

**CARE REALTY, LLC AND SUBSIDIARIES  
(A DELAWARE LIMITED LIABILITY COMPANY)**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

# CARE REALTY, LLC AND SUBSIDIARIES

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## Independent Auditor's Report

Members  
Care Realty, LLC and Subsidiaries

### Opinion

We have audited the consolidated financial statements of Care Realty, LLC its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income (loss), members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 issued or 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 GAAS 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 GAAS, 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.



Parsippany, New Jersey  
May 15, 2024

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (IN THOUSANDS)

ASSETS	December 31,	
	2023	2022
<b>Current Assets</b>		
Cash	\$ 7,344	\$ 11,834
Restricted cash and deposits	12,866	11,713
Resident accounts receivable, net of allowance of \$10,398 and \$7,736, respectively	46,155	42,666
Other receivables	362	667
Due from employee	-	3
Related party note receivable, current portion	95	90
Prepaid expenses and other current assets	1,170	1,012
Total current assets	67,992	67,985
<b>Other Assets</b>		
Property and equipment, net	289,515	300,754
Resident security deposits	249	246
Licenses	850	850
Related party note receivable, noncurrent portion	1,967	2,062
Net operating lease - right of use ("ROU") asset	657	674
Other assets	3,585	3,657
Total other assets	296,823	308,243
<b>Total Assets</b>	\$ 364,815	\$ 376,228
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current Liabilities</b>		
Deferred income and refundable advances, current portion	\$ 2,134	\$ 2,749
Current maturities of long-term debt	6,167	5,423
Accounts payable	39,336	34,699
Accrued expenses	49,152	33,863
Accrued interest payable	977	809
Other liabilities	2,123	-
Operating lease obligation, current portion	31	31
Total current liabilities	99,920	77,574
<b>Long-Term Liabilities</b>		
Long-term debt, net	247,052	253,006
Operating lease obligation, net of current portion	631	650
Residents' security deposits payable	249	246
Fair value of interest rate swap agreements	432	572
Total long-term liabilities	248,364	254,474
<b>Total Liabilities</b>	348,284	332,048
<b>Members' Equity</b>		
Members' equity	16,963	44,752
Accumulated other comprehensive loss	(432)	(572)
Total members' equity	16,531	44,180
<b>Total Liabilities and Members' Equity</b>	\$ 364,815	\$ 376,228

*See accompanying notes to the consolidated financial statements.*

## CARE REALTY, LLC AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (IN THOUSANDS)

	For the years ended December 31,	
	2023	2022
<b>Revenue</b>		
Net resident service revenue	\$ 391,194	\$ 379,615
Other revenue	4,736	14,901
Rental revenue	6,597	4,540
Total revenue	402,527	399,056
<b>Operating Expenses</b>		
Salaries, wages and benefits	259,721	254,084
Management fees - affiliate	23,171	22,232
Other operating expenses	121,873	120,916
Depreciation expense	14,008	10,686
Total operating expenses	418,773	407,918
<b>Loss from Operations</b>	(16,246)	(8,862)
<b>Other Income (Expense)</b>		
Gain (loss) on sale of property	(168)	83,490
Interest income	383	256
Interest expense	(11,758)	(14,457)
Total other income (expense)	(11,543)	69,289
<b>Net Income (Loss)</b>	(27,789)	60,427
<b>Other Comprehensive Gain</b>		
Change in fair value of interest rate swap agreements	140	616
<b>Comprehensive Income (Loss)</b>	\$ (27,649)	\$ 61,043

*See accompanying notes to the consolidated financial statements.*

## CARE REALTY, LLC AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY (IN THOUSANDS)

	<b>Total</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total Members' Equity</b>
<b>Balance - December 31, 2021</b>	\$ 2,675	\$ (1,188)	\$ 1,487
Distributions	(18,350)	-	(18,350)
Net income	60,427	-	60,427
Other comprehensive income	-	616	616
<b>Balance - December 31, 2022</b>	44,752	(572)	44,180
Net loss	(27,789)	-	(27,789)
Other comprehensive income	-	140	140
<b>Balance - December 31, 2023</b>	\$ 16,963	\$ (432)	\$ 16,531

*See accompanying notes to the consolidated financial statements.*

**CARE REALTY, LLC AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(IN THOUSANDS)**

	For the years ended	
	December 31,	
	2023	2022
<b>Cash Flows from Operating Activities</b>		
Net income (loss)	\$ (27,789)	\$ 60,427
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	14,008	10,686
Amortization of debt issuance costs	313	2,084
Bad debt expense	-	6,751
Gain on sale of assets	(168)	(83,490)
Deferred payroll tax	-	(3,600)
Changes in operating assets and liabilities:		
Resident accounts receivable - net	(3,489)	(8,772)
Other receivable	305	2,435
Prepaid expenses and other current assets	(158)	1,352
Advance to employees	3	-
Other assets	72	-
Amortization of net operating lease - right of use ("ROU") asset	17	-
Deferred revenue and refundable advances	(615)	(4,738)
Accounts payable	3,380	453
Accrued expenses	15,289	(7,783)
Accrued interest payable	168	184
Other liabilities	2,123	-
Operating lease obligation	(19)	-
Net Cash Provided by (Used in) Operating Activities	3,440	(24,011)
<b>Cash Flows from Investing Activities</b>		
Payments received on related party notes receivable	90	86
Payments for financing costs	(100)	-
Disposal of property and equipment	484	31,469
Purchase of property and equipment	(3,085)	(139,654)
Proceeds from sale of property, net of debt repayments	-	100,565
Net Cash Used in Investing Activities	(2,611)	(7,534)
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term debt	-	126,364
Principal payments of long-term debt	(5,423)	(88,514)
Overdraft borrowings (repayments)	1,257	1,245
Distributions to members	-	(18,350)
Payments for financing costs	-	(2,738)
Net Cash Provided by (Used in) Financing Activities	(4,166)	18,007
<b>Net Decrease in Cash, Cash Equivalents and Restricted Cash and Deposits</b>	<b>(3,337)</b>	<b>(13,538)</b>
<b>Cash, Cash Equivalents and Restricted Cash and Deposits, Beginning of Year</b>	<b>23,547</b>	<b>37,085</b>
<b>Cash, Cash Equivalents and Restricted Cash and Deposits, End of Year</b>	<b>\$ 20,210</b>	<b>\$ 23,547</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 11,277	\$ 12,351

*See accompanying notes to the consolidated financial statements.*



# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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### NOTE 1 - DESCRIPTION OF BUSINESS AND ORGANIZATION

#### *DESCRIPTION OF BUSINESS AND ORGANIZATION*

Care Realty, LLC, a limited liability company and Subsidiaries (the “Company”), was formed on March 30, 2001. The Company operated 22 health care facilities in five states as of December 31, 2023.

Effective January 1, 2015, seven Connecticut facilities entered into management and operations transfer agreements and a facilities agreement with a new unrelated third-party operator of the facilities. Under the terms of these agreements, the facility leases between Care Realty, LLC and certain of its subsidiaries have been assigned to the new operating company tenant. These leases have been assigned for a period of ten years ending in December 2025. The leases contain two five-year renewal options thereafter. Six of the seven facilities were sold in 2022 and the remaining facility management and operating transfer agreement is no longer in force.

Although limited liability companies are not corporations, their members have limited personal liability for the obligations or debts of the entities similar to stockholders of a corporation; however, the entities are classified as partnerships for federal income tax purposes.

The Company is related to several other businesses that have common beneficial ownership and managerial control. These related businesses are hereinafter referred to as “affiliates” or “related parties.”

#### *SIGNIFICANT EVENTS – COVID-19 PANDEMIC*

The global viral outbreak caused by coronavirus disease (“COVID-19”) has resulted in a national public health emergency during 2020 and continuing into 2023. There have been resulting effects in the economy generally, and the health care industry specifically, that have and will continue to impact the Company’s operations and financial condition including a decline in resident census, supply challenges and enhanced infection control.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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### NOTE 1 - DESCRIPTION OF BUSINESS AND ORGANIZATION (CONTINUED)

#### *SIGNIFICANT EVENTS – COVID-19 PANDEMIC (CONTINUED)*

During the year ended December 31, 2023 and 2022, the Company received significant support from the Provider Relief Fund provisions of the Coronavirus Aid, Relief and Economic Security (“CARES”) Act and similar programs supported by the states of Massachusetts and New Jersey. These programs have complex and evolving rules and conditions which the Company will continue to monitor. If the rules, or interpretations thereof, change, these changes might impact the Company’s ability to retain some of all of the funds received.

Due to the evolving nature and unknown duration of the COVID-19 pandemic, the ultimate impact to the Company and its financial condition is presently unknown.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *PRINCIPLES OF CONSOLIDATION AND COMBINATION*

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries, as listed in Note 15, that own real estate, nursing homes and assisted living facilities located in multiple states. All significant intercompany transactions and balances have been eliminated in the consolidated financial statements.

#### *USE OF ESTIMATES*

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. 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 consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Significant items subject to estimates include estimated impairment charges for long-lived assets, the allowance for doubtful accounts, contractual allowances, amounts earned under the CARES Act and other government grant programs, and estimated losses for insurance claims. Actual results could differ from those estimates.

**CARE REALTY, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT***

In order to mitigate the financial effects of the COVID-19 pandemic, in March 2020, the Federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). As a result of the CARES Act, the Company received funding from the following programs:

***RELIEF FUNDS***

Provider Relief Funds (“PRF”) were established under the CARES Act and are the distribution vehicle for \$178 billion in funding to support hospitals, physicians, skilled nursing facilities and other eligible healthcare providers in response to the COVID-19 pandemic. Entitlement to retain PRF payments is conditioned upon having incurred health care related expenses that are attributable to COVID-19 which will not be reimbursed by other sources and/or patient care lost revenues. PRF payments are subject to the Uniform Grant Guidance audit. In addition, noncompliance with the PRF terms and conditions are grounds for recoupment by the U.S. Government. The criteria for what qualifies as health care related expenses that are attributable to COVID-19 which will not be reimbursed by other sources and patient care lost revenues has been evolving. As a result, there is a possibility that the recorded estimates for the PRF grant will change in the near term.

The Company has accounted for the PRF payments as a government grant and has recognized revenue equal to the estimated health care related expenses that are attributable to COVID-19 not reimbursed by other sources and lost patient care revenues that the Company has incurred for the years ended December 31, 2023 and 2022. For the years ended December 31, 2023 and 2022 the Company received \$0 and \$4,104 of PRF payments and recognized \$946 and \$3,159 which are included in other revenue in the consolidated statements of comprehensive income (loss) for the years ended December 31, 2023 and 2022, respectively, as management believes the PRF payment conditions were substantially met (See Note 10).

**CARE REALTY, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***STATE RELIEF FUNDS***

The state of Massachusetts and other states also provided grants to long-term care and assisted living facilities located in the respective states to help offset certain costs incurred by these facilities in connection with the COVID-19 pandemic. For the years ended December 31, 2023 and 2022, the Company received \$1,451 and \$10,701, respectively, of assistance from Massachusetts and other states, all of which was recognized as grant revenue under the caption “other revenue” in the accompanying consolidated statements of comprehensive income (loss), as management believes the condition established by these grant programs were substantially met (See Note 10).

***CASH AND CASH EQUIVALENTS***

The Company considers all highly liquid investments purchased with a maturity of three months or less at the time of purchase to be cash equivalents.

***RESIDENT ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE***

Net resident service revenue and the related accounts receivable are reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient care.

The Company’s initial estimate of the transaction price for services provided to patients subject to revenue recognition is determined by reducing the total standard charges related to patient services provided by various elements of variable consideration, including explicit price considerations such as contractual adjustments and implicit price concessions provided, primarily to uninsured patients, and other reductions to the Company’s standard charges. The Company determines the transaction price associated with services provided to patients who have third-party payor coverage on the basis of contractual or formula-driven rates for services rendered. The estimates for contractual allowances and discounts are based on contractual agreements and historical experience. For under-insured patients, the Company determines the transaction price associated with services rendered on the basis of charges reduced by implicit price concessions. These implicit price concessions included in the estimation of the transaction price are based on the Company’s historical collection experience for applicable portfolios.

**CARE REALTY, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***RESIDENT ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE (CONTINUED)***

Settlements with third-party payors for cost report filing and retroactive adjustments due to ongoing and future audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated contract price for providing patient care. 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 (for example, cost report final settlements or repayments related to recovery audits), including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given settlement item. Adjustments arising from a change in the transaction price were not significant for the years ended December 31, 2023 and 2022.

Subsequent changes to the estimate of the transaction price (determined on a portfolio basis when applicable) are generally recorded as adjustments to net patient services revenue in the period of change. For the years ended December 31, 2023 and 2022, changes in the estimates of implicit price concessions, discounts, contractual adjustments and other reductions to expected payments for performance obligations satisfied in prior years were not significant. Portfolio collection estimates are updated based on collection trends. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay (determined on a portfolio basis, when applicable) are recorded as bad debt expense. The Company's bad debt expense is not significant.

After satisfaction of amounts due from insurance, the Company follows established guidelines for placing certain patient balances with collection agencies, subject to certain restrictions on collection efforts as determined by the Company's policy. Changes in the effectiveness of the collection efforts could impact the amounts expected to be collected and, therefore, could impact net patient services revenue in future periods.

The Company uses a portfolio approach as a practical expedient to account for categories of patient contracts as collective groups, rather than recognizing revenue on an individual contract basis. The consolidated financial statements effects of using this practical expedient are not materially different from an individual contract approach.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *RESIDENT ACCOUNTS RECEIVABLE AND NET PATIENT SERVICE REVENUE (CONTINUED)*

The Company has elected the practical expedient and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Company's expectation that the period between the time the service is provided to a patient and the time that the patient or third-party payor pays for that service will be one year or less. However, the Company may, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

As substantially all of its performance obligations relate to contracts with a duration of less than one year, the Company has elected to apply the optional exemption not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The Company does not have any off-balance sheet credit exposure related to its accounts receivable

##### *ALLOWANCE FOR CREDIT LOSSES*

On January 1, 2023, the Company adopted ASU 2016-13, Financial Instruments - Credit Losses (Topic 326). Financial assets, which potentially subject the Company to credit losses, consist primarily of patient receivables. Expected losses are recorded to an allowance for credit losses valuation account that is net against the corresponding asset to present the net amount expected to be collected on the financial asset. The credit loss allowance is determined through analysis of the financial assets and assessments of risk that are based on historical trends and evaluation of the impact of current and projected economic conditions.

The Company adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

The Company has tracked historical loss information based on the aging buckets and the type of payor for its patient receivables and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, 91–120 days past due, 121–180 days past due, 181–365 days past due, 366–730 days past due, and more than 730 days past due).

