# Riverside Health and Rehabilitation Center LLC

## Financial Statements

December 31, 2023

Fasten Halberstam

**Independent Auditors' Report** (i) – (iii)

**Financial Statements**

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## INDEPENDENT AUDITORS' REPORT

To the Member of
Riverside Health and Rehabilitation Center LLC

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of Riverside Health and Rehabilitation Center LLC, which comprise the balance sheet as of December 31, 2023 and the related statements of income, changes in member's equity and cash flows for the five months then ended, and the related notes to the financial statements (the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Riverside Health and Rehabilitation Center LLC, as of December 31, 2023, and the results of its operations and its cash flows for the five months 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 (GAAS). 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 Riverside Health and Rehabilitation Center LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Riverside Health and Rehabilitation Center LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### *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 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 Riverside Health and Rehabilitation Center LLC's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Riverside Health and Rehabilitation Center LLC's ability to continue as a going concern for a reasonable period of time.

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

Fasten Halberstam

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 11 and 12 is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Respectfully submitted,

Fasten Halberstam LLP

Fasten Halberstam LLP
New York, New York
January 7, 2025

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# RIVERSIDE HEALTH AND REHABILITATION CENTER LLC

***Balance Sheet***

***December 31, 2023***

| | | |
|---|---|---|
| **ASSETS** | | |
| **Current assets** | | |
| Cash | $ | 28,488 |
| Accounts receivable | | 2,340,936 |
| Prepaid expenses | | 200,931 |
| Due from affiliates | | 451,281 |
| **Total current assets** | | 3,021,636 |
| **Fixed assets, net** | | 141,448 |
| **Other assets** | | |
| Right-of-use asset - operating | | 18,801,602 |
| Security deposits | | 37,682 |
| **Total other assets** | | 18,839,284 |
| **Total assets** | $ | 22,002,368 |
| **LIABILITIES AND MEMBER'S EQUITY** | | |
| **Current liabilities** | | |
| Accounts payable and accrued expenses | $ | 1,873,187 |
| Accrued payroll and related expenses | | 361,886 |
| Due to affiliates | | 1,145,843 |
| Due to prior owner | | 5,598 |
| Operating lease liability - current portion | | 1,639,214 |
| **Total current liabilities** | | 5,025,728 |
| **Long-term liabilities** | | |
| Operating lease liability | | 17,162,388 |
| **Total long-term liabilities** | | 17,162,388 |
| **Member's deficit** | | (185,748) |
| **Total liabilities and member's equity** | $ | 22,002,368 |

# RIVERSIDE HEALTH AND REHABILITATION CENTER LLC

***Statements of Income and Changes in Member's Equity***

***For the Five Months Ended December 31, 2023***

| | |
|---|---|
| **Revenues** | |
| Resident service revenue | $ 5,992,147 |
| **Total revenues** | 5,992,147 |
| | |
| **Expenses** | |
| Nursing and medical | 2,448,196 |
| Skilled ancillary and pharmacy | 298,300 |
| Dietary | 395,113 |
| Housekeeping, maintenance and laundry | 335,465 |
| Activities | 102,126 |
| Social services | 60,543 |
| General and administrative | 672,799 |
| Property | 1,305,977 |
| Non-PPD general and administrative | 554,372 |
| **Total expenses** | 6,172,891 |
| | |
| **Loss before other expense** | (180,744) |
| | |
| **Other expense** | |
| Depreciation | 5,004 |
| **Total other expense** | 5,004 |
| | |
| **Net loss** | (185,748) |
| | |
| **Member's equity - beginning** | - |
| | |
| **Member's deficit - ending** | $ (185,748) |

