THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2018 AND 2017

CliftonLarsonAllen LLP

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Martin and Edith Stein Assisted Living Residence, Inc., which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Martin and Edith Stein Assisted Living Residence, Inc. as of December 31, 2018 and 2017, and the results of its operations, changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, The Martin and Edith Stein Assisted Living Residence, Inc. adopted a provision of Financial Accounting Standards Board Accounting Standards Updates 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The new accounting standard changes the presentation of various classifications and disclosures within the financial statements. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and 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 audits of the 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 financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
June 19, 2019

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,465,597	$ 1,095,567
Accounts Receivable, Residents Net of Allowance of $4,168 as of 2018 and 2017	44,019	43,919
Accounts Receivable, Other	10,824	855
Advances to Affiliated Entities	51,056	3,175
Restricted Cash, Residents' Personal Needs	2,961	3,710
Prepaid Expenses and Other Current Assets	38,137	51,679
Total Current Assets	1,612,594	1,198,905
RESTRICTED CASH		
Residents' Deposits	352,825	420,525
PROPERTY AND EQUIPMENT, NET	9,154,523	9,367,170
Total Assets	$ 11,119,942	$ 10,986,600
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Bonds Payable	$ 555,000	$ 530,000
Accounts Payable and Accrued Expenses	286,079	195,120
Deferred Rent Revenue	72,887	86,976
Residents' Personal Needs	2,961	3,710
Total Current Liabilities	916,927	815,806
LONG-TERM LIABILITIES		
Bonds Payable, Less Current Portion	4,332,022	4,825,618
Residents' Deposits	352,825	420,525
Total Long-Term Liabilities	4,684,847	5,246,143
Total Liabilities	5,601,774	6,061,949
NET ASSETS WITHOUT DONOR RESTRICTIONS	5,518,168	4,924,651
Total Liabilities and Net Assets	$ 11,119,942	$ 10,986,600

See accompanying Notes to Financial Statements.

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
REVENUE		
Net Resident Service Revenues	$ 5,813,643	$ 6,238,332
Other Revenue	171,384	191,222
Total Revenue	5,985,027	6,429,554
OPERATING EXPENSES		
Patient Care, Nursing	1,650,668	1,627,943
Dietary	1,394,640	1,384,892
Housekeeping	270,527	250,686
Property Operating Costs	625,718	599,798
Recreation and Activities	336,545	361,992
Marketing	227,475	307,447
Depreciation	501,767	510,501
General and Administrative	697,560	967,715
Total Operating Expenses	5,704,900	6,010,974
INCOME FROM OPERATIONS	280,127	418,580
OTHER EXPENSES		
Interest Expense	216,610	203,121
Bad Debt Expense	-	2,953
Total Other Expenses	216,610	206,074
REVENUES IN EXCESS OF EXPENSES	63,517	212,506
TRANSFERS BETWEEN AFFILIATES	530,000	-
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	593,517	212,506
Net Assets Without Donor Restrictions - Beginning of Year	4,924,651	4,712,145
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 5,518,168	$ 4,924,651

See accompanying Notes to Financial Statements.

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	$ 593,517	$ 212,506
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	501,767	510,501
Amortization of Debt Issuance Costs	61,404	61,404
Bad Debt Expense	-	2,953
(Increase) Decrease in Assets:		
Accounts Receivable, Residents	(100)	11,358
Accounts Receivable, Other	(9,969)	(3)
Advances to Affiliated Entities	(47,881)	(2,373)
Prepaid Expenses and Other Current Assets	13,542	1,208
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	90,959	(20,531)
Deferred Rent Revenue	(14,089)	(49,268)
Net Cash Provided by Operating Activities	1,189,150	727,755
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant, and Equipment	(289,120)	(154,855)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bond Repayment	(530,000)	(1,000,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	370,030	(427,100)
Cash and Cash Equivalents - Beginning of Year	1,095,567	1,522,667
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 1,465,597	$ 1,095,567
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 155,206	$ 141,717
Change in Residents' Deposits	$ (67,700)	$ 13,522

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Martin and Edith Stein Assisted Living Residence, Inc. (the Corporation or the Facility) was incorporated under the New Jersey nonprofit law in December 1999 for the purpose of building and operating a 90-bed assisted living facility in Somerset, New Jersey. The Facility began operations on May 22, 2003.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents represent cash in bank accounts and other liquid investments with original maturities of less than three months at the date of purchase. The carrying amount reported in the balance sheets for cash and cash equivalents approximates its fair value.

