CHATHAM HILLS SUBACUTE CARE CENTER LLC
(a limited liability company)

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

Brand Sonnenschine LLP
Certified Public Accountants & Advisors

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INDEPENDENT AUDITORS' REPORT

To the Member of
Chatham Hills Subacute Care Center LLC

Opinion

We have audited the accompanying financial statements of Chatham Hills Subacute Care Center LLC (a limited liability company), which comprise the balance sheet as of December 31, 2025, and the related statements of operations and member's equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chatham Hills Subacute Care Center LLC (a limited liability company) as of December 31, 2025, and the results of its operations, changes in member's equity, and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chatham Hills Subacute Care Center LLC (a limited liability company) and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Chatham Hills Subacute Care Center LLC's (a limited liability company) ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chatham Hills Subacute Care Center LLC's (a limited liability company) 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 Chatham Hills Subacute Care Center LLC's (a limited liability company) 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.

May 20, 2026

CHATHAM HILLS SUBACUTE CARE CENTER LLC
(a limited liability company)
BALANCE SHEET
AT DECEMBER 31, 2025

ASSETS		
Current assets		
Cash and cash equivalents (note 2)	$	286,964
Cash - restricted (patient funds) (note 2)		73,378
Accounts receivable - net (note 3)		1,500,159
Prepaid expenses and other		380,772
Due from landlord (note 9)		26,468
Total current assets		2,267,741
Property and equipment - net (note 4)		3,027,970
Security deposits		1,740
Due from related entities (note 9)		8,044
Right-of-use asset operating (note 6)		2,318,457
TOTAL ASSETS	$	7,623,952
LIABILITIES AND MEMBER'S EQUITY		
Current liabilities		
Line of credit (note 8)	$	520,000
Accounts payable		707,909
Accrued expenses and withheld taxes		565,797
Distributions payable (note 9)		44,342
Due to related entities (note 9)		319,992
Due to private and third-party payors		886,876
Patients' funds payable		17,751
Operating lease obligation (note 6)		1,289,221
Total current liabilities		4,351,888
Operating lease obligation (note 6)		1,383,689
Total liabilities		5,735,577
Member's equity		1,888,375
TOTAL LIABILITIES AND MEMBER'S EQUITY	$	7,623,952

See accompanying notes to the financial statements.

CHATHAM HILLS SUBACUTE CARE CENTER LLC
(a limited liability company)
STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2025

Revenues	$ 13,596,364
Operating expenses	14,401,928
Loss from operations	(805,564)
Non-operating revenue (expenses)	
Interest income	11,387
Interest expense	(39,600)
NET LOSS	(833,777)
Member's equity - December 31, 2024	1,732,972
	899,195
Member's equity contributed	989,180
MEMBER'S EQUITY - DECEMBER 31, 2025	$ 1,888,375

See accompanying notes to the financial statements.

CHATHAM HILLS SUBACUTE CARE CENTER LLC
(a limited liability company)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities		
Net loss	$	(833,777)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation		433,987
Net change in right-of-use asset, operating lease payable, and deferred rent		(143,929)
Increase in assets:		
Accounts receivable		(116,441)
Prepaid expenses and other		(75,956)
Increase (decrease) in liabilities:		
Accounts payable		(84,310)
Accrued expenses and withheld taxes		(3,998)
Due to prior owner		2,571
Due to private and third-party payors		160,915
Patients' funds payable		(14,812)
Net cash used in operating activities		(675,750)
Cash flows from investing activities		
Purchase of property and equipment		(420,485)
Net cash used in investing activities		(420,485)
Cash flows from financing activities		
Payments on line of credit		(100,000)
Loans from related entities		87,008
Due from landlord		(48,562)
Member's equity contributed		989,180
Net cash provided by financing activities		927,626
NET DECREASE IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS		(168,609)
Cash, restricted cash, and cash equivalents - December 31, 2024		528,951
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - DECEMBER 31, 2025	$	360,342

See accompanying notes to the financial statements.

