Green Hill, Inc.

FINANCIAL STATEMENTS

Year Ended December 31, 2024

HMM & CO., LLP

AUDIT | TAX | CONSULTING

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Green Hill, Inc.

Opinion

We have audited the accompanying financial statements of Green Hill, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of operations and changes in net assets/(net deficit), functional expenses, 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 Green Hill, Inc. as of December 31, 2024, and the changes in its net assets 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Green Hill, Inc. 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.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming Green Hill, Inc. will continue as a going concern. As discussed in Note 12 to the financial statements, Green Hill, Inc. has suffered recurring losses from operations and has a net deficit. Management's evaluation of the events and conditions and management's plans to mitigate these matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

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 Green Hill, Inc.'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 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 Green Hill, Inc.'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 Green Hill, Inc.'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 & Co., LLP
Hauppauge, NY 11788
August 1, 2025

Green Hill, Inc.

STATEMENT OF FINANCIAL POSITION
December 31, 2024

ASSETS

CURRENT ASSETS	
Accounts receivable, net of allowance for credit losses of $1,242,017	$ 4,611,514
Prepaid expenses	57,293
Pension asset	406,322
TOTAL CURRENT ASSETS	5,075,129
ASSETS WHOSE USE IS LIMITED	452,600
PROPERTY AND EQUIPMENT, at cost less accumulated depreciation	3,433,087
DUE FROM LANDLORD	134,578
RIGHT-OF-USE ASSET	6,173,672
OTHER ASSETS	86,971
DUE FROM OTHER	13,988
TOTAL ASSETS	$ 15,370,025

LIABILITIES AND NET ASSETS/(DEFICIT)

CURRENT LIABILITIES	
Bank overdraft	$ 145,800
Accounts payable	2,315,498
Accrued payroll and payroll taxes	520,398
Accrued expenses	293,179
Operating lease liability, current portion	1,500,000
TOTAL CURRENT LIABILITIES	4,774,875
OPERATING LEASE LIABILITY, less current portion	4,673,672
DUE TO CITADEL CONSULTING GROUP	13,759,570
OTHER LIABILITIES	787,500
DUE TO THIRD PARTY AND PRIVATE PAYORS	982,260
TOTAL LIABILITIES	24,977,877
NET ASSETS/(DEFICIT)	
With donor restrictions	452,600
Without donor restrictions	(10,060,452)
TOTAL NET DEFICIT	(9,607,852)
TOTAL LIABILITIES AND NET ASSETS/(DEFICIT)	$ 15,370,025

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

Green Hill, Inc.

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS/(NET DEFICIT)

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Resident care service revenue	$ 12,158,781	$ -	$ 12,158,781
Other income	87,117	-	87,117
Total revenues and other support	12,245,898		12,245,898
Operating Expenses			
Nursing & medical	4,878,519	-	4,878,519
Therapy & ancillaries	1,040,600	-	1,040,600
Social services	264,953	-	264,953
Leisure time activities	264,123	-	264,123
Cleanliness & safety	1,245,200	-	1,245,200
Food & nutrition	1,277,653	-	1,277,653
General & administrative	4,797,768	-	4,797,768
Property	1,866,532	-	1,866,532
Non comparable	987,286	-	987,286
Assisted living	751,288	-	751,288
Total operating expenses	17,373,922	-	17,373,922
Operating Loss	(5,128,024)	-	(5,128,024)
Nonoperating Activities and Gains			
Pension Adjustment	391,846	-	391,846
Total Nonoperating Activities and Gains	391,846	-	391,846
Change in Deficit	(4,736,178)	-	(4,736,178)
Net Assets/(Net Deficit), Beginning of Year	(5,324,274)	452,600	(4,871,674)
Net Assets/(Net Deficit), End of Year	$(10,060,452)	$ 452,600	$ (9,607,852)

