LINEAGE CADBURY AT CHERRY HILL LLC
D/B/A PREMIER CADBURYOF CHERRY HILL
(a limited liability company)

FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

Brand Sonnenschine LLP
Certified Public Accountants & Advisors

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INDEPENDENT AUDITORS' REPORT

To the Members of
Lineage Cadbury at Cherry Hill LLC
d/b/a Premier Cadbury of Cherry Hill

Opinion

We have audited the accompanying financial statements of Lineage Cadbury at Cherry Hill LLC d/b/a Premier Cadbury of Cherry Hill (a limited liability company), which comprise the balance sheet as of December 31, 2024, and the related statement of operations and members' deficiency, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lineage Cadbury at Cherry Hill LLC d/b/a Premier Cadbury of Cherry Hill as of December 31, 2024, 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Lineage Cadbury at Cherry Hill LLC d/b/a Premier Cadbury of Cherry Hill 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 these 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 Lineage Cadbury at Cherry Hill LLC d/b/a Premier Cadbury of Cherry Hill'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 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 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 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 Lineage Cadbury at Cherry Hill LLC d/b/a Premier Cadbury of Cherry Hill'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 Lineage Cadbury at Cherry Hill LLC d/b/a Premier Cadbury of Cherry Hill'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.

December 10, 2025

LINEAGE CADBURY AT CHERRY HILL LLC
D/B/A PREMIER CADBURY OF CHERRY HILL
(a limited liability company)
BALANCE SHEET
AT DECEMBER 31, 2024

ASSETS		
Current assets		
Cash and cash equivalents (note 2)	$	369,147
Cash - restricted (patient funds) (note 2)		43,693
Cash - limited use - CCRC Statutory Liquid Reserve (note 15)		176,256
Accounts receivable - net (note 3)		3,573,515
Prepaid expenses and other		268,318
Total current assets		4,430,929
Property and equipment - net (note 4)		104,065
Due from previous owner (note 13)		39,383
Right-of-use asset - operating (note 8)		64,618,303
Due from related entities (note 5)		20,000
Security deposit		250,000
TOTAL ASSETS	$	69,462,680
LIABILITIES AND MEMBERS' DEFICIENCY		
Current liabilities		
Accounts payable	$	2,919,760
Accrued and withheld taxes		1,001,842
Due to landlord (note 8)		954,675
Due to private and third-party payors (note 12)		744,303
Patients' funds payable		34,944
Operating lease obligation (note 8)		46,904
Total current liabilities		5,702,428
Due to related entities (note 5)		3,820,571
Operating lease obligation (note 8)		63,180,016
Total liabilities		72,703,015
Members' deficiency		(3,240,335)
TOTAL LIABILITIES AND MEMBERS' DEFICIENCY	$	69,462,680

See accompanying notes to the financial statements.

LINEAGE CADBURY AT CHERRY HILL LLC
D/B/A PREMIER CADBURY OF CHERRY HILL
(a limited liability company)
STATEMENTS OF OPERATIONS AND MEMBERS' DEFICIENCY
YEAR ENDED DECEMBER 31, 2024

Revenues	$ 20,115,850
Operating expenses	22,078,559
Loss from operations	(1,962,709)
Non-operating revenue (expenses):	
Interest income	1,580
Interest expense	(63,505)
NET LOSS	(2,024,634)
Members' equity - beginning of period	(1,180,701)
	(3,205,335)
Net members' equity distributed	(35,000)
MEMBERS' DEFICIENCY - DECEMBER 31, 2024	$ (3,240,335)

LINEAGE CADBURY AT CHERRY HILL LLC
D/B/A PREMIER CADBURY OF CHERRY HILL
(a limited liability company)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2024

