

COMPLETE CARE AT BAYSHORE LLC
(a limited liability company)

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

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INDEPENDENT AUDITORS' REPORT

To the Member of
Complete Care at Bayshore LLC

Opinion

We have audited the accompanying financial statements of Complete Care at Bayshore LLC (a limited liability company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and member's deficiency, and cash flows for the period from March 16, 2023 (commenced operations) to December 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Complete Care at Bayshore LLC as of December 31, 2023, and the results of its operations and its cash flows for the period from March 16, 2023 (commenced operations) to December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Complete Care at Bayshore, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Complete Care at Bayshore LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Complete Care at Bayshore LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Complete Care at Bayshore LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



April 30, 2024

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

ASSETS

Current assets

Cash and cash equivalents (note 2)	\$ 46,245
Cash - restricted (patient funds) (note 2)	39,114
Accounts receivable - net of allowance of \$145,000	4,647,811
Due from prior owner (note 9)	183,583
Prepaid expenses and other	<u>159,339</u>
Total current assets	5,076,092

Property and equipment - net (note 3)	57,384
Right-of-use asset - operating lease (note 6)	19,124,059
Due from related entities (note 12)	1,023,611
Security deposits	<u>26,992</u>

TOTAL ASSETS	\$ <u>25,308,138</u>
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LIABILITIES AND MEMBER'S DEFICIENCY

Current liabilities

Accounts payable	\$ 2,598,404
Accrued expenses	1,036,166
Due to private and third-party payors	64,597
Operating lease payable (note 6)	1,352,209
Patients' funds payable	<u>38,614</u>
Total current liabilities	5,089,990

Due to related entities (note 12)	3,854,036
Line of credit - net of unamortized deferred financing costs of \$10,485 (note 5)	1,187,913
Operating lease payable (note 6)	17,771,850
Notes payable - member (note 11)	<u>525,761</u>

Total liabilities	28,429,550
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Member's deficiency	<u>(3,121,412)</u>
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TOTAL LIABILITIES AND MEMBER'S DEFICIENCY	\$ <u>25,308,138</u>
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COMPLETE CARE AT BAYSHORE LLC
(a limited liability company)
STATEMENTS OF OPERATIONS AND MEMBER'S DEFICIENCY
FROM MARCH 16, 2023 (COMMENCED OPERATIONS) TO DECEMBER 31, 2023

Revenues	\$ 16,149,306
Operating expenses	<u>19,210,200</u>
Loss from operations	(3,060,894)
Non-operating revenue (expense)	
Interest income	11,730
Interest expense	<u>(72,248)</u>
NET LOSS AND MEMBER'S DEFICIENCY AT DECEMBER 31, 2023	\$ <u><u>(3,121,412)</u></u>

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

Cash flows from operating activities	
Net loss	\$ (3,121,412)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	2,784
Amortization of deferred financing costs included in interest expense	819
Increase in assets	
Accounts receivable	(4,647,811)
Prepaid expenses and other	(159,339)
Due from prior owner	(183,583)
Increase in liabilities	
Accounts payable	2,598,404
Accrued expenses and withheld taxes	1,036,166
Due to private and third-party payors	64,597
Patients' funds payable	38,614
Net cash used in operating activities	<u>(4,370,761)</u>
 Cash flows from investing activities	
Purchase of property and equipment	(60,168)
Increase in security deposits	(26,992)
Due from related entities	(1,023,611)
Net cash used in investing activities	<u>(1,110,771)</u>
 Cash flows from financing activities	
Proceeds from notes payable - member	525,761
Due to related entities	3,854,036
Proceeds from line of credit	1,198,398
Purchase of deferred financing costs	(11,304)
Net cash provided by financing activities	<u>5,566,891</u>
 NET INCREASE IN AND CASH, RESTRICTED CASH, AND CASH EQUIVALENTS AT DECEMBER 31, 2023	 <u><u>\$ 85,359</u></u>

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

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

Nature of operations – Complete Care at Bayshore LLC (the “Company”) was formed in the State of New Jersey on March 8, 2022. The Company commenced operations of a 220-bed long-term nursing and 12-bed vent facility in Holmdel, New Jersey on March 16, 2023. The member of the Company is generally protected from liability for acts and obligations of the Company. The operating agreements provide, among other things, for the Company to continue at the will of the General Member, unless sooner terminated as provided in the agreement. The Company leases land, building, and rights to its license in Holmdel, New Jersey, from a related entity.