**CARE REALTY, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***ALLOWANCE FOR CREDIT LOSSES (CONTINUED)***

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for patient receivables held at December 31, 2023 and 2022, because the composition of the patient receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). As a result, management applied the applicable updated credit loss rates to determine the expected credit loss estimate for each aging category. Accordingly, the allowance for expected credit losses at December 31, 2023 and 2022 totaled \$10,398 and \$7,736, respectively.

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 or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The total amount of write-offs was immaterial to the consolidated financial statements as a whole for the years ended December 31, 2023 and 2022.

***DEFERRED INCOME AND REFUNDABLE ADVANCES***

Deferred income and refundable advances include fees from residents received in advance of being earned, provider relief funds and Medicare accelerated and advance payments.

***CONCENTRATIONS OF CREDIT RISK***

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash balances held with a financial institution, which at times exceed federally insured limits, and resident accounts receivable.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *CONCENTRATIONS OF CREDIT RISK (CONTINUED)*

The Company grants credit without collateral to its residents, most of whom are insured under third-party payor arrangements. Accounts receivable from residents and third-party payors were as follows:

	<u>2023</u>	<u>2022</u>
Medicare and Medicaid	56%	58%
Managed care/commercial insurance	29%	26%
Residents and other	15%	16%
	<u>100%</u>	<u>100%</u>

##### *PROPERTY AND EQUIPMENT*

Land, building and improvements, equipment, furniture and fixtures used in the skilled nursing and other operations of the Company are classified as property and equipment and are recorded at cost. Building, building improvements, equipment and furniture and fixtures are depreciated on the straight-line method over their estimated useful lives range from 5 to 40 years.

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for improvements and betterments in excess of two thousand five hundred dollars with an estimated life of one or more years are capitalized. The cost and related accumulated depreciation of assets are removed from the accounts when such assets are retired or sold, and any related gains or losses are reflected in the statement of comprehensive income (loss) for the period.

##### *PROPERTIES – OPERATING REAL ESTATE*

Land, building and improvements leased to unrelated third-party operators are classified as operating real estate (see Note 4). Operating real estate is carried at cost and is depreciated using the straight-line method over its estimated useful life of 40 years.



**CARE REALTY, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***LICENSES***

Licenses, which consist of costs to acquire the required state licenses to operate healthcare facilities, have been determined to be intangible assets with indefinite lives. There were no impairment changes for the years ended December 31, 2023 and 2022.

***IMPAIRMENT OF LONG-LIVED ASSETS***

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operations to which the assets relate to the carrying amount. If it is determined that the Company is unable to recover the carrying amount of its assets, the long-lived assets are written down to fair value. Fair value is determined based on discounted cash flows or appraised values, depending on the nature of the assets. There were no impairment losses for the years ended December 31, 2023 and 2022.

***DEBT ISSUANCE COSTS***

Debt issuance costs consist of costs incurred to obtain financing. Debt issuance costs are reported on the balance sheets as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the interest method. The Company reflects amortization of debt issuance costs within interest expense.

***FAIR VALUE MEASUREMENTS***

The Company follows U.S. GAAP guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy, based on whether the inputs used to determine their fair values are observable or unobservable. Fair value level inputs are as follows:

**CARE REALTY, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***FAIR VALUE MEASUREMENTS (CONTINUED)***

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

***FAIR VALUE OF INTEREST RATE SWAP AGREEMENTS***

The Company, in conjunction with some of its mortgage notes, has entered into interest rate swap agreements with financial institutions to manage its exposure to interest rate movements on the Company's variable rate mortgage notes. The agreements, designated as cash flow hedges, involve the exchange of amounts based on a variable interest rate for amounts based on a fixed interest rate over the term of the respective agreement. The differential to be paid or received, if any, is accrued and recognized as an adjustment of interest expense related to the mortgage note.

The Company records all derivative instruments, currently consisting of interest rate swap agreements, on the consolidated balance sheet at their respective fair values and all changes in fair values in the consolidated statement of comprehensive income as a component of other comprehensive income (loss), based on the derivative instrument's designation and effectiveness of hedging relationships.

**CARE REALTY, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***FINANCIAL INSTRUMENTS***

The Company follows U.S. GAAP guidance which affects the presentation and disclosure requirements of financial instruments whereby all entities that are not public business entities are exempt from disclosing fair value information for financial instruments measured at amortized cost.

***COMPREHENSIVE INCOME***

The reporting of comprehensive income (net income plus or minus other comprehensive income or loss) in financial statements is defined as the net change in equity of a business enterprise during a period from transactions and other events, except those resulting from investments by owners and distributions to owners.

***RENTAL REVENUE***

The Company recognizes rental revenue as other income in the accompanying consolidated statements of comprehensive income (loss) in accordance with the contractual terms of the lease agreements with tenants when collection is reasonably assured. The Company records minimum rentals on a straight-line basis over the term of the lease.

***EMPLOYEE HEALTH BENEFIT PLANS***

The Company has one self-insured employee health benefit plan (the "Health Plan"). The Company contracts with a preferred provider organization to assist in the administration of the Health Plan. The estimated liabilities of the Health Plan, reported claims and claims incurred but not reported, are included in accrued expenses in the consolidated balance sheets. Actual amounts could differ from these estimates. Together with several affiliates, the Company maintains excess claims insurance for individual medical claims in excess of \$350 through a third-party insurer with expires on December 31, 2024.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *PROFESSIONAL LIABILITY AND WORKERS' COMPENSATION COSTS*

The Company is self-insured for professional liability claims and maintains workers' compensation insurance with a \$500 per employee deductible under an insurance policy that expires on July 1, 2024. The provision for estimated professional liability and workers' compensation claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported. The estimated liabilities for professional liability and workers' compensation claims are included in accrued expenses in the consolidated balance sheets. See Note 12 for additional information regarding the Company's professional liability program.

Legal fees are recorded on the accrual basis as they are incurred. Loss reserves for cases that have been incurred but not reported include estimated legal costs to defend the cases.

#### *INCOME TAXES*

The Company is classified as a partnership for income tax reporting purposes. Accordingly, the Company has not provided for federal and certain state income taxes since all income or loss is passed through directly to the members. Certain states require state income taxes to be paid at the entity level. These state income taxes, if any, are reflected as state income tax expense in the accompanying consolidated statements of comprehensive income (loss). Management has determined that the deferred tax assets and/or liabilities related to entity level state taxes are not significant.

The Company has implemented the guidance in U.S. GAAP regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this guidance had no impact on the Company's consolidated financial statements.

The Company's income tax returns are subject to review and examination by federal, state and local authorities. Generally, federal, state and local authorities may examine the Company's tax returns for three years from the date of filing and the current and prior three years remain subject to examination as of December 31, 2023

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *LEASES*

The Company adopted ASC Topic 842, Leases, for fiscal years beginning after December 15, 2021, and interim periods in fiscal years beginning after December 31, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period consolidated financial statements. Under this transition provision, the Company has applied Topic 842 to annual reporting periods beginning on January 1, 2022, and interim reporting periods beginning January 1, 2023, while prior periods continue to be reported and disclosed in accordance with the Company's historical accounting treatment under ASC Topic 840, Leases.

Topic 842 requires lessees to recognize most leases on their balance sheets as a right-of-use ("ROU") asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the income statement.

The Company made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or January 1, 2022, for existing leases upon the adoption of Topic 842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Company made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded in variable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable, they will be incurred.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *LEASES (CONTINUED)*

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle, and equipment asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

#### NOTE 3 - SUPPLEMENTAL CASH FLOW INFORMATION

At December 31, 2023 and 2022, cash and restricted cash consisted of the following:

	<u>2023</u>	<u>2022</u>
Operating cash and cash equivalents	\$ 7,344	\$ 11,834
Restricted cash - escrow deposits:		
Liability insurance escrow	439	188
Property tax escrow	1,027	978
Mortgage insurance escrow	761	765
Replacement reserve escrow	7,264	6,135
Other escrow	<u>3,375</u>	<u>3,647</u>
Total restricted cash - escrow deposits	<u>12,866</u>	<u>11,713</u>
Total cash, cash equivalents and restricted cash - escrow deposits presented in the consolidated statements of cash flows	<u>\$ 20,210</u>	<u>\$ 23,547</u>

Management has concluded that resident security deposits do not represent restricted cash because these amounts are held in a separate bank escrow account on behalf of each resident with significant legal restrictions that prevent the Company from accessing the cash.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

#### NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2023 and 2022, consists of the following:

	<b>2023</b>		
	Operating Real Estate	Property and Equipment	Total
Land and improvements	\$ 16,955	\$ 40,668	\$ 57,623
Buildings and improvements	83,200	253,005	336,205
Equipment, furniture and fixtures	7,951	55,083	63,034
Construction in progress	261	3,617	3,878
	108,367	352,373	460,740
Accumulated depreciation	(8,424)	(162,801)	(171,225)
Total properties	\$ 99,943	\$ 189,572	\$ 289,515
	<b>2022</b>		
	Operating Real Estate	Property and Equipment	Total
Land and improvements	\$ 9,691	\$ 31,127	\$ 40,818
Buildings and improvements	33,026	225,205	258,231
Equipment, furniture and fixtures	1,291	53,643	54,934
Construction in progress	64,032	39,983	104,015
	108,040	349,958	457,998
Accumulated depreciation	(4,205)	(153,039)	(157,244)
Total properties	\$ 103,835	\$ 196,919	\$ 300,754

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)

There was no interest expense capitalized for the years ended December 31, 2023 and 2022. Construction in progress represents renovation projects and other equipment and fixtures that are not complete as of the balance sheet date.

In February 2022, the Company sold its health care facility in Montgomery Village, Maryland, owned and operated by 19301 Watkins Mill Road Operating Company, LLC, including all property and equipment, but excluding accounts receivable and all liabilities, and simultaneously ceased operations. The net sales proceeds, including a \$5,000 deposit received prior to December 31, 2021 (which was included in deferred income and refundable advances in the accompanying consolidated balance sheet) were approximately \$37,400, resulting in a gain of approximately \$28,943. In connection with the sale, the outstanding debt on the facility of approximately \$10,443 was repaid in full. The proceeds were considered a 1031 exchange for tax purposes.

In June 2022, the Company purchased a health care facility in Michigan for \$36,000, funded with the 1031 exchange proceeds from the sale of its facility in Maryland as well as entering into a mortgage agreement with a bank (See Note 7).

In July 2022, the Company sold six of its Connecticut facilities which were operated by an unrelated third party. The sale included all property and equipment but excluded accounts receivable and all liabilities. The net sales proceeds were approximately \$77,840 resulting in a gain of approximately \$54,548. In connection with the sale, the outstanding debt on the facilities (four of the six had loans to HUD) of approximately \$20,222 was repaid in full. The proceeds were considered a 1031 exchange for tax purposes.

On December 29, 2022, the Company purchased seven health care facilities in Pennsylvania for \$100,000 which were funded through the 1031 exchange proceeds from the sale of its facilities in Connecticut as well as assuming loans with HUD on five of these facilities. The loan amounts assumed total \$43,120 with maturity dates between 2049 and 2054 with interest rates between 3.53% and 3.75%. These facilities will continue to be operated by a third party and the Company will receive rent.



# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 4 - PROPERTY AND EQUIPMENT (CONTINUED)

The future minimum rentals to be received under non-cancellable leases related to the Company's rental real estate in effect as of December 31, 2023 are as follows:

For the years ending December 31,

2023	4,698
2024	4,661
2025	4,661
2026	4,661
2027	4,661
Thereafter	113,127
	<u>\$ 136,469</u>

#### NOTE 5 - LINES OF CREDIT

The Company had various available lines of credit totaling \$8,300 in the aggregate, which expire in February 2024. The lines of credit are based on the Secured Overnight Financing Rate ("SOFR"). Effective interest rates on outstanding balances are approximately 8.22% as of December 31, 2023. The lines of credit were collateralized by various assets and ownership interests of the Company. There were no amounts outstanding as of December 31, 2023. A new agreement was entered into jointly with an affiliate of the Company that shares common management and control. The total revolving line of credit is \$7,500 related to this agreement.

Irrevocable standby letters of credit in the amount of \$7,197 and \$7,197 that are outstanding at December 31, 2023 and 2022, respectively, reduce the available borrowing capacity under the lines of credit.

#### NOTE 6 - RELATED PARTY NOTES RECEIVABLE

In November 2013, the Company entered into a promissory note with a related party totaling \$2,800. Interest on the note accrues at 5.0% per annum. The note requires monthly payments of principal and interest of \$16 over a five-year term with a balloon payment of \$1,867 due upon maturity on December 1, 2023 and extended to December 1, 2025. The balance of this loan was \$2,062 and \$2,152 as of December 31, 2023 and 2022, respectively. Interest income related to the note was \$107 and \$111 for the years ended December 31, 2023 and 2022, respectively.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 6 - RELATED PARTY NOTES RECEIVABLE (CONTINUED)

During 2017, Home State (see Note 12) entered into a promissory note with a related party in the amount of \$1,500. Interest income on the note for the years ended December 31, 2023 and 2022 was \$53 and \$53, respectively. The notes are included in other assets on the consolidated balance sheets.

#### NOTE 7 - LONG-TERM DEBT

Long-term debt at December 31 consisted of the following:

	<u>2023</u>	<u>2022</u>
Mortgages and term loan payable in varying monthly or annual installments with interest rates between 2.35% and 3.66% over the respective SOFR or LIBOR rates	\$ 88,198	\$ 88,951
HUD loans payable in varying monthly installments with interest rates of 2.35% and 3.95%	168,561	173,231
	<u>256,759</u>	<u>262,182</u>
Less current maturities of long-term debt	6,167	5,423
Long-term debt, net of current maturities	\$ 250,592	\$ 256,759
Unamortized debt issuance costs	<u>(3,540)</u>	<u>(3,753)</u>
Long-term debt, net	<u>\$ 247,052</u>	<u>\$ 253,006</u>

Long-term debt is shown net of unamortized issuance costs. Amortization of debt issuance costs included in interest expense was \$313 and \$2,084 for the years ended December 31, 2023 and 2022, respectively. Amortization of debt issuance costs for each of the next five years and thereafter is expected to be \$317, \$298, \$285, \$177, \$126 and \$2,337.

