

**NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
**NWB Corporation d/b/a Port Healthcare Center
and Port Associates Limited Partnership**

Opinion

We have audited the accompanying consolidated financial statements of NWB Corporation d/b/a Port Healthcare Center and Port Associates Limited Partnership, which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NWB Corporation d/b/a Port Healthcare Center and Port Associates Limited Partnership as of December 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NWB Corporation d/b/a Port Healthcare Center and Port Associates Limited Partnership and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NWB Corporation d/b/a Port Healthcare Center and Port Associates Limited Partnership'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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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 NWB Corporation d/b/a Port Healthcare Center and Port Associates Limited Partnership'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 NWB Corporation d/b/a Port Healthcare Center and Port Associates Limited Partnership'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.

Marcum LLP

Hartford, CT
May 23, 2023

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2022 AND 2021

	2022	2021
Assets		
Current Assets		
Cash	\$ 663,238	\$ 2,118,739
Investments held by affiliate	1,100,000	--
Accounts receivable, patients	2,338,687	1,666,262
Prepaid expenses	200,965	199,498
Other receivable	11,062	104,414
Total Current Assets	<u>4,313,952</u>	<u>4,088,913</u>
Property and Equipment, net		
Land	627,405	627,405
Building	15,928,428	15,928,428
Improvements	92,693	70,862
Equipment	1,265,315	1,258,795
	17,913,841	17,885,490
Less accumulated depreciation	<u>3,296,776</u>	<u>2,704,153</u>
Total Property and Equipment, net	<u>14,617,065</u>	<u>15,181,337</u>
Due from Related Parties	<u>3,725,364</u>	<u>3,793,190</u>
Other Assets		
Software	--	1,308
Insurance claims receivable	80,000	--
Deposits	5,000	5,000
Intangibles - bed licenses	25,000	25,000
Fair value of interest rate swap	323,396	--
Total Other Assets	<u>433,396</u>	<u>31,308</u>
Total Assets	<u>\$ 23,089,777</u>	<u>\$ 23,094,748</u>

The accompanying notes are an integral part of these consolidated financial statements.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATED BALANCE SHEETS (CONTINUED)

DECEMBER 31, 2022 AND 2021

	2022	2021
Liabilities and Equity		
Current Liabilities		
Loan payable - current portion	\$ 438,114	\$ 425,048
Accounts payable	1,065,489	1,022,342
Accrued expenses	329,839	372,252
Accrued payroll and related costs	290,802	249,324
Deferred revenue	4,200	254,185
Due to third-party payors	482,876	587,422
Total Current Liabilities	2,611,320	2,910,573
Litigation Obligations	80,000	--
Fair Value of Interest Rate Swap	--	199,329
Long-Term Debt, net	14,505,672	14,939,964
Due to Related Parties	4,878,260	4,810,618
Total Liabilities	22,075,252	22,860,484
Equity		
Retained earnings/partnership interest (deficit)	(3,237,974)	(3,592,931)
Noncontrolling interest in partnership	4,252,499	3,827,195
Total Equity	1,014,525	234,264
Total Liabilities and Equity	\$ 23,089,777	\$ 23,094,748

The accompanying notes are an integral part of these consolidated financial statements.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Revenue		
Private patients	\$ 3,723,806	\$ 3,438,062
Medicare patients, net of sequester	5,046,044	5,120,895
Publicly-aided patients	6,156,662	4,877,003
Ancillary income, net of sequester	383,824	327,391
Federal stimulus revenue	252,085	679,205
State stimulus revenue	259,149	--
Interest income	2,878	1,937
Other income	64,345	72,758
Prior year revenue adjustments	156,313	(457,408)
Total Revenue	<u>16,045,106</u>	<u>14,059,843</u>
Operating Expenses		
Administrative and general	2,025,365	2,114,063
Employee benefits	859,910	910,031
Property expenses	1,127,881	1,196,621
Plant operations	666,960	579,076
Nursing	6,523,226	5,317,474
Medical services	293,834	268,578
Ancillary	1,416,197	1,480,941
Dietary	965,787	859,913
Laundry and linen	142,739	150,862
Housekeeping	468,312	311,432
Social services	153,331	175,677
Recreation	101,996	92,938
Consultants	49,542	48,125
Total Operating Expenses	<u>14,795,080</u>	<u>13,505,731</u>
Income Before Other Items	<u>1,250,026</u>	<u>554,112</u>

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NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
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CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Other Items		
Management fees	\$ (966,490)	\$ (859,382)
Unrealized gain on fair value of interest rate swap	<u>522,725</u>	<u>330,631</u>
Total Other Items	<u>(443,765)</u>	<u>(528,751)</u>
Income Before Income Taxes	806,261	25,361
Provision for Income Taxes	<u>(26,000)</u>	<u>--</u>
Net Income	780,261	25,361
Noncontrolling Interest in Partnership	<u>(425,304)</u>	<u>(89,309)</u>
NWB Corporation Net Income (Loss)	<u><u>\$ 354,957</u></u>	<u><u>\$ (63,948)</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	NWB Corporation Retained Earnings	General Partner 1% Interest	Non-Controlling Interest in Partnership	Total Equity
Balance - December 31, 2020	\$ (3,542,321)	\$ 13,338	\$ 3,737,886	\$ 208,903
Net (loss) income	<u>(64,850)</u>	<u>902</u>	<u>89,309</u>	<u>25,361</u>
Balance - December 31, 2021	(3,607,171)	14,240	3,827,195	234,264
Net income	<u>350,661</u>	<u>4,296</u>	<u>425,304</u>	<u>780,261</u>
Balance - December 31, 2022	<u><u>\$ (3,256,510)</u></u>	<u><u>\$ 18,536</u></u>	<u><u>\$ 4,252,499</u></u>	<u><u>\$ 1,014,525</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
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CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities		
Net income (loss)	\$ 354,957	\$ (63,948)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation and amortization	593,930	654,815
Amortization of debt issuance costs	3,822	3,927
Noncontrolling interest in partnership	425,304	89,309
Bad debts	140,063	191,277
Unrealized gain on interest rate swap	(522,725)	(330,631)
Changes in operating assets and liabilities:		
Accounts receivable	(812,488)	(137,788)
Prepaid expenses	(1,467)	(17,406)
Other receivables	93,352	30,792
Other assets	--	(5,000)
Accounts payable	43,147	116,128
Accrued expenses	(42,412)	(178,121)
Accrued payroll and related costs	41,478	(14,264)
Deferred revenue	(249,985)	(427,120)
Due to third-party payors	(104,546)	464,889
Net Cash (Used in) Provided by Operating Activities	<u>(37,570)</u>	<u>376,859</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	<u>(28,351)</u>	<u>(13,821)</u>
Net Cash Used in Investing Activities	<u>(28,351)</u>	<u>(13,821)</u>
Cash Flows from Financing Activities		
Principal payments on long-term debt	(425,048)	(412,371)
Net receipts from (payments to) related parties	<u>135,468</u>	<u>(470,464)</u>
Net Cash Used in Financing Activities	<u>(289,580)</u>	<u>(882,835)</u>
Net Change in Cash	(355,501)	(519,797)
Cash - Beginning	<u>2,118,739</u>	<u>2,638,536</u>
Cash - Ending	<u><u>\$ 1,763,238</u></u>	<u><u>\$ 2,118,739</u></u>

The accompanying notes are an integral part of these consolidated financial statements.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Supplemental Disclosure of Cash Flow Information		
Interest paid	<u>\$ 459,119</u>	<u>\$ 473,128</u>
Reconciliation of Cash to Amount Reported in the Balance Sheet at the End of the Period		
Cash	\$ 663,238	\$ 2,118,739
Investments held by affiliate	<u>1,100,000</u>	<u>--</u>
	<u>\$ 1,763,238</u>	<u>\$ 2,118,739</u>

The accompanying notes are an integral part of these consolidated financial statements.

**NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The consolidated financial statements include the accounts of NWB Corporation d/b/a Port Healthcare Center (the Corporation), a Subchapter S corporation, which operates a 123-bed nursing home in Newburyport, Massachusetts and Port Associates Limited Partnership (the Partnership), a Partnership holding company, which owns and leases its fixed assets to NWB Corporation. The Corporation and the Partnership (collectively the Companies) are related through common ownership. The Corporation is the general partner of the Partnership with a 1% general partnership interest, and as such, exercises control over the Partnership as its general partner.

A summary of the Companies' significant accounting policies follows:

BASIS OF CONSOLIDATION

The accompanying consolidated financial statements present the consolidated financial position, results of operations, changes in equity, and cash flows of the Corporation and Partnership. All material inter-company balances and transactions have been eliminated in the consolidated financial statements. The equity of the noncontrolling ownership interest in the Partnership is separately reported in the consolidated balance sheet within equity; and the noncontrolling ownership interest in the net income of the Partnership is classified as Noncontrolling Interest in Partnership.

