MARTIN FRIEDMAN CPA PC
CERTIFIED PUBLIC ACCOUNTANTS

FAMILY OF CARING HEALTHCARE AT RIDGEWOOD, LLC

Financial Statements

Year Ended December 31, 2025

Family of Caring Healthcare At Ridgewood, LLC

Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members,
Family of Caring Healthcare At Ridgewood, LLC:

Opinion

We have audited the accompanying financial statements of Family of Caring Healthcare At Ridgewood, LLC, which comprise the balance sheet as of December 31, 2025, and the related statement of operations, 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 Family of Caring Healthcare At Ridgewood, LLC 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Family of Caring Healthcare At Ridgewood, 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 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 Family of Caring Healthcare At Ridgewood, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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.

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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 Family of Caring Healthcare At Ridgewood, 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 Family of Caring Healthcare At Ridgewood, 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.

Martin Friedman CPA, PC

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Certified Public Accountants

Brooklyn, NY

June 5, 2026

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Family of Caring Healthcare At Ridgewood, LLC
Balance Sheet
December 31, 2025

Assets			
Cash	$ 238,264		
Accounts Receivable	2,473,493		
(Net of Allowance for Credit Losses of $544,119)			
Prepaid Expenses	50,895		
Loans Receivable - Related Parties	6,585,774		
Total Current Assets		$	9,348,426
Leasehold Improvements	4,397,584		
Furniture & Equipment	576,930		
	4,974,514		
Less: Accum. Depreciation & Amortization	1,034,124		
Total Fixed Assets			3,940,390
Right-of-Use Asset	12,907,770		
Goodwill (Net)	29,579		
Patients' Trust Fund	16,882		
Total Other Assets			12,954,231
Total Assets		**$**	**26,243,047**
Liabilities and Equity			
Notes & Loans Payable	$ 997,500		
Accounts Payable	619,253		
Lease Liabilities	1,554,826		
Accrued Payroll	562,492		
Exchanges	88,457		
Patients' Security Deposits	70,500		
Total Current Liabilities		$	3,893,028
Lease Liabilities	11,352,944		
Patients' Trust Fund Payable	26,625		
Total Long Term Liabilities			11,379,569
Members' Equity			10,970,450
Total Liabilities & Members' Equity		**$**	**26,243,047**

See accompanying notes to the financial statements.

Family of Caring Healthcare At Ridgewood, LLC
Statement of Operations
For the year ended December 31, 2025

Total Revenue From Patients		$ 20,277,849
Operating Expenses:		
Payroll	$ 9,080,698	
Employee Benefits	1,492,489	
Professional Care	1,888,506	
Dietary & Housekeeping	512,200	
Plant & Maintenance	4,474,998	
General & Administrative	2,252,869	
Total Operating Expenses		19,701,760
Income From Operations		576,089
Other Income		156,101
Income Before Taxes		732,190
Less: Pass-Through Entity Taxes		31,000
Net Income		**$ 701,190**

See accompanying notes to the financial statements.

Family of Caring Healthcare At Ridgewood, LLC
Statement of Members' Equity
For the year ended December 31, 2025

Members' Equity:	
Balance as of Beginning of Period	$ 10,269,260
Net Income for the Period	701,190
Total Members' Equity - End of Period	**$ 10,970,450**

See accompanying notes to the financial statements.

Family of Caring Healthcare At Ridgewood, LLC
Statement of Cash Flows
For the year ended December 31, 2025

Cash Flows From Operating Activities:		
Net Income		$ 701,190
Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation & Amortization		254,533
Allowance for Credit Losses		(145,301)
(Increase) Decrease In:		
Accounts Receivable	$ 570,830	
Prepaid Expenses	4,213	
Increase (Decrease) In:		
Accounts Payable	(634,741)	
Accrued Payroll & Withholding Taxes	45,553	
Accrued Expenses & Taxes	(84,219)	
Due to Third Party Payors	(6,221)	
Patients' Security Deposits	56,716	
Exchanges	23,728	
Total Adjustments		(24,141)
Net Cash Provided By Operating Activities		786,281
Cash Flows From Investing Activities:		
Loans Receivable - Related Parties	(665,601)	
Capital Expenditures	(50,997)	
Other Assets	(198,180)	
Net Cash Used In Investing Activities		(914,778)
Cash Flows From Financing Activities:		
Other Liabilities	15,364	
Loans Payable - Related Parties	(44,000)	
Net Cash Used In Financing Activities		(28,636)
Net Change In Cash		(157,133)
Cash - Beginning of Period		395,397
Cash - End of Period		**$ 238,264**
Supplemental Disclosures:		
Interest Paid		$ 70,037

See accompanying notes to the financial statements.

