

EXHIBIT K

Resorts of Augsburg Corp.

&

Resorts at Augsburg Corp.

2025 DISCLOSURE STATEMENT

End of Fiscal Year: December 31, 2024

Date Submitted: May 15, 2025

The issuance of a Certificate of Registration does not constitute approval, recommendation, or endorsement of the facility by the Maryland Department of Aging, nor is it evidence of, or does it attest to the accuracy or completeness of the information set out in the disclosure statement.

TABLE OF CONTENTS

1.	NAME, ADDRESS, AND DESCRIPTION OF THE FACILITY	4
2.	ORGANIZATIONAL STRUCTURE AND MANAGEMENT.....	4
3.	TAX EXEMPT STATUS.....	4
4.	AFFILIATION WITH RELIGIOUS ORGANIZATIONS	4
5.	AFFILITATIONS WITH CHARITABLE ORGANIZATIONS	5
6.	DESCRIPTION OF FEES	5
7.	OPERATING RESERVE REQUIREMENTS.....	6
8.	FINANCIAL STATEMENT.....	6
9.	LONG TERM FINANCING	6
10.	CASHFLOW FORECAST STATEMENT AND PROJECTIONS.....	6
11.	NAMES AND OCCUPATIONS OF THE BOARD OF DIRECTORS AND OFFICERS NAME OCCUPATION	7
12.	PROFESSIONAL SERVICES/FINANCIAL INTEREST	7
13.	ANNUAL MEETING, GOVERNING BODY	7
14.	FINANCIAL INTEREST PROVIDING GOODS	8
15.	OCCUPANCY POLICY	8
16.	ACTIVE CONTRACTS	8
17.	COMMUNITY FEE	8
18.	ENTRANCE FEE	9
19.	MONTHLY FEE	11
20.	CONVICTED	11
21.	SUMMARY OF BASIC SERVICES – ILF	11
22.	SUMMARY OF BASIC SERVICES –ALF	12
23.	SUMMARY OF BASIC SERVICES – SKILLED NURSING FACILITY (SNF).....	13
24.	COSTS FOR HEALTH-RELATED SERVICES	14
25.	GRIEVANCE PROCEDURE.....	16
26.	GOVERNING BODY & MEETINGS WITH RESIDENTS	17
27.	RESIDENT COUNCIL	17
28.	RESIDENT ASSOCIATION.....	18
29.	PLANNED RENOVATION AND EXPANSION.....	18
30.	OTHER DISCLOSED INFORMATION	18

31.	AMENDMENTS TO THIS DOCUMENT	18
------------	--	-----------

1. NAME, ADDRESS, AND DESCRIPTION OF THE FACILITY

- a. Effective January 1, 2024, Resorts at Augsburg Corp d/b/a/ Heritage at Augsburg took ownership of and began operating the Independent Living Facility (“ILF”), and Resorts of Augsburg Corp. took ownership of and began operating the Assisted Living Facility (“ALF”) and Skilled Nursing Facility (“SNF”) (Resorts of Augsburg and Resorts at Augsburg, collectively, the “Provider”). The ILF contains 98 independent living units, the ALF contains 52 assisted living beds, and the SNF contains 131 nursing care beds (the ILF, ALF, and SNF, collectively, the “Community”). The Provider and Community herein are collectively referred to as the “CCRC.”
- b. The CCRC is situated on two contiguous parcels of land located at 6811 and 6825 Campfield Road Baltimore MD 21207. The parcel designated 6811 Campfield Road is owned by 6825 Campfield LLC, and the parcel designated 6825 Campfield Road is owned by 6825 Camp Road LLC.

2. ORGANIZATIONAL STRUCTURE AND MANAGEMENT

- a. Resorts at Augsburg Corp and Resorts of Augsburg Corp are for-profit corporations incorporated in the State of Maryland.
 - i. Resorts at Augsburg Corp.
 - 1) The sole shareholder and president is Mindy Rosenberg.
 - a) Address: 6811 Campfield Road, Baltimore, Maryland
 - b) Phone number: 732-335-6951
 - 2) The Manager and CEO is Peter Pappas.
 - a) Address: 6811 Campfield Road, Baltimore, Maryland
 - b) Phone Number: 410-486-4573
 - ii. Resorts of Augsburg Corp.
 - 1) The sole shareholder and president is Mindy Rosenberg.
 - a) Address: 6811 Campfield Road, Baltimore, Maryland
 - b) Phone number: 732-335-6951
 - 2) The Manager and CEO is Peter Pappas.
 - a) Address: 6811 Campfield Road, Baltimore, Maryland
 - b) Phone Number: 410-486-4573

3. TAX EXEMPT STATUS

- a. The CCRC is a for-profit organization, and is therefore, not tax-exempt.

4. AFFILIATION WITH RELIGIOUS ORGANIZATIONS

- a. The CCRC has no affiliation with any religious organization.

5. AFFILITATIONS WITH CHARITABLE ORGANIZATIONS

- a. The CCRC has no affiliation with any charitable or other nonprofit organization. No other entity is responsible for the financial and contractual obligations of the CCRC.

6. DESCRIPTION OF FEES

- a. The CCRC annually reviews the fees for services.
- b. CCRC Fees. The CCRC has outlined the general fees for each Facility in the Community in **Exhibit 1**. *See 2025 CCRC Rate Sheet Summary and CCRC History of Fees*, annexed hereto as **Exhibit 1**.
 - i. Heritage at Augsburg (ILF):
 - 1) Upon presentation of the Admission Agreement, the Resident is provided with a Rate Sheet. *See 2024 Heritage at Augsburg ILF Basic Rate Sheet*, annexed hereto as **Exhibit 2**. In Fiscal Year (“FY”) 2024, the ILF did not offer an Entrance Fee buy-in option with their agreement. The Facility began offering this Agreement option Effective January 1, 2025.
 - 2) Before signing the Agreement, the Facility’s Representative is required to complete the Fee Schedule for the Resident, which shows an itemized list of all charges, and whether they are: (a) non-refundable; (b) monthly; (c) annually; or (d) refundable. *See 2024 Heritage at Augsburg ILF Fee Schedule & Apartment Information*, annexed hereto as **Exhibit 3**.
 - ii. Resorts of Augsburg (ALF):
 - 1) Upon presentation of the Admission Agreement, the Resident is provided with a Rate Sheet. *See 2024 2024 Resorts of Augsburg Basic Rate Sheet*, annexed hereto as **Exhibit 4**.
 - 2) Before signing the Agreement, the Facility’s Representative is required to complete the Fee Schedule for the Resident, which shows an itemized list of all charges and whether they are: (a) non-refundable; (b) monthly; (c) annually; or (d) refundable. *See 2024 Resorts of Augsburg ALF Fee Schedule & Apartment Information*, annexed hereto as **Exhibit 5**.
 - iii. Resorts of Augsburg (SNF):
 - 1) Upon presentation of the Admission Agreement, the Resident is provided with a Rate Sheet. *See 2024 Resorts of Augsburg SNF Rate Sheet*, annexed hereto as **Exhibit 6**.
- c. Adjustment to Fees History:
 - i. Heritage at Augsburg (ILF):
 - 1) In FY 2025, the ILF began offering an Admission Agreement with an option for an Entrance Fee buy-in. *See 2025 Heritage at Augsburg Basic Rate Sheet*, annexed hereto as **Exhibit 7**.

