

**GREEN ACRES REHAB AND NURSING LLC
D/B/A COMPLETE CARE AT GREEN ACRES
(a limited liability company)**

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

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INDEPENDENT AUDITORS' REPORT

To the Members of
Green Acres Rehab & Nursing LLC

Opinion

We have audited the accompanying financial statements of Green Acres Rehab and Nursing LLC (a limited liability company), which comprise the balance sheet as of December 31, 2023, and the related statements of earnings and members' 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 Green Acres Rehab and Nursing, 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 Green Acres Rehab and Nursing, 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 Green Acres Rehab and Nursing, 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 Green Acres Rehab and Nursing, 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 Green Acres Rehab and Nursing, 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.

A handwritten signature in black ink that reads "Brand Sonnenschein LLP". The signature is written in a cursive, flowing style.

November 26, 2024

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
BALANCE SHEET
AT DECEMBER 31, 2023

ASSETS

Current assets

Cash and cash equivalents (note 2)	\$ 68,078
Cash - restricted (patient funds) (note 2)	71,130
Accounts receivable - less allowance of \$432,800	5,220,228
Federal credits receivable (note 14)	1,331,141
Prepaid expenses and other	232,919
Total current assets	<u>6,923,496</u>

Property and equipment - net (note 3)	2,290,555
Right-of-use assets - operating lease (note 4)	11,216,987
Due from related entities (note 5)	11,098,204
Security deposits	4,750

TOTAL ASSETS	<u><u>\$ 31,533,992</u></u>
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LIABILITIES AND MEMBERS' EQUITY

Current liabilities

Accounts payable	\$ 2,581,435
Accrued expenses and withheld taxes	530,972
Patients' funds payable	65,601
Due to prior owner (note 10)	4,262
Operating lease obligation (note 4)	81,741
Due to private and third-party payors (note 13)	596,333
Total current liabilities	<u>3,860,344</u>

Operating lease obligations (note 4)	11,135,246
Due to related parties (note 5)	1,947,199
Due to landlord (note 5)	6,260,350
Total liabilities	<u>23,203,139</u>

Members' equity	<u>8,330,853</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	<u><u>\$ 31,533,992</u></u>
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GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
STATEMENTS OF EARNINGS AND MEMBERS' EQUITY
YEAR ENDED DECEMBER 31, 2023

Revenues		\$ 20,275,057
Operating expenses		<u>17,340,646</u>
Earnings from operations		2,934,411
Non-operating revenues (expense)		
Interest income		36,424
Interest expense		<u>(3,941)</u>
NET EARNINGS		2,966,894
Members' equity - December 31, 2022		<u>5,423,959</u>
		8,390,853
Net members' equity distributed		<u>(60,000)</u>
MEMBERS' EQUITY - DECEMBER 31, 2023		<u><u>\$ 8,330,853</u></u>

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities	
Net earnings	\$ 2,966,894
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation	327,068
(Increase) decrease in assets	
Accounts receivable	(1,293,342)
Prepaid expenses and other	13,630
Increase (decrease) in liabilities	
Accounts payable	513,713
Accrued expenses and taxes	(33,932)
Due to third-party payors	(4,690)
Patients' funds payable	18,872
Net cash provided by operating activities	<u>2,508,214</u>
 Cash flows from investing activities	
Purchase of equipment	<u>(142,888)</u>
Net cash used in investing activities	<u>(142,888)</u>
 Cash flows from financing activities	
Repayment of note payable - prior owner	(88,188)
Net payments to related entities	(6,237,641)
Due to related landlord	3,673,565
Members' equity - distributed	(60,000)
Net cash used in financing activities	<u>(2,712,264)</u>
 Net decrease in cash, restricted cash, and cash equivalents	 (346,939)
 Cash, restricted cash, and cash equivalents - December 31, 2022	 <u>486,147</u>
 CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - DECEMBER 31 , 2023	 <u><u>\$ 139,208</u></u>

GREEN ACRES REHAB AND NURSING 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 – Green Acres Rehab and Nursing LLC (the “Company”) was formed in the State of Delaware on November 2, 2016. The Company commenced operations of a 185-bed nursing facility in Toms River, New Jersey on September 29, 2017. The members of the Company are generally protected from liability for acts and obligations of the Company. The operating agreements provide, among other things, for the Company to continue at the will of the General Members, unless sooner terminated as provided in the agreement. The Company leases land, building and rights to its license in Toms River, New Jersey, from a related party.

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. The Company increased the allowance for bad debt by approximately \$53,000 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 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.

