CARE ONE, LLC AND SUBSIDIARIES
(A DELAWARE LIMITED LIABILITY COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

CARE ONE, LLC AND SUBSIDIARIES

CONTENTS

Independent Auditor's Report

Members
Care One, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of Care One, LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income (loss), members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's 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 GAAS 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 GAAS, 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 the Company'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 the Company'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.

Sax LLP

Parsippany, New Jersey
May 1, 2024

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	December 31, 2023	December 31, 2022
ASSETS		
Current Assets		
Cash and cash equivalents	$ 7,808	$ 24,742
Restricted cash escrow deposits	6,142	4,105
Resident accounts receivable,		
net of allowance of $8,763 and $9,479, respectively	42,912	41,014
Other receivable	14,682	5,517
Prepaid expenses and other current assets	2,407	1,917
Due from affiliates	5,690	8,080
Total current assets	79,641	85,375
Other Assets		
Property and equipment, net	256,937	257,815
Goodwill, net	9,454	9,454
Licenses	17,429	18,479
Resident security deposits	2,841	2,627
Net operating lease - right of use ("ROU") asset	14,310	16,492
Fair value of interest rate swap agreements	2,899	4,475
Other assets	2,321	2,266
Total other assets	306,191	311,608
Total Assets	$ 385,832	$ 396,983

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)
(IN THOUSANDS)

	December 31, 2023	December 31, 2022
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities		
Deferred income and refundable advances, current portion	$ 5,318	$ 4,536
Lines of credit	10,200	10,200
Current maturities of long-term debt	80,850	137,942
Current maturities of related party loans payable	95	90
Accounts payable	44,112	51,371
Accrued expenses	38,067	28,156
Accrued interest payable	2,812	2,560
Operating lease obligation, current portion	1,063	1,111
Total current liabilities	182,517	235,966
Long-Term Liabilities		
Long-term debt, net	447,047	398,558
Operating lease obligation, net of current portion	13,726	15,802
Resident security deposits payable	2,841	2,627
Long-term portion of related party loans payable	3,444	2,062
Total long-term liabilities	467,058	419,049
Total Liabilities	649,575	655,015
Members' Equity		
Members' accumulated deficit	(266,642)	(262,507)
Accumulated other comprehensive income	2,899	4,475
Total members' deficit	(263,743)	(258,032)
Total Liabilities and Members' Equity	$ 385,832	$ 396,983

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(IN THOUSANDS)

	For the years ended December 31, 2023	2022
Revenue		
Net resident service revenue	$ 375,595	$ 383,709
Other revenue	2,668	28,524
Management fees - affiliates	33,816	31,909
Total revenue	412,079	444,142
Operating Expenses		
Salaries, wages and benefits	255,124	263,629
Other operating expenses	116,194	110,259
Depreciation expense	20,196	20,074
Total operating expenses	391,514	393,962
Income from Operations	20,565	50,180
Other Income (Expense)		
Gain on disposal of assets	12,426	-
Other income	832	298
Interest expense	(30,958)	(23,498)
Total other expense	(30,126)	(23,200)
Net Income before State Income Taxes	2,865	26,980
State income tax expense	-	2,580
Net Income	2,865	24,400
Other Comprehensive Income (Loss)		
Change in fair value of interest rate swap agreements	(1,576)	11,087
Comprehensive Income	$ 1,289	$ 35,487

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF MEMBERS' DEFICIT
(IN THOUSANDS)

	Members' Deficit	Accumulated Other Comprehensive Income (Loss)	Total Members' Deficit
Balance - December 31, 2021	$ (185,439)	$ (6,612)	$ (192,051)
Net income	24,400	-	24,400
Other comprehensive income	-	11,087	11,087
Distributions	(101,468)	-	(101,468)
Balance - December 31, 2022	(262,507)	4,475	(258,032)
Net income	2,865	-	2,865
Other comprehensive loss	-	(1,576)	(1,576)
Contributions	3,000	-	3,000
Distributions	(10,000)	-	(10,000)
Balance - December 31, 2023	$ (266,642)	$ 2,899	$ (263,743)

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	For the years ended December 31, 2023	2022
Cash Flows from Operating Activities		
Net income	$ 2,865	$ 24,400
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation expense	20,196	20,074
Amortization of debt issuance costs	550	1,845
Write-off debt issuance costs on refinanced debt	6	-
Bad debt expense	11,442	8,970
Gain on sale of property	(12,426)	-
Changes in operating assets and liabilities:		
Resident accounts receivable - net	(13,340)	(9,910)
Other receivables	(9,165)	4,757
Deferred income and refundable advances	782	(3,421)
Prepaid expenses and other current assets	(490)	1,646
Other assets	(55)	169
Amortization of net operating lease - ROU asset	2,182	-
Repayment of deferred payroll tax	-	(4,393)
Accounts payable	(5,805)	7,228
Accrued expenses	9,911	(9,245)
Accrued interest payable	252	956
Operating lease obligation	(2,124)	-
Net Cash Provided by Operating Activities	4,781	43,076
Cash Flows from Investing Activities		
Net proceeds from sales of property	15,000	-
Acquisition of intangible assets	(118)	-
Disposal of property and equipment	1,474	-
Disposal of intangible assets	1,050	-
Purchase of property and equipment	(23,366)	(36,668)
Net Cash Used in Investing Activities	(5,960)	(36,668)

See accompanying notes to the consolidated financial statements.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(IN THOUSANDS)

	For the years ended December 31, 2023	2022
Cash Flows from Financing Activities		
Repayments of lines of credit	$ -	$ (165,572)
Proceeds from long-term debt	10,327	238,804
Principal payments of long-term debt	(19,266)	(5,364)
Net proceeds from related party debt	1,476	-
Repayments from affiliates	2,390	18,262
Payments on related party debt	(89)	(86)
Capital contributed by members	3,000	-
Distributions to members	(10,000)	(101,468)
(Increase) decrease in overdraft borrowings	(1,454)	1,622
Payments for financing costs	(102)	(1,382)
Net Cash Used in Financing Activities	(13,718)	(15,184)
Net Decrease in Cash, Cash Equivalents and Restricted Cash - Escrow Deposits	(14,897)	(8,776)
Cash, Cash Equivalents and Restricted Cash - Escrows, Beginning of Year	28,847	37,623
Cash, Cash Equivalents and Restricted Cash - Escrows, End of Year	$ 13,950	$ 28,847
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 30,042	$ 20,739
Cash paid during the year for state income taxes	-	1,803
Non Cash Financing Activities		
Refinanced Debt	$ -	$ 64,829

See accompanying notes to the consolidated financial statements.

NOTE 1 – DESCRIPTION OF BUSINESS AND ORGANIZATION

Care One, LLC through its Subsidiaries (together, the "Company") principally owns, operates and manages skilled nursing, assisted living, long-term acute care facilities and home health care organizations in New Jersey. The Company operated 32 health care facilities and other related health care providers at December 31, 2023.

Although limited liability companies are not corporations, their members have limited personal liability for the obligations or debts of the entities similar to stockholders of a corporation; however, the entities are classified as partnerships for federal income tax purposes.

The Company is related to several other businesses that have common beneficial ownership and managerial control. These related businesses are hereinafter referred to as "affiliates" or "related parties".

LIQUIDITY AND MATURING DEBT

The Company has a working capital deficit of $102,915 at December 31, 2023, including current maturities of $80,850. A significant contributing factor to the negative working capital is the substantial capital investment the Company has made in many of its healthcare facilities over the last three years in order to both improve the facilities and allow for a strategic shift in resident/patient mix going forward. These renovations resulted in certain closures, causing a temporary decline in occupancy, and thus revenue. Management believes that these renovations will have significant benefit to the Company over the longer term and expects occupancy levels to return to historical levels while margins improve due to a more favorable resident/patient mix. The Company has a history of refinancing its debt when balloon payments are due and expects to refinance the debt maturing within 2024.

SIGNIFICANT EVENTS – COVID-19 PANDEMIC

The global viral outbreak caused by coronavirus disease ("COVID-19") has resulted in a national public health emergency during 2020 and continuing into 2023. There have been resulting effects in the economy generally, and the health care industry specifically, that have and will continue to impact the Company's operations and financial condition including a decline in resident census as compared to historical occupancy rates, supply challenges and enhanced infection control procedures.

NOTE 1 – DESCRIPTION OF BUSINESS AND ORGANIZATION (CONTINUED)

SIGNIFICANT EVENTS – COVID-19 PANDEMIC (CONTINUED)

During the years ended December 31, 2023 and 2022, the Company received significant support from the Provider Relief Fund provisions of the Coronavirus Aid, Relief and Economic Security ("CARES") Act and similar programs supported by the State of New Jersey Department of Health. These programs have complex and evolving rules and conditions which the Company will continue to monitor. If the rules, or interpretations thereof, change, these changes might impact the Company's ability to retain some or all of the funds received.

Due to the evolving nature and unknown duration of the COVID-19 pandemic, the ultimate impact to the Company and its financial condition is presently unknown.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION AND COMBINATION

The accompanying consolidated financial statements include the accounts of Care One, LLC, and its wholly-owned subsidiaries, as listed in Note 16 to these consolidated financial statements. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates include the allowance for doubtful accounts receivable, contractual allowances, amounts earned under the CARES Act and other government grant programs, third party contingencies and estimated losses for potential liability for insurance claims. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT

In order to mitigate the financial effects of the COVID-19 pandemic, in March 2020, the Federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). As a result of the CARES Act, the Company received funding from the following programs:

RELIEF FUNDS

Provider Relief Funds ("PRF") were established under the CARES Act and are the distribution vehicle for $178 billion in funding to support hospitals, physicians, skilled nursing facilities and other eligible healthcare providers in response to the COVID-19 pandemic. Entitlement to retain PRF payments is conditioned upon having incurred health care related expenses that are attributable to COVID-19 which will not be reimbursed by other sources and/or patient care lost revenues. PRF payments are subject to the Uniform Grant Guidance audit. In addition, noncompliance with the PRF terms and conditions are grounds for recoupment by the U.S. Government. The criteria for what qualifies as health care related expenses that are attributable to COVID-19 which will not be reimbursed by other sources and patient care lost revenues has been evolving. As a result, there is a possibility that the recorded estimates for the PRF grant will change in the near term.

For the years December 31, 2023 and 2022, the Company received PRF payments of $0 and $1,089, respectively.

The Company has accounted for the PRF payments as a government grant and has recognized revenue equal to the estimated health care related expenses that are attributable to COVID-19 not reimbursed by other sources and lost patient care revenues that the Company has incurred for the years ended December 31, 2023 and 2022. For the years ended December 31, 2023 and 2022, the Company recognized $0 and $1,089 of PRF payments received as grant revenue included in other revenue in the consolidated statements of comprehensive income (loss), as management believes the PRF payment conditions were substantially met.

STATE RELIEF FUNDS

The State of New Jersey also provided grants to long-term care and assisted living facilities located in the State of New Jersey to help offset certain costs incurred by these facilities in connection with the COVID-19 pandemic. During 2023 and 2022, the Company received $0 and $455 of assistance from the New Jersey Department of Health, all of which was recognized as grant revenue under the caption other revenue in the accompanying consolidated statements of comprehensive income (loss), as management believes the condition established by the State of New Jersey were substantially met.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE

Net patient service revenue and the related accounts receivable is reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient care.

The Company's initial estimate of the transaction price for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to patient services provided by various elements of variable consideration, including explicit price considerations such as contractual adjustments and implicit price concessions provided, primarily to uninsured patients, and other reductions to the Company's standard charges. The Company determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for services rendered. The estimates for contractual allowances and discounts are based on contractual agreements and historical experience. For under-insured patients, the Company determines the transaction price associated with services rendered on the basis of charges reduced by implicit price concessions. The implicit price concessions included in the estimation of the transaction price are based on the Company's historical collection experience for applicable portfolios.

Settlements with third-party payors for cost report filing and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated contract price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company's historical settlement activity (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate most likely amount, depending on the circumstances related to a given settlement item. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2023 and 2022.

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to net patient services revenue in the period of change. For the years ended December 31, 2023 and 2022, changes in the estimates of implicit price concessions, discounts, contractual adjustments and other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis, when applicable) are recorded as bad debt expense. The Company's bad debt expense is not significant.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE (CONTINUED)

After satisfaction of amounts due from insurance, the Company follows established guidelines for placing certain patient balances with collection agencies, subject to certain restrictions on collection efforts as determined by the Company's policy. Changes in the effectiveness of the collection efforts could impact the amounts expected to be collected and, therefore, could impact net patient services revenue in future periods.