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

Green Hill, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

	Program Services	Management and General	Total
Salary - officers	$ 36,018	$ 370,078	$ 406,096
Other salaries	4,883,798	332,400	5,216,198
Other employee benefits	1,291,841	91,020	1,382,861
Payroll taxes	601,754	42,398	644,152
Management fees	-	652,712	652,712
Legal fees	-	109,726	109,726
Accounting fees	-	15,500	15,500
Advertising and promotion	-	16,018	16,018
Office expenses		60,970	60,970
Rent	-	1,500,000	1,500,000
Occupancy	-	622,775	622,775
Conferences and meetings		44,173	44,173
Interest		17,719	17,719
Depreciation	-	256,445	256,445
Insurance	-	338,031	338,031
Contracted services	2,319,328	23,168	2,342,496
Other direct expenses	-	485,723	485,723
Consultant fees	-	84,221	84,221
Professional fees	-	86,214	86,214
Medicaid assessment	191,663	-	191,663
Supplies	954,981	-	954,981
Credit loss expense	1,764,353	-	1,764,353
Interest & penalties		67,959	67,959
Equipment rentals	112,936	-	112,936
Total	$ 12,156,672	$ 5,217,250	$ 17,373,922

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

Green Hill, Inc.

STATEMENT OF CASH FLOWS
Year Ended December 31, 2024

Cash Flows from Operating Activities:	
Change in net deficit	$ (4,736,178)
Adjustments to reconcile change in net deficit to net cash provided by operating activities	
Depreciation	256,445
Provision for credit losses	1,764,353
Cash Provided by Operating Activities:	
Decrease (increase) in:	
Accounts receivable	(2,598,099)
Prepaid expenses	284,323
Due from other	(13,988)
Due from landlord	2,365,422
Other assets	(4,978)
Pension asset	(459,475)
Increase (decrease) in:	
Accounts payable	(1,559,960)
Accrued payroll and payroll taxes	5,317
Due to realty	(2,123,000)
Due to other	(210,112)
Accrued expenses	293,179
Due to Citadel Consulting Group	6,170,191
Due to third party and private payors	982,260
Other liabilities	787,500
Net Cash Provided by Operating Activities	1,203,200
Cash Flows from Investing Activities:	
Purchase property and equipment	(1,354,485)
Net Cash Used by Investing Activities	(1,354,485)
Cash Flows from Financing Activities:	
Bank overdraft	145,800
Net Cash Provided by Financing Activities	145,800
Net Decrease in Cash and Cash Equivalents	(5,485)
Cash and Cash Equivalents, Beginning of Year	458,085
Cash and Cash Equivalents, End of Year	$ 452,600

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

GREEN HILL INC.

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2024

(1) Summary of Significant Accounting Principles

Organization - Green Hill, Inc. (the Company) was formed as a 501(c) (3) corporation and is licensed by the New Jersey Department of Health to run and operate a continuing care retirement community ("CCRC") providing housing, health care, and other related services to elderly residents. The Company consists of 48 independent residential apartments, 88 assisted living apartments, and 77 skilled nursing beds which increased to 127 skilled nursing beds in October 2024.

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

Financial Statement Presentation - The financial statement presentation follows the recommendations prescribed in the Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) 958 "*Not for Profit Entities*." Under Accounting Standard Update 2016-14, the Company is required to classify and report information regarding its net assets and changes therein as follows:

Net Assets with Donor Restrictions

> The part of net assets of the Company that is subject to donor-imposed restrictions. Donors include other types of contributors, including makers of grants.

Net Assets without Donor Restrictions

> The part of net assets of the Company that is not subject to donor-imposed restrictions. May include net assets with self-imposed restrictions.

Revenues are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Operating Indicator - The statement of operations and changes in net assets include the operating loss. Decrease in net assets without donor restrictions that are included in the operating loss are transactions that are deemed by management to be ongoing, major, or central to the provision of services. Transactions excluded from the operating loss, consistent with industry practice, include investment income, contributed services, grant revenue and general contributions.

Cash and Cash Equivalents - The Home considers all highly liquid debt 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 Home to concentrations of credit risk consist principally of cash and cash equivalents 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 the Financial Accounting Standards Board (FASB) Accounting Codification Standards (ASC).

