



Sunny Acres Nursing Home, Inc. and Affiliate

CONSOLIDATED FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION

November 30, 2023

With Independent Accountant's Review Report

DRAFT

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Table of Contents

November 30, 2023

	<u>Page(s)</u>
Independent Accountant's Review Report	1 - 2
Consolidated Financial Statements as of and for the Period January 1, 2023 through November 30, 2023	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Owner's Equity	5
Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 14
Supplementary Information	
Consolidated Schedules of Net Patient Service Revenue and Occupancy Analysis for the Period January 1, 2023 through November 30, 2023	15
Nursing Home Schedule of Operating Revenue and Expenses for the Period January 1, 2023 through November 30, 2023	16 - 17
Nursing Home Schedule of Payroll Expenses for the Period January 1, 2023 through November 30, 2023	18
Assisted Living Schedule of Operating Revenue and Expenses for the Period January 1, 2023 through November 30, 2023	19 - 20
Assisted Living Schedule of Payroll Expenses for the Period January 1, 2023 through November 30, 2023	21



INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Stockholder and Trustee
Sunny Acres Nursing Home, Inc. and Affiliate

We have reviewed the accompanying consolidated financial statements of Sunny Acres Nursing Home, Inc. and Affiliate (the Organization), which comprise the consolidated balance sheets as of November 30, 2023, and the related consolidated statements of operations, changes in owner's equity, and cash flows for the period January 1, 2023 through November 30, 2023, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles (U.S. GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with U.S. GAAP. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with U.S. GAAP.

Stockholder and Trustee
Sunny Acres Nursing Home, Inc. and Affiliate

Supplementary Information

The accompanying supplementary information included in Schedules 1 - 5 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 supplementary information has been subjected to the review procedures applied in our reviews of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Portland, Maine
REPORT DATE

DRAFT

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Consolidated Balance Sheets

November 30, 2023

ASSETS

2023

Current assets

Cash, Sunny Acres Nursing Home, Inc.

\$ 658,444

Cash, variable interest entity

2,000

Total cash

660,444

Resident accounts receivable, net

1,126,694

Prepaid expenses

26,410

Resident funds

38,304

Total current assets

1,851,852

Property and equipment, net

Property and equipment, net, variable interest entity

4,815,610

Property and equipment, net, Sunny Acres Nursing Home, Inc.

445,742

Net property and equipment

5,261,352

Total assets

\$ 7,113,204

See Independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

LIABILITIES AND OWNER'S EQUITY

2023

Current liabilities

Current portion of long-term debt, variable interest entity	\$ 4,471,020
Accounts payable and accrued expenses	1,314,264
Accrued payroll and related taxes	298,312
Security deposits	140,650
Deferred revenue	29,824
Resident funds	<u>38,304</u>

Total current liabilities 6,292,374

Total liabilities 6,292,374

Owner's equity

Common stock, no par value; 7,500 shares authorized, 100 shares issued and outstanding	1,000
Retained earnings	1,073,017
Noncontrolling interest in variable interest entity	<u>(253,187)</u>

Total owner's equity 820,830

Total liabilities and owner's equity \$ 7,113,204

DRAFT

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Consolidated Statements of Operations

For the Period January 1, 2023 through November 30, 2023

	<u>2023</u>
Revenues	
Net resident service revenue	\$ 10,760,127
MassHealth stimulus revenue	161,028
Other revenue	<u>21,615</u>
Total revenues	<u>10,942,770</u>
Expenses	
Salaries and wages	4,655,513
Supplies and expenses	2,292,010
Fringe benefits	565,766
Medicaid user fee	467,524
Purchased services	2,299,181
Depreciation	363,212
Interest	<u>197,199</u>
Total expenses	<u>10,840,405</u>
Net income	102,365
Net loss attributable to noncontrolling interest in variable interest entity	<u>105,198</u>
Net income attributed to controlling interest	<u>\$ 207,563</u>

See Independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Consolidated Statements of Changes in Owner's Equity

