

COMPLETE CARE AT COURT HOUSE LLC
(a limited liability company)

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
BALANCE SHEET	3
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6
INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION	15
SUPPLEMENTARY INFORMATION:	
REVENUES	16
OPERATING EXPENSES	17
PATIENT DAYS	21
SCHEDULES OF PAYROLL AND BENEFITS	22

INDEPENDENT AUDITORS' REPORT

To the Member of
Complete Care at Court House LLC

Opinion

We have audited the accompanying financial statements of Complete Care at Court House LLC (a limited liability company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and member's equity, 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 Court House 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 Court House 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 Court House 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 Court House 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 Court House 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.



November 26, 2024

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

ASSETS

Current assets

Cash and cash equivalents (note 2)	\$ 38,222
Cash - restricted (patient funds) (note 2)	37,914
Accounts receivable - less allowance for doubtful accounts of \$495,900	2,425,111
Federal credits receivable (note 7)	1,007,871
Escrow deposits (note 2)	26,585
Prepaid expenses and other	84,203
Due from prior owner (note 12)	790,553
Total current assets	<u>4,410,459</u>

Property and equipment - net (note 3)	365,202
Right-of-use asset - operating lease (note 5)	10,725,963
Due from related entities (note 6)	86,340
Security deposits	<u>22,000</u>

TOTAL ASSETS	<u><u>\$ 15,609,964</u></u>
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LIABILITIES AND MEMBER'S EQUITY

Current liabilities

Accounts payable	\$ 1,010,018
Accrued expenses and withheld taxes	273,182
Operating lease payable (note 5)	1,188,308
Due to private and third-party payors (note 15)	350,557
Patients' funds payable	<u>32,604</u>
Total current liabilities	2,854,669

Due to related entities (note 6)	1,262,301
Operating lease payable (note 5)	<u>10,163,271</u>

Total liabilities	14,280,241
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Member's equity	<u>1,329,723</u>
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TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 15,609,964</u></u>
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COMPLETE CARE AT COURT HOUSE LLC
(a limited liability company)
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2023

Revenues	\$ 13,753,157
Operating expenses	<u>14,049,297</u>
Loss from operations	(296,140)
Non-operating revenue (expenses)	
Interest income	9,558
Interest expense	<u>(106,120)</u>
NET LOSS	(392,702)
Member's equity - December 31, 2022	<u>1,722,425</u>
MEMBER'S EQUITY - DECEMBER 31, 2023	<u><u>\$ 1,329,723</u></u>

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

Cash flows from operating activities	
Net loss	\$ (392,702)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	36,251
Amortization of deferred debt issuance costs included in interest expense	10,475
(Increase) decrease in assets:	
Accounts receivable	175,384
Prepaid expenses and other	214,665
Due from prior owner	(647,407)
Increase (decrease) in liabilities:	
Accounts payable	221,287
Accrued expenses	51,290
Due to private and third-party payors	138,246
Operating lease payable net of right-of-use asset	104,854
Patients' funds payable	<u>(11,570)</u>
Net cash used in operating activities	<u>(99,227)</u>
 Cash flows from investing activities	
Purchase of property and equipment	<u>(180,076)</u>
Net cash used in investing activities	<u>(180,076)</u>
 Cash flows from financing activities	
Due to/from related entities	<u>274,394</u>
Net cash provided by financing activities	<u>274,394</u>
 Net decrease in cash, restricted cash, and cash equivalents	 (4,909)
 Cash, restricted cash, and cash equivalents - December 31, 2022	 <u>107,630</u>
 CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - DECEMBER 31, 2023	 \$ <u><u>102,721</u></u>

COMPLETE CARE AT COURT HOUSE 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 Court House LLC (the “Company”) was formed in the State of Delaware on January 20, 2021. The Company commenced operations of a 120-bed nursing facility in Cape May Court House, New Jersey on April 1, 2021. The member of the Company is 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 Member, unless sooner terminated as provided in the agreement. The Company leases land, building, and rights to its license in Cape May Court House, New Jersey, from a related entity.

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.

Escrow deposits – The funds held by the Company represent escrows and restricted funds for taxes. The tax escrow consists of deposits by the Company so that there will be sufficient funds on hand to satisfy these amounts when they become due.

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 increased the allowance for bad debt by approximately \$226,700 in 2023.

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 a single-performance obligation satisfied over time as services are rendered. As such, patient care services

COMPLETE CARE AT COURT HOUSE 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)

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 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, 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 was 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 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 taxes during 2023.

Government grants – In 2021, the Company adopted ASU-2021-10, 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.”

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.

COMPLETE CARE AT COURT HOUSE 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)

Guaranteed payments to member – Guaranteed payments to the 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.

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 that 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.