CHATHAM HILLS SUBACUTE CARE CENTER LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and business – Chatham Hills Subacute Care Center LLC (the "Company") was formed in the State of New Jersey on September 30, 2014. The Company commenced operations of a 108-bed nursing facility in Chatham Township, New Jersey on February 1, 2015. The member of the Company is generally protected from liability for acts and obligations of the Company. The operating agreements provide, among other things, for the Company to continue at the will of the General Member, unless sooner terminated as provided in the agreement. The Company leases land, building, and rights to its license in Chatham Township, New Jersey, from a related entity.

Basis of accounting – The books and records of the Company are maintained on the accrual basis in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Cash equivalents – Cash equivalents represent short-term investments with original maturity dates of three months or less.

Restricted cash – patient funds – The Company adopted Financial Accounting Standards Board ("FASB") standard "ASU-2016-18, Statement of Cash Flows (Topic 230): Restricted Cash." This standard requires that cash, restricted cash, and cash equivalents be included in beginning and ending cash, restricted cash, and cash equivalents on the statement of cash flows. The Company is required to maintain patient funds in a separate restricted account. The amount at all times must be equal to or exceed the aggregate of all outstanding obligations to the patients.

Trade accounts receivable – Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company has adopted Accounting Standards Update ("ASU") No. 2016-13, Measurement of Credit Losses on Financial Instruments, and its related amendments using the prospective method. The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model and adds certain new required disclosures. Under the expected loss model, entities will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with Accounting Standards Codification ("ASC") 326, the Company evaluates certain criteria, including aging and historical write-offs, current economic condition of specific payors, and future economic conditions to determine the appropriate allowance for credit losses. The impact of the adoption of ASC 326 to the Company's opening balance of net assets was not material.

In 2025, the Company elected to early adopt FASB Accounting Standards Update 2025-05, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets," which allows it to elect a practical expedient that assumes that the current conditions used in estimating the expected credit losses for accounts receivable and contract assets balances will not change for the remaining life of the asset.

Property and equipment – Property and equipment are stated at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the asset are capitalized.

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In March 2023, the FASB issued Accounting Standards Update (ASU) 2023-01, Leases Topic (842): Common Control Arrangements, which requires a lessee, in a common control lease agreement, to amortize related leasehold improvements over the assets useful lives. The remaining useful lives of the leasehold improvements on the nursing home facility range from 5 to 15 years.

Deferred financing costs – In 2016, the Company adopted FASB standard "ASU-2015-03 Interest-Imputation of Interest." This standard requires that debt issuance costs relating to financing debt be shown as an offset to the note payable instead of as a deferred charge categorized as an intangible asset. The guidance also requires that the resulting amortization of the deferred financing costs be shown as interest expense instead of amortization expense.

Revenues – Revenue is derived primarily from providing healthcare services to the Company's patients. Revenues are recognized when services are provided to the patients at the amount that reflects the consideration to which the Company expects to be entitled from patients and third-party payors, including Medicaid, Medicare, and insurers (private and Medicare replacement plans), in exchange for providing patient care. The healthcare services in transitional and skilled, home health, and hospice patient contracts include routine services in exchange for a contractual agreed-upon amount or rate. Routine services are treated as a single-performance obligation satisfied over time as services are rendered. As such, patient care services represent a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services that are not included in the daily rates for routine services, but instead are treated as separate performance obligations satisfied at a point-in-time, if and when those services are rendered.

Revenue recognized from healthcare services is adjusted for estimates of variable consideration to arrive at the transaction price. The Company determines the transaction price based on contractually agreed-upon amounts or rates, adjusted for estimates of variable consideration. The Company uses the expected value method in determining the variable component that should be used to arrive at the transaction price, using contractual agreements and historical reimbursement experience within each payer type. The amount of variable consideration, which is included in the transaction price may be constrained, and is included in the net revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. If actual amounts of consideration ultimately received differ from our estimates, estimates are adjusted, which would affect net service revenue in the period such variances become known.