For the Period January 1, 2023 through November 30, 2023

	<u>Common Stock</u>	<u>Retained Earnings</u>	Noncontrolling Interest in Variable Interest Entity	Total Owner's Equity
Balance, January 01, 2023	1,000	865,454	(141,762)	724,692
Distributions	-	-	(6,227)	(6,227)
Net income (loss)	<u>-</u>	<u>207,563</u>	<u>(105,198)</u>	<u>102,365</u>
Balance, November 30, 2023	<u>\$ 1,000</u>	<u>\$ 1,073,017</u>	<u>\$ (253,187)</u>	<u>\$ 820,830</u>

DRAFT

See Independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE**Consolidated Statements of Cash Flows****For the Period January 1, 2023 through November 30, 2023**

	<u>2023</u>
Cash flows from operating activities	
Net income	\$ 102,365
Adjustments to reconcile net income to net cash used by operating activities	
Depreciation	363,212
Amortization of deferred issuance costs	2,143
Decrease in operating assets	
Resident accounts receivable	72,598
Prepaid expenses	33,650
(Decrease) increase in operating liabilities	
Accounts payable and accrued expenses	(183,088)
Accrued payroll and related taxes	26,662
Security deposits	<u>1,000</u>
Net cash provided by operating activities	<u>418,542</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>(10,980)</u>
Net cash used by investing activities	<u>(10,980)</u>
Cash flows from financing activities	
Principal payments on long-term debt	(187,846)
Distributions paid to stockholder and trustee	<u>(6,227)</u>
Net cash used by financing activities	<u>(194,073)</u>
Net increase in cash	213,489
Cash, beginning of period	<u>446,955</u>
Cash, end of period	\$ <u><u>660,444</u></u>
Supplemental disclosures of cash flow information:	
Cash paid for interest	\$ <u><u>192,945</u></u>

See Independent accountant's review report. The accompanying notes are an integral part of these consolidated financial statements.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

November 30, 2023

Nature of Operations

Sunny Acres Nursing Home, Inc. (the Facility) is a 105-bed facility located in Chelmsford, Massachusetts. The Facility is licensed for 93 skilled nursing beds and 12 assisted living beds. The 12 assisted living beds are known as Legacy Care and are a department of the Facility. Merle Realty Trust (the Trust and the Affiliate) owns the land and buildings on which the Facility operates and is an affiliated Massachusetts real estate company. The trustee is the stockholder of the Facility. Selected information from the Facility's and the Trust's balance sheets as of November 30, 2023 and the results of operations for the period January 1, 2023 through November 30, 2023, before eliminations, follows:

	Sunny Acres Nursing Home, Inc.	Merle Realty Trust
<u>2023</u>		
Current assets	\$ 1,849,852	\$ 2,000
Property and equipment, net	445,742	4,815,610
Other assets	1,079,637	-
Current liabilities	1,821,355	4,471,019
Due to Facility	-	599,778
Right of use operating lease liability	479,859	-
Owner's equity (deficit)	<u>\$ 1,074,017</u>	<u>\$ (253,187)</u>
Revenue	\$ 10,942,770	\$ 548,169
Operating expenses	<u>10,735,207</u>	<u>653,367</u>
Net income (loss)	<u>\$ 207,563</u>	<u>\$ (105,198)</u>

1. Summary of Significant Accounting Policies

Principles of Consolidation

The Facility holds financial interest in the Trust owned by the Facility's stockholder. This interest consists of guarantees and leases. The Trust is considered a variable interest entity for accounting purposes. The Facility is deemed to control the Trust due to its contractual obligation to provide additional financial support to the Trust. The consolidated financial statements include the accounts of the Facility and the Trust (collectively referred to as the Organization). All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP) 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

See Independent accountant's review report.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

November 30, 2023

Cash

The Organization maintains cash in bank deposits which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk with respect to these accounts.

Property and Equipment

Property and equipment is stated at cost. Improvements and additions greater than \$1,000 are capitalized, while maintenance and repairs, which do not improve or extend the lives of the respective assets, are expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful asset life of the related assets.