Deferred financing costs – The Company has adopted FASB 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 26, 2024, the date the financial statements were available to be issued. A subsequent event is identified in note 19.

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

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	\$ 38,222
Restricted cash – patient funds	37,914
Escrow Deposit	<u>26,585</u>
Total cash, restricted cash, and cash equivalents	\$ <u>102,721</u>

NOTE 3 – PROPERTY AND EQUIPMENT

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

	Life (Years)	
Leasehold improvements	15	\$ 301,114
Furniture and fixture	5	<u>139,514</u>
		440,628
Less: accumulated depreciation		<u>75,426</u>
		\$ <u>365,202</u>

Depreciation expense was \$36,251 for the year.

Included in leasehold improvements at December 31, 2023, is \$8,756 of construction in progress related to a renovation project. The estimated cost to complete the project is approximately \$1,000. The assets are booked as phases are completed. Depreciation will commence upon completion of the project.

NOTE 4 – LINE OF CREDIT

The Company shares a three-year \$60,000,000 revolving line of credit agreement with other related entities with all unpaid principal and interest due at the maturity date of April 1, 2024. Interest on bank advances on the credit line is payable monthly at a rate of the 30-day SOFR plus an initial margin of 3.10%. In 2023, interest expense in the amount of \$92,460 was allocated to the Company and is included in due to related entities (note 6). At December 31, 2023, there were no open balances due by the Company. Had there been a balance due on the line, the deferred financing costs would have been netted against the liability on the balance sheet. Since there is no liability, the deferred financing costs are stated net of amortization and included in prepaid expenses and other. The line is subject to certain financial covenants and is secured by certain assets of the entities. At December 31, 2023, the Company was in compliance with all covenants.

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

NOTE 5 – LEASE

The Company has an operating lease for the 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 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 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 2021, the Company entered into a ten-year lease agreement with an entity, which subsequently during 2021, became a related entity of the Company, when Company ownership invested in this entity. The lease agreement expires in April 2031. The lease agreement has two ten-year options to extend. The lease amounts escalate each year. From year three to ten, the lease amounts increase by 1%. 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 year-end ROU assets and leases liabilities relating to operating and finance leases for the year ended December 31, 2023.

Operating lease cost	\$	1,815,843
Straight-line rent amount		104,854
Short-term/variable lease cost		<u>130,090</u>
Total	\$	<u>2,050,787</u>

OPERATING LEASES

Operating lease ROU assets	\$	<u>10,725,963</u>
Operating lease current liabilities	\$	1,188,308
Operating lease long-term liabilities		<u>10,163,271</u>
Total operating lease liabilities	\$	<u>11,351,579</u>

WEIGHTED-AVERAGE REMAINING LEASE TERM

Operating leases	7.67 years
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WEIGHTED-AVERAGE DISCOUNT RATE

Operating leases	7 %
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COMPLETE CARE AT COURT HOUSE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 5 – LEASE (CONTINUED)

Undiscounted maturities of lease liabilities were as follows:

For the Years Ended December 31	Operating Lease
2024	\$ 1,945,401
2025	1,964,853
2026	1,984,497
2027	2,004,342
2028	2,024,382
Thereafter	<u>4,627,263</u>
Total undiscounted maturities of lease liabilities	14,550,738
Less: discount on lease liabilities	<u>(3,199,159)</u>
TOTAL LEASE LIABILITIES	\$ <u>11,351,579</u>

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

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for operating leases	\$ 2,025,551
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NOTE 6 – RELATED-PARTY TRANSACTIONS

Related-party loans due to affiliated entities that are controlled by the Company’s member were \$1,179,492 at December 31, 2023. Related-party loans due from affiliated entities that are controlled by the Company’s member were \$86,340 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 \$694,092 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 \$82,809 at year-end, and is included in due to related entities.

The Company leases its facility from a related entity (note 5).

NOTE 7 – OTHER LOANS AND GRANT REVENUE

To help ease the financial burden created by the COVID-19 pandemic, the Company received funding from various Federal government agencies as described below:

The Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, and subsequent legislation, provided a refundable employee retention tax credit (“ERC”), to eligible employers, who met either a gross receipts test, or a government mandated test. The tax credit was equal to a specified percentage of qualified wages paid to employees subject to certain limits. The Company had determined that it qualified for the tax credit and had claimed ERC revenue of \$1,007,871 during 2021. The entire amount is included in Federal Credits Receivable on the Balance Sheet at December 31, 2023. Both the methodology used to determine eligibility for the credit and the calculation of the amount of the credit are subject to audit.

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

NOTE 7 – OTHER LOANS AND GRANT REVENUE (CONTINUED)

Laws and regulations concerning the ERC 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 ERC, and it is not possible to determine the impact this would have on the Company.