Family of Caring Healthcare at Ridgewood, LLC
Notes to Financial Statements

1) **Organization**:

Family of Caring Healthcare at Ridgewood, LLC ("Ridgewood Facility") operates a 98-bed long-term care facility located in Ridgewood, New Jersey.

2) **Summary of Significant Accounting Policies**:

The accounting policies that affect the significant elements of the financial statements are summarized below.

Method of Accounting –

The Facility maintains its books and prepares its financial statements based on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Cash -

For purposes of the statement of cash flow, the Facility considers time deposits, certificates of deposits, and all highly liquid investments, with maturity of three months or less, to be cash. The Facility maintains cash balances at financial institutions, which periodically exceed the Federal Deposit Insurance Corporation limit during the year.

Property & Equipment -

Property and equipment, including items acquired under capital leases are recorded at cost of acquisition. Fully depreciated assets are written off against accumulated depreciation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Resident Funds -

The Facility, as trustee, holds resident funds in escrow accounts. These funds are expended at the direction of the residents for personal items.

Patient Care Revenue Recognition -

Revenue for services provided to residents is recognized at the amount the Facility expects to receive in exchange for providing care to the residents. This revenue includes amounts due from residents, third-party payors (such as health insurers and government programs), and incorporates variable considerations for potential retroactive adjustments resulting from audits and reviews. Typically, the Facility bills residents and third-party payors a few days after services are provided or when the resident no longer requires care. Revenue is recognized as performance obligations are fulfilled.

Performance obligations are identified based on the nature of the services provided. For obligations satisfied over time, revenue is recognized based on the percentage of completion method, i.e., actual charges incurred relative to the total expected charges. This approach is believed to accurately reflect the transfer of services throughout the performance obligation period, particularly for residents receiving post-acute care services in the Facility.

2) **Summary of Significant Accounting Policies (Continued)**:

Patient Care Revenue Recognition (Continued) -

Revenue for performance obligations fulfilled at a specific point in time is generally recognized when goods are provided to residents in a retail setting (e.g., personal care services and additional meals not included in the resident contract) and when no further goods or services are required.

The transaction price is determined based on standard charges for services rendered, adjusted for contractual allowances given to third-party payors, discounts for uninsured residents per the Facility's charity care policy, and implicit price concessions for uninsured residents. Estimates for contractual adjustments and discounts are based on contractual agreements, Facility policies, and historical data. Implicit price concessions are estimated from historical collection experiences with each group of residents.

Revenues are recorded based on current billings of the estimated net realizable amounts from patients, third-party payors and others for services rendered. Settlements for retroactive adjustments due to audits or investigations are considered variable considerations and are included in the transaction price estimation for resident services. These settlements are estimated based on agreements with payors, relevant correspondence, and historical settlement activities. Adjustments are made in subsequent periods as new information becomes available or when cases are settled. Such adjustments, if any, will be reflected in revenues in the period in which they are received.

Changes to transaction price estimates are recorded as adjustments to resident service revenue in the period of change. Adverse changes in residents' ability to pay, as well as any estimates of future adverse changes, are recorded as credit loss expense and included in general and administrative expenses.

Agreements with major third-party payors typically stipulate payments at amounts lower than established charges. A summary of the payment arrangements with key payors includes:

- **Medicare:** Certain in-resident post-acute care services are reimbursed at predetermined rates per service, influenced by clinical and diagnostic factors. Other services are reimbursed based on cost-reimbursement methodologies, with physician services paid according to established fee schedules. Medicare revenue primarily consists of fixed regional rates adjusted for patient acuity, subject to audit verification.

- **Medicaid:** Under the current statewide pricing methodology, Medicaid revenue is based on the rate in effect as of July 1, 2014. The State has made statewide adjustments in some years, but the rates are not subject to audit.

  In January 2014, New Jersey implemented a managed care Medicaid formula, requiring Medicaid patients to enroll in managed long-term care plans. The State's executive budget mandates that managed care companies pay rates no less than the current Medicaid methodology, with New Jersey Department of Health calculating these rates annually.

