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MARTIN FRIEDMAN CPA PC  
CERTIFIED PUBLIC ACCOUNTANTS

# **HARBOUR VIEW SENIOR LIVING CORP**

***Financial Statements***

***Year Ended December 31, 2024***

**Harbour View Senior Living Corp**

**Year Ended December 31, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Shareholders,  
Harbour View Senior Living Corp:

### **Opinion**

We have audited the accompanying financial statements of Harbour View Senior Living Corp, which comprise the balance sheet as of December 31, 2024, and the related statement of operations, retained earnings, 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 Harbour View Senior Living Corp 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 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 Harbour View Senior Living Corp and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance 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 Harbour View Senior Living Corp'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.



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*Independent Auditor's 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 Harbour View Senior Living Corp'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 Harbour View Senior Living Corp'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

August 13, 2025

## Harbour View Senior Living Corp

### Balance Sheet

December 31, 2024

#### Assets

Cash	\$	2,659,226	
Accounts Receivable (Net of Allowance for Credit Losses of \$250,000)		2,080,076	
Prepaid Expenses		<u>35,785</u>	
Total Current Assets	\$		4,775,087
Right-of-Use Asset		45,773,879	
Due from Prior Owner		246,218	
Patients' Trust Fund		<u>56,134</u>	
Total Other Assets			<u>46,076,231</u>
<b>Total Assets</b>	<b>\$</b>		<b><u>50,851,318</u></b>

#### Liabilities and Equity

Accounts Payable	\$	658,660	
Lease Liabilities		1,625,514	
Accrued Payroll		438,550	
Accrued Expenses & Taxes		1,840,813	
Exchanges		737,566	
Due To Third Party Payors		<u>1,466,231</u>	
Total Current Liabilities	\$		6,767,334
Lease Liabilities		44,148,365	
Patients' Trust Fund Payable		<u>51,237</u>	
Total Long Term Liabilities			44,199,602
Retained Earnings		<u>(115,618)</u>	
Total Shareholders' Deficit			<u>(115,618)</u>
<b>Total Liabilities &amp; Shareholders' Deficit</b>	<b>\$</b>		<b><u>50,851,318</u></b>

**Harbour View Senior Living Corp**  
**Statement of Operations**  
**For the year ended December 31, 2024**

Total Revenue From Patients		\$ 13,448,514
Operating Expenses:		
Payroll	\$ 6,225,520	
Employee Benefits	1,006,779	
Professional Care	538,125	
Dietary & Housekeeping	374,333	
Plant & Maintenance	4,049,971	
General & Administrative	<u>1,619,779</u>	
Total Operating Expenses		<u>13,814,507</u>
Loss From Operations		(365,993)
Other Income		<u>100,935</u>
Loss Before Taxes		(265,058)
Less: Corporate Taxes		<u>25,305</u>
<b>Net Loss</b>		<b>\$ <u>(290,363)</u></b>

**Harbour View Senior Living Corp**  
**Statement of Retained Earnings**  
**For the year ended December 31, 2024**

Retained Earnings:

Balance as of Beginning of Period	\$ 174,745
Net Loss for the Period	<u>(290,363)</u>
<b>Total Retained Earnings - End of Period</b>	<b>\$ <u>(115,618)</u></b>

**Harbour View Senior Living Corp**  
**Statement of Cash Flows**  
**For the year ended December 31, 2024**

Cash Flows From Operating Activities:

Net Loss		\$ (290,363)
Adjustments to reconcile Net Loss to		
Net Cash Provided by Operating Activities:		
Amortization of Debt Issuance Costs		77,330
Allowance for Credit Losses		260,608
(Increase) Decrease In:		
Accounts Receivable	\$ 310,240	
Prepaid Expenses	32,279	
Increase (Decrease) In:		
Accounts Payable	155,444	
Accrued Payroll & Withholding Taxes	146,803	
Accrued Expenses & Taxes	(661,697)	
Due to Third Party Payors	426,601	
Exchanges	479,761	
Due to Prior Owner	<u>(72,784)</u>	
Total Adjustments		<u>816,647</u>
Net Cash Provided By Operating Activities		<u>864,222</u>
Cash Flows From Investing Activities:		
Loans Receivable - Related Parties	234,507	
Other Assets	<u>(19,367)</u>	
Net Cash Provided By Investing Activities		215,140
Cash Flows From Financing Activities		
Other Liabilities	<u>14,227</u>	
Net Cash Provided By Financing Activities		<u>14,227</u>
Net Change In Cash		1,093,589
Cash - Beginning of Period		<u>1,565,637</u>
<b>Cash - End of Period</b>		<b>\$ <u>2,659,226</u></b>
Supplemental Disclosures:		
Income Taxes Paid		\$ 25,305

**Harbour View Senior Living Corp**  
**Notes to the Financial Statements**

1) **Organization:**

Harbour View Senior Living Corp, an "S" Corporation, is licensed by the New Jersey State Department of Health to run and operate a 60 bed skilled nursing bed, 54 unit independent living apartment and 116 comprehensive personal care bed facility located in North Bergen, New Jersey. The Facility began operations July 1, 2022.

2) **Summary of Significant Accounting Policies:**

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

**Method of Accounting -**

The Facility 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 Facility maintains cash at financial institutions which periodically exceeds federally insured amounts during the year.

**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.

**Patient Care Revenue Recognition:**

Resident services revenue is recognized at the amount the Facility expects to receive in exchange for providing care to 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.

