St. Ann's Home for the Aged Corp dba Peace Care St. Ann's
Financial Statements
December 31, 2025 and 2024
With Independent Auditor's Report

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ADVISORY TAX AUDIT

St. Ann's Home for the Aged Corp dba Peace Care St. Ann's
Table of Contents
December 31, 2025 and 2024

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ADVISORY TAX AUDIT

Independent Auditor's Report

To the Board of Trustees of
St. Ann's Home for the Aged Corp dba Peace Care St. Ann's:

Opinion

We have audited the financial statements of St. Ann's Home for the Aged Corp dba Peace Care St. Ann's (the "Home"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of operations and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of St. Ann's Home for the Aged Corp dba Peace Care St. Ann's as of December 31, 2025 and 2024, and the results of its operations 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 Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Home and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

Withum Smith + Brown, PC

April 22, 2026

St. Ann's Home for the Aged Corp dba Peace Care St. Ann's
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 604,739	$ 265,907
Cash, resident security deposits and personal funds	63,314	50,072
Investments	16,029,127	15,899,622
Patient accounts receivable, net	1,777,155	2,093,812
Due from affiliates	3,515,851	1,775,243
Prepaid and other current assets	406,331	291,822
Total current assets	22,396,517	20,376,478
Noncurrent assets		
Assets limited as to use, cash	59,332	59,332
Property and equipment, net	10,068,482	10,311,153
Operating right-of-use assets	10,343	15,740
Total noncurrent assets	10,138,157	10,386,225
Total assets	$ 32,534,674	$ 30,762,703
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 1,119,607	$ 1,191,825
Due to affiliates	681,087	722,531
Operating lease liabilities, current portion	5,074	4,827
Amounts due to third-party payors	1,510,549	1,255,682
Current maturities of long-term debt	378,906	359,126
Resident security deposits and personal funds	59,583	50,072
Accrued defined contribution payable	53,500	178,573
Total current liabilities	3,808,306	3,762,636
Noncurrent liabilities		
Long-term debt, net of current maturities and unamortized debt issuance costs	7,557,735	7,918,126
Operating lease liabilities, net of current portion	5,807	11,331
Total noncurrent liabilities	7,563,542	7,929,457
Total liabilities	11,371,848	11,692,093
Net assets		
Without donor restrictions	21,074,086	18,970,684
With donor restrictions	88,740	99,926
Total net assets	21,162,826	19,070,610
Total liabilities and net assets	$ 32,534,674	$ 30,762,703

The Notes to Financial Statements are an integral part of these statements.

St. Ann's Home for the Aged Corp dba Peace Care St. Ann's
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues						
Net patient service revenue	$ 17,415,540	$ -	$ 17,415,540	$ 16,656,683	$ -	$ 16,656,683
Net assets released from purpose restrictions						
Nursing	3,197	(3,197)	-	6,600	(6,600)	-
Patient activities	8,006	(8,006)	-	1,766	(1,766)	-
Total operating revenues	17,426,743	(11,203)	17,415,540	16,665,049	(8,366)	16,656,683
Operating expenses						
Health care services	15,276,095	-	15,276,095	15,102,342	-	15,102,342
Management and general	2,716,078	-	2,716,078	2,524,783	-	2,524,783
Total operating expenses	17,992,173	-	17,992,173	17,627,125	-	17,627,125
Net operating loss	(565,430)	(11,203)	(576,633)	(962,076)	(8,366)	(970,442)

The Notes to Financial Statements are an integral part of these statements.

St. Ann's Home for the Aged Corp dba Peace Care St. Ann's
Statements of Operations and Changes in Net Assets
Years Ended December 31, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Nonoperating revenues gains and other support						
Contributions and grants of cash and other financial assets	$ 511,995	$ 1,017	$ 513,012	$ 169,238	$ 26,000	$ 195,238
Net investment return	2,045,211	-	2,045,211	1,766,838	-	1,766,838
Miscellaneous income	139,729	-	139,729	8,606	-	8,606
Net assets released for purpose restrictions						
Capital acquisitions	1,000	(1,000)	-	-	-	-
Total nonoperating revenues gains and other support	2,697,935	17	2,697,952	1,944,682	26,000	1,970,682
Nonoperating expenses						
Fundraising	29,103	-	29,103	19,562	-	19,562
Total nonoperating expenses	29,103	-	29,103	19,562	-	19,562
Net nonoperating gain	2,668,832	17	2,668,849	1,925,120	26,000	1,951,120
Excess (deficiency) of revenues over expenses and change in net assets	2,103,402	(11,186)	2,092,216	963,044	17,634	980,678
Net assets						
Beginning of year	18,970,684	99,926	19,070,610	18,007,640	82,292	18,089,932
End of year	$ 21,074,086	$ 88,740	$ 21,162,826	$ 18,970,684	$ 99,926	$ 19,070,610

The Notes to Financial Statements are an integral part of these statements.