- **Other:** Payment agreements with various commercial insurance carriers, health maintenance organizations, and preferred provider organizations typically provide for payment based on predetermined rates per service, discounts from standard charges, and daily rates.

2) **Summary of Significant Accounting Policies (Continued)**:

Patient Care Revenue Recognition (Continued) -

Residents covered by third-party payors are generally responsible for deductibles and coinsurance, which can vary. The Facility also serves uninsured residents and offers discounts as required by policy or law. Estimates of transaction prices for these residents are based on historical data and market conditions. Revenue from resident's deductibles and coinsurance are included in the preceding categories based on the primary payor.

Compliance with government regulations, particularly concerning Medicare and Medicaid, is complex and can be subject to interpretation. Facilities may receive requests for information and notices of alleged noncompliance, leading to potential settlement agreements. Future regulatory reviews may result in fines, penalties, and/or exclusion from programs. The Facility believes they are currently in compliance with all applicable laws and regulations.

Compensated Absences -

The Facility recognizes a liability for compensated absences when the employees have earned the rights to the leave through their service, the leave is expected to be used in the future, and the amount can be reasonably estimated. Compensated absences include accrued vacation and sick leave as well as personal time off. The liability is calculated based on the employee's current pay rate and number of remaining unused days. As of December 31, 2025, the liability for compensated absences amounted to $99,263, which is included in the total accrued payroll liability of $562,492.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles 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 are expensed as incurred and included in general and administrative expenses. Advertising expense amounted to $36,432 for the year ended December 31, 2025.

Income Taxes -

The members of the Facility are taxed as a partnership. Accordingly, any resulting tax liabilities or tax benefits resulting from operations are those of the individual members.

3) **Accounts Receivable and Allowance for Credit Losses:**

The Facility grants credit, without collateral, to its patients, the majority of whom are insured under third-party payor agreements. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The amount of receivables from patients and third-party payors at December 31, 2025 was as follows:

Accounts Receivable		
Medicaid Patients	$	503,668
Medicare Patients		1,418,872
HMO Patients		813,725
Private Patients		281,347
Less: Allowance for Credit Losses		(544,119)
Total	**$**	**2,473,493**

Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the current expected credit loss (CECL) model. Credit losses that are expected to occur in the future are recognized at the time the receivable is recorded. The Facility uses a pooled approach to group together receivables with similar risk characteristics into portfolios categorized by major payor class. Estimated credit losses are calculated based on historical loss data for each portfolio as well as current and forecasted economic conditions. Management periodically reviews the allowance to ensure it accurately reflects the expected credit losses. Any adjustments that are needed are recognized currently as credit loss expense. 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 accounts receivable.

Allowance for Credit Losses		
Balance, January 1, 2025	$	689,420
Provision for expected credit losses		(145,301)
Write-offs charged against the allowance		-
Credit Loss Recoveries		-
Balance December 31, 2025	**$**	**544,119**

4) **Intangible Assets**:

The following is a schedule of the Facility's intangible assets.

	Gross Carrying Amount	Accumulated Amortization	Estimated Useful Life
Goodwill	$98,486	$68,907	10 Years

5) **Property & Equipment:**

Property and equipment are summarized as follows:

	Life (Years)	
Leasehold Improvements	10	4,397,584
Furniture & Equipment	5-7	576,930
		4,974,514
Less: Accumulated Depreciation		1,034,124
Total Property & Equipment		$ 3,940,390

Depreciation for property and equipment was $254,533 for the year ended December 31, 2025.

6) **Right-of-Use Asset/Lease Liability:**

The Facility's operating lease right-of-use assets and lease liabilities were for a building lease.

The Facility recognizes lease expense for operating leases on a straight-line basis over the lease term. The Ridgewood lease expense for 2025 was $3,600,000.

The Facility determines the present value of the remaining lease payments using the US Treasury risk-free rate at the time of adoption of the Standard, which was 2.01%. The Facilities do not have any variable lease payments, residual value guarantees, or material lease incentives.

The Facility has not recognized any material impairments of its operating lease right-of-use asset as of December 31, 2025. As of December 31, 2025, the operating lease liability and corresponding asset for Ridgewood was $12,907,770 of which $1,554,826 of the liability was considered short term.