- 2) In FY 2025 The ILF made the respective change to their Fee Schedule in their Agreement. *See 2025 Fee Schedule & Apartment Information*, annexed hereto as **Exhibit 8**.
- ii. Resorts of Augsburg (ALF): No changes made for FY 2025.
- iii. Resorts of Augsburg (SNF): No changes made for FY 2025.

7. OPERATING RESERVE REQUIREMENTS

<u>THE CCRC</u>	<u>12/31/2024</u>
Total Operating Expenses	20,197,470
Less:	
Depreciation	(-1,514,810)
Interest and Amortization	<u>(1,193,534)</u>
Net Operating Expenses	17,489,126
Minimum Statutory Operating Reserve Requirement	25%
Statutory Operating Reserve Requirement	<u>4,372,281</u>
Cash and Cash Equivalents And Investments	4,670,667

- a. The Operating Reserve Requirement is kept with Connect One Bank and reviewed yearly Mindy Rosenberg.

8. FINANCIAL STATEMENT

- a. Pursuant to HSA §10-425(a)(12) and COMAR 32.02.01.21C(10), a copy of the CCRC's most recent certified financial statements for Fiscal Year 2024 is at available as **Exhibit 9**. *See December 31, 2024, Financial Statements for Resorts of Augsburg Corp and Resorts at Augsburg Corp.*, annexed hereto as **Exhibit 9**.

9. LONG TERM FINANCING

- a. Resorts of Augsburg Corp. has taken a \$18,000,000 loan from Connect One Bank with a five (5) year term, with the first two (2) years being interest only.

10. CASHFLOW FORECAST STATEMENT AND PROJECTIONS

- a. This property does not require a feasibility study, hence none have been submitted for approval to the Maryland Department of Health.
- b. The Department of Aging conducted an evaluation of disclosure statements from previous ownership, submitted as part of a sale and transfer of ownership in 2023.

- c. Pursuant to HSA §10-425(a)(14) and COMAR 32.02.01.21C(14), the CCRC provides a Cashflow Forecast statement for the next two (2) Fiscal Years in **Exhibit 10**. See 2025-2027 CCRC Cashflow Forecast, annexed hereto as **Exhibit 10**.

11. NAMES AND OCCUPATIONS OF THE BOARD OF DIRECTORS AND OFFICERS NAME OCCUPATION

a. Resorts of Augsburg Corp.

- 1) The sole shareholder and president is Mindy Rosenberg.
 - a) Address: 6811 Campfield Road, Baltimore, Maryland
 - b) Phone number: 732-335-6951
- 2) The Manager and CEO is Peter Pappas.
 - a) Address: 6811 Campfield Road, Baltimore, Maryland
 - b) Phone Number: 410-486-4573

ii. Resorts at Augsburg Corp.

- 1) The sole shareholder and president is Mindy Rosenberg.
 - a) Address: 6811 Campfield Road, Baltimore, Maryland
 - b) Phone number: 732-335-6951
- 2) The Manager and CEO is Peter Pappas.
 - a) Address: 6811 Campfield Road, Baltimore, Maryland
 - b) Phone Number: 410-486-4573

12. PROFESSIONAL SERVICES/FINANCIAL INTEREST

- a. Resorts of Augsburg Corp. and Resorts at Augsburg Corp. are each a Maryland stock corporation with Mindy Rosenberg as the sole shareholder and president.

13. ANNUAL MEETING, GOVERNING BODY

a. Governing Body

- i. There is no governing body for the CCRC.
- ii. The CCRC's Designated Officer is Peter Pappas, Regional Director of Operations. Mr. Pappas' responsibilities include:
 - 1) Overseeing the strategic and day-to-day operations across multiple levels of care, including independent living, assisted living, and skilled nursing.
 - 2) Ensuring regulatory compliance, financial performance, and high standards of resident care and satisfaction.

- 3) The Regional Director of Operations leads and supports Executive Directors and interdisciplinary teams, driving initiatives that enhance quality outcomes, staff engagement, and overall community performance.
 - 4) His focus is to foster a culture of excellence while aligning operations with the organization's mission and long-term goals.
- b. Annual Meeting
 - i. The CCRC meets twice a year with the subscriber association.
 - ii. Peter Pappas is selected to represent the interests of CCRC in this meeting with the subscriber association.

14. FINANCIAL INTEREST PROVIDING GOODS

- a. N/A.

15. OCCUPANCY POLICY

- a. Single Occupancy Unit Policy. Residents in single occupancy apartments have the exclusive right to use their unit and the facility's common areas for residential purposes only, and must maintain the apartment in good, clean condition. No one else may live in the apartment without the Executive Director's written approval, except for short-term guests as allowed by the Facility. If a single resident terminates their agreement, they must provide appropriate written notice, or the agreement will end automatically upon their death.
- b. Double Occupancy Unit Policy. For double occupancy apartments, both residents have equal rights and responsibilities. If one resident transfers to another level of care, the remaining resident is billed the full Monthly Occupancy Fee for the apartment, and the transferred resident is billed for the applicable care level. If one resident terminates occupancy, the other may remain in the apartment under single occupancy terms or request a transfer to a smaller unit, subject to availability and applicable fees. Termination of the agreement by both residents requires joint written notice at least 120 days in advance. If the residents paid separate portions of the Entrance Fee, financial responsibilities and offsets apply jointly or individually, depending on the circumstances.

16. ACTIVE CONTRACTS

- a. Currently, in FY 2025 the ILF has the following Active Contracts:
 - i. Total Rental Units: 33.
 - ii. Occupied Rental Units: 22.
 - iii. Rental Units Available: 11.
 - iv. Couples in Rental Units: 11.

17. COMMUNITY FEE

- a. Pursuant to MD Human Services Code Ann. § 10-401(k)(1)-(3) (2020), Heritage at Augsburg's Community Fee does not qualify as an "Entrance Fee." This is identified in the Residency Agreement. The Community Fee ranges from \$2,500.00 to \$3,000.00; whereas the Entrance Fee can be \$100,000.00, for example.
- b. At the time the Resident executes the Lease, the Resident pays the Facility a one-time fee Community Fee in the amount stated in Schedule A appended to the Lease.
- c. The Community Fee is a one-time upfront surcharge in addition to all other fees, which is used to cover costs associated with, among other things, preparing the apartment for new residents, administrative costs associated with new move-ins, the Resident's initial service coordination plan, move-in assistance, and to establish a replacement reserve for facility improvements, and which is determined, in part, on the size of the apartment to be occupied.
- d. The Community Fee is non-refundable, unless the Residence Agreement is terminated prior to the resident taking possession of the designated unit, in which case, the Community Fee is 100% refundable.
- e. The Community Fee is not a security deposit and is not intended to secure the performance of any obligation of the Resident under the Residency Agreement.