Long-term debt consisted of mortgages and other debt agreements secured by the Company's assets and payable in varying monthly installments. The Company has mortgages with interest set at a fixed rate of 4.0%, through January 1, 2017 at which time the interest rate is reset to 250 basis points above the five-year Treasury Note Yield as of January 1, 2017 with a floor of 4.0%. The interest rate at December 31, 2021 was 4.46%.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 7 - LONG-TERM DEBT (CONTINUED)

In February 2022, the Company refinanced these mortgage loans and its \$3,000 line of credit. The new debt agreement was entered into jointly with an affiliate of the Company that shares common management and control. The total debt facility includes loans totaling \$191,067, consisting of a term loan of \$153,280, a construction line of \$30,287 and a revolving line of credit in the amount of \$7,500. \$34,889 of the term loan and \$7,197 of the line of credit has been allocated to the Company. The term loan, which has an interest rate equal to the Secured Overnight Financing Rate (“SOFR”) plus 2.75%, requires monthly payments of interest only through February 2024. Beginning in March 2024, monthly payments of principal and interest are required, calculated using an interest rate of 4.5%, based on a 30-year mortgage style amortization schedule through maturity in February 2027, with two one-year extension options, after which time the remaining principal balance is due. The line of credit requires monthly payments of interest only at SOFR plus 2.75% and expires in February 2024. The loans are secured by a mortgage on property of the Company with a book value of \$20,951 and \$22,399 at December 31, 2023 and 2022, respectively. The entire lending facility is also guaranteed by the co-borrower / Affiliate.

On January 30, 2017, the Company secured a mortgage loan in the amount of \$13,000 to refinance an existing mortgage loan with an outstanding balance of \$8,511 at December 31, 2016. The loan was guaranteed by the Company. The loan bears interest at a variable rate equal to the one-month London Interbank Offered Rate (“LIBOR”) rate plus 2.65% (2.75% as of December 31, 2021) and matured on January 31, 2022. On February 28, 2022, the Company sold the property that secured this loan, and the loan was repaid in full.

In June 2010, HUD mortgage loans were secured for health care facilities. Interest on this debt is fixed between 2.67% and 3.95% with loan maturity dates between 2035 and 2048. The proceeds of the mortgage loans were used to refinance debt that came due during 2010. The mortgages are secured by the mortgaged health care facilities. In 2021, the Company refinanced one of these mortgage loans. The six remaining HUD mortgage loans had an outstanding balance of \$37,855 at December 31, 2021. On July 11, 2022, four of the health care facilities were sold and the mortgage loans totaling \$20,222 were paid in full (See Note 15). The two remaining HUD mortgage loans had an outstanding balance of \$16,082 at December 31, 2023.

In January 2011, HUD mortgage loans were secured for ten health care facilities in the amount of \$136,644. Interest on this debt is fixed between 2.65% and 3.15% with loan maturity dates between 2036 and 2046. The proceeds of the mortgage loans were used to refinance debt that came due during 2011. The mortgages are secured by the mortgaged health care facilities.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 7 - LONG-TERM DEBT (CONTINUED)

Five of the ten HUD loans originating in 2011, with a combined principal balance of \$55,772 at December 31, 2021 were refinanced in January and February 2022. The original principal of the new debts totaled \$63,634. There was an additional loan in the amount of \$842 that was added to one of the other HUD financed properties. Loans totaling \$13,302 are payable in equal monthly installments for principal and interest at rates ranging from 2.27% to 2.4% over 25 years, maturing in February 2047. Loans totaling \$50,332 are payable in equal monthly installments of principal and interest rates ranging from 2.27% to 2.4% over 25 years, maturing in February and March 2057. The remaining \$842 is payable in monthly installments of principal and interest at the rate of 2.4% through maturity in February 2046. The ten HUD mortgage loans have an aggregate outstanding balance of \$110,203 and \$113,467 at December 31, 2023 and 2022, respectively.

On May 31, 2018, the Company obtained a term loan in the amount of \$30,000. The loan is secured by certain assets of subsidiaries of the Company. The loan bears interest at a variable rate equal to LIBOR plus 2.35% (7.82% at December 31, 2023). The loan matures on June 1, 2025. The outstanding balance was \$26,308 and \$27,063 at December 31, 2023 and 2022, respectively.

On June 15, 2022, the Company secured a loan in the amount of \$10,400. The loan is secured by certain assets of subsidiaries of the Company. The loan bears interest at a variable rate equal to SOFR plus 3.66% (9.00% at December 31, 2023). The loan matured on August 14, 2022 at which time the loan was refinanced in the amount of \$27,000. The loan matures on June 15, 2027. The term loan, which has an interest rate equal to the Secured Overnight Financing Rate ("SOFR") plus 3.66%, requires monthly payments of interest only through June 2027.

On December 29, 2022, HUD mortgage loans were obtained for five health care facilities in the amount of \$43,120. Interest on this debt is fixed between 3.53% and 3.75% with maturity dates between 2049 and 2054. The outstanding balance was \$42,276 and \$43,120 at December 31, 2023 and 2022, respectively.

The non-HUD debt agreements contain covenants related to the maintenance of financial ratios. The Company was in compliance at December 31, 2023.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 7 - LONG-TERM DEBT (CONTINUED)

The expected aggregate maturity schedule of the long-term debt during the next five years and thereafter is as follows:

For the years ending December 31,

2024	\$	6,167
2025		31,488
2026		6,186
2027		64,476
2028		5,414
Thereafter		<u>143,028</u>
	\$	256,759
Unamortized debt issuance costs		<u>(3,540)</u>
	\$	<u><u>253,219</u></u>

The net book value of the collateral for the Company's long-term debt was \$248,702 and \$254,408 as of December 31, 2023 and 2022, respectively.

#### NOTE 8 - DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS

In connection with the debt dated May 31, 2018 with an outstanding balance of \$26,308 and \$27,603 at December 31, 2023 and 2022, respectively, the Company entered into an interest rate swap agreement with a notional value of \$18,416 at December 31, 2023 to manage its interest rate on its variable rate debt. This agreement involves payment of fixed rate interest payments of 2.88% by the Company in exchange for the receipt of variable rate interest payments from the counterparties based on LIBOR plus 2.35%. The interest rate swap agreement matures on June 1, 2025.

In connection with the debt dated June 15, 2022 with an outstanding balance of \$27,000 at December 31, 2023 and 2022, the Company entered into an interest rate swap agreement with a notional value of \$13,500 at December 31, 2023 to manage its interest rate on its variable rate debt. This agreement involves payment of fixed rate interest payments of 4.12% by the Company in exchange for the receipt of variable rate interest payments from the counterparties based on SOFR plus 3.66%. The interest rate swap agreement matures on June 1, 2027.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### **NOTE 8 - DERIVATIVE INSTRUMENTS – INTEREST RATE SWAPS (CONTINUED)**

Upon the occurrence of certain events of default or termination events, identified in the derivative contracts, either the Company or the counterparty could terminate the contract in accordance with its terms. Termination would result in the payment of a termination amount by one party to compensate the other party for its economic losses.

The notional/principal amounts decline in amounts corresponding to the principal maturities under the related mortgage notes. The Company recognized income of \$140 and \$616 as of December 31, 2023 and 2022, respectively, representing the change in the fair value of the interest rate swap agreements, as other comprehensive gain.

The corresponding fair value of the swap liability of \$432 and \$572 was separately stated in the accompanying consolidated balance sheet as of December 31, 2023 and 2022, respectively, and is based upon an estimate provided by the financial institution using level 2 inputs.

#### **NOTE 9 - NET PATIENT SERVICE REVENUE**

The Company bills patients and third-party payors several days after the services are performed or shortly after discharge. Revenues are recognized as performance obligations are satisfied. The Company determines performance obligations based on the nature of the services provided. The Company recognizes revenues for performance obligations satisfied over time based on actual charges incurred in relation to total expected charges. The Company believes that this method provides a reasonable depiction of the transfer of services over the term of the performance obligation based on the services needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving skilled nursing facility services. The Company measures the performance obligation from admission into the skilled nursing facility to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 9 - NET PATIENT SERVICE REVENUE (CONTINUED)

The table below depicts the Company's sources of net patient services revenue disaggregated by payor. The amounts presented are based on an allocation of the estimated transaction price between the primary patient classifications of insurance coverage for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Medicaid & Managed Medicaid	\$ 136,013	\$ 109,998
Medicare	106,918	130,688
Insurance & Managed Care	57,775	45,544
Private & Other	90,488	93,385
	<u>\$ 391,194</u>	<u>\$ 379,615</u>

Net patient service revenue is comprised primarily of skilled nursing revenue. Revenue from other services is not a significant component of net patient service revenue.

The Company has agreements with third-party payors that provide for payments for services rendered by the Company. A summary of the payment arrangements with the major third-party payors follows:

#### *Medicaid*

Medicaid is operated by the individual states with the financial participation of the federal government. Inpatient services rendered to Medicaid program beneficiaries are generally at a prospective cost-based rate which is intended to reimburse the facility for the reasonable direct and indirect allowable costs incurred in a base year for providing routine care as defined by the program. This rate can vary based on the clinical acuity level of the Medicaid population in the facility.

#### *Medicare*

Inpatient services rendered to Medicare program beneficiaries a Patient Driven Payment Model case mix classification for inpatient services.

The Company has also entered into payment agreements with commercial insurance carriers. The basis for payment to the Company under these agreements generally is prospectively determined per-diem rates.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 9 - NET PATIENT SERVICE REVENUE (CONTINUED)

Third-party payors retain the right to review and propose adjustments to reimbursement amounts received by the Company. Provision is made in the consolidated financial statements for anticipated adjustments that may vary from such revisions.

In the normal course of business, the Company requests revisions to reimbursement amounts received under third-party payor agreements. No amounts are recorded unless the Company is reasonably assured that such revision will be granted.

#### NOTE 10 - OTHER REVENUE

Other revenue consists of the follow for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Provider Relief Funds	\$ 946	\$ 3,159
Massachusetts relief funds	1,451	10,346
Other states relief funds	-	355
Management fee and other	2,339	1,041
	<u>\$ 4,736</u>	<u>\$ 14,901</u>

#### NOTE 11 - RELATED PARTY TRANSACTIONS

##### *PROFESSIONAL SERVICES*

The Company has engaged affiliates to provide, among other things, services in connection with certain administration, advisory, consultation, accounting and supervisory services with respect to the management, operation and maintenance of the Company and the operating real estate. For the years ended December 31, 2023 and 2022, fees incurred for these services were approximately \$3,600 and \$3,525, respectively.

##### *ASSET MANAGEMENT AGREEMENT*

The Company has engaged an affiliate for asset management services. Under the agreement, as amended, the management fee was determined by affiliates and will not exceed \$2,500 or be less than \$1,500 on an annual basis. For the years ended December 31, 2023 and 2022, management fees incurred were \$875 and \$1,750, respectively.



# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 11 - RELATED PARTY TRANSACTIONS (CONTINUED)

##### *HEALTH CARE FACILITY MANAGEMENT*

In connection with the operation of health care facilities, the Company has hired an affiliate to manage the operations of the facilities. The Company paid \$20,171 and \$19,307 for such services for the years ended December 31, 2023 and 2022, respectively.

Additionally, in connection with the operation of the health care facilities, the Company has recorded fees for shared support services provided by an affiliate. These fees totaled \$10,751 and \$10,348 for the years ended December 31, 2023 and 2022, respectively, and are included in other operating expenses in the consolidated statements of comprehensive income (loss).

Included in accrued expenses as of December 31, 2023 and 2022, respectively, is \$12,866 and \$2,088, related to these expenses.

##### *PHARMACY SERVICES*

For the years ended December 31, 2023 and 2022, respectively, the Company recorded \$11,457 and \$12,390, in expense for products or services shipped from or performed by a company controlled directly or indirectly by certain members of the Company. Included in accounts payable and accrued expenses as of December 31, 2023 and 2022, respectively, is \$2,900 and \$2,478, relating to these expenses.

##### *HOSPICE SERVICES*

An affiliate of the Company provides hospice services to the residents of the Company's health care facilities. For the years ended December 31, 2023 and 2022, respectively, the Company recorded net resident revenue of \$4,419 and \$2,978, related to hospice services provided to a company controlled directly or indirectly by certain members of the Company. Included in resident accounts receivable as of December 31, 2023 and 2022, respectively, is \$418 and \$211, relating to these revenues.

##### *MEDICAL EQUIPMENT RENTAL*

For the years ended December 31, 2023 and 2022, respectively, the Company recorded \$122 and \$216, in expense for products and services shipped from or performed by a company controlled directly or indirectly by certain members of the Company. Included in accounts payable as of December 31, 2023 and 2022, respectively, is \$10 and \$13 relating to these expenses.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 12 - PROFESSIONAL LIABILITY INSURANCE PROGRAM

The Company and an affiliate of the Company each own 50% of Home State Insurance SPC, Inc. (“Home State”) of the British Virgin Islands, a captive insurer, licensed to coordinate the access of insurance for professional liability, comprehensive general liability risks and other casualty lines of business for the Company.

Home State operates through a “cell captive.” The program utilizes individual cells for each participating entity, under which invested assets and insurance-related liabilities are segregated for each participant and there is no shared risk among the entities. The program provides coverage with per claim limits up to \$1,000 on a claims-made basis for each participating entity and provides for aggregate limits of \$3,000 for the three policy years ending March 31, 2013, 2014 and 2015.

Effective April 1, 2015, the Company was no longer insured by Home State for its general and professional liability claims incurred after March 31, 2015. The Company became self-insured for such claims incurred after that date. Home State provides claims-made coverage for claims incurred through March 31, 2015 and reported through May 30, 2015.

The Company also maintains excess claims insurance policies, which expire on June 30, 2024, for claims in excess of \$1,000, through unrelated insurance companies.

Premiums paid by the Company under the captive insurance program was determined annually based on actuarial calculations which utilized the actual and estimated experience of the Company subject to retrospective adjustments in future periods.

The Company has consolidated the assets and liabilities of the cell captive segregated account as reported by Home State in the consolidated financial statements and has also consolidated the revenue and expenses of its segregated account in the cell captive. As of December 31, 2023 and 2022, respectively, investments held by the Company in the cell captive totaling approximately \$4 and \$236 are included in restricted cash and deposits in the consolidated balance sheets. These investments include the Company’s capital contribution for its cell captive of \$50.

The Company has a \$4,500 promissory note payable to the cell captive that has been eliminated in consolidation. However, the Company has pledged and granted the captive cell a security interest in certain cash accounts equal to 105% of the outstanding principal balance of the loan. The outstanding balance of the promissory note was \$3,920 at both December 31, 2023 and 2022.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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#### NOTE 12 - PROFESSIONAL LIABILITY INSURANCE PROGRAM (CONTINUED)

The estimated professional liabilities for asserted claims under the cell captive insurance program and for incidents that have been incurred but not reported are included in accrued expenses in the Company's consolidated balance sheets at the actuarially determined value of approximately \$175 and \$445 as of December 31, 2023 and 2022, respectively. Estimated professional liability reserves for claims subsequent to March 31, 2015 as of December 31, 2023 and 2022, respectively, are \$6,565 and \$6,318. The reserves are in addition to the captive reserves above and are included in accrued expenses on the consolidated balance sheets. Estimated legal costs to defend these cases are included in the actuarially determined accruals.