| | | |
|---|---|---|
| **Cash flows from operating activities** | | |
| Net loss | $ | (185,748) |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities | | |
| Amortization of right-of-use asset | | 663,023 |
| Depreciation | | 5,004 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | | (2,340,936) |
| Prepaid expenses | | (200,931) |
| Accounts payable and accrued expenses | | 1,873,187 |
| Accrued payroll and related expenses | | 361,886 |
| Due to prior owner | | 5,598 |
| Operating lease liability | | (663,023) |
| **Net cash used in operating activities** | | (481,940) |
| **Cash flows from investing activities** | | |
| Advances to affiliates | | (451,281) |
| Capital expenditures | | (146,452) |
| **Net cash used in investing activities** | | (597,733) |
| **Cash flows from financing activities** | | |
| Advances from affiliates | | 1,145,843 |
| **Net cash provided by financing activities** | | 1,145,843 |
| **Net increase in cash, cash equivalents, and restricted cash** | | 66,170 |
| **Cash, cash equivalents, and restricted cash - beginning** | | - |
| **Cash, cash equivalents, and restricted cash - ending** | $ | 66,170 |
| **Supplemental disclosure of noncash investing and financing activities** | | |
| Right-of-use asset obtained in exchange for new operating lease liability | $ | 19,464,625 |

## 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

***Nature of Business***

Riverside Health and Rehabilitation Center LLC (the Company) was formed in February of 2023 under the laws of the State of New Jersey, for the purpose of operating a 141-bed skilled nursing facility known as Riverside Health and Rehabilitation Center in Trenton, New Jersey. The Company commenced operations in August of 2023.

***Basis of Accounting***

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP) and accordingly reflect all significant receivables, payables, and other assets and liabilities.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

The Company maintains cash and cash equivalents on deposit at financial institutions, which at times, may exceed the limits insured by the Federal Deposit Insurance Corporation. This exposes the Company to potential risk of loss in the event the financial institution becomes insolvent.

***Accounts Receivable and Allowance for Credit Losses***

Accounts receivable consist primarily of amounts due from Medicare and Medicaid programs, other government programs, managed care health plans and private payor sources, net of estimates for variable considerations. At each balance sheet date, the Company recognizes an expected allowance for credit losses if such an allowance is deemed necessary. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist.

The allowance for credit losses, if any, reflects the Company’s estimate of credit losses inherent in the accounts receivable balance. The allowance estimate is derived from a review of the Company’s historical losses based on the aging of receivables. This estimate is adjusted for management’s assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company.

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 in the year of recovery. The total amount of write-offs was immaterial to the financial statements as a whole for the five months ending December 31, 2023.

***Fixed Assets***

The Company capitalizes all expenditures for property, plant and equipment at cost. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the remaining gain or loss is recognized in income for the period. The cost of maintenance and repairs is charged to operations as incurred; significant renewals and betterments are capitalized.

**NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

For tax purposes, depreciation is calculated using the accelerated methods as prescribed by the Internal Revenue Code. No provision has been made in the financials statements to recognize the difference between these depreciation methods since the effect on current earnings is not material.

Leasehold improvements associated with leases or rentals between entities under common control are depreciated over their useful life to the common control group, regardless of the lease or rental term, in accordance with Accounting Standard Update (ASU) 2023-01.

Depreciation of property and equipment is provided for by the straight-line method over the estimated useful lives of the related assets as follows:

| | |
|---|---|
| Leasehold improvements | 15 years |
| Furniture, fixtures and equipment | 5 - 7 years |

***Leases***

Leases are reported in accordance with Accounting Standards Codification (ASC) 842, Leases. The Company elected the practical expedients under the new standard which permit entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Company has lease agreements with non-lease components that relate to the lease components. The Company elected the practical expedient to account for non-lease components and the lease components to which they relate as a single lease component for all. Also, the Company elected to keep short-term leases with an initial term of twelve months or less off the balance sheet.

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

The Company combines lease and non-lease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its facility. At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

***Revenue Recognition***

The Company's revenue is derived primarily from providing healthcare services to its residents. Revenues are recognized when services are provided to the residents at the amount that reflects the consideration to which the Company expects to be entitled from residents and third-party payors, including Medicaid, Medicare and

**NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

insurers, in exchange for providing resident care. The healthcare services in skilled resident 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, resident 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 the Company’s estimates, the Company adjusts these estimates, which would affect net service revenue in the period such variances become known.

Settlements with Medicare and Medicaid payors for retroactive adjustments due to audits and reviews are considered variable consideration and are included in the determination of the estimated transaction price. 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. Consistent with healthcare industry practices, any changes to these revenue estimates are recorded in the period the change or adjustment becomes known based on final settlement.

