

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1
BALANCE SHEET	3
STATEMENTS OF EARNINGS AND MEMBERS' DEFICIENCY	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6

INDEPENDENT AUDITORS' REPORT

To the Members of
Complete Care at Passaic LLC

Opinion

We have audited the accompanying financial statements of Complete Care at Passaic LLC (a limited liability company), which comprise the balance sheet as of December 31, 2025, and the related statements of earnings and members' deficiency, 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 Complete Care at Passaic LLC as of December 31, 2025, and the results of its operations, changes in members' deficiency, 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 Complete Care at Passaic LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 about Complete Care at Passaic LLC's 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 Complete Care at Passaic LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Complete Care at Passaic LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

A handwritten signature in black ink that reads "Brand Sonnenschein LLP". The signature is written in a cursive, flowing style.

August 20, 2026

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
BALANCE SHEET
AT DECEMBER 31, 2025

ASSETS

Current assets

Cash and cash equivalents (note 2)	\$ 1,072,362
Cash - restricted (patient funds) (note 2)	303,071
Accounts receivable - net (note 3)	2,506,716
Prepaid expenses and other (note 12)	2,030,119
Due from landlord (note 5)	<u>60,925</u>
Total current assets	5,973,193

Property and equipment - net (note 4)	1,471,287
Due from related entities (note 5)	585,123
Right-of-use asset - operating lease (note 7)	<u>22,276,981</u>

TOTAL ASSETS **\$ 30,306,584**

LIABILITIES AND MEMBERS' DEFICIENCY

Current liabilities

Accounts payable	\$ 1,182,290
Accrued expenses and withheld taxes	685,964
Due to prior owner (note 11)	414,090
Operating lease payable (note 7)	432,208
Patients' funds payable	272,318
Other current liabilities	<u>3,115,998</u>
Total current liabilities	6,102,868

Operating lease payable (note 7)	21,844,773
Due to related entities (note 5)	<u>2,433,222</u>
Total liabilities	30,380,863

Members' deficiency **(74,279)**

TOTAL LIABILITIES AND MEMBERS' DEFICIENCY **\$ 30,306,584**

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
STATEMENTS OF EARNINGS AND MEMBERS' DEFICIENCY
YEAR ENDED DECEMBER 31, 2025

Revenues	\$ 20,505,003
Operating expenses	<u>18,544,775</u>
Earnings from operations	1,960,228
Non-operating revenues:	
Interest income	<u>3,383</u>
NET EARNINGS	1,963,611
Members' equity - December 31, 2024	<u>534,610</u>
	2,498,221
Net members' equity distributed	<u>(2,572,500)</u>
MEMBERS' DEFICIENCY - DECEMBER 31, 2025	\$ <u><u>(74,279)</u></u>

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities

Net earnings	\$ 1,963,611
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation	199,251
Amortization of deferred debt issuance costs included in interest expense	
Increase in assets	
Accounts receivable	(156,557)
Prepaid expenses and others	(135,617)
Increase (decrease) in liabilities	
Accounts payable	(598,005)
Accrued expenses and withheld taxes	99,363
Patients' funds payable	(5,713)
Other current liabilities	272,669
Net cash provided by operating activities	<u>1,639,002</u>

Cash flows from investing activities

Purchase of property and equipment	(27,966)
Net cash used in investing activities	<u>(27,966)</u>

Cash flows from financing activities

Net receipts from landlord	7,529
Net receipts from related entities	600,000
Members' equity distributed	(2,572,500)
Net cash used in financing activities	<u>(1,964,971)</u>

Net decrease in cash, restricted cash, and cash equivalents (353,935)

Cash, restricted cash, and cash equivalents - December 31, 2024 1,729,368

**CASH, RESTRICTED CASH,
AND CASH EQUIVALENTS - DECEMBER 31, 2025** \$ 1,375,433

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2025

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

Organization and business – Complete Care at Passaic LLC (the “Company”) was formed in the State of New Jersey on January 26, 2017. The Company commenced operations of a 180-bed nursing facility in Paterson, New Jersey on June 15, 2017. The members of the Company are 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 Members, unless sooner terminated as provided in the agreement. The Company leases land, building and rights to its license in Paterson, New Jersey, from a related entity.

