

***THE MARTIN AND EDITH STEIN
ASSISTED LIVING RESIDENCE, INC.***

***FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022***



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THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 TABLE OF CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Martin and Edith Stein Assisted Living Residence, Inc.
Somerset, New Jersey

Opinion

We have audited the accompanying financial statements of The Martin and Edith Stein Assisted Living Residence, Inc. ("Stein AL"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, 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 Stein AL as of December 31, 2023 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Stein AL 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.

Other Matters

The financial statements of Stein AL for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on these statements on June 30, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Stein AL's ability to continue as a going concern for one year after the date that the financial statements are issued.

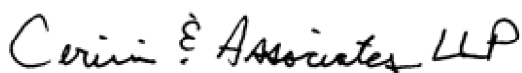
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Stein AL'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 Stein AL'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.



Bohemia, New York
June 27, 2024

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,	2023	2022
CURRENT ASSETS:		
Cash and cash equivalents.....	\$ 9,434	\$ 28,866
Restricted cash, residents' personal needs.....	3,643	3,438
Accounts receivable, residents, net of allowance	445,454	331,420
Accounts receivable, other.....	22,047	1,490
Due from affiliates.....	29,876	19,998
Prepaid expenses and other assets.....	32,872	37,804
TOTAL CURRENT ASSETS	543,326	423,016
Restricted cash - residents' deposits.....	275,408	218,151
Property and equipment, net of accumulated depreciation.....	7,870,866	8,368,500
Right-of-use assets - finance lease	-	13,920
TOTAL ASSETS	\$ 8,689,600	\$ 9,023,587
CURRENT LIABILITIES:		
Cash overdraft.....	\$ -	\$ 222,650
Accounts payable and accrued expenses.....	489,293	237,324
Letter of credit.....	685,000	-
Current portion of bonds payable.....	1,855,000	685,000
Current portion of lease liability - finance lease.....	-	8,189
Residents' personal needs.....	2,200	2,170
Due to affiliates.....	252,361	157,021
TOTAL CURRENT LIABILITIES	3,283,854	1,312,354
Bonds payable, less current portion.....	-	1,855,000
Lease liabilities - finance leases, net of current portion.....	-	6,349
Residents' deposits.....	275,408	218,151
TOTAL LIABILITIES	3,559,262	3,391,854
NET ASSETS:		
Without donor restrictions.....	5,130,338	5,631,733
TOTAL LIABILITIES AND NET ASSETS	\$ 8,689,600	\$ 9,023,587

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT:		
Net resident service revenues.....	\$ 5,334,480	\$ 4,812,198
Related party contribution.....	1,520,019	3,066,034
COVID-19 revenue.....	1,324,977	174,258
Other revenue.....	<u>166,675</u>	<u>141,396</u>
TOTAL REVENUE AND SUPPORT	8,346,151	8,193,886
EXPENSES:		
Program services	7,786,243	6,830,709
General and administrative.....	722,230	813,640
Fundraising.....	<u>339,073</u>	<u>201,422</u>
TOTAL EXPENSES	<u>8,847,546</u>	<u>7,845,771</u>
CHANGE IN NET ASSETS	(501,395)	348,115
Net assets, beginning of year.....	<u>5,631,733</u>	<u>5,283,618</u>
Net assets, end of year.....	<u>\$ 5,130,338</u>	<u>\$ 5,631,733</u>

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 4,181,172	\$ 232,288	\$ 232,287	\$ 4,645,747
Employee benefits.....	1,029,758	57,209	57,209	1,144,176
Patient and residential	1,003,038	-	-	1,003,038
Depreciation and amortization.....	560,282	31,127	31,127	622,536
Utilities.....	332,089	18,449	18,450	368,988
Operating and mtaintenance.....	188,282	32,952	-	221,234
Management fees.....	-	138,000	-	138,000
Other expense.....	155,758	17,306	-	173,064
Professional fees.....	-	156,264	-	156,264
Interest and related fees.....	106,176	11,797	-	117,973
Insurance.....	99,904	11,100	-	111,004
Office supplies.....	89,183	15,738	-	104,921
Bad debt expense.....	40,601	-	-	40,601
TOTAL EXPENSES	\$ 7,786,243	\$ 722,230	\$ 339,073	\$ 8,847,546