Debt Issuance Costs

Debt issuance costs are bank fees and other costs incurred in obtaining financing that are amortized on a straight-line basis over the term of the related debt. Debt issuance costs are presented as a direct deduction of the carrying amount of the related debt. Amortization of deferred debt issuance costs is included in interest expense.

Income Taxes

The Facility is a Massachusetts "S" corporation. Accordingly, no provision for federal income taxes has been included, since net income or loss and related tax credits are passed through to the shareholder and reported on the individual tax return. Qualified "S" corporations with annual gross receipts of \$6,000,000 are subject to a 1.93% Massachusetts corporate level tax in addition to the inclusion of the income on the shareholder's individual tax return. If gross receipts exceed \$9,000,000, that percentage is increased to 2.90%. The Facility makes distributions to the sole stockholder to cover the federal and state income taxes, which must be paid with the stockholder's personal income tax return.

The Trust is a Massachusetts nominee realty trust. Accordingly, no provision for income taxes has been included, since net income or loss and related tax credits are passed through to the grantor and reported on the individual tax returns.

Subsequent Events

For purposes of the preparation of these financial statements in conformity with U.S. GAAP, the Organization has considered transactions or events occurring through **REPORT DATE**, which was the date that the consolidated financial statements were available to be issued.

On December 1, 2023 the Organization executed a purchase and sale agreement with EF Investment Company, LLC to sell substantially all assets of the Organization with the exception of cash and resident accounts receivable.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

November 30, 2023

Revenue Recognition and Accounts Receivable

Resident service revenue is reported at the estimated net realizable amount that reflects the consideration to which the Facility expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payers (including health insurers and government programs), and others and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Facility bills self-pay residents prior to service and third-party payers several days after services are provided. Revenue is recognized as performance obligations are satisfied. It is the Facility's expectation that the period between the time the service is provided to a resident and the time a third-party payer pays for that service will be one year or less. Self-pay residents generally pay in advance or within one month of service.

Under the Facility's skilled and long-term care and assisted living contracts, the Facility provides services to residents for a stated daily fee. The Facility recognizes revenue for skilled and long-term care and assisted living in accordance with the provisions of FASB Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*.

Performance obligations are determined based on the nature of the services provided by the Facility. Revenue for performance obligations satisfied over time is recognized based on actual services rendered. Generally, performance obligations satisfied over time relate to residents receiving skilled and long-term nursing services and assisted living services in the Facility. The Facility measures the performance obligation from admission into the Facility, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge.

Each performance obligation is separately identifiable from other promises in the customer contract. As the performance obligations are met (i.e., room, board, level of care, and ancillary services), revenue is recognized based upon the transaction price. The transaction price is allocated to separate performance obligations based upon the relative standalone selling price.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Facility has elected to apply the optional exemption provided in FASB ASC 606-10-50-14 (a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Resident accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible accounts through a charge to earnings and a credit to a valuation allowance based on its assessment of historical performance and the current status of individual accounts. Balances that are still outstanding after management has used reasonable collections efforts are written off through a charge to the valuation allowance and a credit to resident accounts receivable. Credit is extended to private pay residents at regular terms without collateral. The allowance for uncollectible accounts was \$253,214 at November 30, 2023.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

November 30, 2023

2. Resident Service Revenue and Accounts Receivable

Effective January 1, 2023, the Organization adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses* (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected claims and credit losses on certain financial instruments. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Organization that are subject to ASU 2016-13 include patient accounts receivable. The adoption of this ASU did not have a material impact on the Organization's financial statements.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management estimates implicit price concessions based on its historical collection experience with patients. No additional valuation allowance is necessary for possible credit losses.

The Facility determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payers, and implicit price concessions provided to uninsured patients. The Facility determines its estimates of contractual adjustments based on contractual agreements and historical experience. The Facility determines its estimate of implicit price concessions based on its historical collection experience.

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 Facility 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 (CHIA). 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 period.

