



**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**

**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2024**

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## INDEPENDENT AUDITORS' REPORT

To the Members of  
Complete Care at Bey Lea, LLC

### Opinion

We have audited the accompanying financial statements of Complete Care at Bey Lea, LLC (a limited liability company), which comprise the balance sheet as of December 31, 2024, and the related statements of earnings and members' deficiency, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Complete Care at Bey Lea, LLC as of December 31, 2024, and the results of its operations, changes in members' deficiency, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Complete Care at Bey Lea, 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 Bey Lea, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

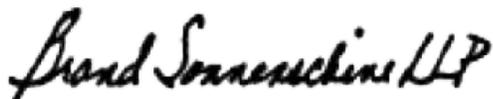
## **Auditors' Responsibilities for the Audit of the Financial Statements**

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 Bey Lea, 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 Bey Lea, LLC's ability to continue as a going concern for a reasonable period of time.

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

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

May 15, 2025

**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**BALANCE SHEET**  
**AT DECEMBER 31, 2024**

**ASSETS**

**Current assets**

Cash and cash equivalents (note 2)	\$ 240,279
Cash - restricted (patient funds) (note 2)	204,190
Accounts receivable - net (note 3)	2,801,970
Escrow deposits (note 2)	19,212
Prepaid expenses and other	<u>337,000</u>
<b>Total current assets</b>	<b>3,602,651</b>

Property and equipment - net (note 4)	2,234,948
Right-of-use assets - operating lease (note 5)	13,813,470
Goodwill - net (note 7)	24,986
Security deposits	1,319
Due from related entities (note 6)	<u>4,724,515</u>

<b>TOTAL ASSETS</b>	<b>\$ <u><u>24,401,889</u></u></b>
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**LIABILITIES AND MEMBERS' DEFICIENCY**

**Current liabilities**

Accounts payable	\$ 961,189
Accrued expenses and taxes	871,508
Due to private and third-party payors (note 15)	835,294
Due to prior owner (note 12)	19,587
Patients' funds payable	198,516
Operating lease obligation (note 5)	<u>145,898</u>
<b>Total current liabilities</b>	<b>3,031,992</b>

Operating lease obligation (note 5)	13,667,572
Due to related entities (note 6)	<u>8,579,364</u>
<b>Total liabilities</b>	<b>25,278,928</b>

<b>Members' deficiency</b>	<u>(877,039)</u>
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<b>TOTAL LIABILITIES AND MEMBERS' DEFICIENCY</b>	<b>\$ <u><u>24,401,889</u></u></b>
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**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**STATEMENTS OF EARNINGS AND MEMBERS' DEFICIENCY**  
**YEAR ENDED DECEMBER 31, 2024**

Revenues	\$	19,412,919
Operating expenses		<u>17,325,708</u>
Earnings from operations		2,087,211
<b>Non-operating revenue (expense)</b>		
Interest income		1,370
Interest expense		<u>(37,064)</u>
<b>NET EARNINGS</b>		2,051,517
Members' deficiency - December 31, 2023		<u>(2,745,495)</u>
		(693,978)
Net members' equity distributed		<u>(183,061)</u>
<b>MEMBERS' DEFICIENCY - DECEMBER 31, 2024</b>	<b>\$</b>	<b><u><u>(877,039)</u></u></b>

See accompanying notes to the financial statements.

**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2024**

<b>Cash flows from operating activities</b>	
Net earnings	\$ 2,051,517
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation and amortization	338,177
Amortization of deferred financing costs included in interest expense	36,020
<b>Increase in assets</b>	
Accounts receivable	(469,490)
Prepaid expenses and other	(142,053)
<b>Increase (decrease) in liabilities</b>	
Accounts payable	(967,850)
Accrued expenses and taxes	252,960
Due to private and third-party payors	213,514
Patients' funds payable	(30,022)
<b>Net cash provided by operating activities</b>	<u>1,282,773</u>
<b>Cash flows from investing activities</b>	
Purchase of property and equipment	(91,448)
Increase in security deposits	(1,319)
<b>Net cash used in investing activities</b>	<u>(92,767)</u>
<b>Cash flows from financing activities</b>	
Due to/from related entities	(1,545,335)
Members' equity contributed	80,321
Members' equity distributed	(263,382)
<b>Net cash used in financing activities</b>	<u>(1,728,396)</u>
<b>Net decrease in cash, restricted cash, and cash equivalents</b>	(538,390)
Cash, restricted cash, and cash equivalents - December 31, 2023	<u>1,002,071</u>
<b>CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - DECEMBER 31, 2024</b>	<u><u>\$ 463,681</u></u>

See accompanying notes to the financial statements.

