Lighthouse Clover LLC
d/b/a Clover Rest Home

Financial Statements

December 31, 2025

Fasten Halberstam

Independent Auditors' Report (i) – (iii)

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INDEPENDENT AUDITORS' REPORT

To the Members of
Lighthouse Clover LLC
d/b/a Clover Rest Home

Opinion

We have audited the accompanying financial statements of Lighthouse Clover LLC d/b/a Clover Rest Home (the Company), which comprise the balance sheet as of December 31, 2025, and the related statements of income, members' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our audit 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 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 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 available to be issued.

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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 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information shown on pages 14 and 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,

Fasten Halberstam LLP

Fasten Halberstam LLP
New York, New York
August 18, 2026

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LIGHTHOUSE CLOVER LLC
d/b/a CLOVER REST HOME
Balance Sheet
December 31, 2025

ASSETS		
Current assets		
Cash	$	389,985
Accounts receivable		2,426,969
Due from related party		2,250
Due from Realty		9,732
Total current assets		2,828,936
Fixed assets, net		476,779
Other assets		
Resident trust funds		8,586
Goodwill, net		1,472,500
Other noncurrent assets		70,182
Total other assets		1,551,268
Total assets	$	4,856,983
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$	223,351
Credit cards payable		110,833
Accrued payroll		94,617
Due to third parties		19,057
Mortgage payable, current portion		52,352
Total current liabilities		500,210
Long-term liabilities		
Resident trust funds		8,586
Mortgage payable, net		2,645,808
Total long-term liabilities		2,654,394
Members' equity		1,702,379
Total liabilities and members' equity	$	4,856,983

See Accompanying Notes and Auditors' Report

LIGHTHOUSE CLOVER LLC
d/b/a CLOVER REST HOME
Statements of Income and Members' Equity
For the Year Ended December 31, 2025

Operating revenues		
Resident service income	$	7,400,969
Grant revenue		399,250
Total operating revenues		7,800,219
Expenses		
Direct patient care		3,279,114
Other patient services		232,471
Dietary and housekeeping		735,851
Operations of facility		718,237
General and administrative		859,203
Total expenses		5,824,876
Income before other income (expenses)		1,975,343
Other income (expenses)		
Other income		204
Interest expense		(286,904)
Depreciation		(28,639)
Amortization		(310,000)
Total other income (expenses)		(625,339)
Net income		1,350,004
Members' equity - beginning		1,136,721
Members' contributions		370,728
Members' distributions		(1,155,074)
Members' equity - ending	$	1,702,379

See Accompanying Notes and Auditors' Report

LIGHTHOUSE CLOVER LLC
d/b/a CLOVER REST HOME
Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from operating activities		
Net income	$	1,350,004
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation		28,639
Amortization of debt issuance costs		6,051
Amortization of right-of-use asset - operating lease		256,363
Amortization of goodwill		310,000
Interest expense directly funded by members' contributions		277,658
Changes in operating assets and liabilities		
Accounts receivable		(1,118,690)
Other noncurrent assets		3,154
Accounts payable and accrued expenses		80,158
Credit cards payable		98,435
Accrued payroll		17,585
Operating lease liability		(261,939)
Resident trust funds		5,039
Net cash provided by operating activities		1,052,457
Cash flows from investing activities		
Net repayments from employees		2,250
Capital expenditures		(82,461)
Net cash used in investing activities		(80,211)
Cash flows from financing activities		
Repayments on loan payable		(102,764)
Members' contributions		50,000
Members' distributions		(1,082,999)
Net cash used in financing activities		(1,135,763)
Net decrease in cash, cash equivalents, and restricted cash		(163,517)
Cash, cash equivalents, and restricted cash at beginning of year		562,088
Cash, cash equivalents, and restricted cash at end of year	$	398,571
Supplemental disclosure of cash flow information		
Cash paid for interest	$	3,195
Supplemental schedule of non-cash financing activities		
Related party loan converted to members' distribution	$	72,075
Mortgage payments funded directly by members' contributions		43,070

See Accompanying Notes and Auditors' Report

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

Lighthouse Clover LLC d/b/a Clover Rest Home (the Company) was formed in April of 2020 under the laws of the State of New Jersey, for the purpose of operating a 33-bed skilled nursing facility known as Clover Rest Home in Columbia, New Jersey.

