Kimwell Nursing SNF Operations BHC LLC

Footnotes and Explanations

SCHEDULE 1, TABLE 3, LINE 3.11

performs audit services and assists in cost report preparation.

SCHEDULE 11, TABLE 2, LINE 2.1, COLUMN 3

This line of credit was obtained by Charwell House SNF Operations BHC LLC (Charwell) in August 2022. In September 2023, the line of credit was transferred from Charwell to Kimwell’s books. Kimwell and Charwell are related parties that are audited on a consolidated basis. As such, Kimwell’s beginning/new loan balance on the cost report is $3M, which is the principal amount owed on the loan as of 9/30/2023, the date of the transfer. Concurrently, Charwell’s cost report will show the $3M transfer out as a principal payment.

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 $1,864,168 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 $1,033,534 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.