As the Company’s contracts with its residents have an original duration of one year or less, the Company uses the practical expedient applicable to its contracts and does not consider the time value of money. Further, because of the short duration of these contracts, the Company has not disclosed the transaction price for the remaining performance obligations as of the end of each reporting period or when the Company expects to recognize this revenue. In addition, the Company has applied the practical expedient provided by ASC 340, Other Assets and Deferred Costs, and accordingly all incremental customer contract acquisition costs are expensed as they are incurred because the amortization period would have been one year or less.

***Advertising and Marketing Costs***

Advertising and marketing costs are charged to operations as incurred. Advertising and marketing expenses amounted to $20,208 for the five months ended December 31, 2023.

***Income Tax Status***

The Company is treated as a disregarded entity for federal income tax purposes, in accordance with single member limited liability company rules. All tax effects of the Company's income or loss are passed through to the member. As such, no recognition of federal or state income taxes has been provided for in the accompanying financial statements. Provisions are made for applicable local income

**NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

taxes. An uncertain tax position taken by a member is not an uncertain tax position of the Company.

A tax position must meet a minimum probability threshold before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Management has determined that there are no material uncertain tax positions that require recognition or disclosure in the combined financial statements.

***Use of Estimates***

The preparation of the 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 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.

***Subsequent Events***

The Company has evaluated subsequent events through January 7, 2025, the date these financial statements were available to be issued.

**2. CASH FLOWS RECONCILIATION:**

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheet that sum to the total of the same such amounts shown in the statement of cash flows.

| | | Amount |
|---|---|---|
| Cash | $ | 28,488 |
| Security deposits | | 37,682 |
| Total cash, cash equivalents, and restricted cash shown in the statement of cash flows | $ | 66,170 |

**3. REVENUE AND ACCOUNTS RECEIVABLE:**

***Revenue***

The Company disaggregates revenue from contracts with its residents by payor categories. The Company has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payors have different reimbursement and payment methodologies
- Length of the resident's service or episode of care
- Method of reimbursement (fee for service or capitation)

Resident service revenues for the five months ended December 31, 2023, is summarized in the following table:

| | | Amount |
|---|---|---|
| Medicaid | $ | 4,555,194 |
| Medicare | | 1,202,521 |
| Private and other payors | | 234,432 |
| Total resident service revenues | $ | 5,992,147 |

**REVENUE AND ACCOUNTS RECEIVABLE (continued):**

For the five months ended December 31, 2023, the Company recognized revenue of $5,992,147 from goods and services that transfer to the customer over time.

***Accounts Receivable***

As of August 1, 2023, the Company did not have any accounts receivable. The Company's accounts receivable as of December 31, 2023, is summarized in the following table:

| | | Amount |
|---|---|---|
| Medicaid | $ | 1,294,163 |
| Medicare | | 849,236 |
| Private and other payors | | 197,537 |
| Total accounts receivable | $ | 2,340,936 |

The Company considers the full amount to be collectable and has not established an allowance for credit losses.

**4. FIXED ASSETS:**

Fixed assets as of December 31, 2023, consist of the following:

| | | Amount |
|---|---|---|
| Leasehold improvements | $ | 57,515 |
| Furniture, fixtures and equipment | | 88,937 |
| Less: Accumulated depreciation | | (5,004) |
| Fixed assets, net | $ | 141,448 |

The Company's leasehold improvements are associated with the related party lease arrangement described in Note 5. As of December 31, 2023, the leasehold improvements had a remaining undepreciated balance of $56,283 and a remaining useful life to the common control group of 9.6 to 14.9 years.

**5. LEASE OPERATIONS – RELATED PARTY:**

In August of 2023, the Company entered into a triple net lease agreement with Riverside Realty NJ LLC (the Realty), a related party with common ownership, under the terms of an operating lease that expires in August of 2033, with two options to renew. The lease calls for annual rental payments of $2,362,500. In addition to base rent, the Company is required to pay additional rent including fees, expenses, costs and obligations relating to the operation, repair and maintenance of the property.