The Company leases the facility from Columbia Care Center Realty LLC (the Realty), a related party under common control. During 2026, the Realty executed a regulatory agreement with the U.S. Department of Housing and Urban Development (HUD) in order to obtain a certificate of insurance with respect to the mortgage under Section 232, pursuant to 223(f) of the National Housing Act. As such, the Company is subject to various HUD regulations and compliance requirements as well as HUD oversight. The Company and Realty have common management and control.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and reflect all significant receivables, payables and other assets and liabilities.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

The Company maintains cash and cash equivalents on deposit at financial institutions, which at times, may exceed the limits insured by the Federal Deposit Insurance Corporation. This exposes the Company to potential risk of loss in the event the financial institution becomes insolvent.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist primarily of amounts due from Medicare and Medicaid programs, other government programs, managed care health plans, and private payor sources, net of estimates for variable consideration. At each balance sheet date, the Company recognizes an expected allowance for credit losses if such an allowance is deemed necessary. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance for credit losses, if any, reflects the Company's estimate of credit losses inherent in the accounts receivable balance. The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company.

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 in the year of recovery. The total amount of write-offs was immaterial to the financial statements as a whole for the year ending December 31, 2025.

NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Fixed Assets

The Company capitalizes all expenditures for property, plant and equipment in excess of $5,000 at cost. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the remaining gain or loss is recognized in income from operations for the period. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized.

Depreciation of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements. Leasehold improvements associated with leases between entities under common control are depreciated over their useful life to the common control group, regardless of the lease term.

Depreciation of property and equipment is provided for by the straight-line method over the estimated useful lives of the related assets as follows:

Leasehold improvements	15 years
Furniture, fixtures and equipment	5 years

Resident Funds Held in Trust

Resident personal funds are maintained in a bank account separate from the Company's accounts. Interest earned on resident funds is credited to the residents' accounts.

Leases

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the balance sheet. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities if the implicit rate is not readily determinable. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of twelve months or less on the balance sheet. Lease expense on such leases is recognized on a straight-line basis over the lease term.

The Company also elected to account for non-lease components and the lease components to which they relate as a single lease component for all.

NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Goodwill

In connection with the acquisition of the skilled nursing facility operations in 2020, the Company classified the excess of the purchase price over the fair value of the assets acquired as goodwill. The Company has adopted Accounting Standards Update (ASU) 2014-02, which allows the amortization of goodwill on a straight-line basis over 10 years. Under this policy, goodwill is tested for impairment at the entity level when a triggering event occurs that indicates that the fair value of an entity may be below its carrying amount. The goodwill impairment amount, if any, represents the excess of the entity's carrying amount over its fair value.

Goodwill totaling $3,100,000 was stated net of accumulated amortization of $1,627,500 as of December 31, 2025. Amortization expense for the year ended December 31, 2025, was $310,000 and is expected to be $310,000 for each of the next four years and $232,500 in the fifth year.

Debt Issuance Costs

Costs related to obtaining financing are capitalized and amortized over the term of the related debt on a straight-line basis, which approximates the effective interest method. When a loan is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations. For the year ended December 31, 2025, the Company recorded amortization of debt issuance costs of $6,051, which is included in interest expense on the statement of income.

Revenue Recognition

The Company's revenue is derived primarily from providing healthcare services to its residents. Revenues are recognized when services are provided to the residents at the amount that reflects the consideration to which the Company expects to be entitled from residents and third-party payors, including Medicaid, Medicare and insurers, in exchange for providing resident care. The healthcare services in skilled resident 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, resident 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 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 the Company's estimates, the Company adjusts these estimates, which would affect net service revenue in the period such variances become known.

NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Settlements with Medicare and Medicaid payors for retroactive adjustments due to audits and reviews are considered variable consideration and are included in the determination of the estimated transaction price. 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. Consistent with healthcare industry practices, any changes to these revenue estimates are recorded in the period the change or adjustment becomes known based on final settlement. The Company recorded adjustments to revenue, which were not material for the year ended December 31, 2025.