The estimates for professional liabilities under the captive insurance program are based upon complex actuarial calculations which utilize factors such as historical claim experience for the Company and related industry factors, trending models, and estimates for the payment patterns of future claims. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Revisions to estimated amounts resulting from actual experience differing from projected expectations are recorded in the period the information becomes known.

Professional liability claims have been asserted by various claimants. The claims are in various stages of processing, and some have been and may ultimately be brought to trial. Furthermore, there are known incidents that have occurred that may result in the assertion of additional claims and other claims may be asserted arising from services provided to residents in the past. It is not possible for management to make a meaningful estimate of the potential loss or range of loss associated with such claims.

#### NOTE 13 - RETIREMENT PLAN

The Company sponsors a 401(k) savings plan which covers all eligible employees, as defined. Employees may make salary deferrals up to Internal Revenue Service limitations. Typically, employer matching contributions are limited to 25% of employee deferrals up to a maximum of 3% of each employee's total compensation. For the years ended December 31, 2023 and 2022, respectively, employer contributions totaled \$1,094 and \$998.

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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### NOTE 14 - RISKS AND UNCERTAINTIES

#### *LEGAL MATTERS*

The Company is a party to certain routine legal actions and complaints arising in the ordinary course of business.

#### *COMPLIANCE*

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirement, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers.

Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

While routine regulatory inquiries are pending, management believes the Company is in compliance with fraud and abuse regulations, as well as other applicable government laws and regulations and that any such inquiries should not have a material effect on the Company's financial position or results of operations. Compliance with such laws and regulations can be subject to future government review and interpretation, and there may be regulatory actions that are unknown or unasserted at this time.

### NOTE 15 - CARE REALTY, LLC SUBSIDIARIES

The consolidated financial statements include the following significant subsidiaries of Care Realty, LLC, all of which are wholly owned:

#### *HEALTH CARE FACILITY OPERATORS*

19 Varnum Street Operating Company, LLC  
49 Thomas Patten Drive Operating Company, LLC  
57 Old Road to Nine Acre Corner Operating Company, LLC  
64 Performance Drive Operating Company, LLC  
135 Benton Street Operating Company, LLC  
162 South Britain Road Operating Company II, LLC  
178 Lowell Street Operating Company, LLC

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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### NOTE 15 - CARE REALTY, LLC SUBSIDIARIES (CONTINUED)

#### *HEALTH CARE FACILITY OPERATORS (CONTINUED)*

199 Andover Street Operating Company, LLC  
221 Fitzgerald Drive Operating Company, LLC  
260 Easthampton Road Operating Company, LLC  
265 Essex Street Operating Company, LLC  
312 Millbury Avenue Operating Company, LLC  
548 Elm Street Operating Company, LLC  
600 Kinderkamack Road Operating Company, LLC  
750 Woburn Street Operating Company, LLC  
800 River Road Operating Company, LLC  
890 Weatherwood Land Operating Company, LLC  
1055 Forest Hill Ave SE Operating Company, LLC  
1621 Route 22 West Operating Company, LLC  
2101 Washington Street Operating Company, LLC  
19301 Watkins Mill Road Operating Company, LLC  
Heather Hills Care LLC  
Park, Marion and Vernon Streets Operating Company, LLC

#### *REAL ESTATE OWNERS*

1 Burr Road, LLC  
9 Justin Drive, LLC  
19 Varnum Street, LLC  
49 Thomas Patten Drive, LLC  
57 Old Road to Nine Acre Corner SNF, LLC  
64 Performance Drive, LLC  
107 Osborne Street, LLC  
135 Benton Street, LLC  
135 Vermont Drive, LLC  
162 South Britain Road, LLC  
178 Lowell Street, LLC  
199 Andover Street, LLC  
221 Fitzgerald Drive, LLC  
240 Church Street, LLC  
245 Orange Avenue, LLC  
260 Easthampton Road, LLC  
265 Essex Street, LLC  
312 Millbury Avenue, LLC

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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### NOTE 15 - CARE REALTY, LLC SUBSIDIARIES (CONTINUED)

#### *REAL ESTATE OWNERS (CONTINUED)*

548 Elm Street, LLC  
600 Kinderkamack Road, LLC  
710 Long Ridge Road, LLC  
745 Highland Avenue, LLC  
750 Woburn Street, LLC  
800 River Road, LLC  
890 Weatherwood Lane, LLC  
914 W. Market Street, LLC  
1055 Forest Hill Ave SE, LLC  
1621 Route 22 West, LLC  
2028 Bridgeport Avenue, LLC  
2101 Wabank Road, LLC  
2101 Washington Street, LLC  
2618 E. Market Street, LLC  
2725 4 Mile Drive, LLC  
2901 Harrisburg Pike, LLC  
Park, Marion and Vernon Streets, LLC

#### *HOLDING COMPANIES AND MASTER TENANTS*

Freedom Realty Holdco, LLC  
THCI Holding Company, LLC  
THCI of Massachusetts, LLC  
THCI Mortgage Holding Company LLC  
THCI of New Jersey, LLC

#### *MASTER TENANTS*

THCI Company, LLC  
THCI Master Tenant 1, LLC  
THCI of Massachusetts Master Tenant, LLC

# CARE REALTY, LLC AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS)

### FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

#### NOTE 16 - LEASES

The entity leases real estate, including other locations, under operating lease agreements that have remaining terms from 7 to 43 years. The Company's operating leases generally do not contain any material restrictive covenants or residual value guarantees. Operating lease cost is recognized on a straight-line basis over the lease term.

Supplemental balance sheet information related to leases were as follows:

	<b>December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating leases:		
Operating lease right-of-use assets	\$ 657	\$ 674
Operating lease liabilities, current	\$ 31	\$ 31
Operating lease liabilities, non-current	631	650
Total operating lease liabilities	\$ 662	\$ 681

Supplemental income statement information related to leases were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Operating lease cost	\$ 30	\$ 30
Short-term lease cost	22	31
Total lease cost	\$ 52	\$ 61

Supplemental cash flow information related to leases were as follows:

	<b>For the years ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows - payments on operating leases	\$ 33	\$ 33
Right-of-use assets obtained in exchange for new lease obligations:		
Operating leases	\$ -	\$ 692

**CARE REALTY, LLC AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(IN THOUSANDS)**

**FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**NOTE 16 - LEASES (CONTINUED)**

Average lease term and discount rate as of December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Weighted-average remaining lease term:		
Operating leases	39.10 years	39.62 years
Weighted-average discount rate:		
Operating leases	1.97%	1.96%

The aggregate future lease payments for operating leases as of December 31, 2023 were as follows:

	<u>Operating Leases</u>
Future Lease Payments	
2023	\$ 33
2024	33
2025	33
2026	33
2027	33
Thereafter	791
Total lease payments	<u>956</u>
Less imputed interest	(294)
Total present value of lease liabilities	<u><u>\$ 662</u></u>

**NOTE 17 - SUBSEQUENT EVENTS**

Management evaluates the impact of subsequent events, events that occur after the balance sheet date but before the consolidated financial statements are issued, for potential recognition in the consolidated financial statements as of the balance sheet date or for disclosure in the notes to the consolidated financial statements. Management has evaluated events occurring subsequent to December 31, 2023 through May 15, 2024, the date on which the accompanying consolidated financial statements were available to be issued.





## Independent Auditor's Report on the Supplementary Information

Members

Care Realty, LLC and Subsidiaries

We have audited the consolidated financial statements of Care Realty, LLC and Subsidiaries (the "Company") as of and for the years ended December 31, 2023 and 2022, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See page 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The statistical information on pages 52 to 55, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Parsippany, New Jersey  
May 15, 2024

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEET (IN THOUSANDS)

**DECEMBER 31, 2023**

	Park, Marion & Vernon Streets, LLC & Affiliates	548 Elm Street, LLC & Affiliates	49 Thomas Patten Drive, LLC & Affiliates	57 Old Road to Nine Acre Corner, LLC & Affiliates	265 Essex Street, LLC & Affiliates	260 Easthampton Road, LLC & Affiliates	178 Lowell Street, LLC & Affiliates	19 Varnum Street, LLC & Affiliates
<b>Assets</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ -	\$ 7	\$ 82	\$ 40	\$ 16	\$ 123	\$ 31	\$ 239
Restricted cash and deposits	-	-	484	641	-	1,645	-	452
Resident accounts receivable - net	1,963	1,565	2,752	1,865	1,958	2,175	2,355	3,562
Other receivable - net	-	-	-	1	-	-	-	-
Prepaid expenses and other current assets	22	18	39	44	27	50	29	43
<b>Total Current Assets</b>	<b>1,985</b>	<b>1,590</b>	<b>3,357</b>	<b>2,591</b>	<b>2,001</b>	<b>3,993</b>	<b>2,415</b>	<b>4,296</b>
<b>Property, Plant and Equipment - at cost</b>								
Land and improvements	352	880	2,831	3,650	460	154	1,200	488
Buildings and improvements	2,757	4,401	5,534	14,004	6,426	13,254	10,774	11,687
Equipment, furniture and fixtures	1,890	2,061	2,516	3,449	2,443	2,894	3,412	2,133
Construction in progress	34	5	79	24	189	8	47	-
Less accumulated depreciation	(3,169)	(4,794)	(5,930)	(10,527)	(5,907)	(9,874)	(8,844)	(8,217)
<b>Property, Plant and Equipment - net</b>	<b>1,864</b>	<b>2,553</b>	<b>5,030</b>	<b>10,600</b>	<b>3,611</b>	<b>6,436</b>	<b>6,589</b>	<b>6,091</b>
Licenses - net	-	-	-	-	-	-	-	-
Due to/(from) affiliates	5,018	-	-	-	3,196	21,751	-	15,023
Net operating lease - right of use ("ROU") asset	595	-	-	-	-	-	-	-
Other assets	54	36	53	99	57	595	50	418
<b>Total Assets</b>	<b>\$ 9,516</b>	<b>\$ 4,179</b>	<b>\$ 8,440</b>	<b>\$ 13,290</b>	<b>\$ 8,865</b>	<b>\$ 32,775</b>	<b>\$ 9,054</b>	<b>\$ 25,828</b>
<b>Liabilities and Equity (Deficit)</b>								
<b>Current Liabilities</b>								
Current maturities of long-term debt	\$ -	\$ -	\$ 228	\$ 242	\$ -	\$ 417	\$ -	\$ 681
Deferred income and refundable advances - current portion	20	57	35	188	180	5	84	6
Accounts payable	1,363	1,413	3,872	3,576	1,809	1,651	1,978	2,227
Operating lease obligation, current portion	19	-	-	-	-	-	-	-
Accrued expenses	1,294	1,866	888	2,066	2,268	3,645	1,574	2,355
Accrued interest payable	-	-	22	8,929	-	2,009	-	10,977
Other liabilities	-	-	-	-	-	-	-	-
Refundable portion of entrance fees	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>2,696</b>	<b>3,336</b>	<b>5,045</b>	<b>15,001</b>	<b>4,257</b>	<b>7,727</b>	<b>3,636</b>	<b>16,246</b>
Due to/(from) affiliates	-	6,623	2,274	4,443	-	-	2,700	-
Long-term debt - net	-	-	11,024	11,781	-	12,005	-	9,047
Operating lease obligation, net of current portion	574	-	-	-	-	-	-	-
Resident security deposits payable	-	-	-	-	-	-	-	-
Fair value of interest rate swap agreements	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>3,270</b>	<b>9,959</b>	<b>18,343</b>	<b>31,225</b>	<b>4,257</b>	<b>19,732</b>	<b>6,336</b>	<b>25,293</b>
Members' equity (deficit)	6,246	(5,780)	(9,903)	(17,935)	4,608	13,043	2,718	535
<b>Total Members' Equity (Deficit)</b>	<b>6,246</b>	<b>(5,780)</b>	<b>(9,903)</b>	<b>(17,935)</b>	<b>4,608</b>	<b>13,043</b>	<b>2,718</b>	<b>535</b>
<b>Total Liabilities and Equity (Deficit)</b>	<b>\$ 9,516</b>	<b>\$ 4,179</b>	<b>\$ 8,440</b>	<b>\$ 13,290</b>	<b>\$ 8,865</b>	<b>\$ 32,775</b>	<b>\$ 9,054</b>	<b>\$ 25,828</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEET (IN THOUSANDS)

**DECEMBER 31, 2023**

	312 Millbury Avenue, LLC & Affiliates	19301 Watkins Mill Road, LLC & Affiliates	221 Fitzgerald Drive, LLC & Affiliates	800 River Road, LLC & Affiliates	2101 Washington Street, LLC & Affiliates	600 Kinderkamack Road, LLC & Affiliates	199 Andover Street, LLC & Affiliates	135 Benton Drive, LLC & Affiliates
<b>Assets</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 67	\$ -	\$ 162	\$ 65	\$ 21	\$ 268	\$ 83	\$ 134
Restricted cash and deposits	1,311	-	1,243	-	-	-	409	1,376
Resident accounts receivable - net	1,785	168	1,658	2,148	3,169	2,491	1,963	2,873
Other receivable - net	-	(93)	-	-	-	-	-	(1)
Prepaid expenses and other current assets	41	-	37	44	37	35	35	46
<b>Total Current Assets</b>	<b>3,204</b>	<b>75</b>	<b>3,100</b>	<b>2,257</b>	<b>3,227</b>	<b>2,794</b>	<b>2,490</b>	<b>4,428</b>
<b>Property, Plant and Equipment - at cost</b>								
Land and improvements	3,748	-	1,502	1,043	1,787	2,524	1,457	931
Buildings and improvements	8,005	-	7,334	15,949	9,863	16,796	7,982	15,099
Equipment, furniture and fixtures	2,601	-	1,967	3,408	3,257	4,251	2,303	3,008
Construction in progress	-	-	49	1,323	19	1,072	417	20
Less accumulated depreciation	(6,289)	-	(5,548)	(12,594)	(7,793)	(12,823)	(6,137)	(11,248)
<b>Property, Plant and Equipment - net</b>	<b>8,065</b>	<b>-</b>	<b>5,304</b>	<b>9,129</b>	<b>7,133</b>	<b>11,820</b>	<b>6,022</b>	<b>7,810</b>
Licenses - net	-	-	-	-	-	33	-	-
Due to/(from) affiliates	4,882	27,313	3,910	30,003	-	18,989	-	-
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	-
Other assets	50	-	48	97	50	12	111	123
<b>Total Assets</b>	<b>\$ 16,201</b>	<b>\$ 27,388</b>	<b>\$ 12,362</b>	<b>\$ 41,486</b>	<b>\$ 10,410</b>	<b>\$ 33,648</b>	<b>\$ 8,623</b>	<b>\$ 12,361</b>
<b>Liabilities and Equity (Deficit)</b>								
<b>Current Liabilities</b>								
Current maturities of long-term debt	\$ 296	\$ -	\$ 225	\$ 226	\$ -	\$ 172	\$ 308	\$ 342
Deferred income and refundable advances - current portion	145	-	150	68	67	84	40	53
Accounts payable	3,957	138	1,874	1,527	1,740	1,386	2,048	2,196
Operating lease obligation, current portion	-	-	-	-	-	-	-	-
Accrued expenses	1,885	(114)	2,093	1,343	2,067	1,078	2,127	1,675
Accrued interest payable	19	-	21	142	-	108	25	3,690
Other liabilities	-	-	-	-	-	-	-	-
Refundable portion of entrance fees	-	-	-	-	-	-	-	-
Resident security deposits payable	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>6,302</b>	<b>24</b>	<b>4,363</b>	<b>3,306</b>	<b>3,874</b>	<b>2,828</b>	<b>4,548</b>	<b>7,956</b>
Due to/(from) affiliates	-	-	-	-	11,292	-	616	22,689
Long-term debt - net	8,256	-	10,659	19,464	-	14,831	9,186	10,210
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	-
Resident security deposits payable	-	-	-	-	-	-	-	-
Fair value of interest rate swap agreements	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>14,558</b>	<b>24</b>	<b>15,022</b>	<b>22,770</b>	<b>15,166</b>	<b>17,659</b>	<b>14,350</b>	<b>40,855</b>
Members' equity (deficit)	1,643	27,364	(2,660)	18,716	(4,756)	15,989	(5,727)	(28,494)
<b>Total Members' Equity (Deficit)</b>	<b>1,643</b>	<b>27,364</b>	<b>(2,660)</b>	<b>18,716</b>	<b>(4,756)</b>	<b>15,989</b>	<b>(5,727)</b>	<b>(28,494)</b>
<b>Total Liabilities and Equity (Deficit)</b>	<b>\$ 16,201</b>	<b>\$ 27,388</b>	<b>\$ 12,362</b>	<b>\$ 41,486</b>	<b>\$ 10,410</b>	<b>\$ 33,648</b>	<b>\$ 8,623</b>	<b>\$ 12,361</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEET (IN THOUSANDS)