Accounts Receivable and Revenue Recognition

Accounts receivable are reported at net realizable value. Net resident service revenues are earned pursuant to leases that generally do not exceed more than one year. If necessary, the Facility establishes an allowance for the estimated losses that result from the inability of tenants to make their required payments. This allowance is based on the aging of rent receivables, assessments of historical collection trends, and an evaluation of the impact of current economic conditions as well as the financial status of the individual tenants.

Accounts are written off when they are determined to be uncollectible based upon management's assessment of individual accounts. The allowance for doubtful accounts was $4,168 for each of the years ended December 31, 2018 and 2017.

Residents' Deposits

Resident deposits are security deposits on the rental units to the Facility by residents upon move-in. The Facility records these deposits as a liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Facility capitalized all expenditures for property and equipment with costs over $1,000 and an estimated life greater than one year. The cost of maintenance and repairs are charged against operations as incurred. Property and equipment is stated at cost or at fair value at the date of donation.

Depreciation is computed on the straight-line method over the following estimated useful lives:

Land Improvements	10 – 40 Years
Buildings and Improvements	5 – 40 Years
Furniture and Fixtures	5 – 15 Years
Equipment	5 – 15 Years

The Facility records impairment loss on property and equipment when events and circumstances indicate that it is probable that assets are impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Based on management's estimation process, no impairment losses have been recorded as of December 31, 2018 and 2017.

Debt Issuance Costs

Debt issuance costs consist of costs incurred in connection with the issuance of the New Jersey Economic Development Bonds and the letter of credit and are included with the bonds payable and are amortized using the straight-line method, a method which approximates the effective interest method, over the terms of the respective obligations. Amortization expense for each of the years ended December 31, 2018 and 2017 was $61,404 and is included as a component of interest expense on the statements of operations and changes in net assets.

Deferred Rent Revenue

Deferred rent revenue represents rent payments received by residents for subsequent month rent. The amount of deferred rent revenue at December 31, 2018 and 2017 was $72,887 and $86,976, respectively.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor restrictions. 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, 2018 and 2017, the governing board has not made this designation.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Facility does not have any net assets with donor restrictions at December 31, 2018 and 2017.

New Accounting Standard — ASU No. 2016-14

During the year ended December 31, 2018, the Facility adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions) and also changes various disclosures within the financial statements. The adoption of this accounting standard did not have an impact on the Facility's financial position or changes in its net assets.

The adoption of the standard was retrospectively applied to the financial statements ended December 31, 2017 in order to provide a comparative presentation of the Facility's balance sheets, statements of operations and changes in net assets, and functional expenses in Note 7.

New Accounting Standard — Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Facility's leasing activities. The Facility will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2019. The Facility is evaluating the impact of adoption of ASU No. 2016-02 on its financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standard — Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08 related to the accounting for contributions received and contributions made. This update applies to both resource recipients and resource providers and assists in evaluating whether a transfer of assets is an exchange transaction or a contribution and also assists with distinguishing between conditional and unconditional contributions. Distinguishing between contributions and exchange transactions determines which guidance should be applied. For contributions, the guidance in Subtopic 958-605 should be followed and for exchange transactions, Topic 606 should be followed. The ASU is effective for the Facility for the year ended December 31, 2019. The Facility is currently evaluating the impact this guidance will have on its financial statements.

New Accounting Standard – Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This amended guidance was issued to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one of two methods. The standard will be effective for the Facility for annual reporting periods beginning after December 15, 2018. Management is evaluating the impact of the amended revenue recognition guidance on the Facility's financial statements.

Revenues in Excess of Expenses

The statement of operations and changes in net assets includes the determination of revenues in excess of expenses. Changes in unrestricted net assets which are excluded from the determination of revenues in excess of expenses, consistent with industry practice, include permanent transfers of assets to and from subsidiaries for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Income Taxes

The Facility is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and applicable state codes.

The Facility follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Facility's financial statements.

