

THE MARTIN AND EDITH STEIN HOSPICE

*FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024*



Connected
to your business
goals
success

THE MARTIN AND EDITH STEIN HOSPICE

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 TABLE OF CONTENTS

Independent Auditors' Report	1
<i>Audited Financial Statements:</i>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses for the year ended December 31, 2025	5
Statement of Functional Expenses for the year ended December 31, 2024	6
Statements of Cash Flows	7
Notes to Financial Statements	8

INDEPENDENT AUDITORS' REPORT

To the Boards of Trustees of
The Martin and Edith Stein Hospice
Somerset, New Jersey

Opinion

We have audited the accompanying financial statements of the Martin and Edith Stein Hospice (hereinafter "Hospice"), which comprise the statement of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years 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 Hospice as of December 31, 2025 and 2024, and the 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.

Basis for Opinion

We conducted our audits 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 Audits of the Financial Statements section of our report. We are required to be independent of Hospice 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 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.

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

Auditors' Responsibilities for the Audits 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 audits 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 Hospice'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 Hospice'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Cerini & Associates LLP

Bohemia, New York
July 7, 2026

THE MARTIN AND EDITH STEIN HOSPICE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,	2025	2024
<u>CURRENT ASSETS:</u>		
Cash.....	\$ 121,651	\$ 454,642
Accounts receivable, patients, net of allowances.....	481,025	459,374
Due from affiliates.....	8,051	-
Prepaid expenses and other assets.....	8,449	21,516
TOTAL CURRENT ASSETS	619,176	935,532
 Right-of-use asset - lease agreement with affiliate.....	 273,103	 349,967
TOTAL ASSETS	\$ 892,279	\$ 1,285,499
<u>CURRENT LIABILITIES:</u>		
Accounts payable and accrued expenses.....	\$ 161,745	\$ 369,190
Right-of-use liability - due to affiliate - current portion.....	80,132	86,397
Due to affiliates.....	464,874	344,742
TOTAL CURRENT LIABILITIES	706,751	800,329
 Right- of -use liability - lease agreement with affiliate, net of current portion.....	 192,971	 263,570
TOTAL LIABILITIES	899,722	1,063,899
 <u>NET (DEFICIT)/ASSETS:</u>		
Without donor restrictions.....	(7,443)	221,600
TOTAL LIABILITIES AND NET ASSETS	\$ 892,279	\$ 1,285,499

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

THE MARTIN AND EDITH STEIN HOSPICE

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

2025

2024

REVENUE:

Revenue and support:

Net patient service revenue.....	\$	4,689,048	\$	5,222,765
Donations and other revenue.....		3,322		5,651
Contributions from Foundation.....		320,284		545,732

TOTAL REVENUE		5,012,654		5,774,148
----------------------	--	-----------	--	-----------

EXPENSES:

Program		4,098,983		4,532,498
General and administrative.....		1,155,950		1,043,987
Fundraising.....		45,000		83,627

TOTAL EXPENSES		5,299,933		5,660,112
-----------------------	--	-----------	--	-----------

CHANGE IN NET ASSETS FROM OPERATIONS		(287,279)		114,036
---	--	-----------	--	---------

OTHER INCOME:

Other income.....		58,236		-
-------------------	--	--------	--	---

CHANGE IN NET ASSETS		(229,043)		114,036
-----------------------------	--	-----------	--	---------

Net assets, beginning of year.....		221,600		107,564
Net (deficit)/assets, end of year.....	\$	(7,443)	\$	221,600

THE MARTIN AND EDITH STEIN HOSPICE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,441,486	\$ 649,902	\$ -	\$ 3,091,388
Payroll taxes and employee benefits.....	402,506	133,061	-	535,567
Patient and residential	1,127,139	47,465	-	1,174,604
Management fees.....	-	105,000	45,000	150,000
Rent.....	-	91,260	-	91,260
Office.....	48,884	33,302	-	82,186
Miscellaneous operating.....	18,897	52,908	-	71,805
Advertising.....	38,650	714	-	39,364
Insurance.....	-	32,599	-	32,599
Contributions to related entities.....	11,000	-	-	11,000
Bad debt.....	10,231	-	-	10,231
Professional fees.....	-	9,739	-	9,739
Outside care.....	190	-	-	190
TOTAL EXPENSES	<u><u>\$ 4,098,983</u></u>	<u><u>\$ 1,155,950</u></u>	<u><u>\$ 45,000</u></u>	<u><u>\$ 5,299,933</u></u>