Medicare

Under the Medicare Program, the Facility receives reimbursement for the case of residents eligible for "Part A" Medicare benefits under the federally sponsored Medicare prospective payment system, with no retrospective settlement. The prospective payment is based on scoring attributable to case-mix resident assessment data, completed by the Facility, to assign patients into a Patient Driven Payment Model Classification.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

November 30, 2023

Commercial

Payment agreements with certain commercial insurance carriers provide for payment using prospectively determined rates.

In assessing collectability, the Facility has elected the portfolio approach. This portfolio approach is being used as the Facility has similar contracts with similar classes of customers. The Facility reasonably expects that the effect of applying a portfolio approach to a group of contracts would not differ materially from considering each contract separately. Management's judgment to group the contracts by portfolio is based on the payment behavior expected in each portfolio category. As a result, aggregating all of the contracts (which are at the resident level) by the particular payer or group of payers results in the recognition of the same amount of revenue as applying the analysis at the individual resident level.

The Facility's net resident service revenue is comprised of healthcare services transferred over time. The composition of net resident service revenue based on service lines and payer type for the period January 1, 2023 through November 30, 2023 is as follows:

<u>2023</u>	<u>Skilled and Long-Term Care</u>	<u>Assisted Living</u>	<u>Total</u>
Medicare	\$ 2,420,412	\$ -	\$ 2,420,412
Medicaid	3,527,228	-	3,527,228
Commercial	1,517,961	-	1,517,961
Self-pay	<u>2,061,589</u>	<u>1,232,937</u>	<u>3,294,526</u>
Net resident service revenue	\$ <u>9,527,190</u>	\$ <u>1,232,937</u>	\$ <u>10,760,127</u>

The opening and closing balances in resident accounts receivable were as follows:

	<u>Resident Accounts Receivable</u>
January 1, 2023	\$ 1,199,292
November 30, 2023	1,126,694

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

November 30, 2023

3. Property and Equipment

Property and equipment consisted of the following at November 30:

	<u>2023</u>
Land	\$ 1,524,228
Building	3,647,297
Building improvements	4,140,448
Equipment	1,636,709
Furniture and fixtures	591,792
Motor vehicles	<u>33,294</u>
	11,573,768
Less accumulated depreciation	<u>6,312,416</u>
	<u>\$ 5,261,352</u>

4. Long-Term Debt

Long-term debt consisted of the following at December 31:

	<u>2023</u>
Note payable in monthly installments of \$24,456, including principal and interest based on an initial variable interest rate of 4.85% through the maturity date of September 2037. In May 2022 and every five years thereafter, the rate may change to 2.5% above the Federal Home Loan Bank (FHLB) Reg Classic Advance Rate. (1)	\$ 1,832,297
Note payable, in monthly installments of \$14,913, including interest at the 5-year FHLB, plus 2.5% with a floor of 4% (4% at December 31, 2022) subject to change in January 2027 and every five years thereafter, through the maturity date of January 2037; collateralized by substantially all of the Trust's assets and guaranteed by the stockholder and the Facility. (1)	<u>2,638,723</u>
	4,471,020
Less current portion	<u>4,471,020</u>
Long-term debt, net of current portion and unamortized deferred issuance costs	<u>\$ -</u>

(1) The notes payable were subsequently paid off on December 4, 2023 upon the sale of the Organization. The estimated maturities below reflect the pay off of the notes payable.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

November 30, 2023

Estimated maturities of long-term debt over the next five years and thereafter are as follows:

2024	\$4,471,020
------	-------------

Interest expense was \$233,560 for the period January 1, 2023 through November 30, 2023.

5. Retirement Plan

The Facility has a 401(k) profit sharing retirement plan that covers full-time employees who have completed one year of service and have attained the age of 21 years. The Facility is required to make contributions equal to 25% of each participants contribution up to 4% of the participant's salary.

The Facility contributed \$7,148 during the period January 1, 2023 through November 30, 2023.

6. Nursing Facility User Fee

A quarterly user fee is assessed on non-Medicare days provided in Massachusetts based on a four class rate system. Sunny Acres is considered Class I, which subjects them to a \$26.66 per non-Medicare day user fee assessment. These assessments for the period January 1, 2023 through November 30, 2023 amounted to \$467,524. The Facility has a liability related to the fourth quarter assessments of \$86,192 as of November 30, 2023. The liability is included in accrued expenses.