BASIS OF PRESENTATION

The accounting and reporting policies of the Companies conform to accounting principles generally accepted in the United States of America (U.S. GAAP). The financial statements of the Companies are prepared on the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recognized when the liability for goods and services is incurred, regardless of timing of the related cash flows.

CASH AND CASH EQUIVALENTS

The Companies consider all short-term debt securities purchased with an original maturity of three months or less when purchased to be cash equivalents.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

INVESTMENTS HELD BY AFFILIATE

During the year ended December 31, 2022, the Corporation entered into an agreement with Greenleaf VI II Inc. (a related party through common ownership), whereby Greenleaf VI II Inc. invests in an international short term fixed income fund on behalf of the Corporation and other related affiliates. The Corporation has included the international short term fixed income fund as a cash equivalent on the consolidated statement of cash flows. Quarterly interest from the investments is paid to the Corporation. The Corporation has access to the funds on demand. At December 31, 2022, the Corporation has \$1,100,000 which is included on the accompanying consolidated balance sheet as investments held by affiliates.

PATIENT SERVICE REVENUE

Private patient service revenue is reported at the estimated net realizable amounts. Third-party payer revenue is recorded as indicated in Note 2.

PRIOR YEARS' REVENUE ADJUSTMENT

Prior years' items are comprised of retroactive third-party payer settlements and adjustments of prior year patient revenue not previously reflected.

FEDERAL AND STATE STIMULUS REVENUE

Federal Stimulus – The Corporation received payments from the CARES Act Provider Relief Fund (PRF), which is administered by the U.S. Department of Health and Human Services (HHS). During the years ended December 31, 2022 and 2021, the Corporation satisfied the necessary requirements to recognize the \$252,085 and \$679,205, respectively, of income, which is also included in federal stimulus revenue on the accompanying statement of operations.

The PRF payments have terms and conditions that the Corporation is required to follow and these funds are subject to reporting requirements and audit. The PRF payments are subject to potential recoupment by HHS if it is determined that the funds were not spent in accordance with the terms and conditions. Management believes the amounts that have been determined to be income are appropriate as of December 31, 2022 and 2021, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

FEDERAL AND STATE STIMULUS REVENUE (CONTINUED)

State Other COVID-19 Testing Reimbursements – During the years ended December 31, 2022 and 2021, the Corporation recognized \$287,448 and \$341,494 in expense reimbursements from the Commonwealth of Massachusetts Executive Office of Health and Human Services (EOHHS). The amounts are included as a reduction in nursing expenses on the consolidated statement of operations for the years ended December 31, 2022 and 2021, respectively. At December 31, 2021, the Corporation recorded \$81,660 in other receivables on the consolidated balances sheet, which was collected subsequent to the year then ended. There were no other receivables related to this activity at December 31, 2022. Management believes the amounts have been recognized appropriately as of December 31, 2022 and 2021.

State Workforce Appropriation – The Corporation received payments from EOHHS based on Medicaid days for the months of April through September 2021 at \$6.47 per day. The facility received workforce appropriation payments to support workforce retention and recruitment efforts during the COVID-19 pandemic in the amount of \$57,651 and recognized those payments as revenues during fiscal year 2022. The revenues recognized are included in state stimulus revenue on the consolidated statements of operations. The Corporation is not aware of, nor have they been notified of, any conditions or restrictions on how or when these payments are to be spent. Management believes the amounts have been recognized appropriately as of December 31, 2022.

State Workforce Appropriation Supplemental Adjustment – The Corporation received payments from EOHHS which amounted to approximately 10% of Medicaid patient service revenue and is based on Medicaid days for the months of April through September 2021 at \$2.43 per day. The facility received workforce appropriation adjustment payments for the COVID-19 workforce supplemental monthly funding program in the amount of \$21,722 and recognized those payments as revenues during fiscal year 2022. The revenues recognized are included in state stimulus revenue on the consolidated statements of operations. The Corporation is not aware of, nor have they been notified of, any conditions or restrictions on how or when these payments are to be spent. Management believes the amounts have been recognized appropriately as of December 31, 2022.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

FEDERAL AND STATE STIMULUS REVENUE (CONTINUED)

State 10% Supplemental Payment – The Corporation received payments from EOHHS based on Medicaid days for the months of April through September 2021 at \$7.57 per day. The facility received supplemental payments to offset increased costs of providing care in the amount of \$179,777 and recognized those payments as revenues during fiscal year 2022. The revenues recognized are included in state stimulus revenue on the consolidated statements of operations. The Corporation is not aware of, nor have they been notified of, any conditions or restrictions on how or when these payments are to be spent. Management believes the amounts have been recognized appropriately as of December 31, 2022.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding accounts. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

The allowance is estimated based on length of time the receivable is outstanding and the source of the receivable. The allowance includes receivables that management considers overdue. No interest is charged on overdue receivables.

Accounts that are unpaid after management has used reasonable collection efforts are written off through a charge to the bad debt expense and a credit to accounts receivable.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful life of the assets. Assets with an estimated useful life of more than two years and a historical cost in excess of \$1,000 are capitalized. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

The useful lives of property and equipment for purposes of computing depreciation are:

Buildings	40 years
Improvements	15 – 20 years
Equipment	5 – 10 years

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense charged to operations was \$592,622 and \$652,198 for the years ended December 31, 2022 and 2021, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS

The Companies review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operations to which the assets relate to the carrying amount. If the operation is determined to be unable to recover the carrying amount of its assets, the long-lived assets of the operation are written down to fair value. Fair value is determined based on the discounted cash flows or appraised values, depending on the nature of the assets. As of December 31, 2022 and 2021, there were no impairment losses recognized for long-lived assets.

SOFTWARE

Software with a historical cost of \$28,969 at December 31, 2022 and 2021, respectively, is amortized over a period of three to five years using the straight-line method. Accumulated amortization amounted to \$28,969 and \$27,661 as of December 31, 2022 and 2021, respectively. Amortization charged to operations amounted to \$1,308 and \$2,617 for 2022 and 2021, respectively. The software was fully amortized during the year ended December 31, 2022.

RELATED PARTY LOANS RECEIVABLE

The Companies' loan portfolio is comprised of unsecured related party loans receivable from affiliates and officers that bear no interest, and have no fixed repayment terms, as detailed in Note 4, and are considered a single portfolio class. Loans receivable are recorded net of an allowance for expected loan losses. The Companies establish an allowance as an estimate of inherent risk in the Companies' loan portfolio. Although management believes the allowance to be adequate, ultimate losses may vary from its estimates. The allowance is established through a provision for loan losses that is charged to expense. Loan losses are charged off against the allowance when the Companies determine the loan balance to be uncollectible.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

RELATED PARTY LOANS RECEIVABLE (CONTINUED)

Proceeds received on previously charged off amounts are recorded as a recovery in the year of receipt. The Companies determined that all related party loans receivable are fully collectible as of December 31, 2022.

The Companies review the adequacy of the allowance, including consideration of the relevant risks in the loan portfolio, current economic conditions and other factors periodically. The Companies internally monitor related party borrowers to assess the risk of nonperformance. If the Companies determine that changes are warranted based on those reviews, the allowance is adjusted.

DERIVATIVE FINANCIAL INSTRUMENTS

The Companies have an interest swap contract that is being accounted for as a nonhedging transaction. The carrying value of the interest rate swap is adjusted to its fair value at the end of the year, with the change in the fair value of the interest rate swap reflected in the statements of operations.

FAIR VALUE OF FINANCIAL INSTRUMENT

GAAP established a framework for measuring fair value. That framework provides a fair value hierarchy prioritizing the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described below:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Companies have the ability to access.

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

FAIR VALUE OF FINANCIAL INSTRUMENT (CONTINUED)

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

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

DEBT ISSUANCE COSTS

Debt issuance costs are bank fees and other costs incurred in obtaining financing that are amortized using the effective interest method, over the term of the related debt. Debt issuance costs are presented as a direct deduction of the carrying amount of the debt. Amortization of debt issuance costs is included in interest expense.

INCOME TAXES

The Corporation has elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under those provisions, the Corporation does not pay federal taxes on its taxable income. Instead, the stockholders are liable for income taxes on their respective share of the Corporation's federal taxable income. The Corporation has been classified as part of a consolidated group for state income tax purposes and as such is responsible for state income taxes on its share of the group's taxable income. Historically, the Corporation's state income taxes have not been material and have been paid by another party within the consolidated group.

