

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**FINANCIAL STATEMENT**  
**Years Ended December 31, 2021 and 2020**

# HMM, CPAs LLP

AUDIT | TAX | CONSULTING

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying financial statements of Premier Cadbury, LLC d/b/a Premier Cadbury at Cherry Hill, which comprise the balance sheets as of December 31, 2021 and 2020 and the related statements of operations, statements of changes in members' equity, and cash flows for the years 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 Premier Cadbury, LLC d/b/a Premier Cadbury at Cherry Hill as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years 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 Premier Cadbury, LLC d/b/a Premier Cadbury at Cherry Hill 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 Premier Cadbury, LLC d/b/a Premier Cadbury at 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.

### 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.

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 Premier Cadbury, LLC d/b/a Premier Cadbury at 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 Premier Cadbury, LLC d/b/a Premier Cadbury at 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.

*HMM, CPAs LLP*

Hauppauge, NY 11788  
May 24, 2022

**PREMIER CADBURY, LLC**  
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**BALANCE SHEETS**  
**December 31, 2021 and 2020**

	<b><u>ASSETS</u></b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 420,048	\$ 2,749,877
Accounts Receivable, net of allowance for doubtful accounts of \$695,119 and \$327,866, respectively.	2,302,575	2,399,309
Employee Retention Credit Receivable	3,546,330	-
Prepaid Expenses	149,135	85,081
<b>TOTAL CURRENT ASSETS</b>	<b>6,418,088</b>	<b>5,234,267</b>
RESIDENT FUNDS	80,986	77,815
PROPERTY AND EQUIPMENT, at cost less accumulated depreciation	2,817,299	2,964,690
DUE FROM RELATED PARTIES	196,146	196,146
DUE FROM MEMBERS- ENTRANCE FEES	1,706,831	1,771,994
<b>TOTAL ASSETS</b>	<b>\$ 11,219,350</b>	<b>\$ 10,244,912</b>
	<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>	
<b>CURRENT LIABILITIES</b>		
Line of Credit	\$ -	\$ 430,249
Accounts Payable	1,549,727	1,789,965
Accrued Payroll and Taxes Payable	790,723	998,431
Accrued Expenses	1,092,546	890,275
PPP Loan Payable, Current Portion	-	228,991
Note Payable, Current Portion	157,509	147,990
Due to Medicare- Accelerated and Advanced Payments	193,648	841,397
Refundable Advance- Provider Relief Fund	-	314,199
Due to Third Party Payors	333,845	684,312
<b>TOTAL CURRENT LIABILITIES</b>	<b>4,117,998</b>	<b>6,325,809</b>
NOTE PAYABLE, NET OF CURRENT PORTION	110,506	260,187
PPP LOAN PAYABLE, NET OF CURRENT PORTION	-	1,597,939
DUE TO RELATED PARTIES	127,100	127,100
ENTRANCE FEE LIABILITIES- 90% and 100% Refundable Contracts	1,705,497	1,771,994
RESIDENT FUNDS	74,191	73,489
<b>TOTAL LIABILITIES</b>	<b>6,135,292</b>	<b>10,156,518</b>
<b>MEMBERS' EQUITY</b>	<b>5,084,058</b>	<b>88,394</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 11,219,350</b>	<b>\$ 10,244,912</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**PREMIER CADBURY, LLC**  
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**PREMIER CADBURY AT CHERRY HILL**

**STATEMENTS OF OPERATIONS**  
**Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Operating Revenues:</b>		
Resident Care Service Revenue	\$ 19,121,563	\$ 18,432,054
Grant Revenue: Provider Relief Fund	562,848	935,683
Employee Retention Credits	3,546,330	-
Other Revenue	354,570	304,026
<b>Total Operating Revenues</b>	<b>23,585,311</b>	<b>19,671,763</b>
<b>Operating Expenses:</b>		
Nursing & Medical	7,081,250	6,956,082
Therapy & Ancillaries	1,185,714	1,170,389
Social Services	97,523	129,868
Leisure Time Activities	226,714	244,417
Cleanliness & Safety	1,977,161	1,840,887
Food & Nutrition	2,252,423	2,192,249
General & Administrative	3,075,985	3,336,791
Property	3,513,060	3,445,897
Non Comparable	781,941	688,425
<b>Total Operating Expenses</b>	<b>20,191,771</b>	<b>20,005,005</b>
<b>Operating Income/(Loss)</b>	<b>3,393,540</b>	<b>(333,242)</b>
<b>Non-Operating Revenue/(Expenses):</b>		
Paycheck Protection Program Loan Forgiveness	1,826,930	-
Non-Operating Expenses	(124,804)	(111,648)
<b>Total Non-Operating Revenue/(Expenses)</b>	<b>1,702,126</b>	<b>(111,648)</b>
<b>Net Income/(Loss)</b>	<b>\$ 5,095,666</b>	<b>\$ (444,890)</b>

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**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**Years Ended December 31, 2021 and 2020**

<b>Balance at January 1, 2020</b>	\$	533,284
Net Loss		(444,890)
<b>Balance at December 31, 2020</b>		<hr/> 88,394
Net Income		5,095,666
Withdrawals		(100,002)
<b>Balance at December 31, 2021</b>	<hr/> <b>\$</b>	<hr/> <b>5,084,058</b> <hr/>

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**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**STATEMENTS OF CASH FLOWS**  
**Years Ended December 31, 2021 and 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities</b>		
Net Income / (Loss)	\$ 5,095,666	\$ (444,890)
Adjustments to reconcile Net Income to Net Cash		
Depreciation and amortization	510,233	418,354
Bad Debts Expense	197,588	486,192
<b>Cash Provided by Operating Activities:</b>		
<b>Decrease (increase) in:</b>		
Accounts receivable	(100,854)	(698,297)
Employee Retention Credit Receivable	(3,546,330)	-
Prepaid expenses	(64,054)	151,142
<b>Increase (decrease) in:</b>		
Accounts payable	(240,238)	(443,053)
Accrued payroll and payroll taxes	(207,708)	416,267
Accrued expenses	202,271	(299,413)
Due to Resident Funds	702	43,949
Due to Medicare- Accelerated and Advanced Payments	(647,749)	841,397
Deferred Revenue- HHS Provider Relief Fund	(314,199)	314,199
Payable to third party and private payors	(350,467)	296,302
Other Current Payables	-	(28,737)
Due to Related Party	-	125,000
<b>Net Cash Provided by Operating Activities</b>	<b>534,861</b>	<b>1,178,412</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase property and equipment	(362,842)	(340,316)
<b>Net Cash Used by Investing Activities</b>	<b>(362,842)</b>	<b>(340,316)</b>
<b>Cash Flows from Financing Activities:</b>		
Payments on Line of Credit	(430,249)	(284,000)
Proceeds from PPP Loan Payable	(1,826,930)	1,826,930
Principal payments on Note Payable	(140,162)	(131,557)
Due from Members- Entrance Fees	65,163	307,563
Entrance Fee Liabilites	(66,497)	(307,563)
Distributions	(100,002)	-
<b>Net Cash (Used In)/Provided by Financing Activities</b>	<b>(2,498,677)</b>	<b>1,411,373</b>
<b>Net Change in Cash, Cash Equivalents, and Restricted Cash</b>	<b>(2,326,658)</b>	<b>2,249,469</b>
<b>Cash, Cash Equivalents and Restricted Cash at Beginning of Year</b>	<b>2,827,692</b>	<b>578,223</b>
<b>Cash, Cash Equivalents and Restricted Cash at End of Year</b>	<b>\$ 501,034</b>	<b>\$ 2,827,692</b>
<b>Supplemental Cash Flow Disclosures</b>		
Cash payments for interest	<b>\$ 28,453</b>	<b>\$ 70,915</b>

The accompanying Notes to Financial Statements are an integral part of this statement.