The lease cost and other required information for the five months ended December 31, 2023, are as follows:

| | | |
|---|---|---|
| Lease cost | | |
| Operating lease cost | $ | 975,729 |
| Variable lease expense | | 186,339 |
| Total lease cost | | 1,162,068 |

**LEASE OPERATIONS – RELATED PARTY (continued):**

| | | |
|---|---|---|
| Other information | | |
| Cash paid for amounts included in the measurement of lease liabilities | | |
| Operating cash flows from operating leases | $ | 975,729 |
| Right-of-use asset obtained in exchange for new operating lease liability | | 19,464,625 |
| Weighted-average remaining lease term in years for operating lease | | 9.58 |
| Weighted-average discount rate for operating lease | | 4.05% |

Future minimum lease payments and reconciliation to the balance sheet at December 31, 2023, are as follows:

| Year | | Operating Leases |
|---|---|---|
| 2024 | $ | 2,362,500 |
| 2025 | | 2,362,500 |
| 2026 | | 2,362,500 |
| 2027 | | 2,362,500 |
| 2028 | | 2,362,500 |
| Thereafter | | 10,828,125 |
| Total undiscounted cash flows | | 22,640,625 |
| Less: present value discount | | (3,839,023) |
| Total lease liability | $ | 18,801,602 |

**6. CONSULTING FEES – RELATED PARTY:**

The Company pays consulting fees equal to approximately 5% of gross revenue earned to Champion Care, LLC (the management company), a related party whose members own 69% of the Company. Total consulting fees for the five months ended December 31, 2023, were $304,630, and are included in Non-PPD general and administrative expenses on the statement of income.

**7. RELATED PARTY TRANSACTIONS:**

From time to time, the Company advances funds to and borrows funds from related entities with common ownership. In addition, the Company and its related entities temporarily cover the costs of shared expenses on behalf of one another during the normal course of operations. Such loans are unsecured, due on demand and interest-free. The loans are presented as due from and due to affiliates on the balance sheet.

As of December 31, 2023, the Company had outstanding obligations totaling $805,519 to three related parties under common ownership for services rendered. These amounts are included in accounts payable and accrued expenses on the balance sheet.

**8. NURSING HOME BED TAX:**

The New Jersey Nursing Home Assessment is a quarterly assessment on nursing homes to provide additional funds to help improve the quality of care by increasing Medicaid reimbursement for services delivered to those residing in New Jersey nursing homes. During the period, the rate was $14.67 per non-Medicare resident day.

**9. COMMITMENTS AND CONTINGENCIES:** In August of 2023, the Realty obtained a term loan in the amount of $18,506,250, with the Realty and the Company jointly and severally named as Borrowers. The loan is presented together with the mortgaged property on the balance sheet of the Realty.

Litigation

From time to time, the Company is involved in litigation and regulatory investigations arising in the ordinary course of business. While the ultimate outcome of these matters is not presently determinable, it is the opinion of management that the resolution of outstanding claims will not have a material adverse effect on the financial position or results of operations.

HIPAA

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) was enacted to assure health insurance portability, reduce healthcare fraud and abuse, guarantee security and privacy of health information, and enforce standards for health information. In an effort to strengthen the privacy and security protections for health information established under HIPAA, the Health Information Technology for Economic and Clinical Health Act (HITECH) was enacted. HITECH imposes notification requirements in the event of certain security breaches relating to protected health information, increases the potential legal liability for non-compliance, and provides for additional enforcement. Organizations are subject to significant fines and penalties if found to be non-compliant with the provisions outlined in the regulations.

The Company has policies, procedures, and training in place to safeguard protected information, but incidents may occur in the future involving potential or actual disclosure of such information (including for example, certain identifiable information relating to residents). Governmental agencies have the authority to investigate and request further information about an incident or safeguards, to cite the Company for a deficiency or regulatory violation, and/or require payment of fines, corrective action, or both. Management does not believe that any future consequences of such incidents will be material to the financial statements.

Legislation

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as to regulatory actions unknown or unasserted at this time. Government activity with respect to investigations and allegations concerning possible violations of regulations by healthcare providers could result in the imposition of significant fines and penalties, as well as significant repayments for resident services previously billed.