Government grants – In 2022, the Company adopted ASU-2021-10, Government Assistance (Topic 832: Disclosures by Business Entities about Government Assistance). The Company's accounting policy for government grants is to follow International Accounting Standards No. 20 – "Accounting for Government Grants and Disclosure of Government Assistance."

Income taxes – The Company is treated as a single-member LLC for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the partnership returns of the single-member ("Parent") company and taxed depending on its tax situation. The policy of the Company is to record interest expense and penalties relating to income taxes in operating expense. For the year ended December 31, 2025, there were no income tax-related interest or penalty expenses and no accrued interest and penalties.

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In 2020, the State of New Jersey enacted the Business Alternative Income Tax ("BAIT") Act. This law created an optional partnership-level income tax on earnings, which would also be passed through to individual members. The tax rates are graduated and range from 5.675% to 10.9%. The Company records the New Jersey BAIT tax in net distributions to its member on the Statement of Operations. The Company did not make any BAIT payments in 2025.

Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases – The Company adopted ASC-842 Leases. With this adoption, the Company determined, which contracts conveyed the Company a right to control identified property, plant, or equipment for a period of time in exchange for consideration that were deemed leases. The Company classified these contracts as Right-of-Use ("ROU") assets. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. ROU assets include amounts for scheduled rent increases and may be reduced by lease incentive amounts. Using the transition approach, the Company elected to use the following practical expedients and, therefore, did not reassess any of the following: (1) whether any expired or existing contracts are or contain leases, (2) the lease classification of expired or existing operating leases and recorded them as operating leases and all existing leases that were classified as capital leases as financing leases, and (3) initial direct costs for any existing leases.

With implementation, the Company also elected the following practical expedients: (1) using the Company's implicit borrowing rate (if available at the time of the lease origination); or (2) using a risk-free discount rate (US Treasury Rate) for the lease-derived ROU assets. ROU assets were treated separately from non-lease components of all asset classes. For leases utilizing the risk-free rate expedient, the Company elected to use a period comparable with that of the lease term, as an accounting policy election for all leases. The Company also made an accounting policy election to not record ROU assets or lease liabilities for leases with an initial term of 12 months or less and will recognize payments for such leases in its Statements of Operations on a straight-line basis over the lease term. There were no residual value guarantees in any of the leases. The Company used hindsight in determining the lease term.

Advertising – Advertising costs, except for costs associated with direct-response advertising, are charged to operations when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received.

Guaranteed payments to member – Guaranteed payments to the member that are intended as compensation for services rendered are accounted for as expenses of the Company rather than as allocations of the Company's net earnings. Guaranteed payments that are intended as payments of interest on capital accounts are not accounted for as expenses of the Company, but rather, as part of the allocation of net earnings.

Subsequent events – The Company has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through May 20, 2026, the date the financial statements were available to be issued. No subsequent events were identified.

NOTE 2 – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

The balance in cash, restricted cash, and cash equivalents at December 31, 2025, consists of the following:

Operating cash	$	286,964
Restricted cash – patient funds		73,378
Total cash, restricted cash, and cash equivalents	$	360,342

NOTE 3 – ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the changes in the allowance for credit losses included in accounts receivable for the year ended December 31, 2025:

Activity:		
Balance – December 31, 2024	$	965,000
Provision for credit losses		368,275
Less: write-offs		516,275
Balance – December 31, 2025	$	817,000

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2025, are summarized as follows:

	Life (Years)		
Leasehold improvements	15	$	4,925,812
Furniture and equipment	5		3,842,739
			8,768,551
Less: accumulated depreciation			5,740,581
		$	3,027,970

Depreciation expense was $433,987 for the year.

NOTE 5 – REVENUES

Approximately 5% of revenues during the year were derived from billings to the New Jersey Department of Health for stays by Medicaid patients.

