

**LIVIA HEALTH AT EAST HANOVER LLC
D/B/A LIVIA HEALTH AND SENIOR LIVING
(a limited liability company)**

**FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025**

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INDEPENDENT AUDITORS' REPORT

To the Member of
Livia Health At East Hanover LLC
d/b/a Livia Health and Senior Living

Opinion

We have audited the accompanying financial statements of Livia Health at East Hanover LLC d/b/a Livia Health and Senior Living (a limited liability company), which comprise the balance sheet as of December 31, 2025, and the related statements of earnings and member's 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 financial position of Livia Health at East Hanover LLC d/b/a Livia Health and Senior Living as of December 31, 2025, and the results of its operations, changes in member's equity, 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 Livia Health at East Hanover LLC d/b/a Livia Health and Senior Living 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 Livia Health at East Hanover LLC d/b/a Livia Health and Senior Living'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 Livia Health at East Hanover LLC d/b/a Livia Health and Senior Living'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 Livia Health at East Hanover LLC d/b/a Livia Health and Senior Living'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.

David Sonnenschein LLP

June 9, 2026

**LIVIA HEALTH AT EAST HANOVER LLC
D/B/A LIVIA HEALTH AND SENIOR LIVING
(a limited liability company)
BALANCE SHEET
AT DECEMBER 31, 2025**

ASSETS

Current assets

Cash and cash equivalents (note 2)	\$ 711,066
Restricted cash - patient funds (note 2)	428,727
Accounts receivable - net (note 3)	2,413,988
Prepaid expenses and other (note 13)	1,296,787
Total current assets	<u>4,850,568</u>

Property and equipment - net (note 4)	631,476
Due from related-entity (note 11)	60,778
Right-of-use asset (note 5)	<u>21,271,031</u>

TOTAL ASSETS	<u><u>\$ 26,813,853</u></u>
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LIABILITIES AND MEMBER'S EQUITY

Current liabilities

Line of credit payable (note 10)	\$ 500,000
Accounts payable	1,998,468
Accrued expenses	338,088
Operating lease obligation (note 5)	897,105
Finance lease obligation (note 5)	22,843
Due to private and third-party payors	395,565
Patients' funds payable	379,962
Due to landlord (note 5)	480,853
Total current liabilities	<u>5,012,884</u>

Operating lease obligation (note 5)	20,744,423
Finance lease obligation (note 5)	<u>26,711</u>
Total liabilities	<u>25,784,018</u>

Member's equity	<u>1,029,835</u>
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TOTAL LIABILITIES AND MEMBER'S EQUITY	<u><u>\$ 26,813,853</u></u>
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**LIVIA HEALTH AT EAST HANOVER LLC
D/B/A LIVIA HEALTH AND SENIOR LIVING
(a limited liability company)
STATEMENTS OF EARNINGS AND MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2025**

Revenues	\$	21,552,490
Operating expenses		<u>18,469,453</u>
Earnings from operations		3,083,037
Non-operating revenue (expenses):		
Interest income		628,424
Interest expense		<u>(238,189)</u>
NET EARNINGS		3,473,272
Member's deficiency - December 31, 2024		<u>(2,864,858)</u>
		608,414
Net member's equity contributed		<u>421,421</u>
MEMBER'S EQUITY - DECEMBER 31, 2025	\$	<u><u>1,029,835</u></u>

See accompanying notes to the financial statements.

**LIVIA HEALTH AT EAST HANOVER LLC
D/B/A LIVIA HEALTH AND SENIOR LIVING
(a limited liability company)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025**

Cash flows from operating activities	
Net earnings	\$ 3,473,272
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation	37,885
Decrease in right-of-use asset net of operating lease obligation due to straight-lining of rent	(98,787)
(Increase) decrease in assets	
Accounts receivable	(495,875)
Prepaid expenses and other	(796,746)
Due from landlord	500,853
Increase in liabilities	
Accounts payable	345,948
Accrued expenses	189,560
Due to private and third-party payors	224,357
Patients' funds payable	156,789
Net cash provided by operating activities	<u>3,537,256</u>
 Cash flows from investing activities	
Purchase of property and equipment	<u>(236,142)</u>
Net cash used in investing activities	<u>(236,142)</u>
 Cash flows from financing activities	
Finance lease payments	(22,794)
Repayment of lines of credit payable	(3,679,826)
Proceeds from line of credit payable	500,000
Due from related-entity	(60,778)
Member's equity contributed	886,206
Member's equity distributed	(464,785)
Net cash used in financing activities	<u>(2,841,977)</u>
 Net increase in cash, restricted cash, and cash equivalents	459,137
 Cash, restricted cash, and cash equivalents - December 31, 2024	<u>680,656</u>
 CASH, RESTRICTED CASH, AND CASH EQUIVALENTS - DECEMBER 31, 2025	 <u><u>\$ 1,139,793</u></u>