18. ENTRANCE FEE

- a. Effective January 1, 2025, an Entrance Fee in the amount specified in Schedule A attached to the Residence Agreement is due from Resident prior to Occupancy Date. *See Exhibit 1; see also Exhibit 8.*
- b. The Entrance Fee is not a security deposit and is not intended to secure the performance of any obligation of the Resident under the Residence Agreement.
- c. The Entrance Fee is not and shall not be held in trust or escrow for the benefit of the Resident after the Occupancy Date.
- d. The Entrance Fee, where charged, guarantees a resident continuing care for the life of the resident or a period exceeding 1 year, subject to the terms and conditions of the Residence Agreement and applicable law. *See HSA §10-401(k).*
- e. The Entrance Fee will be reduced or increased in the event the number of occupants in the Apartment changes.
- f. Prior to a resident's occupancy, the Entrance Fee is fully refundable, subject only to deductions in the amount of a one-time, non-refundable processing fee not to exceed \$300.00 per individual, actual special costs for modifications or restoration thereof agreed to in writing by the resident, and under certain circumstances, a forfeiture of no more than 25% of any Entrance Fee deposit. These terms are more fully described in the Residence Agreement at Section VII.B.

- g. During the first ninety (90) days of a resident's occupancy (the "Adjustment Period"), the Entrance Fee is fully refundable, subject only to deductions in the amount of a one-time, non-refundable processing fee not to exceed \$300.00 per individual, actual special costs for modifications or restoration thereof agreed to in writing by the resident, and under certain circumstances, a forfeiture of no more than 25% of any Entrance Fee deposit, and the amount of any monthly occupancy fee, charges for optional services, or other sums owed to the ILF by the resident under the Residence Agreement. These terms are more fully described in the Residence Agreement at Section VII.F. and Section VII.L.
- h. After the first ninety (90) days of a resident's occupancy, the Entrance Fee is refundable in a tiered manner in accordance with the terms set forth in Section VII.H. of the Residence Agreement and as more fully set forth below.
- i. The Entrance Fee Refund Schedule follows the schedule outlined below:

Refund Schedule Referenced in Section VII	
Effective Date of Termination Occurs:	Percentage Amount of Entrance Fee to Be Refunded
Between 1 day after the Adjustment Period ends and the first anniversary of the Occupancy Date	90%
Between 1 day after the first anniversary of the Occupancy Date and the second anniversary of the Occupancy Date	80%
Between 1 day after the second anniversary of the Occupancy Date and the third anniversary of the Occupancy Date	70%
Between 1 day after the third anniversary of the Occupancy Date and the fourth anniversary of the Occupancy Date	60%
Between 1 day after the fourth anniversary of the Occupancy Date and the fifth anniversary of the Occupancy Date	50%
Between 1 day after the fifth anniversary of the Occupancy Date and the sixth anniversary of the Occupancy Date	40%
Between 1 day after the sixth anniversary of the Occupancy Date and the seventh anniversary of the Occupancy Date	30%
Between 1 day after the seventh anniversary of the Occupancy Date and the eighth anniversary of the Occupancy Date	20%
Between 1 day after the eighth anniversary of the Occupancy Date and the ninth anniversary of the Occupancy Date	10%

Anytime beginning 1 day after the ninth anniversary of the Occupancy Date	0%
---	----

- j. The Residence Agreement has a Payable on Death (“POD”) Beneficiary Designation form that permits a resident to identify a beneficiary for a Refund, should it apply. *See Refund Schedule and POD Beneficiary Designation Form, Exhibit 11.*

19. MONTHLY FEE

- a. A monthly fee for the Resident’s use and occupancy of the Apartment and Common Areas (the “Monthly Occupancy Fee”) in the amount specified in the Schedule A to the Agreement shall be due from Resident each month regardless of whether Resident has received an invoice from CCRC for the amount due. Prior to the commencement of the Occupancy Date, the Resident shall pay the first month’s Monthly Occupancy Fee, which shall be pro-rated appropriately if the Occupancy Date is not on the first day of the month. If the number of occupants of the Apartment changes, the Monthly Occupancy Fee may be increased. See **Exhibits 1, 2, 4, 6, and 10.**

20. CONVICTED

- a. Neither Mindy Rosenberg nor Peter Pappas have:
- i. Been convicted of, or pleaded nolo contendere to, a felony charge involving fraud, embezzlement, fraudulent conversion, or misappropriation of property;
 - ii. Been held liable, or enjoined by a final judgment, in a civil action involving fraud, embezzlement, fraudulent conversion, or misappropriation as a fiduciary;
 - iii. Been subject to an effective injunctive or restrictive order of a court of record arising out of or relating to business activity or health care, including actions affecting a license to operate any facility or service for aging, impaired, or dependent persons; or
 - iv. Had any state or federal license or permit suspended or revoked within the past 10 years, as a result of an action brought by a governmental agency arising out of or relating to business activity or health care, including actions affecting a license to operate any facility or service for aging, impaired, or dependent persons.

21. SUMMARY OF BASIC SERVICES – ILF

- a. Items Included in the Monthly Service Fee:
- i. Main (evening Meal Daily) - Available for an additional monthly amount.
 - ii. Monthly Housekeeping
 - iii. Weekly Flat Linen Service
 - iv. Scheduled Local Transportation
 - v. 24-hour Emergency Call Response
 - vi. Trash Removal
 - vii. Parking
 - viii. Security Alarm System

- ix. Building & Ground Maintenance
- x. Water & Sewer Utilities
- xi. Community Activities
- xii. Access to Community Facilities
- xiii. Maintenance and Replacement of Apartment Appliances and Equipment
- b. Optional Services at an Extra Charge:
 - i. Guest Meals and Accommodations
 - ii. Meal Tray Service
 - iii. Dietician Supervised Meals
 - iv. Individual Transportation
 - v. Pharmacy and Medical Lab Services
 - vi. Physician Visits Weekly
 - vii. Nursing Care (Health Center)
 - viii. Cable TV
 - ix. Additional Housekeeping and Laundry Services
 - x. Beauty Shop
- c. Residents of the Independent Living apartments are given priority by the general public for admission to skilled nursing and assisted living.
 - i. In the event bed space is not available, Independent Living residents will receive assistance in obtaining space elsewhere at the residents' own cost.
- d. Each level of care involves a separate contract and any admissions to Independent Living, Assisted Living or Nursing Home from another level of care and, in the case of discharge.
- e. Independent Living residents transferring to the Nursing Home or Assisted Living will receive any refunds when their unit is reoccupied.
- f. The staff will answer any health emergency calls for Independent Living residents while they are present on the campus.
- g. The Facility's licensed personnel will, when necessary, provide appropriate emergency services or summon appropriate emergency personnel such as a physician, an ambulance or medical personnel.
- h. One (1) emergency call per month is included in the basic monthly service charge. Each emergency response by nursing personnel beyond the first call monthly will be paid by the Independent Living resident.

22. SUMMARY OF BASIC SERVICES –ALF

- a. Items Included in the Daily Rate:
 - i. Minimal assistance with Activities of Daily Living (“ADL”).
 - ii. Personal laundry in addition to providing and laundering bed and bath linens.
 - iii. Three (3) meals per day and snacks.
 - iv. Housekeeping and maintenance of resident units.
 - v. All utilities except private phones.
 - vi. Social, educational, devotional, and therapeutic recreation programs.
 - vii. Twenty-four (24) hours on-site staffing including emergency access to a licensed nurse.
 - viii. Use, with others, all common areas including Lounges; Dining Room; Activity Area; Porch; Laundry; Nourishment Rooms; and outdoor areas.
 - ix. Medication Administration
- b. Optional Services (Available at extra cost):
 - i. Beauty Shop Services
 - ii. Additional assistance with Activities of Daily Living
 - iii. Transportation
 - iv. Cable Television Phone and Wireless Internet (normal rates apply)
 - v. Dietitian Supervised Meals
 - vi. Physical, Occupational and Speech Therapy
 - vii. Medical and Pharmacy Supplies
 - viii. Physician Visits, Including some Specialists
 - ix. Temporary Treatments requiring a Licensed Nurse.
 - x. Repairs of Resident's Belongings.
 - xi. Tray Service to Resident's Unit.