**PREMIER CADBURY, LLC**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(1) Summary of Significant Accounting Principles**

Organization – Premier Cadbury, LLC d/b/a Premier Cadbury at Cherry Hill (“the Company”) is a continuing care retirement community located in Cherry Hill, New Jersey, that provides residential, assisted living and medical care to its residents. The Company maintains a residential facility, consisting of 138 independent living units, 66 licensed assisted living beds and a health care center consisting of 118 skilled nursing beds. The Company purchased the facility in 2016 and began operations on July 26, 2016.

Basis of Accounting- The Company's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reported period. Actual events and results could differ from those assumptions and estimates.

Resident Care Service Revenue- Resident care service revenue is reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing resident care. These amounts are due from residents, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations.

Generally, the Company bills the residents and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents in our facility receiving skilled nursing services or residents receiving other services in our facility. The Company measures the performance obligation from admission into the facility, or the commencement of an outpatient service, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge or completion of the outpatient services. The Company considers monthly rental for housing services as a separate performance obligation and measures this on a monthly basis, or upon move-out within the month, whichever is shorter. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method.



**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(1) Summary of Significant Accounting Principles (Continued)**

Revenue for performance obligations satisfied at a point in time is generally recognized when goods or services are provided to the residents and the Company does not believe it is required to provide additional goods or services related to that sale.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Company 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.

The Company determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured residents in accordance with the Company's policy, and implicit price concessions provided to Residents. The Company determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Company determines its estimate of implicit price concessions based on its historical collection experience.

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors is included in Note 3.

The Company has determined that the nature, amount, timing, and uncertainty of revenue and cash flows is primarily affected by the following factors: payors and service lines.

The composition of net resident care service revenue by primary payor for the years ended December 31, is as follows:

	<b>2021</b>	<b>2020</b>
Private	\$ 6,521,255	\$ 7,273,947
Medicare A	3,830,987	4,199,178
Medicare B	1,165,957	851,386
Medicaid	896,775	1,160,553
Other Insurance	6,706,589	4,946,990
	<u>\$ 19,121,563</u>	<u>\$ 18,432,054</u>

Revenue from resident's deductibles and coinsurance are included in the categories presented above based on primary payor.

The composition of resident service revenue based on the Company's lines of business for the years ended December 31, is as follows:

**PREMIER CADBURY, LLC**  
**d/b/a**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(1) Summary of Significant Accounting Principles (Continued)**

	<u>2021</u>	<u>2020</u>
Skilled Nursing Facility	\$ 13,825,406	\$ 12,661,225
Independent Living	1,988,591	2,635,645
Assisted Living	3,307,566	3,135,184
	<u>\$ 19,121,563</u>	<u>\$ 18,432,054</u>

The Company has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from residents and third-party payors for the effects of a significant financing component due to the Company's expectation that the period between the time the service is provided to a resident and the time that the Resident or a third-party payor pays for that service will be one year or less.

However, the Company does, in certain instances, enter into payment agreements with residents that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

The Company has applied the practical expedient provided by FASB ASC 340-40-25-4 and all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Company otherwise would have recognized is one year or less in duration.

Allowance for Doubtful Accounts - Accounts receivable are reduced by an allowance for doubtful accounts. In evaluating the collectability of accounts receivable, the Company analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts.

For receivables associated with services provided to residents who have third-party coverage, the Company analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with self-pay residents (which includes both residents without insurance and residents with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Company records a significant provision for bad debts in the period of service on the basis of past experience, which indicates that many residents are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts.

**PREMIER CADBURY, LLC**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(1) Summary of Significant Accounting Principles (Continued)**

The Company's allowance for doubtful accounts was \$695,119 and \$327,866 as of December 31, 2021 and 2020, respectively. In addition, the Company had bad debt expense of \$197,588 and \$486,192 for the years ended December 31, 2021 and 2020, respectively. The year over year change in both accounts are reflective of the impact of COVID-19 on the company's operations.

Assessing Collectability- The Company recognizes resident service revenue associated with services provided to residents who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured residents, The Company recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated). On the basis of historical experience, a portion of the Company's uninsured residents will be unable or unwilling to pay for the services provided. Thus, the Company records a provision for bad debts related to uninsured residents in the period the services are provided.

Obligations to Provide Future Services- The Company engages an actuary to periodically calculate the present value of the net cost of future service and use of facilities to be provided to current residents and compares that amount with the balance of entrance fee liabilities. If the present value of the net obligation to provide future services and use of facilities (discounted at 5.0%) exceeds the deferred revenue from entrance fees, a liability is recorded with the corresponding charge to income. Because no excess was calculated, no liability was recorded at December 31, 2021 and 2020.

Cash and Cash Equivalents - The Company considers all highly liquid securities, including certificates of deposit, with maturities of three months or less, when purchased, to be cash equivalents.

Concentration of Credit Risk - Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions, which from time to time exceed the Federal Depository Insurance Coverage Limit. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant audit risk.

Accounts receivable potentially exposes the Company to concentrations of credit risk, as defined by Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) "Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk."

The Company's outstanding receivables are generated from third-party payors and private pay sources for residents residing in the Company. Third-party payors include the Medicaid, Medicare and Private Insurance Companies. Private pay sources include individual residents.

The Company provides credit in the normal course of business, without collateral, to its residents, most of who are local residents and are insured under third party agreements. Accounts receivable from residents and third-party payors were approximately as follows for the years ended December 31, 2021 and 2020:

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(1) Summary of Significant Accounting Principles (Continued)**

	<b>2021</b>	<b>2020</b>
Medicaid / Hospice	3.3%	28%
Medicare	29.8%	13.7%
Self pay / HMO / Other	66.9%	58.4%
	100.0%	100.0%

Resident Funds - Resident funds represent cash held in escrow on behalf of the residents. Such funds represent living allowances received by residents from the State of New Jersey, as well as other resident funds deposited with the Company for safe keeping. Accordingly, the amounts are reported as assets and liabilities of the Company and are included on the balance sheet as funds held for residents and resident funds payable.

Entrance Fees- Entrance fees represent initial payments made by residents in exchange for membership at Premier Cadbury. Membership includes the use and privileges of amenities at the community and discounted fees when using health care accommodations. Entrance fees are based upon the accommodation chosen by the member. Premier Cadbury offers five types of lifecare residency agreements of which four are distinguished by the extent to which the entrance fees is refundable:

Type A Contract: The Type A contract is a “Lifecare” contract which means the monthly service fee will remain the same plus any annual increases as the resident moves permanently through the continuum. The Type A entrance fees are non-refundable after 90 days. Type A amortize at a rate of 2% per month for each month spent in Independent living, 3% per month for each month spent in Assisted Living, and 4% per month for each month spent in Skilled Nursing.