GREEN ACRES REHAB AND NURSING 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)

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 partnership 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 and taxed based on their personal tax situations. The policy of the Company is to record interest expense and penalties related to income taxes in operating expense.

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 recorded \$60,000 of New Jersey BAIT taxes during 2023, which were included in distributions.

Government Grants – In 2021, the Companies 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 Members – Guaranteed payments to members that are intended as compensation for services rendered are accounted for as expenses of the Company rather than as allocations of the Company’s net earnings. Guaranteed payments that are intended as payments of interest on capital accounts are not accounted for as expenses of the Company, but rather, as part of the allocation of net earnings.

Leases – 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 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.

GREEN ACRES REHAB AND NURSING 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)

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 November 26, 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	\$	68,078
Restricted cash – patient funds		<u>71,130</u>
Total cash, restricted cash, and cash equivalents	\$	<u>139,208</u>

NOTE 3 – PROPERTY AND EQUIPMENT

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

	Life (Years)	
Leasehold improvements	15	\$ 2,346,833
Property and equipment	5	<u>1,780,468</u>
		4,127,301
Less: accumulated depreciation		<u>1,836,746</u>
		\$ <u>2,290,555</u>

Depreciation expense was \$327,068 for the year.

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 4 – LEASES

The Company has an operating lease for nursing facilities. 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 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 the facility as a party to an operating lease, which commenced in October 2017 and expires in September 2047. The lease amounts escalate each year. The Company is also required to pay additional rent, deposits for real estate taxes, insurance premiums, and all other amounts required under the landlords’ master lease. The Company elected to exclude variable payments for real estate taxes and other variable amounts from ROU operating lease present value computations. The operating lease arrangement has a remaining lease term of 22.75 years.

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	\$ 1,122,772
Short-term/variable lease cost	<u>279,848</u>
Total	\$ <u>1,402,620</u>

OPERATING LEASES

Operating lease ROU assets	\$ <u>11,216,987</u>
Current operating lease liabilities	\$ 81,741
Long-term operating lease liabilities	<u>11,135,246</u>
Total operating lease liabilities	\$ <u>11,216,987</u>

WEIGHTED-AVERAGE REMAINING LEASE TERM

Operating leases	22.75 years
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WEIGHTED-AVERAGE DISCOUNT RATE

Operating leases	12.5%
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GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 4 – LEASES (CONTINUED)

Future lease liability maturities as of December 31, 2023, are as follows:

	Operating Leases
2024	\$ 1,479,286
2025	1,479,286
2026	1,479,286
2027	1,479,286
2028	1,479,286
Thereafter	<u>27,736,621</u>
Total undiscounted maturities of lease liabilities	35,133,051
Less: discount on lease liabilities	<u>(23,916,064)</u>
TOTAL LEASE LIABILITIES	\$ <u>11,216,987</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:

	2023
Operating cash flows for operating leases	\$ 1,122,772

NOTE 5 – RELATED-PARTY TRANSACTIONS

Amounts due from related entities controlled by one of the Company's members was \$11,098,204 at December 31, 2023. Amounts due to related entities controlled by one of the Company's members was \$470,688 at December 31, 2023. The loans are deemed to be non-interest-bearing, unsecured, and there is no formal repayment plan for these demand loans.

The Company recorded \$1,029,150 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 at December 31, 2023 was \$1,476,511 and is included in due to related entities.

The Company leases its facility from a related entity. The balance due to the related landlord was \$6,260,350 at year-end (note 4).

NOTE 6 – REVENUES

Approximately 2% of the revenues in 2023 were derived from billings to the New Jersey Department of Health for stays by Medicaid patients. Approximately 22% of revenues in 2023 were derived from billings to Managed Care Organizations that were approved by the New Jersey Department of Health.

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 6 – REVENUES (CONTINUED)

Approximately 46% of the revenues in 2023 were derived from billings to the Federal government for stays by Medicare patients covered by Part A and for services provided, which are covered by Medicare Part B, respectively.

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.

The company owns solar panels which produce electricity that it sells to outside parties. Total revenue from the sale of electricity for the year was \$90,000.

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 no uninsured cash balances.

At December 31, 2023, the Company had approximately 3% of its receivables due from the New Jersey Department of Health for Medicaid patients, and 11% of its receivables due from Managed Care organizations for Medicaid-approved patients, and 29% of its receivables due from the Federal government for Medicare recipients.

At December 31, 2023, approximately 65% of the accounts payable balance was payable to four vendors.