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

THE MARTIN AND EDITH STEIN HOSPICE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 2,410,335	\$ 643,972	\$ -	\$ 3,054,307
Payroll taxes and employee benefits.....	537,409	143,580	-	680,989
Patient and residential	1,392,336	-	-	1,392,336
Management fees.....	-	101,645	48,355	150,000
Rent.....	76,950	4,275	4,275	85,500
Office.....	8,295	62,214	12,443	82,952
Miscellaneous operating.....	30,419	27,377	3,042	60,838
Advertising.....	51,707	36,195	15,512	103,414
Insurance.....	25,047	2,783	-	27,830
Contributions to related entities.....	-	-	-	-
Bad debt.....	-	-	-	-
Professional fees.....	-	21,946	-	21,946
Outside care.....	-	-	-	-
TOTAL EXPENSES	<u><u>\$ 4,532,498</u></u>	<u><u>\$ 1,043,987</u></u>	<u><u>\$ 83,627</u></u>	<u><u>\$ 5,660,112</u></u>

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

THE MARTIN AND EDITH STEIN HOSPICE

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,

2025

2024

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets.....	\$ (229,043)	\$ 114,036
---------------------------	--------------	------------

Adjustments to reconcile change in net assets to net cash

(used in)/provided by operating activities:

Bad debt expense.....	10,231	-
Amortization of right-of-use asset.....	76,864	75,405

Changes in operating assets and liabilities:

Accounts receivable, patients, net of allowance.....	(31,882)	(5,159)
Due from affiliates.....	(8,051)	20,215
Prepaid expenses and other assets.....	13,067	(2,937)
Due to affiliates.....	120,132	(30,540)
Right-of-use liability - lease agreement with affiliate.....	(76,864)	(76,599)
Accounts payable and accrued expenses.....	(207,445)	46,643

NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	(332,991)	141,064
--	------------------	----------------

Net (decrease)/increase in cash.....	(332,991)	141,064
--------------------------------------	-----------	---------

Cash, beginning of year.....	454,642	313,578
------------------------------	---------	---------

Cash, end of year.....	<u>\$ 121,651</u>	<u>\$ 454,642</u>
------------------------	-------------------	-------------------

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Non-cash recording of operating lease asset and related lease liability.....	<u>\$ -</u>	<u>\$ 405,551</u>
--	-------------	-------------------

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 1 - NATURE OF THE ORGANIZATION

The Martin and Edith Stein Hospice (hereinafter “Hospice”) was incorporated under the New Jersey nonprofit law in January 2005. Hospice was established to operate a patient and family centered hospice program to provide interdisciplinary services for the palliation and management of terminal illness in central New Jersey.

Hospice is a membership organization, whose sole member is the Martin and Edith Stein Assisted Living Residence, Inc. (“Stein AL”). Stein AL, as the sole member has the ability to:

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

Stein AL’s sole member is The Oscar and Ella Wilf Campus for Senior Living, Inc. (hereinafter “Campus”). The operations of Campus, including Hospice, are presented in a separate report on a consolidated basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding Hospice’s financial statements. The financial statements and notes are representations of Hospice’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:

Hospice’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, Hospice 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, 2025 AND 2024

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

Accordingly, the net assets of Hospice, 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, 2025 and 2024, the governing board has not made such designation.
- With donor restrictions: Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of Hospice or the passage of time, or stipulations that they be maintained permanently by Hospice. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. Hospice has no restricted net assets for both years ended December 31, 2025 and 2024.

Cash and Cash Equivalents:

For financial-reporting purposes, Hospice considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. There were no cash equivalents for the years ended December 31, 2025 and 2024.

Accounts Receivable, Patients, Net of Allowance:

Accounts receivable are based upon the amount management believes it will collect from outstanding balances. Hospice considers receivables past due or delinquent when payments have not been received in a timely manner. Hospice uses the allowance method to determine uncollectible accounts receivable. The allowance for doubtful accounts is based on prior years' experience and managements' analysis of specific account balances. The receivables were also analyzed in accordance with the accounting standard adopted by Hospice during the year ended December 31, 2024 - Accounting Standards Codification ("ASC") 326 *Financial Instruments - Credit losses*. Under the standard, Hospice must consider not only historical loss information and current conditions when estimating its allowance but also reasonable and supportable forecasts about future conditions.

The allowance for credit losses was \$20,419 and \$6,122 as of December 31, 2025 and 2024, respectively.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

Revenue Recognition:

Patient Service Revenue:

Patient service revenue is reported at the amount that reflects the consideration to which Hospice expects to be entitled in exchange for providing patient services and care. Patient services includes monthly fees, health care services, and patient and other services on the statement of operations and changes in net assets.

These amounts are due from patients, third-party payors, and others and include variable consideration for retroactive revenue adjustments due to settlements of audits, reviews, and investigations. Generally, Hospice bills the patient monthly for services and third-party payors after the services are performed. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by Hospice. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. Hospice believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving skilled nursing or other services within the facility or commencement of services to the point when Hospice is no longer required to provide services to that patient. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the patients and customers in a retail setting and Hospice does not believe it is required to provide additional goods or services related to that sale.