Type B Contract: This contract allows for 60 lifetime days of care in the ALU or SNF with no increase in the monthly service fee. Beyond the 60 lifetime days, the resident is responsible for the market rate at each stage of the continuum. The Type B entrance fees are non-refundable after 90 days. Type B amortize at a rate of 2% per month for each month spent in Independent living, 3% per month for each month spent in Assisted Living, and 4% per month for each month spent in Skilled Nursing.

100% Refundable Contract: Under this contract, 100% of the entrance fee, less any unpaid service fees, are refundable to the resident. The monthly service fee is based on market rates as the resident moves through the continuum with a 15% discount in ALU and SNF. The 100% refundable contracts are not amortized. Any refunds are paid upon re-occupancy of the unit. This contract type has been eliminated and only pertains to existing resident with this type of contract.

90% Refundable Contract: Under this contract, 90% of the entrance fee, less any unpaid service fees, are refundable to the resident. The monthly service fee is based on market rates as the resident moves through the continuum with a 15% discount in ALU and SNF. A refund will be paid upon termination of contract and re-occupancy less 10% of the entrance fee and any amount charged against the entrance

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**d/b/a**  
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**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(1) Summary of Significant Accounting Principles (Continued)**

fee for ALU or SNF charges. Once a resident is permanently placed in ALU or SNF, the resident is allowed to spend down the refundable portion of the entrance fee.

No Entrance Fee Contract: The monthly service fee is based on market rates as the resident moves through the continuum.

Due from Members- Entrance Fees- As part of the acquisition of the facility, the Company assumed certain entrance fee liabilities from the prior owner. The members of the Company have committed to funding the repayment of these liabilities as they become due. Amortization of the entrance fees, which are no longer refundable, are credited against the due from members receivable.

Property and Equipment - Property and equipment are stated at cost and are depreciated over their estimated useful lives using the straight line method. Amortization of leasehold improvements is provided on the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter. Additions and improvements which extend the life of the assets are capitalized, and normal repairs and maintenance are charged to current operations. The costs and related accumulated depreciation of assets retired or disposed of are removed from the related accounts and the resulting gain or loss is reflected in income. Estimated useful lives are as follows:

Leasehold Improvements	15
Major Movable Equipment	5-10
Computers	3- 5

Long Lived Assets - The Company assess its long-lived assets for impairment when events or circumstances indicate their carrying amounts may not be recoverable by comparing the expected undiscounted future cash flows of the assets within the respective carrying amounts as of the date of assessment. Should aggregate expected future cash flows be less than the carrying value, an impairment would be recognized, measured as the difference between the carrying value and the fair value of the asset. During 2021 and 2020, the Company did not record any impairment charges.

Income Taxes – The Company is a limited liability company organized under the laws of the State of New Jersey. The Company does not incur income taxes; instead, its earnings are included in the members' personal income tax returns and taxed depending on their personal tax situations. The financial statements, therefore, do not include a provision for income taxes. The Company files income tax returns within U.S. federal and state jurisdictions. The Company recognizes the effects of income tax positions only if they are more likely than not of being sustained. Management has determined that the Company has no uncertain tax provisions that would require financial statement recognition.

Reclassifications - Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year's format. Total equity and net income are unchanged due to these reclassifications.

Impact of COVID-19 - In March 2020, an outbreak of a new strain of coronavirus, COVID-19, emerged as a pandemic in New Jersey and across the United States, leading to widespread business shutdowns and

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**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(1) Summary of Significant Accounting Principles (Continued)**

significant fluctuations in the financial markets. The COVID-19 outbreak has been ongoing and as such, has disrupted supply chains and affected production and sales across a range of industries.

Long term care facilities have been impacted by the pandemic with many facilities experiencing reduced census due to COVID-19 deaths. Although not all of the reduction in census can be directly attributed to COVID-19 deaths, new admissions have slowed dramatically due to a general decline in medical care and concern among patients and family members about the coronavirus.

In response to the coronavirus outbreak, the US Government passed the Families First Coronavirus Relief Act (FFCRA) and the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"). These two pieces of legislation were designed to assist individuals and businesses in dealing with the coronavirus outbreak.

The Company has received funding from the CARES Act through the Small Business Administration ("SBA") and the Department of Health & Human Services ("HHS") of approximately \$2.97 million in 2020 and received an additional \$248,000 in 2021. SBA funds do not require repayment as long as the Company meets certain expense payment and reporting requirements. HHS funds are considered grant monies and are subject to audit. Additionally, certain tax credits are potentially available to the company under the FFCRA.

Even though the Company has received assistance in response to the pandemic, the extent to which COVID-19 impacts the Company's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity, and impact of COVID-19. Therefore, the related financial impact cannot be reasonably estimated at this time.

Provider Relief Funds - Amounts received under the Provider Relief Fund are considered government grants to for-profit entities. The Company accounts for government grants under *Accounting Standards Codification (ASC) 958-605, Not-for-Profit Entities – Revenue Recognition* in absence of authoritative U.S. GAAP guidance for for-profit entities. Under ASC 958-605, the entity records the grant as a liability until it complies with the conditions of the grant. Once the entity substantially complies with the conditions of the grant, the grant money is recognized as revenue. Refer to Note 13, "Refundable Advance – Provider Relief Fund".

Subsequent Events - The Company has evaluated subsequent events through May 24, 2022, which is the date the financial statements were available to be issued.

**(2) Cash, Cash Equivalents, and Restricted Cash**

For purposes of the balance sheets and the statements of cash flows, cash and cash equivalents consist of cash and other highly liquid resources, such as investments in certificates of deposit and money market funds, with an original maturity of three months or less when purchased. Restricted cash consists of those amounts held in trust on behalf of the residents of the Company. The following table provides a

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(2) Cash, Cash Equivalents, and Restricted Cash (Continued)**

reconciliation of cash, cash equivalents, and restricted cash reported within the balance sheets that sum to the totals of the same such amounts presented in the statements of cash flows.

	<b>12/31/2021</b>	<b>12/31/2020</b>
Cash and Cash Equivalents	\$ 420,048	\$ 2,749,877
Resident Funds	80,986	77,815
 Cash, Cash Equivalents, and Restricted Cash as presented on the Statement of Cash Flows	 \$ 501,034	 \$ 2,827,692

**(3) Resident Service Income from Third-Party Payors**

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

*Medicare:* The Company's skilled nursing facility participates in the Medicare program. Certain inpatient services are paid at prospectively determined rates per day based on clinical, diagnostic and other factors. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.

*Medicaid:* The Company's skilled nursing facility participates in the Medicaid program which is administered by the New Jersey Department of Human Services. Reimbursements for Medicaid services are generally paid at prospectively determined rates per day. The Company is reimbursed for services at tentative rates with final settlement determined after submission of annual cost reports by the Company and audits thereof by the Medicaid administrative contractor.

