

**COMPLETE CARE AT MILFORD MANOR LLC**  
**(a limited liability company)**

**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Member of  
Complete Care at Milford Manor LLC

### Opinion

We have audited the accompanying financial statements of Complete Care at Milford Manor LLC (a limited liability company), which comprise the balance sheet as of December 31, 2023, and the related statements of earnings 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 Milford Manor 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 Milford Manor 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 Milford Manor 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 Milford Manor 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 Milford Manor 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*

June 10, 2024

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

**ASSETS**

**Current assets**

Cash (note 2)	\$ 299,417
Cash - restricted (patient funds) (note 2)	66,120
Accounts receivable - less allowance of \$321,000	2,643,034
Escrow deposits (note 2)	60,645
Prepaid expenses and other	92,766
Due from prior owner (note 11)	46,846
<b>Total current assets</b>	<u>3,208,828</u>

Property and equipment - net (note 3)	925,457
Right-of-use assets - operating lease (note 4)	6,171,126
Due from related entities (note 8)	2,319,475
Security deposits	<u>19,412</u>

<b>TOTAL ASSETS</b>	<u><u>\$ 12,644,298</u></u>
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**LIABILITIES AND MEMBER'S EQUITY**

**Current liabilities**

Accounts payable	\$ 1,352,265
Accrued expenses	620,316
Due to landlord (note 8)	655,989
Due to private and third-party payors	565,517
Operating lease payable (note 4)	678,894
Patients' funds payable	60,508
<b>Total current liabilities</b>	<u>3,933,489</u>

Operating lease payable (note 4)	5,492,232
Due to related entities (note 8)	<u>893,339</u>

<b>Total liabilities</b>	10,319,060
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<b>Member's equity</b>	<u>2,325,238</u>
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<b>TOTAL LIABILITIES AND MEMBER'S EQUITY</b>	<u><u>\$ 12,644,298</u></u>
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**COMPLETE CARE AT MILFORD MANOR LLC**  
**(limited liability company)**  
**STATEMENTS OF EARNINGS AND MEMBER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2023**

Revenues	\$ 13,938,673
Operating expenses	<u>12,982,051</u>
Earnings from operations	956,622
<b>Non-operating revenue (expense)</b>	
Interest income	3,505
Interest expense	<u>(83,610)</u>
<b>NET EARNINGS</b>	876,517
Member's equity - December 31, 2022	<u>1,448,721</u>
<b>MEMBER'S EQUITY - DECEMBER 31, 2023</b>	<u><u>\$ 2,325,238</u></u>

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

<b>Cash flows from operating activities</b>	
Net earnings	\$ 876,517
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation	68,035
Amortization of deferred financing costs included in interest expense	139
<b>(Increase) decrease in assets</b>	
Accounts receivable	(96,187)
Prepaid expenses and other	20,810
Due from prior owner	(56,297)
<b>Increase (decrease) in liabilities</b>	
Accounts payable	237,080
Accrued expenses and withheld taxes	(72,582)
Due to private and third-party payors	300,646
Patients' funds payable	9,307
<b>Net cash provided by operating activities</b>	<u>1,287,468</u>
 <b>Cash flows from investing activities</b>	
Purchase of property and equipment	(151,929)
Purchase of deferred financing costs	(625)
Due from related entities	(1,716,175)
Increase in security deposits	(3,900)
<b>Net cash used in investing activities</b>	<u>(1,872,629)</u>
 <b>Cash flows from financing activities</b>	
Due to related entities	383,798
<b>Net cash provided by financing activities</b>	<u>383,798</u>
 Net decrease in cash, restricted cash, and cash equivalents	 (201,363)
 Cash, restricted cash, and cash equivalents - December 31, 2022	 <u>627,545</u>
 <b>CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - DECEMBER 31, 2023</b>	 <b>\$ <u>426,182</u></b>

**COMPLETE CARE AT MILFORD MANOR 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 Milford Manor LLC (the “Company”) was formed in the State of New Jersey on August 5, 2021. The Company commenced operations of a 120-bed nursing facility in West Milford, New Jersey on December 16, 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 West Milford, 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 \$240,000 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 represent



**COMPLETE CARE AT MILFORD MANOR 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 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 and state income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the partnership returns of the member and taxed depending on its tax situation.

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 did not record New Jersey State BAIT income tax during 2023.

