Footnotes and Explanations

SCHEDULE 1, TABLE 3, LINE 3.11

performs audit services and assists in cost report preparation.

SCHEDULE 3, TABLE 4, LINE 4.14, COLUMN 1 & 2

Due to the adoption of ASC 842, the nursing home entity applied the new lease accounting standard resulting in $1,848,094 of Real Property Rent Expense on the SNF-CR. As a result, the rent expense reported on this SNF-CR does not agree to the rental income of $1,024,624 reported on Schedule 2 Table 1 Line 1.1 Column 1 of the REA-CR. All real property rent expense was properly disallowed on the SNF-CR, resulting in $0 allowable rent being included in the total allowable capital costs of the nursing facility. We are bringing this to your attention to clarify the reason for this discrepancy.