*Other:* Payment agreements with certain commercial insurance carriers and health maintenance Company's provide for payment using prospectively determined rates per day.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The Nursing Home believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing resident care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Company's historical settlement

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(3) Resident Service Income from Third-Party Payors (Continued)**

activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations.

Generally, residents who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Company estimates the transaction price for residents with deductibles and coinsurance based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of the change. Additional revenue recognized due to changes in its estimates of implicit price concessions, discounts, and contractual adjustments were not considered significant for the year ended December 31, 2021 and 2020. Subsequent changes that are determined to be the result of an adverse change in the Resident's ability to pay are recorded as bad debt expense.

Due to third party and private payors consisted of the following:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Due to Private - Credit Balances	\$ 30,051	\$ 79,702
Due to Other - Credit Balances	73,346	55,407
Due to Other Payors	<u>230,448</u>	<u>549,203</u>
Total	<u>\$ 333,845</u>	<u>\$ 684,312</u>

**Temporary Suspension of Medicare Sequestration**

The Budget Control Act of 2011 requires a mandatory, across the board reduction in federal spending, called a sequestration. Medicare fee for service claims with dates of service or dates of discharge on or after April 3, 2013 incur a 2.0% reduction in Medicare payments. All Medicare rate payments and settlements have incurred this mandatory reduction and it will continue to remain in place through at least 2023, unless Congress takes further action. In response to COVID-19, the CARES Act temporarily suspended the automatic 2.0% reduction of Medicare claim reimbursements for the period of May 1, 2020 through December 31, 2020; this period was subsequently extended through March 31, 2022. During the years ended December 31, 2021 and 2020, the suspension of sequestration resulted in net revenues of approximately \$76,500 and \$63,000, respectively.

**(4) Employee Retention Credit**

Under the provisions of the CARES Act and subsequent additional acts, the Company was eligible for a refundable employee retention credit (ERC) subject to certain criteria. The ERC is equal to 70% of qualified wages paid to employees during calendar 2021 for a maximum credit per employee of \$7,000 per each calendar quarter through September 30, 2021. For the year ended December 31, 2021,



**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(4) Employee Retention Credit (Continued)**

employee retention credits of \$3,546,330 is included in other income. This amount includes a receivable in the amount of \$3,546,330.

**(5) Property and Equipment**

Property and equipment consists of the following:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Leasehold Improvements	\$ 1,326,539	\$ 1,166,006
Major Movable Equipment	2,944,127	2,795,408
Construction in Progress	207,520	153,931
Total Cost	4,478,186	4,115,345
Accumulated Depreciation	(1,660,887)	(1,150,655)
<b>Net Property and Equipment</b>	<b><u>\$ 2,817,299</u></b>	<b><u>\$ 2,964,690</u></b>

Depreciation expense charged to operations for the year ended December 31, 2021 and 2020 were \$510,233 and \$418,354, respectively. The depreciation policies followed by the facility are described in Note (1).

**(6) Transactions with Related Parties**

As part of the acquisition transaction and continuing operations, the Company incurred receivable and payable transactions with related entities. These balances accrue no interest and have no set repayment terms.

Amounts due from related parties consisted of the following:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Due from Premier Healthcare	\$ 196,146	\$ 196,146
Total Due from Related Parties	<u>\$ 196,146</u>	<u>\$ 196,146</u>

Amounts due to related parties consisted of the following:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Due to Meadowview	\$ 2,100	\$ 2,100
Due to Deer Meadows	125,000	125,000
Total Due to Related Parties	<u>\$ 127,100</u>	<u>\$ 127,100</u>

**(7) Resident Entrance Fees and Liabilities**

Entrance Fee Liabilities by contract type as of December 31, 2021 and 2020 were as follows:

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(7) Resident Entrance Fees and Liabilities (Continued)**

	<u>2021</u>	<u>2020</u>
100% Refundable	\$ 1,456,010	\$ 1,456,009
90% Refundable	249,487	315,985
Total	<u>\$ 1,705,497</u>	<u>\$ 1,771,994</u>

Entrance fees correspond to contracts entered into by residents with the former owner and transferred to the Company upon acquisition of the facility. The entrance fee policies followed by the facility are described in Note (1).

**(8) Reserve Requirement**

The New Jersey Continuing Care Retirement Community Regulation and Financial Disclosure Act requires continuing care retirement communities to establish liquid reserves. Since not all residents are covered under entrance fee plans, the actual amount of the reserve requirement is equal to the proportionate share of expenses for residents under entrance fee plans at December 31, 2021 and 2020.

At December 31, 2021, the liquid reserve requirement was no more than \$56,472, which is equal to 15% of the Company's budgeted operating expenses, excluding depreciation and amortization, proportional to the number of residents under CCRC Agreement. The liquid reserve requirement is satisfactorily funded with liquid operating assets (cash and cash equivalents) as well as the portion of the line of credit available to be drawn upon.

**(9) Line of Credit**

Bank Leumi USA has extended the Company a line of credit in the amount of \$2,000,000. The line bears an interest at the prime rate plus 0.50% and will never be less than 3.75%. At December 31, 2021 and 2020, the outstanding balance was \$0 and \$430,249, respectively. Total interest charged to operations for the year ended December 31, 2021 and 2020 was \$6,308 and \$36,269 respectively.

**(10) Employer Payroll Tax Deferral**

Under the CARES Act, the Company has elected to defer payment, on an interest free basis, of the employer portion of social security taxes incurred between March 27, 2020 and December 31, 2020. One-half of the deferral amount is due on each of December 31, 2021 and December 31, 2022. The Company has included \$248,088 of the deferred payroll tax balance in accrued payroll taxes in the balance sheet as of December 31, 2020.

The Company remitted one-half of the required deferral amount in 2021. The remaining balance of \$123,686 is included in accrued payroll taxes at December 31, 2021.

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(11) PPP Loan Payable**

In April 2020, the Company received a loan in the amount of \$1,826,930 under the Paycheck Protection Program ("PPP Loan"). The PPP Loan, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business.

The PPP Loan and accrued interest, if material, are forgivable after the covered period, up to 24-weeks, if the borrower uses the PPP Loan proceeds for eligible purposes, including payroll, benefits, rent, utilities, covered worker protection expenditures and maintains its payroll levels. The amount of the PPP Loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the covered period, up to 24-weeks. The unforgiven portion of the PPP Loan is payable over two years (with a possible extension to five years), at an interest rate of 1%, with a deferral of payments for the first 10 months. All the proceeds of the PPP Loan were used by the company to pay eligible payroll costs and the Company maintained its headcount and otherwise complied with the terms of the PPP Loan.

In 2020, the Company believed that it had acted in compliance with the program and would seek forgiveness of the PPP Loan, but no assurance at the time could be provided that the Company would obtain forgiveness of the PPP Loan in whole or part. The balance on this PPP Loan was \$1,826,930 as of December 31, 2020 and has been classified as current and non-current based on the contractual repayment terms.