**Government grants** – In 2022, 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.

**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.

**COMPLETE CARE AT MILFORD MANOR 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)**

**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.

**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.

**Subsequent events** – The Company has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through June 10, 2024, the date the financial statements were available to be issued. No subsequent events have been 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	\$	299,417
Restricted cash – patient funds		66,120
Restricted cash – escrow deposits		<u>60,645</u>
Total cash, restricted cash, and cash equivalents	\$	<u>426,182</u>

**COMPLETE CARE AT MILFORD MANOR 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:

	<u>Life</u> <u>(Years)</u>		
Leasehold improvements	15	\$	174,665
Furniture and equipment	5-7		<u>874,345</u>
			1,049,010
Less: accumulated depreciation			<u>123,553</u>
		\$	<u>925,457</u>

Depreciation expense was \$68,035 for the year.

**NOTE 4 – LEASES**

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 3.56% 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.

The Company occupies its premises under an operating lease from a related party that is set to expire in October 2031. 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 (v) 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 leases for the year ended December 31, 2023.

Operating lease cost	\$	887,580
Short-term/variable lease cost		<u>195,650</u>
Total	\$	<u>1,083,230</u>

**OPERATING LEASES**

Operating lease ROU assets	\$	<u>6,171,126</u>
Operating lease current liabilities	\$	678,894
Operating lease long-term liabilities		<u>5,492,232</u>
Total operating lease liabilities	\$	<u>6,171,126</u>

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

**NOTE 4 – LEASES (CONTINUED)**

**WEIGHTED-AVERAGE REMAINING LEASE**

**TERM**

Operating leases 8 years

**WEIGHTED-AVERAGE DISCOUNT RATE**

Operating leases 3.56%

Undiscounted maturities of lease liabilities were as follows:

<b>For the Years Ended December 31</b>	<b>Operating Lease</b>
2024	\$ 887,580
2025	887,580
2026	887,580
2027	887,580
2028	887,580
Thereafter	<u>2,662,739</u>
Total undiscounted maturities of lease liabilities	7,100,639
Less: discount on lease liabilities	<u>(929,512)</u>
<b>TOTAL LEASE LIABILITIES</b>	<b>\$ <u>6,171,126</u></b>

The following table presents 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 \$ 887,580

**NOTE 5 – REVENUES**

During 2023, approximately 5% of the revenues were derived from billings to the New Jersey Department of Health Services for stays by Medicaid patients and approximately 43% of the revenues were derived from New Jersey Managed Care Organizations.

During 2023, approximately 31% of the revenues were derived from the Federal government for Medicare recipients and for services covered under 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.

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

**NOTE 6 – LINE OF CREDIT**

On December 27, 2021, the Company, and related co-borrowers entered into a revolving loan agreement with its mortgage lender. Under the terms of the agreement, the Company could borrow up to a maximum of \$2,500,000, provided the amounts borrowed did not exceed 80% of the value of the Operators' eligible accounts receivable. Interest on amounts drawn from the line was payable at a rate of LIBOR plus 3.25%. The line of credit agreement contains certain financial covenants and restricts the amount to be borrowed to a calculation of the borrowing base. At December 31, 2023, no funds were drawn by the Company, but were drawn down by a related co-borrower. The line of credit is guaranteed by the member of the Company and other guarantors.

At December 31, 2023, the Company was not in compliance with all covenants, and received a waiver from the bank.

**NOTE 7 – 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 approximately \$206,000 of uninsured balances.

At December 31, 2023, the Company had approximately 28% of its receivables due from the New Jersey Department of Health for Medicaid patients, and 21% of its receivables due from MCOs for Medicaid-approved patients, and 18% of its receivables due from the Federal government for Medicare recipients.

At December 31, 2023, approximately 35% of the accounts payable balance was payable to two vendors.

**NOTE 8 – RELATED-PARTY TRANSACTIONS**

Related-party loans owed to affiliated entities that are controlled by the Company's member were \$100,759 at December 31, 2023. Related-party loans due from affiliated entities that are controlled by the Company's member were \$2,319,475 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 \$708,206 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 \$792,580 at year-end, and is included in due to related entities.

The Company owes \$655,989 to a related landlord. The loans are deemed to be non-interest-bearing. There is no formal plan for repayment of these demand loans.

**NOTE 9 – ECONOMIC DEPENDENCY**

In 2023, the Company purchased a substantial portion of its services from one vendor. Purchases from this vendor totaled approximately \$760,000. The balance due to the vendor at December 31, 2023, and included in accounts payable, was approximately \$270,000.