The Company uses a portfolio approach as a practical expedient to account for categories of patient contracts as collective groups, rather than recognizing revenue on an individual contract basis. The consolidated financial statements' effects of using this practical expedient are not materially different from an individual contract approach.

The Company has elected the practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Company's expectation that the period between the time the service is provided to a patient and the time that the patient or third-party payor pays for that service will be one year or less.

As substantially all of its performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Company does not have any off-balance sheet credit exposure related to its accounts receivable.

ALLOWANCE FOR CREDIT LOSSES

On January 1, 2023, the Company adopted ASU 2016-13, Financial Instruments - Credit Losses (Topic 326). Financial assets, which potentially subject the Company to credit losses, consist primarily of patient receivables. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions.

The Company adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

The Company has tracked historical loss information based on the aging buckets and the type of payor for its patient receivables and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, 91–120 days past due, 121–180 days past due, 181–365 days past due, 366–730 days past due, and more than 730 days past due).

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for patient receivables held at December 31, 2023 and 2022, because the composition of the patient receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). As a result, management applied the applicable updated credit loss rates to determine the expected credit loss estimate for each aging category. Accordingly, the allowance for expected credit losses at December 31, 2023 and 2022 totaled $8,763 and $9,479, respectively.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs was immaterial to the consolidated financial statements as a whole for the years ending December 31, 2023 and 2022.

LICENSE FEE

During 2020, the Company entered into an agreement with the State of New Jersey Department of Health ("NJ-DOH") to license certain of its skilled nursing facilities to NJ-DOH for the purpose of creating additional capacity in hospitals by allowing the hospitals to discharge more patients to a post-acute setting. The Company operated these facilities on behalf of the NJ-DOH through March 31, 2021. In exchange for the NJ-DOH's right to access and sole use of the licensed facilities, the NJ-DOH agreed to pay for the reasonable cost of all utilities, staff and supplies for the licensed facilities. The Company is required to invoice the NJ-DOH on a monthly basis. Due to uncertainties regarding the definition of reasonable costs and the related payment terms under the agreement, the Company is recognizing the license fees as other revenue in the accompanying statements of comprehensive income (loss) once the costs are formally approved and/or payment is received from the NJ-DOH. At December 31, 2023 and 2022, the company had recognized $0 and $20,031 under this arrangement (see Note 10).

(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

DEFERRED INCOME AND REFUNDABLE ADVANCES

Deferred income and refundable advances include fees from residents received in advance of being earned, provider relief funds and Medicare accelerated and advance payments.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash balances held with financial institutions, which at times exceed federally insured limits, and resident accounts receivable. At December 31, 2023 there were ten accounts with balances totaling $5,512 that were in excess of these insurance limits. The Company has not experienced any losses in connection with these balances.

The Company grants credit without collateral to its residents, many of whom are insured under third-party payor arrangements. The percentages of resident accounts receivable from residents and third-party payors are as follows:

	2023	2022
Medicare and Medicaid	45%	60%
Managed Care / Commercial Insurance	32%	24%
Residents and Other	23%	16%
	100%	100%

PROPERTY AND EQUIPMENT

Land, buildings and improvements, equipment, furniture and fixtures used in the skilled nursing and other operations of the Company are classified as property and equipment and are recorded at cost. Buildings, building improvements, equipment and furniture and fixtures are depreciated on the straight-line method over their estimated useful lives which range from 5 to 25 years. Construction in progress represents uncompleted work as of the balance sheet date.

Expenditures for maintenance and repairs are charged to operations as incurred.

Expenditures for improvements and betterments with an expected useful life in excess of one year and a cost in excess of two thousand five hundred dollars are capitalized. The cost and related accumulated depreciation of assets are removed from the accounts when such assets are retired or sold, and any related gains or losses are reflected in the statement of comprehensive income (loss) for the period.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LICENSES AND GOODWILL

Goodwill is recognized as a result of a business combination when the price paid for the acquired business exceeds the fair value of the identified equity. Identifiable intangible assets are recognized at their fair value when acquired. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually. Intangible assets with definite useful lives are amortized over their respective estimated useful lives to their estimated residual values and reviewed for impairment. There were no impairment losses for the years ended December 31, 2023 and 2022.

Licenses, which consist of costs to acquire the required state licenses to operate healthcare facilities, have been determined to be intangible assets with an indefinite life. There were no impairment losses for the years ended December 31, 2023 and 2022.

IMPAIRMENT OF LONG-LIVED ASSETS

If there is an event or a change in circumstances adversely impacting the recoverability of long-lived assets, the Company's policy is to assess any impairment in value by making a comparison of the current and projected operating cash flows of the asset over its remaining useful life, on an undiscounted basis, to the carrying amount of the asset. Such carrying amounts would be adjusted, if necessary, to reflect an impairment in the value of the assets. If it is determined that the Company is unable to recover the carrying amount of its assets, the long-lived assets are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses for the years ended December 31, 2023 and 2022.

DEBT ISSUANCE COSTS

Debt issuance costs consist of costs incurred to obtain financing. Debt issuance costs are reported on the consolidated balance sheets as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the interest method. The Company reflects amortization of debt issuance costs within interest expense.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS

The Company follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy, based on whether the inputs used to determine their fair values are observable or unobservable. Fair value level inputs are as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS

The Company, in conjunction with some of its mortgage notes, has entered into interest rate swap agreements with financial institutions to manage its exposure to interest rate movements on the Company's variable rate mortgage notes. The agreements, designated as cash flow hedges, involve the exchange of amounts based on a variable interest rate for amounts based on a fixed interest rate over the term of the respective agreement. The differential to be paid or received, if any, is accrued and recognized as an adjustment of interest expense related to the mortgage note.

The Company records all derivative instruments, currently consisting of interest rate swap agreements, on the consolidated balance sheet at their respective fair values and all changes in fair values in the consolidated statement of comprehensive income (loss) as a component of other comprehensive income, based on the derivative instrument's designation and effectiveness of hedging relationships.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FINANCIAL INSTRUMENTS

The Company follows U.S. GAAP guidance which affects presentation and disclosure requirements of financial liabilities whereby, all entities that are not public business entities, are exempt from disclosing fair value information for financial instruments measured at amortized cost.

COMPREHENSIVE INCOME

The reporting of comprehensive income (net income plus or minus other comprehensive income or loss) in financial statements is defined as the net change in equity (deficit) of a business enterprise during a period from transactions and other events, except those resulting from investments by owners and distributions to owners.

EMPLOYEE HEALTH BENEFIT PLANS

The Company has one self-insured employee health benefit plan (the "Health Plan"). The Company contracts with a preferred provider organization to assist in the administration of the Health Plan. The estimated liabilities of the Health Plan, reported claims and claims incurred but not reported, are included in accrued expenses in the consolidated balance sheets. Actual amounts could differ from these estimates. Together with several affiliates, the Company maintains excess claims insurance for individual medical claims in excess of $350 through a third-party insurer with expires on December 31, 2024.

PROFESSIONAL LIABILITY AND WORKERS' COMPENSATION COSTS

The Company is self-insured for professional liability claims and maintains workers' compensation insurance with a $500 per employee deductible under an insurance policy that expires on June 30, 2024. The provision for estimated professional liability and workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimated liabilities for professional liability and workers' compensation claims are included in accrued expenses in the consolidated balance sheets. See Note 12 for additional information regarding the Company's professional liability program.

Legal fees are recorded on the accrual basis as they are incurred. Loss reserves for cases that have been incurred but not reported include estimated legal costs to defend the cases.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES

The Company adopted ASC Topic 842, Leases, for fiscal years beginning after December 15, 2021, and interim periods in fiscal years beginning after December 31, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period consolidated financial statements. Under this transition provision, the Company has applied Topic 842 to annual reporting periods beginning on January 1, 2022, and interim reporting periods beginning January 1, 2023, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

Topic 842 requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

(IN THOUSANDS)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

LEASES (CONTINUED)

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

NOTE 3 – CASH, CASH EQUIVALENTS AND RESTRICTED CASH

Cash and cash restricted at December 31, 2023 and 2022 consist of the following:

	2023	2022
Operating cash	$ 7,808	$ 24,742
Restricted cash portion of :		
Liability insurance escrow	18	18
Property tax escrow	103	65
Replacement reserve escrow	415	391
Other escrow	5,606	3,631
Total restricted cash - escrow deposits	6,142	4,105
Total cash, cash equivalents and restricted cash - escrow deposits presented in the consolidated statements of cash flows	$ 13,950	$ 28,847

Management has concluded that tenant security deposits do not represent restricted cash because these amounts are held in a separate bank escrow account on behalf of each tenant with significant legal restrictions that prevent the Company from accessing this cash.

(IN THOUSANDS)

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023 and 2022 consist of the following:

	2023	2022
Land and improvements	$ 52,778	$ 51,661
Buildings and improvements	345,494	323,970
Equipment, furniture and fixtures	109,464	101,938
Construction in progress	31,266	47,597
	539,002	525,166
Less accumulated depreciation	(282,065)	(267,351)
Property and equipment, net	$ 256,937	$ 257,815

There was $4,093 and $1,481 of interest expense capitalized for the years ended December 31, 2023 and 2022, respectively. Construction in progress represents renovation projects and other equipment and fixtures that are not complete as of the balance sheet date.

On December 27, 2023 the Company sold a heath care facility in Ewing, New Jersey. The sale included all property and equipment but excluded accounts receivable and all liabilities. The net sales proceeds were approximately $15,000 resulting in a gain of approximately $12,426. In connection with the sale, the outstanding debt of $11,900 was repaid in full. The proceeds were considered a 1031 exchange for tax purposes.

NOTE 5 - LINES OF CREDIT

The Company has various lines of credit totaling $31,500 in the aggregate, which expire at various dates through August 2024. The lines of credit are based on the Secured Overnight Financing Rate (SOFR) and are subject to certain floors (effective interest rates on outstanding balances are approximately 7.09% as of December 31, 2023). The lines of credit are collateralized by various assets and ownership interests of the Company. The amount outstanding as of December 31, 2023 and 2022 was $10,200 and $10,200, respectively.

Irrevocable standby letters of credit in the amount of $20,197 that are outstanding at December 31, 2023 reduce the available borrowing capacity under the lines of credit.

(IN THOUSANDS)

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following as of December 31:

	2023	2022
In October 2020, the Company secured a term loan for five health care facilities in the amount of $63,906. Interest on this debt is floating at 262bp over SOFR with a SOFR floor of 75bp. An interest rate cap is in place for SOFR at 1%. for $49,095 of the loan amount. The effective rate as of 12/31/2023 is 7.96% (262bp over SOFR 5.34%). The loan matures on October 9, 2025. The proceeds of the loan were used to refinance debt. The loan is secured by certain assets of the subsidiaries of the Company. Payments on the loan are interest only until November 2023.	$ 63,716	$ 63,906
In October 2020, the Company secured a construction loan up to the amount of $34,284 for the purpose of financing construction projects. Interest on this debt is 262bp over SOFR with a SOFR floor of 75bp. The effective rate as of 12/31/2023 is 7.96% (262bp over SOFR 5.34%) and the interest accrues only on sums advanced.	28,069	29,887
On February 28, 2022, the Company refinanced outstanding debt in the amount of $95,742 with a new loan in the amount of $153,280 which was entered into jointly with an affiliate of the Company that shares common management and control. The loan bears interest at SOFR plus 2.75% and matures on February 28, 2027. The effective rate as of 12/31/23 is 8.09 % There is an interest rate collar in place on $49,313 with a floor of 0.55% and a cap of 2.50%	118,391	118,391
On February 28, 2022, the Company refinanced outstanding construction loans in the amount of $11,337 with a new construction line in the amount of $30,287 which was entered into jointly with an affiliate of the Company that shares common management and control. The loan bears interest at SOFR plus 2.75% and matures on February 28, 2027. The effective rate as of 12/31/23 is 8.09%	22,712	19,591

(IN THOUSANDS)

NOTE 6 – LONG-TERM DEBT (CONTINUED)