On June 15, 2021, the Company was notified by the lender that the Small Business Administration had authorized full forgiveness of the loan, plus all accrued interest. As such, the amounts forgiven have been classified as non-operating revenue on the statement of operations. The forgiveness of the Paycheck Protection Program loan for the year ended December 31, 2021 totaled \$1,826,930.

**(12) Due to Medicare - Accelerated and Advanced Payments**

As part of the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*, the existing Medicare Accelerated and Advanced Payment Program (the "Program") was expanded to provide additional benefits and flexibilities to providers who were dealing with the COVID-19 public health emergency. The additional benefits authorized by the CARES Act included an extended repayment timeframe for facilities who utilized the Program. This extended repayment timeframe was subsequently amended by the *Continuing Appropriations Act, 2021 and Other Extensions Act*, which was enacted on October 1, 2020 and gave providers that received Medicare accelerated and advance payments one year from when the first loan payment was made to begin making payments. Once repayments begin, CMS will recoup monies borrowed under the Program based on the following schedule: (a) 25% recoupment of claims processed during the first 11 months of repayment, (b) 50% recoupment of claims processed during the next six months. Any money that remains unpaid after 29 months will then accrue interest at a rate of 4%.

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(12) Due to Medicare - Accelerated and Advanced Payments (Continued)**

The Company borrowed \$841,397 under the Medicare Accelerated and Advanced Payment Program, all of which was outstanding at December 31, 2020. Repayment of these funds commenced in April 2021. It is anticipated that the remaining funds will be fully recouped in 2022.

**(13) Refundable Advance- Provider Relief Fund**

As part of the *Coronavirus Aid, Relief, and Economic Security* (CARES Act), the Federal Government created the Provider Relief Fund ("PRF") to provide much needed financial assistance to healthcare providers during the COVID-19 pandemic. Congress appropriated \$175 billion to this fund, to be administered by the Department of Health and Human Services ("HHS").

Healthcare providers that received this funding must attest to eligibility terms and conditions, certifying that they are eligible for each of the distributions they receive. The funds will be subject to significant oversight and scrutiny. Per HHS terms and conditions of the PRF funds, the funds may only be used to "prevent, prepare for, and respond to coronavirus" and "shall reimburse the recipient only for health care-related expenses or lost revenues that are attributable to coronavirus." Providers who have not expended the funds by December 31, 2020, have until June 30, 2021 to use the remaining funds.

As of December 31, 2021 and 2020, the Company received an aggregate of \$1,498,531 from the PRF, and recognized \$562,848 and \$935,683, respectively as income, which is included in Grant Revenue: Provider Relief Funds on the statement of operations. The remaining funds of \$0 and \$314,199 as of December 31, 2021 and 2020 are classified as a refundable advance on the balance sheet, which also includes Nursing Home Infection Control Distributions. The Nursing Home Infection Control Distributions, which also include infection control quality incentive payments, are subject to terms and conditions that require recipients to use the funds for infection control expenses.

In June 2021, HHS announced revised usage and reporting deadlines for PRF Funds. Under this revised guidelines, funds must be used by June 30, 2021 (for funds received prior to June 30, 2020), December 31, 2021 (for funds received between July 1 and December 31, 2020), June 30, 2022 (for funds received between January 1 and June 30, 2021) and December 31, 2022 (for funds received between July 1 and December 31, 2021). Reporting on the usage of funds must be completed within 90 days after the usage deadline.

**(14) Lease Agreement**

The arms-length lease agreement was made effective as of March 28, 2016 between Cherry Hill NJ Property, LLC, a New Jersey limited liability company, located at 2201 Main Street, Evanston, Illinois, and Premier Cadbury, LLC. The lease, unless terminated sooner as set forth within the lease agreement, will expire March 27, 2046.

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(14) Lease Agreement (Continued)**

Premier Cadbury, LLC is required to pay base rent annually of two million dollars (\$2,000,000) payable on the first day of each month during the term in consecutive equal monthly installments. In subsequent years, the rent is increased by \$60,000 per year. The rent expense for the years ended December 31, 2021 and 2020 were \$2,179,992 and \$2,174,992, respectively.

Future minimum rent payments as of December 31, 2021 are as follows:

2022	\$ 2,319,004
2023	2,379,004
2024	2,439,004
2025	2,499,004
2026	2,559,004
2027 and thereafter	62,199,245
Total minimum payments required	<u><u>\$ 74,394,265</u></u>

**(15) Note Payable**

Note Payable consists of the following:

	<u>2021</u>	<u>2020</u>
Note payable for equipment in 60 equal monthly payments of \$13,095, including principal and interest at 6.25%, maturing August 2023.	\$ 259,860	\$ 396,108
Note payable for equipment in 60 equal monthly payments of \$489, including principal and interest at 6.25%, maturing February 2024	8,155	12,069
Total Long Term Debt	<u>268,015</u>	<u>408,177</u>
Less amount due within One Year	<u>(157,509)</u>	<u>(147,990)</u>
Amount Due After One Year	<u><u>\$ 110,506</u></u>	<u><u>\$ 260,187</u></u>

Maturity requirements on note payable are as follows:

2022	\$ 157,509
2023	110,178
2024	328
Total	<u><u>\$ 268,015</u></u>

Total interest charged to operations for the year ended December 31, 2021 and 2020 was \$22,145 and \$31,089, respectively.

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2021 and 2020**

**(16) Pension Plan**

The Company maintains 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 reductions and voluntary employer contributions at the discretion of the Company. There were no employer contributions for the years ended December 31, 2021 and 2020.

**(17) Contingencies**

The Company is involved in various claims and legal actions in the normal course of business. Management estimates that such matters will be resolved without material adverse effect on the Company's future financial position or results from operations.

The Company files annual cost reports with the Medicare program and quarterly reports with the New Jersey Department of Human Services for the Medicaid program. Revenues received from the Medicare and Medicaid program under cost reimbursement agreements are subject to audit and retroactive adjustment. Provisions have not been made in the financial statement for the effect of such adjustments, if any, relating to this matter.

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**SUPPLEMENTAL DATA**  
**Years Ended December 31, 2021 and 2020**

# HMM, CPAs LLP

AUDIT | TAX | CONSULTING

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

We have audited the financial statements of Premier Cadbury, LLC d/b/a Premier Cadbury at Cherry Hill as of December 31, 2021 and 2020, and have issued our report thereon dated May 24, 2022 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The Supplementary Information is presented for the purposes of additional analysis and is not a required part of the 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 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 financial statements as a whole.