**DECEMBER 31, 2023**

	162 South Britain Road, LLC & Affiliates	1621 Route 22 West, LLC & Affiliates	890 Weatherwood Lane, LLC & Affiliates	64 Performance Drive, LLC & Affiliates	750 Woburn Street, LLC & Affiliates	1055 Forest Hill Ave SE LLC & Affiliates	Leased Properties	Care Realty & Other	Eliminations	Total Care Realty, LLC
<b>Assets</b>										
<b>Current Assets</b>										
Cash and cash equivalents	\$ 52	\$ 47	\$ 40	\$ 71	\$ 75	\$ 613	\$ 1,255	\$ 3,853	\$ -	\$ 7,344
Restricted cash and deposits	550	249	603	1,635	868	-	1,435	214	-	13,115
Resident accounts receivable - net	2,017	1,718	2,455	3,202	1,978	(15)	5	345	-	46,155
Other receivable - net	-	-	(1)	-	-	-	-	41,779	(41,323)	362
Prepaid expenses and other current assets	55	34	121	46	41	68	190	163	-	1,265
<b>Total Current Assets</b>	<b>2,674</b>	<b>2,048</b>	<b>3,218</b>	<b>4,954</b>	<b>2,962</b>	<b>666</b>	<b>2,885</b>	<b>46,354</b>	<b>(41,323)</b>	<b>68,241</b>
<b>Property, Plant and Equipment - at cost</b>										
Land and improvements	799	1,778	390	2,954	2,341	9,398	16,799	157	-	57,623
Buildings and improvements	9,248	25,808	8,612	7,706	6,941	26,625	80,720	20,680	-	336,205
Equipment, furniture and fixtures	2,732	3,038	1,731	2,504	2,007	70	7,871	1,488	-	63,034
Construction in progress	100	131	24	47	7	6	221	56	-	3,878
Less accumulated depreciation	(5,680)	(11,962)	(6,247)	(6,491)	(5,541)	(6)	(7,602)	(8,002)	-	(171,225)
<b>Property, Plant and Equipment - net</b>	<b>7,199</b>	<b>18,793</b>	<b>4,510</b>	<b>6,720</b>	<b>5,755</b>	<b>36,093</b>	<b>98,009</b>	<b>14,379</b>	<b>-</b>	<b>289,515</b>
Licenses - net	-	817	-	-	-	-	-	-	-	850
Due to/(from) affiliates	9,176	6,603	-	4,125	14,370	-	-	-	(164,359)	-
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	62	-	657
Other assets	74	1	5	50	25	-	-	3,544	-	5,552
<b>Total Assets</b>	<b>\$ 19,123</b>	<b>\$ 28,262</b>	<b>\$ 7,733</b>	<b>\$ 15,849</b>	<b>\$ 23,112</b>	<b>\$ 36,759</b>	<b>\$ 100,894</b>	<b>\$ 64,339</b>	<b>\$ (205,682)</b>	<b>\$ 364,815</b>
<b>Liabilities and Equity (Deficit)</b>										
<b>Current Liabilities</b>										
Current maturities of long-term debt	\$ 243	\$ 792	\$ 337	\$ 289	\$ 328	\$ 169	\$ 872	\$ -	\$ -	\$ 6,167
Deferred income and refundable advances - current portion	105	234	33	20	165	395	-	-	-	2,134
Accounts payable	2,167	1,063	1,222	2,836	2,998	479	162	6,345	(10,691)	39,336
Operating lease obligation, current portion	-	-	-	-	-	-	-	12	-	31
Accrued expenses	712	(836)	98	2,138	2,671	130	26	16,163	(60)	49,152
Accrued interest payable	3,941	130	1,181	27	22	180	126	-	(30,572)	977
Other liabilities	-	-	-	-	-	-	-	2,123	-	2,123
<b>Total Current Liabilities</b>	<b>7,168</b>	<b>1,383</b>	<b>2,871</b>	<b>5,310</b>	<b>6,184</b>	<b>1,353</b>	<b>1,186</b>	<b>24,643</b>	<b>(41,323)</b>	<b>99,920</b>
Due to/(from) affiliates	-	-	10,029	-	-	9,018	38,553	56,122	(164,359)	-
Long-term debt - net	7,998	25,472	7,176	13,720	9,282	26,500	40,441	-	-	247,052
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	57	-	631
Resident security deposits payable	-	249	-	-	-	-	-	-	-	249
Fair value of interest rate swap agreements	-	440	-	-	-	(8)	-	-	-	432
<b>Total Liabilities</b>	<b>15,166</b>	<b>27,544</b>	<b>20,076</b>	<b>19,030</b>	<b>15,466</b>	<b>36,863</b>	<b>80,180</b>	<b>80,822</b>	<b>(205,682)</b>	<b>348,284</b>
Members' equity (deficit)	3,957	718	(12,343)	(3,181)	7,646	(104)	20,714	(16,483)	-	16,531
<b>Total Members' Equity (Deficit)</b>	<b>3,957</b>	<b>718</b>	<b>(12,343)</b>	<b>(3,181)</b>	<b>7,646</b>	<b>(104)</b>	<b>20,714</b>	<b>(16,483)</b>	<b>-</b>	<b>16,531</b>
<b>Total Liabilities and Equity (Deficit)</b>	<b>\$ 19,123</b>	<b>\$ 28,262</b>	<b>\$ 7,733</b>	<b>\$ 15,849</b>	<b>\$ 23,112</b>	<b>\$ 36,759</b>	<b>\$ 100,894</b>	<b>\$ 64,339</b>	<b>\$ (205,682)</b>	<b>\$ 364,815</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEET (IN THOUSANDS)

**DECEMBER 31, 2022**

		Park, Marion & Vernon Streets, LLC & Affiliates	548 Elm Street, LLC & Affiliates	49 Thomas Patten Drive, LLC & Affiliates	57 Old Road to Nine Acre Corner, LLC & Affiliates	265 Essex Street, LLC & Affiliates	260 Easthampton Road, LLC & Affiliates	178 Lowell Street, LLC & Affiliates	19 Varnum Street, LLC & Affiliates
<b>Assets</b>									
<b>Current Assets</b>									
Cash and cash equivalents	\$	16	\$ 45	\$ 30	\$ 19	\$ -	\$ 115	\$ 1	\$ 170
Restricted cash and deposits		-	-	397	571	-	1,572	-	346
Resident accounts receivable - net		1,946	1,354	1,945	1,351	2,193	2,211	1,880	2,527
Other receivable - net		-	-	-	-	-	-	-	-
Prepaid expenses and other current assets		17	16	(8)	40	19	40	23	35
<b>Total Current Assets</b>		<b>1,979</b>	<b>1,415</b>	<b>2,364</b>	<b>1,981</b>	<b>2,212</b>	<b>3,938</b>	<b>1,904</b>	<b>3,078</b>
<b>Property, Plant and Equipment - at cost</b>									
Land and improvements		352	872	2,831	3,650	451	154	1,200	488
Buildings and improvements		2,732	4,374	5,516	13,904	6,406	13,238	10,734	11,638
Equipment, furniture and fixtures		1,854	1,978	2,499	3,345	2,403	2,773	3,338	2,097
Construction in progress		34	-	55	13	178	85	11	7
Less accumulated depreciation		(3,007)	(4,560)	(5,478)	(9,858)	(5,595)	(9,361)	(8,317)	(7,786)
<b>Property, Plant and Equipment - net</b>		<b>1,965</b>	<b>2,664</b>	<b>5,423</b>	<b>11,054</b>	<b>3,843</b>	<b>6,889</b>	<b>6,966</b>	<b>6,444</b>
Licenses - net		-	-	-	-	-	-	-	-
Due to/(from) affiliates		5,614	-	-	-	2,424	19,503	-	14,036
Net operating lease - right of use ("ROU") asset		603	-	-	-	-	-	-	-
Other assets		55	25	55	22	69	570	42	367
<b>Total Assets</b>	<b>\$</b>	<b>10,216</b>	<b>\$ 4,104</b>	<b>\$ 7,842</b>	<b>\$ 13,057</b>	<b>\$ 8,548</b>	<b>\$ 30,900</b>	<b>\$ 8,912</b>	<b>\$ 23,925</b>
<b>Liabilities and Equity (Deficit)</b>									
<b>Current Liabilities</b>									
Current maturities of long-term debt	\$	-	\$ -	\$ 222	\$ 236	\$ -	\$ 407	\$ -	\$ 659
Deferred income and refundable advances - current portion		59	138	63	183	174	8	171	24
Operating lease obligation, current portion		19	-	-	-	-	-	-	-
Accounts payable		1,359	1,197	3,133	3,280	1,878	1,844	1,351	1,965
Accrued expenses		862	1,326	339	1,361	1,566	2,647	1,263	1,563
Accrued interest payable		-	-	23	8,627	-	2,026	-	10,659
<b>Total Current Liabilities</b>		<b>2,299</b>	<b>2,661</b>	<b>3,780</b>	<b>13,687</b>	<b>3,618</b>	<b>6,932</b>	<b>2,785</b>	<b>14,870</b>
Due to/(from) affiliates		-	6,554	109	4,512	-	-	4,384	-
Long-term debt - net		-	-	11,247	12,020	-	12,416	-	9,712
Operating lease obligation, net of current portion		582	-	-	-	-	-	-	-
Resident security deposits payable		-	-	-	-	-	-	-	-
Fair value of interest rate swap agreements		-	-	-	-	-	-	-	-
<b>Total Liabilities</b>		<b>2,881</b>	<b>9,215</b>	<b>15,136</b>	<b>30,219</b>	<b>3,618</b>	<b>19,348</b>	<b>7,169</b>	<b>24,582</b>
Members' equity (deficit)		7,335	(5,111)	(7,294)	(17,162)	4,930	11,552	1,743	(657)
<b>Total Members' Equity (Deficit)</b>		<b>7,335</b>	<b>(5,111)</b>	<b>(7,294)</b>	<b>(17,162)</b>	<b>4,930</b>	<b>11,552</b>	<b>1,743</b>	<b>(657)</b>
<b>Total Liabilities and Equity (Deficit)</b>	<b>\$</b>	<b>10,216</b>	<b>\$ 4,104</b>	<b>\$ 7,842</b>	<b>\$ 13,057</b>	<b>\$ 8,548</b>	<b>\$ 30,900</b>	<b>\$ 8,912</b>	<b>\$ 23,925</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEET (IN THOUSANDS)