The Corporation's provision for income taxes is based on net income reported for financial reporting purposes. Deferred income taxes arise from differences in financial and income tax accounting methods, principally arising from depreciation accounting and bad debt recognition. Tax credits are treated as a reduction of the provision for income taxes in the year in which the credits arise. The Partnership is not a taxpaying entity for purposes of federal and state income taxes. Partners are liable for income taxes on their respective share of the Partnership's taxable income. The Company's tax returns are subject to examination by federal and state taxing authorities. There are currently no examinations pending or in progress.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

INCOME TAXES (CONTINUED)

Management has concluded that there are no material uncertain tax positions that would require recognition in the financial statements. Management's conclusions regarding uncertain tax positions may be subject to review and adjustment at a later date based upon ongoing analysis of tax laws, regulations and interpretations thereof as well as other factors.

MALPRACTICE INSURANCE

The Company's medical malpractice coverage is on an occurrence basis whereby incidents occurring during the insured year will be covered regardless of when the claim is asserted (see Note 15).

PROMOTIONAL ADVERTISING

Promotional advertising costs are expensed as incurred. Promotional advertising costs charged to operations amounted to \$15,892 and \$11,305 for 2022 and 2021, respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain amounts in the 2021 financial statements have been reclassified to confirm with the current year financial statement presentation. There was no effect on 2021 equity or results of operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

NEW ACCOUNTING PRONOUNCEMENT

Effective January 1, 2022, the Companies adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, Leases (ASC 842). The Companies determine if an arrangement contains a lease at inception based on whether the Companies have the right to control the asset during the contract period and other facts and circumstances. The Companies elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification. The Companies generally do not have access to the rate implicit in the lease, and therefore the Companies utilize their incremental borrowing rate as the discount rate.

The adoption of FASB ASC 842 resulted in the recognition of right-of-use assets, net of prepaid lease payments and lease incentives, of \$2,442,583 and operating lease liabilities of \$2,442,583 as of January 1, 2022, which are eliminated in consolidation. Results for the periods beginning prior to January 1, 2022 continue to be reported in accordance with historical accounting treatment. The adoption of FASB ASC 842 did not have a material impact on the Companies' results of operations and cash flows. See Note 9.

SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Companies have evaluated events and transactions for potential recognition or disclosure through May 23, 2023, the date the consolidated financial statements were available to be issued. No events requiring recognition or disclosure in the financial statements have been identified.

NOTE 2 – PATIENT SERVICE REVENUE

Patient service revenue is reported at the amount that reflects the consideration to which the Corporation expects to be entitled in exchange for providing resident care. These amounts are due from residents, many of whom are covered by third-party payers (including health insurers and government programs), and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Revenue is recognized as performance obligations are satisfied.

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NOTE 2 – PATIENT SERVICE REVENUE (CONTINUED)

Performance obligations are determined based on the nature of the services provided by the Corporation. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Corporation believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in the facility receiving skilled nursing services. The Corporation measures the performance obligations from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services.

The Corporation determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payers, discounts provided to uninsured patients in accordance with the Corporation's policy and/or implicit price concessions provided to residents. The Corporation determine estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Corporation determines its estimate of implicit price concessions on a case by case basis.

Agreements with third-party payers typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payers follows:

Medicaid

The Corporation receives reimbursement from the Commonwealth of Massachusetts under a standard rate of reimbursement payment system for the care and services rendered to publicly-aided patients pursuant to regulations promulgated by the Center for Health Information and Analysis. Under the regulations, current year rates are a combination of actual base year costs and quality measures blended with industry standards adjusted for inflation. The base year costs are subject to audit and could result in a retroactive rate adjustment for the current year.

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NOTE 2 – PATIENT SERVICE REVENUE (CONTINUED)

Medicare

The Corporation receives reimbursement for patients covered by Medicare under a patient driven payment model (PDPM). The PDPM payment system assigns standard rates of payment for each patient's needs during the period of stay. PDPM uses the underlying complexity and clinical needs of a patient as a basis for reimbursement. In addition, PDPM utilizes variable adjustment factors that change reimbursement rates during the resident's length of stay.

The Corporation is normally subject to a 2% sequestration for services provided through the Medicare program. Beginning May 1, 2020, the 2% sequestration provision was suspended and remained suspended through April 1, 2022 when a 1% sequester cut was in effect, with the full 2% resuming July 1, 2022.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Corporation compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Corporation. In addition, the contracts the Corporation has with commercial payers also provide for retroactive audit and review of claims.

OTHER THIRD-PARTY PAYORS

Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined daily rates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – PATIENT SERVICE REVENUE (CONTINUED)

OTHER THIRD-PARTY PAYORS (CONTINUED)

Settlements with third-party payers for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payer, correspondence from the payer and the Companies historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in an implicit price concession impacting transaction price, were not significant in 2022 and 2021.

Generally, residents who are covered by third-party payers are responsible for related deductibles and coinsurance, which vary in amount. The Corporation estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered material for the years ended December 31, 2022 and 2021. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense.

The Corporation has determined that the nature, amount, timing, and uncertainty of revenue and cash flows are affected by the following factors:

- Payers (for example, Medicare, Medicaid, managed care or other insurance, patient) have different reimbursement/payment methodologies
- Length of the patient's service/episode of care
- Method of reimbursement
- The Corporation's line of business that provided the service

For the years ended December 31, 2022 and 2021, the Corporation recognized revenue of \$15,466,649 and \$13,305,943, respectively, for services provided to the customer over time. Additionally, for the year ended December 31, 2022 and 2021, the Corporation recognized \$64,345 and \$72,758, respectively, of other revenue.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Private patients	\$ 838,202	\$ 482,686
Medicare patients	749,917	613,915
Publicly-aided patient	<u>873,886</u>	<u>692,979</u>
	2,462,005	1,789,580
Allowance for uncollectible	<u>(123,318)</u>	<u>(123,318)</u>
Accounts receivable, net	<u>\$ 2,338,687</u>	<u>\$ 1,666,262</u>

Bad debt expense reflected in operations amounted to \$140,063 and \$191,277 for 2022 and 2021, respectively. Bad debt expense includes changes in allowance for uncollectable accounts as well as actual bad debts written off, net of recoveries.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Companies have entered into the following transactions with related parties:

MANAGEMENT FEES

The Corporation recorded management fees to Greenleaf, V.I. II Incorporated of \$966,490 and \$859,382 for the years ended December 31, 2022 and 2021, respectively.

CENTRAL OFFICE REIMBURSEMENT EXPENSE

The Corporation recorded central office reimbursement expenses to Whittier Healthcare Holdings, II, Inc. in the amount of \$70,435 for 2022 and 2021. The central office reimbursement expense includes shared miscellaneous operating expenses for the Whittier Health Network and is allocated to each facility by net revenue and is included under the caption Administrative and General expense in the accompanying statements of operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – RELATED PARTY TRANSACTIONS (CONTINUED)

OPERATING EXPENSES

Various personnel are shared by members of affiliated companies. Each affiliate is reimbursed for the cost of labor and related benefits provided to the related companies.

RENT

The Corporation leases property, plant, and equipment from the Partnership. Rent expense amounted to \$1,015,016 and \$943,254 for 2022 and 2021, respectively, and has been eliminated in consolidation. See Note 9 for additional lease information.

RELATED PARTY LOANS

Related party loans, which bear no interest and have no fixed repayment terms, are as follows:

	<u>2022</u>	<u>2021</u>
Due from related parties		
Officers and partners	\$ 2,185,665	\$ 2,185,665
Affiliates	<u>1,539,699</u>	<u>1,607,525</u>
Total due from related parties	<u>\$ 3,725,364</u>	<u>\$ 3,793,190</u>
Due to related parties		
Officers and partners	\$ 1,960,505	\$ 1,960,505
Affiliates	<u>2,917,755</u>	<u>2,850,113</u>
Total due to related parties	<u>\$ 4,878,260</u>	<u>\$ 4,810,618</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – LONG-TERM DEBT

The Companies are obligated under long-term debt at December 31 as follows:

	2022	2021
Loan payable to Peoples United Bank (effective September 2022, M&T Bank), in the original amount of \$16,900,000, dated August 4, 2016, secured by substantially all assets of the Companies and guaranteed by the Corporation and two affiliates. Interest only payments were due through March 31, 2018. Commencing April 1, 2018, the note is payable in monthly installments of principal and interest at 30-day LIBOR (SOFR effective July 1, 2023) plus 1.5% through August 4, 2028, at which time all outstanding remaining principal is due. At December 31, 2022, the effective interest rate charged was 2.99%. See note 6 for interest rate protection agreement executed.	\$ 14,993,882	\$ 15,418,930
Less unamortized debt issuance costs	<u>50,096</u>	<u>53,918</u>
	14,943,786	15,365,012
Less current maturities	<u>438,114</u>	<u>425,048</u>
Total long-term debt	<u>\$ 14,505,672</u>	<u>\$ 14,939,964</u>

Interest incurred amounted to \$462,941 and \$477,055 for 2022 and 2021, respectively. Amortization of debt issuance costs included in interest above was \$3,822 and \$3,927 for 2022 and 2021, respectively. Effective July 1, 2023, the LIBOR rate is being replaced by the Secured Overnight Financing Rate (SOFR) as reported by the bank.