Basis of accounting – The books and records of the Company are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Cash equivalents – Cash equivalents represent short-term investments with original maturity dates of three months or less.

Restricted cash – patient funds – The Company adopted Financial Accounting Standards Board (“FASB”) standard “ASU-2016-18, Statement of Cash Flows (Topic 230): Restricted Cash.” This standard requires that cash, restricted cash, and cash equivalents be included in beginning and ending cash, restricted cash, and cash equivalents on the statement of cash flows. The Company is required to maintain patient funds in a separate restricted account. The amount at all times must be equal to or exceed the aggregate of all outstanding obligations to the patients.

Trade accounts receivable – Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. In 2023, the Company recorded an initial valuation allowance of \$145,000.

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

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

In 2020, the State of New Jersey passed the Business Alternative Income Tax Act (“BAIT”). This law allowed LLCs to pay tax due on partnership earnings instead of on the individual owner’s return. The tax rates are graduated and range from 5.675% to 10.9% of earnings. The Company recorded no New Jersey BAIT tax during 2023.

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

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

Deferred financing costs – The Company has adopted FASB standard “ASU-2015-03 Interest-Imputation of Interest.” This standard requires that debt issuance costs relating to financing debt be shown as an offset to the note payable instead of as a deferred charge categorized as an intangible asset. The guidance also requires that the resulting amortization of the deferred financing costs be shown as interest expense instead of amortization expense.

Revenues – Revenue is derived primarily from providing healthcare services to patients. Revenues are recognized when services are provided to the patients at the amount that reflects the consideration to which the Company expects to be entitled from patients and third-party payors, including Medicaid, Medicare, and insurers (private and Medicare replacement plans), in exchange for providing patient care. The healthcare services in transitional and skilled, home health, and hospice patient contracts include routine services in exchange for a contractual agreed-upon amount or rate. Routine services are treated as a single-performance obligation satisfied over time as services are rendered. As such, patient care services represent a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services, which are not included in the daily rates for routine services, but instead are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered.

Revenue recognized from healthcare services are adjusted for estimates of variable consideration to arrive at the transaction price. The Company determines the transaction price based on contractually agreed-upon amounts or rates, adjusted for estimates of variable consideration. The Company uses the expected value method in determining the variable component that should be used to arrive at the transaction price, using contractual agreements and historical reimbursement experience within each payor type. The amount of variable consideration, which is included in the transaction price may be constrained and is included in the net revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. If actual amounts of consideration ultimately received differ from estimates, the Company adjusts these estimates, which would affect net service revenue in the period such variances become known.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

Leases – The Company adopted ASC-842 Leases. With this adoption, the Company determined which contracts conveyed the Company a right to control identified property, plant, or equipment for a period of

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

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

time in exchange for consideration were deemed leases. The Company classified these contracts as Right-of-Use (“ROU”) assets. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. ROU assets include amounts for scheduled rent increases and may be reduced by lease incentive amounts. Using the transition approach, the Company elected to use the following practical expedients and, therefore, did not reassess any of the following: (1) whether any expired or existing contracts are or contain leases, (2) the lease classification of expired or existing operating leases and recorded them as operating leases and all existing leases that were classified as capital leases as financing leases, and (3) initial direct costs for any existing leases.

With implementation, the Company also elected the following practical expedients of (1) using the Company’s implicit borrowing rate (if available at the time of the lease origination; or (2) using a risk-free discount rate (US Treasury Rate) for the lease-derived ROU assets. ROU assets were treated separately from non-lease components of all asset classes. For leases utilizing the risk-free rate expedient, the Company elected to use a period comparable with that of the lease term, as an accounting policy election for all leases. The Company also made an accounting policy election to not record ROU assets or lease liabilities for leases with an initial term of 12 months or less and will recognize payments for such leases in its Statements of Earnings (Loss) on a straight-line basis over the lease term. There were no residual value guarantees in any of the leases. The Company used hindsight in determining the lease term.

