MARTIN FRIEDMAN CPA PC
CERTIFIED PUBLIC ACCOUNTANTS

WOODCLIFF LAKE HEALTH AND REHABILITATION CENTER, LLC

Financial Statements

Year Ended December 31, 2025

Woodcliff Lake Health and Rehabilitation Center, LLC

Year Ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members,
Woodcliff Lake Health and Rehabilitation Center, LLC:

Opinion

We have audited the accompanying financial statements of Woodcliff Lake Health and Rehabilitation Center, 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 Woodcliff Lake Health and Rehabilitation Center, 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 Woodcliff Lake Health and Rehabilitation Center, 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 Woodcliff Lake Health and Rehabilitation Center, 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 Woodcliff Lake Health and Rehabilitation Center, 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 Woodcliff Lake Health and Rehabilitation Center, 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 9, 2026

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Woodcliff Lake Health and Rehabilitation Center, LLC
Balance Sheet
December 31, 2025

Assets			
Cash	$ 58,546		
Accounts Receivable	2,817,380		
(Net of Allowance for Credit Losses of $500,000)			
Prepaid Expenses	101,143		
Loans Receivable - Related Parties	1,461,361		
Total Current Assets		$	4,438,430
Capital Improvements	4,496,854		
Furniture & Equipment	2,509,826		
	7,006,680		
Less: Accum. Depreciation & Amortization	2,711,650		
Total Fixed Assets			4,295,030
Patients' Trust Fund	16,247		
Total Other Assets			16,247
Total Assets		**$**	**8,749,707**
Liabilities and Equity			
Notes & Loans Payable	$ 542,708		
Accounts Payable	863,578		
Accrued Payroll	323,506		
Accrued Expenses & Taxes	183,664		
Other Payables	725,781		
Due To Third Party Payors	82,092		
Patients' Security Deposits	48,520		
Total Current Liabilities		$	2,769,849
Mortgage Payable	3,700,000		
Notes & Loans Payable	1,433,920		
Patients' Trust Fund Payable	9,168		
Total Long Term Liabilities			5,143,088
Members' Equity			836,770
Total Liabilities & Members' Equity		**$**	**8,749,707**

See accompanying notes to the financial statements.

Woodcliff Lake Health and Rehabilitation Center, LLC
Statement of Operations
For the year ended December 31, 2025

Total Revenue From Patients		$ 18,400,458
Operating Expenses:		
Payroll	$ 6,964,776	
Employee Benefits	1,574,633	
Professional Care	2,524,492	
Dietary & Housekeeping	500,237	
Plant & Maintenance	2,869,212	
General & Administrative	2,803,873	
Total Operating Expenses		17,237,223
Income From Operations		1,163,235
Other Income		7,155
Income Before Taxes		1,170,390
Less: Pass-Through Entity Taxes		74,720
Net Income		**$ 1,095,670**

See accompanying notes to the financial statements.

Woodcliff Lake Health and Rehabilitation Center, LLC
Statement of Members' Equity
For the year ended December 31, 2025

Members' Equity:	
Balance as of Beginning of Period	$ (47,400)
Net Income for the Period	1,095,670
Members' Distributions	(211,500)
Total Members' Equity - End of Period	**$ 836,770**

See accompanying notes to the financial statements.

Woodcliff Lake Health and Rehabilitation Center, LLC
Statement of Cash Flows
For the year ended December 31, 2025

Cash Flows From Operating Activities:		
Net Income		$ 1,095,670
Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation & Amortization		206,227
Allowance for Credit Losses		(211,135)
(Increase) Decrease In:		
Accounts Receivable	$ (678,262)	
Prepaid Expenses	(2,459)	
Increase (Decrease) In:		
Accounts Payable	(525,267)	
Accrued Payroll & Withholding Taxes	12,674	
Accrued Expenses & Taxes	107,497	
Other Payables	612,079	
Due to Third Party Payors	79,267	
Patients' Security Deposits	13,800	
Exchanges	(15,384)	
Total Adjustments		(396,055)
Net Cash Provided By Operating Activities		694,707
Cash Flows From Investing Activities:		
Loans Receivable - Related Parties	(458,525)	
Capital Expenditures	(611,402)	
Other Assets	34,130	
Net Cash Used In Investing Activities		(1,035,797)
Cash Flows From Financing Activities:		
Decrease In Short-Term Debt	(3,565,794)	
Increase In Long Term Debt	4,027,614	
Other Liabilities	(2,840)	
Distributions	(211,500)	
Net Cash Provided By Financing Activities		247,480
Net Change In Cash		(93,610)
Cash - Beginning of Period		152,156
Cash - End of Period		**$ 58,546**
Supplemental Disclosures:		
Interest Paid		$ 161,961
Income Taxes Paid		64,706