See accompanying notes to the financial statements.

**LIVIA HEALTH AT EAST HANOVER LLC
D/B/A LIVIA HEALTH AND SENIOR LIVING
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

Organization and business – Livia Health at East Hanover LLC d/b/a Livia Health and Senior Living (the “Company”) was formed in the State of New Jersey on June 16, 2021. The Company is licensed to operate a long-term care facility consisting of 86 long-term care beds and 37 assisted living beds in East Hanover, New Jersey and leases the land, building, and rights to its licenses on which it operates from a related landlord. The member of the Company is generally protected from liability for the acts and obligations of the Company. For the year ended December 31, 2025, skilled nursing sales represented 87% of the total sales revenue, while assisted living sales represented 13% of total sales revenue. On October 31, 2025, the Company received approval to operate a five-chair dialysis unit within the skilled nursing facility for those residents that need dialysis.

Basis of accounting – The books and records of the Company are maintained on the accrual basis 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 – The Company adopted Financial Accounting Standards Board (“FASB”) standard “Accounting Standards Update (“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 also 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 adopted “ASU 2016-13, Measurement of Credit Losses on Financial Instruments” and its related amendments using the prospective method. The 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 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 that the loss has been incurred. In accordance with Accounting Standards Codification (“ASC”) 326, the Company evaluates certain criteria, including aging and historical write-offs, current economic conditions of specific payors, and future economic conditions, to determine the appropriate allowance for credit losses. The impact of the adoption of ASC 326 on the Company’s opening balance of net assets was not material.

In 2025, the Company elected to early adopt FASB ASU 2025-05, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets” which allows it to elect a practical expedient that assumes that the current conditions used in estimating the expected credit losses for accounts receivable and contract assets balances will not change for the remaining life of the asset.

**LIVIA HEALTH AT EAST HANOVER LLC
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(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

Property and equipment – Property and equipment are stated at cost. Depreciation is computed by 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.

The FASB issued ASU 2023-01, Leases Topic (842): Common Control Arrangements, which requires a lessee, in a common control lease agreement, to amortize related leasehold improvements over the assets useful lives. The remaining useful lives of the leasehold improvements on the nursing home facility range from 5 to 30 years.

Variable interest entity – The Company adopted “ASU 2018-17, Consolidation (Topic 810) – Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements.” Under this Accounting policy, the Company elects not to evaluate for consolidation a real estate leasing company that is related to the Company through common ownership. Consequently, the financial statements do not reflect the effect, if any, of having consolidated the real estate leasing company.

Leases – The Company adopted “ASC 842, Leases.” With this 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, that 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 recognizes payments for such leases in its statement of earnings 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.

LIVIA HEALTH AT EAST HANOVER LLC
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(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

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

Revenues – Revenue is derived primarily from providing healthcare services to the Company’s 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.

Revenues 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 to determine 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, affecting net service revenue in the period such variances become known.

Income taxes – The Company is treated as a single-member LLC for federal income tax purposes and does not incur income taxes. Instead, its earnings and losses are included in the return of the single member. The policy of the Company is to record interest expenses and penalties relating to income taxes in operating expenses. During the year, there were no income tax-related interest or penalty expenses and no accrued interest or penalties.

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

Fair value of financial instruments – The carrying amounts of the Company’s assets and liabilities approximate their fair value.

Government grants – In 2021, 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.”

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.

**LIVIA HEALTH AT EAST HANOVER LLC
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(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

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 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.

Subsequent events – The Company has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through June 9, 2026, the date the financial statements were available to be issued. There were no subsequent events identified.