Basis of accounting – The books and records of the Company are maintained on the accrual basis of accounting 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 Standard 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 using 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.

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2025

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 1 to 15 years.

Variable interest entity – The Company adopted Accounting Standards Update (ASU) 2018-17, Consolidation (Topic 810) - Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements. Under this accounting policy, the Company elects not to evaluate for consolidation a real estate leasing company that is related to the Company through common ownership. Consequently, the financial statements do not reflect the effect, if any, of having consolidated the real estate leasing company.

Revenues – Revenue is derived primarily from providing healthcare services to 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 „which 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 are 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 payor 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 estimates, the Company adjusts these estimates, which would affect net service revenue in the period such variances become known.

Income taxes – The Company is treated as a partnership for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situations. The policy of the Company is to record interest expense and penalties relating to income taxes in operating expense.

In 2020, the State of New Jersey passed the Business Alternative Income Tax Act (“BAIT”). This law allowed LLCs to pay tax due on partnership earnings instead of on the individual owners return. The tax rates are graduated and range from 5.675% to 10.9% of earnings. The Company recorded \$245,000 of New Jersey BAIT taxes during the year, which were included in distributions.

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2025

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

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.

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

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.”

Guaranteed payments to members – Guaranteed payments to members 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.

Leases – The Company adopted ASC-842 Leases. With 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 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.

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 to determine the variable component that should be used to arrive at the transaction price, using contractual agreements and historical reimbursement experience within each payor 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 estimates, the Company adjusts these estimates, which would affect net service revenue in the period such variances become known.

With implementation, the Company also elected the following practical expedients of: (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

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2025

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

leases in its Statements of Earnings (Loss) 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.

Subsequent events – The Company has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through August 20, 2026, the date the financial statements were available to be issued. No subsequent events have been 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	\$ 1,072,362
Restricted cash – patient funds	<u>303,071</u>
Total cash, restricted cash, and cash equivalents	\$ <u>1,375,433</u>

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	\$ 283,000
Provision for credit losses	318,877
Less: write-offs	<u>150,777</u>
Balance – December 31, 2025	\$ <u>451,100</u>

NOTE 4 – PROPERTY AND EQUIPMENT

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

	Life (Years)	
Leasehold improvements	15	\$ 1,410,013
Furniture and equipment	5	<u>747,193</u>
		2,157,206
Less: accumulated depreciation		<u>685,919</u>
		\$ <u>1,471,287</u>

Depreciation expense was \$199,251 for the year.

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2025

NOTE 5 – RELATED-ENTITY TRANSACTIONS

Amounts due from related entities controlled by one of the Company's members was \$585,123 at December 31, 2025. The loans are deemed to be non-interest-bearing, unsecured, and there is no formal repayment plan for these demand loans.

The Company recorded \$600,000 of management fees to a related company during the year. At December 31, 2025, the amount owed to the management company was \$2,433,222.

The Company leases its facility from a related entity (note 7). The balance due from the related landlord at December 31, 2025, was \$60,925. The loans are non-interest-bearing and are not expected to be repaid in the near future.

NOTE 6 – REVENUES

Approximately 5% of the revenues during the year were derived from billings to the New Jersey Department of Health for stays by Medicaid patients. Approximately 72% of revenues during the year were derived from billings to Managed Care Organizations ("MCO") that were approved by the New Jersey Department of Health.

Approximately 19% of the 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, respectively.

Effective July 2014, the New Jersey Department of Human Services changed its reimbursement methodology to a MCO system. The Company entered into contracts with state-approved MCO's that are paying for all new Medicaid admissions. Subsequent rates are negotiated between the Company and each MCO.

NOTE 7 – LEASES

The Company has operating leases for the nursing facility and equipment. 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 Company used its incremental borrowing rate of 3.88% to calculate the present value of its operating lease liability. 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. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company occupies the facility as a party to an operating lease with a related entity, which commenced in September 2015 and was to expire on June 31, 2047. Upon refinancing in August 2019, the Operator Lease Addendum extended the lease to coincide with the life of the loan, which is August 31, 2054. The lease requires rent amounts sufficient to properly maintain the facility and enable the

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2025

NOTE 7 – LEASES (CONTINUED)

Company to meet its debt service obligations. For each lease year, so long as the HUD loan is outstanding, base rent shall be 1.05 multiplied by the sum of the: (i) debt service, (ii) real estate tax expense, (iii) mortgage insurance premium, (iv) property insurance, and (v) replacement reserve deposits. In addition to base rent, the lessee shall also pay additional rent as determined by the parties.

