MARTIN FRIEDMAN CPA PC
CERTIFIED PUBLIC ACCOUNTANTS

FAMILY OF CARING HEALTHCARE AT TENAFLY, LLC

Financial Statements

Year Ended December 31, 2025

Family of Caring Healthcare at Tenafly, LLC

Year Ended December 31, 2025

TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS:	
Balance Sheet	3
Statement of Operations	4
Statement of Members' Equity	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11
INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION	12
SUPPLEMENTARY SCHEDULES:	
Revenue	13
Operating Expenses	14 - 15

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INDEPENDENT AUDITOR'S REPORT

To the Members,
Family of Caring Healthcare at Tenafly, LLC:

Opinion

We have audited the accompanying financial statements of Family of Caring Healthcare at Tenafly, 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 Tenafly, 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 Tenafly, 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 Tenafly, 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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Independent Auditor's Report Continued

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 Tenafly, 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 Tenafly, 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

MARTIN FRIEDMAN, C.P.A. P.C.
Certified Public Accountants

Brooklyn, NY

June 5, 2026

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Family of Caring Healthcare at Tenafly, LLC
Balance Sheet
December 31, 2025

Assets		
Cash	$ 82,459	
Accounts Receivable	1,096,653	
(Net of Allowance for Credit Losses of $434,422)		
Prepaid Expenses	53,720	
Escrow Deposits	1,000	
Total Current Assets		$ 1,233,832
Leasehold Improvements	2,587,931	
Furniture & Equipment	700,620	
	3,288,551	
Less: Accum. Depreciation & Amortization	581,069	
Total Fixed Assets		2,707,482
Right-of-Use Asset	19,916,314	
Replacement Reserve	159,926	
Patients' Trust Fund	18,683	
Total Other Assets		20,094,923
Total Assets		**$ 24,036,237**
Liabilities and Equity		
Notes & Loans Payable	$ 7,633	
Accounts Payable	507,400	
Lease Liabilities	531,561	
Accrued Payroll	203,398	
Accrued Expenses & Taxes	19,475	
Exchanges	96,058	
Due To Third Party Payors	2,049	
Loans Payable - Related Parties	776,828	
Patients' Security Deposits	13,470	
Total Current Liabilities		$ 2,157,872
Notes & Loans Payable	772,000	
Lease Liabilities	19,384,752	
Patients' Trust Fund Payable	18,683	
Total Long Term Liabilities		20,175,435
Members' Equity		1,702,930
Total Liabilities & Members' Equity		**$ 24,036,237**

See accompanying notes to the financial statements.

Family of Caring Healthcare at Tenafly, LLC
Statement of Operations
For the year ended December 31, 2025

Total Revenue From Patients		$ 10,935,923
Operating Expenses:		
Payroll	$ 5,308,140	
Employee Benefits	868,781	
Professional Care	754,576	
Dietary & Housekeeping	672,076	
Plant & Maintenance	1,451,767	
General & Administrative	1,782,341	
Total Operating Expenses		10,837,681
Income From Operations		98,242
Other Income		5,195
Income Before Taxes		103,437
Pass-Through Entity Taxes Refund		21,961
Net Income		**$ 125,398**

See accompanying notes to the financial statements.

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

Members' Equity:		
Balance as of Beginning of Period	$	1,577,532
Net Income for the Period		125,398
Total Members' Equity - End of Period	**$**	**1,702,930**

See accompanying notes to the financial statements.