The above loan contains various financial and operational covenants that the Companies and guarantors must comply with once certain thresholds have been achieved. As of December 31, 2022 and 2021, management believes they are in compliance with all requirements. Additionally, the above loan contains a cross default provision with a loan of an affiliate. As of December 31, 2022 and 2021 management has not been notified of, nor are they aware of any default with respect to the affiliate's loan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – LONG-TERM DEBT (CONTINUED)

The table below summarizes the future maturities of long-term debt.

<u>Year ending December 31,</u>	
2023	\$ 438,114
2024	450,351
2025	465,426
2026	479,732
2027	494,480
Thereafter	<u>12,665,779</u>
	<u>\$ 14,993,882</u>

NOTE 6 – DERIVATIVE INSTRUMENT

The Companies entered into an interest rate swap contract with Peoples United Bank (effective September 2022, M&T Bank) with a trade date of June 21, 2016 and an effective date of November 1, 2017. The interest rate swap contract has a termination date of August 1, 2023.

This transaction is accounted for as a nonhedging transaction, which effectively establishes an effective fixed interest rate on the debt of 2.99% (fixed rate of 1.49% plus spread of 1.5%). Under the interest rate swap contract, the Companies pay the counterparty a fixed rate of 1.49% and receive interest at LIBOR. The original notional amount was \$16,900,000. The notional amount of the loan subject to the interest rate swap contract is \$14,993,882 at December 31, 2022.

The notional amount under the interest rate swap decreases as principal payments are made on the debt, therefore the notional amount equals the outstanding principal balance of the debt (upon the effective date). The carrying amount of the interest rate swap has been adjusted to its fair value at the balance sheet date, which resulted in reporting a liability for the fair value of the future net payments forecasted under the interest rate swap.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7 – FAIR VALUE MEASUREMENTS

The Companies use fair value measurements to record fair value adjustments to certain assets to determine fair value disclosures. For additional information on how the Company measures fair value, refer to Note 1.

The interest rate swap contract is measured using a model that utilizes the appropriate market-based forward starting interest rate to determine discounted cash flows.

The following tables present the Companies fair value hierarchy for those assets (liabilities) measured at fair value on a recurring basis as of December 31:

	2022			
	Total	Level 1	Level 2	Level 3
Interest rate swap	\$ <u>323,396</u>	\$ <u>--</u>	\$ <u>323,396</u>	\$ <u>--</u>

	2021			
	Total	Level 1	Level 2	Level 3
Interest rate swap	\$ <u>(199,329)</u>	\$ <u>--</u>	\$ <u>(199,329)</u>	\$ <u>--</u>

NOTE 8 – INCOME TAXES

An entity recognizes deferred tax assets and liabilities for future tax consequences of events that have already been recognized in the Corporation's financial statements or tax returns. Valuation allowances are established, if necessary, to reduce deferred tax asset accounts to the amounts that will more than likely not be realized. The provision for income tax expense is the current tax payable for the period, plus or minus the net change in the deferred tax asset or liability accounts.

The measurement of deferred tax assets and liabilities is based on provisions of the enacted tax law; the effects of future changes in tax laws or rates are not anticipated. The deferred state liability and asset was calculated using a tax rate of 3.00% for 2022 and 2021, respectively. For both 2022 and 2021 the Corporation will be included as part of the Whittier Healthcare Holdings II, Inc.'s consolidated tax return.

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NOTE 8 – INCOME TAXES (CONTINUED)

Provision for income tax expense consists of the following components:

	2022		
	Due Currently	Deferred	Total
State income tax	<u>\$ 26,000</u>	<u>\$ --</u>	<u>\$ 26,000</u>

There was no provision for income taxes for the year ended December 31, 2021.

Total deferred tax assets are calculated to affect future deductible temporary differences caused by allowance for bad debts, fixed asset expenditures, and a net operating loss carryforward. Total deferred tax liability is calculated to reflect future taxable temporary differences caused by the use of different depreciation methods and lives for financial statement and income tax purposes. For both 2022 and 2021, deferred tax assets have been determined to not be material.

NOTE 9 – LEASES

As discussed in Note 1, the Corporation adopted the provisions of ASC 842.

The Corporation entered into a lease agreement with Port Associates Limited Partnership (Lessor), a related party, as amended on December 1, 2017, including minimum annual rents equal to 100% of the Partnership's debt service and related charges. The lease agreement contained one additional five-year extension. The five-year extension has been exercised extending the lease through December 31, 2024.

The agreement includes a base rent of \$73,888 per month. In addition, the Corporation is responsible for other variable payments under the lease, including real estate taxes. Variable payments are not determinable at the lease commencement and are not included in the measurement of the lease assets and liabilities. The lease agreement does not include any material residual value guarantees or restrictive covenants.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 9 – LEASES (CONTINUED)

The maturities of operating lease liabilities as of December 31, 2022, were as follows:

For the Years ending December 31,

2023	\$ 886,661
2024	<u>886,661</u>
	<u>\$ 1,773,322</u>

NOTE 10 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Companies to concentrations of credit risk consist principally of the following:

CASH

The Companies maintain cash balances in one federally insured financial institution. The cash and cash equivalents exceeding federally insured limits totaled approximately \$558 thousand as of December 31, 2022. The Companies have not suffered any losses in connection with their banking activity.

ACCOUNTS RECEIVABLE - PATIENTS

The Corporation extends unsecured credit to its private patients and patients covered under third-party payer arrangements. Accounts receivable from private patients and third-party payers totaled \$2,338,687 and \$1,666,262, at December 31, 2022 and 2021, respectively. See Notes 2 and 3 for details of third-party payer arrangements and receivable balances, respectively.

DUE FROM RELATED PARTIES

The Companies extend unsecured credit to its affiliates and owners. The balance due from related parties totaled \$3,725,364 and \$3,793,190 at December 31, 2022 and 2021, respectively. See Note 4 for further details.

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NOTE 10 – CONCENTRATION OF CREDIT RISK (CONTINUED)

OTHER RECEIVABLE

At December 31, 2022 and 2021, other receivables from non-related parties totaled \$0 and \$81,660 for State COVID-19 testing grants and \$11,062 and \$22,754 for other vendor transactions made in the normal course of business.

NOTE 11 – CONTINGENCIES

Pursuant to the Commonwealth of Massachusetts Medical Assistance Program regulations, the Corporation is a member of a group of related nursing homes (the Group) which is considered to be under common ownership. Consequently, all members of the Group are contingently liable for the recoupments of liabilities of other members of the Group.

A significant portion of the Corporation's net revenue and accounts receivable is derived from services reimbursable under the Medicaid and Medicare program. There are numerous healthcare reform proposals being considered on the federal and state levels. The Corporation cannot predict at this time whether any of these proposals will be adopted or, if adopted and implemented, what effect such proposals would have on the Corporation.

A significant portion of the Corporation's revenues are derived from services reimbursable under the Medicaid program (see Note 2) in which rates are determined based on all cost reports filed for Massachusetts long-term care facilities. The base year costs utilized in calculating the Medicaid prospective rates are subject to audit that could result in a retroactive rate adjustment for all years in which that base year's costs are utilized in calculating the prospective rate. It is not possible at this time to determine whether the industry will be audited or if a retroactive rate adjustment would result.

A portion of the Corporation's revenues are derived from services under the Medicare program (see Note 2) in which rates are determined based on PDPM categories. Under the program, cost reports are subject to audit for a period of three years from the date of issuance of a Notification of Provider Reimbursement by the fiscal intermediary. Audits may be performed on bad debt reports and/or utilization review. It is not possible at this time to determine whether the industry will be audited or if a retroactive rate adjustment would result.

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NOTE 11 – CONTINGENCIES (CONTINUED)

The Corporation is subject to review as necessary by state, local and federal agencies and regulatory bodies that are tasked with oversight for their compliance with applicable laws and regulations. The Corporation believes that it is in substantial compliance with all legal and regulatory obligations governing their operations.

The Corporation's Medicaid rate includes a Direct Care Cost Quotient (DCCQ) component as a regulatory requirement. The Corporation filed its final report covering the period from October 1, 2021 through June 30, 2022, and in March 2023, filed an interim report covering the period from July 1, 2022 through December 31, 2022. Management believes the Corporation has met and exceeded all requirements.