(1) Summary of Significant Accounting Principles (continued)

The Company's outstanding receivables are generated from third-party payors and private pay sources for resident residing in the retirement community. Third party payors include 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 whom are local residents and are insured under third party agreements. Accounts receivable from residents and third party payors were approximately as follows as of December 31, 2024:

Medicaid	12.5%
Medicare	17.8%
Other insurance	61.0%
Self pay	8.7%
Total	100.0%

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.

Revenue for performance obligations satisfied at a point in time is generally recognized when goods 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

(1) Summary of Significant Accounting Principles (continued)

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 2.

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 year ended December 31, 2024 is as follows:

	Independent Living	Assisted Living	Skilled Nursing Facility	Total
Medicaid	$ -	$ -	$ 3,122,781	$ 3,122,781
Medicare A	-	-	4,232,254	4,232,254
Medicare B	-	-	95,895	95,895
Private	35,561	1,178,483	768,203	1,982,247
Other Insurance	-	309,119	2,416,485	2,725,604
Total IL, AL, & SNF	$ 35,561	$ 1,487,602	$ 10,635,618	$ 12,158,781

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

Resident service revenue is comprised primarily of Independent Living, Assisted Living, and Skilled Nursing revenue. Revenue from other services is not a significant component of resident care service revenue. For the year ended December 31, 2024, the Company recognized revenue of $12,158,781 from goods and services that transfer to the customer over time.

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 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 Home otherwise would have recognized is one year or less in duration.

Allowance for Credit Losses - The Company operates in the Long-term Care industry and its accounts receivables are primarily derived from Medicaid, Medicare, Private and Other Insurance. The Company recognizes an expected allowance for credit losses that is updated to reflect any changes in credit risk

(1) Summary of Significant Accounting Principles (continued)

since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist, and receivables evaluated individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible.

The estimated allowance for credit losses is based on historical, current, and expected future conditions. The historical component is derived from a review of the Company's historical losses based on the aging of receivables. However, the current and expected future economic conditions have deteriorated as compared with the economic conditions included in the historical information. As a result, the allowance for credit losses (18% of gross accounts receivable as of January 1, 2024) was increased to 21% of gross accounts receivable as of December 31, 2024 to adjust for the impact of current and expected future conditions on historical losses including write offs.

Assets Whose Use is Limited - Assets whose us is limited includes assets set aside by the board of trustees for the general use and purposes of the Corporation, assets to be held by the Corporation in perpetuity, and assets held by a bond trustee under a trust indenture.

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	5 - 15 Years
Major Movable Equipment	2 - 10 Years
Computers & Automobiles	5 Years

Long-Lived Assets - The Company assesses 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 2024, the Company did not record any impairment charges.

Leases - The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of Right-of-Use (ROU) assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

Finance leases are included in property and equipment and finance lease liability on the statement of financial position. The Company allocates the consideration to the lease and non-lease components using their relative standalone values, when applicable.

(1) Summary of Significant Accounting Principles (continued)

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Leases may include variable lease payments and renewal options. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Contribution and Grant Revenue - Unconditional donor promises to give cash, marketable securities, and other assets are reported at fair value and discounted to present value at the dated the promise is received to the extent estimated to be collectible. Conditional donor promises to give and indications of intentions to give are not recognized until all donor-imposed conditions are met. Pledges received with donor restrictions that limit the use of the donated assets are reported as donor contributions with donor restrictions in the Statement of Operations and Changes in Net Assets/(Net Deficit). When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the Statement of Operations and Changes in Net Assets/(Net Deficit) as net assets released from restriction and within other revenue reported in the Statement of Operations and Changes in Net Assets/(Deficit).

Tax status - The Company has been approved for an exemption from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code. The Company has determined that there are no material uncertain tax positions that require recognition in the financial statements.

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.

Functional Allocation of Expenses - The Statement of Functional Expenses present expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns. Those expenses include payroll, employee benefits, and general expenditures. These expenses are allocated on the basis of periodic time and expense studies.