7. Commitments and Contingencies

The Organization also carries malpractice insurance coverage under a claims-made policy on a fixed premium basis. The Organization intends to renew coverage on a claims-made basis and anticipates such coverage will be available. The Organization is subject to complaints, claims and litigation due to potential claims which arise in the normal course of business. U.S. GAAP requires the Organization to accrue the ultimate estimated cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset.

The Organization is also involved in regulatory and legal investigations arising in the normal course of business. Management does not believe that these matters will have a material adverse effect on the Organizations' future financial position or results from operations.

Effective January 1, 2023, the Organization entered into a management agreement with EF Senior Living Management, LLC (EF) to provide consulting and accounting services for a monthly fee equal to 4% of net revenues. The term of the agreement shall continue until the date of the purchase and sale agreement. Approximately \$435,000 is included in supplies and expenses for services provided by EF under this agreement for the period January 1, 2023 through November 30, 2023.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Notes to Consolidated Financial Statements

November 30, 2023

8. Relief Funding

In response to the coronavirus (COVID-19) global pandemic, the U.S. government responded with relief legislation. Legislation was enacted into law on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), a statute to address the economic impact of the COVID-19 outbreak. The CARES Act, among other things, 1) authorized emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans, 2) provided additional funding for grants and technical assistance, 3) delayed due dates for employer payroll taxes and estimated tax payments for organizations, and 4) revised provisions of the Internal Revenue Code, including those related to losses, charitable deductions, and business interest.

MassHealth provided stimulus funding to support healthcare providers for COVID-19 infection control. The Organization received stimulus funds from MassHealth in the amount of approximately \$161,000 during the period January 1, 2023 through November 30, 2023. The stimulus funds are recognized as income when qualifying expenditures have been incurred. Management believes the Organization met the conditions necessary to recognize these amounts in full and they are included in the consolidated statements of operations.

DRAFT

SUPPLEMENTARY INFORMATION

DRAFT

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Consolidated Schedules of Net Patient Service Revenue and Occupancy Analysis

For the Period January 1, 2023 through November 30, 2023

	<u>2023</u> Sunny Acres Nursing Facility				<u>Total</u>	Legacy Care <u>Private ALF</u>
	<u>Private</u>	<u>Medicaid</u>	<u>Medicare</u>	<u>Other Insurance</u>		
Patient days	4,567	8,712	3,670	7,469	24,418	3,775
Percent of occupancy	19 %	36 %	15 %	30 %	100 %	100 %
Net patient service revenue	\$ 2,061,589	\$ 3,527,228	\$ 2,420,412	\$ 1,517,961	\$ 9,527,190	\$ 1,232,937
Occupancy analysis	<u>SNF</u> <u>Patient Days</u>		<u>ALF</u> <u>Patient Days</u>			
Licensed capacity	31,116	100 %	4,015	100 %		
Actual occupancy	<u>24,418</u>	<u>78 %</u>	<u>3,775</u>	<u>94 %</u>		
Vacancies	<u>6,698</u>	<u>22 %</u>	<u>240</u>	<u>6 %</u>		

See Independent accountant's review report.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Schedules of Operating Revenue and Expenses