Subsequent events – The Company has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through April 30, 2024, the date the financial statements were available to be issued. No subsequent events have been identified.

NOTE 2 – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

The balance in cash, restricted cash, and cash equivalents at December 31, 2023, consists of the following:

Operating cash	\$	46,245
Restricted cash – patient funds		<u>39,114</u>
Total cash, restricted cash, and cash equivalents	\$	<u>85,359</u>

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

NOTE 3 – PROPERTY AND EQUIPMENT

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

	<u>Life</u>		
	<u>(Years)</u>		
Leasehold improvements	15	\$	39,893
Furniture and fixtures	3-7		<u>20,275</u>
			60,168
Less: accumulated depreciation			<u>2,784</u>
		\$	<u>57,384</u>

Depreciation expense was \$2,784 for the period.

NOTE 4 – REVENUES

Approximately 5% of revenues for the period were derived from billings to the New Jersey Department of Health Services for stays by Medicaid patients, and approximately 31% of revenues for the period were derived from New Jersey Managed Care Organizations.

Approximately 34% of revenues for the period were derived from the Federal government for Medicare recipients.

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

NOTE 5 – LINE OF CREDIT

On March 16, 2023, the Company together with other related entities entered into a revolving line of credit agreement for \$10,000,000 with a maturity date of March 16, 2026. Interest on bank advances on the credit line is payable monthly at a rate of the greater of SOFR plus 3.25% or a minimum of 4.66%. The rate was 8.6% at December 31, 2023. The Company’s portion of the line of credit balance at December 31, 2023 was \$1,198,398. Interest expense for the period on the line of credit was \$68,090. The Company is required to make monthly payments for an unused line fee and a collateral management fee of 0.0625%. The line is subject to certain financial covenants and is secured by certain assets of the Company. At December 31, 2023, the Company was in compliance with all covenants. The loan is personally guaranteed by the member of the Company and other guarantors.

Annual scheduled principal maturities at December 31, 2023, are as follows:

	2026	\$	1,198,398
Less: unamortized deferred financing costs			<u>10,485</u>
		\$	<u>1,187,913</u>

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

NOTE 6 – LEASE

The Company has operating leases for the nursing facility and equipment. ROU assets represent the Company’s right to use an underlying asset for the lease term if greater than twelve months. Lease obligations represent the Company’s liability to make lease payments arising from the lease. Operating lease ROU assets and related obligations are recognized at the commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The Company used its incremental borrowing rate of 9.85% to calculate the present value of its operating lease liability. The incremental borrowing rate is based on the information available at the commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

A related-entity leases the land and a building to the Company under an operating lease with an initial term of ten years, with automatic continual 1-year renewals until such time as the related-entity and the Company no longer desire to renew. For each lease year, so long as the mortgage is outstanding, Minimum Net Rent payable shall always be greater than 1.05 multiplied by the sum of the (i) debt service (ii) real estate tax expense (iii) mortgage insurance premium (iv) replacement reserve deposits and (v) property insurance.

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

Operating lease cost	\$ 2,463,897
Short-term/variable lease cost	<u>366,322</u>
Total	\$ <u>2,830,219</u>

OPERATING LEASES

Operating lease ROU assets	\$ <u>19,124,059</u>
Operating lease current liabilities	\$ 1,352,209
Operating lease long-term liabilities	<u>17,771,850</u>
Total operating lease liabilities	\$ <u>19,124,059</u>

WEIGHTED-AVERAGE REMAINING LEASE TERM

Operating leases	9.17 years
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WEIGHTED-AVERAGE DISCOUNT RATE

Operating leases	9.85%
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COMPLETE CARE AT BAYSHORE LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2023

NOTE 6 – LEASE (CONTINUED)

Undiscounted maturities of lease liabilities were as follows:

For the Period Ended December 31	Operating Lease
2024	\$ 3,175,963
2025	3,175,963
2026	3,175,963
2027	3,175,963
2028	3,175,963
Thereafter	<u>13,233,181</u>
Total undiscounted maturities of lease liabilities	29,112,996
Less: discount on lease liabilities	<u>(9,988,937)</u>
TOTAL LEASE LIABILITIES	\$ <u>19,124,059</u>

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

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

Operating cash flows for operating leases	\$ 2,463,897
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Supplemental non-cash information on lease Liabilities resulting from obtaining right-of-use assets:

Right-of-use assets obtained in exchange for new Operating lease obligation	\$ 19,230,869
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NOTE 7 – CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At December 31, 2023, the Company had no uninsured cash balances.

At December 31, 2023, the Company had approximately 11% of its receivables due from the New Jersey Department of Health for Medicaid patients, and 48% of its receivables due from Managed Care organizations for Medicaid-approved patients, and 20% of its receivables due from the Federal government for Medicare recipients.

At December 31, 2023, approximately 36% of the accounts payable balance was payable to two vendors.

NOTE 8 – ADVERTISING

Advertising expense was \$72,214 for the period. There were no direct-response advertising costs either capitalized or expensed.

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

NOTE 9 – DUE FROM PRIOR OWNER

The Company had either received payments due to the prior owner or has had recoupments, which the prior owner was required to reimburse. At December 31, 2023, the balance due from the prior owner was \$183,583.

NOTE 10 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest	\$ <u>71,429</u>
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NOTE 11 – NOTE PAYABLE - MEMBER

At December 31, 2023, a loan from a member amounted to \$525,761. The loan is non-interest-bearing and is not expected to be repaid in the near future.

NOTE 12 – RELATED-PARTY TRANSACTIONS

Related-party loans due to affiliated entities that are controlled by the Company's member were \$3,298,629 at December 31, 2023. Related-party loans due from affiliated entities that are controlled by the Company's member were \$1,023,611 at December 31, 2023. The loans are non-interest-bearing and are expected to be repaid in the near future.

The company recorded \$807,153 of management fees for the period to a related management company, which is related through common ownership. The balance due to the related management company is \$555,407 at year-end, and is included in due to related entities.

The Company leases its facility from a related entity (note 6).

NOTE 13 – CONTINGENCIES

Revenues are based on current billings. Certain adjustments may be made in subsequent periods as a result of audits or appeals, the final results of which are not determinable as of the date of the financial statements. Such adjustments, if any, will be reflected in revenues in the period in which they are ascertained.

At times, the Company may be involved in various lawsuits and subject to certain contingencies in the normal course of business. Management vigorously defends any claims that may be asserted.

The company is contingently liable for the portion of the line of credit (note 5) owed by the co-borrowers. At December 31, 2023, there was a balance of \$5,850,445 due by the co-borrowers. At December 31, 2023, the Company and the co-borrowers were in compliance with all covenants.

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

NOTE 13 – CONTINGENCIES (CONTINUED)

The company is contingently liable for a mortgage owed by a related entity. At December 31, 2023, there was a balance of \$18,668,647 due by the related entity. At December 31, 2023, the related entity was in compliance with all covenants.

The company is contingently liable for a mezzanine loan owed by a related entity. At December 31, 2023, there was a balance of \$6,408,156 due by the related entity.

There are no corporate credit cards used by the Company.

The Company, along with other companies related through common ownership, maintains a high-deductible health plan policy, which runs from June 1 through May 31. For the Plan year ended May 31, 2024, the Company was responsible to pay for claims up to \$250,000 per employee, with no aggregate deductibles.

The New Jersey Department of Health is currently in the process of revising the methodology used to calculate the Medicaid reimbursement rate paid to the Company. The effect of these revisions on future operations cannot be determined at this time.

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Member of
Complete Care at Bayshore LLC

We have audited the financial statements of Complete Care at Bayshore LLC (a limited liability company) as of December 31, 2023, and for the period from March 16, 2023 (commenced operations) to December 31, 2023, and our report thereon dated April 30, 2024, which expressed an unmodified opinion on those financial statements, appears on page one. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information of revenues, operating expenses, patient days, and payroll and benefits are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.