	2023	2022
Mortgage loan agreements with a bank dated November, 2012 and refinanced in November, 2017. These loans require monthly payments of principal and interest at a variable rate equal to SOFR (with a floor of 0.75%) plus 2.0%. This rate is fixed with an interest rate swap at 3.96%. These mortgage loans as well as the swap agreement matured on November 30, 2022. The loan was extended to February 28, 2023 and again to January 5, 2029. The loan bears interest at SOFR plus 2.0% (7.34% as of December 31, 2023)	55,331	67,981
Mortgage loan dated December, 2021 to refinance an existing loan in the amount of $16,043. Interest is at the rate equal to SOFR (with a floor of 0.75%) plus 1.75% (7.09% at December 31, 2023). Monthly payments of interest only are due through December, 2023 at which time monthly payments of principal and interest are due based on a 25 year amortization with a balloon payment of $14,575 due upon maturity in January 2027.	16,043	16,043
Construction loan agreement dated December, 2021 in an amount up to $14,257, which is being drawn down for construction projects. Interest on the outstanding balance is due monthly at 2.1% over SOFR with a SOFR floor of 2.60% (effective rate of 7.44% at December 31, 2023). The loan matures January 1, 2027 when the project is expected to be completed and the entire outstanding balance is due.	2,668	2,574
Mortgage loan dated October, 2018 in the original amount of $22,171. Monthly payments of principal and interest at a fixed rate of 5.16% are due through maturity on November 1, 2028 at which time a balloon payment of $19,295 is due.	21,187	21,523
Mortgage loan dated October, 2018 in the original amount of $25,000. This loan requires monthly payments of principal and interest at a variable rate equal to SOFR plus 2.35% (7.69% at December 31, 2023). The interest rate on 70% of the loan balance is fixed by a swap arrangement 5.44%, The loan matures on November 1, 2025 at which time a balloon payment of $21,091 is due.	22,274	22,873

(IN THOUSANDS)

NOTE 6 – LONG-TERM DEBT (CONTINUED)

	2023	2022
Refinanced mortgage agreement dated May, 2015 and again refinanced in March, 2018 in the original amount of $56,700. The loan accrues interest at variable interest rates equal to SOFR plus 1.50% (6.84% at December 31, 2023), but is swapped with a fixed rate of 4.0%, and matures on September 30, 2024.	54,160	54,160
In September 2020, the Company secured a construction loan up to the amount of $18,600 for the purpose of financing construction projects. Interest is floating at 75bp over SOFR with a SOFR Floor of 0%, with an effective rate of 6.09% at 12/31/23 and accrues only on sums advanced. The loan matures on September 30, 2024 when the project is expected to be completed and the entire outstanding balance is due.	18,089	12,318
Refinanced mortgage agreement dated May, 2015, refinanced in October, 2018 in the original amount of $70,900 and again refinanced in July 2022 in the amount of $96,000. The loan requires monthly payments of principal and interest at a variable interest rate equal to SOFR plus 1.75% (7.09% at December 31, 2023), but is swapped with a fixed rate of 4.586% plus a spread adjustment of 0.11448%, for an all in fixed rate of 4.70% and matures on July 1, 2027.	93,250	95,353
Loan agreement dated October, 2015 in the original amount of $14,000 which matured on April 1, 2021 was refinanced with an increase to the amount to $14,980, and a change to SOFR (with a SOFR floor of 0.75%) plus 2.35% (7.69% at December 31, 2023) and a new maturity of June 1, 2028 at which time a balloon payment of $12,485 is due.	14,172	14,509
Total long-term debt	$ 530,062	$ 539,109
Less Current maturities	80,850	137,942
Long-term debt, less current maturities	449,212	401,167
Unamortized debt issuance costs	(2,165)	(2,609)
Long-term debt, net	$ 447,047	$ 398,558

(IN THOUSANDS)

NOTE 6 – LONG-TERM DEBT (CONTINUED)

Long-term debt is shown net of unamortized debt issuance costs. Amortization of debt issuance costs included in interest expense was $556 and $739 for the years ended December 31, 2023 and 2022, respectively. Amortization of debt issuance costs for each of the next five years is expected to be $920, $676, $407, $123, and $39.

Certain of the debt agreements above contain covenants related to the maintenance of occupancy levels, financial ratios and minimum net worth requirements for certain underlying facilities. For the years ended December 31, 2023 and 2022, the Company was in violation of certain of these covenants and has received waivers from the lenders, as necessary.

For the years ending December 31,	
2024	$ 80,850
2025	119,612
2026	7,969
2027	238,572
2028	33,624
Thereafter	49,435
	$ 530,062
Unamortized debt issuance costs	(2,165)
	$ 527,897

The loans are generally secured by all of the respective borrowers' assets, including but not limited to land and buildings, all personal property, and resident receivables. The net book value of collateral for the Company's long-term debt was $263,193 and $266,496 as of December 31, 2023 and 2022, respectively.

NOTE 7 – DEFERRED INCOME AND REFUNDABLE ADVANCES

Deferred income and refundable advances consist of the following at December 31:

	2023	2022
Unearned income	$ 5,318	$ 4,536
	$ 5,318	$ 4,536

NOTE 8 – DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

In connection with the refinancing in March 2018, with an outstanding balance of $54,160 at December 31, 2023 the Company entered into an interest rate swap agreement to manage its interest rate risk on its variable rate debt. This agreement involves payment of fixed rate interest payments of 4.00% by the Company in exchange for the receipt of variable rate interest payments from the counterparties based on SOFR plus 1.5%.

In connection with the refinancing in July 2022, with an outstanding balance of $93,250 at December 31, 2023, the Company entered into an interest rate swap agreement to manage its interest rate on its variable rate debt. This agreement involves payment of fixed rate interest payments of 2.87% by the Company in exchange for the receipt of variable rate interest payments from the counterparties based on SOFR plus 1.75%.

In connection with the refinancing in October 2018, with an outstanding balance of $22,274 at December 31, 2023, the Company entered into an interest rate swap agreement to manage its interest rate on its variable rate debt. This agreement involves payment of fixed rate interest payments of 3.14% by the Company in exchange for the receipt of variable rate interest payments from the counterparties based on SOFR plus 2.35%.

Upon the occurrence of certain events of default or termination events, identified in the derivative contracts, either the Company or the counterparty could terminate the contract in accordance with its terms. Termination would result in the payment of a termination amount by one party to compensate the other party for its economic losses.

The notional/principal amounts decline in amounts corresponding to the principal maturities under the related mortgage notes. The Company recognized losses of $1,576 as of December 31, 2023 gains of $11,087 as of December 31, 2022 respectively, representing the change in the fair value of the interest rate swap agreements, as other comprehensive gain (loss).

(IN THOUSANDS)

NOTE 8 – DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS (CONTINUED)

The interest rate swap agreements consist of the following as of December 31:

	2023			
	Maturity Date	Interest Rate	Notional	Fair Value
Interest Rate Swap Agreement #1	7/1/2027	2.87%	93,249	2,574
Interest Rate Swap Agreement #4	11/1/2025	3.14%	15,592	325
			$ 108,841	$ 2,899

	2022			
	Maturity Date	Interest Rate	Notional	Fair Value
Interest Rate Swap Agreement #1	10/30/2023	2.87%	$ 65,851	$ 3,534
Interest Rate Swap Agreement #2	11/30/2022	3.96%	70,142	-
Interest Rate Swap Agreement #3	4/3/2023	4.00%	54,160	365
Interest Rate Swap Agreement #4	11/1/2025	3.14%	16,408	576
			$ 206,561	$ 4,475

The corresponding fair value of the swap (asset) liability of ($2,899) and ($4,475), as shown above, is separately stated in the accompanying consolidated balance sheets as of December 31, 2023 and 2022, respectively, and is based upon an estimate provided by the financial institution using level 2 inputs.

(IN THOUSANDS)

NOTE 9 – NET PATIENT SERVICE REVENUE

The Company bills patients and third-party payors several days after the services are performed or shortly after discharge. Revenues are recognized as performance obligations are satisfied. The Company determines performance obligations based on the nature of the services provided. The Company recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. The Company believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving skilled nursing and assisted living facility services. The Company measures the performance obligation from admission into the skilled nursing facility to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

The table below depicts the Company's sources of net patient services revenue disaggregated by payor. The amounts presented are based on an allocation of the estimated transaction price between the primary patient classifications of insurance coverage for the year ended December 31:

	2023	2022
Medicaid & Managed Medicaid	$ 44,478	$ 32,433
Medicare	164,853	185,014
Insurance & Managed Care	60,567	59,769
Private & Other	105,697	106,493
	$ 375,595	$ 383,709

Net patient service revenue is comprised primarily of skilled nursing and assisted living revenue. Revenue from other services is not a significant component of net patient service revenue.

The Company has agreements with third-party payors that provide for payments for services rendered by the Company. A summary of the payment arrangements with the major third-party payors follows:

Medicaid

Medicaid is operated by the State of New Jersey with the financial participation of the federal government. Inpatient services rendered to Medicaid program beneficiaries are generally at a prospective cost-based rate which is intended to reimburse the facility for the reasonable direct and indirect allowable costs incurred in a base year for providing routine care as defined by the program. This rate can vary based on the clinical acuity level of the Medicaid population in the facility.

(IN THOUSANDS)

NOTE 9 – NET PATIENT SERVICE REVENUE (CONTINUED)

Medicare

Inpatient services rendered to Medicare program beneficiaries are based on a Patient Driven Payment Model case mix classification for inpatient services.

The Company has also entered into payment agreements with commercial insurance carriers.

The basis for payment to the Company under these agreements generally is prospectively determined per-diem rates.

Third-party payors retain the right to review and propose adjustments to reimbursement amounts received by the Company. Provision is made in the consolidated financial statements for anticipated adjustments that may vary from such revisions. In the normal course of business, the Company requests revisions to reimbursement amounts received under third-party payor agreements. No amounts are recorded unless the Company is reasonably assured that such revision will be granted.

NOTE 10 – OTHER REVENUE

Other revenue consists of the following for the years ended December 31:

	2023	2022
Provider Relief Funds	$ -	$ 1,089
New Jersey Department of Health license fees	-	20,031
Other income	2,668	7,404
	$ 2,668	$ 28,524

NOTE 11 – RELATED PARTY TRANSACTIONS

OTHER RELATED PARTY RECEIVABLES/PAYABLES

Included in amounts due from affiliates and others for management fees, shared services and reimbursement for other shared expenses, are $20,263 and $13,185 as of December 31, 2023 and 2022. These amounts are non-interest bearing and generally turn over frequently in the ordinary course of business.

Amounts due to affiliates in connection with shared services and/or expenses as of December 31, 2023 and 2022, respectively, aggregate $447 and $227, and are included in accounts payable in the consolidated balance sheet.

RELATED PARTY NOTES RECEIVABLE

During 2017, the Company entered into two promissory notes with an affiliate totaling $269. Interest on the notes accrue at 3.5% per annum and have no specified repayment date. Interest income for the year ended December 31, 2023 and 2022 was $10 and $10, respectively.

During 2017, Home State (see Note 12) entered into a promissory note with a related party in the amount of $500. Interest income on the note for the years ended December 31, 2023 and 2022 was $17 and $18, respectively. The notes are included in other assets on the consolidated balance sheets.

RELATED PARTY NOTES PAYABLE

In November 2013, the Company entered into a promissory note payable to an affiliate totaling $2,800. Interest on the note accrues at 5.0% per annum. The note requires monthly payments of principal and interest of $16, with a balloon payment of $1,867 due upon maturity on December 1, 2023 and extended to December 1, 2025. The balance of this loan was $2,062 and $2,152 as of December 31, 2023 and 2022, respectively. Interest expense related to the note was $107 and $111 for the year ended December 31, 2023 and 2022, respectively.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

RELATED PARTY NOTES PAYABLE (CONTINUED)

In September 2023, the Company entered into a revolving promissory note payable to an affiliate totaling $1,477 at December 31, 2023. Interest will accrue at the minimum rate allowable by the Internal Revenue Service and is payable at the borrowers option of either monthly or in a lump sum at the maturity of the note. The note matures on September 1, 2025 with the option to extend for two six-month periods.

HEALTH CARE FACILITY MANAGEMENT

Management fees and charges for certain additional administrative costs of $22,579 and $21,293 for the years ended December 31, 2023 and 2022, respectively, were charged to affiliated companies.

In October 2018, the Company engaged an affiliate to provide, among other things, services in connection with certain administration, advisory, consultation and supervisory services with respect to the management, operation and maintenance of the Company and operating real estate. For the year ended December 31, 2023 and 2022, fees incurred for these services were $600 and $600 respectively.