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

**NOTE 10 – ADVERTISING**

Advertising expense was \$44,197 for 2023. There were no direct-response advertising costs either capitalized or expensed.

**NOTE 11 – 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 \$46,846.

**NOTE 12 – 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. The contributions made by the employer for 2023 were \$15,126.

**NOTE 13 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid during the year for interest	\$	<u>82,429</u>
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**NOTE 14 – 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.

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.

The Company is contingently liable for the portion of the line of credit (note 6) owed by the co-borrower. The balance due by the co-borrower was \$1,950,000 at December 31, 2023.

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 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 liable for its affiliated companies’ insurance responsibility.

The Company had a corporate credit card with no spending limit. At December 31, 2023, the balance due on the card and included in accounts payable was \$78,426.

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.

## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Members of  
Complete Care at Milford Manor LLC

We have audited the financial statements of Complete Care at Milford Manor LLC (a limited liability company) as of and for the year ended December 31, 2023, and our report thereon dated June 10, 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.



June 10, 2024

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

		<b>Per Patient Day</b>
<b>Current year</b>		
Medicaid	\$ 712,154	\$ 253.80
Medicaid - Managed Care	5,934,019	253.57
Private	1,403,856	352.29
Medicare	4,326,239	817.66
Medicare Part A bad debt expense	(213,443)	(40.34)
Hospice	290,913	256.99
Insurance	<u>854,325</u>	426.74
<b>Total current year</b>	<u>13,308,063</u>	<u>\$ 344.61</u>
 <b>Miscellaneous</b>		
Therapy	621,706	
Other	<u>8,904</u>	
	<u>630,610</u>	
 <b>TOTAL REVENUES</b>	 <u>\$ 13,938,673</u>	



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

		<b>Per Patient Day</b>
<b>DIRECT PATIENT CARE COST</b>		
<b>Direct routine patient care costs</b>		
Salaries - RN	\$ 291,344	\$ 7.54
- LPN	1,125,623	29.15
- CNA	1,255,014	32.50
Employee benefits	387,927	10.05
Contracted nursing	<u>1,046,782</u>	<u>27.11</u>
	<u>4,106,690</u>	<u>106.35</u>
<b>Routine patient care costs - not directly reported</b>		
Medical supplies	161,093	4.17
COVID-19 expenses	8,260	0.21
Oxygen	4,306	0.11
Enteral feeding	4,752	0.12
Incontinence products	11	-
	<u>178,422</u>	<u>4.61</u>
<b>TOTAL DIRECT PATIENT CARE COST</b>	<b><u>4,285,112</u></b>	<b><u>110.96</u></b>
<b>ANCILLARY PATIENT CARE COSTS</b>		
Radiology and laboratory	28,034	0.73
Therapy services	829,610	21.48
Prescription Drugs (not OTC)	181,368	4.70
Ambulance	<u>21,491</u>	<u>0.56</u>
<b>TOTAL ANCILLARY PATIENT CARE COSTS</b>	<b><u>1,060,503</u></b>	<b><u>27.47</u></b>

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

		<b>Per Patient Day</b>
<b>INDIRECT PATIENT CARE COSTS</b>		
<b>Nursing administration</b>		
Salaries - DON and ADON	\$ 271,130	\$ 7.02
- Nursing supervisors	443,339	11.48
- Medical records	25,283	0.65
- MDS Coordinator	172,818	4.48
- Staffing Coordinator	53,514	1.39
- Infection Control	78,818	2.04
- Other - Nursing Administration	44,282	1.15
Employee benefits	158,130	4.09
Clinical consultants	6,430	0.17
	<u>1,253,744</u>	<u>32.47</u>
 <b>Workforce-related costs - patient care</b>		
Direct patient care recruitment	<u>10,340</u>	<u>0.27</u>
 <b>Patient support services</b>		
Food (including supplements)	355,083	9.19
Dietary salaries	538,704	13.95
Employee benefits	78,211	2.03
Dietary supplies and services	18,065	0.47
Housekeeping and laundry salaries	329,140	8.52
Employee benefits	47,785	1.24
Contracted laundry	128,739	3.33
Housekeeping and laundry supplies and services	38,241	0.99
Salaries - social services	96,725	2.50
Employee benefits	14,043	0.36
Salaries - recreation	190,759	4.94
Employee benefits	27,695	0.72
Contracted recreation	13,872	0.36
Recreation supplies and services	13,328	0.35
Medical director	31,109	0.81
Pharmacy consultant	28,629	0.74
Fire drill	1,020	0.03
Garbage disposal	35,012	0.91
Landscaping/snow removal	26,512	0.69
Exterminating	6,583	0.17
	<u>2,019,255</u>	<u>52.30</u>
 <b>TOTAL INDIRECT PATIENT CARE COSTS</b>	 <u><b>3,283,339</b></u>	 <u><b>85.04</b></u>