As the Company's contracts with its residents have an original duration of one year or less, the Company uses the practical expedient applicable to its contracts and does not consider the time value of money. Further, because of the short duration of these contracts, the Company has not disclosed the transaction price for the remaining performance obligations as of the end of each reporting period or when the Company expects to recognize this revenue. In addition, the Company has applied the practical expedient provided by Accounting Standards Codification (ASC) 340, Other Assets and Deferred Costs, and, accordingly, all incremental customer contract acquisition costs are expensed as they are incurred because the amortization period would have been one year or less.

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising expenses amounted to $1,548 for the year ended December 31, 2025.

Income Tax Status

Pursuant to Section 701 of the Internal Revenue Code (IRC), the Company is treated as a partnership for federal and state income tax purposes with all income tax liabilities and/or benefits passed through to the members. As such, no recognition of federal or state income taxes has been provided for in the accompanying financial statements. Provisions have been made for applicable local income taxes, as applicable. An uncertain tax position taken by a member is not an uncertain tax position of the Company.

A tax position must meet a minimum probability threshold before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

Accounting Alternative for Entities under Common Control

Per ASU 2018-17, private companies in arrangements where: (a) the company and a legal entity are under common control, (b) the company and the legal entity are not under common control of a public business entity, (c) the legal entity is not a public business entity, and (d) the company does not directly or indirectly hold a controlling financial interest in the legal entity, can make an election to apply an accounting alternative whereby the legal entity need not be consolidated nor evaluated under the guidance of the Variable Interest Entities Subsections of ASC Subtopic 810-10. The Company has elected this accounting alternative and applies this policy to all legal entities meeting these criteria. See Notes 5, 7, and 8 for further

NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

information regarding the Company's involvement with legal entities under common control.

Use of Estimates

The preparation of the 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.

Subsequent Events

The Company has evaluated subsequent events through August 18, 2026, the date these financial statements were available to be issued.

2. CASH FLOW RECONCILIATION:

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same amounts shown in the statement of cash flows.

		Amount
Cash	$	389,985
Resident trust funds		8,586
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$	398,571

3. REVENUE AND ACCOUNTS RECEIVABLE:

Revenue

The Company disaggregates revenue from contracts with its residents by payor categories. The Company has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, Medicare, Medicaid, private and other payors) have different reimbursement and payment methodologies
- Length of the resident's service or episode of care
- Method of reimbursement (fee for service or capitation)

Resident service income for the year ended December 31, 2025, is summarized in the following table:

		Amount
Medicare	$	4,750,855
Medicaid		633,926
Private and other payors		2,016,188
Total resident service income	$	7,400,969

For the year ended December 31, 2025, substantially all of the Company's revenue related to goods and services that transfer to the customer over time.

REVENUE AND ACCOUNTS RECEIVABLE (continued):

Accounts Receivable

As of January 1, 2025, the Company's accounts receivable balance was $1,308,279. Accounts receivable as of December 31, 2025, is summarized in the following table:

		Amount
Medicare	$	498,582
Medicaid		1,163,292
Private and other payors		765,095
Total accounts receivable	$	2,426,969

The Company considers the full amount of receivables to be collectible and has not established an allowance for credit losses.

4. FIXED ASSETS: Fixed assets as of December 31, 2025, consist of the following:

		Amount
Leasehold improvements	$	455,900
Furniture, fixtures, and equipment		115,153
		571,053
Less: accumulated depreciation		(94,274)
Fixed assets, net	$	476,779

The Company's leasehold improvements are associated with the related party lease arrangement described in Note 7. As of December 31, 2025, the leasehold improvements had a remaining undepreciated balance of $440,703 and remaining useful lives to the common control group of 14 years.