April 30, 2024

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

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

		Per Patient Day
Current year - SNF		
Medicaid	\$ 806,912	\$ 268.61
Medicaid - Managed Care	5,037,004	266.20
Private	690,987	197.54
Medicare - Part A	5,443,896	796.24
Medicare - Part A bad debt expense	(105,910)	(15.49)
Insurance	1,338,217	454.71
Hospice	<u>120,629</u>	267.47
Total SNF	<u>13,331,735</u>	<u>\$ 373.91</u>
Vent		
Medicaid	\$ 235,418	\$ 624.45
Medicaid - Managed Care	1,753,539	713.11
Private	81,466	866.66
Medicare - Part A	123,703	1,104.49
Insurance	<u>10,675</u>	561.84
Total Vent	<u>\$ 2,204,801</u>	<u>\$ 720.29</u>
Miscellaneous		
Therapy	385,525	
Other	<u>227,245</u>	
	<u>612,770</u>	
 TOTAL REVENUES	 <u>\$ 16,149,306</u>	

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

		Per Patient Day
DIRECT PATIENT CARE COST		
Direct routine patient care costs		
Salaries - RN	\$ 380,367	\$ 9.82
- LPN	1,250,624	32.30
- CNA	1,580,989	40.84
Employee benefits	712,410	18.40
Contracted nursing	2,401,899	62.04
	<u>6,326,289</u>	<u>163.40</u>
Routine patient care costs - not directly reported		
Medical supplies	356,027	9.20
COVID-19 expenses	54,768	1.41
Oxygen	22,110	0.57
OTC drugs	10,871	0.28
Enteral feeding	62,127	1.60
Incontinency products	7,092	0.18
	<u>512,995</u>	<u>13.24</u>
TOTAL DIRECT PATIENT CARE COST	<u>6,839,284</u>	<u>176.64</u>
ANCILLARY PATIENT CARE COSTS		
Radiology and laboratory	77,106	1.99
Therapy Salaries	388,433	10.03
Employee benefits	86,154	2.23
Therapy services	1,127,341	29.12
Prescription drugs (not OTC)	372,737	9.63
Ambulance	16,334	0.42
TOTAL ANCILLARY PATIENT CARE COSTS	<u>2,068,105</u>	<u>53.42</u>

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

		Per Patient Day
INDIRECT PATIENT CARE COSTS		
Nursing administration		
Salaries - DON and ADON	\$ 262,341	\$ 6.78
- Nursing supervisors	513,464	13.26
- MDS Coordinator	216,242	5.59
- Staffing Coordinator	24,446	0.63
- Infection Control	3,175	0.08
- Other - Nursing Administration	84,499	2.18
Employee benefits	244,902	6.33
Clinical consultants	33,561	0.87
	<u>1,382,630</u>	<u>35.72</u>
 Workforce-related costs - patient care		
Direct patient care recruitment	23,878	0.62
	<u>23,878</u>	<u>0.62</u>
 Patient support services		
Food (including supplements)	507,817	13.12
Dietary salaries	666,610	17.22
Employee benefits	147,853	3.82
Dietitian	86,463	2.23
Contracted dietary	23,823	0.62
Dietary supplies	78,893	2.04
Housekeeping and laundry salaries	503,485	13.00
Employee benefits	111,672	2.88
Housekeeping and laundry supplies and services	59,042	1.53
Salaries - social services	59,021	1.52
Employee benefits	13,091	0.34
Social services	8,775	0.23
Salaries - recreation	180,748	4.67
Employee benefits	40,090	1.04
Contracted recreation	16,885	0.44
Recreation supplies and services	5,811	0.15
Medical director	53,239	1.38
Pharmacy consultant	38,611	1.00
Fire drill	980	0.03
Garbage disposal	34,450	0.89
Landscaping/snow removal	31,950	0.83
Exterminating	5,916	0.15
	<u>2,675,225</u>	<u>69.13</u>
 TOTAL INDIRECT PATIENT CARE COSTS	 <u>4,081,733</u>	 <u>105.47</u>