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

<b>ADMINISTRATIVE AND OPERATING COSTS</b>		<b>Per Patient Day</b>
<b>Property operating costs</b>		
Salaries - Maintenance	\$ 99,945	\$ 2.59
Employee benefits	14,510	0.38
Maintenance supplies and services	56,829	1.47
Gas	42,985	1.11
Electric	105,656	2.74
Water and sewer	139,292	3.61
Cable	16,948	0.44
Telephone	10,453	0.27
Real estate tax	156,887	4.06
Property insurance	18,623	0.48
	<u>662,128</u>	<u>17.15</u>
 <b>Administrative and operating costs</b>		
Administrator	172,680	4.47
Employee benefits	25,070	0.65
Salaries - Office	199,644	5.17
Employee benefits	28,985	0.75
Contracted office	12,543	0.32
Data processing	153,427	3.97
Management fees	708,206	18.34
Office supplies and expenses	35,373	0.92
Insurance	119,944	3.11
Accounting	12,000	0.31
Legal	52,152	1.35
Travel	82,699	2.14
Consulting	303,497	7.86
Miscellaneous	30,856	0.80
License, dues, and seminars	19,094	0.49
	<u>1,956,170</u>	<u>50.65</u>
 <b>TOTAL ADMINISTRATIVE AND OPERATING COSTS</b>	 <u><b>2,618,298</b></u>	 <u><b>67.80</b></u>

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

		<b>Per Patient Day</b>
<b>CAPITAL COSTS</b>		
Depreciation	\$ 68,035	\$ 1.76
Rent	887,580	22.98
Equipment lease	38,763	1.00
<b>TOTAL CAPITAL COSTS</b>	<u>994,378</u>	<u>25.74</u>
<b>NON-ALLOWABLE COSTS</b>		
Medicaid assessment tax	458,041	11.86
Bad debt expense	248,123	6.43
Marketing	33,857	0.88
Charitable contributions	400	0.01
<b>TOTAL NON-ALLOWABLE COSTS</b>	<u>740,421</u>	<u>19.18</u>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ <u>12,982,051</u></b>	<b>\$ <u>336.19</u></b>

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

<b>SKILLED NURSING FACILITY UNIT</b>		<b>Percent of Total</b>
Medicaid	2,806	7.27%
Medicaid - Managed Care	23,402	60.60%
Private	3,985	10.32%
Medicare	5,291	13.70%
Insurance	2,002	5.18%
Hospice	1,132	2.93%
	38,618	100.00%
 <b>Percent occupancy -120 beds</b>	 88.17%	

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

		<b>Per Patient Day</b>
<b>SALARIES</b>		
RN	\$ 291,344	\$ 7.54
LPN	1,125,623	29.15
CNA	1,255,014	32.50
DON and ADON	271,130	7.02
Nursing supervisors	443,339	11.48
Medical Records	25,283	0.65
MDS Coordinator	172,818	4.48
Staffing Coordinator	53,514	1.39
Infection Control	78,818	2.04
Dietary	538,704	13.95
Housekeeping and laundry salaries	329,140	8.52
Social services	96,725	2.50
Recreation	190,759	4.94
Maintenance	99,945	2.59
Administrator	172,680	4.47
Nursing administrator	44,282	1.15
Office	<u>199,644</u>	<u>5.17</u>
<b>TOTAL SALARIES</b>	<b>\$ <u>5,388,762</u></b>	<b>\$ <u>139.54</u></b>
 <b>EMPLOYEE BENEFITS</b>		
Employee benefits	\$ 236,210	
Payroll taxes	471,850	
Workers' compensation	<u>74,296</u>	
<b>TOTAL EMPLOYEE BENEFITS</b>	<b>\$ <u>782,356</u></b>	
 <b>TOTAL EMPLOYEE BENEFITS AS A PERCENT OF SALARIES</b>		
	<u>14.52%</u>	