NOTE 8 – ADVERTISING

Advertising expenses was \$115,093 for 2023. There were no direct-response advertising costs either capitalized or expensed.

NOTE 9 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for interest	\$	<u>3,941</u>
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NOTE 10 – 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 \$4,262.

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 11 – ECONOMIC DEPENDENCY

In 2023, the Company purchased a substantial portion of its services from one vendor. Purchases from this vendor totaled approximately \$1,221,000. The balance due to this vendor at December 31, 2023, and included in accounts payable was approximately \$784,000.

NOTE 12 – CONTRACTED SERVICES

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

NOTE 13 – 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 14 – OTHER LOANS AND GRANT REVENUE

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

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), small employers are eligible for a refundable Employee Retention Tax Credit (“ERTC”) if they experience a significant reduction in revenues or a complete or partial suspension of operations as defined by the CARES Act. The credit is equal to 70% of qualified wages paid to an employee, capped at \$10,000 per quarter, during the first 3 quarters of 2021, (and 50% of qualified wages paid to an employee, capped at \$10,000, in 2020). The Company met these criteria during the first 3 quarters of 2021 and included \$2,071,838 in revenues on the statement of earnings in 2021. Of this amount \$740,698 was received in 2023, along with interest income of \$35,376. The remaining amount of \$1,331,141 is included in the Federal credit receivable account 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.

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

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. The employer contributed \$9,293 for 2023.

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

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.

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 Companies were responsible to pay for claims up to \$250,000 per employee, with no aggregate deductibles. The Company is contingently liable for the premiums of its affiliates, as well as any losses.

The company has a corporate credit card. At December 31, 2023, there was no balance due.

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 Members of
Green Acres Rehab and Nursing, LLC

We have audited the financial statements of Green Acres Rehab and Nursing, 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 contained in the statements 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.



November 26, 2024

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
REVENUES
YEAR ENDED DECEMBER 31, 2023

		Per Patient Day
Current year		
Medicaid	\$ 332,343	\$ 266.30
Medicaid - Managed Care	4,400,860	255.33
Respite	995	248.75
Private	2,678,023	309.92
Medicare - Part A	9,330,969	770.64
Medicare - Part A bad debts	(308,657)	(25.49)
HMO	2,404,484	468.71
Hospice	875,209	258.10
Total current year	<u>19,714,226</u>	<u>\$ 412.79</u>
Ancillary	<u>438,960</u>	
Miscellaneous		
Solar	90,000	
Other	31,871	
	<u>121,871</u>	
TOTAL REVENUES	<u>\$ 20,275,057</u>	

GREEN ACRES REHAB AND NURSING 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	\$ 1,185,844	\$ 24.83
- LPN	936,268	19.60
- CNA	1,363,540	28.55
Employee benefits	577,550	12.09
Contracted nursing	1,637,405	34.29
	<u>5,700,607</u>	<u>119.36</u>
Routine patient care costs - not directly reported		
Medical supplies	109,747	2.30
Covid-19 expenses	41,191	0.86
Oxygen	8,008	0.17
OTC drugs	3,918	0.08
Enteral Feeding	2,936	0.06
Incontinence products	57,540	1.20
	<u>223,340</u>	<u>4.67</u>
TOTAL DIRECT PATIENT CARE COST	<u>5,923,947</u>	<u>124.03</u>
ANCILLARY PATIENT CARE COSTS		
Radiology and laboratory	104,889	2.20
Therapy services	1,221,679	25.58
Prescription Drugs (not OTC)	451,398	9.45
Ambulance	72,315	1.51
Physicians	1,225	0.03
TOTAL ANCILLARY PATIENT CARE COSTS	<u>1,851,506</u>	<u>38.77</u>

GREEN ACRES REHAB AND NURSING 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	\$ 232,540	\$ 4.87
- Nursing supervisors	287,657	6.02
- Medical records	42,025	0.88
- MDS Coordinator	206,873	4.33
- Infection Control	82,743	1.73
- Other - Nursing Administration	51,219	1.07
Employee benefits	143,198	3.00
Clinical consultants	3,573	0.07
	<u>1,049,828</u>	<u>21.97</u>
 Workforce-related costs - patient care		
Direct patient care recruitment	68,959	1.44
	<u>68,959</u>	<u>1.44</u>
 Patient support services		
Food (including supplements)	453,726	9.50
Dietary salaries	616,223	12.90
Employee benefits	102,104	2.14
Dietitian	116,760	2.44
Contracted dietary	8,018	0.17
Dietary supplies	49,519	1.04
Contracted laundry	490,800	10.28
Housekeeping & laundry supplies and services	28,998	0.61
Salaries - Social services	202,423	4.24
Employee benefits	33,540	0.70
Salaries - Recreation	227,908	4.77
Employee benefits	37,763	0.79
Contracted recreation	41,684	0.87
Recreation supplies and services	23,555	0.49
Medical director	113,309	2.37
Pharmacy consultant	46,834	0.98
Fire drill	1,425	0.03
Garbage disposal	41,707	0.87
Landscaping/snow removal	22,836	0.48
Exterminating	4,588	0.10
	<u>2,663,720</u>	<u>55.77</u>
 TOTAL INDIRECT PATIENT CARE COSTS	 <u>3,782,507</u>	 <u>79.18</u>