23. SUMMARY OF BASIC SERVICES – SKILLED NURSING FACILITY (SNF)

- a. Items and Services Included in the Daily Rate:
 - i. Room and Board
 - ii. Social Services
 - iii. Nursing Care, Including:
 - 1) The dispensing of prescribed medications, and treatments.
 - 2) The provision of care to prevent skin breakdown, bedsores and deformities.

- 3) The provision of care to keep the residents comfortable, clean and well-groomed.
- 4) The provision of care to protect the resident from accident, injury and infection.
- 5) The provision of care is necessary to encourage, assist and train the resident in self-care and group activities.
- 6) Personal laundry.

iv. Cable Television, Phone and Wireless Internet access

b. Items and Services Not Included in Daily Rate of Private Pay Residents:

- i. The items and services available in the facility that are not included in the daily rate are listed below. You may be charged for these items and services if you ask for them and receive them. If you are eligible for Medicare and you believe that Medicare may cover an item or service listed below, you should ask us to submit the bill to Medicare.
 - 1) Medical care, medical specialist's services and consultations, dental care and therapeutic services as ordered by the physician.
 - 2) Medications, eyeglasses, hearing aids, Wander-guard transmitters (or similar), medical and dental appliances and other medical and dental devices or prosthesis.
 - 3) Personal items and services such as clothing, barbers and beauticians, toiletries and sundries that are not normally provided as part of nursing care.
 - 4) Penalties incurred due to late payments of charges.
 - 5) Clinic visits or hospitalization of the Resident.
 - 6) Clinical and laboratory tests and emergency treatments.
 - 7) Ambulance and transportation expenses.

24. COSTS FOR HEALTH-RELATED SERVICES

a. Levels of Care Process:

- i. The Maryland Department of Health licenses Assisted Living facilities to provide up to three (3) levels of care: low (level 1), moderate (level 2) and high (level 3).
 - 1) Level of care assessments are done quarterly or upon significant change determined by the nursing department.
- ii. The CCRC is licensed as a level 3—high level of care—Assisted Living program by the Maryland Department of Health to provide low, moderate, and high levels of care.

iii. The CCRC offers five (5) levels of care, which exceeds the minimum levels required by the Maryland Department of Health.

- 1) To determine the level of care that meets the specific resident's needs, the CCRC may consult the resident's medical records or speak with their doctor and conduct an initial evaluation.
- 2) In the event a resident needs a different level of care than determined in the initial evaluation, the CCRC conducts another functional assessment to determine whether a different level of care is appropriate.
 - a) All recommendations involving a change in the level of care are made by an interdisciplinary team after it meets with the resident and/or resident representative.

b. Level of Care Fees:

Assisted Living	Level of Care Fee
Level I	\$1,050.00 per month
Level II	\$1,350.00 per month
Level III	\$1,800.00 per month
Level IV	\$2,400.00 per month
Level V	\$2,700.00 per month

c. Medication Management Fees:

Medication Management	
Basic	\$600.00 per month
Deluxe	\$1,000.00 per month

d. Non-Monthly Rate Service Fees:

Description of Items & Services Not Included in the Monthly Rate	Charge
Audiology Services	Billed by Audiologist
Beauty Salon and Barber Shop*	See Fees Posted in Salon
Catheter care	Per Vendor
Colostomy/Ostomy care	Per Vendor
Dental Services	Billed by the Dentist
Incontinent care*	Supply charge only depending on supply needed
Injections	\$ Per Persons Care Needs
Laundry (Personal Items)	Staff can help with laundry on the neighborhood

Occupational, Physical & Speech Therapy Services*	Per Vendor
On-site laboratory blood drawing	Per Vendor
On-site pharmacy	Per Vendor
Oxygen Therapy (Continuous)	Per Vendor
Portable x-ray services	Per Vendor
Telephone	Per Vendor
Television	Per Vendor except for basic cable.
Tube Feeding	Not Available in AL
Walker/Geriatric Chair/Wheelchair/Trapeze/Pressure Mattress	Per Vendor
Wound Care – Level 1 (Stage 1) Level 2 (Stage 2)	\$ Per Persons Care Needs

e. Ancillary Services Fees:

i. Transportation

- 1) The Assisted Living provides in-house transportation for our residents in a wheelchair accessible van at a rate of sixty (\$60.00) dollars per hour, billed in minimum increments of fifteen (15) minutes.

ii. Dining Services

- 1) Meal Delivery Fee: \$5.00
- 2) Guest Meals
 - a) Breakfast: \$8.00
 - b) Lunch: \$12.00
 - c) Dinner: \$12.00

25. GRIEVANCE PROCEDURE

- a. CCRC has established an internal grievance procedure to address resident grievances.
 - i. A resident or group of residents may collectively submit a written grievance to the Executive Director of the Provider.
 - ii. The CCRC will send a written acknowledgment to the resident or group of residents within five (5) days after receipt of the written grievance.
 - iii. The CCRC will assign personnel to investigate the grievance.
 - iv. A resident or group of residents who file a written grievance has the right to meet with management of the CCRC within thirty (30) days after receipt of the written grievance to present the grievance.

- v. The CCRC will respond in writing within forty-five (45) days after receipt of the written grievance regarding the investigation and resolution of the grievance.
- vi. Within thirty (30) days after the CCRC provides its response to the grievance, a resident, group of residents, or CCRC may seek mediation through one of the Community Mediation Centers in the State or another mediation provider. If the Provider, resident, or group of residents seeks mediation under the preceding sentence, the mediation shall be nonbinding."
- vii. Residents may also contact the following regulatory agencies: Maryland Assisted Living Complaint Unit at (410) 402-8200 or toll free at (877) 402-8221; Maryland Department of Aging; the Maryland Department of Health, Office of Health Care Quality; Baltimore County's Long-Term Care Ombudsman; Baltimore County's Department of Social Services (for adult protective services); or any other regulatory agency having jurisdiction over the matter.

26. GOVERNING BODY & MEETINGS WITH RESIDENTS

- a. Peter Pappas acts as the governing body and meets with the residents quarterly in accordance with HSA §10-426. Pursuant to COMAR 32.02.01.19B, the CCRC also appoints a select committee of its officers or partners to meet at least twice annually with the subscriber association at each of its facilities to address concerns of the subscribers and to ensure that the opinions of subscribers are relayed to all officers or partners of the provider.

27. RESIDENT COUNCIL

- a. The CCRC's Health Center has a Resident Council that meets monthly. All Health Center Residents are invited, however, attendance averages about thirty (30), as many are unable to participate. In addition to staff, a member of the Board of Directors attends each meeting, and the Baltimore County Ombudsman attends many meetings.
- b. The facility's Assisted Living has a Resident Council that meets monthly. Members visit all residents and bring their concerns to the meeting. Staff members and a member of the Board of Directors attend each meeting. All residents are invited to the meeting around four (4) times each year.
- c. The purpose of the monthly Resident Council Meeting is to provide residents with a structured platform to voice their concerns, share feedback, and actively participate in decisions that affect their daily lives. These meetings promote resident rights, facilitate communication between residents and facility staff, and help ensure quality of care and quality of life. The agenda typically includes discussions on food services, activities, housekeeping, nursing care, and any concerns or suggestions from residents. Input from these meetings is communicated to facility leadership for follow-up and resolution, fostering a culture of respect, transparency, and continuous improvement.
- d. In FY 2024, the Resident Council met monthly. *See 2024 Resident Council Dates*, annexed hereto as **Exhibit 12**.