Pension and Savings Plans - FASB ASC 715 requires entities to recognize a net liability or asset and an offsetting adjustment to changes in net assets without donor restrictions to report he funded status of defined benefit and pension and other postretirement benefit plans. Additionally, FASB ASC 715 requires entities to measure plan assets and obligations at their year-end statement of financial position date.

(1) Summary of Significant Accounting Principles (continued)

Subsequent Events - The Company has evaluated subsequent events through August 1, 2025, 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 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.

Restricted Cash	$ 452,600
Cash, Cash Equivalents, and Restricted Cash as presented on the Statement of Cash Flows	$ 452,600

(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 NJ Department of Health. Reimbursements for Medicaid services are generally paid at prospectively determined rates per day.

Other: Payment agreements with certain commercial insurance carriers and health maintenance organizations 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 Company 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 activity, including an assessment to ensure that it is probable that a significant reversal in the amount of

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

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, 2024. 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.

Accounts receivable as of December 31, 2024 and January 1, 2024 was $4,611,514 and $3,777,768, respectively.

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

Due to Medicaid - credit balances	$ 25,169
Due to Private - cedit balances	157,764
Due to Medicare - credit balances	23,503
Due to other - credit balances	775,824
Total	$ 982,260

Medicaid Rate Changes – Medicaid rates are subject to change during the year. Listed below are the rates that became effective for the year ended December 31, 2024:

	Rate
SNF - 1/1/2024 - 6/30/2024	$262.38
SNF - 7/1/2024 - 12/30/2024	$280.90

(4) Allowance for Credit Losses

Changes in the allowance for credit losses for the year ended December 31, 2024 by portfolio segment were as follows:

	Accounts Receivable				
	Medicaid	Medicare	Private	Other Insurance	Total
Beginning balance	$ 86,842	$ 173,650	$ 303,518	$ 257,533	$ 821,543
Provision for credit losses	186,503	372,932	651,838	553,080	1,764,353
Write-offs	(142,056)	(284,056)	651,838	(1,569,604)	(1,343,879)
Ending Balance	$ 131,289	$ 262,526	$ 1,607,194	$ (758,991)	$ 1,242,017

(5) Property and Equipment

Property and equipment consists of the following:

Leasehold Improvements	$	3,103,818
Major Movable Equipment		1,000,412
Total Cost		4,104,230
Accumulated Depreciation		(671,143)
Net Property and Equipment	$	3,433,087

The depreciation and amortization charged to operations for the year ended December 31, 2024 was $256,445. The depreciation policies followed by the facility are described in Note (1).

(6) Due from Landlord

On April 9, 2019, the Company sold the land and property to Valley Hill Properties, LLC, a unrelated entity. As part of the settlement agreement, Valley Hill Properties, LLC agreed to fund $2.5 million of repair renovations to the building. As the renovations continued, the realty paid down the balance owed. As of December 31, 2024, the balance due is $134,578.

(7) Due to Citadel Consulting

Citadel Consulting Group is a non-related party that helps to fund the operational needs of the Company. The amount has no set repayment terms and accrues no interest. The balance is set to be repaid if and when there is a sale of the entity. The balance due as of December 31, 2024 is $13,759,570.

(8) Other Liabilities

On March 20, 2024, the Company entered into an interest bearing promissory note with Leopold Friedman for $787,500 at an interest rate of 3% annually until the lender demands the full payment, with the stipulation that no demand for payment shall be made earlier than 120 days from the effective date. Monies were borrowed to transfer certain license rights for fifty (50) skilled nursing/long term care beds in October 2024. Interest expense for the year ended December 31, 2024 was $17,719. The balance due as of December 31, 2024 is $787,500.

(9) Pension Plan

Defined Benefit Pension Plan - The Company sponsors a funded noncontributory defined benefit pension plan for its full-time non-union employees. The plan provides benefits based on years of service and employees' compensation during years preceding retirement. The plan was frozen as of March 31, 2007.