Cash flows from operating activities		
Net loss	$	(2,024,634)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation		20,194
Net decreases in right-of-use asset and operating lease payable		393,963
(Increase) decrease in assets		
Accounts receivable		(1,541,196)
Prepaid expenses		3,508
Increase (decrease) in liabilities		
Accounts payable		1,502,988
Accrued expenses and withheld taxes		(94,809)
Due to landlord		(500,001)
Due to private and third-party payors		595,452
Patients' funds and deposits payable		(26,532)
Net cash used in operating activities		(1,671,067)
Cash flows from investing activities		
Purchase of equipment		(47,554)
Net cash used in investing activities		(47,554)
Cash flows from financing activities		
Increase in due to previous owner		(796,566)
Increase in due to related entities		2,550,571
Members' equity distributed		(35,000)
Net cash provided by financing activities		1,719,005
Net increase in cash, restricted cash, and cash equivalents		384
Cash, restricted cash, and cash equivalents - December 31, 2023		588,712
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - DECEMBER 31, 2024	$	589,096

See accompanying notes to the financial statements.

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and business – Lineage Cadbury at Cherry Hill LLC (the “Company”) was formed in the State of New Jersey on March 17, 2023. The Company assumed management of a continuing care retirement community (“CCRC”) in Cherry Hill, New Jersey on September 1, 2023. The CCRC consists of a 118-bed skilled nursing facility, an 88-bed assisted living facility, and a 138-unit independent living facility. Revenues from the skilled nursing facility were approximately 70% of the Company’s revenue, revenues from the assisted living facility were approximately 23% of the Company’s revenue, and revenues from the independent living unit were approximately 7% of the Company’s revenue. The members of the Company are generally protected from liability for acts and obligations of the Company. The operating agreements provide, among other things, for the Company to continue at the will of the General Members, unless sooner terminated as provided in the agreement.

Basis of accounting – The books and records of the Company are maintained on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Cash equivalents – Cash equivalents represent short-term investments with original maturity dates of three months or less.

Restricted cash - patient funds – The Company adopted Financial Accounting Standards Board (“FASB”) standard “ASU-2016-18, Statement of Cash Flows (Topic 230): Restricted Cash.” This standard requires that cash, restricted cash, and cash equivalents be included in beginning and ending cash, restricted cash, and cash equivalents on the statement of cash flows. The Company is required to maintain patient funds in a separate restricted account. The amount at all times must be equal to or exceed the aggregate of all outstanding obligations to the patients.

Trade accounts receivable –Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. The Company has adopted Accounting Standards Update ("ASU") No. 2016-13, Measurement of Credit Losses on Financial Instruments, and its related amendments using the prospective method. The new standard changes the impairment model for most financial assets that are measured at amortized cost and certain other instruments, including trade receivables, from an incurred loss model to an expected loss model and adds certain new required disclosures. Under the expected loss model, entities will recognize credit losses to be incurred over the entire contractual term of the instrument rather than delaying recognition of credit losses until it is probable the loss has been incurred. In accordance with Account Standards Codification (“ASC”) 326, the Company evaluates certain criteria, including aging and historical write-offs, current economic condition of specific payors, and future economic conditions to determine the appropriate allowance for credit losses. The impact of the adoption of ASC 326 to the Company's opening balance of net assets was not material.

Property and equipment – Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to operations as incurred. Significant renovations and replacements, which improve and extend the life of the asset are capitalized.

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred financing costs – The Company adopted FASB standard "ASU-2015-03 Interest-Imputation of Interest." This standard requires that debt issuance costs relating to financing debt be shown as an offset to the note payable instead of as a deferred charge categorized as an intangible asset. The guidance also requires that the resulting amortization of the deferred financing costs be shown as interest expense instead of amortization expense.

Intangible assets – Intangible assets are stated at cost. Amortization is computed using the straight-line method over the estimated lives of the assets.

Revenues – Revenue is derived primarily from providing healthcare services to patients. Revenues are recognized when services are provided to the patients at the amount that reflects the consideration to which the Company expects to be entitled from patients and third-party payors, including Medicaid, Medicare, and insurers (private and Medicare replacement plans), in exchange for providing patient care. The healthcare services in transitional and skilled, home health, and hospice patient contracts include routine services in exchange for a contractual agreed-upon amount or rate. Routine services are treated as a single-performance obligation satisfied over time as services are rendered. As such, patient care services represent a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services, which are not included in the daily rates for routine services, but instead are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered.