28. RESIDENT ASSOCIATION

- a. All Independent Living residents are members of the Resident Association that meets quarterly.
 - i. The purpose of the Resident Association Meetings held quarterly in the ILF community is to foster open communication, collaboration, and transparency between residents and community leadership. These meetings serve as a structured forum for residents to voice concerns, share ideas, and receive updates on community operations, upcoming events, policies, and improvement projects. The agenda typically includes departmental reports, safety updates, and resident committee feedback, all aimed at enhancing the quality of life within the community. The meetings also provide an opportunity to build a stronger sense of community and ensure residents remain informed and actively engaged in shaping their living environment.

29. PLANNED RENOVATION AND EXPANSION

- a. In FY 2024, Resorts of Augsburg underwent renovations to enhance the resident experience and modernize the community. Renovations cost approximately \$400,000.00. Renovations were funded through the operations revenue. The CCRC did not establish a renewal and replacement fund.
 - i. The Facility fully renovated four (4) resident hallways, with an updated look and improved lighting.
 - ii. A brand-new community center was constructed, featuring a game room and a state-of-the-art movie theater to promote social engagement and leisure.
 - iii. Eleven (11) independent living apartments were completely renovated with updated finishes, offering a more comfortable and contemporary living environment.
- b. In FY 2025, the CCRC plans to replace the following in all the buildings: (1) the roofs; and (2) the air conditioning units.
 - i. Anticipated costs: \$300,000.00.

30. OTHER DISCLOSED INFORMATION

- a. N/A

31. AMENDMENTS TO THIS DOCUMENT

- a. The CCRC shall amend its disclosure statement if, at any time, in the opinion of the CCRC or the Maryland Department of Aging, and amendment is necessary to prevent the disclosure statement from containing any material misstatement of fact required by this section to be stated in the disclosure statement or omission of a material fact required by this section to be stated in the disclosure statement.



MARTIN FRIEDMAN CPA PC
CERTIFIED PUBLIC ACCOUNTANTS

RESORTS OF AUGSBURG CORP AND AFFILIATES

Financial Statements

Year Ended December 31, 2024

Resorts Of Augsburg Corp and Affiliates

Year Ended December 31, 2024

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS:	
Balance Sheet	3
Statement of Operations	4
Statement of Members' Deficit	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12
AUDITOR'S LETTER	13
SUPPLEMENTARY SCHEDULES:	
Revenue	14
Operating Expenses	15 - 16



INDEPENDENT AUDITOR'S REPORT

To the Members,
Resorts Of Augsburg Corp and Affiliates:

Opinion

We have audited the accompanying financial statements of Resorts Of Augsburg Corp and Affiliates, which comprise the balance sheet as of December 31, 2024, and the related statement of income, members' deficit, and cash flow 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 Resorts Of Augsburg Corp and Affiliates as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Resorts Of Augsburg Corp and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Resorts Of Augsburg Corp and Affiliates's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.



MARTIN FRIEDMAN CPA PC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report Continued

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 Resorts Of Augsburg Corp and Affiliates'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 Resorts Of Augsburg Corp and Affiliates'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.

Martin Friedman CPA, PC

MARTIN FRIEDMAN, C.P.A. P.C.
Certified Public Accountants

Brooklyn, NY

May 12, 2025

Resorts Of Augsburg Corp and Affiliates
Balance Sheet
December 31, 2024

Assets

Cash	\$	2,339,723	
Accounts Receivable		2,773,390	
(Net of Allowance for Credit Losses of \$300,000)			
Prepaid Expenses		160,024	
Escrow Deposits		<u>93,818</u>	
Total Current Assets			\$ 5,366,955
Building		18,000,000	
Leasehold Improvements		219,000	
Furniture & Equipment		<u>31,345</u>	
		18,250,345	
Less: Accum. Depreciation & Amortization		<u>603,175</u>	
Total Fixed Assets			17,647,170
Security Deposits		201,980	
Goodwill (Net)		8,204,713	
Patients' Trust Fund		<u>13,106</u>	
Total Other Assets			<u>8,419,799</u>

Total Assets **\$ 31,433,924**

Liabilities and Equity

Accounts Payable	\$	1,543,179	
Accrued Payroll		580,947	
Accrued Expenses & Taxes		58,682	
Entrance Fee Payable		8,876,557	
Exchanges		11,010	
Due To Third Party Payors		1,084,262	
Loans Payable - Related Parties		<u>3,800,575</u>	
Total Current Liabilities			\$ 15,955,212
Mortgage Payable (Net)		15,005,363	
Notes & Loans Payable (Net)		1,000,000	
Patients' Trust Fund Payable		<u>13,106</u>	
Total Long Term Liabilities			16,018,469
Members' Deficit			<u>(539,757)</u>

Total Liabilities & Members' Deficit **\$ 31,433,924**

Resorts Of Augsburg Corp and Affiliates
Statement of Operations
For the year ended December 31, 2024

Total Revenue From Patients		\$ 16,965,002
Revenue from Rentals		2,625,282
Operating Expenses:		
Payroll	\$ 9,749,025	
Employee Benefits	1,246,862	
Professional Care	1,846,393	
Dietary & Housekeeping	709,805	
Plant & Maintenance	4,217,411	
General & Administrative	<u>2,427,982</u>	
Total Operating Expenses		<u>20,197,478</u>
Loss From Operations		(607,194)
Other Income		<u>67,437</u>
Net Loss		\$ <u>(539,757)</u>

Resorts Of Augsburg Corp and Affiliates
Statement of Members' Deficit
For the year ended December 31, 2024

Members' Deficit:

Balance as of Beginning of Period	\$ -
Net Loss for the Period	<u>(539,757)</u>
Total Members' Deficit - End of Period	\$ <u>(539,757)</u>

Resorts Of Augsburg Corp and Affiliates
Statement of Cash Flows
For the year ended December 31, 2024

Cash Flows From Operating Activities:

Net Loss		\$ (539,757)
Adjustments to reconcile Net Loss to		
Net Cash Provided by Operating Activities:		
Depreciation & Amortization		1,514,810
Amortization of Debt Issuance Costs		73,659
Allowance for Credit Losses		300,000
(Increase) Decrease In:		
Accounts Receivable	\$ (3,073,390)	
Prepaid Expenses	(160,024)	
Escrow Deposits	(93,818)	
Increase (Decrease) In:		
Accounts Payable	1,543,179	
Accrued Payroll & Withholding Taxes	580,947	
Accrued Expenses & Taxes	58,682	
Entrance Fee Payable	8,876,557	
Due to Third Party Payors	1,084,262	
Exchanges	<u>11,010</u>	
Total Adjustments		<u>8,827,405</u>
Net Cash Provided By Operating Activities		<u>10,176,117</u>
Cash Flows From Investing Activities:		
Capital Expenditures	(27,366,693)	
Other Assets	<u>(215,086)</u>	
Net Cash Used In Investing Activities		(27,581,779)
Cash Flows From Financing Activities		
Increase In Long Term Debt	15,931,704	
Other Liabilities	13,106	
Loans Payable - Related Parties	<u>3,800,575</u>	
Net Cash Provided By Financing Activities		<u>19,745,385</u>
Net Change In Cash		2,339,723
Cash - Beginning of Period		<u>-</u>
Cash - End of Period		<u>\$ 2,339,723</u>
Supplemental Disclosures:		
Interest Paid		\$ 1,119,875

Resorts of Augsburg Corp and Affiliates

Notes to the Financial Statements

Note 1: Organization

6825 Camp Road LLC was organized as a limited Liability Company in the State of Maryland in 2023 to own the property located in Baltimore, Maryland which includes 52 assisted living units and 131 skilled nursing beds.

