



MARTIN FRIEDMAN CPA PC
CERTIFIED PUBLIC ACCOUNTANTS

CRNC OPERATING, LLC
d/b/a CAMBRIDGE REHABILITATION & NURSING CENTER
CRNC REALTY, LLC
Combining Financial Statements

Year Ended December 31, 2023

**CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC**

Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Members,
CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC:

Opinion

We have audited the accompanying combining financial statements of CRNC Operating, LLC d/b/a Cambridge Rehabilitation & Nursing Center and CRNC Realty, LLC, which comprise the combining balance sheets as of December 31, 2023, and the related combining statements of income, members' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the combining financial statements referred to above present fairly, in all material respects, the financial position of CRNC Operating, LLC d/b/a Cambridge Rehabilitation & Nursing Center and CRNC Realty, LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CRNC Operating, LLC d/b/a Cambridge Rehabilitation & Nursing Center and CRNC Realty, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CRNC Operating, LLC d/b/a Cambridge Rehabilitation & Nursing Center and CRNC Realty, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CRNC Operating, LLC d/b/a Cambridge Rehabilitation & Nursing Center and CRNC Realty, 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 CRNC Operating, LLC d/b/a Cambridge Rehabilitation & Nursing Center and CRNC Realty, 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.

Martin Friedman CPA, PC

MARTIN FRIEDMAN, C.P.A. P.C.
Certified Public Accountants

Brooklyn, NY

February 28, 2024

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Combining Balance Sheet
December 31, 2023

	Facility	Realty	Elimination	Combined
Assets				
Cash	\$ 211,079	\$ 197,721	\$ -	\$ 408,800
Accounts Receivable (Net)	1,198,902	-	-	1,198,902
Prepaid Expenses	62,275	-	-	62,275
Escrow Deposits	-	16,855	-	16,855
Total Current Assets	1,472,256	214,576	-	1,686,832
Land	-	1,000,000	-	1,000,000
Building	-	3,000,000	-	3,000,000
Leasehold Improvements	832,137	-	-	832,137
Furniture & Equipment	309,204	-	-	309,204
	1,141,341	4,000,000	-	5,141,341
Less: Accumulated Depreciation & Amortization	510,299	990,000	-	1,500,299
Total Fixed Assets	631,042	3,010,000	-	3,641,042
Due from Realty	1,648,948	-	(1,648,948)	-
Right-of-Use Asset	2,112,237	-	(2,112,237)	-
Security Deposits	18,000	-	-	18,000
Goodwill (Net)	25,000	-	-	25,000
Patients' Trust Fund	172,750	-	-	172,750
Total Other Assets	3,976,935	-	(3,761,185)	215,750
Total Assets	\$ 6,080,233	\$ 3,224,576	\$ (3,761,185)	\$ 5,543,624
Liabilities & Equity				
Mortgage Payable	\$ -	\$ 168,008	\$ -	\$ 168,008
Note Payable	32,037	-	-	32,037
Accounts Payable	353,084	-	-	353,084
Lease Liabilities	254,080	-	(254,080)	-
Accrued Payroll	356,424	-	-	356,424
Accrued Expenses & Taxes	214,867	7,215	-	222,082
Exchanges	1,424	-	-	1,424
Due To Third Party Payors	40,405	-	-	40,405
Loans Payable - Related Parties	76,251	-	-	76,251
Total Current Liabilities	1,328,572	175,223	(254,080)	1,249,715
Mortgage Payable (Net)	-	1,819,049	-	1,819,049
Note Payable	234,905	-	-	234,905
Lease Liabilities	1,858,157	-	(1,858,157)	-
Due to Nursing Home	-	1,648,948	(1,648,948)	-
Patients' Trust Fund Payable	172,750	-	-	172,750
Total Long Term Liabilities	2,265,812	3,467,997	(3,507,105)	2,226,704
Members' Equity (Deficit)	2,485,849	(418,644)	-	2,067,205
Total Liabilities & Members' Equity (Deficit)	\$ 6,080,233	\$ 3,224,576	\$ (3,761,185)	\$ 5,543,624

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Combining Statement of Operations
For the year ended December 31, 2023