ESCROWED FUNDS

During 2021, the Company agreed to assist in the settlement of the remaining assets and liabilities of an affiliate that sold its operating assets and liabilities in 2020. At December 31, 2021, the Company was holding approximately $3,568 in cash which was used in paying down any remaining liabilities of the affiliate. As the remaining liabilities have been settled, the Company was entitled to retain the excess cash as compensation. At December 31, 2023 and 2022 respectively, the Company recognized income of $575 and $2,239.

PHARMACY SERVICES

The Company purchases certain pharmaceutical products from an affiliated company. Purchases during the years ended December 31, 2023 and 2022, respectively, were approximately $15,775 and $14,588, and are included in operating expenses in the consolidated statement of comprehensive income (loss). Amounts due to the affiliate of approximately $3,043 and $2,512 at December 31, 2023 and 2022, respectively, are included in accounts payable and accrued expenses in the consolidated balance sheet.

NOTE 11 – RELATED PARTY TRANSACTIONS (CONTINUED)

HOSPICE SERVICES

An affiliate of the Company provides hospice services to the residents of the Company's health care residents. Revenue during the years ended December 31, 2023 and 2022, respectively was $800 and $885, and was included in net resident service revenue in the consolidated statement of comprehensive income (loss). Amounts due from the affiliate of approximately $72 and $66 as of December 31, 2023 and 2022, respectively, are included in resident accounts receivable in the consolidated balance sheets.

MEDICAL EQUIPMENT RENTAL

For the years ended December 31, 2023 and 2022, respectively, the Company recorded $109 and $283 in expense for products and services shipped from or performed by a company controlled directly or indirectly by members of the Company. Included in accounts payable as of December 31, 2023 and 2022, respectively, is $16 and $27, relating to those expenses.

OPERATING LEASES

The Company leases office space in a building whose ownership includes a member of the Company. Rent expense for the year ended December 31, 2023 and 2022, respectively, was $1,393 and $1,451.

NOTE 12 – PROFESSIONAL LIABILITY INSURANCE PROGRAM

The Company and an unconsolidated affiliate of the Company each own 50% of Home State Insurance SPC, Inc. ("Home State") of the British Virgin Islands, a captive insurer, licensed to coordinate the access of insurance for professional liability, comprehensive general liability risks and other casualty lines of business for the Company.

Home State operates through a "cell captive." The program utilizes individual cells for each participating entity, under which invested assets and insurance-related liabilities are segregated for each participant and there is no shared risk among the entities. The program provides coverage with per claim limits up to $1,000 on a claims-made basis for each participating entity and provides for aggregate limits of $3,000, for the three policy years ended March 31, 2013, 2014 and 2015.

Effective April 1, 2015, the Company was no longer insured by Home State for its general and professional liability claims incurred after March 31, 2015. The Company became self-insured for such claims incurred after that date. Home State provides claims-made coverage for claims incurred through March 31, 2015 and reported through May 30, 2015.

NOTE 12 – PROFESSIONAL LIABILITY INSURANCE PROGRAM (CONTINUED)

The Company also maintains excess claims insurance policies, which expire June 30, 2024, for claims in excess of $1,000 through unrelated insurance companies.

Premiums paid by the Company under the captive insurance program were determined annually based on actuarial calculations which utilize the actual and estimated experience of the Company subject to retrospective adjustments in future periods.

The Company has included the assets and liabilities of the cell captive segregated account as reported by Home State in the consolidated financial statements and has also consolidated the revenue and expenses of its segregated account in the cell captive. As of December 31, 2023 and 2022, respectively, investments held by the cell captive totaling approximately $3 and $114 are included in restricted cash and cash equivalents in the consolidated balance sheet. These investments include the Company's capital contribution for its cell captive of $50.

The Company has a promissory note payable to the cell captive that has been eliminated in consolidation. However, the Company has pledged and granted the captive cell a security interest in certain cash accounts equal to 105% of the outstanding principal balance of the loan. The outstanding balance of the promissory note was $339 and $453 at December 31, 2023 and 2022, respectively.

The estimated professional liabilities for asserted claims under the cell captive insurance program and for incidents that have been incurred but not reported are included in accrued expenses in the consolidated balance sheet at the actuarially determined value of approximately $577 and $1,547 as of December 31, 2023 and 2022, respectively.

Estimated professional liability reserves for claims subsequent to March 31, 2015 are $13,818 and $11,938 as of December 31, 2023 and 2022, respectively. The reserves are in addition to the captive reserves above and are included in accrued expenses on the balance sheet. Estimated legal costs to defend these cases are included in the actuarially determined accruals.

The estimates for professional liabilities under the captive insurance program are based upon complex actuarial calculations which utilize factors such as historical claim experience for the Company and related industry factors, trending models and estimates for the payment patterns of future claims. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known.

NOTE 12 – PROFESSIONAL LIABILITY INSURANCE PROGRAM (CONTINUED)

Professional liability claims have been asserted by various claimants. The claims are in various stages of processing, and some have been and may ultimately be brought to trial. Furthermore, there are known incidents that have occurred that may result in the assertion of additional claims and other claims may be asserted arising from services provided to residents in the past. It is not possible for management to make a meaningful estimate of the potential loss or range of loss associated with such claims.

NOTE 13 – RETIREMENT PLANS

The Company sponsors two 401(k) savings plans which cover all eligible employees, as defined. Employees may make salary deferrals up to Internal Revenue Service limitations. Typically, employer matching contributions are limited to 25% of employee deferrals up to a maximum of 3% of each employee's total compensation. For the years ended December 31, 2023 and 2022, respectively, employer contributions totaled $1,055 and $1,050.

NOTE 14 – RISKS AND UNCERTAINTIES

LITIGATION

The Company is a party to certain routine legal actions and complaints arising in the ordinary course of business, none of which, based on information available to date, management believes would have a material adverse effect on the Company. Specific significant matters are described below.

On December 23, 2013, the U.S. District Court for the District of Connecticut entered an order adjudicating a subsidiary of the Company, HealthBridge Management, LLC (HealthBridge), in civil contempt of its December 11, 2012 injunction. HealthBridge managed five nursing homes in Connecticut that emerged from Chapter 11 Bankruptcy in 2014. These nursing homes are subsidiaries of Care Realty, LLC, a related party to the Company. The contempt order required HealthBridge to pay approximately $7,500, plus interest, to satisfy the back pay portion of the relief through December 31, 2013.

On December 23, 2013, the Company appealed the contempt order to the U.S. Court of Appeals for the Second Circuit. On December 24, 2013, the Company filed an emergency motion for a stay of the contempt order. On December 26, 2013, the District Court granted a temporary stay pending full briefing and consideration of the issues. On March 4, 2014, the Bankruptcy Court granted releases from the National Labor Relations Board's (NLRB) claims as to HealthBridge, Care One, LLC, and other entities. In light of the Bankruptcy Court's orders, HealthBridge moved in the District Court for relief from the contempt order.

NOTE 14 – RISKS AND UNCERTAINTIES (CONTINUED)

LITIGATION (CONTINUED)

On May 30, 2014, the District Court denied HealthBridge's motion for relief but concluded that in light of the pending appeals from the Bankruptcy Court's orders, a stay of further proceedings was appropriate until the appeals were decided. In light of the District Court's order and its stated willingness to revisit the contempt order pending the outcome of appeals from the Bankruptcy Court proceedings, the Second Circuit, by order dated August 5, 2014, declined to exercise jurisdiction over the appeal at that time. Because the appeals of the bankruptcy court remain pending, there have been no significant changes in status since that time and no liability has been recorded by the Company related to this matter as of December 31, 2023.

A former employee of the Company (plaintiff) filed a suit against the Company claiming discrimination in her termination. The matter was tried by a jury which awarded the plaintiff approximately $2,284 in compensatory and $4,127 in punitive damages. The Company has appealed. In May 2021, the Appellate Division affirmed the compensatory damages and reversed the punitive damage award. The matter was remanded to the trial court for a new damages trial. The Company believes it has strong grounds to prevail on the issue of punitive damages. The trial is expected to be scheduled during the second half of 2022. The Company has accrued the $2,284 in compensatory damages at December 31, 2021 and had posted a bond with the court from which these damages were subsequently paid. Management believes that an unfavorable outcome with regard to the punitive damages is neither probable nor remote and that it is not possible at this time to estimate the loss or range of losses, if any, in the event of an unfavorable outcome. Accordingly, no liability has been recorded by the Company with regard to the punitive damages as of December 31, 2023.

COMPLIANCE

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

NOTE 14 – RISKS AND UNCERTAINTIES (CONTINUED)

COMPLIANCE (CONTINUED)

Management believes that the Company is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations. While management believes that no material regulatory inquiries have been made or are pending, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

NOTE 15 – CARE ONE, LLC SUBSIDIARIES

Jackson Health Care Associates, LLC, which is 50% owned by Care One, LLC, owns the property at 11 History Lane and is consolidated as a variable interest entity. The noncontrolling interest is not significant.

The significant subsidiaries listed below, all of which are wholly owned by Care One, LLC, are included in the accompanying consolidated financial statements.

HEALTH CARE FACILITY OPERATORS

11 History Lane Operating Company, LLC
101 Whippany Road, LLC
301 Union Street, LLC
493 Black Oak Ridge Road, LLC
Bergen Care Home Health, LLC
Bergen Care Personal Touch, LLC
Care One at Birchwood, LLC
Care One at East Brunswick, LLC
Care One at Evesham Assisted Living, LLC
Care One at Hamilton, LLC
Care One at Madison Avenue, LLC
Care One at Moorestown, LLC
Care One at Parsippany Troy Hills, LLC
Care One at Stanwick, LLC
Care One at Teaneck, LLC
Care One at Wall, LLC
Care Two, LLC
Elmwood Evesham Associates, LLC
HCC, LLC
King James Care Center of Middletown, LLC
Millennium Healthcare Centers, LLC
Millennium Healthcare Centers II, LLC
The Rehabilitation Hospital at Raritan Bay Medical Center, LLC

NOTE 15 – CARE ONE, LLC SUBSIDIARIES (CONTINUED)

REAL ESTATE COMPANIES - HEALTH CARE RELATED

101 Whippany Road Real Estate Company, LLC
301 Union Street Real Estate Company, LLC
493 Black Oak Ridge Road Real Estate Company, LLC
895 Westfield Avenue Real Estate Company, LLC
Care 3 New Jersey Master Tenant, LLC
Care One at Mercer, LLC
Perla Residential Development, LLC

MANAGEMENT COMPANIES

Care One Management, Inc.
Care One Management, LLC
Care Services 173, LLC
HealthBridge Management, LLC
Senior Care Management, LLC

OTHER

51 Hudson Street Associates, LLC 1330 Inman Avenue, LLC
1340 Inman Avenue, LLC
3641 Lawrenceville Road, LLC
Blauvelt Associates, LLC
Lower Linden, LLC

NOTE 16 – LEASES

The Entity leases real estate, including other locations, under operating lease agreements that have remaining terms ranging between 4 to 52 years. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

(IN THOUSANDS)

NOTE 16 – LEASES (CONTINUED)

Supplemental balance sheet information related to leases were as follows:

	2023	2022
Operating leases:		
Operating lease right-of-use assets	$ 14,310	$ 16,492
Operating lease liabilities, current	$ 1,063	$ 1,111
Operating lease liabilities, non-current	13,726	15,802
Total operating lease liabilities	$ 14,789	$ 16,913

Supplemental income statement information related to leases were as follows:

	2023	2022
Operating lease cost	$ 1,451	$ 1,531
Short-term lease cost	1,248	1,948
Total lease cost	$ 2,699	$ 3,479

Supplemental cash flow information related to leases were as follows:

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	$ 1,451	$ 1,519
Right-of-use assets obtained in exchange for new lease		
Operating leases	$ -	$ 16,492

Average lease term and discount rate was as follows:

	2023	2022
Weighted-average remaining lease term:		
Operating leases	31.96 years	31.36 years
Weighted-average discount rate:		
Operating leases	2.88%	2.83%

(IN THOUSANDS)

NOTE 16 – LEASES (CONTINUED)

The aggregate future lease payments for operating leases as of December 31, 2023 were as follows:

	Operating Leases
Future Lease Payments	
2024	$ 1,437
2025	1,450
2026	1,464
2027	1,478
2028	1,132
Thereafter	17,372
Total lease payments	24,333
Less imputed interest	(9,544)
Total present value of lease liabilities	$ 14,789

NOTE 17 – SUBSEQUENT EVENTS

Management evaluates the impact of subsequent events, events that occur after the balance sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the balance sheet date or for disclosure in the notes to the consolidated financial statements. Management evaluated events occurring subsequent to December 31, 2023 through May 1, 2024, the date on which the accompanying consolidated financial statements were available to be issued. There were no events that require recognition or disclosure in the consolidated financial statements.