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	\$ 1,284,768
Short-term lease costs	22,246
Variable lease costs	<u>995,232</u>
Total	\$ <u>2,302,246</u>

OPERATING LEASES

Operating lease ROU assets	\$ <u>22,276,981</u>
Operating lease current liabilities	\$ 432,208
Operating lease long-term liabilities	<u>21,844,773</u>
Total operating lease liabilities	\$ <u>22,276,981</u>

WEIGHTED-AVERAGE REMAINING LEASE TERM

Operating leases	28.67 years
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WEIGHTED-AVERAGE DISCOUNT RATE

Operating leases	3.88%
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Undiscounted maturities of operating lease liabilities were as follows:

For the Years Ended December 31

2026	\$ 1,284,768
2027	1,284,768
2028	1,284,768
2029	1,284,768
2030	1,284,768
Thereafter	<u>30,406,176</u>
Total undiscounted maturities of lease liabilities	36,830,016
Less: discount on lease liabilities	<u>(14,553,035)</u>
TOTAL LEASE LIABILITIES	\$ <u>22,276,981</u>

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2025

NOTE 7 – LEASES (CONTINUED)

The following table presents supplemental cash flow information for the year ended December 31, 2025:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows for operating leases	\$ <u>2,280,000</u>
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NOTE 8 – CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. At December 31, 2025, the Company had uninsured cash balances in one banking institution with uninsured amounts of approximately \$1,188,000.

At December 31, 2025, the Company had approximately 14% of its receivables due from the New Jersey Department of Health for Medicaid patients, and 44% of its receivables due from MCO’s for Medicaid approved patients, and 16% of its receivables due from the Federal government for Medicare recipients.

At December 31, 2025, approximately 26% of the accounts payable balance was payable to two vendors.

NOTE 9 – ADVERTISING

Advertising expense was \$8,905 for the year. There were no direct-response advertising costs either capitalized or expensed. The Company’s policy is to expense advertising costs as incurred.

NOTE 10 – ECONOMIC DEPENDENCY

During the year, the Company purchased a substantial portion of its services from two vendors. Purchases from these vendors totaled approximately \$1,032,000. The balance due to these vendors at December 31, 2025, and included in accounts payable was approximately \$313,000.

NOTE 11 – DUE TO PRIOR OWNER

The Company had either received payments due to the prior owner or has had recoupments, which the prior owner was required to reimburse. At December 31, 2025, the balance due to the prior owner was \$414,090.

NOTE 12 – EMPLOYEE RETENTION CREDIT

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES” Act), small employers were eligible for a refundable Employee Retention Tax Credit (“ERTC”) if they experienced a significant reduction in revenues or a complete or partial suspension of operations as defined by the CARES Act. The credit was equal to 70% of qualified wages paid to an employee, capped at \$10,000 per quarter, during the first 3 quarters of 2021. The Company met these criteria during the first, second, and third quarters of 2021 and included \$1,821,378 in revenues on the statement of earnings in 2021. As of December 31, 2025, the amount was not received and is included in prepaid expenses and

COMPLETE CARE AT PASSAIC LLC
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
AT DECEMBER 31, 2025

NOTE 12 – EMPLOYEE RETENTION CREDIT (CONTINUED)

other. Both the methodology used to determine eligibility for the credit and the calculation of the amount of the credit are subject to audit.

NOTE 13 – 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. The Company did not make any contributions to the Plan during the year.

NOTE 14 – CONTINGENCIES

At times, the Company may be involved in various lawsuits and subject to certain contingencies in the normal course of business. Management vigorously defends any claims that may be asserted.

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 has a corporate credit card, which it can use for corporate purchases. The credit card has a spending limit of \$59,000. At December 31, 2025, there was no balance on this card.

In August 2019, the related realty company refinanced its mortgage with HUD. The Company has granted a security interest in all its current and future assets to the related realty company and is contingently liable and was compliant for that mortgage in the amount of approximately \$23,560,000.

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.