	Facility	Realty	Elimination	Combined
Total Revenue From Patients	\$ 7,845,437	\$ -	\$ -	\$ 7,845,437
Total Rental Revenue	-	777,961	(777,961)	-
Operating Expenses:				
Payroll	5,130,845	-	-	5,130,845
Employee Benefits	490,947	-	-	490,947
Professional Care	519,841	-	-	519,841
Dietary & Housekeeping	311,489	-	-	311,489
Plant & Maintenance	1,283,901	213,544	(777,961)	719,484
General & Administrative	<u>1,360,834</u>	<u>12,973</u>	<u>-</u>	<u>1,373,807</u>
Total Operating Expenses	<u>9,097,857</u>	<u>226,517</u>	<u>(777,961)</u>	<u>8,546,413</u>
Income (Loss) From Operations	(1,252,420)	551,444	-	(700,976)
Other Income	<u>2,593</u>	<u>2,791</u>	<u>-</u>	<u>5,384</u>
Income (Loss) Before Taxes	(1,249,827)	554,235	-	(695,592)
Plus: Pass-Through Entity Tax Refunds	<u>(6,895)</u>	<u>(34,350)</u>	<u>-</u>	<u>(41,245)</u>
Net Income (Loss)	\$ <u>(1,242,932)</u>	\$ <u>588,585</u>	\$ <u>-</u>	\$ <u>(654,347)</u>

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Combining Statement of Members' Equity (Deficit)
For the year ended December 31, 2023

	Facility	Realty	Combined
Members' Equity (Deficit):			
Balance as of Beginning of Period	\$ 3,728,781	\$ (507,229)	\$ 3,221,552
Net Income (Loss) for the Period	(1,242,932)	588,585	(654,347)
Members' Distributions	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>
Total Members' Equity (Deficit)			
End of Period	\$ <u>2,485,849</u>	\$ <u>(418,644)</u>	\$ <u>2,067,205</u>

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Combining Statement of Cash Flows
For the year ended December 31, 2023

	Facility	Realty	Combined
Cash Flows From Operating Activities:			
Net Income (Loss)	\$ (1,242,932)	\$ 588,585	\$ (654,347)
Adjustments to reconcile Net Income (Loss) to			
Net Cash Provided by (Used In) Operating Activities:			
Depreciation & Amortization	140,100	75,000	215,100
Amortization of Debt Issuance Costs	-	3,582	3,582
(Increase) Decrease In:			
Accounts Receivable	708,175	-	708,175
Prepaid Expenses	(14,160)	-	(14,160)
Escrow Deposits	-	2,084	2,084
Increase (Decrease) In:			
Accounts Payable	(102,414)	-	(102,414)
Accrued Payroll & Withholding Taxes	49,641	-	49,641
Accrued Expenses & Taxes	52,301	(547)	51,754
Due to Third Party Payors	40,405	-	40,405
Exchanges	(7,430)	-	(7,430)
Total Adjustments	<u>726,518</u>	<u>1,537</u>	<u>728,055</u>
Net Cash Provided By (Used In) Operating Activities	(376,314)	668,704	292,390
Cash Flows From Investing Activities:			
Capital Expenditures	(90,139)	-	(90,139)
Loans Receivable - Related Parties	450,000	-	450,000
Other Assets	(70,612)	-	(70,612)
Net Cash Provided By Investing Activities	289,249	-	289,249
Cash Flows From Financing Activities:			
Increase In Short Term Debt	1,436	6,423	7,859
Decrease In Long Term Debt	(32,035)	(168,002)	(200,037)
Other Liabilities	70,612	-	70,612
Loans Payable - Related Parties	38,026	-	38,026
Distributions	-	(500,000)	(500,000)
Net Cash Provided By (Used In) Financing Activities	<u>78,039</u>	<u>(661,579)</u>	<u>(583,540)</u>
Net Change In Cash	(9,026)	7,125	(1,901)
Cash - Beginning of Period	<u>220,105</u>	<u>190,596</u>	<u>410,701</u>
Cash - End of Period	<u>\$ 211,079</u>	<u>\$ 197,721</u>	<u>\$ 408,800</u>
Supplemental Disclosures:			
Interest Paid	\$ 13,345	\$ 88,882	\$ 102,227

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Notes To The Combining Financial Statement

1) Organization:

CRNC Operating, LLC d/b/a Cambridge Rehabilitation & Nursing Center (Facility), a limited liability company, is licensed by the Commonwealth of Massachusetts Department of Public Health to run and operate an 83 bed skilled nursing facility. The Facility began operations on September 23, 2010 and is located in Cambridge, Massachusetts.

CRNC Realty, LLC (Realty), a limited liability company, began operations on September 23, 2010 in conjunction with the purchase of the real property, and is operated by CRNC Operating, LLC. Both Facility and Realty have common ownership.