Nursing Home

For the Period January 1, 2023 through November 30, 2023

	<u>2023</u>	<u>Per Diem</u>
Revenue:		
Net resident service revenue	\$ 9,527,190	\$ 390.17
MassHealth stimulus revenue	161,028	6.59
Other revenue	<u>21,615</u>	<u>0.89</u>
Total revenue	<u>9,709,833</u>	<u>397.65</u>
Expenses:		
Administrative and general:		
Payroll, administrator	339,418	13.90
Payroll, clerical	278,195	11.39
Payroll taxes	351,991	14.42
Employee benefits	15,791	0.65
Advertising and public relations	3,192	0.13
Data processing	81,473	3.34
Communications	28,532	1.17
Education	2,002	0.08
Insurance, liability, and workers' compensation	194,532	7.97
Insurance, group plan	149,984	6.14
Licenses, dues, and subscriptions	10,142	0.42
Professional fees	75,376	3.09
Office supplies	80,816	3.31
Travel and auto expense	15,846	0.65
Medicaid user fee	467,524	19.15
Management fee	<u>435,077</u>	<u>17.82</u>
	2,529,891	103.63
Property and related expenses:		
Depreciation	169,790	6.95
Interest expense	<u>67,796</u>	<u>2.78</u>
	237,586	9.73
Plant operations:		
Payroll	68,593	2.81
Purchased service, maintenance	139,091	5.70
Utilities	225,781	9.25
Repairs and maintenance	3,509	0.14
Real estate taxes	126,442	5.18
Insurance	<u>11,559</u>	<u>0.47</u>
	574,975	23.55
Dietary:		
Payroll	429,084	17.57
Consultant, dietitian	36,152	1.48
Raw food	208,457	8.54
Dietary supplies	<u>25,408</u>	<u>1.04</u>
	<u>\$ 699,101</u>	<u>\$ 28.63</u>

See Independent accountant's review report.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Schedules of Operating Revenue and Expenses

Nursing Home

For the Period January 1, 2023 through November 30, 2023

	<u>2023</u>	<u>Per Diem</u>
Laundry and linen:		
Purchased service	\$ 130,592	\$ 5.35
Linen and bedding	2,630	0.11
Laundry supplies	<u>6,892</u>	<u>0.28</u>
	140,114	5.74
Housekeeping:		
Payroll	27,489	1.13
Purchased service	195,507	8.01
Housekeeping supplies	<u>25,575</u>	<u>1.05</u>
	248,571	10.19
Nursing:		
Payroll, director of nursing	132,384	5.42
Payroll, nursing supervisors	225,125	9.22
Payroll, registered nurses	68,099	2.79
Payroll, licensed practical nurses	769,785	31.53
Payroll, aides and orderlies	1,209,995	49.55
Payroll, staff development coordinator	243,795	9.98
Payroll, bedmakers	12,965	0.53
Pharmacy consultant	8,025	0.33
Purchased services	1,699,120	69.58
Nursing supplies	<u>634,478</u>	<u>25.98</u>
	5,003,771	204.91
Social Services:		
Payroll	116,677	4.78
Purchased services	<u>42,798</u>	<u>1.75</u>
	159,475	6.53
Rehabilitation:		
Consultant, speech therapy	<u>103</u>	<u>-</u>
	103	-
Activities:		
Payroll	188,223	7.71
Purchased services	6,194	0.25
Activity supplies	<u>12,868</u>	<u>0.53</u>
	207,285	8.49
Total expenses	<u>9,800,872</u>	<u>401.40</u>
Operating loss	\$ <u>(91,039)</u>	\$ <u>(3.75)</u>

See Independent accountant's review report.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Schedules of Payroll Expenses

Nursing Home

For the Period January 1, 2023 through November 30, 2023

	<u>2023</u>	<u>Per Diem</u>
Administrator	\$ 339,418	\$ 13.90
Clerical	278,195	11.39
Plant operations	68,593	2.81
Dietary	429,084	17.57
Housekeeping	<u>27,489</u>	<u>1.13</u>
	<u>1,142,779</u>	<u>46.80</u>
Nursing:		
Director of nursing	132,384	5.42
Nursing supervisors	225,125	9.22
Registered nurses	68,099	2.79
Licensed practical nurses	769,785	31.53
Aides and orderlies	1,209,995	49.55
Staff development coordinator	243,795	9.98
Bedmakers	<u>12,965</u>	<u>0.53</u>
Total nursing	<u>2,662,148</u>	<u>109.02</u>
Social service	116,677	4.78
Activities	<u>188,223</u>	<u>7.71</u>
	<u>304,900</u>	<u>12.49</u>
Total salaries and wages	<u>\$ 4,109,827</u>	<u>\$ 168.31</u>
Percent of net resident service revenue	<u>43 %</u>	
Percent of total expense	<u>42 %</u>	