*HMM, CPAs LLP*

Hauppauge, NY 11788

May 24, 2022



**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**STATEMENT OF OPERATIONS**  
**SUPPLEMENTAL DATA**  
**Years Ended December 31, 2021 and 2020**

<b>DEPARTMENT</b>	<b>2021</b>	<b>2020</b>	<b>PER RESIDENT DAY 2021</b>	<b>PER RESIDENT DAY 2020</b>
<b>TOTAL REVENUE</b>	\$ 23,585,311	\$ 19,671,763	\$ 266.96	\$ 219.61
<b>EXPENSES</b>				
NURSING & MEDICAL	7,081,250	6,956,082	80.15	77.65
THERAPY & ANCILLARIES	1,185,714	1,170,389	13.42	13.07
SOCIAL SERVICES	97,523	129,868	1.10	1.45
LEISURE TIME ACTIVITIES	226,714	244,417	2.57	2.73
CLEANLINESS & SAFETY	1,977,161	1,840,887	22.38	20.55
FOOD & NUTRITION	2,252,423	2,192,249	25.49	24.47
GENERAL & ADMINISTRATION	3,200,789	3,448,439	36.23	38.50
PROPERTY	3,513,060	3,445,897	39.76	38.47
NON COMPARABLE	781,941	688,425	8.85	7.69
<b>TOTAL EXPENSES</b>	<u>20,316,575</u>	<u>20,116,653</u>	<u>229.95</u>	<u>224.58</u>
<b>OPERATING INCOME/(LOSS)</b>	3,268,736	(444,890)	37.01	(4.97)
PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS	1,826,930	-	20.68	-
<b>NET INCOME / (LOSS)</b>	<u>\$ 5,095,666</u>	<u>\$ (444,890)</u>	<u>\$ 57.69</u>	<u>\$ (4.97)</u>
NUMBER OF SNF RESIDENT DAYS	41,838	38,607		
NUMBER OF ALF RESIDENT DAYS	26,381	24,757		
NUMBER OF ILF RESIDENT DAYS	20,130	26,213		
NUMBER OF TOTAL RESIDENT DAYS	<u>88,349</u>	<u>89,577</u>		
AVERAGE NUMBER OF RESIDENTS	242	245		

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**STATEMENT OF OPERATIONS**  
**SUPPLEMENTAL DATA**  
**Years Ended December 31, 2021 and 2020**

<b>DEPARTMENT</b>	<b>2021</b>	<b>2020</b>	<b>PER RESIDENT DAY 2021</b>	<b>PER RESIDENT DAY 2020</b>
<b>REVENUE</b>				
ROOM AND BOARD - MEDICAID	\$ 896,775	\$ 1,160,553	\$ 34.24	\$ 53.38
ROOM AND BOARD - MEDICARE	3,830,987	4,199,178	639.46	700.91
ROOM AND BOARD - PRIVATE	1,225,098	1,503,118	220.22	270.20
ROOM AND BOARD - COMMERCIAL INSURANCE	6,706,589	4,946,990	1,638.95	911.89
ROOM AND BOARD - ALF	3,307,566	3,135,184	594.57	563.58
ROOM AND BOARD - IL	1,988,591	2,635,645	357.47	473.78
ANCILLARIES	892,911	547,911	149.04	91.46
ANCILLARIES - AL	268,377	301,542	75.79	83.55
ANCILLARIES - IL	4,669	1,933	1.32	0.54
GRANT INCOME: PROVIDER RELIEF FUND	562,848	935,683	6.37	10.45
EMPLOYEE RETENTION CREDITS	3,546,330	-	40.14	-
INTEREST INCOME	1,259	3,736	0.01	0.04
REBATES AND REFUNDS	144,296	-	1.63	-
MISCELLANEOUS	26,660	75,421	0.30	0.84
MISCELLANEOUS - AL	192,086	224,869	2.17	2.51
MISCELLANEOUS - IL	(9,731)	0	(0.11)	-
<b>TOTAL REVENUE</b>	<b>\$ 23,585,311</b>	<b>\$ 19,671,763</b>	<b>\$ 266.96</b>	<b>\$ 219.61</b>

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**STATEMENT OF OPERATIONS**  
**SUPPLEMENTAL DATA**  
**Years Ended December 31, 2021 and 2020**

<b>DEPARTMENT</b>	<b>2021</b>	<b>2020</b>	<b>PER RESIDENT DAY 2021</b>	<b>PER RESIDENT DAY 2020</b>
<b>NURSING AND MEDICAL</b>				
PAYROLL DNS	\$ 249,481	\$ 230,333	\$ 2.82	\$ 2.57
PAYROLL R.N.	975,541	1,042,251	11.04	11.64
PAYROLL L.P.N.	524,003	476,492	5.93	5.32
PAYROLL AIDES & ORDERLIES	1,029,721	1,172,409	11.66	13.09
PAYROLL NURSING ADMINISTRATIVE	183,427	241,058	2.08	2.69
PAYROLL NURSING SECRETARY	38,112	44,091	0.43	0.49
PAYROLL ALF R.N. AND L.P.N.	750,860	664,858	8.50	7.42
PAYROLL HOME HEALTH AIDES	598,346	719,107	6.77	8.03
BENEFITS	941,280	1,008,005	10.65	11.25
NURSING CONT. SVCS - RN	160,174	29,990	1.81	0.33
NURSING CONT. SVCS - LPN	713,479	581,294	8.08	6.49
NURSING CONT. SVCS - A & O	540,697	394,717	6.12	4.41
RENTAL - EQUIPMENT	21,350	43,527	0.24	0.49
RADIOLOGY	7,475	12,353	0.08	0.14
MEDICAL NURSING SUPPLIES & SVCS	347,304	295,597	3.93	3.30
<b>TOTAL NURSING &amp; MEDICAL</b>	<b>\$ 7,081,250</b>	<b>\$ 6,956,082</b>	<b>\$ 80.14</b>	<b>\$ 77.66</b>
<b>THERAPY &amp; ANCILLARIES</b>				
PAYROLL PHYSICAL THERAPIST	\$ 363,198	\$ 367,059	\$ 4.11	\$ 4.10
PAYROLL OCCUPATIONAL THERAPIST	241,819	217,115	2.74	2.42
SPEECH THERAPIST	111,338	103,918	1.26	1.16
BENEFITS	155,040	152,561	1.75	1.70
PHYSICAL THERAPY SVCS	589	12,334	0.01	0.14
OCCUPATIONAL THERAPY SVCS	-	(10,954)	-	(0.12)
SPEECH THERAPY SVCS	-	(1,649)	-	(0.02)
THERAPEUTIC SUPP & SVCS	64,183	113,028	0.73	1.26
RX DRUGS	249,547	216,977	2.82	2.42
<b>TOTAL THERAPY &amp; ANCILLARIES</b>	<b>\$ 1,185,714</b>	<b>\$ 1,170,389</b>	<b>\$ 13.42</b>	<b>\$ 13.06</b>
<b>SOCIAL SERVICES</b>				
PAYROLL SOCIAL SERVICES/ADMITTING	\$ 80,170	\$ 106,300	\$ 0.91	\$ 1.19
BENEFITS	17,353	23,568	0.20	0.26
<b>TOTAL SOCIAL SERVICES</b>	<b>\$ 97,523</b>	<b>\$ 129,868</b>	<b>\$ 1.11</b>	<b>\$ 1.45</b>