St. Ann's Home for the Aged Corp dba Peace Care St. Ann's
Statements of Functional Expenses
Years Ended December 31, 2025 and 2024

	Program Services	Supporting Services			Program Services	Supporting Services		
	Health Care Services	Management and General	Fundraising	Total 2025	Health Care Services	Management and General	Fundraising	Total 2024
Salaries	$ 8,415,559	$ 476,548	$ -	$ 8,892,107	$ 8,261,240	$ 423,319	$ 1,203	$ 8,685,762
Fringe benefits	1,706,114	418,191	-	2,124,305	1,664,029	408,179	-	2,072,208
Contracted services	88,794	902,974	-	991,768	96,489	873,182	-	969,671
Contracted labor	846,272	-	-	846,272	1,023,462	-	-	1,023,462
Pharmacy and medical supplies	810,995	-	-	810,995	646,545	-	-	646,545
Food and dining supplies	610,583	12,780	-	623,363	668,761	-	-	668,761
General supplies and other	328,448	279,762	29,103	637,313	409,781	212,674	18,359	640,814
Professional fees	42,553	124,303	-	166,856	31,563	138,953	-	170,516
Utilities, insurance and maintenance	982,744	241,936	-	1,224,680	876,952	215,488	-	1,092,440
Depreciation and amortization	823,833	205,500	-	1,029,333	787,775	196,485	-	984,260
Interest	216,335	54,084	-	270,419	226,012	56,503	-	282,515
Nursing home tax assessment	403,865	-	-	403,865	409,733	-	-	409,733
	$ 15,276,095	$ 2,716,078	$ 29,103	$ 18,021,276	$ 15,102,342	$ 2,524,783	$ 19,562	$ 17,646,687

The Notes to Financial Statements are an integral part of these statements.

St. Ann's Home for the Aged Corp dba Peace Care St. Ann's
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Operating activities		
Excess of revenues over expenses and change in net assets	$ 2,092,216	$ 980,678
Adjustments to reconcile excess of revenues over expenses and change in net assets to net cash used in operating activities		
Depreciation and amortization	1,029,333	984,260
Amortization of debt-issuance costs	18,516	19,295
Amortization of right-of-use asset	5,397	5,396
Net realized and unrealized gains on investments	(1,641,677)	(1,265,266)
Gain on sale of property and equipment	(25,387)	-
Changes in operating assets and liabilities		
Patient accounts receivable, net	316,657	(121,389)
Due from affiliates	(1,740,608)	(421,620)
Prepaid expenses and other current assets	(114,509)	(27,126)
Accounts payable and accrued expenses	(72,218)	(1,053,034)
Due to affiliates	(41,444)	331,645
Amounts due to third-party payors	254,867	333,085
Resident security deposits and personal funds	9,511	(155,079)
Operating lease liabilities	(5,277)	(5,020)
Accrued defined contribution payable	(125,073)	9,478
Net cash used in operating activities	(39,696)	(384,697)
Investing activities		
Purchase of property and equipment	(786,662)	(340,382)
Proceeds from sale of property and equipment	25,387	-
Purchase of investments	(2,659,640)	(1,249,161)
Proceeds from sale of investments	4,171,812	1,676,208
Net cash provided by investing activities	750,897	86,665
Financing activities		
Principal payment on long-term debt	(359,127)	(339,110)
Net cash used in financing activities	(359,127)	(339,110)
Net change in cash, cash equivalents, and restricted cash	352,074	(637,142)
Cash, cash equivalents, and restricted cash		
Beginning of year	375,311	1,012,453
End of year	$ 727,385	$ 375,311
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ 251,903	$ 263,220
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	$ 604,739	$ 265,907
Cash, resident security deposits and personal funds	63,314	50,072
Assets limited as to use, cash	59,332	59,332
	$ 727,385	$ 375,311

The Notes to Financial Statements are an integral part of these statements.