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

ADMINISTRATIVE AND OPERATING COSTS		Per Patient Day
Property operating costs		
Salaries - Maintenance	\$ 107,818	\$ 2.78
Employee benefits	23,914	0.62
Maintenance supplies and services	82,341	2.13
Gas	51,484	1.33
Electric	101,821	2.63
Water and sewer	128,902	3.33
Cable	39,059	1.01
Telephone	6,797	0.18
Real estate tax	245,189	6.33
Property insurance	24,697	0.64
	<u>812,022</u>	<u>20.98</u>
 Administrative and operating costs		
Administrator	291,927	7.54
Employee benefits	64,749	1.67
Salaries - Office	323,768	8.36
Employee benefits	71,811	1.85
Contracted office	14,375	0.37
Data processing	125,923	3.25
Management fees	807,153	20.85
Office supplies and expenses	25,156	0.65
Insurance	121,957	3.15
Accounting	12,000	0.31
Legal	27,226	0.70
Travel	15,649	0.40
Consulting	238,576	6.16
Miscellaneous	31,840	0.82
License, dues, and seminars	21,542	0.56
	<u>2,193,652</u>	<u>56.64</u>
 TOTAL ADMINISTRATIVE AND OPERATING COSTS	 <u>3,005,674</u>	 <u>77.62</u>

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

		Per Patient Day
CAPITAL COSTS		
Depreciation	\$ 2,784	\$ 0.07
Rent	2,464,807	63.66
Equipment lease	120,934	3.12
TOTAL CAPITAL COSTS	<u>2,588,525</u>	<u>66.85</u>
NON-ALLOWABLE COSTS		
Medicaid assessment tax	433,543	11.20
Bad debt expense	145,000	3.75
Marketing	48,336	1.25
TOTAL NON-ALLOWABLE COSTS	<u>626,879</u>	<u>16.20</u>
TOTAL OPERATING EXPENSES	<u>\$ 19,210,200</u>	<u>\$ 496.20</u>

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

		Percent of Total
SKILLED NURSING FACILITY UNIT		
Medicaid	3,004	8.43%
Medicaid - Managed Care	18,922	53.07%
Private	3,498	9.81%
Medicare - Part A	6,837	19.18%
Insurance	2,943	8.25%
Hospice	451	1.26%
	<u>35,655</u>	<u>100.00%</u>
Percent occupancy - 220 beds	<u>55.89%</u>	
VENT UNIT		
Medicaid	377	12.32%
Medicaid - Managed Care	2,459	80.33%
Private	94	3.07%
Medicare	112	3.66%
Insurance	19	0.62%
	<u>3,061</u>	<u>100.00%</u>
Percent occupancy - 12 beds	<u>87.96%</u>	

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

		Per Patient Day
SALARIES		
RN	\$ 380,367	\$ 10.67
LPN	1,250,624	35.08
CNA	1,580,989	44.34
Therapy salaries	388,433	10.89
DON and ADON	262,341	7.36
Nursing supervisors	513,464	14.40
MDS Coordinator	216,242	6.06
Staffing Coordinator	24,446	0.69
Infection Control	3,175	0.09
Dietary	666,610	18.70
Housekeeping and laundry salaries	503,485	14.12
Social services	59,021	1.66
Recreation	180,748	5.07
Maintenance	107,818	3.02
Administrator	291,927	8.19
Nursing administrator	84,499	2.37
Office	323,768	9.08
	\$ 6,837,957	\$ 191.78
TOTAL SALARIES	\$ 6,837,957	\$ 191.78
 EMPLOYEE BENEFITS		
Employee benefits	\$ 599,431	
Payroll taxes	724,513	
Workers' compensation	192,702	
TOTAL EMPLOYEE BENEFITS	\$ 1,516,646	
 TOTAL EMPLOYEE BENEFITS AS A PERCENT OF SALARIES	22.18%	