5. MORTGAGE PAYABLE: In September of 2020, the Company, together with the Realty, took out a U.S. Small Business Administration (SBA) guaranteed mortgage on the Clover Rest Home property in the amount of $3,735,000, of which $2,988,000, representing 80% of the balance, was allocated to the Company. The Company and the Realty are jointly and severally liable for the full amount of the mortgage indebtedness. The mortgage bears interest at a variable rate per annum equal to the sum of the Prime Rate and 2.25%. The interest rate resets every calendar year beginning on October 1, 2020. The mortgage note matures in September of 2045, at which point all outstanding principal and interest are due. As of December 31, 2025, the remaining mortgage balance was $3,455,013, of which $2,764,659 is allocated to the Company. Mortgage payable is presented on the balance sheet net of unamortized debt issuance costs of $66,499 as of December 31, 2025.

MORTGAGE PAYABLE (continued):

As of December 31, 2025, principal payments due from the Company for the next five years and thereafter are as follows:

Year		Amount
2026	$	52,352
2027		54,116
2028		58,873
2029		65,638
2030		72,331
Thereafter		2,461,349
Total	$	2,764,659

In June of 2026, the Realty refinanced the existing mortgage shared by the Company with a $4,839,300 HUD-insured mortgage from VIUM Capital Mortgage, LLC under Section 232 of the National Housing Act. The new HUD-insured mortgage is solely under the Realty. The mortgage is payable in monthly installments of $27,269, including principal and interest at 5.9% per annum, until maturity in July of 2061. In addition, monthly escrow deposits for taxes, insurance, and replacement reserve are required. Substantially all of the Realty's fixed assets are pledged as collateral on the mortgage, as well as all assets of the Company.

6. LOAN PAYABLE: In October of 2020, the Company received an SBA guaranteed loan in the amount of $150,000. The loan bore interest at a variable rate per annum equal to the sum of the Prime Rate and 2.75%. The interest rate reset every calendar quarter beginning on January 1, 2021. The loan was set to mature in October of 2030, at which point all outstanding principal and interest would have been due. In March of 2025, the loan was repaid in full.

7. LEASE: In April of 2020, the Company entered into an operating lease with the Realty for its Columbia, New Jersey premises under the terms of an operating lease commencing on October 1, 2020, and expiring on October 31, of 2025. The lease called for monthly rental payments of $24,750, increasing by 1.5% each year, beginning on the year following the first year of the lease. Variable lease payments under this lease include property taxes, insurance premiums, maintenance and repair costs, reserves, and any other costs or obligations related to the premises.

Following the expiration of the lease agreement, the lease continued on a short-term, month-to-month basis while the Company negotiated a new lease.

LEASE (continued): The lease cost and other required information for the year ended December 31, 2025, are as follows:

Lease expense		
Operating lease expense	$	257,505
Short-term lease expense		64,553
Variable lease expense		115,681
Total lease expense	$	437,739
Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$	263,081

Subsequent to year-end, the Company entered into a new lease with the Realty, commencing in June of 2026 and expiring in July of 2061. The new lease calls for monthly rental payments of $34,187 and 1.05 times the sum of the Realty's reserve for replacement deposits, mortgage insurance premiums, property taxes, and insurance.

8. RELATED-PARTY TRANSACTIONS: As of December 31, 2025, the Company has a balance of $9,732 due from the Realty. The balance primarily represents reimbursements for employee sick pay liabilities. The amounts are unsecured, non-interest-bearing, and due on demand.

The Company paid management fees to Clinical Edge LLC, a related management company owned by a member of the Company. Total management fees for the year ended December 31, 2025, were $205,000 and are included in general and administrative expenses on the statement of income.

From time to time, the Companies advance to and borrow from related entities with common ownership. In addition, the Companies and their related entities temporarily cover the costs of shared expenses on behalf of each other during the normal course of operations. Such loans are unsecured, due on demand and interest-free. The loans are presented as due from related parties on the balance sheet.

9. GRANT REVENUE: During the year ended December 31, 2025, the Company received and recognized $399,250 of Employee Retention Credit ("ERC") grant income. The ERC grant income was recognized when the Company determined that the applicable eligibility requirements had been met and receipt of the credit was reasonably assured.