**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2024**

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

**Organization and business** – Complete Care at Bey Lea, LLC (the “Company”) was formed in the State of Delaware on March 16, 2018. The members of the Company are generally protected from liability for acts and obligations of the Company. The operating agreements provide, among other things, for the Company to continue at the will of the General Members, unless sooner terminated as provided in the agreement. The Company leases land, building, and rights to its license in Toms River, New Jersey from a related entity.

Effective June 13, 2018, the Company was licensed to operate a long-term care facility consisting of 120 long-term beds and 60 comprehensive care beds.

For 2024, skilled nursing sales represented 88% of the Company’s total sales revenue while comprehensive care sales represented 12% of total sales revenue.

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

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

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

**Escrow deposits** – The Company has funds deposited with the landlord, which represent escrow and restricted funds for taxes. The tax escrow consists of deposits by the Company so that there will be sufficient funds on hand to satisfy these amounts when they become due.

**Trade accounts receivable** – Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company has adopted Accounting Standards Update (“ASU”) No. 2016-13, Measurement of Credit Losses on Financial Instruments, and its related amendments using the prospective method. The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model and adds certain new required disclosures. Under the expected loss model, entities will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with (“ASC”) 326, the Company evaluates certain criteria, including aging and historical write-offs, current economic condition of specific payors, and future economic conditions to determine the appropriate allowance for credit losses. The impact of the adoption of ASC 326 to the Company's opening balance of net assets was not material.

**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2024**

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

**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.

**Goodwill** – The Company has adopted ASU 2014-02 Intangibles-Goodwill and Other (Topic 350): Accounting for Goodwill. With this adoption, the Company began amortizing goodwill on a straight-line basis over a weighted-average ten-year period. The Company tests goodwill for impairment if a triggering event occurs, instead of using its prior method of performing an annual test for impairment. If a triggering event occurs, the Company will test for impairment by comparing the fair market value of the Company at the entity level vs. the recorded value of its goodwill to determine if the Company has experienced an impairment loss.

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

**Income taxes** – The Company is treated as a partnership for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situations. The Company’s policy is to record interest expense and penalties relating to income taxes in operating expense.

In 2020, the State of New Jersey passed the Business Alternative Income Tax Act (“BAIT”). This law allowed LLCs to pay tax due on partnership earnings instead of on the individual owner’s return. The tax rates are graduated and range from 5.675% to 10.9% of earnings. The Company recorded \$263,382 of New Jersey BAIT tax during 2024 and is included in member distributions.

**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2024**

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

**Government grants** – In 2021, the Company adopted ASU-2021-10, Government Assistance (Topic 832: Disclosures by Business Entities about Government Assistance). The Company’s accounting policy for government grants is to follow International Accounting Standards No. 20 – “Accounting for Government Grants and Disclosure of Government Assistance.”

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

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

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

**Leases** – The Company adopted ASC-842 Leases. With adoption, the Company determined which contracts conveyed the Company a right to control identified property, plant, or equipment for a period of time in exchange for consideration and were deemed to be leases. The Company classified these contracts as Right-of-Use (“ROU”) assets. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. ROU assets include amounts for scheduled rent increases and may be reduced by lease incentive amounts. Using the transition approach, the Company elected to use the following practical expedients and, therefore, did not reassess any of the following: (1) whether any expired or existing contracts are or contain leases; (2) the lease classification of pre-ASC-842 operating leases, which continue to be reported as operating leases, and the lease classification of pre-ASC-842 capital leases, which are now reported as financing leases; and (3) initial direct costs for any existing leases.