Hospice bills Medicaid for room and board services provided to Medicaid patients at 95% of the nursing home's contractual Medicaid rate, less the residents' portion. Hospice pays the nursing home facility 100% of its contractual Medicaid rate, less the residents' portion.

Hospice determines the transaction price based on the standard charges for goods and services provided, reduced by contractual adjustments provided to third-party providers, discounts provided to uninsured patients in accordance with Hospice's policy and or/ implicit price concessions provided to patients. Hospice determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. Hospice determines its estimates of implicit price concessions based on its historical collection experience.

Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known. For the years ended December 31, 2025 and 2024, net patient service revenue was derived from billings to Medicare, Medicaid, and commercial insurance carriers. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Contributions:

Unconditional contributions, including pledges of cash or other assets, are recorded at fair value on the date they are received. Hospice reports gifts of cash and other assets as restricted support when donors specify how the assets must be used. When a donor restriction is satisfied, either by the passage of time or by fulfilling the stated purpose, the related net assets are reclassified from with donor restrictions to without donor restrictions and reported in the statements of activities as net assets released from restrictions. If restricted contributions are received and used within the same fiscal year, they are reported as revenue within net assets without donor restrictions. Contributions from affiliates are recognized as revenue when the affiliate entity makes the funds available to Hospice.

Donated services and facilities:

For recognition of donated goods and services in Hospice's financial statements, such goods or services must create or enhance non-financial assets or be performed by individuals possessing those skills, and typically would be purchased if not provided by donation. Donated goods and services are recorded as support at their estimated fair values at the dates of donation and are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. While Hospice benefits from numerous volunteers who have donated a significant amount of time in supporting Hospice's operations, no amounts have been recorded in the statements of activities for such donations as they do not meet the recognition criteria required by U.S. GAAP.

Property and Equipment, net of Accumulated Depreciation:

Property and equipment are stated at cost, net of accumulated depreciation. Hospice 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. As of December 31, 2025 and 2024, all of Hospice's long-lived assets and equipment were fully depreciated.

Income Taxes:

Hospice is exempt from income taxes pursuant to 501(c)(3) of the Internal Revenue Code, and similar provisions of New Jersey laws. Donors may deduct contributions made to Hospice within the requirements of the Internal Revenue Code. Hospice evaluated for uncertain tax positions and determined that there were no uncertain tax positions for the years ended December 31, 2025 and 2024. Hospice files an Internal Revenue Service Form 990 and respective state and local tax returns. These tax returns are subject to review and examination by federal, state, and local authorities. Hospice has determined that it is registered in all states where it is required to be registered.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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

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.

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

Expense	Method of Allocation
Salaries	Time and effort
Payroll taxes and employee benefits.....	Based upon salaries
Management fees.....	Time and effort

Advertising:

Advertising costs are expensed as incurred.

Reclassification:

Certain balances in the amount of \$20,297 have been reclassified from contributions from Foundation of the Oscar and Ella Wilf Campus for Senior Living, Inc. ("Foundation") to program expenses on the statements of activities and changes in net assets and the statement of functional expenses for the year ended December 31, 2024 to better reflect the nature of the amounts.

NOTE 3 - PENSION PLANS

Hospice participates in Campus' retirement plan, which is a 401(k) plan covering eligible employees of Hospice as well as several other related entities. Hospice 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, 2025 or 2024.

NOTE 4 - AVAILABILITY AND LIQUIDITY

The following represents Hospice's financial assets available to meet general expenditures over the next twelve months at December 31,:

	2025	2024
Financial assets at year-end:		
Cash.....	\$ 121,651	\$ 454,642
Accounts receivable, patients, net.....	481,025	459,374
Financial assets available to meet general expenditures over the next twelve months.....	<u>\$ 602,676</u>	<u>\$ 914,016</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 4 - AVAILABILITY AND LIQUIDITY (continued)

Hospice 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 5 - CONCENTRATIONS OF RISK

Revenue:

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

	2025		2024	
Medicare	\$	3,983,635 85 %	\$	4,677,453 90 %
Medicaid		6,795 - %		57,706 1 %
Private insurance and other		698,618 15 %		487,606 9%
Total	\$	4,689,048 100%	\$	5,222,765 100%

Accounts Receivable, Patients, Net of Allowance:

The composition of accounts receivable patients, net of allowance, by payor is the following as of December 31,:

	2025		2024	
Medicare	\$	321,192 67 %	\$	434,381 95 %
Medicaid		18,860 4 %		12,318 3 %
Private insurance and other		161,392 34 %		18,797 4 %
Subtotal		501,444 105%		465,496 102%
Less: allowance for credit losses		(20,419) (5)%		(6,122) (2)%
Total	\$	481,025 100%	\$	459,374 100%