NOTE 8 – REVENUES

Approximately 3% of the revenues during the year were derived from billings to the New Jersey Department of Health for stays by Medicaid patients. Approximately 35% of revenues in 2023 were derived from billings to Managed Care Organizations that were approved by the New Jersey Department of Health.

Approximately 30% of the revenues during the year 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. 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 – 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”) up to \$250,000. At December 31, 2023, the Company had no uninsured cash balances.

At December 31, 2023, the Company had approximately 4% of its receivables due from the New Jersey Department of Health for Medicaid patients, and 11% of its receivables due from MCOs for Medicaid-approved patients, and 14% of its receivables due from the Federal government for Medicare recipients.

At December 31, 2023, approximately 55% of the accounts payable balance was payable to four vendors.

NOTE 10 – ADVERTISING

Advertising expense was \$58,582 for the year. There were no direct-response advertising costs either capitalized or expensed.

NOTE 11 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for interest	\$	<u>94,060</u>
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COMPLETE CARE AT COURT HOUSE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 12 – 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. At December 31, 2023, the balance due from the prior owner was \$790,553.

NOTE 13 – ECONOMIC DEPENDENCY

During the year, the Company purchased a substantial portion of its services from three vendors. Purchases from this vendor totaled approximately \$1,727,657. The balance due to this vendor at December 31, 2023, and included in accounts payable was approximately \$310,000.

NOTE 14 – CONTRACTED SERVICES

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

NOTE 15 – 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 16 – 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 the year.

NOTE 17– 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.

The Company is contingently liable for the portion of the line of credit (note 4) owed by the coborrowers. At December 31, 2023 there was a balance of \$29,321,218 due by the co-borrowers.

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

NOTE 17– 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 18 – 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 0.2% 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 19 – SUBSEQUENT EVENT

On April 1, 2024, the line of credit (note 4) was extended until April 1, 2027.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Member of
Complete Care at Court House LLC

We have audited the financial statements of Complete Care at Court House LLC (a limited liability company) as of and for the year ended 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 of revenues, operating expenses, patient days, and 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.



November 26, 2024

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

		Per Patient Day
Current year		
Medicaid	\$ 358,572	\$ 263.27
Medicaid - Managed Care	4,823,893	262.47
Private	1,537,390	343.09
Medicare - Part A	4,058,429	719.45
Medicare - Part A bad debts	(134,056)	(23.76)
Hospice	263,868	267.07
Veterans	1,030,944	401.46
Insurance	<u>1,584,058</u>	473.56
Total current year	<u>13,523,098</u>	<u>\$ 366.89</u>
Miscellaneous		
Therapy	228,746	
Other	<u>1,313</u>	
	<u>230,059</u>	
TOTAL REVENUES	<u>\$ 13,753,157</u>	

COMPLETE CARE AT COURT HOUSE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

		Per Patient Day
DIRECT PATIENT CARE COST		
Direct routine patient care costs		
Salaries - RN	\$ 115,219	\$ 3.13
- LPN	1,118,573	30.35
- CNA	1,628,880	44.19
Employee benefits	379,781	10.30
Contracted nursing	769,766	20.88
	<u>4,012,219</u>	<u>108.85</u>
Routine patient care costs - not directly reported		
Medical supplies	157,418	4.27
COVID-19 expenses	14,994	0.41
Oxygen	4,444	0.12
OTC drugs	1,888	0.05
Enteral feeding	13,616	0.37
Incontinence products	2,493	0.07
	<u>194,853</u>	<u>5.29</u>
TOTAL DIRECT PATIENT CARE COST	<u>4,207,072</u>	<u>114.14</u>
ANCILLARY PATIENT CARE COSTS		
Radiology and laboratory	45,537	1.24
Therapy services	706,729	19.17
Prescription Drugs (not OTC)	366,558	9.94
Ambulance	19,933	0.54
TOTAL ANCILLARY PATIENT CARE COSTS	<u>1,138,757</u>	<u>30.89</u>

COMPLETE CARE AT COURT HOUSE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