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

**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2024**

**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.

**Subsequent events** – The Company has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through May 15, 2025, 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, 2024, consists of the following:

Operating cash	\$	240,279
Restricted cash – patient funds		204,190
Escrow deposits		<u>19,212</u>
Total cash, restricted cash, and cash equivalents	\$	<u>463,681</u>

**NOTE 3 – ALLOWANCE FOR CREDIT LOSSES**

The following table summarizes the changes in the allowance for credit losses included in accounts receivable for the year ended December 31, 2024:

<b>Activity:</b>		
Balance – December 31, 2023	\$	314,200
Provision for credit losses		307,000
Less: write-offs		369,058
Recoveries		<u>1,858</u>
Balance – December 31, 2024	\$	<u>254,000</u>

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment at December 31, 2024, are summarized as follows:

	Life (Years)		
Leasehold improvements	15	\$	2,614,546
Property and equipment	5		<u>1,177,795</u>
			3,792,341
Less: accumulated depreciation			<u>1,557,393</u>
		\$	<u>2,234,948</u>

**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2024**

**NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)**

Depreciation expense was \$330,864 for the year.

**NOTE 5 – LEASES**

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 10% to calculate the present value of its operating lease liability. The incremental borrowing rate is based on the information available at the commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company occupies the facility as a party to an operating lease, which commenced in June 2018 and expires in December 2048. The lease provides for a monthly Base Rent equal to 1.05 times the sum of the (i) Lessor’s annual principal and interest payments, (ii) Lessor’s annual mortgage insurance premiums, (iii) Lessor’s annual deposits for reserves for replacements, (iv) annual property insurance, and (iv) annual real estate taxes on the property. In addition to Base Rent, the Lessee shall also pay Additional Rent equal to all expenses of the leased premises plus net cash flow of the lessee per the lease.

The following table is a summary of components of lease expense and year-end ROU assets and lease liabilities relating to operating leases for the year ended December 31, 2024.

Operating lease cost	\$	1,788,499
Short-term/variable lease cost		<u>208,923</u>
Total	\$	<u>1,997,422</u>

**OPERATING LEASES**

Operating lease ROU assets	\$	<u>13,813,470</u>
Operating lease current liabilities	\$	145,898
Operating lease long-term liabilities		<u>13,667,572</u>
Total operating lease liabilities	\$	<u>13,813,470</u>

**WEIGHTED-AVERAGE REMAINING LEASE TERM**

Operating leases 24 years

**WEIGHTED-AVERAGE DISCOUNT RATE**

Operating leases 10 %

**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2024**

**NOTE 5 – LEASES (CONTINUED)**

Undiscounted maturities of lease liabilities were as follows:

For the Years Ended December 31	Operating Lease
2025	\$ 1,520,679
2026	1,520,679
2027	1,520,679
2028	1,520,679
2029	1,520,679
Thereafter	<u>28,892,894</u>
Total undiscounted maturities of lease liabilities	36,496,289
Less: discount on lease liabilities	<u>(22,682,819)</u>
<b>TOTAL LEASE LIABILITIES</b>	<b>\$ <u>13,813,470</u></b>

The following table presents supplemental cash flow information for the year ended December 31, 2024:

2024 cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for operating leases	\$ 1,788,499
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**NOTE 6 – RELATED-ENTITY TRANSACTIONS**

Amounts due from related entities controlled by one of the Company’s members was \$4,724,515 at December 31, 2024. Amounts due to related entities controlled by one of the Company’s members was \$8,579,364 at December 31, 2024, of which \$1,912,808 were due to a related management company. The loans are deemed to be non-interest-bearing. There is no formal plan for repayment of these demand loans.

Operations recorded \$980,870 of management fees for the year to a related management company, which is related through common ownership.

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

**NOTE 7 – GOODWILL**

The change in the carrying value of goodwill during the year is as follows:

Historical cost to acquire goodwill	\$ 73,128
Less: accumulated amortization	<u>48,142</u>
Carrying value – year-end	<u>\$ 24,986</u>

Amortization expense was \$7,313 for the year.

The Company did not experience any triggering events during the year that required the Company to test the value of its goodwill for impairment.

**COMPLETE CARE AT BEY LEA, LLC**  
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**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2024**

**NOTE 8 – REVENUES**

Approximately 2% of the skilled nursing revenues during the year were derived from billings to the New Jersey Department of Health for stays by Medicaid patients. Approximately 3% of the comprehensive care revenues during the year were derived from billings to the New Jersey Department of Health for stays by Medicaid patients.