**PREMIER CADBURY, LLC**  
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**PREMIER CADBURY AT CHERRY HILL**

**STATEMENT OF OPERATIONS**  
**SUPPLEMENTAL DATA**  
**Years Ended December 31, 2021 and 2020**

<b>DEPARTMENT</b>	<b>2021</b>	<b>2020</b>	<b>PER RESIDENT DAY 2021</b>	<b>PER RESIDENT DAY 2020</b>
<b>LEISURE TIME ACTIVITIES</b>				
PAYROLL	\$ 151,440	\$ 179,264	\$ 1.71	\$ 2.00
BENEFITS	32,777	39,748	0.37	0.44
SUPPLIES AND SERVICE	42,497	25,405	0.48	0.28
<b>TOTAL LEISURE TIME ACTIVITIES</b>	<b>\$ 226,714</b>	<b>\$ 244,417</b>	<b>\$ 2.56</b>	<b>\$ 2.72</b>
<b>CLEANLINESS &amp; SAFETY</b>				
PAYROLL MAINTENANCE	\$ 462,024	\$ 427,674	\$ 5.23	\$ 4.77
PAYROLL HOUSEKEEPING	604,087	484,902	6.84	5.41
PAYROLL LAUNDRY	74,767	75,735	0.85	0.85
BENEFITS	246,907	219,139	2.79	2.45
HOUSEKEEPING CONT. SVCS	127,975	140,427	1.45	1.57
LAUNDRY CONT. SVCS	89,664	89,664	1.01	1.00
SECURITY COSTS	-	5,689	-	0.06
HOUSEKEEPING SUPP & SVCS	10,175	727	0.12	0.01
MAINTENANCE SUPP & SVCS	360,115	396,053	4.08	4.42
LAUNDRY SUPP & SVCS	1,447	877	0.02	0.01
<b>TOTAL CLEANLINESS &amp; SAFETY</b>	<b>\$ 1,977,161</b>	<b>\$ 1,840,887</b>	<b>\$ 22.39</b>	<b>\$ 20.55</b>
<b>FOOD &amp; NUTRITION</b>				
PAYROLL FOOD	\$ 90,458	\$ 73,485	\$ 1.02	\$ 0.82
PAYROLL COOKS	247,786	227,108	2.80	2.54
PAYROLL DIETICIAN	58,813	61,857	0.67	0.69
PAYROLL DIETARY WORKERS	794,438	757,102	8.99	8.45
BENEFITS	257,871	248,216	2.92	2.77
DIETARY FEES	744,027	780,102	8.42	8.71
FOOD AND FOOD SUPPLEMENTS	5,764	3,394	0.07	0.04
DIETARY SUPPLIES	44,026	31,142	0.50	0.35
OTHER DIRECT EXPENSES	9,240	9,843	0.10	0.11
<b>TOTAL FOOD &amp; NUTRITION</b>	<b>\$ 2,252,423</b>	<b>\$ 2,192,249</b>	<b>\$ 25.49</b>	<b>\$ 24.48</b>

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**STATEMENT OF OPERATIONS**  
**SUPPLEMENTAL DATA**

Years Ended December 31, 2021 and 2020

DEPARTMENT	2021	2020	PER RESIDENT DAY 2021	PER RESIDENT DAY 2020
<b>GENERAL &amp; ADMINISTRATION</b>				
PAYROLL ADMIN & OPER	\$ 401,788	\$ 393,015	\$ 4.55	\$ 4.39
PAYROLL EXECUTIVE DIRECTOR	(32)	-	-	-
PAYROLL OFFICE FISCAL	65,472	68,817	0.74	0.77
PAYROLL OFFICE OTHER	637,220	566,533	7.21	6.32
BENEFITS	239,044	228,006	2.71	2.55
MANAGEMENT FEE	675,066	654,795	7.64	7.31
LEGAL FEES	96,821	62,583	1.10	0.70
ACCOUNTING FEES	31,833	19,293	0.36	0.22
INSURANCE - LIAB, MALP, ETC.	220,484	220,771	2.50	2.46
NON-OPERATING EXPENSES	124,804	111,648	1.41	1.25
OFFICE	38,085	21,568	0.43	0.24
EQUIPMENT RENTAL COMPUTER	21,308	22,685	0.24	0.25
TELEPHONE	62,932	59,219	0.71	0.66
DUES AND SUBSCRIPTIONS	19,375	18,914	0.22	0.21
AUTO & TRAVEL	25,444	3,284	0.29	0.04
BANK CHARGES	47,971	34,223	0.54	0.38
ADVERTISING	39,084	52,015	0.44	0.58
PROFESSIONAL FEES	19,053	28,691	0.22	0.32
ADJUSTMENT OF ENTRANCE FEE LIABILITIES	-	322,168	-	3.60
BAD DEBTS	197,588	486,192	2.24	5.43
MISCELLANEOUS EXPENSES	237,449	74,019	2.69	0.83
<b>TOTAL GENERAL &amp; ADMINISTRATION</b>	<b>\$ 3,200,789</b>	<b>\$ 3,448,439</b>	<b>\$ 36.24</b>	<b>\$ 38.51</b>
<b>PROPERTY (NON-TRENDED)</b>				
RENT	\$ 2,179,992	\$ 2,174,992	\$ 24.67	\$ 24.28
INTEREST EXPENSE	28,453	70,915	0.32	0.79
DEPRECIATION EXPENSE	510,233	418,354	5.78	4.67
PROPERTY INSURANCE	62,815	59,173	0.71	0.66
REAL ESTATE TAX	731,567	722,463	8.28	8.07
<b>TOTAL PROPERTY (NON-TRENDED)</b>	<b>\$ 3,513,060</b>	<b>\$ 3,445,897</b>	<b>\$ 39.76</b>	<b>\$ 38.47</b>
<b>NON COMPARABLE</b>				
MED. DIR. & URB FEES	\$ 30,000	\$ 30,731	\$ 0.34	\$ 0.34
ANCILLARY FEES	26,411	33,263	0.30	0.37
LIGHT, HEAT & POWER	725,530	624,431	8.21	6.97
<b>TOTAL NON COMPARABLE</b>	<b>\$ 781,941</b>	<b>\$ 688,425</b>	<b>\$ 8.85</b>	<b>\$ 7.68</b>

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**STATEMENT OF OPERATIONS**  
**SUPPLEMENTAL DATA**  
**Years Ended December 31, 2021 and 2020**