## **Harbour View Senior Living Corp** **Notes to the Financial Statements**

### **2) Summary of Significant Accounting Policies: Continued**

Resident services revenue is recognized at the amount the Facility expects to receive in exchange for providing care to 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 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 our Facility.

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.

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:

**Medicare:** Certain in-resident post-acute care services are reimbursed at predetermined rates per service, influenced by clinical and diagnostic factors. Other services are reimbursed based on cost-reimbursement methodologies, with physician services paid according to established fee schedules. Medicare revenue primarily consists of fixed regional rates adjusted for patient acuity, subject to audit verification.

**Medicaid:** Under the current statewide pricing methodology, Medicaid revenue is based on the rate in effect as of July 1, 2014. The State has made statewide adjustments in some years, but the rates are not subject to audit.

New Jersey implemented a managed care Medicaid formula in January 2014, requiring Medicaid patients to enroll in managed long-term care plans. The state's executive budget mandates that managed care companies pay rates no less than the current Medicaid methodology, with New Jersey Department of Health calculating these rates annually.

**Other:** Payment agreements with various commercial insurance carriers, health maintenance organizations, and preferred provider organizations typically provide for payment based on predetermined rates per service, discounts from standard charges, and daily rates.

**Harbour View Senior Living Corp**  
**Notes to the Financial Statements**

2) **Summary of Significant Accounting Policies: Continued**

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, or exclusion from programs. The Facility believes they are currently in compliance with all applicable laws and regulations.

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.

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. Initial transaction price estimates are calculated by reducing standard charges by contractual adjustments, discounts, and implicit price concessions.

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 are recorded as bad debt expense.

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

Revenues are recorded based on current billings of the estimated net realizable amounts from patients, third-party payers and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Certain adjustments may be made in subsequent periods as a result of audits or appeals. Such adjustments, if any, will be reflected in revenues in the period in which they are received.

**Advertising -**

Advertising costs are expensed as incurred and included in general and administrative expenses. Advertising expense for the year was \$81,752.

**Income Taxes -**

The Facility has elected to be taxed under the provisions of the Internal Revenue Code as a tax-option corporation (an "S" corporation). Accordingly, any resulting tax liabilities or tax benefits resulting from operations are those of the individual shareholders. New Jersey State Corporation taxes are calculated based on income as defined by New Jersey State statute.

**Harbour View Senior Living Corp**  
**Notes to the Financial Statements**

3) **Accounts Receivable:**

The Facility grants credit, without collateral, to its patients, the majority of whom are insured under the third-party payor agreements. The amount of receivables from patients and third-party payors at December 31, 2024 was as follows:

Medicaid Patients	\$ 1,006,130
Medicare Patients	537,747
HMO Patients	464,086
Private Patients and Other	322,113
Less: Allowance For Bad Debt	(250,000)
<b>Total</b>	<b>\$ 2,080,076</b>

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 Facility 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	309,096
Write-offs charged against the allowance	(59,096)
Credit Loss Recoveries	-
<b>Balance December 31, 2024</b>	<b>\$ 250,000</b>

4) **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, 2022 and subsequent remain subject to examination by applicable taxing authorities.

5) **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, sick leave and 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 \$148,660, which is included in the total accrued payroll liability of \$438,550.

**Harbour View Senior Living Corp**  
**Notes to the Financial Statements**

**6) Right-of-Use Asset and Lease Liability:**

The Facility's operating lease right-of-use assets and lease liabilities were for a building lease.

The Facility occupies premises pursuant to a 25 year lease from 3161 Kennedy Blvd LLC expiring in June 2047. The lease, as amended in April 2024, provides for monthly rental payments equal to 105% of the lessor's debt service plus 95% of the net earnings of the lessee. Rent expense for the year ended December 31, 2024 was \$2,700,000.

The Facility determines the present value of the remaining lease payments using the US Treasury risk-free rate at the time of adoption of the Standard, which was 2.05%.

The Facility has not recognized any material impairments of its operating lease right-of-use asset as of December 31, 2024. As of December 31, 2024, the Facility's operating lease liability and corresponding asset was \$45,773,879 of which \$1,625,514 of the liability was considered short term.

The Facility's future minimum lease payments for the next five years and thereafter, as of December 31, 2024, were as follows:

2025	\$ 2,548,662
2026	2,548,662
2027	2,548,662
2028	2,548,662
2029	2,548,662
Thereafter	44,389,197

The future minimum lease payments include only the remaining non-cancelable lease payments under the operating leases with a term of more than 12 months as of December 31, 2024.

**7) Subsequent Events:**

The Facility has evaluated subsequent events through August 13, 2025, the date which the financial statements were available to be issued. No significant subsequent events have been identified by management.



MARTIN FRIEDMAN CPA PC  
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT  
ON ADDITIONAL INFORMATION

To the Shareholders,  
Harbour View Senior Living Corp:

Our report on our audit of the basic financial statements of Harbour View Senior Living Corp 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 page 13 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

August 13, 2025

**Harbour View Senior Living Corp**  
**Supplementary Schedules**  
**For the year ended December 31, 2024**

Revenue From Patients:

Private & HMO	\$ 4,464,335	
Medicaid	6,335,020	
Medicare	<u>2,649,159</u>	
Total Revenue From Patients		\$ 13,448,514

Other Income:

Interest	53,828	
Cell Tower Rent	46,407	
Other	<u>700</u>	
Total Other Income		<u>100,935</u>

<b>Total Revenue</b>		<b>\$ <u>13,549,449</u></b>
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