6825 Campfield LLC was organized as a limited Liability Company in the State of Maryland in 2023 to own the property located in Baltimore, Maryland which includes 98 Independent living units part of the CCRC model and 33 month to month units to make up a total of 131 units.

6825 Campfield B LLC was organized as a limited Liability Company in the State of Maryland in 2023 to own 6825 Camp Road LLC and 6825 Campfield LLC.

Resorts of Augsburg Corp (Facility) was organized as an S-Corporation in, and is licensed by, the State of Maryland in 2023 to lease and manage the property located in Baltimore, Maryland which includes 52 assisted living units and 131 skilled nursing beds.

Resorts of Augsburg IL Corp was organized as an S-Corporation in, and is licensed by, the State of Maryland in 2023 to lease and manage the property located in Baltimore, Maryland which includes 131 independent living units.

Note 2: Summary of Significant Accounting Policies

The accounting policies that affect the significant elements of the financial statements are summarized below.

Principles of Consolidation –

The consolidated financial statements include the accounts of Country 6825 Camp Road LLC, 6825 Campfield LLC, 6825 Campfield B LLC, Resorts of Augsburg Corp and Resorts of Augsburg IL Corp (“Company”) which are related by common ownership. All intercompany balances and transactions have been eliminated in the consolidated financial statements.

Method of Accounting -

The company maintains its books and prepares its financial statements based on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

Cash -

For purposes of the statement of cash flows, cash includes time deposits, certificates of deposits, and all highly liquid debt instruments with original maturities of six months or less. The Company maintains cash at financial institutions which periodically exceeds federally insured amounts during the year.

Resorts of Augsburg Corp and Affiliates
Notes to the Financial Statements

Fixed Assets -

Fixed assets are stated at cost. Depreciation and amortization for assets are computed using the straight-line method over the estimated useful lives of the assets.

Leasehold Improvements	10 years
Furniture & Equipment	5 years

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising -

Advertising costs are expensed as incurred and included in general and administrative expenses. Advertising expense for the year was \$57,510.

Resident Funds –

Resorts of Augsburg Corp, as trustee, holds resident funds in escrow accounts. These funds are expended at the direction of the residents for personal use.

Use of Estimates -

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Compensated Absences -

The Facility recognizes a liability for compensated absences when the employees have earned the right to the leave through their service, the leave is expected to be used in the future, and the amount can be reasonably estimated. Compensated absences include accrued vacation and sick leave as well as personal time off. The liability is calculated based on the employee's current pay rate and number of remaining unused days. As of December 31, 2024, the liability for compensated absences amounted to \$83,091, which is included in the total accrued payroll liability of \$580,947.

Resorts of Augsburg Corp and Affiliates

Notes to the Financial Statements

Patient Care Revenue -

Revenue for services provided to residents is recognized at the amount the Facility expects to receive in exchange for providing care to the residents. This revenue includes amounts due from residents, third-party payors (such as health insurers and government programs), and incorporates variable considerations for potential retroactive adjustments resulting from audits and reviews. Typically, the Facility bills residents and third-party payors a few days after services are provided or when the resident no longer requires care. Revenue is recognized as performance obligations are fulfilled.

Performance obligations are identified based on the nature of the services provided. For obligations satisfied over time, revenue is recognized based on the percentage of completion method, i.e., actual charges incurred relative to the total expected charges. This approach is believed to accurately reflect the transfer of services throughout the performance obligation period, particularly for residents receiving post-acute care services in the Resorts of Augsburg Corp.

Revenue for performance obligations fulfilled at a specific point in time is generally recognized when goods are provided to residents in a retail setting (e.g., personal care services and additional meals not included in the resident contract) and when no further goods or services are required.

The transaction price is determined based on standard charges for services rendered, adjusted for contractual allowances given to third-party payors, discounts for uninsured residents per the Facility's charity care policy, and implicit price concessions for uninsured residents. Estimates for contractual adjustments and discounts are based on contractual agreements, Facility policies, and historical data. Implicit price concessions are estimated from historical collection experiences with each group of residents.

Revenues are recorded based on current billings of the estimated net realizable amounts from patients, third-party payors and others for services rendered. Settlements for retroactive adjustments due to audits or investigations are considered variable considerations and are included in the transaction price estimation for resident services. These settlements are estimated based on agreements with payors, relevant correspondence, and historical settlement activities. Adjustments are made in subsequent periods as new information becomes available or when cases are settled. Such adjustments, if any, will be reflected in revenues in the period in which they are received.

Changes to transaction price estimates are recorded as adjustments to resident service revenue in the period of change. Adverse changes in residents' ability to pay, as well as any estimates of future adverse changes, are recorded as credit loss expense and included in general and administrative expenses.

Agreements with major third-party payors typically stipulate payments at amounts lower than established charges. A summary of the payment arrangements with key payors includes:

Skilled nursing: Skilled nursing revenue is primarily derived from providing nursing services to residents at a stated daily fee, net of any explicit and implicit price concessions. The Organization has determined that skilled nursing services are considered one performance obligation which is satisfied over time as services are provided. Therefore, skilled nursing revenue is recognized on a daily basis as services are rendered.

Assisted living: Assisted living revenue is primarily derived from providing housing and personal care services to residents at a stated monthly fee. The Company has determined that the services included in

Resorts of Augsburg Corp and Affiliates

Notes to the Financial Statements

the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, assisted living revenue is recognized on a month-to-month basis.

Independent living: Independent living revenue is primarily derived from providing housing and services to residents. The Company has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, independent living monthly fees are recognized on a month-to-month basis.

Residents covered by third-party payors are generally responsible for deductibles and coinsurance, which can vary. The Facility also serves uninsured residents and offers discounts as required by policy or law. Estimates of transaction prices for these residents are based on historical data and market conditions. Revenue from resident's deductibles and coinsurance are included in the preceding categories based on the primary payor.

Compliance with government regulations, particularly concerning Medicare and Medicaid, is complex and can be subject to interpretation. Facilities may receive requests for information and notices of alleged noncompliance, leading to potential settlement agreements. Future regulatory reviews may result in fines, penalties, and/or exclusion from programs. The Company believes they are currently in compliance with all applicable laws and regulations.

Income Taxes -

The entities are treated as partnerships for income tax purposes, and as such each member is taxed separately on their distributive share of the company's income whether or not that income is actually distributed.

Uncertainty in Income Taxes

Management has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. Periods ended December 31, 2023 and subsequent remain subject to examination by applicable taxing authorities.