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

Cash Flows From Operating Activities:		
Net Income		$ 125,398
Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation & Amortization		200,042
Amortization of Debt Issuance Costs		650
Allowance for Credit Losses		22,041
(Increase) Decrease In:		
Accounts Receivable	$ (425,929)	
Prepaid Expenses	(980)	
Increase (Decrease) In:		
Accounts Payable	28,970	
Accrued Payroll & Withholding Taxes	3,422	
Accrued Expenses & Taxes	(3,750)	
Patients' Security Deposits	1,800	
Exchanges	76,652	
Due to Prior Owner	(14,056)	
Total Adjustments		(333,871)
Net Cash Provided By Operating Activities		14,260
Cash Flows From Investing Activities:		
Loans Receivable - Related Parties	307,444	
Capital Expenditures	(57,111)	
Other Assets	(35,067)	
Net Cash Provided By Investing Activities		215,266
Cash Flows From Financing Activities:		
Decrease In Short-Term Debt	(185,753)	
Decrease In Long-Term Debt	(58,000)	
Other Liabilities	11,012	
Net Cash Used In Financing Activities		(232,741)
Net Change In Cash		(3,215)
Cash - Beginning of Period		85,674
Cash - End of Period		**$ 82,459**
Supplemental Disclosures:		
Interest Paid		$ 63,510

See accompanying notes to the financial statements.

Family of Caring Healthcare at Tenafly, LLC
Notes to the Financial Statements

1) Organization:

Family of Caring Healthcare at Tenafly, LLC (the "Facility"), a limited liability company, is licensed by the New Jersey State Department of Health to run and operate a 69 bed long-term care facility, located in Tenafly, New Jersey. The Facility began operations on August 1, 2019.

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 flows, 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 may periodically exceed the Federal Deposit Insurance Corporation limit during the year.

Property and 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 assets.

Intangible Assets –

Intangible assets subject to amortization are shown net of accumulated amortization based upon their estimated useful lives. Intangible assets with indefinite useful lives are not amortized. They are tested, at a minimum, annually for impairment and adjusted accordingly. After assessing qualitative factors, management's opinion is that there has been no impairment to the recorded value.

Compensated Absences –

The Facility recognizes a liability for compensated absences when the employees have earned the right 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 $41,591, which is included in the total accrued payroll liability of $203,398.

Patient Care Revenue –

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.

Summary of Significant Accounting Policies (cont.):

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.

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.

Summary of Significant Accounting Policies (cont.):

- **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.

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.

Use of Estimates –

The preparation of the 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 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 $15,604 for the year ended December 31, 2025.

Income Taxes –

The Facility is treated as a partnership for income tax purposes, and as such each member is taxed separately on his distributive share of the entity's income whether or not that income is actually distributed.

Uncertainty in Income Taxes –

Management has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ended December 31, 2022 and subsequent remain subject to examination by applicable taxing authorities.

3) Accounts Receivable:

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 was as follows:

Accounts Receivable (cont.):

Accounts Receivable as of December 31, 2025		
Medicaid Patients	$	515,049
Medicare Patients		339,987
HMO Patients		352,979
Private Patients		323,060
Less: Allowance for Credit Losses		(434,422)
Total	**$**	**1,096,653**

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	$	412,381
Provision for expected credit losses		412,000
Write-offs charged against the allowance		(389,959)
Balance December 31, 2025	**$**	**434,422**

4) Notes Payable:

The Facility has an open line of credit with Valley Bank. The Line of Credit ("LOC") is an accounts receivable (AR) Line of Credit which the Facility draws on as needed. The allowable amount to be drawn on this LOC is 80% of eligible AR outstanding, up to $1,500,000. If eligible AR decreases, the Facility is required to make principal payments such that the outstanding balance does not exceed 80% of eligible AR. At year end there was a balance of $772,000 with an interest rate of 8.500%, which is classified as long-term as there is no current repayment obligation.

Additionally, the Facility has an outstanding note payable to Signature Financing to finance past construction costs. The original amount of the loan was $748,964, borrowed December 2021. The term of the loan is four years with an interest rate of 5.121%. At year end there was a balance of $7,633 and is classified as short-term.

5) Related Party Transactions:

The Facility has various non-interest bearing loans, with no terms for repayment, to and from related entities. The balance as of December 31, 2025 was $776,828.

The Facility pays management fees to Chestnut Ridge Healthcare, LLC which has common ownership with the Facility. Fees paid for year ended December 31, 2025 were $540,000.