1. Nature of Organization and Summary of Significant Accounting Policies

St. Ann’s Home for the Aged Corp dba Peace Care St. Ann’s (the “Home”) is a nonprofit organization which operates a 120-bed nursing home in Jersey City, New Jersey.

The Home provides long-term, post-acute and respite care services. Post-acute care is a short-term rehabilitation service provided to a patient following surgery, hospitalizations, injury, or a disability. The short-term rehabilitation services include skilled nursing, social services for the overall well-being of the patient, physical therapy, occupational therapy and/or speech therapy provided by highly trained staff. Respite care is a short term stay available for a variety of care levels for patients who need extra assistance before returning home after a hospital stay or simply for caretakers who need a break from taking care of their family member.

In addition to providing long-term, post-acute and respite care services, the Home also operates a 50-slot adult medical daycare program. The Home’s primary sources of revenues are patient service fees paid by Medicaid, Medicare and private individuals. The Internal Revenue Service has determined that the Home meets the requirements of the Internal Revenue Code under Section 501(c)(3) and is, therefore, exempt from federal income tax.

On July 11, 2016, Peace Care, Inc. (“Peace Care”) became the sole corporate member of the Home and also became the sole corporate member of Margaret Anna Cusack Care Center, Inc. dba Peace Care St. Joseph’s (“St. Joseph’s”). Peace Ministries, Inc., a ministry corporation of the Congregation of the Sisters of St. Joseph of Peace, is the sole corporate member of Peace Care, Inc.

In the accompanying financial statements, “affiliates” is used to describe either Peace Care or St. Joseph’s, or both. Transactions among the related entities are described in Note 13.

a. Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to donor-imposed restrictions. The net assets of the Home are reported as follows:

Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Home. These net assets may be used at the discretion of the Home’s management and the Board of Trustees.

With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Home or by the passage of time. Other restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

b. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting periods. Significant estimates utilized in the preparation of the accompanying financial statements include: the valuation of accounts receivable and contractual allowances, third-party liabilities, and useful lives ascribed to property and equipment. Actual results could differ from those estimates.

c. Excess of Revenue Over Expenses

The financial statements include the excess of revenue over expenses as the performance indicator. Changes in net assets without donor restrictions include the change in net unrealized gains and losses and net assets released from restrictions.

Transactions deemed by management to be ongoing, major, or central to the provision of health care services are reported as operating revenue and expenses. Peripheral or incidental transactions are reported as nonoperating items. Nonoperating gains and losses, net consist primarily of investment returns and contributions.

d. Cash and Cash Equivalents

The Home considers all highly liquid investments with an original maturity of three months or less when acquired, except those included as part of the Home's investment portfolio, to be cash equivalents. At December 31, 2025 and 2024, cash equivalents consisted primarily of money market accounts with brokers. Deposit accounts restricted internally by the Board and/or externally by regulators are considered to be cash and cash equivalents.

e. Security Deposits and Personal Funds

Security deposits and personal funds held on behalf of the residents are maintained in bank accounts separate from the Home's accounts. Interest earned is credited to the residents' accounts. The Home has fiduciary responsibility for the administration of the bank accounts and the distribution of funds to the residents.

f. Investments and Investment Return

The Home's investments have been classified as current based on the availability of these investments to fund current operations as needed.

The Home measures equity securities, at fair value with changes recognized in excess (deficiency) of revenues over expenses. Gains and losses on the sale of securities are recorded on the trade date.

g. Assets Limited as to Use

Assets limited as to use include cash held in an escrow account as required by the bond agreement. Amounts required to meet current liabilities are included in current assets.

h. Patient Accounts Receivable, net

Patient accounts receivable, net reflect the outstanding amount of consideration to which the Home expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers) and others. As a service to the patient, the Home bills third-party payors directly and bills the patient when the patient's liability is determined. Patient accounts receivable are due in full when billed. At December 31, 2025 and 2024, the Home had patient accounts receivable, net of $1,777,155 and $2,093,812, respectively. The accounts receivable balance as of January 1, 2024, was $1,972,423.