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program	General and Administrative	Fundraising	Total
Salaries	\$ 3,722,466	\$ 289,525	\$ 124,082	\$ 4,136,073
Employee benefits.....	786,780	182,536	29,979	999,295
Patient and residential	900,529	-	-	900,529
Depreciation and amortization.....	546,100	30,339	30,339	606,778
Utilities.....	306,395	17,022	17,022	340,439
Operating and maintenance.....	141,180	830	-	142,010
Management fees.....	-	138,000	-	138,000
Other expense.....	169,256	18,806	-	188,062
Professional fees.....	-	120,341	-	120,341
Interest and related fees.....	49,541	5,504	-	55,045
Insurance.....	100,928	-	-	100,928
Office supplies.....	60,842	10,737	-	71,579
Bad debt expense.....	46,692	-	-	46,692
TOTAL EXPENSES	\$ 6,830,709	\$ 813,640	\$ 201,422	\$ 7,845,771

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

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

2023

2022

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets..... \$ (501,395) \$ 348,115

Adjustments to Reconcile Change in Net Assets to Net Cash

Provided by Operating Activities:

Depreciation and amortization.....	622,536	606,778
Bad debt expense.....	40,601	46,692
Non-cash finance lease	(14,538)	(7,884)

Changes in Operating Assets and Liabilities:

Accounts receivable, residents.....	(154,635)	(227,496)
Accounts receivable, other.....	(20,557)	(850)
Due from affiliates.....	(9,878)	(8,979)
Prepaid expenses and other current assets.....	4,932	12,286
Due to affiliates.....	95,340	38,934
Finance lease asset.....	13,920	7,967
Cash overdraft.....	(222,650)	-
Residents' personal needs.....	30	797
Residents' deposits.....	(57,257)	(20,177)
Restricted cash - residents' deposits.....	57,257	-
Accounts payable and accrued expenses.....	251,969	236,792

NET CASH PROVIDED BY OPERATING ACTIVITIES 105,675 1,032,976

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant, and equipment..... (124,902) (447,289)

CASH FLOWS FROM FINANCING ACTIVITIES

Bonds repayment.....	(685,000)	(650,000)
Proceeds from letter of credit.....	685,000	-
NET CASH USED IN FINANCING ACTIVITIES	-	(650,000)

Net decrease in cash, cash equivalents and restricted cash, residents' personal needs..... (19,227) (64,313)

Cash, cash equivalents, and restricted cash, beginning of year..... 32,304 96,617

Cash, cash equivalents, and restricted cash, end of year..... \$ 13,077 \$ 32,304

PRESENTATION OF CASH ON THE STATEMENT OF FINANCIAL POSITION:

Cash and cash equivalents.....	\$ 9,434	\$ 28,866
Restricted cash, residents' personal needs.....	3,643	3,438
Cash, cash equivalents, and restricted cash, end of year.....	\$ 13,077	\$ 32,304

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for interest..... \$ 100,577 \$ 36,913

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 1 - NATURE OF THE ORGANIZATION

The Martin and Edith Stein Assisted Living Residence, Inc. ("Stein AL") was incorporated under the New Jersey nonprofit law in December 1999. The facility was established to build and operate a 90-bed assisted living facility in Somerset, New Jersey. The facility began operations on May 22, 2003.

Stein AL is a membership organization, whose sole member is the Oscar and Ella Wilf Campus for Senior Living, Inc. ("the Campus"). The Campus, as the sole member, has the ability to:

- Amend, revise or restate Stein AL's bylaws;
- Dissolve, divide, convert, or liquidate Stein AL;
- Approve Stein AL's annual budget;
- Approve any debt issuance by Stein AL;
- Approve the transfer of Stein AL's assets; and
- Approve the election, re-election, or removal of Stein AL's Board of Trustees

The operations of the Campus, including Stein AL, are presented in a separate report on a consolidated basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Stein AL is presented to assist in understanding Stein AL's financial statements. The financial statements and notes are representations of Stein AL's management, which is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America ("US GAAP") and have been consistently applied in the preparation of the financial statements.

Use of Estimates:

The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, as well as the disclosure of contingent assets and liabilities and classification of reported expenses. Actual results may differ from those estimates.

Basis of Presentation:

Stein AL's financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") guidance on reporting information regarding its financial position and activities for not-for-profit organizations.

Under that guidance, Stein AL is required to report information regarding its net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accordingly, the net assets of Stein AL, and changes therein, are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At December 31, 2023 and 2022, the governing board has not made this designation.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of Stein AL or the passage of time, or stipulations that they be maintained permanently by Stein AL. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. Stein AL does not have any net assets with donor restrictions at December 31, 2023 and 2022.