6) Nursing Home User Fee:

All New Jersey facilities are currently assessed a provider tax assessment. During 2025 the rate was $14.67 for each Private and Medicaid patient day. The nursing home user fee for the year ended December 31, 2025 was $230,880.

7) Union:

Some of the Facility's employees are members of 1199 SEIU United Healthcare Workers East. All the eligible employees are covered by a contract regarding wages and benefits, entered into by the Union and the Facility's collective bargaining agent. The expense for this liability is recognized when the employee wages are paid.

8) Right-of-Use Asset and Lease Liability:

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

The Facility leases its premises from Tenafly NJ Realty, LLC, a related company pursuant to a 30 year triple net lease which expires December 1, 2050. The lease provides for an annual base rent of $900,000 for the first four years of the lease term and a 3% increase every three years through year thirteen of the lease term. Commencing year 14, the increase in rent will be 2% every three years through the end of the lease term.

The Facility recognizes lease expense for operating leases on a straight-line basis over the lease term. The lease expense for 2025 was $903,905.

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 Facility does not have any 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 Facility's operating lease liability and corresponding asset was $19,916,314, of which $531,561 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	$927,000
2027	$927,000
2028	$927,000
2029	$954,810
2030	$954,810
For the Years Thereafter	$15,785,974

9) Subsequent Events:

The Facility has evaluated subsequent events through June 5, 2026, the date which 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 Tenafly, LLC:

Our report on our audit of the basic financial statements of Family of Caring Healthcare at Tenafly, 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 13 through 15 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 Tenafly, LLC
Supplementary Schedules
For the year ended December 31, 2025

Revenue From Patients:		
Private & HMO	$ 3,253,027	
Medicaid	3,319,528	
Medicare	4,363,368	
Total Revenue From Patients		$ 10,935,923
Other Income:		
Interest	1,728	
Other	3,467	
Total Other Income		5,195
Total Revenue		**$ 10,941,118**

Family of Caring Healthcare at Tenafly, LLC
Supplementary Schedules
For the year ended December 31, 2025

Payroll:

Administrative & Office	$ 524,916	
Nursing	3,180,193	
Therapies	718,024	
Social Services	173,022	
Recreation	210,244	
Dietary	421,107	
Maintenance	80,634	
Total Payroll		**$ 5,308,140**

Employee Benefits:

Payroll Taxes	495,598	
Workmen's Compensation	125,410	
Non-Union Pension	10,038	
Employee Benefits	224,013	
Uniform & Transp. Allowance	13,722	
Total Employee Benefits		**868,781**

Professional Care:

Prescription Drugs	119,804	
Medical Supplies	241,511	
Contracted Nursing Service	177,865	
Fees & Expenses	215,396	
Total Professional Care		**754,576**

Family of Caring Healthcare at Tenafly, LLC
Supplementary Schedules
For the year ended December 31, 2025

Dietary & Housekeeping:

Food	$ 218,574	
Other Dietary Expenses	39,607	
Housekeeping	1,876	
Contracted Dietary Services	4,634	
Contracted Housekeeping Services	407,385	
Total Dietary & Housekeeping		**$ 672,076**

Plant & Maintenance:

Rent	903,905	
Mortgage Interest	58,870	
Equipment Rentals	7,513	
Real Estate Tax	82,014	
Light, Heat & Power	99,347	
Maintenance	72,302	
Contracted Maintenance Services	10,334	
Security	6,393	
Water & Sewer Charges	11,047	
Depreciation & Amortization	200,042	
Total Plant & Maintenance		**1,451,767**

General & Administrative:

Office	130,279	
Contracted Admin. Services	540,000	
Computer Services	98,419	
Telephone	25,043	
Auto & Travel	2,688	
Professional Fees	113,630	
Insurance	137,423	
Interest	5,290	
Nursing Home User Fee	230,880	
Advertising	15,604	
Credit Losses	412,000	
Miscellaneous	71,085	
Total General & Administrative		**1,782,341**