10. COMMITMENTS AND CONTINGENCIES: <u>HIPAA</u>
The Health Insurance Portability and Accountability Act of 1996 (HIPAA) was enacted to assure health insurance portability, reduce healthcare fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. In an effort to strengthen the privacy and

COMMITMENTS AND CONTINGENCIES (continued):

security protections for health information established under HIPAA, the Health Information Technology for Economic and Clinical Health Act (HITECH) was enacted. HITECH imposes notification requirements in the event of certain security breaches relating to protected health information, increases the potential legal liability for non-compliance, and provides for additional enforcement. Organizations are subject to significant fines and penalties if found to be noncompliant with the provisions outlined in the regulations.

The Company has policies, procedures, and training in place to safeguard protected information, but incidents may occur in the future involving potential or actual disclosure of such information (including for example, certain identifiable information relating to residents). Governmental agencies have the authority to investigate and request further information about an incident or safeguards, to cite the Company for a deficiency or regulatory violation, and/or require payment of fines, corrective action, or both. Management does not believe that any future consequences of such incidents will be material to the financial statements.

Legislation

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as to regulatory actions unknown or unasserted at this time. Government activity with respect to investigations and allegations concerning possible violations of regulations by healthcare providers could result in the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. The Company is subject to similar regulatory reviews, and while such reviews may result in repayments and/or civil remedies that could have a material effect on its financial results of operations in a given period, management believes that such repayments and/or civil remedies would not have a material effect on its financial position.

Litigation

From time to time, the Company is involved in general liability litigations arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

11. EMPLOYEE BENEFIT PLAN:

The Company maintains a qualified defined contribution plan under Section 401(k) of the IRC for eligible employees. The plan provides for voluntary employee contributions through salary deferrals. The Company does not make matching or other employer contributions to the plan.

12. NURSING FACILITY PROVIDER ASSESSMENT:

The Company is subject to New Jersey's Nursing Facility Provider Assessment (NFPA), a mandatory assessment imposed on licensed nursing facilities based on non-Medicare patient days. For 2025, the State of New Jersey established the NFPA rate at $14.67 per non-Medicare patient day. The assessment is recorded as an operating expense in the period incurred.

13. CONCENTRATIONS: The Company has significant accounts receivable balances, the collectibility of which is dependent on the availability of funds from certain governmental programs, primarily Medicare and Medicaid. The Company does not believe there are significant credit risks associated with these governmental programs. The Company's receivables from Medicare and Medicaid payor programs accounted for approximately 68% of its accounts receivable as of December 31, 2025. Revenue from reimbursement under the Medicare and Medicaid programs accounted for approximately 73% of the Company's resident service income for the year ended December 31, 2025.

The Company's operations are concentrated in the long-term care industry, which is a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

The Company purchased a significant portion of its supplies and services from two vendors. Such purchases accounted for approximately 25% of total purchases for the year ended December 31, 2025.

Direct patient care		
Salaries and wages	$	2,090,676
Payroll taxes		195,797
Employee benefits		153,962
Medical supplies and equipment		93,714
Pharmacy		370,144
Contracted services		231,484
Ancillary services		143,337
Total direct patient care	$	3,279,114
Other patient services		
Salaries and wages	$	181,325
Payroll taxes		16,981
Employee benefits		13,354
Supplies and equipment		20,811
Total other patient services	$	232,471
Dietary and housekeeping		
Salaries and wages	$	198,641
Payroll taxes		18,603
Employee benefits		14,629
Contracted services		316,607
Food supplies and equipment		141,159
Housekeeping supplies and equipment		46,212
Total dietary and housekeeping	$	735,851
Operations of facility		
Salaries and wages	$	79,026
Payroll taxes		7,401
Employee benefits		5,819
Maintenance supplies and equipment		63,548
Contracted services		38,467
Lease		437,739
Rubbish removal		10,115
Utilities		76,122
Total operations of facility	$	718,237

General and administrative		
Salaries and wages	$	182,829
Payroll taxes		17,122
Employee benefits		13,463
Advertising		1,548
Bank charges		3,677
Insurance		81,507
License, permits and fees		34,620
Management fees		205,000
New Jersey nursing facility provider assessment		43,878
Office supplies and equipment		36,887
Professional fees		126,293
Transportation		17,771
Purchased services		47,161
Travel		45,411
Training and seminars		2,036
Total general and administrative	$	859,203