Cash, Cash Equivalents and Restricted Cash:

For financial-reporting purposes, Stein AL considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. Cash received for deposits from residents and cash held by Stein AL for residents' personal needs are considered to be restricted in nature, however it is not included in restricted cash as there are offsetting liabilities recorded on the balance sheet for these amounts.

Residents' Deposits:

Residents' deposits are security deposits on the rental units to the Stein AL by resident upon move out. Stein AL records these deposits as a liability.

Accounts Receivable and Revenue:

Resident service revenue is reported at the amount that reflects the consideration to which Stein AL expects to be entitled in exchange for providing resident services and care. Resident services include monthly fees, health care services, and resident and other services. These amounts are due from residents, third-party payors, and others. Generally, Stein AL bills the residents monthly for services and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. Stein AL believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligations based on the inputs needed to satisfy the obligation. Revenue recognized at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (pharmaceuticals and medical equipment) and Stein AL does not believe it is required to provide additional goods or services related to that sale.

Stein AL 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 uninsured residents, and/or implicit price concessions provided to residences.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Stein AL determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. Stein AL determines its estimate of implicit price concessions based on its historical collection experience.

Accounts receivable are reported at net realizable value. Net patient and resident service revenue is reported at estimated net realizable amounts from patients and residents, third-party payors, and others for services rendered and are earned upon completion of services provided. For the years ended December 31, 2023 and 2022, all net resident service revenue was derived from billings to Medicare and Medicaid, and commercial insurance companies.

Revenue under Medicaid and other third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered.

Settlements with third-party payers for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing services using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payer, cost reports filed with the payer, correspondence from the payer and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of 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 reconciled or are no longer subject to such audits, reviews, and investigations. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

Laws and regulations governing Stein AL's various funding streams are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Allowance for Doubtful Accounts:

For the years ended December 31, 2023, and 2022, Stein AL, has allowances of \$14,335 and \$46,196, respectively. Such estimate is based on management's assessments of the aged basis of their receivables, subsequent collections, as well as current economic conditions and historical information. Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Interest income is not accrued or recorded on receivables.

Debt Issuance Costs:

Debt issuance costs are reflected as a reduction of the carrying amount of the related debt and are amortized based on the effective interest rate over the life of the associated debt. Amortization of debt issuance costs is included in interest expense.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and Equipment:

Property and equipment are stated at cost, net of accumulated depreciation. Stein AL capitalizes items with a cost of \$1,000 or higher and a useful life of greater than one year. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the estimated useful life of the asset or the remaining term of the lease, whichever is shorter.

Estimated useful lives are as follows:

Building and improvements	5 - 40 years
Land improvements	10 - 40 years
Furniture and Fixtures	5 - 15 years
Equipment	5 - 15 years

Stein AL evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Long-lived assets were reviewed for impairment as of December 31, 2023 and 2022 and in the opinion of management, there was no impairment.

Income Taxes:

Stein AL is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). Stein AL has determined that it has registered in all states where it is required to be registered. Stein AL may be subject to federal income tax on any unrelated business income. Stein AL evaluated its activities for any unrelated business income and for any uncertain tax positions and has determined that neither existed for the years ended December 31, 2023 and 2022.

Reclassification:

Several accounts in the statement of financial position and statement of function expenses were reclassified in the prior financial statements for comparative purposes to conform to the presentation in the current year financial statements.

Functional Allocation of Expenses:

Functional expenses for shared costs have been allocated between program services and support services based on an analysis of personnel time, space utilized, and other equitable bases for the related activities.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The allocation methodologies utilized for Stein AL's major expenses are as follows:

Expense	Method of Allocation
Salaries	Time and effort
Payroll taxes and employee benefits.....	Based upon salaries
Rent.....	Square footage utilized
Utilities	Allocated based on rent
Supplies and equipment.....	Based on student usage
Depreciation and amortization.....	Based on usage

NOTE 3 - AVAILABILITY AND LIQUIDITY

Financial assets available for general expenditure within one year of the balance sheet date, are as follows at December 31,:

	2023	2022
Financial assets at year-end:		
Cash and cash equivalents.....	\$ 9,434	\$ 28,866
Accounts receivable, residents, net.....	445,454	331,420
Accounts receivable, other.....	22,047	1,940
Due from affiliates	29,876	19,998
Financial assets available to meet general expenditures over the next twelve months.....	\$ 506,811	\$ 382,224