See accompanying notes to the financial statements.

Woodcliff Lake Health and Rehabilitation Center, LLC
Notes to Financial Statements

1) Organization:

Woodcliff Lake Health and Rehabilitation Center, a limited liability company, is licensed by the New Jersey State Department of Health to run and operate a 114-bed long-term care facility, located in Woodcliff Lake, New Jersey. The Facility began operations on February 2, 1992.

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 based upon the straight-line method over the estimated useful lives of the assets.

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, sick leave and 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 $100,959, which is included in the total accrued payroll liability of $323,506.

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.

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.

  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 combining 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 combining 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 $55,931 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 Facilities' 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 the third-party payor agreements. Accounts receivable is 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 is as follows:

Accounts Receivable		
Medicaid Patients	$	512,734
Medicare Patients		1,243,905
HMO Patients		812,098
Private Patients		748,643
Less: Allowance for Credit Losses		(500,000)
Total	**$**	**2,817,380**

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	$	711,135
Provision for expected credit losses		221,750
Write-offs charged against the allowance		(388,363)
Credit Loss Recoveries		(44,522)
Balance December 31, 2025	**$**	**500,000**

4) Mortgage Payable:

In June 2015, the Realty entered into a twenty-year mortgage with Lakeland Bank in the amount of $16,960,000 of which $3,700,000 was used to finance the operations of the Facility. The mortgage matures on July 29, 2035, no principal or interest payments are being made by the facility at this time.

5) Notes & Loans Payable:

On December 19, 2023 the Facility obtained a construction loan in the amount of $529,045 from Flagstar Bank, to be used for various improvements. The loan is for 5 years and bears interest at 7.74%. The Facility makes monthly payments of $10,667 consisting of principal and interest. At December 31, 2025 the loan balance was $341,607.

On May 20, 2024, the Facility entered into an equipment financing agreement with Ascentium Capital (Regions Bank d/b/a Ascentium Capital) to finance construction and renovation activities. Under the agreement, Ascentium agreed to provide financing of up to $1,500,000 and pays equipment vendors directly as equipment is procured by the Facility. The agreement bears interest at 9.49%, has a 60-month term, and requires monthly payments of $31,495, consisting of both principal and interest. The Facility was fully drawn as of December 31, 2025, with an outstanding balance of $1,099,197.

On April 8, 2025, the Facility entered into a second financing agreement with Ascentium Capital for an additional $386,000 to support the same construction and renovation project. The agreement bears interest at 9.39%, has a 50-month term, and requires monthly payments of $9,358. The financing was fully drawn as of December 31, 2025, with an outstanding balance of $333,887.

On November 10, 2025, the Facility entered into a third financing agreement with Ascentium Capital for up to $200,000 to fund a remodeling project. The agreement bears interest at 9.04%, has a 48-month term, and requires monthly payments of $4,981. As of December 31, 2025, the agreement had not been fully drawn; $96,181 had been advanced, resulting in an outstanding balance of $92,707. The remaining $103,819 was drawn during 2026.

Aggregate outstanding borrowings under the three financing agreements totaled $1,525,791 as of December 31, 2025.

The Facility entered into an On-Bill Repayment Project Agreement with Public Service Electric and Gas Company (“PSE&G”) to finance the installation of energy-efficient equipment. Under the terms of the agreement, PSE&G provided financing in the amount of $139,239. The financing is structured as an interest-free loan, to be repaid in equal monthly installments of $2,308 over a 60-month period. Repayments are made through the Facility’s monthly utility bill. As of December 31, 2025, the outstanding balance under the Repayment Agreement was $109,230.