2) Summary of Significant Accounting Policies:

The accounting policies that affect the significant elements of the combined financial statements are summarized below.

Principles of Combination -

The combining financial statements include the accounts of the Facility and Realty, which are related by virtue of common ownership. All inter-company balances and transactions have been eliminated in the combining financial statements.

Method of Accounting -

The entities maintain their books and prepare their financial statements on the accrual basis of accounting.

Cash -

For purposes of the statement of cash flows, the entities consider time deposits, certificates of deposits, and all highly liquid investments, with maturity of three months or less, to be cash. The entities maintain cash balances at financial institutions, which may periodically exceed the Federal Deposit Insurance Corporation limit during the year.

Fixed Assets -

Fixed Assets are stated at cost. Depreciation and amortization for assets are computed using the straight-line method over the estimated useful lives of the assets.

Intangible Assets -

Intangible assets subject to amortization are shown net of accumulated amortization based upon their estimated useful lives.

Goodwill -

The Facility has classified as goodwill the excess of the purchase price over the fair value of the assets acquired. The Facility has elected to adopt Accounting Standards Update (ASU) No. 2014-02, *Intangibles – Goodwill and Other*, that allows a private company to make an accounting policy election to apply the new provisions, which, among other things, allows for the amortization of goodwill on a straight-line basis, over a period of 10 years.

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Notes To The Combining Financial Statement

2) Summary of Significant Accounting Policies (continued):

Resident Funds -

The Facility, as trustee, holds resident funds in escrow accounts. These funds are expended at the direction of the residents for personal items.

Patient Care Revenue -

Major portions of the Facility's revenue are derived from Medicare and Medicaid programs. Medicare revenue is primarily a fixed rate by region adjusted for patient acuity. Eligibility and acuity levels are subject to audit.

Medicaid revenue under the current statewide pricing methodology is based on a blend of methodologies. The Facility receives reimbursement from the Commonwealth of Massachusetts under a standard rate of reimbursement payment systems 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 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.

Accrued Payroll -

Most employees earn credits during the current year for vacations to be taken in the following year. The expense for this liability is accrued during the year vacations are earned rather than in the year vacations are taken.

Use of Estimates -

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

Income Taxes -

The Facility and the Realty are treated as partnerships for income tax purposes, and as such the members are taxed separately on their distributive share of the entities' income whether or not that income is actually distributed.

Uncertainty in Income Taxes –

Management has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ended December 31, 2020 and subsequent remain subject to examination by applicable taxing authorities.

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Notes To The Combining Financial Statement

3) Accounts Receivable:

The Facility grants credit, without collateral, to its patients, the majority of whom are insured under third-party payor agreements. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The amount of receivables from patients and third-party payors at December 31, 2023 was as follows:

	<u>Amount</u>	<u>Concentration Of Risk (%)</u>
Private Patients	\$ 133,289	10.67 %
Medicare Patients	64,304	5.15
Medicaid Patients	<u>1,051,309</u>	<u>84.18</u>
Total	1,248,902	<u>100.00</u> %
Less: Allowance for Doubtful Accounts	<u>(50,000)</u>	
Net Accounts Receivable	<u>\$ 1,198,902</u>	

Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

4) Intangible Assets:

The following is a schedule of the facility's intangible assets.

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Estimated Useful Life</u>
Goodwill	\$ 250,000	\$ 225,000	10 Years

The total amortization expense for the year ended December 31, 2023 was \$25,000.

The estimated amortization expense for the next year is as follows:

For the year ending 2024	\$ 25,000
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5) Mortgage Payable:

In connection with the purchase of the property, the Realty obtained a mortgage note in the amount of \$2,125,000 from Brookline Bank. As of February 24, 2021 this note was amended to be amortized for the remaining balance of \$1,590,646 based on a 10 year amortization for a period of 5 years to mature on January 23, 2026 at 4.64% interest. This note contains a prepayment premium rider in the event that the loan is paid off before maturity. Prepayment is allowed, providing a premium is paid as a percentage of the amount owed. The premium has a sliding scale beginning at 5% and continues until it reduces to 0% at 90 days before the loan is due to mature. The note is secured by all assets of the Realty, and is guaranteed by the members and by the Facility.