Independent Auditor's Report on Supplementary Information

Members
Care One, LLC and Subsidiaries

We have audited the consolidated financial statements of Care One, LLC and its subsidiaries (the "Company") as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The statistical information on pages 53 to 56, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Sax LLP

Parsippany, New Jersey
May 1, 2024

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (IN THOUSANDS)
DECEMBER 31, 2023

	Millennium Healthcare Centers, LLC	Millennium Healthcare Centers II, LLC	HCC, LLC	Care One at Birchwood, LLC	Elmwood Evesham Associates, LLC and Affiliate	Care One at Parsippany-Troy Hills, LLC	Care Two, LLC	Care One at East Brunswick, LLC
Assets								
Current Assets								
Cash and cash equivalents	$ 346	$ 152	$ 75	$ 76	$ 322	$ 145	$ 575	$ 57
Restricted cash and deposits	-	-	-	250	699	-	-	-
Resident accounts receivable - net	2,846	4,015	1,653	1,744	1,985	1,887	1,365	2,213
Prepaid expenses and other current assets	66	59	27	30	57	36	171	30
Total Current Assets	3,258	4,226	1,755	2,100	3,063	2,068	2,111	2,300
Property, Plant and Equipment - at cost								
Land and improvements	4,532	5,284	1,269	333	2,575	2,365	4,369	1,113
Buildings and improvements	31,968	41,007	5,732	6,415	18,347	20,506	22,229	8,198
Equipment, furniture and fixtures	8,744	8,568	2,905	3,841	5,086	5,907	6,762	4,260
Construction in progress	1,086	3,239	187	641	3,331	(432)	90	712
Less accumulated depreciation	(31,443)	(27,403)	(6,545)	(8,630)	(17,992)	(15,798)	(20,016)	(9,640)
Property, Plant and Equipment - net	14,887	30,695	3,548	2,600	11,347	12,548	13,434	4,643
Resident security deposits	341	170	-	15	224	177	141	12
Goodwill - net	1,753	1,224	5,557	920	-	-	-	-
Licenses - net	-	-	8	376	3	1,942	1,279	1,483
Due to/(from) affiliates	134,777	100,107	55,715	26,386	31,956	29,512	17,345	24,914
Fair value of interest rate swap agreements	2,574	-	-	-	-	-	-	-
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	-
Other assets	8	41	5	2	24	18	9	39
Total Assets	$ 157,598	$ 136,463	$ 66,588	$ 32,399	$ 46,617	$ 46,265	$ 34,319	$ 33,391
Liabilities and Equity (Deficit)								
Current Liabilities								
Current maturities of long-term debt	$ 2,160	$ 72,249	$ 322	$ 221	$ 619	$ 399	$ 462	$ 250
Current portion lines of credit	-	-	-	-	-	3,766	-	2,404
Current portion of related party loan	-	-	-	-	-	-	-	-
Accounts payable	2,899	2,716	1,200	1,203	2,298	1,697	1,752	1,525
Operating lease obligation, current portion	-	-	-	-	-	-	-	-
Accrued expenses	1,508	1,628	480	1,180	818	1,467	1,443	1,505
Accrued interest payable	390	414	203	139	120	155	137	99
Deferred income and refundable advances - current portion	1,160	275	130	85	350	552	558	41
Total Current Liabilities	8,117	77,282	2,335	2,828	4,205	8,036	4,352	5,824
Due to/(from) affiliates	-	-	-	-	-	-	-	-
Long-term debt - net	90,967	(158)	27,733	19,057	17,932	20,016	28,513	12,782
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	-
Long term portion of related party loan	-	-	-	-	-	-	-	-
Resident security deposits payable	341	170	-	15	224	177	141	12
Total Liabilities	99,425	77,294	30,068	21,900	22,361	28,229	33,006	18,618
Noncontrolling interests								
Members' equity (deficit)	58,173	59,169	36,520	10,499	24,256	18,036	1,313	14,773
Total Members' Equity (Deficit)	58,173	59,169	36,520	10,499	24,256	18,036	1,313	14,773
Total Liabilities and Equity (Deficit)	$ 157,598	$ 136,463	$ 66,588	$ 32,399	$ 46,617	$ 46,265	$ 34,319	$ 33,391

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (IN THOUSANDS)
DECEMBER 31, 2023

	Care One at Moorestown, LLC	Care One at Stanwick, LLC and Affiliate	Care One at Wall, LLC	Care One at Teaneck, LLC	Care One at Mercer, LLC	Care One at Madison Avenue, LLC	Care One at Hamilton, LLC	The Rehabilitation Hospital at Raritan Bay Medical Center, LLC
Assets								
Current Assets								
Cash and cash equivalents	$ 391	$ 391	$ 29	$ 90	$ -	$ 56	$ 129	$ 124
Restricted cash and deposits	-	-	-	-	-	-	286	-
Resident accounts receivable - net	1,649	168	1,707	2,492	-	1,350	103	10,793
Prepaid expenses and other current assets	82	89	35	45	4	72	20	296
Total Current Assets	2,122	648	1,771	2,627	4	1,478	538	11,213
Property, Plant and Equipment - at cost								
Land and improvements	1,245	5,116	1,227	2,611	-	14	2,245	-
Buildings and improvements	8,944	14,954	9,380	14,455	-	18,431	12,560	8,391
Equipment, furniture and fixtures	3,387	1,994	3,449	3,649	(1)	5,563	2,566	5,677
Construction in progress	34	4,138	1,030	4	-	943	119	6
Less accumulated depreciation	(9,459)	(6,211)	(9,494)	(11,297)	-	(16,760)	(10,292)	(10,477)
Property, Plant and Equipment - net	4,151	19,991	5,592	9,422	(1)	8,191	7,198	3,597
Resident security deposits	207	611	14	-	-	12	251	-
Goodwill - net	-	-	-	-	-	-	-	-
Licenses - net	-	8	5	700	-	1,852	-	29
Due to/(from) affiliates	28,262	17,539	38,913	44,951	9,303	-	10,932	45,750
Fair value of interest rate swap agreements	-	-	-	325	-	-	-	-
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	8,286	-	6,024
Other assets	13	-	36	8	-	11	43	154
Total Assets	$ 34,755	$ 38,797	$ 46,331	$ 58,033	$ 9,306	$ 19,830	$ 18,962	$ 66,767
Liabilities and Equity (Deficit)								
Current Liabilities								
Current maturities of long-term debt	$ 251	$ 342	$ 244	$ 629	$ -	$ 351	$ 351	$ -
Current portion lines of credit	-	-	2,339	-	-	-	-	-
Current portion of related party loan	-	-	-	-	-	-	-	-
Accounts payable	1,298	894	2,699	2,292	14	1,588	478	4,667
Operating lease obligation, current portion	-	-	-	-	-	60	-	1,003
Accrued expenses	1,318	590	(316)	1,468	(665)	1,325	369	2,111
Accrued interest payable	(53)	137	96	119	34	94	94	-
Deferred income and refundable advances - current portion	290	402	48	17	-	102	316	75
Total Current Liabilities	3,104	2,365	5,110	4,525	(617)	3,520	1,608	7,856
Due to/(from) affiliates	-	-	-	-	-	4,556	-	-
Long-term debt - net	21,624	21,608	12,474	21,586	-	13,696	20,704	-
Operating lease obligation, net of current portion	-	-	-	-	-	8,266	-	5,460
Long term portion of related party loan	-	1,477	-	-	-	-	-	-
Resident security deposits payable	207	611	14	-	-	12	251	-
Total Liabilities	24,935	26,061	17,598	26,111	(617)	30,050	22,563	13,316
Noncontrolling interests								
Members' equity (deficit)	9,820	12,736	28,733	31,922	9,923	(10,220)	(3,601)	53,451
Total Members' Equity (Deficit)	9,820	12,736	28,733	31,922	9,923	(10,220)	(3,601)	53,451
Total Liabilities and Equity (Deficit)	$ 34,755	$ 38,797	$ 46,331	$ 58,033	$ 9,306	$ 19,830	$ 18,962	$ 66,767

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (IN THOUSANDS)
DECEMBER 31, 2023

	493 Black Oak Ridge Road, LLC 301 Union Street, LLC and Affiliates	11 History Lane Operating Company, LLC	King James Care Center of Middletown, LLC	101 Whippany Road, LLC	Management Companies (combined)	Care One, LLC and Other	Eliminations	Total Care One, LLC
Assets								
Current Assets								
Cash and cash equivalents	$ 1,212	$ 323	$ 24	$ 581	$ 9	$ 2,701	$ -	$ 7,808
Restricted cash and deposits	479	-	-	(2)	1,147	3,283	-	6,142
Resident accounts receivable - net	4,220	6	967	1,273	-	476	-	42,912
Prepaid expenses and other current assets	64	56	26	185	15,540	5,789	-	22,779
Total Current Assets	5,975	385	1,017	2,037	16,696	12,249	-	79,641
Property, Plant and Equipment - at cost								
Land and improvements	3,257	1,739	3,162	1,411	(55)	8,966	-	52,778
Buildings and improvements	31,518	12,163	12,249	29,551	4,980	13,516	-	345,494
Equipment, furniture and fixtures	9,422	4,303	4,479	2,830	10,030	6,043	-	109,464
Construction in progress	9,768	83	51	1,193	(122)	5,165	-	31,266
Less accumulated depreciation	(19,771)	(13,525)	(11,098)	(9,166)	(9,165)	(7,883)	-	(282,065)
Property, Plant and Equipment - net	34,194	4,763	8,843	25,819	5,668	25,807	-	256,937
Resident security deposits	156	229	61	220	-	-	-	2,841
Goodwill - net	-	-	-	-	-	-	-	9,454
Licenses - net	1,598	-	945	1,500	-	5,701	-	17,429
Due to/(from) affiliates	97,199	-	8,067	-	89,640	-	(811,268)	-
Fair value of interest rate swap agreements	-	-	-	-	-	-	-	2,899
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	14,310
Other assets	70	32	18	17	704	1,069	-	2,321
Total Assets	$ 139,192	$ 5,409	$ 18,951	$ 29,593	$ 112,708	$ 44,826	$ (811,268)	$ 385,832
Liabilities and Equity (Deficit)								
Current Liabilities								
Current maturities of long-term debt	$ 1,165	$ 291	$ 180	$ 364	$ -	$ -	$ -	$ 80,850
Current portion lines of credit	-	-	1,691	-	-	-	-	10,200
Current portion of related party loan	-	-	-	-	95	-	-	95
Accounts payable	3,202	501	2,305	1,336	6,187	1,361	-	44,112
Operating lease obligation, current portion	-	-	-	-	-	-	-	1,063
Accrued expenses	4,298	922	1,448	624	1,314	13,232	-	38,067
Accrued interest payable	512	85	69	(41)	9	-	-	2,812
Deferred income and refundable advances - current portion	535	192	62	128	-	-	-	5,318
Total Current Liabilities	9,712	1,991	5,755	2,411	7,605	14,593	-	182,517
Due to/(from) affiliates	-	11,666	-	14,064	-	780,982	(811,268)	-
Long-term debt - net	69,922	16,170	8,951	23,470	-	-	-	447,047
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	13,726
Long term portion of related party loan	-	-	-	-	1,967	-	-	3,444
Resident security deposits payable	156	229	61	220	-	-	-	2,841
Total Liabilities	79,790	30,056	14,767	40,165	9,572	795,575	(811,268)	649,575
Noncontrolling interests								-
Members' equity (deficit)	59,402	(24,647)	4,184	(10,572)	103,136	(750,749)	-	(263,743)
Total Members' Equity (Deficit)	59,402	(24,647)	4,184	(10,572)	103,136	(750,749)	-	(263,743)
Total Liabilities and Equity (Deficit)	$ 139,192	$ 5,409	$ 18,951	$ 29,593	$ 112,708	$ 44,826	$ (811,268)	$ 385,832

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (IN THOUSANDS)
DECEMBER 31, 2022