The Company is subject to similar regulatory reviews, and while such reviews may result in repayments and/or civil remedies that could have a material effect on its financial results of operations in a given period, management believes that such repayments and/or civil remedies would not have a material effect on its financial position.

**10. CONCENTRATIONS:** The Company has significant accounts receivable balances, the collectability of which is dependent on the availability of funds from certain governmental programs, primarily Medicare and Medicaid. These receivables represent the only significant concentration of credit risk for the Company. The Company does not believe there are significant credit risks associated with these governmental programs. The Company believes that an appropriate allowance has been recorded for the possibility of these receivables proving uncollectable, and continually monitors and adjusts these allowances as necessary. The Company’s receivables from Medicare and Medicaid payor programs accounted for approximately 92% of its total accounts receivable as of December 31, 2023. Revenue from reimbursement under the Medicare and Medicaid programs accounted for 96% of the Company's revenue for the five months ended December 31, 2023.

The Company’s operations are concentrated in the long-term care industry, which is a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change by an act of Congress. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

| | | |
|---|---|---|
| **Nursing and medical** | | |
| Salaries and wages | $ | 1,823,481 |
| Payroll taxes | | 209,809 |
| Employee benefits | | 71,998 |
| Labs and radiology | | 5,240 |
| Medical director fees | | 15,500 |
| Medical supplies | | 45,641 |
| Nursing equipment rentals | | 30,074 |
| Nursing purchased services | | 245,874 |
| Oxygen | | 579 |
| **Total nursing and medical** | $ | 2,448,196 |
| | | |
| **Skilled ancillary and pharmacy** | | |
| Salaries and wages | $ | 137,137 |
| Payroll taxes | | 15,770 |
| Employee benefits | | 3,395 |
| Consulting | | 29,417 |
| Drugs | | 112,581 |
| **Total skilled ancillary and pharmacy** | $ | 298,300 |
| | | |
| **Dietary** | | |
| Contracted services, food and supplies | $ | 395,113 |
| **Total dietary** | $ | 395,113 |
| | | |
| **Housekeeping, maintenance and laundry** | | |
| Salaries and wages | $ | 47,582 |
| Payroll taxes | | 5,497 |
| Housekeeping supplies and services | | 152,443 |
| Maintenance supplies and services | | 33,696 |
| Laundry supplies and services | | 96,247 |
| **Total housekeeping, maintenance and laundry** | $ | 335,465 |

| | | |
|---|---|---|
| **Activities** | | |
| Salaries and wages | $ | 81,819 |
| Payroll taxes | | 9,443 |
| Employee benefits | | 4,028 |
| Activities supplies and services | | 6,836 |
| **Total activities** | $ | 102,126 |
| | | |
| **Social services** | | |
| Salaries and wages | $ | 51,310 |
| Payroll taxes | | 5,841 |
| Employee benefits | | 3,392 |
| **Total social services** | $ | 60,543 |
| | | |
| **General and administrative** | | |
| Salaries and wages | $ | 307,094 |
| Payroll taxes | | 33,956 |
| Employee benefits | | 23,384 |
| Advertising and marketing | | 20,208 |
| Auto and travel | | 30,969 |
| Bank fees | | 7,975 |
| Equipment rental | | 4,806 |
| Insurance | | 136,439 |
| IT, TV, internet and telephone | | 44,416 |
| Licenses, fees and permits | | 18,300 |
| Office supplies and services | | 21,328 |
| Professional fees | | 16,025 |
| Recruitment and training | | 7,899 |
| **Total general and administrative** | $ | 672,799 |
| | | |
| **Property** | | |
| Lease expense | $ | 975,729 |
| Lease expense - property insurance | | 12,445 |
| Lease expense - real estate taxes | | 173,894 |
| Utilities | | 143,909 |
| **Total property** | $ | 1,305,977 |
| | | |
| **Non-PPD general and administrative** | | |
| Bed tax | $ | 249,742 |
| Consulting fees | | 304,630 |
| **Total non-PPD general and administrative** | $ | 554,372 |