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Notes To The Combining Financial Statement

5) Mortgage Payable (Continued):

In connection with the purchase of the property, the Realty and Facility obtained a mortgage note in the amount of \$1,500,000 from the U.S. Small Business Administration (SBA). The note is to be repaid over 20 years to mature on November 1, 2030 at 3.30% interest. The note is secured by all assets of the Realty and Facility.

The following are the balances as of December 31, 2023:

	<u>Brookline Bank</u>	<u>SBA</u>	<u>Combined</u>
Principal Balance:	\$ 1,369,897	\$ 632,631	\$ 2,002,528
Unamortized debt issuance costs:	<u>(4,115)</u>	<u>(11,356)</u>	<u>(15,471)</u>
	1,365,782	621,275	1,987,057
Less current portion:	<u>(85,225)</u>	<u>(82,783)</u>	<u>(168,008)</u>
Long-term debt	<u>\$ 1,280,557</u>	<u>\$ 538,492</u>	<u>\$ 1,819,049</u>

The following is an estimated summary of principal maturities of long-term debt during the next five years and on:

For the year ending 2024	\$ 85,225	\$ 82,783	\$ 168,008
For the year ending 2025	89,504	85,560	175,064
For the year ending 2026	1,195,168	88,430	1,283,598
For the year ending 2027	-0-	91,396	91,396
For the year ending 2028	-0-	94,462	94,462
For the years thereafter	<u>-0-</u>	<u>190,000</u>	<u>190,000</u>
Total	<u>\$ 1,369,897</u>	<u>\$ 632,631</u>	<u>\$ 2,002,528</u>

6) Note Payable:

In connection with the purchase of the property, the Facility obtained a revolving line of credit up to \$350,000 from Brookline Bank. As of February 24, 2021 this note was amended to be amortized based on a 10 year amortization for a period of 5 years to mature on January 23, 2026 at 4.64% interest. This note contains a prepayment premium rider in the event that the loan is paid off before maturity. Prepayment is allowed, providing a premium is paid as a percentage of the amount owed. The premium has a sliding scale beginning at 5% and continues until it reduces to 0% at 90 days before the loan is due to mature. The note is secured by all corporate assets of the Facility, and is guaranteed by the members and by the Realty.

The following are the balances as of December 31, 2023:

Principal Balance:	\$ 266,942
Unamortized debt issuance cost:	<u>(-0-)</u>
	266,942
Less current portion:	<u>32,037</u>
Long-term Debt	<u>\$ 234,905</u>

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Notes To The Combining Financial Statement

6) Note Payable (Continued):

Principal payments for the next three years are as follows:

<u>Year</u>	<u>Amount</u>
For the year ending 2024	\$ 32,037
For the year ending 2025	33,612
For the year ending 2026	<u>201,293</u>
Total	\$ <u>266,942</u>

7) Loans – Related Parties:

The Facility has loans to and from various related parties. As of December 31, 2023 these accounts are considered current, except for the amounts due from the Realty.

	<u>Facility</u>	<u>Realty</u>	<u>Combined Totals</u>
Personal Healthcare Management, LLC	\$ (40,352)	\$ -0-	\$ (38,225)
ERNC Operating, LLC	(35,899)	-0-	(35,899)
Due From Realty / Due To Facility	<u>1,648,948</u>	<u>(1,648,948)</u>	<u>-0-</u>
Total Loans – Related Parties	\$ <u>1,572,697</u>	\$ <u>(1,648,948)</u>	\$ <u>(76,251)</u>

8) Right-of-Use Asset and Lease Liability:

The Facility's operating lease right-of-use assets and lease liabilities were for a building lease.

On September 23, 2010, the Facility and Realty entered into a 21 year lease agreement with net annual basic rent equal to the Realty's debt service payments. All payments to be made, in addition to basic rent, shall be deemed additional rent. In, addition, the Facility is required to make all payments for taxes and insurance.

The Facility recognizes lease expense for operating leases on a straight-line basis over the lease term. The expense for the year ended December 31, 2023 was \$777,961.

The Facility determines the present value of the remaining lease payments using the US Treasury risk-free rate at the time of adoption of the Standard, which was 2.05%. The Facility does not have any variable lease payments, residual value guarantees, or material lease incentives.

The Facility has not recognized any material impairments of its operating lease right-of-use asset as of December 31, 2023. As of December 31, 2023, the Facility's operating lease liability and corresponding asset was \$2,112,237, of which \$254,080 of the liability was considered short term.