Note 3: Accounts Receivable

The Company grants credit, without collateral, to its patients, the majority of whom are insured under third-party payor agreements. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The amount of receivables from patients and third-party payors at December 31, 2024 was as follows:

Accounts Receivable

Medicaid Patients	\$ 1,734,596
Medicare Patients	322,679
HMO Patients	351,472
Private Patients	664,643
Total	\$ 3,073,390

Resorts of Augsburg Corp and Affiliates
Notes to the Financial Statements

Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on the current expected credit loss (CECL) model. Credit losses that are expected to occur in the future are recognized at the time the receivable is recorded. The Company uses a pooled approach to group together receivables with similar risk characteristics into portfolios categorized by major payor class. Estimated credit losses are calculated based on historical loss data for each portfolio as well as current and forecasted economic conditions. Management periodically reviews the allowance to ensure it accurately reflects the expected credit losses. Any adjustments that are needed are recognized currently as credit loss expense. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Allowance for Credit Losses

Balance, January 1, 2024	\$	0
Provision for expected credit losses		300,000
Balance December 31, 2024	\$	300,000

Note 4: Intangible Assets

Intangible assets are as follows:

	Gross Carrying Amount	Accumulated Amortization	Estimated Useful Life
Goodwill	\$ 9,116,348	\$ 911,635	10 years

Note 5: Mortgage Payable

In December 2023, the purchase of the company was financed by a 60 month \$15,300,000 loan from ConnectOne Bank with an interest rate of 7.75%. The first three years require interest payments only. The remaining period requires principal payments calculated with an amortization period of 25 years, and a balloon payment at the end of the term. The following are the balances as of December 31, 2024:

Principal Balance:	\$	15,300,000
Unamortized debt issuance cost:		(294,637)
Long-term Debt	\$	15,005,363

Principal payments for the next five years and on are as follows:

<i>Year ending December 31,</i>		
2027	\$	208,330
2028		15,091,670
Total Principal Payments	\$	15,300,000

Resorts of Augsburg Corp and Affiliates
Notes to the Financial Statements

Note 6: Maryland Department of Aging Reserve Requirements

In accordance with Maryland law governing continuing care retirement communities, the Organization is required to set aside operating reserves totaling 25% of the Company's net operating expenses (as defined) for the most recent audited fiscal year. The calculation of the required minimum statutory operating reserve for the year ended December 31, 2024, is as follows:

Total operating expenses for fiscal year ended December 31, 2024	\$ 20,197,478
Less: Interest	1,119,875
Less: Depreciation	1,514,810
Less: Amortization	73,659
Adjusted operating expense	\$ 17,489,134
Funding requirement (25% of operating expenses)	\$ 4,372,283

As of December 31, 2024 the company had cash in the amount of \$2,339,723 and \$2,700,000 in available Section 10-421(b) financing for a total of \$5,039,723 in operating reserves.

Note 7: Subsequent Events

The Company has evaluated subsequent events through May 12, 2025, the date which the financial statements were available to be issued. No significant subsequent events have been identified by management.



INDEPENDENT AUDITOR'S REPORT
ON ADDITIONAL INFORMATION

To the Members,
Resorts Of Augsburg Corp and Affiliates:

Our report on our audit of the basic financial statements of Resorts Of Augsburg Corp and Affiliates for 2024 appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 14 through 16 is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Martin Friedman CPA, PC

MARTIN FRIEDMAN C.P.A. P.C.
Certified Public Accountants

Brooklyn, NY

May 12, 2025

Resorts Of Augsburg Corp and Affiliates
Supplementary Schedules
For the year ended December 31, 2024

Revenue From Patients:

Private & HMO	\$ 3,584,847	
Medicaid	9,560,967	
Medicare	<u>3,819,188</u>	
Total Revenue From Patients		\$ 16,965,002

Revenue From Rentals: 2,625,282

Other Income:

Interest	19,613	
Barber & Beauty Shops	3,616	
Other	<u>44,208</u>	
Total Other Income		<u>67,437</u>

Total Revenue \$ **19,657,721**

Resorts Of Augsburg Corp and Affiliates
Supplementary Schedules
For the year ended December 31, 2024

Payroll:

Administrative & Office	\$	837,648	
Nursing		4,676,774	
Therapies		766,390	
Social Services		415,251	
Recreation		656,489	
Dietary		1,191,274	
Housekeeping		613,917	
Laundry		116,681	
Maintenance		<u>474,601</u>	
Total Payroll	\$		<u>9,749,025</u>

Employee Benefits:

Payroll Taxes		803,788	
Workmen's Compensation		43,225	
Employee Benefits		<u>399,849</u>	
Total Employee Benefits			<u>1,246,862</u>

Professional Care:

Prescription Drugs		28,964	
Medical Supplies		199,104	
Contracted Nursing Service		1,477,514	
Fees & Expenses		<u>140,811</u>	
Total Professional Care			<u>1,846,393</u>

Resorts Of Augsburg Corp and Affiliates
Supplementary Schedules
For the year ended December 31, 2024

Dietary & Housekeeping:

Food	\$ 511,066
Other Dietary Expenses	56,463
Housekeeping	80,557
Contracted Dietary Services	<u>61,719</u>

Total Dietary & Housekeeping	\$ <u>709,805</u>
---	--------------------------

Plant & Maintenance:

Mortgage Interest	1,193,534
Equipment Rentals	3,751
Real Estate Tax	287,529
Light, Heat & Power	647,036
Maintenance	498,699
Contracted Maintenance Services	14,250
Security	34,318
Water & Sewer Charges	23,484
Depreciation & Amortization	<u>1,514,810</u>

Total Plant & Maintenance	<u>4,217,411</u>
--------------------------------------	-------------------------

General & Administrative:

Office	74,356
Contracted Office Services	238,862
Computer Services	121,936
Telephone	21,761
Auto & Travel	10,299
Professional Fees	1,115,769
Insurance	344,248
Advertising	57,510
Credit Losses	351,498
Miscellaneous	<u>91,743</u>

Total General & Administrative	<u>2,427,982</u>
---	-------------------------

Net Operating Margin Ratio

Resident Revenue	19,638,107
Resident Expense	20,197,470
Interest Expense	1,119,875
Depreciation	1,514,810
Amortization	73,659
Net Expense	17,489,126

Revenue less expense 2,148,981

1 Net Operating Margin Ratio 10.94%

2 Net Operating Margin Ratio - Adjusted 10.94%

There were no proceeds from entrance fees

Operating Ratio

Resident Expense	20,197,470
Depreciation	1,514,810
Amortization	73,659
Net Expense	18,609,001

Operating Revenue 19,657,720

3 Operating Ratio 94.67%

Operating Margin Ratio

Net Income	(539,760)
Operating Revenues	19,657,720

4 Operating Margin Ratio -2.75%

5 Total Excess Margin Ratio -2.75%

No Non-operating gains and losses

Days Cash on Hand Ratio

Current Cash	2,339,723
Resident Expense	20,197,470
Depreciation	1,514,810
Amortization	73,659
Net Expense	18,682,660
Divide by 365	51,185

6 Days Cash on Hand Ratio 46

Debt Service Coverage Ratio

Net Income	(539,760)
Interest Expense	1,119,875
Depreciation	1,514,810
Amortization	73,659
Net	2,168,584

