

**GARDEN TERRACE NURSING HOME
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
Year Ended December 31, 2023**

GARDEN TERRACE NURSING HOME

TABLE OF CONTENTS

	<u>PAGE NO.</u>
INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Balance Sheet	4
Statement of Income and Changes in Stockholders' Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
SUPPLEMENTARY INFORMATION	
Schedule I - Schedule of General and Administrative Expenses	12



Ott, Shore & Co. LLC

INDEPENDENT AUDITORS' REPORT

To Management
Garden Terrace Nursing Home
Chatham, New Jersey

Opinion

We have audited the accompanying financial statements of Garden Terrace Nursing Home (a New Jersey S-Corporation), which comprise the balance sheet, as of December 31, 2023, and the related statements of income, changes to stockholders' equity 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 assets, liabilities and stockholders' equity of Garden Terrace Nursing Home as of December 31, 2023, and its revenue, expenses and retained earnings for the year then ended, in accordance with generally accepted accounting principles.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Garden Terrace Nursing Home 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 the financial statements in accordance generally accepted accounting principles. Management is also responsible 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.



Ott, Shore & Co. LLC

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 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 Garden Terrace Nursing Home'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 Garden Terrace Nursing Home'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.



Ott, Shore & Co. LLC

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of general and administrative expenses is presented for 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 generally accepted accounting principles. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ott, Shore & Company, L.L.C.

May 15, 2025

GARDEN TERRACE NURSING HOME
BALANCE SHEET
December 31, 2023

ASSETS

Current Assets	
Cash	\$ 1,782,253
Accounts Receivable	380,628
Employee Advance	4,444
Total Current Assets	<u>2,167,325</u>
Property and Equipment	
Property and Equipment, Net of Depreciation	1,276,955
Other Assets	
Other Current Assets	4,115
Goodwill	52,551
Total Other Assets	<u>56,666</u>
	<u><u>\$ 3,500,946</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Line of Credit	\$ 19,038
Accounts Payable	70,506
Accrued Payroll	119,257
Taxes Payable	6,940
Total Current Liabilities	<u>215,741</u>
Other Liabilities	
Loan - Flemming Garden Terrace	170,000
	<u>170,000</u>
Stockholders' Equity	
Additional Paid In Capital	42,794
Common Stock	30,389
Retained Earnings	3,042,022
Total Stockholders' Equity	<u>3,115,205</u>
	<u><u>\$ 3,500,946</u></u>

The accompanying notes are an integral part of these financial statements.

GARDEN TERRACE NURSING HOME
STATEMENT OF INCOME AND CHANGES IN STOCKHOLDERS' EQUITY
Year Ended December 31, 2023

Revenues	
Fee for Service Income	\$ 5,034,283
Patient Refunds	(52,805)
Total Revenues	<u>4,981,478</u>
Operating Expenses	
General and Administrative Expenses	4,173,817
Depreciation	49,210
Total Operating Expenses	<u>4,223,027</u>
Other Income and Expense	
Interest Income	41,209
Interest Expense	(1,691)
Total Other Income and Expense	<u>39,518</u>
Net Income Before Income Taxes	797,969
Provision for Income Taxes	<u>46,168</u>
Net Income	751,801
Retained Earnings, Beginning of Year	2,728,673
Shareholder Distribution	<u>438,452</u>
Retained Earnings, End of Year	<u><u>\$ 3,042,022</u></u>

The accompanying notes are an integral part of these financial statements.

GARDEN TERRACE NURSING HOME
STATEMENT OF CASH FLOWS
Year Ended December 31, 2023

Cash Flows from Operating Activities	
Net Income	\$ 751,801
Adjustments to Reconcile Net Income to	
Net Cash Provided by Operating Activities:	
Depreciation	49,210
(Increase) Decrease in Assets:	
Accounts Receivable	(111,748)
Employee Advance	(1,564)
Increase (Decrease) in Liabilities:	
Accounts Payable	615
Accrued Payroll	11,797
Taxes Payable	6,940
Net Cash Provided by Operating Activities	<u>707,051</u>
Cash Flows from Investing Activities	
Purchase of Property and Equipment	<u>(180,152)</u>
Net Cash Used by Investing Activities	(180,152)
Cash Flows from Financing Activities	
Stockholder Distributions	<u>(438,452)</u>
Net Cash Used by Financing Activities	<u>(438,452)</u>
Net Increase in Cash	88,447
Cash at Beginning of Year	<u>1,693,807</u>
Cash at End of Year	<u><u>\$ 1,782,253</u></u>

The accompanying notes are an integral part of these financial statements.