Stein AL monitors liquidity and cash flows on an ongoing basis to ensure an appropriate amount of cash and cash equivalents are available to meet current expenditure needs.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31,:

	2023	2022
Land and land improvements	\$ 966,475	\$ 951,875
Building and improvements	12,511,120	12,511,120
Furniture and Fixtures.....	1,855,164	1,814,640
Equipment	2,669,212	2,599,434
Property and equipment, at cost	18,001,971	17,877,069
Less: accumulated depreciation	(10,131,105)	(9,508,569)
Total net property and equipment.....	\$ 7,870,866	\$ 8,368,500

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 5 - LETTER OF CREDIT

On August 10, 2011, Stein AL entered into a letter of credit and reimbursement agreement with a commercial bank to provide an alternate credit facility for the original letter of credit. The face amount of the letter of credit was \$12,250,000, which is made up of principal at the time, in the amount of \$12,055,000 and interest of \$195,000. Any drawdowns on the letter of credit are due on demand. If not paid within 120 days, the draw down can be refinanced and converted to a term loan with the commercial bank at the prevailing market terms for similar term loans. The letter of credit is secured by substantially all assets of Stein AL and a compensating balance agreement. The letter of credit can be withdrawn at the option of the bank if Stein AL elects to convert the bonds to a fixed interest rate and expires on August 9, 2024. As outlined below, as of December 31, 2023, the letter of credit has an outstanding balance of \$685,000. There are no amounts outstanding under the letter of credit at December 31, 2022.

The letter of credit agreement contains a number of financial and nonfinancial covenants, which require the Stein AL and the Foundation of the Oscar and Ella Wilf Campus for Senior Living, Inc. ("Foundation") ("Guarantor") to maintain certain financial ratios and attain other performance targets. For the year ended December 31, 2023 and 2022, Stein AL was not in compliance with the days in cash restriction of 75 days in cash. For the year ended December 31, 2023, Stein AL did not receive a waiver, as Stein is anticipating to pay off the debt with the sale of the Oscar and Ella Wilf Wilentz Senior Residence, Inc. ("Wilentz"), a related entity. Stein AL received a waiver for the year ended December 31, 2022.

NOTE 6 - BONDS PAYABLE

Bonds payable consisted of the following at December 31.:

	2023	2022
Bonds	\$ 1,855,000	\$ 2,540,000
Less: current installments	(1,855,000)	(685,000)
Bonds payable, net of current portion	<u>\$ -</u>	<u>\$ 1,855,000</u>

In November 2001, the New Jersey Economic Development Authority ("NJEDA") issued \$15,475,000 of variable rate, tax exempt revenue bonds (Geriatric Services Housing Corporation - CNJJHA Assisted Living Project - Series 2001) to help pay for a portion of the estimated costs to construct, equip, and staff Stein AL.

Under the terms of the bond indenture agreement and the loan agreement between Stein AL and NJEDA, the bonds require monthly payments are variable rates pegged to market as determined by the remarketing agent on a weekly basis. The maximum variable interest rate may not exceed 10% per annum as long as the Letter of Credit is in effect. The principal payment is due November of every year, and the bonds are set to mature in November 2030.

On March 21, 2011, Stein AL entered in a mortgage agreement in the amount of \$5,800,000. The proceeds of the mortgage were used to settle two outstanding loans and an outstanding bond.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 6 – BONDS PAYABLE (continued)

In addition, during the year ended December 31, 2023, Stein AL borrowed from their letter of credit (see note 5) to fund their principal payment in the amount of \$685,000. As such, as of December 31, 2023, Stein AL owes \$685,000 on their letter of credit for covering the bond principal payment. As of December 31, 2023, and 2022, Stein AL owed \$1,855,000 and \$2,540,000, respectively, on the bonds. Subsequent to year end, management of the consolidated entity, has decided to pay off the remaining bond indentures with the sale of Wilentz.