The Corporation has entered into a cross-default guaranty through which the mortgages payable to Peoples United Bank (effective September 2022, M&T Bank) by NWB Corporation and MBO Corporation d/b/a Nemasket Healthcare Center and Nemasket Associates Limited Partnership, have cross-collateralized the long-term debt of each. The Corporation would be required to perform if the affiliate listed above fails, or is otherwise unable, to meet debt service requirements set forth in the individual agreement with Peoples United Bank (effective September 2022, M&T Bank). As of December 31, 2022, the affiliate's mortgage balance which the Corporation is contingently liable for is \$7,516,281. The affiliate is current on debt service payments.

NOTE 12 – CAPITAL STOCK

Common stock - authorized, 100 shares, no par value, issued and outstanding 100 shares.

NOTE 13 – PENSION PLAN

The Corporation participates in the Whittier Employee Resources, Inc. 401(k) Plan. The plan is a section 401(k) retirement plan covering substantially all of its qualified employees. To qualify, an employee must have completed 30 days of service and have attained age 21. The Corporation has chosen not to match any employee contributions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 14 – SELF INSURANCE

Effective November 1, 2012, the Corporation has adopted an Open Access Plus Medical Plan Qualified High Deductible Health Plan 2000/4000 for its Employee Health and Dental Benefits Plan whereby health coverage is provided for eligible employees. The plan calls for the health costs of enrolled employees to be paid through company contributions and biweekly employee contributions to the Plan. The Corporation is responsible up to a maximum of \$300,000 per medical occurrence, after which a stop-loss health insurance policy with United Healthcare Services Inc. covers costs in excess of the stated limits. Employer costs including Stop Loss and Administrative costs of the plan are shared by all plan participants based upon relative employer enrollment of employees and amounted to \$317,687 and \$307,572 for the years ended December 31, 2022 and 2021, respectively. The plan is administered by United Healthcare Services, Inc., a third-party administrator. Management has reviewed documentation provided by United Healthcare Services, Inc. and determined that no adjustment to expense is required for estimated costs for "high cost claimants" at December 31, 2022 and 2021. As a result, no adjustments for such expenses have been reflected in the consolidated financial statements as of each of December 31, 2022 and 2021.

NOTE 15 – PROFESSIONAL AND GENERAL LIABILITY PROGRAM

NWB Corporation and its affiliates are members of the Whittier Healthcare Holdings Risk Management Program for professional and general liability coverage. Universal Re-Insurance Company, Limited, has established a Custodial Account into which NWB Corporation and its affiliates' contributions, net of administration fees, state premium taxes, if any and federal taxes, will be deposited. The Custodial Account funds shall not be commingled with other funds of Universal Re-Insurance Company, Limited.

The program provides general and professional liability coverage with per location limits of \$1,000,000 per claim diminished by defense costs, and \$3,000,000 aggregate per policy year for most affiliated facilities. Additionally, the program provides employment practices liability and directors and officers liability at limits of \$10,000,000 each claim diminished by defense costs, and \$10,000,000 aggregate per policy year.

All coverage provided by the program is ultimately limited by the funds available in the custodial account. There are currently no claims pending against the Corporation as of December 31, 2022 and 2021, respectively. The professional and general liability expense charged to operations was \$226,665 and \$227,229 for 2022 and 2021, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 16 – WORKERS’ COMPENSATION

The Corporation has adopted an incurred loss retrospective based workers' compensation insurance program managed by Pennsylvania Manufacturers' Association Insurance. The Corporation is responsible up to a maximum of \$350,000 stop loss per occurrence, after which there is a \$2.101 million aggregate loss limit which covers all the plan participants.

NOTE 17 – LITIGATION

The Companies are subject to asserted and unasserted claims encountered in the normal course of business. The Companies' management and legal counsel assess such contingent liabilities and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Companies or unasserted claims that may result in such proceedings, the Companies' legal counsel evaluates the merits of any legal proceedings or unasserted claims as well as the merits of the amount of relief sought or expected to be sought therein. The Corporation has been named in a lawsuit which is still pending. Thus, the likelihood of a favorable or unfavorable outcome cannot be determined at this time. Accordingly, no provision has been recorded in the consolidated financial statements. The Company has determined that any potential settlement will be paid by the Corporation's parent company.

NOTE 18 – COVID-19 IMPACT

In 2020, the World Health Organization declared the spread of Coronavirus (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. In response to the pandemic and in an effort to supplement lost revenues and support increased costs incurred to secure personal protective equipment, the federal and state governments issued stimulus payments to healthcare organizations. See Note 1 for information on funding received by the Corporation in 2022 and 2021.

As a result of COVID-19, payment of the Medicare 2% sequestration was suspended beginning May 1, 2020 through April 1, 2022 at which time it was adjusted to 1% and was fully restored on July 1, 2022 to the full 2%. CMS also waived the requirement for a three-day prior hospitalization for coverage of a skilled nursing facility stay. This waiver will expire when the COVID-19 Public Health Emergency ends on May 11, 2023.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 18 – COVID-19 IMPACT (CONTINUED)

COVID-19 may also impact various parts of the Corporation's 2023 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes that the Corporation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2022.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Directors
**NWB Corporation d/b/a Port Healthcare Center
and Port Associates Limited Partnership**

We have audited the financial statements of NWB Corporation d/b/a Port Healthcare Center and Port Associates Limited Partnership as of and for the years ended December 31, 2022 and 2021 and have issued our report dated May 23, 2023, which appears on pages 1 through 2 and contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary consolidating balance sheets, statements of operations and cash flows, schedules of bed days and consolidating schedules of operating expenses are presented for the purposes of additional analysis and are 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.

Marcum LLP

Hartford, CT
May 23, 2023

NWB CORPORATION
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CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2022

	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total
Assets				
Current Assets				
Cash	\$ 598,148	\$ 65,090	\$ --	\$ 663,238
Investments held by affiliate	1,100,000	--	--	1,100,000
Accounts receivable, patients	2,338,687	--	--	2,338,687
Rent receivable	--	60,000	(60,000)	--
Prepaid expenses	200,965	--	--	200,965
Other receivable	11,062	--	--	11,062
Total Current Assets	<u>4,248,862</u>	<u>125,090</u>	<u>(60,000)</u>	<u>4,313,952</u>
Property and Equipment				
Land	--	627,405	--	627,405
Building	--	15,928,428	--	15,928,428
Improvements	92,693	--	--	92,693
Equipment	100,027	1,165,288	--	1,265,315
	192,720	17,721,121	--	17,913,841
Less accumulated depreciation	63,097	3,233,679	--	3,296,776
Total Property and Equipment, net	<u>129,623</u>	<u>14,487,442</u>	<u>--</u>	<u>14,617,065</u>
Due from Related Parties	<u>1,539,699</u>	<u>4,322,014</u>	<u>(2,136,349)</u>	<u>3,725,364</u>
Other Assets				
Insurance claims receivable	80,000	--	--	80,000
Deposits	5,000	--	--	5,000
Intangibles - bed licenses	25,000	--	--	25,000
Fair value of interest rate swap	--	323,396	--	323,396
Operating lease right of use asset	1,673,591	--	(1,673,591)	--
Total Other Assets	<u>1,783,591</u>	<u>323,396</u>	<u>(1,673,591)</u>	<u>433,396</u>
Total Assets	<u>\$ 7,701,775</u>	<u>\$ 19,257,942</u>	<u>\$ (3,869,940)</u>	<u>\$ 23,089,777</u>

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2022

	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total
Liabilities and Equity				
Current Liabilities				
Loan payable - current portion	\$ --	\$ 438,114	\$ --	\$ 438,114
Accounts payable	1,065,489	--	--	1,065,489
Accrued expenses	346,718	43,121	(60,000)	329,839
Accrued payroll and related costs	290,802	--	--	290,802
Deferred revenue	4,200	--	--	4,200
Due to third-party payors	482,876	--	--	482,876
Operating lease liability - current portion	813,342	--	(813,342)	--
Total Current Liabilities	3,003,427	481,235	(873,342)	2,611,320
Litigation Obligations	80,000	--	--	80,000
Long-Term Debt, net	--	14,505,672	--	14,505,672
Due to Related Parties	7,014,609	--	(2,136,349)	4,878,260
Operating Lease Liability, net	860,249	--	(860,249)	--
Total Liabilities	10,958,285	14,986,907	(3,869,940)	22,075,252
Equity				
Retained earnings/partnership interest	(3,256,510)	18,536	--	(3,237,974)
Noncontrolling interest in partnership	--	4,252,499	--	4,252,499
Total Equity	(3,256,510)	4,271,035	--	1,014,525
Total Liabilities and Equity	\$ 7,701,775	\$ 19,257,942	\$ (3,869,940)	\$ 23,089,777

