ 0.10
Rent	1,824,012	35.13
Equipment lease	148,005	2.85
TOTAL CAPITAL COSTS	1,977,052	38.08
NON-ALLOWABLE COSTS		
Medicaid assessment tax	600,604	11.57
Bad debt expense	202,578	3.90
Marketing	29,836	0.57
Charitable contributions	1,000	0.02
Non-allowable miscellaneous	100	-
TOTAL NON-ALLOWABLE COSTS	834,118	16.06
TOTAL OPERATING EXPENSES	\$ 24,471,865	\$ 471.25

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
PATIENT DAYS
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

		Percent of Total
SKILLED NURSING FACILITY UNIT		
Medicaid	2,042	4.04%
Medicaid - Managed Care	29,508	58.42%
Private	6,418	12.71%
Medicare - Part A	6,555	12.98%
Insurance	5,003	9.90%
Hospice	988	1.96%
	<u>50,514</u>	<u>100.00%</u>
Percent occupancy - 234 beds	<u>70.78%</u>	
VENT UNIT		
Medicaid	95	6.72%
Medicaid - Managed Care	1,107	78.29%
Private	162	11.46%
Medicare	50	3.54%
	<u>1,414</u>	<u>100.00%</u>
Percent occupancy - 13 beds	<u>38.63%</u>	

COMPLETE CARE AT HARBORAGE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
SCHEDULES OF PAYROLL AND BENEFITS
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

		Per Patient Day
SALARIES		
RN	\$ 1,260,649	\$ 24.96
LPN	1,446,691	28.64
CNA	2,924,588	57.90
Therapy	151,352	3.00
DON and ADON	248,388	4.92
Nursing supervisors	475,160	9.41
Medical records	33,314	0.66
MDS coordinator	233,917	4.63
Staffing coordinator	56,637	1.12
Infection control	91,109	1.80
Dietary	34,218	0.68
Housekeeping and laundry	930,911	18.43
Social services	152,783	3.02
Recreation	263,502	5.22
Maintenance	166,761	3.30
Administrator	160,494	3.18
Nursing administrator	299,647	5.93
Office	<u>345,161</u>	<u>6.83</u>
TOTAL SALARIES	\$ <u>9,275,282</u>	\$ <u>183.62</u>
 EMPLOYEE BENEFITS		
Employee benefits	\$ 999,356	
Payroll taxes	959,782	
Workers' compensation	<u>258,491</u>	
TOTAL EMPLOYEE BENEFITS	\$ <u>2,217,629</u>	
 TOTAL EMPLOYEE BENEFITS AS A PERCENT OF SALARIES	 <u>23.91%</u>	