The Facility's future minimum lease payments for the next five years, as of December 31, 2023, were as follows:

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Notes To The Combining Financial Statement

8) Right-of-Use Asset and Lease Liability (Continued):

2024	\$ 295,002
2025	295,002
2026	295,002
2027	295,002
2028	295,002
Thereafter	<u>811,256</u>
Total Future Payments:	\$ <u>2,286,266</u>

9) Health Insurance:

The Facility pools portions of their health insurance for employees, together with other related nursing facilities, in a fund provided through Westchester Health and Welfare Fund. The fund, which began operations in January 2013, is an insurance trust, which is self insured, and is administered by a non related third party. Funds once contributed cannot be withdrawn for any other purpose. The trust also provides for reinsurance on catastrophic events.

10) Nursing Home User Fee:

All Massachusetts nursing facilities are currently assessed a quarterly user fee. The nursing home user fee for the year ended December 31, 2023 was \$592,469.

11) Operating Leases:

The Facility leases various equipment (nursing, office, and maintenance) under operating leases ranging from 12 months to 60 months. Rent expense for the year ended December 31, 2023 was \$17,740.

12) Advertising:

Advertising costs are expensed as incurred and included in general and administrative expenses. Advertising expense amounted to \$20,420 for the year ended December 31, 2023.

13) Related Party Transaction:

The Facility utilizes an outside agency with common ownership for contracted services through Personal Healthcare Management, LLC. The cost of these services for the year ended December 31, 2023 was \$290,646.

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Notes To The Combining Financial Statement

14) Captive Insurance:

Facility carries additional liability insurance that provides for deductible coverage on its regular policies for general liability as well as coverage for various occurrences not covered by the regular insurance policies. The coverage is provided through Mineral Basin Risk Management, Inc., a captive insurance company. The facility is covered under a group policy whereby all members of the group are related parties. Each facility is responsible for its own individual facility premiums. Coverage is limited to one million dollars per occurrence on each of the covered services, and one million dollars in the annual aggregate of all coverage's for all facilities. For wrongful acts and professional liability deductible reimbursement the annual aggregate is three million dollars. For the year ended December 31, 2023 the cost of the insurance to the facility was \$167,093.

15) Defined Contribution Pension Plan:

The Facility sponsors a 401(k) defined contributions plan covering substantially all of its employees. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Facility may make discretionally matching contributions. During the year ended December 31, 2023 there were no matching contributions.

16) Union:

Approximately 30% of the Facility's employees are covered by a union with a collective bargaining agreement which expires on May 31, 2025.

17) Patient Days:

Patient days for 2023 consisted of:	<u>Days</u>	<u>%</u>
Medicaid	23,548	87.08
Private	2,146	7.94
Medicare	<u>1,346</u>	<u>4.98</u>
Total Patient Days	<u>27,040</u>	<u>100.00%</u>
Occupancy %	89.25%	

18) Pass-Through Entity Tax:

The Facility and Realty elected to pay an optional Pass-Through Entity Tax to the State of New York, and to the Commonwealth of Massachusetts. A pass-through entity such as a partnership or S-corporation can elect to pay the optional state tax, which is a valid deductible business expense for the entity, and the partners/shareholders are then be able to claim a refundable tax credit on their personal tax returns for the taxes paid by the entity. For the year 2023, the net amount refunded was \$41,245.

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Notes To The Combining Financial Statement

19) Mass Health and Human Services Stimulus Packages:

The Commonwealth of Massachusetts Office of Health and Human Services, which administers the Massachusetts Medicaid program, distributed relief funds to skilled nursing facilities to help them combat the devastating effects of the pandemic. The funds were to be used to cover expenses that are necessary expenditures incurred due to the public health emergency, provide for baseline and surveillance COVID-19 testing, providing isolation spaces in nursing facilities, and a workforce supplemental payment to support workforce retention and recruitment efforts during the COVID-19 pandemic. The distributions do not need to be repaid to the Commonwealth assuming providers comply with terms and conditions.

20) Subsequent Events:

The entities have evaluated subsequent events through February 28, 2024, the date which the financial statements were available to be issued. No significant subsequent events have been identified by management.



MARTIN FRIEDMAN CPA PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Members,
CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC:

Our report on our audit of the basic financial statements of CRNC Operating, LLC d/b/a Cambridge Rehabilitation & Nursing Center and CRNC Realty, LLC for 2023 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 16 through 18 is presented for purposes of additional analysis and is not a required part of the basic 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 basic 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 basic financial statements taken as a whole.