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING BALANCE SHEET

DECEMBER 31, 2021

	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total
Assets				
Current Assets				
Cash	\$ 2,055,890	\$ 62,849	\$ --	\$ 2,118,739
Accounts receivable, patients	1,666,262	--	--	1,666,262
Rent receivable	--	2,136,350	(2,136,350)	--
Prepaid expenses	199,498	--	--	199,498
Other receivable	104,414	--	--	104,414
Total Current Assets	<u>4,026,064</u>	<u>2,199,199</u>	<u>(2,136,350)</u>	<u>4,088,913</u>
Property and Equipment				
Land	--	627,405	--	627,405
Building	--	15,928,428	--	15,928,428
Improvements	70,862	--	--	70,862
Equipment	93,507	1,165,288	--	1,258,795
	164,369	17,721,121	--	17,885,490
Less accumulated depreciation	48,993	2,655,160	--	2,704,153
Total Property and Equipment, net	<u>115,376</u>	<u>15,065,961</u>	<u>--</u>	<u>15,181,337</u>
Due from Related Parties	<u>1,607,525</u>	<u>2,185,665</u>	<u>--</u>	<u>3,793,190</u>
Other Assets				
Software	1,308	--	--	1,308
Deposits	5,000	--	--	5,000
Intangibles - bed licenses	25,000	--	--	25,000
Total Other Assets	<u>31,308</u>	<u>--</u>	<u>--</u>	<u>31,308</u>
Total Assets	<u>\$ 5,780,273</u>	<u>\$ 19,450,825</u>	<u>\$ (2,136,350)</u>	<u>\$ 23,094,748</u>

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING BALANCE SHEET (CONTINUED)

DECEMBER 31, 2021

	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total
Liabilities and Equity				
Current Liabilities				
Loan payable - current portion	\$ --	\$ 425,048	\$ --	\$ 425,048
Accounts payable	1,022,342	--	--	1,022,342
Accrued expenses	2,463,553	45,049	(2,136,350)	372,252
Accrued payroll and related costs	249,324	--	--	249,324
Deferred revenue	254,185	--	--	254,185
Due to third-party payors	<u>587,422</u>	<u>--</u>	<u>--</u>	<u>587,422</u>
Total Current Liabilities	4,576,826	470,097	(2,136,350)	2,910,573
Fair Value of Interest Rate Swap	--	199,329	--	199,329
Long-Term Debt, net	--	14,939,964	--	14,939,964
Due to Related Parties	<u>4,810,618</u>	<u>--</u>	<u>--</u>	<u>4,810,618</u>
Total Liabilities	<u>9,387,444</u>	<u>15,609,390</u>	<u>(2,136,350)</u>	<u>22,860,484</u>
(Deficit) Equity				
Retained earnings/partnership interest	(3,607,171)	14,240	--	(3,592,931)
Noncontrolling interest in partnership	<u>--</u>	<u>3,827,195</u>	<u>--</u>	<u>3,827,195</u>
Total (Deficit) Equity	<u>(3,607,171)</u>	<u>3,841,435</u>	<u>--</u>	<u>234,264</u>
Total Liabilities and Equity	<u>\$ 5,780,273</u>	<u>\$ 19,450,825</u>	<u>\$ (2,136,350)</u>	<u>\$ 23,094,748</u>

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2022

	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total
Revenue				
Private patients	\$ 3,723,806	\$ --	\$ --	\$ 3,723,806
Medicare patients, net of sequester	5,046,044	--	--	5,046,044
Publicly-aided patients	6,156,662	--	--	6,156,662
Ancillary income, net of sequester	383,824	--	--	383,824
Federal stimulus revenue	252,085	--	--	252,085
State stimulus revenue	259,149	--	--	259,149
Interest income	2,878	--	--	2,878
Rental income	--	1,015,016	(1,015,016)	--
Other income	64,345	--	--	64,345
Prior year revenue adjustments	156,313	--	--	156,313
Total Revenue	<u>16,045,106</u>	<u>1,015,016</u>	<u>(1,015,016)</u>	<u>16,045,106</u>
Operating Expenses				
Administrative and general	2,022,373	2,992	--	2,025,365
Employee benefits	859,910	--	--	859,910
Property expenses	1,037,748	1,105,149	(1,015,016)	1,127,881
Plant operations	666,960	--	--	666,960
Nursing	6,523,226	--	--	6,523,226
Medical services	293,834	--	--	293,834
Ancillary	1,416,197	--	--	1,416,197
Dietary	965,787	--	--	965,787
Laundry and linen	142,739	--	--	142,739
Housekeeping	468,312	--	--	468,312
Social services	153,331	--	--	153,331
Recreation	101,996	--	--	101,996
Consultants	49,542	--	--	49,542
Total Operating Expenses	<u>14,701,955</u>	<u>1,108,141</u>	<u>(1,015,016)</u>	<u>14,795,080</u>
Income (Loss) Before Other Items	<u>1,343,151</u>	<u>(93,125)</u>	<u>--</u>	<u>1,250,026</u>
Other Items				
Management fees	(966,490)	--	--	(966,490)
Unrealized gain on fair value of interest rate swap	<u>--</u>	<u>522,725</u>	<u>--</u>	<u>522,725</u>
Total Other Items	<u>(966,490)</u>	<u>522,725</u>	<u>--</u>	<u>(443,765)</u>
Income Before Income Taxes	376,661	429,600	--	806,261
Provision for Income Taxes	<u>(26,000)</u>	<u>--</u>	<u>--</u>	<u>(26,000)</u>
Net Income	350,661	429,600	--	780,261
Noncontrolling Interest in Partnership	<u>--</u>	<u>--</u>	<u>(425,304)</u>	<u>(425,304)</u>
NWB Corporation Net Income (Loss)	<u>\$ 350,661</u>	<u>\$ 429,600</u>	<u>\$ (425,304)</u>	<u>\$ 354,957</u>

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2021

	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total
Revenue				
Private patients	\$ 3,438,062	\$ --	\$ --	\$ 3,438,062
Medicare patients, net of sequester	5,120,895	--	--	5,120,895
Publicly-aided patients	4,877,003	--	--	4,877,003
Ancillary income, net of sequester	327,391	--	--	327,391
Federal stimulus revenue	679,205	--	--	679,205
Interest income	1,937	--	--	1,937
Rental income	--	943,254	(943,254)	--
Other income	72,758	--	--	72,758
Prior year revenue adjustments	(457,408)	--	--	(457,408)
Total Revenue	<u>14,059,843</u>	<u>943,254</u>	<u>(943,254)</u>	<u>14,059,843</u>
Operating Expenses				
Administrative and general	2,108,417	5,646	--	2,114,063
Employee benefits	910,031	--	--	910,031
Property expenses	961,847	1,178,028	(943,254)	1,196,621
Plant operations	579,076	--	--	579,076
Nursing	5,317,474	--	--	5,317,474
Medical services	268,578	--	--	268,578
Ancillary	1,480,941	--	--	1,480,941
Dietary	859,913	--	--	859,913
Laundry and linen	150,862	--	--	150,862
Housekeeping	311,432	--	--	311,432
Social services	175,677	--	--	175,677
Recreation	92,938	--	--	92,938
Consultants	48,125	--	--	48,125
Total Operating Expenses	<u>13,265,311</u>	<u>1,183,674</u>	<u>(943,254)</u>	<u>13,505,731</u>
Income Before Other Items	<u>794,532</u>	<u>(240,420)</u>	<u>--</u>	<u>554,112</u>
Other Items				
Management fees	(859,382)	--	--	(859,382)
Unrealized gain on fair value of interest rate swap	--	330,631	--	330,631
Total Other Items	<u>(859,382)</u>	<u>330,631</u>	<u>--</u>	<u>(528,751)</u>
Net (Loss) Income	<u>(64,850)</u>	<u>90,211</u>	<u>--</u>	<u>25,361</u>
Noncontrolling Interest in Partnership	<u>--</u>	<u>--</u>	<u>(89,309)</u>	<u>(89,309)</u>
NWB Corporation Net (Loss) Income	<u>\$ (64,850)</u>	<u>\$ 90,211</u>	<u>\$ (89,309)</u>	<u>\$ (63,948)</u>