	Millennium Healthcare Centers, LLC	Millennium Healthcare Centers II, LLC	HCC, LLC	Care One at Birchwood, LLC	Elmwood Evesham Associates, LLC and Affiliate	Care One at Parsippany-Troy Hills, LLC	Care Two, LLC	Care One at East Brunswick, LLC
Assets								
Current Assets								
Cash and cash equivalents	$ 918	$ 358	$ 74	$ 148	$ 784	$ 91	$ 304	$ 34
Restricted cash and deposits	-	-	-	249	699	-	-	-
Resident accounts receivable - net	3,512	4,712	1,645	1,955	1,890	1,399	1,416	2,309
Prepaid expenses and other current assets	43	43	14	29	37	29	46	20
Total Current Assets	4,473	5,113	1,733	2,381	3,410	1,519	1,766	2,363
Property, Plant and Equipment - at cost								
Land and improvements	4,532	5,225	1,225	333	2,441	2,365	4,369	1,108
Buildings and improvements	31,232	30,104	5,475	6,398	18,230	20,492	22,251	8,165
Equipment, furniture and fixtures	8,595	7,417	2,840	3,791	5,068	5,806	6,563	4,243
Construction in progress	536	13,239	213	619	2,651	(399)	110	754
Less accumulated depreciation	(29,976)	(25,937)	(6,236)	(8,147)	(16,979)	(14,563)	(18,676)	(9,096)
Property, Plant and Equipment - net	14,919	30,048	3,517	2,994	11,411	13,701	14,617	5,174
Resident security deposits	291	125	38	25	205	190	75	49
Goodwill - net	1,753	1,224	5,557	920	-	-	-	-
Licenses - net	-	-	8	376	3	1,942	1,279	1,483
Due to/(from) affiliates	129,215	94,725	54,971	27,050	31,021	30,474	19,396	26,428
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	-
Other assets	9	40	2	5	29	22	14	39
Total Assets	$ 150,660	$ 131,275	$ 65,826	$ 33,751	$ 46,079	$ 47,848	$ 37,147	$ 35,536
Liabilities and Equity (Deficit)								
Current Liabilities								
Current maturities of long-term debt	$ 2,083	$ 66,478	$ -	$ -	$ -	$ 23,210	$ 39	$ 14,784
Current portion lines of credit	-	-	-	-	-	3,478	-	2,224
Current portion of related party loan	-	-	-	-	-	-	-	-
Accounts payable	3,582	3,642	2,030	1,642	2,527	1,794	1,462	1,941
Accrued expenses	1,086	1,291	489	1,390	218	1,188	1,213	1,031
Accrued interest payable	411	239	175	120	69	137	167	88
Deferred income and refundable advances - current portion	1,097	150	133	65	282	292	200	40
Operating lease obligation, current portion	-	-	-	-	-	-	-	-
Total Current Liabilities	8,259	71,800	2,827	3,217	3,096	30,099	3,081	20,108
Due to/(from) affiliates	-	-	-	-	-	-	-	-
Long-term debt - net	93,121	(180)	28,010	19,249	18,429	-	28,946	-
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	-
Long term portion of related party loan	-	-	-	-	-	-	-	-
Resident security deposits payable	291	125	38	25	205	190	75	49
Fair value of interest rate swap agreements	(3,534)	(365)	-	-	-	-	-	-
Total Liabilities	98,137	71,380	30,875	22,491	21,730	30,289	32,102	20,157
Members' equity (deficit)	52,523	59,895	34,951	11,260	24,349	17,559	5,045	15,379
Total Members' Equity (Deficit)	52,523	59,895	34,951	11,260	24,349	17,559	5,045	15,379
Total Liabilities and Equity (Deficit)	$ 150,660	$ 131,275	$ 65,826	$ 33,751	$ 46,079	$ 47,848	$ 37,147	$ 35,536

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (IN THOUSANDS)
DECEMBER 31, 2022

	Care One at Moorestown, LLC	Care One at Stanwick, LLC and Affiliate	Care One at Wall, LLC	Care One at Teaneck, LLC	Care One at Mercer, LLC	Care One at Madison Avenue, LLC	Care One at Hamilton, LLC	The Rehabilitation Hospital at Raritan Bay Medical Center, LLC
Assets								
Current Assets								
Cash and cash equivalents	$ 527	$ 315	$ 125	$ 107	$ -	$ 41	$ 179	$ -
Restricted cash and deposits	-	1	-	-	-	-	224	-
Resident accounts receivable - net	1,624	86	2,421	2,759	-	1,761	165	5,975
Prepaid expenses and other current assets	22	20	21	22	11	27	16	39
Total Current Assets	2,173	422	2,567	2,888	11	1,829	584	6,014
Property, Plant and Equipment - at cost								
Land and improvements	1,230	5,116	1,227	2,611	359	14	2,245	-
Buildings and improvements	8,847	14,930	9,368	14,451	4,674	18,414	12,556	8,391
Equipment, furniture and fixtures	3,346	1,977	3,358	3,555	1,919	5,500	2,478	5,651
Construction in progress	46	1,230	984	8	--	942	125	6
Less accumulated depreciation	(9,000)	(5,412)	(8,951)	(10,598)	(5,281)	(15,698)	(9,581)	(9,427)
Property, Plant and Equipment - net	4,469	17,841	5,986	10,027	1,671	9,172	7,823	4,621
Resident security deposits	184	448	41	-	-	25	354	-
Goodwill - net	-	-	-	-	-	-	-	-
Licenses - net	-	8	5	700	1,050	1,852	-	29
Due to/(from) affiliates	24,242	18,614	41,481	43,456	-	-	11,382	48,922
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	8,401	-	7,958
Other assets	13	-	35	8	-	13	42	154
Total Assets	$ 31,081	$ 37,333	$ 50,115	$ 57,079	$ 2,732	$ 21,292	$ 20,185	$ 67,698
Liabilities and Equity (Deficit)								
Current Liabilities								
Current maturities of long-term debt	$ -	$ 47	$ 14,431	$ 599	$ 5,147	$ 333	$ 336	$ -
Current portion lines of credit	-	-	2,162	-	775	-	-	-
Current portion of related party loan	-	-	-	-	-	-	-	-
Accounts payable	1,030	935	3,742	2,091	15	1,510	419	2,888
Accrued expenses	1,115	442	(435)	1,010	(491)	1,192	453	1,703
Accrued interest payable	32	125	85	114	31	80	96	-
Deferred income and refundable advances - current portion	248	265	90	16	96	198	527	-
Operating lease obligation, current portion	-	-	-	-	-	57	-	947
Total Current Liabilities	2,425	1,814	20,075	3,830	5,573	3,370	1,831	5,538
Due to/(from) affiliates	-	-	-	-	42	3,837	-	-
Long-term debt - net	21,844	22,093	-	22,194	-	14,051	21,035	-
Operating lease obligation, net of current portion	-	-	-	-	-	8,335	-	7,440
Long term portion of related party loan	-	-	-	-	-	-	-	-
Resident security deposits payable	184	448	41	-	-	25	354	-
Fair value of interest rate swap agreements	-	-	-	(576)	-	-	-	-
Total Liabilities	24,453	24,355	20,116	25,448	5,615	29,618	23,220	12,978
Members' equity (deficit)	6,628	12,978	29,999	31,631	(2,883)	(8,326)	(3,035)	54,720
Total Members' Equity (Deficit)	6,628	12,978	29,999	31,631	(2,883)	(8,326)	(3,035)	54,720
Total Liabilities and Equity (Deficit)	$ 31,081	$ 37,333	$ 50,115	$ 57,079	$ 2,732	$ 21,292	$ 20,185	$ 67,698

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET (IN THOUSANDS)
DECEMBER 31, 2022

	493 Black Oak Ridge Road, LLC 301 Union Street, LLC and Affiliates	11 History Lane Operating Company, LLC	King James Care Center of Middletown, LLC	101 Whippany Road, LLC	Management Companies (combined)	Care One, LLC and Other	Eliminations	Total Care One, LLC
Assets								
Current Assets								
Cash and cash equivalents	$ 887	$ 344	$ 75	$ 319	$ 7	$ 19,105	$ -	$ 24,742
Restricted cash and deposits	1,670	6	-	-	1,147	109	-	4,105
Resident accounts receivable - net	4,350	281	1,093	1,377	-	284	-	41,014
Prepaid expenses and other current assets	49	14	15	21	6,333	8,643	-	15,514
Total Current Assets	6,956	645	1,183	1,717	7,487	28,141	-	85,375
Property, Plant and Equipment - at cost								
Land and improvements	2,150	1,739	3,049	1,411	-	8,912	-	51,661
Buildings and improvements	17,819	12,265	12,232	29,181	5,092	13,403	-	323,970
Equipment, furniture and fixtures	7,671	4,281	4,455	2,725	4,751	5,948	-	101,938
Construction in progress	20,765	75	82	200	3,911	1,500	-	47,597
Less accumulated depreciation	(18,022)	(12,002)	(10,241)	(7,710)	(8,061)	(7,757)	-	(267,351)
Property, Plant and Equipment - net	30,383	6,358	9,577	25,807	5,693	22,006	-	257,815
Resident security deposits	76	341	50	110	-	-	-	2,627
Goodwill - net	-	-	-	-	-	-	-	9,454
Licenses - net	1,598	-	945	1,500	-	5,701	-	18,479
Due to/(from) affiliates	94,714	-	8,028	-	94,184	-	(798,303)	-
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	133	-	16,492
Other assets	29	32	12	16	704	1,048	-	2,266
Total Assets	$ 133,756	$ 7,376	$ 19,795	$ 29,150	$ 108,068	$ 57,029	$ (798,303)	$ 392,508
Liabilities and Equity (Deficit)								
Current Liabilities								
Current maturities of long-term debt	$ -	$ 24	$ 10,395	$ 36	$ -	$ -	$ -	$ 137,942
Current portion lines of credit	-	-	1,561	-	-	-	-	10,200
Current portion of related party loan	-	-	-	-	90	-	-	90
Accounts payable	3,968	470	1,816	1,398	6,609	5,860	-	51,371
Accrued expenses	3,393	931	1,378	336	(1,825)	11,048	-	28,156
Accrued interest payable	422	95	61	6	7	-	-	2,560
Deferred income and refundable advances - current portion	356	279	84	106		12	-	4,536
Operating lease obligation, current portion	-	-	-	-	-	107	-	1,111
Total Current Liabilities	8,139	1,799	15,295	1,882	4,881	17,027	-	235,966
Due to/(from) affiliates	-	11,533	-	12,187	-	770,704	(798,303)	-
Operating lease obligation, net of current portion						27		15,802
Long-term debt - net	67,893	16,448	-	25,425	-	-	-	398,558
Long term portion of related party loan	-	-	-	-	2,062	-	-	2,062
Resident security deposits payable	76	341	50	110	-	-	-	2,627
Fair value of interest rate swap agreements	-	-	-	-	-	-	-	(4,475)
Total Liabilities	76,108	30,121	15,345	39,604	6,943	787,758	(798,303)	650,540
Members' equity (deficit)	57,648	(22,745)	4,450	(10,454)	101,125	(730,729)	-	(258,032)
Total Members' Equity (Deficit)	57,648	(22,745)	4,450	(10,454)	101,125	(730,729)	-	(258,032)
Total Liabilities and Equity (Deficit)	$ 133,756	$ 7,376	$ 19,795	$ 29,150	$ 108,068	$ 57,029	$ (798,303)	$ 392,508

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2023

	Millennium Healthcare Centers, LLC	Millennium Healthcare Centers II, LLC	HCC, LLC	Care One at Birchwood, LLC	Elmwood Evesham Associates, LLC and Affiliate	Care One at Parsippany-Troy Hills, LLC	Care Two, LLC	Care One at East Brunswick, LLC
Revenue								
Net resident service revenue	$ 43,441	$ 33,524	$ 17,518	$ 15,896	$ 22,838	$ 19,914	$ 16,484	$ 18,271
Other revenue	236	64	5	3	93	16	81	5
Management fees - affiliates	-	-	-	-	-	-	-	-
Total Revenue	43,677	33,588	17,523	15,899	22,931	19,930	16,565	18,276
Operating Expenses								
Employee benefits	3,643	2,970	957	1,231	2,526	1,856	1,480	2,182
Administration	3,616	3,843	1,418	1,726	2,781	2,464	2,655	1,864
General liability insurance	394	436	275	260	342	294	340	267
Nursing	9,286	10,322	4,822	5,671	6,286	4,878	5,394	6,015
Activities	591	513	218	248	424	352	389	228
Social service	242	200	84	178	151	68	167	137
Dietary	2,660	1,791	880	929	1,630	1,284	1,447	957
Housekeeping and laundry	1,311	971	450	449	474	695	625	442
Plant and utilities	1,663	981	643	669	985	1,067	1,046	612
Drugs and supplies	2,111	2,857	1,489	1,794	1,357	1,132	1,191	1,676
Therapy	3,584	2,525	1,434	1,439	2,593	1,317	1,152	1,839
Depreciation	1,466	1,465	309	482	1,013	1,235	1,340	544
Rent	-	10	-	-	-	-	-	-
Management fees	2,203	1,745	728	666	1,167	1,028	726	959
Total Operating Expenses	32,770	30,629	13,707	15,742	21,729	17,670	17,952	17,722
Income from Operations	10,907	2,959	3,816	157	1,202	2,260	(1,387)	554
Other Income	205	56	10	630	6	20	5	(7)
Interest Expense	(4,503)	(3,375)	(2,257)	(1,548)	(1,299)	(1,803)	(2,346)	(1,152)
Net Income (Loss)	$ 6,609	$ (360)	$ 1,569	$ (761)	$ (91)	$ 477	$ (3,728)	$ (605)