NOTE 2 – CASH, RESTRICTED CASH, AND CASH EQUIVALENTS

The balance in cash, restricted cash, and cash equivalents at December 31, 2025, consists of the following:

Operating cash	\$ 711,066
Restricted cash – patient funds	<u>428,727</u>
Total cash, restricted cash, and cash equivalents	\$ <u>1,139,793</u>

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.

Activity:	
Balance – December 31, 2024	\$ 501,000
Provision for credit losses	499,701
Less: write-offs	<u>(402,701)</u>
Balance – December 31, 2025	\$ <u>598,000</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2025, are summarized as follows:

	Estimated life (years)	
Leasehold improvements	5-30	\$ 569,261
Furniture and equipment	5-15	<u>1,869,216</u>
		2,438,477
Less: accumulated depreciation		<u>1,807,001</u>
		\$ <u>631,476</u>

Finance leases included in furniture and equipment were \$92,721 and accumulated depreciation related to these leases was \$21,140.

**LIVIA HEALTH AT EAST HANOVER LLC
D/B/A LIVIA HEALTH AND SENIOR LIVING
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 – PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation expense was \$37,885 for the year, which includes \$11,868 of depreciation on finance leases.

NOTE 5 – LEASES

The Company occupies its premises under an operating lease with a related entity. The lease expires on November 30, 2037, and includes options to extend for two consecutive 10-year periods. The lease provides for a monthly base rent of \$213,242 subject to 2.5% increases on each anniversary of the lease commencement date. On August 27, 2025, the operating lease with the related landlord was amended to revise the annual base rent to a minimum of 1.10% of the landlord's debt service. The lease provides for additional rent of all real estate taxes, property insurance, and maintenance costs. For the year, the Company recorded rent expense of \$2,543,191, real estate taxes of \$265,983 and property insurance of \$40,094. The balance due to the landlord at December 31, 2025, was \$480,853.

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 risk-free rate. The risk-free rate is based on the information available at the commencement date to determine 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.

The following table is a summary of components of lease expense and year-end ROU assets and lease liabilities relating to operating and finance leases at December 31, 2025, and for the year then ended.

Operating lease cost	\$ 2,783,984
Short-term lease cost	118,423
Variable lease cost	<u>65,284</u>
Total	\$ <u>2,967,691</u>

OPERATING LEASES

Operating lease ROU asset	\$ <u>21,271,031</u>
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Other current liabilities	\$ 897,105
Operating lease liabilities	<u>20,744,423</u>
Total operating lease liabilities	\$ <u>21,641,528</u>

FINANCE LEASES

Property, plant, and equipment, net	\$ <u>71,581</u>
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Other current liabilities	\$ 22,843
Operating lease liabilities	<u>26,711</u>
Total finance lease liabilities	\$ <u>49,554</u>

**LIVIA HEALTH AT EAST HANOVER LLC
D/B/A LIVIA HEALTH AND SENIOR LIVING
(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 – LEASES (CONTINUED)

WEIGHTED-AVERAGE REMAINING LEASE TERM

Operating leases	11.92 years
Finance leases	2.17 years

WEIGHTED-AVERAGE DISCOUNT RATE

Operating leases	8.00%
Finance leases	0.21%

Future lease liability maturities at December 31, 2025, are as follows:

	Operating Leases	Finance Leases
2026	\$ 2,583,013	\$ 22,925
2027	2,836,332	22,925
2028	2,836,332	3,821
2029	2,836,332	-
2030	2,836,332	-
Thereafter	<u>19,617,965</u>	<u>-</u>
Total undiscounted lease liabilities	33,546,306	49,671
Less: imputed interest on lease liabilities	<u>11,904,778</u>	<u>117</u>
Total lease liabilities	\$ <u>21,641,528</u>	\$ <u>49,554</u>

The following table presents supplemental cash flow information for the year.

Operating cash flows for operating leases	\$ 2,426,501
Operating cash flows for finance leases	131
Financing cash flows for finance leases	22,794

NOTE 6 – REVENUES

Approximately 45% of revenues for the year 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.

NOTE 7 – CONCENTRATION OF CREDIT RISK

The Company maintains its cash balances at several financial institutions. At December 31, 2025, accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per entity. At December 31, 2025, the Company had uninsured bank balances of approximately \$440,000.