The following is a reconciliation of the beginning and ending balances of the projected benefit obligation and fair value of plan assets and the accumulated benefit obligation at December 31, 2024:

(9) Pension Plan (continued)

Change in benefit obligation:		
Benefit obligation, beginning of year	$	5,257,958
Interest cost		252,825
Benefits paid		(339,443)
Actuarial loss		(9,111)
Adjustment due to change in assumptions		(252,776)
Benefit obligation, end of year		4,909,453
Change in plan assets:		
Fair value of plan assets, beginning of year		5,204,805
Actual return on plan assets (net of expense)		450,413
Benefits paid		(339,443)
Fair value of plan assets, end of year		5,315,775
Funded status at end of year	$	406,322
Accumulated benefit obligation	$	4,909,453

The funded status of the plan is reflected in the statement of financial position as a pension plan asset of $406,322 at December 31, 2024.

Net periodic pension costs is comprised of the following:

Interest cost	$	243,714
Actual return on plan assets - (gain) loss		(450,413)
Recognized actuarial gain (loss)		147,049
Net periodic pension cost/(credit)	$	(59,650)

A net loss of 308,885 represents the unrecognized component of net periodic pension cost included in net assets without donor restrictions at December 31, 2024.

The pension adjustment reflected in the statement of operations and changes in net assets/ (net deficit) as of December 31, 2024 was $391,846.

Assumptions – The weighted-average assumptions used to determine Green Hill's benefit obligation for the plan are as follows:

Discount Rate	5.49%
Rate of compensation increase	N/A

(9) Pension Plan (continued)

The weighted-average assumptions used in the measurement of net periodic pension costs are as follows:

Discount rate	5.49%
Expected long-term return on plan assets	N/A
Rate of compensation increase	N/A

Management established the assumption for the expected long-term return on plan assets and the discount rate after consulting with the plan's investment advisor and actuary. Considerations in establishing the expected long-term return on plan assets included the portfolio mix, the target asset allocation, and the future expectations for investment returns for each asset class.

Plan Assets - The following table sets forth the target asset allocation for plan assets at December 31, 2024.

		Fair Value	Actual Asset Allocation	Target Asset Allocation
Asset categories:				
Pooled separate accounts:				
Equity securities	$	3,315,311	84%	60%
Fixed income securities		2,000,464	16%	40%
Total	$	5,315,775	100%	100%

The pooled separate accounts are classified as Level 2 investments and are valued based upon the fair value of their underlying assets derived principally from or corroborated by observable market data by correlation or other means. The plan did not have any assets whose fair values were measured using Level 1 or Level 3 inputs at December 31, 2024.

The plan's investment policy is designed to achieve the following long-term investment objectives:

- To maintain or exceed a target funding level of 100% of the plan's liabilities, defined as the market value of the portfolio assets as a percentage of the accumulated benefit obligation;
- To achieve a long-term rate of return of 7%, as established by the plan's actuarial consultant;
- Recognize that pension liabilities are of a long-term nature; the objective is to achieve these goals over a three to five-year time frame.

Cash Flows – The Company does not expect to make a contribution to the plan in 2024. The following benefit payments are expected to be paid:

(9) Pension Plan (continued)

Years ending December 31:		
2025	$	94,000
2026		398,000
2027		390,000
2028		392,000
2029		384,000
2030- 2034		1,968,000
Total	$	3,626,000

Defined Contribution Plan - The Company established a defined contribution plan (the Plan), effective April 1, 2007 for all non-union employees. Each year the Company can contribute to the Plan a discretionary contribution, as defined in the Plan. For the year ended December 31, 2024, the Company did not make any contributions related to the Plan.

(10) Lease Agreement

The Company has an operating lease for the building.

Operating Leases - An arm's length lease (expiring April, 2029) between Valley Hill Properties, LLC (lessor) and the Company (lessee) obligates the Company for rent. The lessor and lessee intend to renew the lease upon expiration of the current lease. Rent charged, under this lease, calls for annual net monthly rental payment of $75,000 through August 2020, then $125,000 thereafter. Upon notice to Tenant from Landlord of the amount of any additional charges due to Mortgagee, such amount shall be paid by Tenant within five (5) business days (the "Adjustment"). Payment of the preliminary payment plus the Adjustment shall constitute the minimum rent. The straight-line basis of the lease approximates the effective interest method. Rent expense for the year ended December 31, 2024 was $1,500,000.