Martin Friedman CPA, PC

MARTIN FRIEDMAN C.P.A. P.C.
Certified Public Accountants

Brooklyn, NY

February 28, 2024

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Supplementary Schedules
For the year ended December 31, 2023

	Facility	Realty	Elimination	Combined
Revenue From Patients:				
Private	\$ 724,778	\$ -	\$ -	\$ 724,778
Medicaid	6,706,918	-	-	6,706,918
Medicare	1,029,730	-	-	1,029,730
Bad Debt Expense	<u>(615,989)</u>	<u>-</u>	<u>-</u>	<u>(615,989)</u>
Total Revenue From Patients	7,845,437	\$ -	\$ -	\$ 7,845,437
Revenue From Rental	-	777,961	(777,961)	-
Other Income (Expenses):				
Prior Period Expense	(36,393)	-	-	(36,393)
Interest	2,402	-	-	2,402
Mass Health & Human Services Stimulus	32,976	-	-	32,976
Other	<u>3,608</u>	<u>2,791</u>	<u>-</u>	<u>6,399</u>
Total Other Income (Expenses)	<u>2,593</u>	<u>2,791</u>	<u>-</u>	<u>5,384</u>
Total Income	\$ <u>7,848,030</u>	\$ <u>780,752</u>	\$ <u>(777,961)</u>	\$ <u>7,850,821</u>

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Supplementary Schedules
For the year ended December 31, 2023

	Facility	Realty	Combined
Payroll:			
Administrative & Office	\$ 397,899	\$ -	\$ 397,899
Nursing	3,301,190	-	3,301,190
Therapies	355,172	-	355,172
Social Services	177,980	-	177,980
Recreation	118,640	-	118,640
Dietary	308,308	-	308,308
Housekeeping	350,814	-	350,814
Laundry	6,967	-	6,967
Maintenance	113,875	-	113,875
Total Payroll	<u>5,130,845</u>	<u>-</u>	<u>5,130,845</u>
Employee Benefits:			
Payroll Taxes	435,139	-	435,139
Workmen's Compensation	47,861	-	47,861
Employee Benefits	7,947	-	7,947
Total Employee Benefits	<u>490,947</u>	<u>-</u>	<u>490,947</u>
Professional Care:			
Prescription Drugs	65,257	-	65,257
Medical Supplies	106,335	-	106,335
Contracted Nursing Service	126,323	-	126,323
Fees & Expenses	221,926	-	221,926
Total Professional Care	<u>\$ 519,841</u>	<u>\$ -</u>	<u>\$ 519,841</u>

CRNC Operating, LLC
d/b/a Cambridge Rehabilitation & Nursing Center
CRNC Realty, LLC
Supplementary Schedules
For the year ended December 31, 2023

	Facility	Realty	Elimination	Combined
Dietary & Housekeeping:				
Food	\$ 184,872	\$ -	\$ -	\$ 184,872
Other Dietary Expenses	29,898	-	-	29,898
Laundry	39,711	-	-	39,711
Housekeeping	25,109	-	-	25,109
Contracted Dietary Services	31,899	-	-	31,899
Total Dietary & Housekeeping	311,489	-	-	311,489
Plant & Maintenance:				
Rent	777,961	-	(777,961)	-
Mortgage Interest	-	91,918	-	91,918
Equipment Rentals	17,740	-	-	17,740
Real Estate Tax	1,470	46,626	-	48,096
Light, Heat & Power	87,264	-	-	87,264
Maintenance	77,116	-	-	77,116
Security	1,663	-	-	1,663
Water & Sewer Charges	180,587	-	-	180,587
Depreciation & Amortization	140,100	75,000	-	215,100
Total Plant & Maintenance	1,283,901	213,544	(777,961)	719,484
General & Administrative:				
Office	68,042	-	-	68,042
Contracted Office Services	113,987	-	-	113,987
Computer Services	167,700	-	-	167,700
Telephone	12,103	-	-	12,103
Dues & Subscriptions	6,270	-	-	6,270
Auto & Travel	42,358	-	-	42,358
Professional Fees	40,388	-	-	40,388
Insurance	240,497	-	-	240,497
Interest	13,345	-	-	13,345
Nursing Home User Fee	592,469	-	-	592,469
Advertising	20,420	-	-	20,420
Miscellaneous	43,255	12,973	-	56,228
Total General & Administrative	\$ 1,360,834	\$ 12,973	\$ -	\$ 1,373,807