**DECEMBER 31, 2022**

	312 Millbury Avenue, LLC & Affiliates	19301 Watkins Mill Road, LLC & Affiliates	221 Fitzgerald Drive, LLC & Affiliates	800 River Road, LLC & Affiliates	2101 Washington Street, LLC & Affiliates	600 Kinderkamack Road, LLC & Affiliates	199 Andover Street, LLC & Affiliates	135 Benton Drive, LLC & Affiliates
<b>Assets</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 22	\$ -	\$ 49	\$ 118	\$ 23	\$ 111	\$ 15	\$ 164
Restricted cash and deposits	1,153	-	1,077	-	-	-	264	1,185
Resident accounts receivable - net	1,584	174	1,491	2,277	3,803	3,334	2,279	2,706
Other receivable - net	-	-	-	-	-	-	-	-
Prepaid expenses and other current assets	29	(78)	34	35	23	21	26	37
<b>Total Current Assets</b>	<b>2,788</b>	<b>96</b>	<b>2,651</b>	<b>2,430</b>	<b>3,849</b>	<b>3,466</b>	<b>2,584</b>	<b>4,092</b>
<b>Property, Plant and Equipment - at cost</b>								
Land and improvements	3,739	-	1,474	1,043	1,787	2,524	1,438	931
Buildings and improvements	7,907	-	7,077	15,939	9,830	16,796	7,893	15,073
Equipment, furniture and fixtures	2,533	-	1,886	3,402	3,218	4,085	2,209	2,884
Construction in progress	114	-	188	1,304	24	1,344	367	21
Less accumulated depreciation	(5,788)	-	(5,221)	(12,008)	(7,295)	(12,029)	(5,793)	(10,716)
<b>Property, Plant and Equipment - net</b>	<b>8,505</b>	<b>-</b>	<b>5,404</b>	<b>9,680</b>	<b>7,564</b>	<b>12,720</b>	<b>6,114</b>	<b>8,193</b>
Licenses - net	-	-	-	-	-	33	-	-
Due to/(from) affiliates	7,137	27,489	2,818	28,540	-	19,063	-	-
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	-
Other assets	44	-	33	101	38	24	162	144
<b>Total Assets</b>	<b>\$ 18,474</b>	<b>\$ 27,585</b>	<b>\$ 10,906</b>	<b>\$ 40,751</b>	<b>\$ 11,451</b>	<b>\$ 35,306</b>	<b>\$ 8,860</b>	<b>\$ 12,429</b>
<b>Liabilities and Equity (Deficit)</b>								
<b>Current Liabilities</b>								
Current maturities of long-term debt	\$ 288	\$ -	\$ 220	\$ -	\$ -	\$ -	\$ 298	\$ 331
Deferred income and refundable advances - current portion	127	-	109	54	133	100	109	199
Operating lease obligation, current portion	-	-	-	-	-	-	-	-
Accounts payable	4,141	150	1,020	1,920	1,639	1,924	1,751	1,848
Accrued expenses	1,395	51	1,429	1,061	1,238	841	1,507	1,218
Accrued interest payable	20	-	21	122	-	93	26	3,705
<b>Total Current Liabilities</b>	<b>5,971</b>	<b>201</b>	<b>2,799</b>	<b>3,157</b>	<b>3,010</b>	<b>2,958</b>	<b>3,691</b>	<b>7,301</b>
Due to/(from) affiliates	-	-	-	-	12,052	-	230	19,466
Long-term debt - net	8,543	-	10,880	19,653	-	14,979	9,485	10,542
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	-
Resident security deposits payable	-	-	-	-	-	-	-	-
Fair value of interest rate swap agreements	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>14,514</b>	<b>201</b>	<b>13,679</b>	<b>22,810</b>	<b>15,062</b>	<b>17,937</b>	<b>13,406</b>	<b>37,309</b>
Members' equity (deficit)	3,960	27,384	(2,773)	17,941	(3,611)	17,369	(4,546)	(24,880)
<b>Total Members' Equity (Deficit)</b>	<b>3,960</b>	<b>27,384</b>	<b>(2,773)</b>	<b>17,941</b>	<b>(3,611)</b>	<b>17,369</b>	<b>(4,546)</b>	<b>(24,880)</b>
<b>Total Liabilities and Equity (Deficit)</b>	<b>\$ 18,474</b>	<b>\$ 27,585</b>	<b>\$ 10,906</b>	<b>\$ 40,751</b>	<b>\$ 11,451</b>	<b>\$ 35,306</b>	<b>\$ 8,860</b>	<b>\$ 12,429</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING BALANCE SHEET (IN THOUSANDS)

**DECEMBER 31, 2022**

	162 South Britain Road, LLC & Affiliates	1621 Route 22 West, LLC & Affiliates	890 Weatherwood Lane, LLC & Affiliates	64 Performance Drive, LLC & Affiliates	750 Woburn Street, LLC & Affiliates	1055 Forest Hill Ave SE LLC & Affiliates	Leased Properties	Care Realty & Other	Eliminations	Total Care Realty, LLC
<b>Assets</b>										
<b>Current Assets</b>										
Cash and cash equivalents	\$ 32	\$ 160	\$ 153	\$ 85	\$ 30	\$ 430	\$ 6	\$ 10,040	\$ -	\$ 11,834
Restricted cash and deposits	531	214	506	1,474	723	32	1,412	502	-	11,959
Resident accounts receivable - net	1,612	1,742	1,405	2,697	1,815	82	-	258	-	42,666
Other receivable - net	-	-	-	-	-	-	-	40,430	(39,760)	670
Prepaid expenses and other current assets	40	24	115	35	27	206	-	346	-	1,102
<b>Total Current Assets</b>	<b>2,215</b>	<b>2,140</b>	<b>2,179</b>	<b>4,291</b>	<b>2,595</b>	<b>750</b>	<b>1,418</b>	<b>51,576</b>	<b>(39,760)</b>	<b>68,231</b>
<b>Property, Plant and Equipment - at cost</b>										
Land and improvements	799	1,778	390	2,882	2,341	9,398	138	158	-	40,818
Buildings and improvements	9,231	25,808	8,399	6,879	7,633	26,602	3,945	20,679	-	258,233
Equipment, furniture and fixtures	2,700	2,952	1,705	2,383	1,991	-	1,210	1,488	-	54,933
Construction in progress	100	(7)	16	72	13	-	100,001	74	-	104,014
Less accumulated depreciation	(5,257)	(10,724)	(5,948)	(6,072)	(5,157)	-	(3,391)	(7,883)	-	(157,244)
<b>Property, Plant and Equipment - net</b>	<b>7,573</b>	<b>19,807</b>	<b>4,562</b>	<b>6,898</b>	<b>6,067</b>	<b>36,000</b>	<b>101,903</b>	<b>14,516</b>	<b>-</b>	<b>300,754</b>
Licenses - net	-	817	-	-	-	-	-	-	-	850
Due to/(from) affiliates	8,754	5,759	-	5,280	13,192	-	-	-	(159,609)	-
Net operating lease - right of use ("ROU") asset	-	-	-	-	-	-	-	71	-	674
Other assets	69	1	14	63	30	-	-	3,791	-	5,719
<b>Total Assets</b>	<b>\$ 18,611</b>	<b>\$ 28,524</b>	<b>\$ 6,755</b>	<b>\$ 16,532</b>	<b>\$ 21,884</b>	<b>\$ 36,750</b>	<b>\$ 103,321</b>	<b>\$ 69,954</b>	<b>\$ (199,369)</b>	<b>\$ 376,228</b>
<b>Liabilities and Equity (Deficit)</b>										
<b>Current Liabilities</b>										
Current maturities of long-term debt	\$ 237	\$ 754	\$ 324	\$ 283	\$ 319	\$ -	\$ 845	\$ -	\$ -	\$ 5,423
Deferred income and refundable advances - current portion	136	259	68	79	146	408	-	-	-	2,747
Accounts payable	2,060	876	1,685	2,138	2,957	408	52	4,181	(10,058)	34,699
Operating lease obligation, current portion	-	-	-	-	-	-	-	12	-	31
Accrued expenses	490	(691)	(918)	1,503	1,959	181	-	11,674	-	33,865
Accrued interest payable	3,713	130	1,125	27	23	171	-	-	(29,702)	809
<b>Total Current Liabilities</b>	<b>6,636</b>	<b>1,328</b>	<b>2,284</b>	<b>4,030</b>	<b>5,404</b>	<b>1,168</b>	<b>897</b>	<b>15,867</b>	<b>(39,760)</b>	<b>77,574</b>
Due to/(from) affiliates	-	-	7,838	-	-	8,991	39,022	56,451	(159,609)	-
Long-term debt - net	8,237	26,230	7,499	14,004	9,601	26,573	41,385	-	-	253,006
Operating lease obligation, net of current portion	-	-	-	-	-	-	-	68	-	650
Resident security deposits payable	-	214	-	-	-	32	-	-	-	246
Fair value of interest rate swap agreements	-	620	-	-	-	(48)	-	-	-	572
<b>Total Liabilities</b>	<b>14,873</b>	<b>28,392</b>	<b>17,621</b>	<b>18,034</b>	<b>15,005</b>	<b>36,716</b>	<b>81,304</b>	<b>72,386</b>	<b>(199,369)</b>	<b>332,048</b>
Members' equity (deficit)	3,738	132	(10,866)	(1,502)	6,879	34	22,017	(2,432)	-	44,180
<b>Total Members' Equity (Deficit)</b>	<b>3,738</b>	<b>132</b>	<b>(10,866)</b>	<b>(1,502)</b>	<b>6,879</b>	<b>34</b>	<b>22,017</b>	<b>(2,432)</b>	<b>-</b>	<b>44,180</b>
<b>Total Liabilities and Equity (Deficit)</b>	<b>\$ 18,611</b>	<b>\$ 28,524</b>	<b>\$ 6,755</b>	<b>\$ 16,532</b>	<b>\$ 21,884</b>	<b>\$ 36,750</b>	<b>\$ 103,321</b>	<b>\$ 69,954</b>	<b>\$ (199,369)</b>	<b>\$ 376,228</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

**YEAR ENDED DECEMBER 31, 2023**

	Park, Marion & Vernon Streets, LLC & Affiliates	548 Elm Street, LLC & Affiliates	49 Thomas Patten Drive, LLC & Affiliates	57 Old Road to Nine Acre Corner, LLC & Affiliates	265 Essex Street, LLC & Affiliates	260 Easthampton Road, LLC & Affiliates	178 Lowell Street, LLC & Affiliates	19 Varnum Street, LLC & Affiliates
<b>Revenue</b>								
Net resident service revenue	\$ 12,935	\$ 13,386	\$ 16,596	\$ 17,233	\$ 20,456	\$ 27,315	\$ 21,504	\$ 24,507
Other revenue	94	105	448	121	174	101	455	113
Rental Revenue	-	-	-	292	-	-	-	-
<b>Total Revenue</b>	<u>13,029</u>	<u>13,491</u>	<u>17,044</u>	<u>17,646</u>	<u>20,630</u>	<u>27,416</u>	<u>21,959</u>	<u>24,620</u>
<b>Operating Expenses</b>								
Employee benefits	746	918	1,708	1,438	1,901	2,107	1,631	1,694
Administration	1,985	2,174	2,943	2,557	2,943	3,986	3,005	3,252
General liability insurance	113	117	161	152	142	170	160	161
Nursing	6,127	6,029	8,154	6,862	8,995	12,459	8,531	10,565
Activities	132	154	161	326	386	400	247	428
Social service	105	177	192	248	207	214	238	196
Dietary	828	838	983	1,071	1,177	1,252	1,081	1,236
Housekeeping and laundry	575	408	477	602	659	660	775	625
Plant and utilities	651	535	851	1,054	833	729	989	894
Drugs and supplies	1,113	986	1,401	1,044	1,066	1,171	1,425	1,332
Therapy	879	906	1,015	909	1,286	596	1,293	571
Depreciation	165	235	457	671	313	514	527	430
Rent	40	-	-	-	-	-	-	-
Management fees	674	685	890	890	1,044	1,374	1,102	1,256
<b>Total Operating Expenses</b>	<u>14,133</u>	<u>14,162</u>	<u>19,393</u>	<u>17,824</u>	<u>20,952</u>	<u>25,632</u>	<u>21,004</u>	<u>22,640</u>
<b>Income from Operations</b>	(1,104)	(671)	(2,349)	(178)	(322)	1,784	955	1,980
<b>Other Income</b>	11	1	11	1	-	8	13	10
Gain on sale of property	4	-	1	(1)	-	(5)	7	-
<b>Interest Expense</b>	-	-	(273)	(295)	-	(296)	-	(337)
<b>Net Income (Loss)</b>	<u>\$ (1,089)</u>	<u>\$ (670)</u>	<u>\$ (2,610)</u>	<u>\$ (473)</u>	<u>\$ (322)</u>	<u>\$ 1,491</u>	<u>\$ 975</u>	<u>\$ 1,653</u>

*See independent auditor's report on supplementary information.*



# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

**YEAR ENDED DECEMBER 31, 2023**

	312 Millbury Avenue, LLC & Affiliates	19301 Watkins Mill Road, LLC & Affiliates	221 Fitzgerald Drive, LLC & Affiliates	800 River Road, LLC & Affiliates	2101 Washington Street, LLC & Affiliates	600 Kinderkamack Road, LLC & Affiliates	199 Andover Street, LLC & Affiliates	135 Benton Drive, LLC & Affiliates
<b>Revenue</b>								
Net resident service revenue	\$ 19,229	\$ (2)	\$ 18,800	\$ 22,457	\$ 23,765	\$ 18,275	\$ 17,664	\$ 20,378
Other revenue	180	-	140	129	200	19	131	433
Rental Revenue	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>19,409</b>	<b>(2)</b>	<b>18,940</b>	<b>22,586</b>	<b>23,965</b>	<b>18,294</b>	<b>17,795</b>	<b>20,811</b>
<b>Operating Expenses</b>								
Employee benefits	1,662	-	1,315	1,920	2,073	1,672	1,548	1,382
Administration	3,193	8	2,950	2,571	3,857	1,966	3,062	3,593
General liability insurance	166	-	153	236	143	179	145	225
Nursing	8,897	-	7,470	7,498	9,987	6,659	7,654	10,305
Activities	423	-	264	460	269	249	156	294
Social service	293	-	176	148	103	130	227	384
Dietary	1,277	3	1,084	1,442	1,440	1,043	1,094	1,363
Housekeeping and laundry	660	6	589	918	658	681	525	746
Plant and utilities	862	-	777	1,035	1,072	541	775	847
Drugs and supplies	1,354	1	1,401	1,067	2,017	2,049	1,301	1,762
Therapy	1,230	-	1,117	1,356	1,820	1,729	797	1,528
Depreciation	501	-	328	585	507	793	350	531
Rent	-	-	-	-	-	-	-	-
Management fees	985	-	959	995	1,229	801	914	1,060
<b>Total Operating Expenses</b>	<b>21,503</b>	<b>18</b>	<b>18,583</b>	<b>20,231</b>	<b>25,175</b>	<b>18,492</b>	<b>18,548</b>	<b>24,020</b>
<b>Income from Operations</b>	<b>(2,094)</b>	<b>(20)</b>	<b>357</b>	<b>2,355</b>	<b>(1,210)</b>	<b>(198)</b>	<b>(753)</b>	<b>(3,209)</b>
<b>Other Income</b>	<b>18</b>	<b>-</b>	<b>10</b>	<b>5</b>	<b>83</b>	<b>22</b>	<b>1</b>	<b>17</b>
Gain on sale of property	1	-	3	3	(18)	2	(117)	(1)
<b>Interest Expense</b>	<b>(244)</b>	<b>-</b>	<b>(257)</b>	<b>(1,587)</b>	<b>-</b>	<b>(1,204)</b>	<b>(319)</b>	<b>(354)</b>
<b>Net Income (Loss)</b>	<b>\$ (2,319)</b>	<b>\$ (20)</b>	<b>\$ 113</b>	<b>\$ 776</b>	<b>\$ (1,145)</b>	<b>\$ (1,378)</b>	<b>\$ (1,188)</b>	<b>\$ (3,547)</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