Debt Service 1,119,875

7 Debt Service Coverage Ratio 1.94

Resorts of Augsburg

2 Year Budget

DEPARTMENT	2025	2026
REVENUE		
Total Revenue	20,460,480	21,352,240
Expenses		
Total Nursing & Medical	6,839,676	6,976,470
Total Therapy & Ancillaries	1,155,017	1,178,118
Total Food & Nutrition	2,006,842	2,046,979
Total Leisure Time Activities	839,847	856,644
Total Housekeeping & Laundry	920,167	938,570
Total Maintenance	1,005,008	1,025,108
Total Social Service	488,659	498,432
Total General & Administration	2,955,242	3,014,347
Total Property	3,933,317	4,011,983
Total Non - SNF Programs	96,194	98,118
Total Expenses	20,239,968	20,644,768
Net Income (Loss)	220,512	707,473

Number Of Patient Days	44,218	44,218
Maximum Occupancy	47,815	47,815
Average Number Of Patients	121	121

Revenue		
Medicaid	10,011,700	10,512,286
Medicare Part A	3,312,836	3,478,478
Medicare A Co-Ins W/O(Net)	(23,976)	(25,175)
Private	3,014,884	3,165,629
Commercial Insurance	738,921	775,867
Medicare Part B	710,332	745,848
Prior Period Adjustments	(114)	(120)
Interest Income	20,537	21,564
Rental Income	2,625,282	2,625,282
Other	50,078	52,582
Total Revenue	20,460,480	21,352,240

Census		
Medicaid	24,653	24,653
Managed Medicaid	1,651	1,651
Medicare	4,855	4,855
Private	9,705	9,705
Commercial	1,641	1,641
Other	1,712	1,712
Total Patient Days	44,218	44,218

Resorts of Augsburg

2 Year Budget

DEPARTMENT	2025	2026
Nursing & Medical		
Payroll DNS & RN	1,975,533	2,015,043
Payroll L.P.N.	1,120,816	1,143,233
Payroll Aides & Orderlies	1,635,231	1,667,936
Benefits	605,150	617,254
Nursing Contract Services RN	145,611	148,523
Nursing Contract Services LPN	276,157	281,680
Nursing Contract Services A&O	1,048,859	1,069,836
Nursing Contract Services	32,319	32,965
Total Nursing & Medical	6,839,676	6,976,470
Therapy & Ancillaries		
Payroll Therapies	779,582	795,174
Benefits	99,705	101,700
Medical Director & Other Fees	26,092	26,613
Medical Supplies & Services	188,338	192,105
Non-Legend Drugs	12,191	12,435
Therapeutic Supp & Svc	3,234	3,298
Rx Drugs	29,463	30,052
Ambulance	14,412	14,700
Ancillary Fees & Supplies	2,001	2,041
Total Therapy & Ancillaries	1,155,017	1,178,118
Food & Nutrition		
Payroll	1,211,780	1,236,015
Benefits	154,982	158,081
Dietary Cont. Services	62,781	64,037
Food	519,393	529,781
Food Supplements	471	480
Dietary Supplies	57,435	58,584
Total Food & Nutrition	2,006,842	2,046,979
Leisure Activities		
Payroll	667,789	681,145
Benefits	85,408	87,116
Supplies & Service	86,650	88,383
Total Leisure Activities	839,847	856,644
Housekeeping & Laundry		
Payroll Housekeeping	624,484	636,974
Payroll Laundry	118,689	121,063
Benefits	95,049	96,950
Housekeeping Supplies & Svce	81,944	83,583
Total Housekeeping & Laundry	920,167	938,570
Maintenance & Security		
Payroll Maintenance	356,706	363,840
Payroll Security	40,778	41,594
Benefits	50,837	51,853
Maintenance Contracted Service	14,495	14,785
Security Costs	34,909	35,607
Maintenance Supplies & Service	507,283	517,429
Total Maintenance	1,005,008	1,025,108

Resorts of Augsburg

2 Year Budget

DEPARTMENT	2025	2026
Social Service		
Payroll	422,399	430,847
Benefits	54,023	55,104
Social Service Fees	12,237	12,482
Total Social Services	488,659	498,432
General & Administrative		
Payroll Administration	136,891	139,629
Payroll Asst Admin	130,575	133,186
Payroll Office	463,580	472,851
Payroll Admin. Nursing	146,717	149,651
Benefits	112,262	114,508
Office Contract Services	242,974	247,833
Insurance	140,513	143,323
Office	76,245	77,770
Computer Services	124,035	126,516
Telephone	22,136	22,578
Auto & Travel	20,139	20,542
Bank Charges	27,844	28,401
Interest	24,294	24,780
Advertising	58,500	59,670
Professional Fees	1,134,975	1,157,674
Miscellaneous Expenses	41,179	42,002
Bad Debt Expense	52,384	53,432
Total General & Administ.	2,955,242	3,014,347
Property		
Mortgage Interest	1,139,152	1,161,935
Equipment Rentals	3,816	3,892
Real Estate Taxes	292,478	298,328
Water & Sewer	23,888	24,366
Light, Heat & Power	658,174	671,337
Depreciation	1,615,811	1,648,128
Property Insurance	199,998	203,998
Total Property	3,933,317	4,011,983
Non-SNF Programs		
Payroll - Other Programs	85,286	86,992
Benefits	10,908	11,126
Total Non-SNF Programs	96,194	98,118

Resorts of Augsburg

2 Year Budget

DEPARTMENT	2025	2026
Payroll Summary		
DNS & RN	1,975,533	2,015,043
L.P.N.	1,120,816	1,143,233
Aides & Orderlies	1,635,231	1,667,936
Therapies & Medical	779,582	795,174
Dietary	1,211,780	1,236,015
Recreation	667,789	681,145
Housekeeping	624,484	636,974
Laundry	118,689	121,063
Maintenance	397,484	405,434
Social Services	422,399	430,847
Administration	267,466	272,815
Admin & Office Other	463,580	472,851
Nursing Administrative	146,717	149,651
Non-SNF Program	85,286	86,992
Total Payroll	9,916,836	10,115,173
Contracted Labor Summary		
Nursing	32,319	32,965
Nursing RN	145,611	148,523
Nursing LPN	276,157	281,680
Nursing A & O	1,048,859	1,069,836
Social Services	12,237	12,482
Dietary	62,781	64,037
Maintenance	14,495	14,785
Admin.& Office	242,974	247,833
Total Contracted Labor	1,835,433	1,872,142
Benefits Summary		
Payroll Taxes	817,624	833,976
Workmen's Compensation	43,969	44,848
Group Ins & Emp Bnfts	406,732	414,866
Total Benefits	1,268,324	1,293,691

Resorts at Augsburg Corp

3 Year Cash Flow

	2025	2026	2027
Net Income	220,512	707,473	1,194,434
Depreciation	1,615,811	1,648,127	1,681,090
Cash Flows from Operating Activities			
Accounts Receivable	(250,000)	(250,000)	(250,000)
Accounts Payable	150,000	100,000	50,000
Cash Flows from Investing Activities			
Capital Purchases	(400,000)	(400,000)	(400,000)
Cash Flows from Financing Activities			
Increase (Decrease) in Long Term Debt	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>
Net Change in Cash	836,323	1,305,600	1,775,524
Beginning Cash	<u>2,339,723</u>	<u>3,176,046</u>	<u>4,481,646</u>
Ending Cash	<u><u>3,176,046</u></u>	<u><u>4,481,646</u></u>	<u><u>6,257,170</u></u>