Revenue recognized from healthcare services are adjusted for estimates of variable consideration to arrive at the transaction price. The Company determines the transaction price based on contractually agreed-upon amounts or rates, adjusted for estimates of variable consideration. The Company uses the expected value method in determining the variable component that should be used to arrive at the transaction price, using contractual agreements and historical reimbursement experience within each payor type. The amount of variable consideration, which is included in the transaction price may be constrained and is included in the net revenue only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. If actual amounts of consideration ultimately received differ from estimates, the Company adjusts these estimates, which would affect net service revenue in the period such variances become known.

Income taxes – The Company is treated as a partnership for federal income tax purposes and does not incur income taxes. Instead, their earnings and losses are included in the personal returns of the members and taxed depending on their personal tax situations. The policy of the Company is to record interest expense and penalties relating to income taxes in operating expense.

Government grants – The Company adopted ASU-2021-10, Government Assistance (Topic 832: Disclosures by Business Entities about Government Assistance). The Company's accounting policy for government grants is to follow International Accounting Standards No. 20 – "Accounting for Government Grants and Disclosure of Government Assistance."

NOTE 1 – FORMATION AND DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates – The preparation of financial statements in conformity with 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising – Advertising costs, except for costs associated with direct-response advertising, are charged to earnings when incurred. The costs of direct-response advertising are capitalized and amortized over the period during which future benefits are expected to be received.

Guaranteed payments to members – Guaranteed payments to members that are intended as compensation for services rendered are accounted for as expenses of the Company rather than as allocations of the Company's net earnings. Guaranteed payments that are intended as payments of interest on capital accounts are not accounted for as expenses of the Company, but rather, as part of the allocation of net earnings.

Leases – The Company adopted ASC-842 Leases. With adoption, the Company determined which contracts conveyed the Company a right to control identified property, plant, or equipment for a period of time in exchange for consideration and were deemed leases. The Company classified these contracts as Right-of-Use ("ROU") assets. ROU assets and lease liabilities are recognized based on the present value of lease payments over the lease term with lease expense recognized on a straight-line basis.

Lease agreements may contain rent escalation clauses, rent holidays, or certain landlord incentives, including tenant improvement allowances. ROU assets include amounts for scheduled rent increases and may be reduced by lease incentive amounts. Using the transition approach, the Company elected to use the following practical expedients and, therefore, did not reassess any of the following: (1) whether any expired or existing contracts are or contain leases, (2) the lease classification of pre-ASC-842 operating leases, which continue to be reported as operating leases, and the lease classification of pre-ASC-842 capital leases, which are now reported as financing leases; and (3) initial direct costs for any existing leases.

With implementation, the Company also elected the following practical expedients of: (1) using the Company's implicit borrowing rate (if available at the time of the lease origination; or (2) using a risk-free discount rate (US Treasury Rate) for the lease-derived ROU assets. ROU assets were treated separately from non-lease components of all asset classes. For leases utilizing the risk-free rate expedient, the Company elected to use a period comparable with that of the lease term, as an accounting policy election for all leases. The Company also made an accounting policy election to not record ROU assets or lease liabilities for leases with an initial term of 12 months or less and will recognize payments for such leases in its Statements of Earnings (Loss) on a straight-line basis over the lease term. There were no residual value guarantees in any of the leases. The Company used hindsight in determining the lease term.

Subsequent events – The Company has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through December 10, 2025, the date the financial statements were available to be issued. No subsequent events have been identified.

NOTE 2 – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

The balance in cash, restricted cash, and cash equivalents at December 31, 2024, consists of the following:

Operating cash	$	369,147
Restricted deposits – patient funds		43,693
Restricted cash – CCRC statutory liquid reserve (note 15)		176,256
Total cash, restricted cash, and cash equivalents	$	589,096

NOTE 3 – ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the changes in the allowance for credit losses included in accounts receivable for the year ended December 31, 2024.