GARDEN TERRACE NURSING HOME
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Garden Terrace Nursing Home ("the Company") is a healthcare nursing home facility medical service provider to associated patients, located in Chatham, New Jersey. The Company services primarily older adults as they experience significant changes from their lifestyle and the loss of control of many aspects of their daily lives. The Company is a thirty-bed, skilled nursing facility that specializes in long-term care for individuals with cognitive and/or physical limitations.

Method of Accounting

The Company reports its financial position and results of operations using the accrual method of accounting for financial statement reporting purposes.

Cash and Cash Equivalents

All investment instruments with original maturities of three months or less are cash equivalents. The Company had no cash equivalents at December 31, 2023.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable is recorded at the amount the Company expects to collect on balances outstanding at year-end. In the normal course of business, management extends credit to its customers and closely monitors outstanding balances and write-offs, as of year-end, all balances that it deems to be uncollectible.

The Company estimates the allowance for doubtful accounts based on management's evaluation of outstanding accounts receivable at the end of the year and their prior history of writing off uncollectible accounts. The allowance for doubtful accounts at December 31, 2023, was \$0. This is equal to the estimated collection losses that will be incurred in collection of all receivables.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense for the year ended December 31, 2023, was \$17,426

Credit Losses

The Company has adopted Financial Accounting Standards Board (FASB), Accounting Standards Update (ASU) 2016-13: Financial Instruments – Credit Losses (Topic 326) for the year ended December 31, 2023. In accordance with the new standard, management establishes an allowance for credit losses based on the current expected credit loss ("CECL") model, which is based on expected losses rather than incurred losses. The standard requires that expected credit losses are measured through the entire life of the financial asset.

Management considers all available information when estimating expected credit losses, including details about past events, current conditions, and reasonable and supportable forecasts and their implication with respect to expected credit losses. Methods used consist of credit loss percentages based on aging categories along with projected loss rates to estimate the allowance for credit losses.

GARDEN TERRACE NURSING HOME
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Credit Losses – Continued

The major risk characteristics considered by management consist of current economic conditions, customer solvency and the collectability of the relevant assets. Management believes that the historical loss information used in their analysis is a reasonable basis on which to determine expected credit losses because the composition of the assets at the reporting date are consistent with those used in developing the historical credit-loss amounts.

As of December 31, 2023, the allowance for credit losses was \$0.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes. For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system. Expenditures for repairs and maintenance are charged against operations. The estimated useful lives are:

Furniture and Fixtures	5-7 years
Equipment	3-5 years
Vehicle	5 years

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures 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 estimated by management.

Revenue Recognition

The Company is subject to the provisions of the authoritative guidance issued by the FASB for revenue recognition. The authoritative guidance establishes a five-step framework that requires an entity to recognize revenue to depict the transfer of services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. This will require the Company to identify contractual performance obligations and determine whether revenue should be recognized at a point in time or over time, based on when services transfer to a customer. The Company's revenue streams are recognized at a point in time as well as over time.

The Company adopted ASC 606, Revenue from Contracts with Customers, which amended the existing accounting standards for revenue recognition. The adoption of this new revenue standard does not have a significant impact on the amount and timing of revenue recognized in the Company's financial statements.

GARDEN TERRACE NURSING HOME
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition – Continued

Based on the Company's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

Income Taxes

The Company, with the consent of its stockholder, has elected under the applicable Federal and State of New Jersey tax laws to be an S corporation. The stockholder of an S corporation includes the Company's taxable income or loss in their federal income tax returns. There is no provision for federal taxes. However, the company did elect into the New Jersey business alternative income tax on behalf of its stockholders and as such has a state income tax provision to recognize.

Companies that are taxed as S corporations evaluate all significant tax positions as required by generally accepted accounting principles in the United States of America. As of December 31, 2023, management does not believe that they have taken any tax positions that would require the recording of any additional tax liability, nor do they believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2021, 2022 and 2023 tax years. The tax years 2020, 2021, 2022 and 2023 are open to examination by state taxing authorities.

Compensated Absences

Compensated absences for sick and personal time have not been accrued since they cannot be reasonably estimated. The Company's policy is to recognize these costs when actually paid. The Company notes accrued unused vacation time can be carried over to the first quarter of the following year. Any time not used during the first quarter of the following year will be forfeited.