Approximately 34% of revenues during the year were derived from billings to the Federal government for stays by Medicare patients covered by Part A and for services provided, which are covered by Medicare Part B.

Approximately 26% of revenues during the year were derived from billings to Managed Care Organizations (“MCOs”) approved by the New Jersey Department of Health.

NOTE 5 – REVENUES (CONTINUED)

Effective July 2014, the New Jersey Department of Human Services changed its reimbursement methodology to an MCO system. The Company entered into contracts with state-approved MCOs that will be paying for all new Medicaid admissions. All future rates will be negotiated between the Company and each MCO.

As a result of audits or appeals, adjustments to interim rates received in prior years resulted in a decrease of $4,688 to the Company's revenues during the year.

NOTE 6 – LEASES

The Company has an operating lease for the nursing facility premises. ROU assets represent the Company's right to use an underlying asset for the lease term if greater than twelve months. Lease obligations represent the Company's liability to make lease payments arising from the lease. Operating lease ROU assets and related obligations are recognized at the commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at the commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option.

The Company occupies the facility as a party to an operating lease with a related entity, which commenced January 1, 2015, will expire December 31, 2027. The lease provides for a base rent of $1,080,000 with 3% annual increases. The Company is also responsible for variable payments for real estate taxes and operating expenses. The Company elected to exclude variable payments for real estate taxes and operating expenses from ROU operating lease present value computations. The lease arrangement has a remaining lease term of 2 years.

The following table is a summary of components of lease expense and year-end ROU assets and lease liabilities relating to operating leases for the year:

Operating lease cost	$	1,299,105
Short-term lease costs		261,481
Variable cost		138,814
Total	$	1,699,400

OPERATING LEASES

Operating lease ROU assets	$	2,318,457
Other current liabilities	$	1,289,221
Operating lease liabilities		1,383,689
Total operating lease liabilities	$	2,672,910

WEIGHTED-AVERAGE REMAINING LEASE TERM

Operating leases	2 years

NOTE 6 – LEASES (CONTINUED)

WEIGHTED-AVERAGE DISCOUNT RATE

Operating leases	4.00%

Undiscounted maturities of operating lease liabilities were as follows:

For the Years Ended December 31		
2026	$	1,368,111
2027		1,409,155
Total undiscounted maturities of lease liabilities		2,777,266
Less: discount on lease liabilities		(104,356)
TOTAL LEASE LIABILITIES	$	2,672,910

The following table presents supplemental cash flow information for the year:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$	1,297,944

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at several financial institutions. At December 31, 2025, accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000 per entity. At December 31, 2025, the Company had $44,000 of uninsured bank balances.

At December 31, 2025, the Company had approximately 10% of its receivables due from the New Jersey Department of Health, 26% of its receivables due from the Federal government for Medicare recipients, and 13% of its receivables due from MCOs approved by the New Jersey Department of Health.

At December 31, 2025, approximately 20% of the accounts payable balance was payable to one vendor.

NOTE 8 – LINE OF CREDIT

On January 30, 2015, the Company entered into a line of credit agreement with a bank. Under the terms of the agreement, the Company can borrow up to a maximum of $1,000,000, provided the amounts borrowed do not exceed the borrowing base amount. Interest on amounts drawn from the line are payable at a rate of LIBOR plus 3.5%. The interest rate at December 31, 2025, was 7.36%. Amounts payable on the line are due to the bank on demand. At December 31, 2025, the balance due on the line of credit and payable to the bank was $520,000. Interest on the line of credit was $39,600 for the year.

The Company uses credit cards, which contain revolving credit lines with various limits. At December 31, 2025, the Company had outstanding credit card balances of $32,081, which were included in accounts payable.

NOTE 9 – RELATED-ENTITY TRANSACTIONS

The Company purchased management services from a company, which is related through common ownership. Total management services purchased amounted to $240,000 for the year. At December 31, 2025, there was no balance due to the related company.