Activity:		
Balance - December 31, 2023	$	66,000
Provision for credit losses		556,000
Balance - December 31, 2024	$	622,000

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024, are summarized as follows:

	Life (Years)		
Property and equipment	5	$	123,709
Leasehold improvements	15		3,123
			126,832
Less: accumulated depreciation			22,767
		$	104,065

Depreciation expense was $20,194 for the period.

NOTE 5 – RELATED-ENTITY TRANSACTIONS

Related-entity loans due to affiliated entities that are controlled by the Company's members were $3,820,571 at December 31, 2024. Related-entity loans due from affiliated entities that are controlled by the Company's members were $20,000 at December 31, 2024. The loans are deemed to be non-interest-bearing and unsecured, and there is no formal repayment plan for these demand loans. All related-entity transactions are conducted in the normal course of business.

NOTE 5 – RELATED-ENTITY TRANSACTIONS (CONTINUED)

The Company recorded approximately $282,000 of management fee expense for the year to a related management company, which is related through common ownership. At December 31, 2024, the balance prepaid to the management company and included in prepaid expenses was $9,958.

NOTE 6 – REVENUES

Approximately 7% of the revenues in 2024 were derived from billings to the New Jersey Department of Health for stays by Medicaid patients. Approximately 34% of revenues in 2024 were derived from billings to Managed Care Organizations that were approved by the New Jersey Department of Health.

Approximately 23% of the revenues in 2024 were derived from billings to the Federal government for stays by Medicare patients covered by Part A and for services provided, which are covered by Medicare Part B, respectively.

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2024, the Company had uninsured cash balances in one banking institution with an uninsured amount of approximately $260,000.

At December 31, 2024, the Company had approximately 37% of its receivables due from the New Jersey Department of Health for Medicaid patients and from Managed Care organizations for Medicaid-approved patients, and 10% of its receivables due from the Federal government for Medicare recipients.

At December 31, 2024, approximately 32% of the accounts payable balance was payable to two vendors.

NOTE 8 – LEASES

The Company has an operating lease for the facilities' premises. ROU assets represent the Company's right to use an underlying asset for the lease term if greater than twelve months. Lease obligations represent the Company's liability to make lease payments arising from the lease. Operating lease ROU assets and related obligations are recognized at the commencement date based on the present value of lease payments over the lease term discounted using an appropriate incremental borrowing rate. The incremental borrowing rate is based on the information available at the commencement date in determining the present value of lease payments. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain management will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

NOTE 8 – LEASES (CONTINUED)

Effective September 1, 2023, the Company subleases its premises under an operating lease from an unrelated entity, which provides for an annual base rent of $3,000,000, and additional rent equal to property expenses. Annual base rent increases 2.5% each year beginning on the second anniversary. As an additional consideration for the lease, the Company agreed to pay an installment of $1,000,000 at the beginning of the lease term, as well as five quarterly payments of $250,000 beginning on December 1, 2023. The agreement also stipulates for an additional consideration payment of $1,000,000 upon execution of a permanent lease, after the sublandlord purchases the premises. The term of the sublease is set to expire at the earlier of the sublandlord's acquiring title to the leased premises or August 31, 2053. The Company elected to exclude variable payments for operating expenses and other variable amounts from ROU operating lease present value computations. The operating lease arrangement has a remaining lease term of 28.67 years. At December 31, 2024, the amount due to the landlord was $954,675.

The following table is a summary of components of lease expense and year-end ROU assets and leases liabilities relating to operating leases for the period.

Operating lease cost	$	4,000,000
Short-term/variable lease cost		1,195,327
Total	$	5,195,327
Operating lease ROU assets	$	64,618,303
Other current liabilities	$	46,904
Operating lease liabilities		63,180,016
Total operating lease liabilities	$	63,226,920
WEIGHTED-AVERAGE REMAINING LEASE TERM		
Operating leases		28.67 years
WEIGHTED-AVERAGE DISCOUNT RATE		
Operating leases		4.73%

Undiscounted maturities of lease liabilities were as follows:

For the Years Ended December 31		
2025	$	3,025,000
2026		3,100,625
2027		3,178,141
2028		3,257,594
2029		3,339,034
thereafter		108,668,493
Total undiscounted maturities of lease liabilities		124,568,887
Less: discount on lease liabilities		(61,341,967)
TOTAL LEASE LIABILITIES	$	63,226,920

NOTE 8 – LEASES (CONTINUED)

The following table presents supplemental cash flow information for the period:

2024 Cash paid for amounts included in
the measurement of lease liabilities:

Operating cash flows for operating leases	$ 3,000,000

NOTE 9 – ADVERTISING

Advertising expense was $66,401 for the year. There were no direct-response advertising costs either capitalized or expensed.