GREEN ACRES REHAB AND NURSING 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	\$ 125,935	\$ 2.64
Employee benefits	18,477	0.39
Maintenance supplies and services	75,530	1.58
Gas	40,011	0.84
Electric	4,660	0.10
Water and sewer	76,529	1.60
Cable	20,682	0.43
Telephone	26,352	0.55
Real estate tax	169,638	3.55
Property insurance	43,131	0.90
	<u>600,945</u>	<u>12.58</u>
Administrative & operating costs		
Administrator	250,630	5.25
Employee benefits	36,772	0.77
Salaries - Office	461,914	9.67
Employee benefits	67,771	1.42
Contracted office	377	0.01
Data processing	162,907	3.41
Office and postage	3,563	0.07
Management fees	1,029,150	21.55
Office supplies and expenses	38,442	0.80
Insurance	143,016	2.99
Accounting	11,200	0.23
Legal	122,478	2.56
Travel	27,797	0.58
Consulting	285,181	5.97
Miscellaneous	71,101	1.49
License, dues, and seminars	55,400	1.16
	<u>2,767,699</u>	<u>57.93</u>
TOTAL ADMINISTRATIVE AND OPERATING COSTS	<u>3,368,644</u>	<u>70.51</u>

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2023

		Per Patient Day
CAPITAL COSTS		
Depreciation	\$ 327,068	\$ 6.85
Rent - building	1,122,772	23.51
Equipment lease	67,079	1.40
TOTAL CAPITAL COSTS	<u>1,516,919</u>	<u>31.76</u>
NON-ALLOWABLE COSTS		
Medicaid assessment tax	456,956	9.57
Bad debt expense	392,977	8.23
Marketing	46,134	0.97
Charitable contributions	1,056	0.02
TOTAL NON-ALLOWABLE COSTS	<u>897,123</u>	<u>18.79</u>
TOTAL OPERATING EXPENSES	\$ <u>17,340,646</u>	\$ <u>363.04</u>

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
PATIENT DAYS
YEAR ENDED DECEMBER 31, 2023

		Percent of Total
SKILLED NURSING FACILITY		
Medicaid	1,248	2.61%
Medicaid - Managed Care	17,236	36.09%
HMO	5,130	10.75%
Private	8,641	18.09%
Medicare	12,108	25.35%
Respite	4	0.01%
Hospice	3,391	7.10%
	<u>47,758</u>	<u>100.00%</u>
 Percent occupancy - 185 beds	<u>70.73%</u>	

GREEN ACRES REHAB AND NURSING LLC
(a limited liability company)
SUPPLEMENTARY INFORMATION
SCHEDULE OF PAYROLL AND BENEFITS
YEAR ENDED DECEMBER 31, 2023

		Per Patient Day
SALARIES		
RN	\$ 1,185,844	\$ 24.83
LPN	936,268	19.60
CNA	1,363,540	28.55
DON and ADON	232,540	4.87
Nursing supervisors	287,657	6.02
Medical Records	42,025	0.88
MDS Coordinator	206,873	4.33
Infection Control	82,743	1.73
Dietary	616,223	12.90
Social services	202,423	4.24
Recreation	227,908	4.77
Maintenance	125,935	2.64
Administrator	250,630	5.25
Nursing administrator	51,219	1.07
Office	461,914	9.67
	\$ 6,273,742	\$ 131.37
TOTAL SALARIES		
EMPLOYEE BENEFITS		
Payroll taxes	\$ 576,857	
Employee benefits	338,680	
Workers' compensation	101,638	
	\$ 1,017,175	
TOTAL EMPLOYEE BENEFITS		
TOTAL EMPLOYEE BENEFITS AS A PERCENT OF SALARIES	16.21%	