Adoption of New Accounting Standard ASC 842 & Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842), for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset representing the lessee's right to use or control the use of the given asset assumed under the lease for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. In March 2019, the FASB issued ASU No. 2019-01 which is intended to improve financial reporting for lease transactions by increasing transparency and comparability among organizations. In June 2020, the FASB issued ASU No. 2020-05 which deferred the effective date to fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022, with early adoption permitted, and must be applied using a modified retrospective approach. The company does not recognize any lease as capital and therefore does not recognize a right-of-use asset under ASC 842.

GARDEN TERRACE NURSING HOME
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE 2 – PROPERTY AND EQUIPMENT

Major classes of property and equipment consisted of the following at December 31:

Vehicles	\$ 38,800
Building	61,574
Machinery & Equipment	213,039
Furniture and Fixtures	336,663
Land	35,000
Leasehold Improvements	<u>2,221,072</u>
	2,906,148
Less: Accumulated Depreciation	<u>(1,629,193)</u>
Net Property and Equipment	<u>\$ 1,276,955</u>

Depreciation expense for the year ended December 31, 2023, was \$49,210.

NOTE 3 – LINE OF CREDIT

The Company has a line of credit with a financial institution, secured by assets of the Company, whereby it may borrow up to \$250,000 with a variable interest rate of the Prime Rate plus one and one quarter percent, as published in the “Money Rates” section of the Wall Street Journal. The interest rate at December 31, 2023, was 9.25%. The outstanding balance at December 31, 2023, was \$19,038. This line is considered an “Evergreen Prime Plus-One” credit account with Chase bank opened in 2007 which has no expiration date.

NOTE 4 – LOAN PAYABLE

The Company has a non-interest bearing loan payable due with no repayment terms to its management company in the amount of \$170,000, as of December 31, 2023.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company owns and operates office space in Chatham, New Jersey. The Company has no commitments and/or contingencies for any term lease as they own the property in Chatham, New Jersey. The Company had no need to adopt FASB ASC 842 as no lease is currently in place.

NOTE 6 – CONCENTRATION OF CREDIT RISK

The Company maintains cash balances at a commercial bank. Accounts at this bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023, there were no balances exceeding the insurance limits. Management believes the Company is not exposed to any significant credit risk to cash. The Company believes there is no significant risk with any revenue, accounts receivable, or accounts payable concentrations.

GARDEN TERRACE NURSING HOME
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2023

NOTE 7 – RETIREMENT PLAN

The Company sponsors a 401(K) program for all eligible employees. The Company requires a waiting period of nine months of employment before entering the Plan. The Company has the discretion to match employee contributions. The Company's total employer match contributions amounted to \$6,650 for the year ended December 31, 2023.

The company uses ADP for all payroll and retirement plan services in which they allocate a standard 3% company match which all employees become auto-enrolled for which they must choose to opt-out from, manually.

NOTE 8 – INCOME TAXES

The component of income tax expense is New Jersey state business alternative income tax in the amount of \$46,168.

NOTE 9 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 15, 2025, the date that the financial statements were available to be issued. No significant subsequent events have been identified by management.

SUPPLEMENTARY INFORMATION

GARDEN TERRACE NURSING HOME
SCHEDULE I - SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES
Year Ended December 31, 2023

Salaries	\$ 1,626,724
Salaries - Administration	27,950
Salaries - Officer	83,750
Payroll Taxes	254,705
Retirement Contributions	6,650
Advertising and Promotion	17,426
Auto Expenses	43,892
Bank and Credit Card Fees	215
Building Expense	2,872
Disposal	13,570
Dues and Subscriptions	8,790
Insurance Expense - Auto	159,047
Insurance Expense - Employee Benefits	112,862
Insurance Expense - Life Insurance	7,901
Insurance Expense - Other	2,833
Insurance Expense - Workers Compensation	114
Kitchen & Laundry	17,532
Management Fees	870,000
Meals and Entertainment	25,704
New Jersey Corporation Balance Tax	2,250
New Jersey Real Estate Tax	54,517
New Jersey State Tax - Nursing Home	101,722
Office Expense	37,575
Other Expenses	3,443
Outside Services	99,657
Patient Food	178,403
Patient Medical Supplies	145,310
Payroll Processing Fees	10,735
Professional Development	11,585
Professional Fees	55,491
Rent - Equipment	3,554
Repairs and Maintenance	74,975
Security Expense	3,913
Telephone	19,322
Travel and Lodging Expenses	29,242
Utilities	59,586
Total	<u>\$ 4,173,817</u>

The accompanying notes are an integral part of these financial statements.