**YEAR ENDED DECEMBER 31, 2023**

	162 South Britain Road, LLC & Affiliates	1621 Route 22 West, LLC & Affiliates	890 Weatherwood Lane, LLC & Affiliates	64 Performance Drive, LLC & Affiliates	750 Woburn Street, LLC & Affiliates	1055 Forest Hill Ave SE LLC & Affiliates	Leased Properties	Care Realty & Other	Eliminations	Total Care Realty, LLC
<b>Revenue</b>										
Net resident service revenue	\$ 17,230	\$ 18,450	\$ 14,928	\$ 19,887	\$ 18,680	\$ 7,264	\$ (1)	\$ 258	\$ -	\$ 391,194
Other revenue	10	64	291	448	120	119	-	(135)	976	4,736
Rental Revenue	-	-	-	-	-	-	6,305	-	-	6,597
<b>Total Revenue</b>	<b>17,240</b>	<b>18,514</b>	<b>15,219</b>	<b>20,335</b>	<b>18,800</b>	<b>7,383</b>	<b>6,304</b>	<b>123</b>	<b>976</b>	<b>402,527</b>
<b>Operating Expenses</b>										
Employee benefits	2,356	1,883	2,027	2,115	1,605	332	1	(310)	-	33,724
Administration	2,174	1,674	2,398	2,920	2,256	1,240	796	14,300	-	71,803
General liability insurance	121	126	105	158	130	86	71	(787)	(60)	2,373
Nursing	5,504	5,085	5,418	8,484	6,987	1,239	9	-	-	158,918
Activities	265	262	131	164	262	138	-	-	-	5,571
Social service	151	112	160	275	140	-	-	-	-	3,876
Dietary	993	1,021	827	1,082	898	1,226	(2)	-	-	23,257
Housekeeping and laundry	658	643	355	695	470	246	3	46	-	12,680
Plant and utilities	581	827	419	827	728	833	158	167	-	16,985
Drugs and supplies	1,171	1,401	1,822	2,097	1,428	13	-	-	-	28,422
Therapy	1,278	1,340	1,384	1,368	1,531	-	-	-	-	23,933
Depreciation	422	1,237	299	420	385	6	4,211	122	-	14,009
Rent	-	-	-	-	-	-	-	12	-	52
Management fees	896	878	835	1,060	943	-	-	3,700	-	23,170
<b>Total Operating Expenses</b>	<b>16,570</b>	<b>16,489</b>	<b>16,180</b>	<b>21,665</b>	<b>17,763</b>	<b>5,359</b>	<b>5,247</b>	<b>17,250</b>	<b>(60)</b>	<b>418,773</b>
<b>Income (Loss) from Operations</b>	<b>670</b>	<b>2,025</b>	<b>(961)</b>	<b>(1,330)</b>	<b>1,037</b>	<b>2,024</b>	<b>1,057</b>	<b>(17,127)</b>	<b>1,036</b>	<b>(16,246)</b>
<b>Other Income</b>	<b>7</b>	<b>1</b>	<b>6</b>	<b>9</b>	<b>8</b>	<b>2</b>	<b>-</b>	<b>1,175</b>	<b>(1,036)</b>	<b>383</b>
Gain on sale of property	-	3	(1)	(28)	-	(21)	-	-	-	(168)
<b>Interest Expense</b>	<b>(230)</b>	<b>(1,624)</b>	<b>(325)</b>	<b>(330)</b>	<b>(278)</b>	<b>(2,102)</b>	<b>(1,703)</b>	<b>-</b>	<b>-</b>	<b>(11,758)</b>
<b>Net Income (Loss)</b>	<b>\$ 447</b>	<b>\$ 405</b>	<b>\$ (1,281)</b>	<b>\$ (1,679)</b>	<b>\$ 767</b>	<b>\$ (97)</b>	<b>\$ (646)</b>	<b>\$ (15,952)</b>	<b>\$ -</b>	<b>\$ (27,789)</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

**YEAR ENDED DECEMBER 31, 2022**

	Park, Marion & Vernon Streets, LLC & Affiliates	548 Elm Street, LLC & Affiliates	49 Thomas Patten Drive, LLC & Affiliates	57 Old Road to Nine Acre Corner, LLC & Affiliates	265 Essex Street, LLC & Affiliates	260 Easthampton Road, LLC & Affiliates	178 Lowell Street, LLC & Affiliates	19 Varnum Street, LLC & Affiliates
<b>Revenue</b>								
Net resident service revenue	\$ 14,020	\$ 12,455	\$ 15,719	\$ 16,142	\$ 19,565	\$ 27,158	\$ 17,472	\$ 24,236
Other revenue	621	687	777	722	1,011	712	868	815
Rental Revenue	-	-	-	276	-	-	-	-
<b>Total Revenue</b>	<b>14,641</b>	<b>13,142</b>	<b>16,496</b>	<b>17,140</b>	<b>20,576</b>	<b>27,870</b>	<b>18,340</b>	<b>25,051</b>
<b>Operating Expenses</b>								
Employee benefits	1,283	797	1,202	1,154	1,912	1,724	1,322	1,856
Administration	2,087	2,089	2,901	2,570	2,917	4,006	2,865	3,327
General liability insurance	127	132	179	161	166	184	180	176
Nursing	5,979	6,622	6,123	6,832	8,894	12,881	7,703	10,608
Activities	110	159	207	325	350	331	255	346
Social service	149	128	157	174	226	156	166	206
Dietary	810	754	937	956	1,115	1,157	1,070	1,223
Housekeeping and laundry	534	419	457	534	629	570	638	591
Plant and utilities	771	574	1,035	1,102	885	683	892	851
Drugs and supplies	1,388	1,038	1,198	1,130	1,131	1,835	1,378	1,899
Therapy	709	955	1,034	900	1,317	616	1,203	531
Depreciation	171	140	452	665	321	508	526	444
Rent	40	-	-	-	1	-	-	-
Management fees	757	666	860	872	1,052	1,386	933	1,264
<b>Total Operating Expenses</b>	<b>14,915</b>	<b>14,473</b>	<b>16,742</b>	<b>17,375</b>	<b>20,916</b>	<b>26,037</b>	<b>19,131</b>	<b>23,322</b>
<b>Income from Operations</b>	<b>(274)</b>	<b>(1,331)</b>	<b>(246)</b>	<b>(235)</b>	<b>(340)</b>	<b>1,833</b>	<b>(791)</b>	<b>1,729</b>
<b>Other Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>
Gain on sale of property	-	-	-	-	-	-	-	-
<b>Interest Expense</b>	<b>-</b>	<b>-</b>	<b>(1,381)</b>	<b>(1,762)</b>	<b>-</b>	<b>(1,553)</b>	<b>-</b>	<b>(826)</b>
<b>Net Income (Loss)</b>	<b>\$ (274)</b>	<b>\$ (1,331)</b>	<b>\$ (1,627)</b>	<b>\$ (1,996)</b>	<b>\$ (339)</b>	<b>\$ 281</b>	<b>\$ (791)</b>	<b>\$ 903</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

**YEAR ENDED DECEMBER 31, 2022**

	312 Millbury Avenue, LLC & Affiliates	19301 Watkins Mill Road, LLC & Affiliates	221 Fitzgerald Drive, LLC & Affiliates	800 River Road, LLC & Affiliates	2101 Washington Street, LLC & Affiliates	600 Kinderkamack Road, LLC & Affiliates	199 Andover Street, LLC & Affiliates	135 Benton Drive, LLC & Affiliates
<b>Revenue</b>								
Net resident service revenue	\$ 16,985	\$ 1,830	\$ 16,531	\$ 22,810	\$ 30,386	\$ 21,262	\$ 19,030	\$ 18,427
Other revenue	933	222	886	331	936	226	932	1,385
Rental Revenue	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>17,918</b>	<b>2,052</b>	<b>17,417</b>	<b>23,141</b>	<b>31,322</b>	<b>21,488</b>	<b>19,962</b>	<b>19,812</b>
<b>Operating Expenses</b>								
Employee benefits	1,354	187	1,422	1,557	1,890	1,504	1,292	1,413
Administration	3,207	477	2,653	3,365	3,555	2,560	3,035	3,488
General liability insurance	186	61	172	259	164	191	161	247
Nursing	7,532	703	7,677	8,681	11,508	8,149	7,513	9,893
Activities	444	25	194	514	289	270	168	225
Social service	225	15	171	152	132	123	227	223
Dietary	1,175	122	1,010	1,386	1,534	959	1,064	1,199
Housekeeping and laundry	541	75	558	881	746	655	502	724
Plant and utilities	869	152	764	987	1,140	621	656	743
Drugs and supplies	1,346	128	1,370	1,210	2,463	2,287	1,453	1,828
Therapy	1,370	147	1,187	1,457	1,869	1,718	830	1,529
Depreciation	476	37	315	599	485	799	349	539
Rent	-	-	-	-	-	-	-	-
Management fees	907	111	887	1,173	1,600	1,118	1,032	1,030
<b>Total Operating Expenses</b>	<b>19,632</b>	<b>2,240</b>	<b>18,380</b>	<b>22,221</b>	<b>27,375</b>	<b>20,954</b>	<b>18,282</b>	<b>23,081</b>
<b>Income from Operations</b>	<b>(1,714)</b>	<b>(188)</b>	<b>(963)</b>	<b>920</b>	<b>3,947</b>	<b>534</b>	<b>1,680</b>	<b>(3,269)</b>
<b>Other Income</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>2</b>
Gain on sale of property	-	28,943	-	-	-	-	-	-
<b>Interest Expense</b>	<b>(248)</b>	<b>(51)</b>	<b>(1,258)</b>	<b>(961)</b>	<b>-</b>	<b>(770)</b>	<b>(331)</b>	<b>(436)</b>
<b>Net Income (Loss)</b>	<b>\$ (1,961)</b>	<b>\$ 28,704</b>	<b>\$ (2,220)</b>	<b>\$ (38)</b>	<b>\$ 3,948</b>	<b>\$ (233)</b>	<b>\$ 1,349</b>	<b>\$ (3,703)</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## CONSOLIDATING STATEMENT OF OPERATIONS (IN THOUSANDS)

**YEAR ENDED DECEMBER 31, 2022**

	162 South Britain Road, LLC & Affiliates	1621 Route 22 West, LLC & Affiliates	890 Weatherwood Lane, LLC & Affiliates	64 Performance Drive, LLC & Affiliates	750 Woburn Street, LLC & Affiliates	1055 Forest Hill Ave SE LLC & Affiliates	Leased Properties	Care Realty & Other	Eliminations	Total Care Realty, LLC
<b>Revenue</b>										
Net resident service revenue	\$ 15,146	\$ 18,636	\$ 12,365	\$ 17,262	\$ 17,707	\$ 3,944	\$ 13	\$ 514	\$ -	\$ 379,615
Other revenue	187	196	192	790	708	5	-	1,913	(1,154)	14,901
Rental Revenue	-	-	-	-	-	-	4,264	-	-	4,540
<b>Total Revenue</b>	<u>15,333</u>	<u>18,832</u>	<u>12,557</u>	<u>18,052</u>	<u>18,415</u>	<u>3,949</u>	<u>4,277</u>	<u>2,427</u>	<u>(1,154)</u>	<u>399,056</u>
<b>Operating Expenses</b>										
Employee benefits	3,144	1,430	1,822	1,961	1,055	205	-	199	-	31,685
Administration	2,277	1,786	2,158	2,705	2,245	850	629	13,577	(329)	71,000
General liability insurance	136	148	121	175	145	58	-	339	(60)	3,808
Nursing	5,120	4,710	5,591	6,413	6,513	613	-	8	-	156,266
Activities	229	330	133	209	207	72	-	3	-	5,395
Social service	106	155	118	215	109	-	-	-	-	3,333
Dietary	877	969	748	1,008	872	677	-	-	-	21,622
Housekeeping and laundry	640	607	291	595	447	132	-	37	-	11,803
Plant and utilities	584	810	455	746	575	346	8	295	-	16,544
Drugs and supplies	864	1,364	1,663	1,595	1,411	4	-	3	-	29,986
Therapy	1,091	1,476	1,147	1,244	1,167	-	-	-	-	23,497
Depreciation	440	1,315	282	411	417	-	871	124	-	10,686
Rent	-	-	-	-	(2)	-	-	22	-	61
Management fees	766	963	651	922	926	196	-	2,925	(765)	22,232
<b>Total Operating Expenses</b>	<u>16,274</u>	<u>16,063</u>	<u>15,180</u>	<u>18,199</u>	<u>16,087</u>	<u>3,153</u>	<u>1,508</u>	<u>17,532</u>	<u>(1,154)</u>	<u>407,918</u>
<b>Income (Loss) from Operations</b>	(941)	2,769	(2,623)	(147)	2,328	796	2,769	(15,105)	-	(8,862)
<b>Other Income</b>	1	1	1	1	1	-	1	375	(139)	256
Gain on sale of property	-	-	-	-	-	-	54,547	-	-	83,490
<b>Interest Expense</b>	(468)	(1,386)	(399)	(1,588)	(289)	(811)	(2,065)	1,987	139	(14,457)
<b>Net Income (Loss)</b>	<u>\$ (1,408)</u>	<u>\$ 1,384</u>	<u>\$ (3,021)</u>	<u>\$ (1,734)</u>	<u>\$ 2,040</u>	<u>\$ (15)</u>	<u>\$ 55,252</u>	<u>\$ (12,743)</u>	<u>\$ -</u>	<u>\$ 60,427</u>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## STATISTICAL INFORMATION (UNAUDITED)

### YEAR ENDED DECEMBER 31, 2023

	Park, Marion & Vernon Streets, LLC & Affiliates	548 Elm Street, LLC & Affiliates	49 Thomas Patten Drive, LLC & Affiliates	57 Old Road to Nine Acre Corner, LLC & Affiliates	265 Essex Street, LLC & Affiliates	260 Easthampton Road, LLC & Affiliates	178 Lowell Street, LLC & Affiliates	19 Varnum Street, LLC & Affiliates	312 Millbury Avenue, LLC & Affiliates	19301 Watkins Mill Road, LLC & Affiliates
<b>Patient Days</b>										
Private	1,100	3,437	1,418	7,195	5,755	-	6,381	483	4,497	-
Medicare	6,411	5,073	6,129	6,250	7,066	817	8,416	1,283	5,870	-
Insurance	5,418	4,293	6,069	4,537	5,229	25	6,418	241	6,273	-
Medicaid	19,213	24,649	33,712	24,066	37,501	6,717	31,582	12,168	35,858	-
Other	15	-	139	9	32	50,900	-	41,367	-	-
<b>Total Patient Days</b>	<b>32,157</b>	<b>37,452</b>	<b>47,467</b>	<b>42,057</b>	<b>55,583</b>	<b>58,459</b>	<b>52,797</b>	<b>55,542</b>	<b>52,498</b>	<b>-</b>
<b>Per Patient Day Information</b>										
<b>Revenue</b>	<b>\$ 405.17</b>	<b>\$ 360.22</b>	<b>\$ 359.07</b>	<b>\$ 419.57</b>	<b>\$ 371.16</b>	<b>\$ 468.98</b>	<b>\$ 415.91</b>	<b>\$ 443.27</b>	<b>\$ 369.71</b>	<b>\$ -</b>
<b>Operating Expenses</b>										
Employee benefits	\$ 23.20	\$ 24.51	\$ 35.98	\$ 34.19	\$ 34.20	\$ 36.04	\$ 30.89	\$ 30.50	\$ 31.66	\$ -
Administration	61.73	58.05	62.00	60.80	52.95	68.18	56.92	58.55	60.82	-
General liability	3.51	3.12	3.39	3.61	2.55	2.91	3.03	2.90	3.16	-
Bad debt	-	-	-	-	-	-	-	-	-	-
Nursing	190.53	160.98	171.78	163.16	161.83	213.12	161.58	190.22	169.47	-
Activities	4.10	4.11	3.39	7.75	6.94	6.84	4.68	7.71	8.06	-
Social service	3.27	4.73	4.04	5.90	3.72	3.66	4.51	3.53	5.58	-
Dietary	25.75	22.38	20.71	25.47	21.18	21.42	20.47	22.25	24.32	-
Housekeeping and laundry	17.88	10.89	10.05	14.31	11.86	11.29	14.68	11.25	12.57	-
Plant and utilities	20.24	14.28	17.93	25.06	14.99	12.47	18.73	16.10	16.42	-
Drugs and supplies	34.61	26.33	29.52	24.82	19.18	20.03	26.99	23.98	25.79	-
Therapy	27.33	24.19	21.38	21.61	23.14	10.20	24.49	10.28	23.43	-
Depreciation	5.13	6.27	9.63	15.95	5.63	8.79	9.98	7.74	9.54	-
Rent	1	-	-	-	-	-	-	-	-	-
Management fees	20.96	18.29	18.75	21.16	18.78	23.50	20.87	22.61	18.76	-
<b>Total Operating Expenses</b>	<b>\$ 439.48</b>	<b>\$ 378.13</b>	<b>\$ 408.55</b>	<b>\$ 423.79</b>	<b>\$ 376.95</b>	<b>\$ 438.45</b>	<b>\$ 397.82</b>	<b>\$ 407.62</b>	<b>\$ 409.58</b>	<b>\$ -</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## STATISTICAL INFORMATION (UNAUDITED)