The Facility's tax returns are subject to review by the taxing authorities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

In preparing these financial statements, the Facility has evaluated events and transactions for potential recognition or disclosure through June 19, 2019, the date the financial statements were issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in these financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

As of December 31, 2018, the Facility has a working capital of $695,667 and average days cash on hand of 100.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are as follows:

	2018
Financial Assets as of Year-End:	
Cash and Cash Equivalents	$ 1,465,597
Accounts Receivable from:	
Residents	44,019
Affiliates	51,056
Other	10,824
Total Financial Assets	$ 1,571,496

NOTE 3 PROPERTY AND EQUIPMENT, NET

Property and equipment at December 31 consists of the following:

	2018	2017
Land and Land Improvements	$ 867,796	$ 867,796
Buildings and Improvements	12,511,120	12,511,120
Furniture and Fixtures	1,441,775	1,347,870
Equipment	167,152	167,152
Kitchen Equipment	1,371,372	1,176,157
Automotive Equipment	74,289	77,489
Total	16,433,504	16,147,584
Less: Accumulated Depreciation	7,278,981	6,780,414
Property and Equipment, Net	$ 9,154,523	$ 9,367,170

Depreciation expense charged to operations was $501,767 and $510,501 for the years ended December 31, 2018 and 2017, respectively.

NOTE 4 BONDS PAYABLE

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 the Facility.

Under the terms of the bond indenture agreement and the loan agreement between the Corporation and NJEDA the bonds require monthly payments at variable rates pegged to the 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 (see below) is in effect. Under certain conditions the Corporation can elect to convert the bonds to a fixed interest rate. Monthly deposits of an amount equal to one-twelfth of the principal payment to be made the following November must be made into the debt service fund. The bonds mature in November 2030.

Repayment of the bonds is guaranteed by both an irrevocable letter of credit (see following) and the Foundation (the Guarantor), an entity affiliated with the Corporation, through common board of trustee members and management. Due to the achievement of stabilization, as defined, the Guarantor's liability under the guarantee is limited to $1,500,000 at each of the years ended December 31, 2018 and 2017.

Bonds payable consists of the following:

Description	2018	2017
Bonds due on November 1, 2030, annual payments in amounts ranging from $555,000 to $760,000 with a variable interest rate	$ 4,945,000	$ 5,475,000
Less: Unamortized Debt Issuance Costs	(57,978)	(119,382)
Total Bonds Payable, Net Unamortized Debt Issuance Costs	4,887,022	5,355,618
Less: Current Portion	555,000	530,000
Bonds Payable, Net of Current Portion	$ 4,332,022	$ 4,825,618

The irrevocable letter of credit noted above was obtained from a commercial bank in the amount of $15,691,727 to secure repayment of the bond principal and a portion of the interest and to enhance the marketability of the bonds. The letter of credit was due to expire in November 2011. In 2011, the Corporation was notified by the commercial bank that the letter of credit would not be renewed. On August 10, 2011, the Corporation 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 this letter of credit is $12,250,000, which is made up of principal 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 the Corporation and a compensating balance arrangement.

NOTE 4 BONDS PAYABLE (CONTINUED)

The letter of credit can be withdrawn at the option of the bank if the Facility elects to convert the bonds to a fixed interest rate and expires an August 9, 2020. There are no amounts outstanding under the letter of credit at December 31, 2018 and 2017. The letter of credit agreement contains a number of financial and nonfinancial covenants, which require the Corporation and the Guarantor to maintain certain financial ratios and attain other performance targets. Due to the letter of credit, the bonds are appropriately classified as long term.

Scheduled principal repayments of the bonds are as follows:

Year Ending December 31,	Amount
2019	$ 555,000
2020	585,000
2021	615,000
2022	650,000
2023	685,000
Thereafter	1,855,000
Total	$ 4,945,000

Under the Bond Indenture, the Facility must comply with various financial covenants, the most restrictive of which require maintaining a debt service coverage ratio of 1.25 and at least 75 days' cash on hand. The Facility represented that it is in compliance with these financial covenants at December 31, 2018.

No interest expense was capitalized for the years ended December 31, 2018 and 2017.

NOTE 5 RELATED-PARTY TRANSACTIONS

The Facility, from time to time, receives and advances cash to entities affiliated through overlapping board of trustee members and management on an unsecured, noninterest-bearing basis. While there are no set repayment terms, repayment is expected within one year. During 2018, the Foundation of the Oscar and Ella Wilf Campus for Senior Living, Inc. transferred $530,000 to the Facility for bond payments.

NOTE 6 CONCENTRATIONS OF CREDIT RISK

The Facility grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements.

The Facility maintains cash accounts and certificates of deposit, which, at times, may exceed federally insured limits. The Facility has not experienced any losses from maintaining cash accounts and certificates of deposit in excess of federally insured limits. Management believes it is not subject to any significant credit risk on its cash accounts and certificates of deposit.