The Facility's future minimum lease payments for the next five years, as of December 31, 2025, were as follows:

2026	$ 1,800,000
2027	1,800,000
2028	1,800,000
2029	1,800,000
2030	1,800,000
For the Years Thereafter	4,950,000

The future minimum lease payments include only the remaining non-cancelable lease payments under the operating leases with a term of more than 12 months as of December 31, 2025.

7) **Line of credit:**

During 2018, Ridgewood facility and Montclair entered into a $2,000,000 line of credit (the "line") agreement with a financial institution. In 2024, the line of credit was split and Ridgewood's line of credit is $1,000,000. The line expires November 1, 2046. The line is guaranteed by a member of the Facilities and collateralized by all assets of the Facilities. The line is subject to certain covenants.

As of December 31, 2025, the balance outstanding on the line was $997,500.

8) **Related Party Transactions**:

The Facility has various loans receivables to and from related parties. There is no interest on these loans and no repayment terms. The receivables amount was $6,585,774 as of December 31, 2025.

9) **Nursing Home User Fee:**

All New Jersey facilities were assessed a Provider Assessment Tax at a rate of $14.67 for each private and Medicaid patient day. Concurrently with the tax assessment, the State prospectively calculated a revenue add-on to the Medicaid rate.

10) **Subsequent Events:**

The Facility has evaluated subsequent events through June 5, 2026, the date that the financial statements were available to be issued. No significant subsequent events have been identified by management.

MARTIN FRIEDMAN CPA PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Members,
Family of Caring Healthcare At Ridgewood, LLC:

Our report on our audit of the basic financial statements of Family of Caring Healthcare At Ridgewood, LLC for 2025 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 14 through 16 is presented for purposes of additional analysis and is not a required part of the basic 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 basic 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 basic financial statements taken as a whole.

Martin Friedman CPA, PC

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June 5, 2026

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Family of Caring Healthcare At Ridgewood, LLC
Supplementary Schedules
For the year ended December 31, 2025

Revenue From Patients:		
Private & HMO	$ 4,962,089	
Medicaid	2,247,466	
Medicare	13,068,294	
Total Revenue From Patients		$ 20,277,849
Other Income:		
Interest	274	
Rental	13,830	
Private Duty Nurses	69,182	
Other	72,815	
Total Other Income		156,101
Total Revenue		**$ 20,433,950**

Family of Caring Healthcare At Ridgewood, LLC
Supplementary Schedules
For the year ended December 31, 2025

Payroll:

Administrative & Office	$ 719,984	
Nursing	5,160,516	
Therapies	1,555,665	
Social Services	311,749	
Recreation	259,796	
Dietary	571,205	
Housekeeping	277,518	
Laundry	29,716	
Maintenance	194,549	
Total Payroll		**$ 9,080,698**

Employee Benefits:

Payroll Taxes	795,721	
Workmen's Compensation	298,414	
Non-Union Pension	26,181	
Employee Benefits	362,546	
Uniform & Transp. Allowance	9,627	
Total Employee Benefits		**1,492,489**

Professional Care:

Prescription Drugs	426,308	
Medical Supplies	470,029	
Contracted Nursing Service	555,332	
Fees & Expenses	436,837	
Total Professional Care		**1,888,506**

Family of Caring Healthcare At Ridgewood, LLC
Supplementary Schedules
For the year ended December 31, 2025

Dietary & Housekeeping:

Food	$ 300,406	
Other Dietary Expenses	60,699	
Housekeeping	53,486	
Contracted Dietary Services	6,163	
Contracted Housekeeping Services	91,446	
Total Dietary & Housekeeping		**$ 512,200**

Plant & Maintenance:

Rent	3,600,000	
Mortgage Interest	70,037	
Equipment Rentals	16,801	
Real Estate Tax	242,751	
Light, Heat & Power	149,473	
Maintenance	92,667	
Contracted Maintenance Services	21,095	
Security	10,841	
Water & Sewer Charges	16,800	
Depreciation & Amortization	254,533	
Total Plant & Maintenance		**4,474,998**

General & Administrative:

Office	149,982	
Contracted Admin. Services	1,032,000	
Computer Services	109,090	
Telephone	15,319	
Auto & Travel	4,683	
Professional Fees	151,682	
Insurance	186,570	
Nursing Home User Fee	192,309	
Advertising	36,432	
Credit Losses	276,000	
Miscellaneous	98,802	
Total General & Administrative		**2,252,869**