### YEAR ENDED DECEMBER 31, 2023

	221 Fitzgerald Drive, LLC & Affiliates	800 River Road, LLC & Affiliates	2101 Washington Street, LLC & Affiliates	600 Kinderkamack Road, LLC & Affiliates	199 Andover Street, LLC & Affiliates	135 Benton Drive, LLC & Affiliates	162 South Britain Road, LLC & Affiliates	1621 Route 22 West, LLC & Affiliates	890 Weatherwood Lane, LLC & Affiliates	64 Performance Drive, LLC & Affiliates	750 Woburn Street, LLC & Affiliates	1055 Forest Hill Ave SE LLC & Affiliates
<b>Patient Days</b>												
Private	4,987	3,586	3,611	5,744	2,354	3,693	6,927	20,630	3,971	1,679	4,945	56,476
Medicare	6,552	7,749	14,872	8,344	7,515	7,073	8,190	11,682	4,366	10,427	11,281	-
Insurance	6,826	3,427	7,868	5,752	6,439	10,355	7,296	6,373	12,290	8,938	7,141	-
Medicaid	32,904	47,420	27,996	22,848	31,322	41,485	16,571	3,210	19,039	28,777	15,845	-
Other	-	169	97	244	-	-	-	-	6	6	-	-
<b>Total Patient Days</b>	<b>51,269</b>	<b>62,351</b>	<b>54,444</b>	<b>42,932</b>	<b>47,630</b>	<b>62,606</b>	<b>38,984</b>	<b>41,895</b>	<b>39,672</b>	<b>49,827</b>	<b>39,212</b>	<b>56,476</b>
<b>Per Patient Day Information</b>												
<b>Revenue</b>	<b>\$ 369.42</b>	<b>\$ 362.24</b>	<b>\$ 440.18</b>	<b>\$ 426.12</b>	<b>\$ 373.61</b>	<b>\$ 332.41</b>	<b>\$ 442.23</b>	<b>\$ 441.91</b>	<b>\$ 383.62</b>	<b>\$ 408.11</b>	<b>\$ 479.45</b>	<b>\$ 130.73</b>
<b>Operating Expenses</b>												
Employee benefits	\$ 25.65	\$ 30.79	\$ 38.08	\$ 38.95	\$ 32.50	\$ 22.07	\$ 60.44	\$ 44.95	\$ 51.09	\$ 42.45	\$ 40.93	\$ 5.88
Administration	57.54	41.23	70.84	45.79	64.29	57.39	55.77	39.96	60.45	58.60	57.53	21.96
General liability	2.98	3.79	2.63	4.17	3.04	3.59	3.10	3.01	2.65	3.17	3.32	1.52
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-
Nursing	145.70	120.25	183.44	155.11	160.70	164.60	141.19	121.37	136.57	170.27	178.19	21.94
Activities	5.15	7.38	4.94	5.80	3.28	4.70	6.80	6.25	3.30	3.29	6.68	2.44
Social service	3.43	2.37	1.89	3.03	4.77	6.13	3.87	2.67	4.03	5.52	3.57	-
Dietary	21.14	23.13	26.45	24.29	22.97	21.77	25.47	24.37	20.85	21.72	22.90	21.71
Housekeeping and laundry	11.49	14.72	12.09	15.86	11.02	11.92	16.88	15.35	8.95	13.95	11.99	4.36
Plant and utilities	15.16	16.60	19.69	12.60	16.27	13.53	14.90	19.74	10.56	16.60	18.57	14.75
Drugs and supplies	27.33	17.11	37.05	47.73	27.31	28.14	30.04	33.44	45.93	42.09	36.42	0.23
Therapy	21.79	21.75	33.43	40.27	16.73	24.41	32.78	31.98	34.89	27.45	39.04	-
Depreciation	6.40	9.38	9.31	18.47	7.35	8.48	10.82	29.53	7.54	8.43	9.82	0.11
Rent	-	-	-	-	-	-	-	-	-	-	-	-
Management fees	18.71	15.96	22.57	18.66	19.19	16.93	22.98	20.96	21.05	21.27	24.05	-
<b>Total Operating Expenses</b>	<b>\$ 362.47</b>	<b>\$ 324.46</b>	<b>\$ 462.41</b>	<b>\$ 430.73</b>	<b>\$ 389.42</b>	<b>\$ 383.66</b>	<b>\$ 425.04</b>	<b>\$ 393.58</b>	<b>\$ 407.86</b>	<b>\$ 434.81</b>	<b>\$ 453.01</b>	<b>\$ 94.90</b>

*See independent auditor's report on supplementary information.*

# CARE REALTY, LLC AND SUBSIDIARIES

## STATISTICAL INFORMATION (UNAUDITED)

### YEAR ENDED DECEMBER 31, 2022

	Park, Marion & Vernon Streets, LLC & Affiliates	548 Elm Street, LLC & Affiliates	49 Thomas Patten Drive, LLC & Affiliates	57 Old Road to Nine Acre Corner, LLC & Affiliates	265 Essex Street, LLC & Affiliates	260 Easthampton Road, LLC & Affiliates	178 Lowell Street, LLC & Affiliates	19 Varnum Street, LLC & Affiliates	312 Millbury Avenue, LLC & Affiliates	19301 Watkins Mill Road, LLC & Affiliates
<b>Patient Days</b>										
Private	1,113	3,878	1,221	8,081	3,029	83	5,604	368	4,875	90
Medicare	9,658	6,308	10,138	7,336	8,668	663	7,349	1,271	5,287	942
Insurance	4,928	3,100	3,182	3,654	5,276	88	4,104	206	6,399	257
Medicaid	18,330	22,792	27,146	22,170	40,522	4,831	30,127	10,624	32,500	3,954
Other	1	-	378	-	8	52,717	4	42,920	12	-
<b>Total Patient Days</b>	<b>34,030</b>	<b>36,078</b>	<b>42,065</b>	<b>41,241</b>	<b>57,503</b>	<b>58,382</b>	<b>47,188</b>	<b>55,389</b>	<b>49,073</b>	<b>5,243</b>
<b>Per Patient Day Information</b>										
<b>Revenue</b>	<b>\$ 430.24</b>	<b>\$ 364.27</b>	<b>\$ 392.15</b>	<b>\$ 415.61</b>	<b>\$ 357.82</b>	<b>\$ 477.37</b>	<b>\$ 388.66</b>	<b>\$ 452.27</b>	<b>\$ 365.13</b>	<b>\$ 391.38</b>
<b>Operating Expenses</b>										
Employee benefits	\$ 37.70	\$ 22.09	\$ 28.57	\$ 27.98	\$ 33.25	\$ 29.53	\$ 28.02	\$ 33.51	\$ 27.59	\$ 35.67
Administration	61.33	57.90	68.96	62.32	50.73	68.62	60.71	60.07	65.35	90.98
General liability	3.73	3.66	4.26	3.90	2.89	3.15	3.81	3.18	3.79	11.63
Bad debt	-	-	-	-	-	-	-	-	-	-
Nursing	175.70	183.55	145.56	165.66	154.67	220.63	163.24	191.52	153.49	134.08
Activities	3.23	4.41	4.92	7.88	6.09	5.67	5.40	6.25	9.05	4.77
Social service	4.38	3.55	3.73	4.22	3.93	2.67	3.52	3.72	4.59	2.86
Dietary	23.80	20.90	22.28	23.18	19.39	19.82	22.68	22.08	23.94	23.27
Housekeeping and laundry	15.69	11.61	10.86	12.95	10.94	9.76	13.52	10.67	11.02	14.30
Plant and utilities	22.66	15.91	24.60	26.72	15.39	11.70	18.90	15.36	17.71	28.99
Drugs and supplies	40.79	28.77	28.48	27.40	19.67	31.43	29.20	34.28	27.43	24.41
Therapy	20.83	26.47	24.58	21.82	22.90	10.55	25.49	9.59	27.92	28.04
Depreciation	5.02	3.88	10.75	16.12	5.58	8.70	11.15	8.02	9.70	7.06
Rent	1.18	-	-	-	0.02	-	-	-	-	-
Management fees	22.25	18.46	20.44	21.14	18.29	23.74	19.77	22.82	18.48	21.17
<b>Total Operating Expenses</b>	<b>\$ 438.29</b>	<b>\$ 401.16</b>	<b>\$ 398.00</b>	<b>\$ 421.30</b>	<b>\$ 363.74</b>	<b>\$ 445.98</b>	<b>\$ 405.42</b>	<b>\$ 421.06</b>	<b>\$ 400.06</b>	<b>\$ 427.24</b>

*See independent auditor's report on supplementary information.*



# CARE REALTY, LLC AND SUBSIDIARIES

## STATISTICAL INFORMATION (UNAUDITED)

### YEAR ENDED DECEMBER 31, 2022

	221 Fitzgerald Drive, LLC & Affiliates	800 River Road, LLC & Affiliates	2101 Washington Street, LLC & Affiliates	600 Kinderkamack Road, LLC & Affiliates	199 Andover Street, LLC & Affiliates	135 Benton Drive, LLC & Affiliates	162 South Britain Road, LLC & Affiliates	1621 Route 22 West, LLC & Affiliates	890 Weatherwood Lane, LLC & Affiliates	64 Performance Drive, LLC & Affiliates	750 Woburn Street, LLC & Affiliates	1055 Forest Hill Ave SE LLC & Affiliates
<b>Patient Days</b>												
Private	2,712	3,365	4,026	6,283	2,051	4,143	7,306	19,549	2,788	2,196	3,520	29,052
Medicare	8,064	9,455	28,047	12,374	12,285	8,439	7,097	13,608	4,511	11,336	12,026	-
Insurance	4,658	4,161	6,135	5,174	5,772	7,591	5,370	5,544	10,053	3,748	6,255	-
Medicaid	31,211	43,059	24,554	19,825	29,993	39,174	14,453	3,051	19,903	26,191	16,695	-
Other	-	263	2	-	-	1	2	-	14	-	-	-
<b>Total Patient Days</b>	<b>46,645</b>	<b>60,303</b>	<b>62,764</b>	<b>43,656</b>	<b>50,101</b>	<b>59,348</b>	<b>34,228</b>	<b>41,752</b>	<b>37,269</b>	<b>43,471</b>	<b>38,496</b>	<b>29,052</b>
<b>Per Patient Day Information</b>												
Revenue	\$ 373.39	\$ 383.75	\$ 499.04	\$ 492.21	\$ 398.44	\$ 333.83	\$ 447.97	\$ 451.04	\$ 336.93	\$ 415.27	\$ 478.36	\$ 135.93
<b>Operating Expenses</b>												
Employee benefits	\$ 30.49	\$ 25.82	\$ 30.11	\$ 34.45	\$ 25.79	\$ 23.81	\$ 91.85	\$ 34.25	\$ 48.89	\$ 45.11	\$ 27.41	\$ 7.06
Administration	56.88	55.80	56.64	58.64	60.58	58.77	66.52	42.78	57.90	62.23	58.32	29.26
General liability	3.69	4.29	2.61	4.38	3.21	4.16	3.97	3.54	3.25	4.03	3.77	2.00
Bad debt	-	-	-	-	-	-	-	-	-	-	-	-
Nursing	164.58	143.96	183.35	186.66	149.96	166.69	149.59	112.81	150.02	147.52	169.19	21.10
Activities	4.16	8.52	4.60	6.18	3.35	3.79	6.69	7.90	3.57	4.81	5.38	2.48
Social service	3.67	2.52	2.10	2.82	4.53	3.76	3.10	3.71	3.17	4.95	2.83	-
Dietary	21.65	22.98	24.44	21.97	21.24	20.20	25.62	23.21	20.07	23.19	22.65	23.30
Housekeeping and laundry	11.96	14.61	11.89	15.00	10.02	12.20	18.70	14.54	7.81	13.69	11.61	4.54
Plant and utilities	16.38	16.37	18.16	14.22	13.09	12.52	17.06	19.40	12.21	17.16	14.94	11.91
Drugs and supplies	29.37	20.07	39.24	52.39	29.00	30.80	25.24	32.67	44.62	36.69	36.65	0.14
Therapy	25.45	24.16	29.78	39.35	16.57	25.76	31.87	35.35	30.78	28.62	30.31	-
Depreciation	6.75	9.93	7.73	18.30	6.97	9.08	12.85	31.50	7.57	9.45	10.83	-
Rent	-	-	-	-	-	-	-	-	-	-	-	-
Management fees	19.02	19.45	25.49	25.61	20.60	17.36	22.38	23.06	17.47	21.21	24.05	6.75
<b>Total Operating Expenses</b>	<b>\$ 394.03</b>	<b>\$ 368.48</b>	<b>\$ 436.15</b>	<b>\$ 479.97</b>	<b>\$ 364.89</b>	<b>\$ 388.90</b>	<b>\$ 475.45</b>	<b>\$ 384.71</b>	<b>\$ 407.30</b>	<b>\$ 418.64</b>	<b>\$ 417.88</b>	<b>\$ 108.52</b>

*See independent auditor's report on supplementary information.*