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2023

	Care One at Moorestown, LLC	Care One at Stanwick, LLC and Affiliate	Care One at Wall, LLC	Care One at Teaneck, LLC	Care One at Mercer, LLC	Care One at Madison Avenue, LLC	Care One at Hamilton, LLC	The Rehabilitation Hospital at Raritan Bay Medical Center, LLC
Revenue								
Net resident service revenue	$ 17,359	$ 8,771	$ 17,476	$ 19,734	$ -	$ 15,551	$ 7,080	$ 25,729
Other revenue	75	1,128	5	6	1,123	4	47	18
Management fees - affiliates	-	-	-	-	-	-	-	-
Total Revenue	17,434	9,899	17,481	19,740	1,123	15,555	7,127	25,747
Operating Expenses								
Employee benefits	1,612	754	1,790	1,380	-	1,477	633	1,938
Administration	1,666	1,282	1,864	1,817	150	1,689	1,116	2,959
General liability insurance	191	138	281	255	7	313	84	103
Nursing	4,944	2,512	6,425	6,202	-	6,209	1,900	8,546
Activities	175	269	187	238	-	186	278	-
Social service	128	96	143	154	-	93	-	215
Dietary	974	536	1,017	1,325	-	960	730	351
Housekeeping and laundry	415	274	489	522	-	518	276	540
Plant and utilities	589	414	543	508	-	751	431	192
Drugs and supplies	1,125	38	1,828	1,838	-	1,387	44	5,754
Therapy	1,651	-	1,619	1,831	-	1,311	-	2,889
Depreciation	459	799	543	699	199	1,061	711	1,050
Rent	-	850	-	-	-	378	-	1,072
Management fees	712	382	902	1,032	-	-	359	1,310
Total Operating Expenses	14,641	8,344	17,631	17,801	356	16,333	6,562	26,919
Income from Operations	2,793	1,555	(150)	1,939	767	(778)	565	(1,172)
Other Income	3	(24)	6	12	12,444	(23)	5	52
Interest Expense	396	(1,773)	(1,121)	(1,409)	(404)	(1,091)	(1,136)	-
Net Income (Loss)	$ 3,192	$ (242)	$ (1,265)	$ 542	$ 12,807	$ (1,892)	$ (566)	$ (1,120)

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2023

	493 Black Oak Ridge Road, LLC 301 Union Street, LLC and Affiliates	11 History Lane Operating Company, LLC	King James Care Center of Middletown, LLC	101 Whippany Road, LLC	Management Companies (combined)	Care One, LLC and Other	Eliminations	Total Care One, LLC
Revenue								
Net resident service revenue	$ 39,562	$ 6,414	$ 13,660	$ 14,289	$ -	$ 1,022	$ 1,062	$ 375,595
Other revenue	134	79	11	62		327	(854)	2,668
Management fees - affiliates	-	-	-	-	53,193	-	(19,377)	33,816
Total Revenue	39,696	6,493	13,671	14,351	53,193	1,349	(19,169)	412,079
Operating Expenses								
Employee benefits	3,060	374	1,253	1,169	3,510	5,030	-	40,825
Administration	3,909	1,144	1,525	2,248	37,477	8,225	(710)	86,728
General liability insurance	486	108	237	209	14	372	-	5,406
Nursing	10,666	2,160	4,567	4,305	3,724	1,658	-	116,492
Activities	549	171	174	188	-	3	-	5,381
Social service	335	19	124	155	-	33	-	2,722
Dietary	2,267	510	835	965	687	(3)	-	22,732
Housekeeping and laundry	1,232	168	331	475	(5)	-	-	10,652
Plant and utilities	1,444	542	601	701	116	34	-	14,532
Drugs and supplies	3,307	67	922	961	12	(68)	-	30,822
Therapy	3,408	4	1,006	876	363	373	-	31,214
Depreciation	1,749	1,523	858	1,457	1,104	130	-	20,196
Rent	-	-	-	-	1,393	59	(850)	2,912
Management fees	1,687	267	699	641	-	3,064	(19,377)	900
Total Operating Expenses	34,099	7,057	13,132	14,350	48,395	18,910	(20,937)	391,514
Income (Loss) from Operations	5,597	(564)	539	1	4,798	(17,561)	1,768	20,565
Other Income	41	(15)	-	(107)	51	892	(1,004)	13,258
Interest Expense	(3,884)	(1,320)	(809)	(13)	(107)	760	(764)	(30,958)
Net Income (Loss)	$ 1,754	$ (1,899)	$ (270)	$ (119)	$ 4,742	$ (15,909)	$ -	$ 2,865

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2022

	Millennium Healthcare Centers, LLC	Millennium Healthcare Centers II, LLC	HCC, LLC	Care One at Birchwood, LLC	Elmwood Evesham Associates, LLC and Affiliate	Care One at Parsippany-Troy Hills, LLC	Care Two, LLC	Care One at East Brunswick, LLC
Revenue								
Net resident service revenue	$ 43,977	$ 34,570	$ 19,024	$ 16,892	$ 23,508	$ 19,080	$ 17,504	$ 17,621
Other revenue	52	88	70	77	151	132	245	95
Management fees - affiliates	-	-	-	-	-	-	-	-
Total Revenue	44,029	34,658	19,094	16,969	23,659	19,212	17,749	17,716
Operating Expenses								
Employee benefits	3,769	2,840	1,175	1,598	2,480	1,659	1,547	1,777
Administration	4,016	3,206	1,668	1,985	2,956	2,735	3,126	1,910
General liability insurance	147	267	167	150	152	113	159	158
Nursing	10,090	11,033	6,241	6,318	8,001	5,486	5,903	6,913
Activities	646	462	207	241	371	383	411	231
Social service	198	237	142	173	157	117	168	143
Dietary	2,596	1,616	910	912	1,554	1,291	1,324	899
Housekeeping and laundry	1,187	839	423	403	570	654	738	464
Plant and utilities	1,822	871	691	682	1,107	1,157	1,044	605
Drugs and supplies	1,737	2,662	1,528	1,819	1,657	1,289	1,414	1,752
Therapy	3,302	2,367	1,471	1,558	2,413	1,375	1,217	1,752
Depreciation	1,827	1,737	309	498	1,021	1,043	1,902	588
Rent	-	10	-	-	-	-	-	-
Management fees	2,226	1,772	979	891	1,207	986	237	917
Total Operating Expenses	33,563	29,919	15,911	17,228	23,646	18,288	19,190	18,109
Income from Operations	10,466	4,739	3,183	(259)	13	924	(1,441)	(393)
Other Income	4	5	1	3	3	6	1	4
Interest Expense	(3,732)	(2,197)	(1,451)	(944)	(637)	(1,154)	(1,425)	(738)
Net Income (Loss)	$ 6,738	$ 2,547	$ 1,733	$ (1,200)	$ (621)	$ (224)	$ (2,865)	$ (1,127)
State income tax expense	-	-	-	-	-	-	-	-
Net Income (Loss)	$ 6,738	$ 2,547	$ 1,733	$ (1,200)	$ (621)	$ (224)	$ (2,865)	$ (1,127)

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2022

	Care One at Moorestown, LLC	Care One at Stanwick, LLC and Affiliate	Care One at Wall, LLC	Care One at Teaneck, LLC	Care One at Mercer, LLC	Care One at Madison Avenue, LLC	Care One at Hamilton, LLC	The Rehabilitation Hospital at Raritan Bay Medical Center, LLC
Revenue								
Net resident service revenue	$ 17,949	$ 7,792	$ 20,875	$ 20,234	$ -	$ 15,305	$ 7,625	$ 28,472
Other revenue	31	29	54	16	1,091	100	13	46
Management fees - affiliates	-	-	-	-	-	-	-	-
Total Revenue	17,980	7,821	20,929	20,250	1,091	15,405	7,638	28,518
Operating Expenses								
Employee benefits	2,315	511	1,640	1,379	-	1,306	549	2,025
Administration	1,647	1,425	1,913	2,034	-	1,874	1,392	3,338
General liability insurance	90	81	161	148	4	193	(1)	36
Nursing	4,969	1,832	9,305	6,201	-	6,292	2,175	7,680
Activities	188	203	178	210	-	200	252	1
Social service	125	31	168	103	-	147	-	231
Dietary	985	418	1,059	1,257	-	815	740	402
Housekeeping and laundry	409	276	505	521	-	484	306	552
Plant and utilities	671	466	721	667	-	794	468	191
Drugs and supplies	1,314	72	2,079	1,612	-	1,365	78	6,365
Therapy	1,641	-	1,766.00	1,689	-	1,273	-	3,195
Depreciation	464	462	546	693	216	1,077	711	1,140
Rent	-	925	-	3	-	400	-	1,532
Management fees	905	89	1,081	1,024	-	204	383	1,426
Total Operating Expenses	15,723	6,791	21,122	17,541	220	16,424	7,053	28,114
Income from Operations	2,257	1,030	(193)	2,709	871	(1,019)	585	404
Other Income	3	-	4	3	-	3	-	-
Interest Expense	(1,144)	(971)	(718)	(1,215)	(257)	(636)	(1,159)	-
Net Income (Loss)	$ 1,116	$ 59	$ (907)	$ 1,497	$ 614	$ (1,652)	$ (574)	$ 404
State income tax expense	-	-	-	-	-	-	-	-
Net Income (Loss)	$ 1,116	$ 59	$ (907)	$ 1,497	$ 614	$ (1,652)	$ (574)	$ 404

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

YEAR ENDED DECEMBER 31, 2022

	493 Black Oak Ridge Road, LLC 301 Union Street, LLC and Affiliates	11 History Lane Operating Company, LLC	King James Care Center of Middletown, LLC	101 Whippany Road, LLC	Management Companies (combined)	Care One, LLC and Other	Eliminations	Total Care One, LLC
Revenue								
Net resident service revenue	$ 39,654	$ 6,861	$ 13,871	$ 10,770	$ -	$ 3,047	$ (922)	$ 383,709
Other revenue	108	61	94	42	40	25,889	-	28,524
Management fees - affiliates	-	-	-	-	51,619	-	(19,710)	31,909
Total Revenue	39,762	6,922	13,965	10,812	51,659	28,936	(20,632)	444,142
Operating Expenses								
Employee benefits	3,224	596	1,415	968	3,299	629	-	36,701
Administration	4,159	1,194	1,519	2,066	35,046	4,419	-	83,628
General liability insurance	239	15	130	103	7	729	-	3,248
Nursing	10,501	2,944	4,752	4,388	4,430	1,625	-	127,079
Activities	511	188	172	149	1	-	-	5,205
Social service	335	46	124	160	11	53	-	2,869
Dietary	2,065	596	817	708	752	-	-	21,716
Housekeeping and laundry	1,087	209	379	329	2	-	-	10,337
Plant and utilities	1,451	554	539	572	122	27	-	15,222
Drugs and supplies	3,217	106	921	1,120	76	34	-	32,217
Therapy	3,415	2	998	797	748	308	-	31,287
Depreciation	1,074	1,833	887	949	958	139	-	20,074
Rent	-	-	-	-	1,451	80	(922)	3,479
Management fees	2,048	87	716	566	-	2,866	(19,710)	900
Total Operating Expenses	33,326	8,370	13,369	12,875	46,903	10,909	(20,632)	393,962
Income (Loss) from Operations	6,436	(1,448)	596	(2,063)	4,756	18,027	-	50,180
Other Income	21	3	2	2	10	268	(45)	301
Equity in Earnings of Affiliated Company	-	-	-	-	-	(3)	-	(3)
Interest Expense	(3,083)	(777)	(517)	(630)	(111)	(47)	45	(23,498)
Net Income (Loss)	$ 3,374	$ (2,222)	$ 81	$ (2,691)	$ 4,655	$ 18,245	$ -	$ 26,980
State income tax expense	-	-	-	-	-	2,580	-	2,580
Net Income (Loss)	$ 3,374	$ (2,222)	$ 81	$ (2,691)	$ 4,655	$ 15,665	$ -	$ 24,400