See Independent accountant's review report.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE**Schedules of Operating Revenue and Expenses****Assisted Living - Legacy Care****For the Period January 1, 2023 through November 30, 2023**

	<u>2023</u>	<u>Per Diem</u>
Revenue:		
Net resident service revenue	\$ <u>1,232,937</u>	\$ <u>326.61</u>
Expenses:		
Administrative and general:		
Payroll taxes	47,999	12.71
Advertising and public relations	435	0.12
Data processing	547	0.14
Communications	3,871	1.03
Licenses, dues, and subscriptions	1,383	0.37
Professional fees	8,175	2.17
Office supplies	<u>3,872</u>	<u>1.03</u>
	66,282	17.57
Property and related expenses:		
Depreciation	193,422	51.24
Interest expense	<u>129,403</u>	<u>34.28</u>
	322,825	85.52
Plant operations:		
Payroll	9,354	2.48
Utilities	30,788	8.16
Repairs and maintenance	479	0.13
Real estate taxes	23,147	6.13
Insurance	<u>12,303</u>	<u>3.26</u>
	76,071	20.16
Dietary:		
Payroll	58,512	15.50
Raw food	27,551	7.30
Dietary supplies	<u>3,465</u>	<u>0.92</u>
	89,528	23.72
Laundry and linen:		
Linen and bedding	292	0.08
Laundry supplies	<u>772</u>	<u>0.20</u>
	<u>\$ 1,064</u>	<u>\$ 0.28</u>

See Independent accountant's review report.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE

Schedules of Operating Revenue and Expenses

Assisted Living - Legacy Care

For the Period January 1, 2023 through November 30, 2023

	<u>2023</u>	<u>Per Diem</u>
Housekeeping:		
Payroll	\$ 3,748	\$ 0.99
Housekeeping supplies	<u>3,488</u>	<u>0.92</u>
	<u>7,236</u>	<u>1.91</u>
Nursing:		
Payroll, licensed practical nurses	83,855	22.21
Payroll, aides and orderlies	374,031	99.08
	<u>457,886</u>	<u>121.29</u>
Activities:		
Payroll	16,186	4.29
Purchased services	845	0.22
Activity supplies	<u>1,609</u>	<u>0.43</u>
	<u>18,640</u>	<u>4.94</u>
 Total expenses	 <u><u>1,039,532</u></u>	 <u><u>275.39</u></u>
 Operating income	 <u><u>\$ 193,405</u></u>	 <u><u>\$ 51.22</u></u>

See Independent accountant's review report.

SUNNY ACRES NURSING HOME, INC. AND AFFILIATE**Schedules of Payroll Expenses****Assisted Living - Legacy Care****For the Period January 1, 2023 through November 30, 2023**

	<u>2023</u>	<u>Per Diem</u>
Plant operations	\$ 9,354	\$ 2.48
Dietary	58,512	15.50
Housekeeping	<u>3,748</u>	<u>0.99</u>
	<u>71,614</u>	<u>18.97</u>
Nursing:		
Licensed practical nurses	83,855	22.21
Aides and orderlies	<u>374,031</u>	<u>99.08</u>
Total nursing	<u>457,886</u>	<u>121.29</u>
Activities	<u>16,186</u>	<u>4.29</u>
	<u>16,186</u>	<u>4.29</u>
Total salaries and wages	<u>\$ 545,686</u>	<u>\$ 144.55</u>
Percent of net resident service revenue	<u>44 %</u>	
Percent of total expense	<u>52 %</u>	

 See Independent accountant's review report.

PERSONAL AND CONFIDENTIAL

DATE

Shirley Eaton, Owner
Sunny Acres Nursing Home, Inc. and Affiliates
254 Billerica Road
Chelmsford MA 01824-4184

Dear Shirley:

Enclosed are three copies of the financial statements for Sunny Acres Nursing Home, Inc. and Affiliate for the period January 1, 2023 through November 30, 2023.

If you need additional copies, please let us know.

Sincerely,

Lisa Trundy-Whitten, CPA
Principal

Enclosure