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total
Cash Flows from Operating Activities				
Net income (loss)	\$ 350,661	\$ 429,600	\$ (425,304)	\$ 354,957
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:				
Depreciation and amortization	15,411	578,519	--	593,930
Amortization of debt issuance costs	--	3,822	--	3,822
Noncontrolling interest in partnership	--	--	425,304	425,304
Bad debts	140,063	--	--	140,063
Unrealized gain on interest rate swap	--	(522,725)	--	(522,725)
Changes in operating assets and liabilities:				
Accounts receivable	(812,488)	2,076,350	(2,076,350)	(812,488)
Prepaid expenses	(1,467)	--	--	(1,467)
Other receivable	93,352	--	--	93,352
Accounts payable	43,147	--	--	43,147
Accrued expenses	(2,116,834)	(1,928)	2,076,350	(42,412)
Accrued payroll and related costs	41,478	--	--	41,478
Deferred revenue	(249,985)	--	--	(249,985)
Due to third-party payors	(104,546)	--	--	(104,546)
Net Cash (Used in) Provided by Operating Activities	<u>(2,601,208)</u>	<u>2,563,638</u>	<u>--</u>	<u>(37,570)</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	<u>(28,351)</u>	<u>--</u>	<u>--</u>	<u>(28,351)</u>
Net Cash Used in Investing Activities	<u>(28,351)</u>	<u>--</u>	<u>--</u>	<u>(28,351)</u>
Cash Flows from Financing Activities				
Principal payments on long-term debt	--	(425,048)	--	(425,048)
Net receipts from (payments to) related parties	<u>2,271,817</u>	<u>(2,136,349)</u>	<u>--</u>	<u>135,468</u>
Net Cash Provided by (Used in) Financing Activities	<u>2,271,817</u>	<u>(2,561,397)</u>	<u>--</u>	<u>(289,580)</u>
Net Change in Cash	(357,742)	2,241	--	(355,501)
Cash - Beginning	<u>2,055,890</u>	<u>62,849</u>	<u>--</u>	<u>2,118,739</u>
Cash - End	<u>\$ 1,698,148</u>	<u>\$ 65,090</u>	<u>\$ --</u>	<u>\$ 1,763,238</u>
Supplemental Disclosure of Cash Flow Information				
Interest paid	<u>\$ --</u>	<u>\$ 459,119</u>	<u>\$ --</u>	<u>\$ 459,119</u>
Reconciliation of Cash to Amounts Reported in the Balance Sheet at the End of the Period				
Cash	\$ 598,148	\$ 65,090	\$ --	\$ 663,238
Investments held by affiliate	<u>1,100,000</u>	<u>--</u>	<u>--</u>	<u>1,100,000</u>
	<u>\$ 1,698,148</u>	<u>\$ 65,090</u>	<u>\$ --</u>	<u>\$ 1,763,238</u>

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total
Cash Flows from Operating Activities				
Net (loss) income	\$ (64,850)	\$ 90,211	\$ (89,309)	\$ (63,948)
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:				
Depreciation and amortization	10,433	644,382	--	654,815
Amortization of debt issuance costs	--	3,927	--	3,927
Noncontrolling interest in partnership	--	--	89,309	89,309
Bad debts	191,277	--	--	191,277
Unrealized gain on interest rate swap	--	(330,631)	--	(330,631)
Changes in operating assets and liabilities:				
Accounts receivable	(137,788)	736,525	(736,525)	(137,788)
Prepaid expenses	(17,406)	--	--	(17,406)
Other receivable	25,012	5,780	--	30,792
Other assets	(5,000)	--	--	(5,000)
Accounts payable	116,128	--	--	116,128
Accrued expenses	(912,883)	(1,763)	736,525	(178,121)
Accrued payroll and related costs	(14,264)	--	--	(14,264)
Deferred revenue	(427,120)	--	--	(427,120)
Due to third-party payors	464,889	--	--	464,889
Net Cash (Used in) Provided by Operating Activities	<u>(771,572)</u>	<u>1,148,431</u>	<u>--</u>	<u>376,859</u>
Cash Flows from Investing Activities				
Purchase of property and equipment	<u>(13,821)</u>	<u>--</u>	<u>--</u>	<u>(13,821)</u>
Net Cash Used in Investing Activities	<u>(13,821)</u>	<u>--</u>	<u>--</u>	<u>(13,821)</u>
Cash Flows from Financing Activities				
Principal payments on long-term debt	--	(412,371)	--	(412,371)
Net receipts from (payments to) related parties	266,061	(736,525)	--	(470,464)
Net Cash Provided by (Used in) Financing Activities	<u>266,061</u>	<u>(1,148,896)</u>	<u>--</u>	<u>(882,835)</u>
Net Change in Cash	(519,332)	(465)	--	(519,797)
Cash - Beginning	<u>2,575,222</u>	<u>63,314</u>	<u>--</u>	<u>2,638,536</u>
Cash - End	<u>\$ 2,055,890</u>	<u>\$ 62,849</u>	<u>\$ --</u>	<u>\$ 2,118,739</u>
Supplemental Disclosure of Cash Flow Information				
Interest paid	<u>\$ --</u>	<u>\$ 473,128</u>	<u>\$ --</u>	<u>\$ 473,128</u>

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

SCHEDULES OF BED DAYS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		2021	
	Bed Days	Percent	Bed Days	Percent
Occupancy				
Private	9,408	23.71%	9,255	26.14%
Medicare	7,683	19.36%	7,864	22.21%
Publicly-aided	<u>22,587</u>	<u>56.93%</u>	<u>18,285</u>	51.65%
	<u>39,678</u>	<u>100.00%</u>	<u>35,404</u>	<u>100.00%</u>
Bed Days Available	<u>44,895</u>		<u>44,895</u>	
Percentage of Occupancy	<u>88.38%</u>		<u>78.86%</u>	

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING SCHEDULES OF OPERATING EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022					2021				
	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total	Per Diem	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total	Per Diem
Administrative and General										
Salaries - Administration	\$ 164,705	\$ --	\$ --	\$ 164,705	\$ 4.15	\$ 183,219	\$ --	\$ --	\$ 183,219	\$ 5.18
Salaries - Clerical	456,131	--	--	456,131	11.50	420,424	--	--	420,424	11.88
User fee assessment	701,069	--	--	701,069	17.67	587,439	--	--	587,439	16.59
Insurance - other	226,665	--	--	226,665	5.71	227,229	--	--	227,229	6.42
Legal	127,853	--	--	127,853	3.22	90,081	--	--	90,081	2.54
Accounting	21,333	2,525	--	23,858	0.60	36,477	1,500	--	37,977	1.07
Professional fees	1,133	--	--	1,133	0.03	1,025	--	--	1,025	0.03
Data processing fees	126,042	--	--	126,042	3.18	120,907	--	--	120,907	3.42
Office supplies and expense	40,709	--	--	40,709	1.03	26,432	--	--	26,432	0.75
Central office expense	70,435	--	--	70,435	1.78	70,435	--	--	70,435	1.99
Telephone	15,152	--	--	15,152	0.38	13,100	--	--	13,100	0.37
Advertising	15,892	--	--	15,892	0.40	11,305	--	--	11,305	0.32
Travel and meetings	11,663	--	--	11,663	0.29	8,405	--	--	8,405	0.24
Licenses and dues	12,894	--	--	12,894	0.32	17,323	--	--	17,323	0.49
Tuition and education	1,866	--	--	1,866	0.05	4,281	--	--	4,281	0.12
Recruiting	33,759	--	--	33,759	0.85	444	--	--	444	0.01
Taxes	608	--	--	608	0.02	503	--	--	503	0.01
Fines and penalties	8,648	--	--	8,648	0.22	11,142	--	--	11,142	0.31
Miscellaneous expenses	(155,555)	467	--	(155,088)	(3.91)	84,352	4,146	--	88,498	2.50
Amortization of software	1,308	--	--	1,308	0.03	2,617	--	--	2,617	0.07
Bad debts	140,063	--	--	140,063	3.53	191,277	--	--	191,277	5.40
	<u>\$ 2,022,373</u>	<u>\$ 2,992</u>	<u>\$ --</u>	<u>\$ 2,025,365</u>	<u>\$ 51.05</u>	<u>\$ 2,108,417</u>	<u>\$ 5,646</u>	<u>\$ --</u>	<u>\$ 2,114,063</u>	<u>\$ 59.71</u>
Employee Benefit										
Group insurance	\$ 272,984	\$ --	\$ --	\$ 272,984	\$ 6.88	\$ 242,797	\$ --	\$ --	\$ 242,797	\$ 6.86
Payroll taxes	508,348	--	--	508,348	12.81	553,658	--	--	553,658	15.64
Workers compensation	47,807	--	--	47,807	1.20	82,269	--	--	82,269	2.32
Employee benefits	30,771	--	--	30,771	0.78	31,307	--	--	31,307	0.88
	<u>\$ 859,910</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 859,910</u>	<u>\$ 21.67</u>	<u>\$ 910,031</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 910,031</u>	<u>\$ 25.70</u>

See independent auditors' report on supplementary information.

NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING SCHEDULES OF OPERATING EXPENSES (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022					2021				
	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total	Per Diem	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total	Per Diem
Property Expenses										
Rent	\$ 1,015,016	\$ --	\$ (1,015,016)	\$ --	\$ --	\$ 943,254	\$ --	\$ (943,254)	\$ --	\$ --
Interest expense	--	462,941	--	462,941	11.67	--	477,055	--	477,055	13.47
Real estate taxes	--	63,689	--	63,689	1.61	--	56,591	--	56,591	1.60
Property insurance	8,629	--	--	8,629	0.22	10,777	--	--	10,777	0.30
Depreciation	14,103	578,519	--	592,622	14.94	7,816	644,382	--	652,198	18.42
	<u>\$ 1,037,748</u>	<u>\$ 1,105,149</u>	<u>\$ (1,015,016)</u>	<u>\$ 1,127,881</u>	<u>\$ 28.44</u>	<u>\$ 961,847</u>	<u>\$ 1,178,028</u>	<u>\$ (943,254)</u>	<u>\$ 1,196,621</u>	<u>\$ 33.79</u>
Plant Operations										
Salaries	\$ 118,309	\$ --	\$ --	\$ 118,309	\$ 2.98	\$ 101,083	\$ --	\$ --	\$ 101,083	\$ 2.86
Purchased services	188,903	--	--	188,903	4.76	152,134	--	--	152,134	4.30
Supplies and expense	49,926	--	--	49,926	1.26	57,864	--	--	57,864	1.63
Utilities	309,822	--	--	309,822	7.81	267,995	--	--	267,995	7.57
	<u>\$ 666,960</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 666,960</u>	<u>\$ 16.81</u>	<u>\$ 579,076</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 579,076</u>	<u>\$ 16.36</u>
Nursing										
Salaries - Director of Nursing	\$ 126,276	\$ --	\$ --	\$ 126,276	\$ 3.18	\$ 137,356	\$ --	\$ --	\$ 137,356	\$ 3.88
Salaries - registered nurses	696,824	--	--	696,824	17.56	768,728	--	--	768,728	21.71
Salaries - L.P.N.	1,202,839	--	--	1,202,839	30.32	1,474,011	--	--	1,474,011	41.63
Salaries - nurses aides	1,540,655	--	--	1,540,655	38.83	1,643,453	--	--	1,643,453	46.42
Salaries - clinical nurse	20,491	--	--	20,491	0.52	61,560	--	--	61,560	1.74
Purchased services	2,710,366	--	--	2,710,366	68.31	995,809	--	--	995,809	28.13
Supplies and expense	94,647	--	--	94,647	2.39	136,526	--	--	136,526	3.86
Salaries - incentive pay	131,011	--	--	131,011	3.30	98,830	--	--	98,830	2.79
Phlebotomist	117	--	--	117	0.00	1,201	--	--	1,201	0.03
	<u>\$ 6,523,226</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,523,226</u>	<u>\$ 164.40</u>	<u>\$ 5,317,474</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 5,317,474</u>	<u>\$ 150.19</u>

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NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING SCHEDULES OF OPERATING EXPENSES (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022					2021				
	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total	Per Diem	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total	Per Diem
Medical Services										
Salaries - Medical records	\$ 187,038	\$ --	\$ --	\$ 187,038	\$ 4.71	\$ 180,600	\$ --	\$ --	\$ 180,600	\$ 5.10
Salaries - Quality Assurance	53,893	--	--	53,893	1.36	47,519	--	--	47,519	1.34
Consultants - MDS	47,886	--	--	47,886	1.21	33,726	--	--	33,726	0.95
Supplies and expense	5,017	--	--	5,017	0.13	6,733	--	--	6,733	0.19
	<u>\$ 293,834</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 293,834</u>	<u>\$ 7.41</u>	<u>\$ 268,578</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 268,578</u>	<u>\$ 7.58</u>
Ancillary Expenses										
Pharmacy	\$ 235,527	\$ --	\$ --	\$ 235,527	\$ 5.94	\$ 243,044	\$ --	\$ --	\$ 243,044	\$ 6.86
Physical therapy	460,544	--	--	460,544	11.61	468,713	--	--	468,713	13.24
Occupational therapy	423,778	--	--	423,778	10.68	376,829	--	--	376,829	10.64
Speech therapy	149,121	--	--	149,121	3.76	136,819	--	--	136,819	3.86
Ancillary - other	19,209	--	--	19,209	0.48	34,138	--	--	34,138	0.96
Medical supplies	30,638	--	--	30,638	0.77	50,819	--	--	50,819	1.44
Oxygen	10,761	--	--	10,761	0.27	9,063	--	--	9,063	0.26
IV therapy	46,404	--	--	46,404	1.17	24,596	--	--	24,596	0.69
Laboratory	16,832	--	--	16,832	0.42	19,774	--	--	19,774	0.56
X-ray	14,232	--	--	14,232	0.36	12,313	--	--	12,313	0.35
COVID Lab Testing	9,151	--	--	9,151	0.23	104,833	--	--	104,833	2.96
	<u>\$ 1,416,197</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,416,197</u>	<u>\$ 35.69</u>	<u>\$ 1,480,941</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,480,941</u>	<u>\$ 41.82</u>
Dietary										
Salaries	\$ 518,956	\$ --	\$ --	\$ 518,956	\$ 13.08	\$ 485,871	\$ --	\$ --	\$ 485,871	\$ 13.72
Food	350,817	--	--	350,817	8.84	284,066	--	--	284,066	8.02
Purchased services	59,535	--	--	59,535	1.50	59,115	--	--	59,115	1.67
Supplies and expense	36,479	--	--	36,479	0.92	30,861	--	--	30,861	0.87
	<u>\$ 965,787</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 965,787</u>	<u>\$ 24.34</u>	<u>\$ 859,913</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 859,913</u>	<u>\$ 24.28</u>

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NWB CORPORATION
d/b/a PORT HEALTHCARE CENTER
AND PORT ASSOCIATES LIMITED PARTNERSHIP

CONSOLIDATING SCHEDULES OF OPERATING EXPENSES (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022					2021				
	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total	Per Diem	NWB Corporation	Port Associates LP	Eliminations	Consolidated Total	Per Diem
Laundry and Linen										
Salaries	\$ 59,367	\$ --	\$ --	\$ 59,367	\$ 1.50	\$ 57,755	\$ --	\$ --	\$ 57,755	\$ 1.63
Purchased services	28,363	--	--	28,363	0.71	36,821	--	--	36,821	1.04
Linen and bedding	45,807	--	--	45,807	1.15	39,151	--	--	39,151	1.11
Supplies and expense	9,202	--	--	9,202	0.23	17,135	--	--	17,135	0.48
	<u>\$ 142,739</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 142,739</u>	<u>\$ 3.60</u>	<u>\$ 150,862</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 150,862</u>	<u>\$ 4.26</u>
Housekeeping										
Salaries	\$ 284,465	\$ --	\$ --	\$ 284,465	\$ 7.17	\$ 218,860	\$ --	\$ --	\$ 218,860	\$ 6.18
Supplies and expense	67,422	--	--	67,422	1.70	79,353	--	--	79,353	2.24
Purchased Services	116,425	--	--	116,425	2.93	13,219	--	--	13,219	0.37
	<u>\$ 468,312</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 468,312</u>	<u>\$ 11.80</u>	<u>\$ 311,432</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 311,432</u>	<u>\$ 8.79</u>
Social Services										
Salaries	\$ 153,331	\$ --	\$ --	\$ 153,331	\$ 3.86	\$ 175,677	\$ --	\$ --	\$ 175,677	\$ 4.96
	<u>\$ 153,331</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 153,331</u>	<u>\$ 3.86</u>	<u>\$ 175,677</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 175,677</u>	<u>\$ 4.96</u>
Recreation										
Salaries	\$ 95,339	\$ --	\$ --	\$ 95,339	\$ 2.40	\$ 86,718	\$ --	\$ --	\$ 86,718	\$ 2.45
Purchased services	2,465	--	--	2,465	0.06	2,490	--	--	2,490	0.07
Supplies and expense	4,192	--	--	4,192	0.11	3,730	--	--	3,730	0.11
	<u>\$ 101,996</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 101,996</u>	<u>\$ 2.57</u>	<u>\$ 92,938</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 92,938</u>	<u>\$ 2.63</u>
Consultants										
Medical Director	\$ 42,000	\$ --	\$ --	\$ 42,000	\$ 1.06	\$ 40,500	\$ --	\$ --	\$ 40,500	\$ 1.14
Pharmacy	7,542	--	--	7,542	0.19	7,111	--	--	7,111	0.20
Speech	--	--	--	--	--	514	--	--	514	0.01
	<u>\$ 49,542</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 49,542</u>	<u>\$ 1.25</u>	<u>\$ 48,125</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 48,125</u>	<u>\$ 1.35</u>

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