		Per Patient Day
INDIRECT PATIENT CARE COSTS		
Nursing administration		
Salaries - DON and ADON	\$ 355,916	\$ 9.66
- Nursing supervisors	509,741	13.83
- Medical records	78,323	2.12
- MDS Coordinator	175,767	4.77
- Staffing Coordinator	8,248	0.22
- Infection Control	129,132	3.50
- Other - Nursing Administration	126,222	3.42
Employee benefits	167,869	4.55
Clinical consultants	6,177	0.17
	<u>1,557,395</u>	<u>42.24</u>
 Workforce-related costs - patient care		
Direct patient care recruitment	19,465	0.53
	<u>19,465</u>	<u>0.53</u>
 Patient support services		
Food (including supplements)	282,508	7.66
Dietary salaries	441,598	11.98
Employee benefits	58,585	1.59
Dietitian	79,680	2.16
Contracted dietary	119,581	3.24
Dietary supplies and services	28,322	0.77
Housekeeping and laundry salaries	277,163	7.52
Employee benefits	29,948	0.81
Contracted laundry	71,941	1.95
Housekeeping and laundry supplies and services	42,609	1.16
Salaries - social services	93,163	2.53
Employee benefits	12,360	0.34
Social services	6,927	0.19
Salaries - recreation	182,421	4.95
Employee benefits	24,202	0.66
Contracted recreation	4,825	0.13
Recreation supplies and services	9,128	0.25
Medical director	36,434	0.99
Pharmacy consultant	30,740	0.83
Fire drill	1,445	0.04
Garbage disposal	21,221	0.58
Landscaping/snow removal	20,463	0.56
Exterminating	4,317	0.12
	<u>1,879,581</u>	<u>51.01</u>
 TOTAL INDIRECT PATIENT CARE COSTS	 <u>3,456,441</u>	 <u>93.78</u>

COMPLETE CARE AT COURT HOUSE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

ADMINISTRATIVE AND OPERATING COSTS		Per Patient Day
Property operating costs		
Salaries - Maintenance	\$ 87,485	\$ 2.37
Employee benefits	9,453	0.26
Maintenance supplies and services	89,264	2.42
Gas	24,916	0.68
Electric	132,921	3.61
Water and sewer	57,785	1.57
Cable	23,975	0.65
Telephone	7,480	0.20
Real estate tax	92,808	2.52
Property insurance	23,170	0.63
	<u>549,257</u>	<u>14.91</u>
 Administrative and operating costs		
Administrator	176,799	4.80
Employee benefits	19,103	0.52
Salaries - Office	378,926	10.28
Employee benefits	40,943	1.11
Contracted office	12,295	0.33
Data processing	138,145	3.75
Management fees	694,092	18.83
Office supplies and expenses	37,144	1.01
Insurance	106,167	2.88
Accounting	24,700	0.67
Legal	21,445	0.58
Travel	7,829	0.21
Consulting	251,303	6.82
Miscellaneous	55,273	1.50
License, dues, and seminars	26,959	0.73
	<u>1,991,123</u>	<u>54.02</u>
 TOTAL ADMINISTRATIVE AND OPERATING COSTS	 <u>2,540,380</u>	 <u>68.93</u>

COMPLETE CARE AT COURT HOUSE LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

		Per Patient Day
CAPITAL COSTS		
Depreciation	\$ 36,251	\$ 0.98
Rent	1,920,697	52.11
Equipment lease	37,282	1.01
TOTAL CAPITAL COSTS	<u>1,994,230</u>	<u>54.10</u>
NON-ALLOWABLE COSTS		
Medicaid assessment tax	414,413	11.24
Bad debt expense	258,887	7.02
Marketing	39,117	1.06
TOTAL NON-ALLOWABLE COSTS	<u>712,417</u>	<u>19.32</u>
TOTAL OPERATING EXPENSES	<u>\$ 14,049,297</u>	<u>\$ 381.16</u>

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

		Percent of Total
SKILLED NURSING FACILITY		
Medicaid	1,362	3.70%
Medicaid - Managed Care	18,379	49.85%
Private	4,481	12.16%
Medicare	5,641	15.30%
Insurance	3,345	9.08%
Veterans	2,568	6.97%
Hospice	1,083	2.94%
	<u>36,859</u>	<u>100.00%</u>
 Percent occupancy - 120 beds	<u>84.15%</u>	

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

		Per Patient Day
SALARIES		
RN	\$ 115,219	\$ 3.13
LPN	1,118,573	30.35
CNA	1,628,880	44.19
DON and ADON	355,916	9.66
Nursing supervisors	509,741	13.83
MDS Coordinator	175,767	4.77
Staffing Coordinator	8,248	0.22
Infection Control	129,132	3.50
Dietary	441,598	11.98
Housekeeping & laundry salaries	277,163	7.52
Social services	93,163	2.53
Recreation	182,421	4.95
Maintenance	87,485	2.37
Administrator	176,799	4.80
Nursing administrator	126,222	3.42
Office	<u>378,926</u>	<u>10.28</u>
TOTAL SALARIES	\$ <u>5,805,253</u>	\$ <u>157.50</u>
EMPLOYEE BENEFITS		
Employee benefits	\$ 87,195	
Payroll taxes	543,433	
Workers' compensation	<u>111,616</u>	
TOTAL EMPLOYEE BENEFITS	\$ <u>742,244</u>	
TOTAL EMPLOYEE BENEFITS AS A PERCENT OF SALARIES	<u>12.79%</u>	