<b>DEPARTMENT</b>	<b>2021</b>	<b>2020</b>	<b>PER RESIDENT DAY 2021</b>	<b>PER RESIDENT DAY 2020</b>
<b>PAYROLL SUMMARY</b>				
DNS & RN	\$ 249,481	\$ 230,333	\$ 2.82	\$ 2.57
R.N.	975,541	1,042,251	11.04	11.64
L.P.N.	524,003	476,492	5.93	5.32
AIDES & ORDERLIES	1,029,721	1,172,409	11.66	13.09
NURSING ADMINISTRATION	972,399	950,007	11.01	10.61
HOME HEALTH AIDES	598,346	719,107	6.77	8.03
THERAPIES	716,355	688,092	8.11	7.68
DIETARY	1,191,495	1,119,552	13.49	12.50
RECREATION	151,440	179,264	1.71	2.00
MAINTENANCE	462,024	427,674	5.23	4.77
HOUSEKEEPING	604,087	484,902	6.84	5.41
LAUNDRY	74,767	75,735	0.85	0.85
SOCIAL SERVICES	80,170	106,300	0.91	1.19
ADMINISTRATION	401,756	393,015	4.55	4.39
OFFICE FISCAL	65,472	68,817	0.74	0.77
ADMIN & OFFICE OTHER	637,220	566,533	7.21	6.32
<b>TOTAL PAYROLL</b>	<b>\$ 8,734,277</b>	<b>\$ 8,700,483</b>	<b>\$ 98.87</b>	<b>\$ 97.14</b>
<b>CONTRACTED LABOR SUMMARY</b>				
NURSING RN	\$ 160,174	\$ 29,990	\$ 1.81	\$ 0.33
NURSING LPN	713,479	581,294	8.08	6.49
NURSING A&O	540,697	394,717	6.12	4.41
PHYSICAL THERAPY	589	12,334	0.01	0.14
OCCUPATIONAL THERAPY	-	(10,954)	-	(0.12)
SPEECH THERAPY	-	(1,649)	-	(0.02)
DIETARY	744,027	780,102	8.42	8.71
HOUSEKEEPING	127,975	140,427	1.45	1.57
LAUNDRY	89,664	89,664	1.01	1.00
<b>TOTAL CONTRACTED SERVICES</b>	<b>\$ 2,376,605</b>	<b>\$ 2,015,925</b>	<b>\$ 26.90</b>	<b>\$ 22.51</b>
<b>BENEFIT SUMMARY</b>				
PAYROLL TAXES	\$ 932,286	\$ 932,885	\$ 10.55	\$ 10.41
WORKERS' COMPENSATION	412,404	344,822	4.67	3.85
GROUP INS & EMP BENEFITS	376,394	481,065	4.26	5.37
UNIFORM & TRANSPORTATION	14,148	7,910	0.16	0.09
<b>TOTAL BENEFITS</b>	<b>\$ 1,735,232</b>	<b>\$ 1,766,682</b>	<b>\$ 19.64</b>	<b>\$ 19.72</b>
<b>% OF BENEFITS TO TOTAL PAYROLL</b>	19.87%	20.31%		

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**ANALYSIS OF COST COMPONENTS**  
**SUPPLEMENTAL DATA**  
**Years Ended December 31, 2021 and 2020**

<b>DEPARTMENT</b>	<b>2021</b>	<b>2020</b>	<b>PER RESIDENT DAY 2021</b>	<b>PER RESIDENT DAY 2020</b>
<b>DIRECT COSTS</b>				
NURSING COSTS	\$ 7,081,250	\$ 6,956,082	\$ 80.15	\$ 77.65
THERAPY COSTS	1,185,714	1,170,389	13.42	13.07
SOCIAL SERVICES COSTS	97,523	129,868	1.10	1.45
LEISURE TIME COSTS	226,714	244,417	2.57	2.73
<b>TOTAL DIRECT COSTS</b>	<b>8,591,201</b>	<b>8,500,756</b>	<b>97.24</b>	<b>94.90</b>
<b>INDIRECT COSTS</b>				
CLEANLINESS & SAFETY COSTS	1,977,161	1,840,887	22.38	20.55
DIETARY COSTS	2,252,423	2,192,249	25.49	24.47
ADMINISTRATIVE COSTS (exl non-reimbursable & property)	2,924,256	3,322,405	33.10	37.09
<b>TOTAL INDIRECT COSTS</b>	<b>7,153,840</b>	<b>7,355,541</b>	<b>80.96</b>	<b>82.11</b>
<b>TOTAL NON -COMPARABLE COSTS</b>	<b>781,941</b>	<b>688,425</b>	<b>8.85</b>	<b>7.69</b>
<b>TOTAL PROPERTY COSTS</b>	<b>3,484,607</b>	<b>3,374,982</b>	<b>39.44</b>	<b>37.68</b>
<b>NON-REIMBURSABLE COSTS</b>				
PENALTIES & NON-REIMBURSABLE INT	28,453	70,915	0.32	0.79
PROMOTIONAL ADVERTISING	39,084	52,015	0.44	0.58
MISCELLANEOUS	237,449	74,019	2.69	0.83
<b>TOTAL NON-REIMBURSABLE COSTS</b>	<b>304,986</b>	<b>196,949</b>	<b>3.45</b>	<b>2.20</b>
<b>TOTAL EXPENSES</b>	<b>\$ 20,316,575</b>	<b>\$ 20,116,653</b>	<b>\$ 229.94</b>	<b>\$ 224.58</b>

**PREMIER CADBURY, LLC**  
**d/b/a**  
**PREMIER CADBURY AT CHERRY HILL**

**SNF DAY SUMMARY**

Years Ended December 31, 2021 and 2020

2021							
MONTH	MEDICAID RESIDENT DAYS	MEDICARE RESIDENT DAYS	PRIVATE RESIDENT DAYS	COMM INS RESIDENT DAYS	TOTAL	OCCUP. %	AVG. BED OCCUP.
JAN	1,993	604	358	442	3,397	91.32%	109.58
FEB	2,017	486	290	400	3,193	91.75%	110.10
MAR	2,173	532	589	356	3,650	98.12%	117.74
APR	2,137	497	559	372	3,565	99.03%	118.83
MAY	2,274	453	634	376	3,737	100.46%	120.55
JUN	2,156	360	650	384	3,550	98.61%	118.33
JUL	2,139	442	610	314	3,505	94.22%	113.06
AUG	2,210	491	354	340	3,395	91.26%	109.52
SEP	2,198	569	330	265	3,362	93.39%	112.07
OCT	2,319	577	367	287	3,550	95.43%	114.52
NOV	2,270	491	348	284	3,393	94.25%	113.10
DEC	2,306	489	474	272	3,541	95.19%	114.23
TOTAL	26,192	5,991	5,563	4,092	41,838	95.26%	114.31
PAYOR MIX %	62.60%	14.32%	13.30%	9.78%	100%		
PRIOR YEAR	21,740	7,195	4,247	5,425	38,607	87.90%	105.77
PAYOR MIX	56.31%	18.64%	11.00%	14.05%	100.00%		

# OF SNF BEDS 120

**ALF and ILF DAY SUMMARY**

Years Ended December 31, 2021 and 2020

2021					
MONTH	ALF	ILF	TOTAL	OCCUP. %	AVG. BED OCCUP.
JAN	2,348	1,856	4,204	66.48%	135.61
FEB	2,010	1,619	3,629	63.53%	129.61
MAR	2,133	1,680	3,813	60.29%	123.00
APR	2,017	1,650	3,667	59.92%	122.23
MAY	2,154	1,705	3,859	61.02%	124.48
JUN	2,128	1,644	3,772	61.63%	125.73
JUL	2,246	1,664	3,910	61.83%	126.13
AUG	2,329	1,688	4,017	63.52%	129.58
SEP	2,290	1,615	3,905	63.81%	130.17
OCT	2,332	1,711	4,043	63.93%	130.42
NOV	2,220	1,624	3,844	62.81%	128.13
DEC	2,174	1,674	3,848	60.85%	124.13
TOTAL	26,381	20,130	46,511	62.46%	127.43
PRIOR YEAR	24,757	26,213	50,970	68.45%	139.64

# of AL Units 66  
# of IL Units 138  
Total ALF & ILF Units 204

See Independent Auditor's Report on Supplemental Information