At December 31, 2025, the Company had approximately 17% of its receivables due from the New Jersey Department of Health and MCOs, and 32% of its receivables due from the Federal government for Medicare recipients.

LIVIA HEALTH AT EAST HANOVER LLC
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(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 8 – ECONOMIC DEPENDENCY

During the year, the Company purchased a substantial portion of its services from one vendor. Purchases from this vendor totaled approximately \$608,500. There was no balance due to this vendor at December 31, 2025.

NOTE 9 – ADVERTISING

Advertising and recruiting expenses were \$41,998 for the year. There were no direct-response advertising costs either capitalized or expensed.

NOTE 10 – LINES OF CREDIT PAYABLE

The Company had a \$1,500,000 line of credit agreement. Interest on bank advances on the credit line are payable monthly at the applicable Prime rate plus 1.5% per annum. Draws from the line are available for up to 85% of eligible accounts receivable. For the year ended 2025, interest expense totaled \$33,056, and loan finance fees amounted to \$21,047. In August 2025, the line of credit was fully paid off and terminated.

The Company had a \$3,000,000 line of credit agreement. The line is subject to certain financial covenants and is secured by certain assets of the Companies. Interest on bank advances on the credit line are payable monthly at a rate of 8.5% per annum. Interest expense for 2025 was \$148,480. In August 2025, the line of credit was fully paid off and terminated.

In August 2025, the Company entered into a \$500,000 line of credit agreement. The line is subject to certain financial covenants and is secured by certain assets of the Companies. Interest on bank advances on the credit line are payable at a monthly rate of the greater of 6.5% per annum or the Prime rate plus 0.5% per annum. Draws from the line are available for up to 80% of eligible accounts receivable. Interest expense for 2025 was \$11,973, of which \$3,156 was included in accrued expenses. At December 31, 2025, the Company was in compliance with the financial covenants as required by the line of credit agreement.

NOTE 11 – RELATED-ENTITY TRANSACTIONS

The Company is party to a management agreement with an affiliated entity related through common ownership (the "Management Company") covering management, business office administration, bookkeeping and accounting, information technology, revenue cycle management, marketing, business development, and admissions services for its skilled nursing and assisted living operations. Services purchased from the Management Company during the year ended December 31, 2025 totaled \$410,702, and the balance due to the Management Company at December 31, 2025 was \$60,778.

NOTE 12 – EMPLOYEE BENEFIT PLANS

The Company maintains a qualified salary-reduction profit-sharing plan for eligible employees under section 401(K) of the Internal Revenue Code. The Plan provides for voluntary employee contributions through salary reductions, as well as discretionary employer contributions. There were no employer contributions made for the year ended December 31, 2025.

**LIVIA HEALTH AT EAST HANOVER LLC
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(a limited liability company)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 13 – EMPLOYEE RETENTION CREDIT

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), small employers were eligible for a refundable Employee Retention Tax Credit (“ERTC”) if they experience a significant reduction in revenues or a complete or partial suspension of operations as defined by the CARES Act. The credit was equal to 70% of qualified wages paid to an employee, capped at \$10,000 per quarter, during the first 3 quarters of 2021.

The Company determined that it met these criteria and included \$3,071,629 in revenues on the statement of earnings in 2025. Refunds in the amount of \$2,245,600 were received in 2025 and interest income of \$628,210 was recognized in connection with the receipt of these funds. At December 31, 2025, \$826,029 is included in prepaid expenses. Both the methodology used to determine eligibility for the credit and the calculation of the amount of the credit are subject to audit. The statute of limitations for Internal Revenue Service (“IRS”) examinations applicable to the third quarter of 2021 was extended to six years from the later of the original filing due date or the date the return was filed pursuant to the One Big Beautiful Bill Act (“OBBBA”). As of the date of these financial statements, the Company has not received notice of any examination or audit related to this credit.

NOTE 14 – 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.

The Company uses a corporate credit card for company purchases, with no preset spending limit. The balance due on the credit card at December 31, 2025, was \$30,285, and is included in accounts payable.

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

The Company is jointly and severally liable for a mortgage loan that is allocated to the related landlord. At December 31, 2025, the balance of the mortgage was \$29,000,000. At December 31, 2025, the related landlord was current with the loan payments, and the related landlord and the Company were in compliance with their financial covenants.

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.