The Company purchased contracted and fiscal services from a company, which is related through common ownership. Total services purchased amounted to approximately $430,000 for the year. At December 31, 2025, there was no balance due to the related company.

At Dec 31, 2025, distributions payable to the member were $44,342, and are expected to be paid in 2026.

Related-entity loans due from related entities that are controlled by the Company's member were $8,044 at December 31, 2025. The loans were deemed to be non-interest-bearing and there is no formal plan for repayment of these loans. Related-entity loans included in due to related entities that are controlled by the Company's Parent were $43,591 at December 31, 2025. The loans were deemed to be non-interest-bearing, and there is no formal plan for repayment of these loans.

The Company recorded general liability and workers' compensation insurance premiums in the amount of approximately $511,000 in 2025 to a captive insurance company, which is related to the Company through common ownership. At December 31, 2025, the balance due to the related company and included in due to related entities was approximately $276,401.

The Company leases its facility from a related entity (note 6). At December 31, 2025, amounts due from the related landlord for prepaid rent obligations were $26,468.

NOTE 10 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:	
Interest	$ 39,600

NOTE 11 – ADVERTISING

Advertising and marketing expense was $116,801 for the year. There were no direct-response advertising costs either capitalized or expensed. Indirect advertising costs are expensed as incurred.

NOTE 12 – EMPLOYEE BENEFIT PLAN

The Company implemented a qualified Salary-Reduction Profit-Sharing Plan (the "Plan") for eligible employees under section 401(K) of the Internal Revenue Code. The Plan provides for voluntary employee contributions through salary reductions and voluntary employer contributions at the discretion of the Company. No employer contributions were made during the year.

NOTE 13 – CONTINGENCIES

Revenues are based on current billings. Certain adjustments may be made in subsequent periods as a result of audits or appeals, the final results of which are not determinable as of the date of the financial statements. Such adjustments, if any, will be reflected in revenues in the period in which they are ascertained.

The Company is involved in various lawsuits and subject to certain contingencies in the normal course of business. Management is vigorously defending any claims that are asserted.

The Company, along with other affiliated companies, provides health coverage to its employees through a self-funded healthcare arrangement, and assumes direct risk for payment of the claims for benefits. The Company and its affiliates also purchased a stop-loss insurance plan, which caps the employer liability on any individual claimant to $40,000. The Company is contingently liable for unpaid claims of its affiliates.

The Company, along with other affiliated companies, maintains a combined high deductible workers' compensation policy. Premiums are paid to a captive insurance company (note 9), and the captive insurance company pays claims that incur, up to a maximum of $350,000 per individual incident, and up to a maximum of approximately $8,500,000 in the aggregate. Claims incurred above these limits are paid by a third-party insurance carrier. The Company is contingently liable for unpaid claims of its affiliates.

The Company, as well as other affiliated companies, maintains a high-deductible general liability insurance policy, issued by a related captive insurance company (note 9). The deductible for an individual incident is $35,000, and claims above the deductible amount are paid by the captive insurance company, up to $1,000,000 per claim, and up to $20,000,000 in the aggregate. The captive insurance carrier maintains umbrella insurance coverage with three highly rated insurance companies, which covers individual claims in excess of $1,000,000 and aggregated claims from all policies issued by the captive in excess of $20,000,000. The Company is contingently liable for unpaid claims of its affiliates.

In June 2019, the Company's landlord refinanced its mortgage with a Federal Housing Administration Section 232 mortgage note under the U.S. Department of Housing and Urban Development ("HUD"), in the principal amount of $12,080,000. Pursuant to its landlord's mortgage refinance, the Company entered into a sub-lessee nursing home regulatory agreement with HUD under which it granted a first lien security interest in all of the assets of the Company. At December 31, 2025, the balance due by the landlord was $10,797,264, and the mortgage was in good standing.

The New Jersey Department of Health is currently in the process of revising the methodology used to calculate the Medicaid reimbursement rate paid to the Company. The effect of these revisions on future operations cannot be determined at this time.