Aggregate principal payments on Notes and Loans Payable for the next five years are as follows:

2026	$	542,708
2027		591,898
2028		645,781
2029		284,190
2030		15,870
Total Principal Payments	**$**	**2,080,447**

6) Related Party Transactions:

The Facility has various non-interest-bearing loans, with no terms for repayment, to and from related entities**.**

On March 1, 2005 the Facility entered into a non-arm's-length lease agreement with the Realty. The lease expired in February 2020 and was not renewed. The Facility now leases on a month-to-month basis. For the year ended December 31, 2025 rent was $1,920,000.

The Facility pays management fees to Chestnut Ridge Care Associates, LLC which has common ownership with the Facility. Fees paid for year ended December 31, 2025 were $780,000.

The Facility contracts administrative and fiscal services to Chestnut Ridge Healthcare, LLC which has common ownership with the Facility. Fees paid for year ended December 31, 2025 were $816,000.

7) 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 $229,512.

8) 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.

9) Pass-Through Entity Tax:

The Companies elected to pay an optional Pass-Through Entity Tax to the State of New Jersey. A pass-through entity such as a partnership or S-corporation can elect to pay the optional taxes, which are valid deductible business expenses for the entity, and the partners are then able to claim a refundable tax credit on their personal tax returns for the taxes paid by the entity. For the year ended December 31, 2025, total PTET expense was $74,720.

10) Subsequent Events:

The Facility has evaluated subsequent events through June 9, 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,
Woodcliff Lake Health and Rehabilitation Center, LLC:

Our report on our audit of the basic financial statements of Woodcliff Lake Health and Rehabilitation Center, 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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Certified Public Accountants

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June 9, 2026

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Woodcliff Lake Health and Rehabilitation Center, LLC

Supplementary Schedules

For the year ended December 31, 2025

Revenue From Patients:		
Private & HMO	$ 3,991,182	
Medicaid	3,254,621	
Medicare	11,154,655	
Total Revenue From Patients		$ 18,400,458
Other Income:		
Interest	1,742	
Other	5,413	
Total Other Income		7,155
Total Revenue		**$ 18,407,613**

Woodcliff Lake Health and Rehabilitation Center, LLC
Supplementary Schedules
For the year ended December 31, 2025

Payroll:

Administrative & Office	$ 488,958	
Nursing	3,596,396	
Therapies	1,132,228	
Social Services	241,111	
Recreation	169,390	
Dietary	571,930	
Housekeeping	654,963	
Maintenance	109,800	
Total Payroll		**$ 6,964,776**

Employee Benefits:

Payroll Taxes	583,705	
Workmen's Compensation	194,709	
Union	170,354	
Non-Union Pension	10,241	
Employee Benefits	605,585	
Uniform & Transp. Allowance	10,039	
Total Employee Benefits		**1,574,633**

Professional Care:

Prescription Drugs	349,997	
Medical Supplies	347,217	
Contracted Nursing Service	1,365,592	
Fees & Expenses	461,686	
Total Professional Care		**2,524,492**

Woodcliff Lake Health and Rehabilitation Center, LLC
Supplementary Schedules
For the year ended December 31, 2025

Dietary & Housekeeping:

Food	$ 266,764	
Other Dietary Expenses	127,128	
Housekeeping	106,345	
Total Dietary & Housekeeping		**$ 500,237**

Plant & Maintenance:

Rent	1,920,000	
Equipment Rentals	40,699	
Real Estate Tax	261,754	
Light, Heat & Power	179,500	
Maintenance	181,217	
Contracted Maintenance Services	20,208	
Security	21,556	
Water & Sewer Charges	38,051	
Depreciation & Amortization	206,227	
Total Plant & Maintenance		**2,869,212**

General & Administrative:

Office	138,804	
Contracted Admin. Services	816,000	
Management Fees	780,000	
Computer Services	142,457	
Telephone	28,788	
Auto & Travel	15,335	
Professional Fees	159,282	
Insurance	221,041	
Interest	172,711	
Nursing Home User Fee	229,512	
Advertising	55,931	
Credit Losses	(44,522)	
Miscellaneous	88,534	
Total General & Administrative		**2,803,873**