NOTE 7 FUNCTIONAL EXPENSES

The Facility provides residential and health care services to residents. All categories of expenses that are not directly related to the Facility's program are allocated to one or more management and administrative functions based on estimates of time and effort involved. The functional allocation of these expenses related to these services is as follows for the years ended December 31, 2018 and 2017:

	Program Services	Management and General	Fundraising and Development	Total
December 31, 2018				
Salaries and Wages	$ 2,463,245	$ 500,698	$ -	$ 2,963,943
Employee Benefits	554,724	74,417	-	629,141
Patient and Residential	554,290	11,679	-	565,969
Professional Services	87,431	83,954	-	171,385
Office Supplies	151,852	151,658	-	303,510
Operating and Maintenance	420,935	46,771	-	467,706
Travel and Meetings	23,075	14,515	-	37,590
Interest	194,949	21,661	-	216,610
Insurance	50,659	5,629	-	56,288
Depreciation	451,590	50,177	-	501,767
Other Expenses	-	7,601	-	7,601
Totals	$ 4,952,750	$ 968,760	-	$ 5,921,510
December 31, 2017				
Salaries and Wages	$ 2,419,042	$ 731,909	$ -	$ 3,150,951
Employee Benefits	520,196	109,533	-	629,729
Patient and Residential	579,229	12,985	-	592,214
Professional Services	101,485	101,301	-	202,786
Office Supplies	158,586	192,555	-	351,141
Operating and Maintenance	408,840	45,427	-	454,267
Travel and Meetings	23,873	19,023	-	42,896
Interest	182,809	20,312	-	203,121
Insurance	55,058	6,118	-	61,176
Depreciation	459,451	51,050	-	510,501
Other Expenses	2,754	15,512	-	18,266
Totals	$ 4,911,323	$ 1,305,725	-	$ 6,217,048

NOTE 8 PENSION PLAN

The Facility participates in the JHHC salary deferral 401(k) plan covering eligible employees. The Facility may elect to contribute 25% of employee contributions up to 4% of compensation. There were no contributions to the 401(k) plan for the years ended December 31, 2018 or 2017.

NOTE 9 COMMITMENTS AND CONTINGENCIES

Compliance

Laws and regulations governing the Medicare program are complex and subject to interpretation. The Facility 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 program.

Other

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 the Facility. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect to the Facility's financial position.

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.
SCHEDULES OF OPERATING EXPENSES
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
PATIENT CARE, NURSING		
Supervisor Salary	$ 272,805	$ 287,266
LPN Salary	485,704	452,541
CNA Salary	567,539	543,521
Employee Benefits	288,997	265,889
Agency Staff	559	35,071
Nursing Supplies	35,064	43,655
Total Patient Care, Nursing	$ 1,650,668	$ 1,627,943
DIETARY		
Dietary Salary and Food	$ 655,116	$ 640,723
Employee Benefits	142,775	132,749
Supplies	596,749	611,420
Total Dietary	$ 1,394,640	$ 1,384,892
HOUSEKEEPING		
Housekeeping Salary	$ 188,388	$ 180,648
Employee Benefits	41,057	37,428
Housekeeping Supplies	41,082	32,610
Total Housekeeping	$ 270,527	$ 250,686
PROPERTY OPERATING COSTS		
Maintenance Payroll	$ 73,393	$ 72,058
Employee Benefits	15,995	14,929
Utilities	248,283	231,722
Cable	22,834	24,740
Disposal	47,334	60,416
Repairs	108,277	102,122
Landscaping	109,602	93,811
Total Property Operating Costs	$ 625,718	$ 599,798
RECREATION AND ACTIVITIES		
Recreation Salary	$ 191,225	$ 182,610
Employee Benefits	41,675	37,834
Religious Salaries and Consultants	29,075	59,675
Resident Functions	23,075	23,873
Supplies	51,495	58,000
Total Recreation and Activities	$ 336,545	$ 361,992
MARKETING	$ 227,475	$ 307,447
DEPRECIATION	$ 501,767	$ 510,501

THE MARTIN AND EDITH STEIN ASSISTED LIVING RESIDENCE, INC.
SCHEDULES OF OPERATING EXPENSES (CONTINUED)
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
GENERAL AND ADMINISTRATIVE		
Salaries	$ 380,944	$ 571,621
Employee Benefits	83,023	118,432
Office Supplies	28,138	32,824
Telephone	12,056	11,326
Insurance and Accounting	62,288	82,176
Legal and Other Professional Fees	29,435	23,786
Data Processing	35,976	40,491
Licenses and Fees	7,601	15,469
Other Administrative Expenses	58,099	71,590
Total General and Administrative	$ 697,560	$ 967,715

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