NOTE 10 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the period for interest	$ 63,505

NOTE 11 – CONTRACTED SERVICES

A significant portion of the facility services are contracted from outside services.

NOTE 12 – DUE TO PRIVATE AND THIRD-PARTY PAYORS

The Company has received funds from various private and third-party payors, which are presently being repaid or may have to be repaid upon audit.

NOTE 13 – DUE TO PREVIOUS OWNER

The Company and the previous owner estimated certain closing adjustments, which the Company expected to be settled over time. In addition, the Company has received payments that pertain to the previous owner or has had monies withheld due by the previous owner. At December 31, 2024, the balance due from the previous owner was $39,383.

NOTE 14 – EMPLOYEE BENEFIT PLAN

Operations implemented a qualified Salary Reduction Profit-Sharing Plan (the "Plan") for eligible employees under section 401(K) of the Internal Revenue Code. The Plan provides for voluntary employee contributions through salary reduction and employer contributions at the discretion of the Company. The Company did not make any contributions to the Plan during the period.

NOTE 15 – MINIMUM LIQUID RESERVE

The Company is required as part of the CCRC program to maintain a statutory liquid reserve as of the end of the year. Funds have been set aside as assets, the use of which is limited as the minimum statutory liquid reserves.

Computation of minimum reserve for 2024:

Principal and interest payments due within the next twelve months		$	-	(1)
Percent of residents subject to residence and care arrangement			8.16%	(2)
	(1)*(2)	$	-	
10% of projected annual total operating expenses, excluding depreciation and amortization		$	176,256	
Minimum reserve (greater of above)		$	176,256	

	(3)		(4)	(3)*(4)	
Principal and interest due	-		-	-	(5)
CCRC Residents	20	(6)			
Total residents	245	(7)			

	(6)/(7)
CCRC Residents / total residents (% of residents subject to arrangement)	8.16%

2025 projected operating expenses excluding depreciation and amortization	$ 21,600,000	(8)
Multiplied by 10%	10.00%	(9)
10% of projected operating expenses	$ 2,160,000 (10)	(8)*(9)
% of residents subject to arrangement	8.16%	(11)
10% of proj. op. exp. (allocated to % of residents subject)	$ 176,256	(10)*(11)

NOTE 16 – EMPLOYMENT AGREEMENT

The Company entered into an agreement with the prior owner to manage the CCRC, with an initial 2-year term that expires September 1, 2025, and successive two-year terms following the initial term. The agreement will terminate when the Company's sublandlord exercises its purchase option on the facilities' premises (note 8).

NOTE 17 – CONTINGENCIES

Revenues are based on current billings. Certain adjustments may be made in subsequent periods as a result of audits or appeals, the final results of which are not determinable as of the date of the financial statements. Such adjustments, if any, will be reflected in revenues in the period in which they are ascertained.

At times, the Company may be involved in various lawsuits and subject to certain contingencies in the normal course of business. Management vigorously defends any claims that may be asserted.

The Company, along with other affiliated companies, provides health coverage to its employees through a self-funded healthcare arrangement, and assumes direct risk for payment of the claims for benefits. The Company and its affiliates also purchased a stop-loss insurance plan, which based on the current population of employees would limit the total maximum insurance expense to $1,000,000 per facility, and caps the employer liability on any individual claimant to $80,000. The Company is contingently liable for unpaid claims of its affiliates.

The New Jersey Department of Health is currently in the process of revising the methodology used to calculate the Medicaid reimbursement rate paid to the Company. The effect of these revisions on future operations cannot be determined at this time.