As of December 31, 2023, the future minimum debt principle payments are as follows for the years ending December 31,:

2024	<u>\$ 1,855,000</u>
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NOTE 7 – CONCENTRATIONS OF RISK

Cash:

Stein AL maintains cash accounts, which, at times, may exceed federally insured limits. From time to time, Stein AL may have cash on deposits with financial institutions that are in excess of the Federal Deposit Insurance Corporation (“FDIC”) limit. Due to recent bank failures and other uncertainties affecting the banking sector, there may be greater financial and liquidity risk for uninsured deposits held at financial institution. Although the FDIC has taken significant steps to protect uninsured deposits impacted by these bank failures, there are no assurances surrounding any potential future failures and their impacts on uninsured deposits in terms of both guarantees and the ability to access funds timely. Stein AL has not experienced any losses from maintaining cash accounts in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts.

Revenue:

The composition of net resident service revenues by payors are for the following as of December 31,:

	<u>2023</u>	<u>2022</u>
Medicaid	\$ 1,223,219	\$ 986,779
Private insurance and other.....	4,111,261	3,825,419
Total	<u>\$ 5,334,480</u>	<u>\$ 4,812,198</u>

For the years ended December 31, 2023 and 2022, private insurance and other consisted of 77% and 79%, respectively of total net resident service revenue.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 7 - CONCENTRATIONS OF RISK (continued)

Receivables:

The composition of accounts receivable residents, net of allowance, by payors are the following as of December 31,:

	2023	2022
Medicaid	\$ 155,869	\$ 137,838
Private insurance and other.....	303,920	239,778
Subtotal.....	459,789	377,616
Less: allowance for doubtful accounts.....	(14,335)	(46,196)
Total	<u>\$ 445,454</u>	<u>\$ 331,420</u>

NOTE 8 - COVID-19 REVENUE

Employee Retention Tax Credits:

Stein AL amended their tax filings in order to request \$1,212,396 in Employee Retention Tax Credits (hereinafter "ERTC") for the first, second, and third quarters of 2021. In addition, Stein AL collected \$112,581 in interest income relating to the refunds of ERTC funds. For the year ended December 31, 2023, ERTC revenue and the related interest income is included in COVID-19 revenue in the statement of activities and changes in net assets. There was no ERTC revenue earned during the year ended December 31, 2022.

Provider Relief Funds:

During the year ended December 31, 2022, Stein AL collected \$174,258 of Provider Relief Funds ("PRF"). The PRF funds collected are included in covid revenue in the statement of activities and changes in net assets. There were no PRF funds earned during the year ended December 31, 2023.

NOTE 9 - PENSION PLANS

Stein AL participates in the Campus' retirement plan, which is a 401(k) plan covering eligible employees of Stein AL as well as several other related entities. Stein AL may elect to contribute 25% of employee contributions up to 4% of compensation. There were no contributions to the 401(k) for the years ended December 31, 2023 or 2022.

NOTE 10 - RELATED PARTY TRANSACTIONS

Contributions:

During the years ended December 31, 2023, and 2022, Foundation donated \$1,520,019 and \$3,066,034, respectively to Stein AL, which represented 18% and 37% of total revenue.

Other:

Throughout the course of the year, Campus provides certain financial and management consulting services to Stein AL. The amounts paid for management services to Campus was \$138,000 for both years ended December 31, 2023 and 2022.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

NOTE 10 - RELATED PARTY TRANSACTIONS (continued)

Due to/from affiliates:

During the course of the year, Stein AL engages in several transactions with affiliated entities. The affiliated entities have overlapping members of their boards of trustees.

The amounts due/from affiliates are expected to be paid within one year. Below is a summary of the related party transactions as of December 31,:

	<u>2023</u>	<u>2022</u>
The Martin and Edith Stein Hospice.....	\$ (1,985)	\$ (561)
Wilf Transport	(21,698)	(5,415)
Wilf at Home	(45,262)	(12,976)
The Oscar and Ella Wilf Campus For Senior Living, Inc.....	(179,908)	(127,789)
Wilentz	28,895	10,573
Foundation.....	(2,527)	(855)
Due to affiliates, net.....	<u>\$ (222,485)</u>	<u>\$ (137,023)</u>
Due to affiliates	(252,361)	(157,021)
Due from affiliates	29,876	19,998
Due to affiliates, net.....	<u>\$ (222,485)</u>	<u>\$ (137,023)</u>

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Stein AL believes it is in compliance with all other applicable laws and regulations and is not aware of any other current pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

There are various legal actions that can occur in the ordinary course of business, and management is not aware of any such matters that would have a material effect on the financial condition or results of operations of Stein AL.

NOTE 11 - SUBSEQUENT EVENTS

Stein AL has evaluated all subsequent events and transactions between January 1, 2024 and June 27, 2024, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.