The following summarizes the line items in the statement of financial position which include amounts for an operating lease as of December 31:

Operating Lease		
Operating lease right-of-use-asset	$	6,173,672
Operating lease liability, current portion	$	1,500,000
Operating lease liability, long-term		4,673,672
Total operating lease liability	$	6,173,672

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

Weighted Average Remaining Lease Term	
Operating lease	5 years

(10) Lease Agreement (continued)

The lease liability maturities as of December 31, 2024 were as follows:

Year Ending December 31:		Operating
2025	$	1,500,000
2026		1,500,000
2027		1,500,000
2028		1,500,000
2029		375,000
Total lease payments	$	6,375,000
Less present value discount:		(201,328)
Present Value of lease liability	$	6,173,672

The following summarizes the line items in the statement of operations and changes in net assets/(net deficit) which include the components of lease expense for the year ended December 31:

Operating lease costs:		
Operating leases, included in operating expenses	$	1,500,000
Short-term lease payments, included in operating expenses		112,936
Total operating leases costs	$	1,612,936

The following summarizes cash flow information related to the lease for the year ended December 31:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating lease	$	1,612,936

(11) 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 under cost reimbursement agreements are subject to audit and retroactive adjustment. Provisions have not been made in the financial statements for the effect of such adjustments, if any, relating to this matter.

(12) Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2024, comprise the following:

(12) Liquidity and Availability (continued)

Financial assets at year end	
Accounts receivable	$ 4,611,514
Total financial assets	4,611,514
Less amounts not available to be used within one year	
Assets limited as to use	(452,600)
Financial assets availbale to meet	
general exependitures within one year	$ 4,158,914

The Company manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and working to maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the Company forecasts its future cash flows and monitors its liquidity monthly, and monitors its reserves, when applicable, annually.

(13) Going Concern

The accompanying financial statements have been prepared in conformity with U.S. GAAP, which contemplates the continuation of the Company as a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations.

However, the Company incurred net operating losses of ($5,128,024) for the year ended December 31, 2024. At December 31, 2024, the Company has a net deficit of ($9,607,852). The Company's operations and ability to meet its cash needs is dependent on the occupancy rate of the entities, ability to collect on charged resident service fees, ability to manage expenses, and the ability to attract and retain its workforce.

Management has evaluated the potential effect of these factors and sought to take mitigating action to improve the Company's ability to continue as a going concern. The Company has taken specific actions to attempt to improve its financial position to a degree that would generate cash flow available for operations. Factors considered and steps taken include:

- On July 29, 2024, the Company received Certificate of Need (CON) approval, from the New Jersey Department of Health, to add 50 skilled nursing beds to its organizational structure for a new combined total of 127 licensed beds. By doing so, the Company hopes to be more marketable and provide better cash flows with the increased census.
- In 2025, Green Hill outsourced its dietary services to Healthcare Services Group, a strategic move expected to reduce costs by lowering payroll and benefit expenses while enhancing the overall quality of service.
- Additionally in 2025, a change in facility administration was implemented during the year, further contributing to operational cost savings.
- Throughout 2025, the facility also hosted numerous marketing events aimed at increasing census, which is anticipated to drive higher revenue.

(13) Going Concern (continued)

The Company has been advised, by the landlord, that there is an interest in selling the real estate and they will be entertaining bids for a possible sale. In those discussions, some of the bidders may be interested in acquiring the assets of the Company. Permission was requested, from the Board, to retain advisors and advise them about the feasibility of a sale.

Management will continue to explore all opportunities to improve operating results and continue to increase working capital. Historical operating results indicate that there is a substantial doubt about the entity's ability to continue as a going concern for a period of time extending at least one year from the date these financial statements are available to be issued. Management believes that actions, discussed above, are sufficient to meet the liquidity needs for at least a period of one year form the issuance of the financial statements. However, management cannot predict, with certainty, the outcome of these actions to generate liquidity or whether such actions would generate the expected liquidity as currently planned. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.