Cash:

Hospice maintains its cash in financial institutions that are insured by the Federal Deposit Insurance Corporation ("FDIC"). At times, Hospice's cash balance in these institutions may be in excess of the insured limits. Hospice has not incurred any losses in such accounts to date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

NOTE 6 - LEASES

In accordance with ASC 842, for all operating leases, Hospice has recognized a right-of-use liability – due to affiliate, and a right-of-use asset – lease agreement with affiliate at the commencement date. The right-of-use liability – due to affiliate was calculated based on the present value of the lease payments not yet paid, discounted using an appropriate discount rate at the commencement date. The right-of-use liability – due to affiliate will be initially equal to the present value of the fair market value of the rented space over the period that the related party has the right to the Foundation’s facility. Under this approach, amortization of the right-of-use asset – lease agreement with affiliate is recorded on the straight-line basis over the term of the right to use term, unless another systematic and rational basis is more representative of the time pattern in which the use benefit is derived from the use of the property, in which case that basis will be used.

On April 1, 2019, Hospice (“lessee”) signed a 5-year rental agreement with the Foundation (“lessor”). The lease agreement, which expired on April 1, 2024, called for yearly payments of \$72,000. On April 1, 2024, Foundation signed another 5-year lease with Hospice, which calls for yearly rent expense of \$90,000. For the years ended December 31, 2025, and 2024, Hospice incurred expenses of \$90,000 and \$85,500 relating to the rented space. The amount due to Foundation is included in right-of-use liability – due to affiliate on the statements of financial position.

The components of lease expense under ASC 842 are as follows for the year ended December 31,:

	2025	2024
Amortization of ROU asset	\$ 76,864	\$ 75,405
Accretion of Lease Payments	13,136	10,095
Total Lease Expense.....	<u>\$ 90,000</u>	<u>\$ 85,500</u>

As of December 31, 2025, future minimum payments are as follows for the years ending December 31,:

2026.....	\$ 90,000
2027.....	90,000
2028.....	90,000
2029.....	22,500
Subtotal	292,500
Less: Present Value Discount.....	(19,397)
Present Value	<u>\$ 273,103</u>
Short-term lease liability	\$ 80,132
Long-term lease liability.....	192,971
Total.....	<u>\$ 273,103</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 6 - LEASES (continued)

The remaining lease term (in months) and discount rate for the above-mentioned lease were as follows as of December 31, 2025:

Remaining lease term.....	39
Discount rate	4.17%

Hospice determined the discount rate for its leases based on its incremental borrowing rate at the lease commencement date, which was derived from the U.S. Treasury rate corresponding to the lease term.

NOTE 7 - RELATED PARTY TRANSACTIONS

Foundation:

As noted in Note 6, Hospice has a 5-year lease agreement with Foundation for yearly rent of \$90,000. For the years ended December 31, 2025, and 2024, Hospice paid \$90,000 and \$85,500, respectively, relating to the rented space.

In addition, as noted in Note 8, Foundation has a permanent endowment, whereby the funds are to be used to support Hospice each year. For the years ended December 31, 2025 and 2024, the endowment provided funding of \$10,460 and \$20,297, respectively, to support patient and residential activities, which are reflected within patient and residential expenses in the statements of functional expenses.

Other:

Throughout the course of the year, Campus provides certain financial and management consulting services to Hospice. The amount paid for management services to Campus was \$150,000 for both years ended December 31, 2025 and 2024.

Due to/from affiliates:

During the course of the year, Hospice engages in several transactions with related entities. The amounts due/from related parties are expected to be paid within one year.

Shared costs:

During the course of the year, Hospice shares employees and related employee benefits with Campus. Each entity reflects its share of these costs within its respective financial statement. The shared costs are recorded to the appropriate natural expense and as part of intercompany balances.

NOTE 8 - ENDOWMENT

Hospice and Foundation are financially interrelated organizations. Foundation has a permanent endowment, with a historic value of \$250,000, whereby 5% of the three-year average value of the fund is to be used to support Hospice each year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

NOTE 8 - ENDOWMENT (continued)

For the years ended December 31, 2025 and 2024, the amounts disbursed to Hospice were \$10,460 and \$20,297, respectively.

Foundation relies on total return strategy in which investment returns are achieved through both capital appreciation and current yield. Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Management, after reviewing the gift instrument and the relevant state law regarding the prudent management of endowment funds, has determined that all of the investment income from the fund, including unrealized appreciation, is currently available to support the activities of Hospice.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

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

NOTE 10 - SUBSEQUENT EVENTS

Hospice has evaluated all subsequent events and transactions between January 1, 2025 and July 7, 2026, which is the date the financial statements were available to be issued for possible disclosure and recognition in the financial statements. No such events or transactions were noted.