Approximately 18% of the skilled nursing revenues during the year were derived from managed care organizations (“MCO”) approved by the New Jersey Department of Health. Approximately 20% of the comprehensive care revenues during the year were derived from MCOs approved by the New Jersey Department of Health.

Approximately 48% of the skilled nursing revenues during the year were derived from billings to the Federal government for stays by Medicare patients covered by Part A and for services provided, which are covered by Medicare Part B.

Effective July 2014, the New Jersey Department of Human Services changed its reimbursement methodology to a Managed Care Organization 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 the Company and each MCO.

As a result of appeals and changes in interim rates of prior years, adjustments were made to interim rates received in prior years. These adjustments resulted in a decrease of revenues of \$2,905.

As a participant in the Solar Incentive New Jersey programs, the company earns revenue whenever their solar panels produce 1 MWh (or 1,000 kWh) or electricity and reports to the GATS. This is not a fixed amount per month, but rather a payment each time the Company reaches the 1,000 kWh threshold over the length of the 15-year program. Revenue from this program for 2024 was \$83,600.

**NOTE 9 – CONCENTRATION OF CREDIT RISK**

The Company maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At December 31, 2024, the Company had uninsured cash balances of approximately \$99,000.

At December 31, 2024, the Company had approximately 5% of its receivables due from the New Jersey Department of Health for Medicaid patients, and 9% of its receivables due from MCOs for Medicaid-approved patients, and 46% of its receivables due from the Federal government for Medicare recipients.

At December 31, 2024, approximately 59% of the accounts payable balance was payable to four vendors.

**NOTE 10 – ADVERTISING**

Advertising expense was \$64,401 for the year. There were no direct-response advertising costs either capitalized or expensed.

**COMPLETE CARE AT BEY LEA, LLC**  
**(a limited liability company)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2024**

**NOTE 11 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash paid during the year for interest	\$	<u>1,044</u>
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**NOTE 12 – DUE TO PRIOR OWNER**

The Company had either received payments due to the prior owner or has had recoupments, which the prior owner was required to reimburse. At December 31, 2024, the balance due to the prior owner was \$19,587.

**NOTE 13 – ECONOMIC DEPENDENCY**

In 2024, the Company purchased a substantial portion of its services from two vendors. Purchases from these vendors totaled approximately \$1,911,000. The balance due to these vendors at December 31, 2024, and included in accounts payable was approximately \$178,000.

**NOTE 14 – CONTRACTED SERVICES**

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

**NOTE 15 – DUE TO PRIVATE AND THIRD-PARTY PAYORS**

The Company has received funds from various private and third-party payors, which are presently being repaid or may have to be repaid upon audit.

**NOTE 16 – EMPLOYEE BENEFIT PLAN**

The Company implemented a qualified Salary-Reduction Profit-Sharing Plan for eligible non-union employees under section 401(K) of the Internal Revenue Code. The Plan provides for voluntary employee contributions through salary reductions and voluntary employer contributions at the discretion of the Company. No employer contributions were made during the year.

**NOTE 17 – CONTINGENCIES**

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

The Company maintains a self-insurance retention plan for its general liability insurance coverage. The plan runs from April 1, 2024 to March 31, 2025 and has been extended for another year. The plan has a \$250,000 deductible per case, which includes attorney fees and indemnity costs paid out. There is also a \$4,500,000 deductible on the aggregate, at which time the insurance provider covers the costs.

**COMPLETE CARE AT BEY LEA, LLC**  
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**NOTES TO FINANCIAL STATEMENTS**  
**AT DECEMBER 31, 2024**

**NOTE 17 – CONTINGENCIES (CONTINUED)**

The Company is currently involved in multiple lawsuits which could require a significant payout. The potential payout could range from \$170,000 to \$420,000. As of December 31, 2024, there was no accrual for these potential legal payouts.

The Company, along with another Company related through common ownership, maintains a high deductible health plan policy, which ran from June 1 through December 31, 2024. For the Plan period ended December 31, 2024, the Company was responsible to pay for claims up to \$250,000 per employee, respectively, with no aggregate deductibles. The Company is jointly and severally liable for its affiliated Company's insurance responsibility.

The Company has a corporate credit card with a maximum spending limit of \$125,300. At December 31, 2024, the balance due on the card and included in accounts payable was \$56,120.

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 Company cannot be determined at this time.