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2023

	Millennium Healthcare Centers, LLC	Millennium Healthcare Centers II, LLC	HCC, LLC	Care One at Birchwood, LLC	Elmwood Evesham Associates, LLC and Affiliate	Care One at Parsippany-Troy Hills, LLC	Care Two, LLC	Care One at East Brunswick, LLC	Care One at Moorestown, LLC	Care One at Stanwick, LLC and Affiliate
Patient Days										
Private	59,990	14,198	6,037	3,913	24,205	27,704	25,868	4,358	13,917	25,856
Medicare	18,813	22,077	13,876	9,098	8,325	7,970	4,264	13,103	13,091	-
Insurance	7,575	9,454	4,580	8,654	8,045	3,234	5,897	7,832	5,338	-
Medicaid	4,231	11,461	8,051	15,251	16,606	14,660	13,427	13,281	1,610	3,361
Other	-	395	-	159	-	4	-	227	54	122
Total Patient Days	90,609	57,585	32,544	37,075	57,181	53,572	49,456	38,801	34,010	29,339
Per Patient Day Information										
Revenue	$ 485.92	$ 601.86	$ 586.71	$ 457.69	$ 413.76	$ 358.62	$ 358.88	$ 456.59	$ 528.67	$ 266.57
Operating Expenses										
Employee benefits	$ 41.60	$ 49.32	$ 36.10	$ 43.10	$ 43.37	$ 30.97	$ 31.28	$ 45.80	$ 68.07	$ 17.42
Administration	44.79	55.67	51.25	53.54	51.70	51.05	63.21	49.23	48.43	48.57
General liability	1.62	4.64	5.13	4.05	2.66	2.11	3.21	4.07	2.65	2.76
Nursing	111.36	191.60	191.77	170.41	139.92	102.40	119.36	178.17	146.10	62.44
Activities	7.13	8.02	6.36	6.50	6.49	7.15	8.31	5.95	5.53	6.92
Social service	2.19	4.12	4.36	4.67	2.75	2.18	3.40	3.69	3.68	1.06
Dietary	28.65	28.06	27.96	24.60	27.18	24.10	26.77	23.17	28.96	14.25
Housekeeping and laundry	13.10	14.57	13.00	10.87	9.97	12.21	14.92	11.96	12.03	9.41
Plant and utilities	20.11	15.13	21.23	18.40	19.36	21.60	21.11	15.59	19.73	15.88
Drugs and supplies	19.17	46.23	46.95	49.06	28.98	24.06	28.59	45.15	38.64	2.45
Therapy	36.44	41.10	45.20	42.02	42.20	25.67	24.61	45.15	48.25	-
Depreciation	20.16	30.16	9.49	13.43	17.86	19.47	38.46	15.15	-	-
Rent	-	0.17	-	-	-	-	-	-	13.64	15.75
Management fees	24.57	30.77	30.08	24.03	21.11	18.41	4.79	23.63	26.61	3.03
Total Operating Expenses	$ 370.89	$ 519.56	$ 488.88	$ 464.68	$ 413.55	$ 341.38	$ 388.02	$ 466.71	$ 462.32	$ 199.94

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2023

	Care One at Wall, LLC	Care One at Teaneck, LLC	Care One at Madison Avenue, LLC	Care One at Hamilton, LLC	The Rehabilitation Hospital at Raritan Bay Medical Center, LLC	493 Black Oak Ridge Road, LLC, 301 Union Street, LLC and Affiliates	11 History Lane Operating Company, LLC	King James Care Center of Middletown, LLC	101 Whippany Road LLC
Patient Days									
Private	3,716	4,618	5,505	24,765	148	31,676	20,799	4,188	14,140
Medicare	13,817	15,138	7,182	-	7,501	22,223	-	7,241	5,454
Insurance	6,640	10,597	5,859	365	5,280	14,348	-	3,140	2,798
Medicaid	9,788	-	18,146	3,278	505	12,003	5,131	17,856	16,914
Other	321	11	-	31	-	10	-	92	64
Total Patient Days	34,282	30,364	36,692	28,439	13,434	80,260	25,930	32,517	39,370
Per Patient Day Information									
Revenue	$ 610.50	$ 666.91	$ 419.85	$ 268.57	$ 2,122.82	$ 495.41	$ 266.95	$ 429.47	$ 274.63
Operating Expenses									
Employee benefits	$ 47.84	$ 45.42	$ 35.59	$ 19.30	$ 150.74	$ 40.17	$ 22.98	$ 43.52	$ 24.59
Administration	55.80	66.99	51.07	48.95	248.47	51.82	46.05	46.71	52.48
General liability	4.70	4.87	5.26	(0.04)	2.68	2.98	0.58	4.00	2.62
Nursing	271.43	204.22	171.48	76.48	571.68	130.84	113.54	146.14	111.46
Activities	5.19	6.92	5.45	8.86	0.07	6.37	7.25	5.29	3.78
Social service	4.90	3.39	4.01	-	17.20	4.17	1.77	3.81	4.06
Dietary	30.89	41.40	22.21	26.02	29.92	25.73	22.98	25.13	17.98
Housekeeping and laundry	14.73	17.16	13.19	10.76	41.09	13.54	8.06	11.66	8.36
Plant and utilities	21.03	21.97	21.64	16.46	14.22	18.08	21.37	16.58	14.53
Drugs and supplies	60.64	53.09	37.20	2.74	473.80	40.08	4.09	28.32	28.45
Therapy	51.51	55.63	34.69	-	237.83	42.55	0.08	30.69	20.24
Depreciation	15.93	22.82	29.35	25.00	84.86	13.38	70.69	27.28	24.10
Rent	-	0.10	10.87	-	114.04	-	-	-	-
Management fees	31.53	33.72	5.56	13.47	106.15	25.52	3.36	22.02	14.38
Total Operating Expenses	$ 616.12	$ 577.70	$ 447.57	$ 248.00	$ 2,092.75	$ 415.23	$ 322.80	$ 411.15	$ 327.03

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2022

	Millennium Healthcare Centers, LLC	Millennium Healthcare Centers II, LLC	HCC, LLC	Care One at Birchwood, LLC	Elmwood Evesham Associates, LLC and Affiliate	Care One at Parsippany-Troy Hills, LLC	Care Two, LLC	Care One at East Brunswick, LLC	Care One at Moorestown, LLC	Care One at Stanwick, LLC and Affiliate
Patient Days										
Private	62,416	13,754	7,117	4,016	25,535	25,197	23,755	4,531	15,201	20,300
Medicare	20,200	25,183	17,347	12,699	11,798	10,424	7,681	13,263	14,454	-
Insurance	6,108	8,732	3,954	7,353	6,024	3,558	5,790	6,878	4,481	-
Medicaid	3,662	9,922	6,826	13,277	13,093	11,322	11,894	10,813	1,329	3,064
Other	71	168	-	-	-	102	-	51	7	-
Total Patient Days	92,457	57,759	35,244	37,345	56,450	50,603	49,120	35,536	35,472	23,364
Per Patient Day Information										
Revenue	$ 476.21	$ 600.05	$ 541.77	$ 454.38	$ 419.11	$ 379.66	$ 361.34	$ 498.54	$ 506.88	$ 334.75
Operating Expenses										
Employee benefits	$ 40.76	$ 49.17	$ 33.34	$ 42.79	$ 43.93	$ 32.78	$ 31.49	$ 50.01	$ 65.26	$ 21.87
Administration	43.44	55.51	47.33	53.15	52.36	54.05	63.64	53.75	46.43	60.99
General liability	1.59	4.62	4.74	4.02	2.69	2.23	3.24	4.45	2.54	3.47
Nursing	109.13	191.02	177.08	169.18	141.74	108.41	120.18	194.54	140.08	78.41
Activities	6.99	8.00	5.87	6.45	6.57	7.57	8.37	6.50	5.30	8.69
Social service	2.14	4.10	4.03	4.63	2.78	2.31	3.42	4.02	3.52	1.33
Dietary	28.08	27.98	25.82	24.42	27.53	25.51	26.95	25.30	27.77	17.89
Housekeeping and laundry	12.84	14.53	12.00	10.79	10.10	12.92	15.02	13.06	11.53	11.81
Plant and utilities	19.71	15.08	19.61	18.26	19.61	22.86	21.25	17.02	18.92	19.95
Drugs and supplies	18.79	46.09	43.35	48.71	29.35	25.47	28.79	49.30	37.04	3.08
Therapy	35.71	40.98	41.74	41.72	42.75	27.17	24.78	49.30	46.26	-
Depreciation	19.76	30.07	8.77	13.34	18.09	20.61	38.72	16.55	-	-
Rent	-	0.17	-	-	-	-	-	-	13.08	19.77
Management fees	24.08	30.68	27.78	23.86	21.38	19.49	4.82	25.80	25.51	3.81
Total Operating Expenses	$ 363.01	$ 518.02	$ 451.45	$ 461.33	$ 418.88	$ 361.40	$ 390.68	$ 509.61	$ 443.25	$ 251.07

See Independent Auditor's Report on Supplementary Information.

CARE ONE, LLC AND SUBSIDIARIES

STATISTICAL INFORMATION (UNAUDITED)

YEAR ENDED DECEMBER 31, 2022

	Care One at Wall, LLC	Care One at Teaneck, LLC	Care One at Madison Avenue, LLC	Care One at Hamilton, LLC	The Rehabilitation Hospital at Raritan Bay Medical Center, LLC	493 Black Oak Ridge Road, LLC, 301 Union Street, LLC and Affiliates	11 History Lane Operating Company, LLC	King James Care Center of Middletown, LLC	101 Whippany Road LLC
Patient Days									
Private	6,115	5,655	5,323	29,399	-	29,132	24,691	4,845	4,855
Medicare	18,878	14,889	10,362	-	9,215	26,503	-	8,982	7,787
Insurance	5,566	10,938	3,881	365	5,664	11,338	-	2,557	3,615
Medicaid	8,326	-	13,471	2,943	154	8,996	3,529	15,324	7,702
Other	536	496	57	-	-	7	-	17	73
Total Patient Days	39,421	31,978	33,094	32,707	15,033	75,976	28,220	31,725	24,032
Per Patient Day Information									
Revenue	$ 530.91	$ 633.25	$ 465.49	$ 233.53	$ 1,897.03	$ 523.35	$ 245.29	$ 440.19	$ 449.90
Operating Expenses									
Employee benefits	$ 41.60	$ 43.12	$ 39.46	$ 16.79	$ 134.70	$ 42.43	$ 21.12	$ 44.60	$ 40.28
Administration	48.53	63.61	56.63	42.56	222.04	54.74	42.31	47.88	85.97
General liability	4.08	4.63	5.83	(0.03)	2.39	3.15	0.53	4.10	4.29
Nursing	236.04	193.91	190.13	66.50	510.88	138.21	104.32	149.79	182.59
Activities	4.52	6.57	6.04	7.70	0.07	6.73	6.66	5.42	6.20
Social service	4.26	3.22	4.44	-	15.37	4.41	1.63	3.91	6.66
Dietary	26.86	39.31	24.63	22.63	26.74	27.18	21.12	25.75	29.46
Housekeeping and laundry	12.81	16.29	14.63	9.36	36.72	14.31	7.41	11.95	13.69
Plant and utilities	18.29	20.86	23.99	14.31	12.71	19.10	19.63	16.99	23.80
Drugs and supplies	52.74	50.41	41.25	2.38	423.40	42.34	3.76	29.03	46.60
Therapy	44.80	52.82	38.47	-	212.53	44.95	0.07	31.46	33.16
Depreciation	13.85	21.67	32.54	21.74	75.83	14.14	64.95	27.96	39.49
Rent	-	0.09	12.09	-	101.91	-	-	-	-
Management fees	27.42	32.02	6.16	11.71	94.86	26.96	3.08	22.57	23.55
Total Operating Expenses	$ 535.80	$ 548.54	$ 496.26	$ 215.63	$ 1,870.17	$ 438.63	$ 296.59	$ 421.42	$ 535.75