The Home performs individual credit risk assessments which evaluate the individual circumstances, abilities and intentions of each patient prior to providing the patient services. If subsequent to providing the services the Home becomes aware of patient-specific events, facts or circumstances indicating patients no longer have the ability or intention to pay the amount of consideration to which the Home expected to be entitled for providing the patient services, then the related patient accounts receivable balances are directly allowed against.

i. Contract Assets and Liabilities

Amounts related to licensed health care services provided to clients which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of health care services provided to residents who are still receiving services at the end of the year. There were no contract assets at December 31, 2025 or 2024, or January 1, 2024.

Amounts received related to services that have not yet been provided to clients are contract liabilities. Contract liabilities consist of payments made by customers or third-party payors for services not yet performed which represent fees received in advance to fund future health care services. Contract liabilities are recognized into revenues when the performance obligations are satisfied in the following year. There were no contract liabilities at December 31, 2025 or 2024, or January 1, 2024.

j. Fair Value Measurements

The Home measures certain financial instruments at fair value on a recurring basis at each reporting period. Certain assets are measured at fair value on a nonrecurring basis annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is estimated as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

Fair Value Hierarchy

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of valuation inputs:

Level 1 - Fair value measurements based on quoted prices (unadjusted) in active markets that the Home has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Home does not adjust the quoted price for such instruments.

Level 2 - Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 - Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the Home must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

The Home maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

k. Leases

The Home determines if an arrangement is a lease at inception and classifies its leases at commencement. Leases are presented as operating right-of-use ("ROU") assets and the corresponding lease liabilities are included in operating lease liabilities, current portion and operating lease liabilities, net of current portion on the Home's statements of financial position. ROU assets represent the Home's right to use an underlying asset, and lease liabilities represent the Home's obligation for lease payments in exchange for the ability to use the asset for the duration of the lease term.

The Home categorizes leases with contractual terms longer than 12 months as either operating or finance. Finance leases are generally those leases that allow the Home to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Leases with contractual terms of 12 months or less are not recorded on the statements of financial position.

Lease liabilities are recognized at the commencement date and determined using the present value of the future minimum lease payments over the lease term. ROU assets are recognized based on the initial present value of the fixed lease payments plus any direct costs from executing the leases. The lease term may include options to extend when it is reasonably certain that the Home will exercise that option. Lease assets are tested for impairment in the same manner as long-lived assets used in operations.

The Home has lease agreements which contain both lease and nonlease components, which it is has elected to account for as lease expense and maintenance. As such, variable lease payments, including those not dependent on an index or rate, such as real estate taxes, common area maintenance, and other costs that are subject to fluctuation from period to period are not included in lease measurement. Fixed payments, such as sales tax on equipment leases are included in lease measurement.

Costs associated with operating lease assets are recognized on a straight-line basis within operating expenses over the term of the lease. Finance lease assets are amortized on a straight-line basis over the shorter of the estimated useful lives of the assets or the lease term. The interest component of a finance lease is included in interest expense and recognized using the effective interest method over the lease term. The Home has no financing leases.

Several key estimates and judgements are used to determine the ROU assets and lease liabilities including the discount rate used to discount the unpaid lease payments to present value, lease term, and lease payments. GAAP requires a lessee to discount its unpaid lease payments using the interest rate implicit in the lease. If that rate cannot be readily determinable, the Home has elected to utilize the risk-free rate of return for U.S. Treasury securities of a similar term at the date of inception.

l. Property and Equipment and Depreciation

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts, and any gain or loss is included in earnings. Expenditures for maintenance and repairs are charged to income as incurred; replacements and betterments that extend the useful lives are capitalized.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Description	Estimated Life (Years)
Land improvements	15
Buildings and improvements	10-40
Furnishing and equipment	5-10
Vehicles	5

m. Long-lived Asset Impairment

The Home 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.

No asset impairment was recognized during the years ended December 31, 2025 and 2024.

n. Amounts Due to Third-Party Payors

The Home is responsible to report to various third parties, among which are Medicare and Medicaid. The Home is also responsible to report to the State of New Jersey with regard to the quarterly assessment tax on nursing homes. From time to time the Home will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of December 31, 2025 and 2024, the Home has recorded a liability for refunds to third-party payors and patients of $1,510,549 and $1,255,682, respectively. Balance due to third party payors and patients at January 1, 2024 was $922,597.

o. Contributions

Contributions are provided to the Home either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported as with or without donor restrictions to reflect the nature of those gifts. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
Conditional gifts, with or without restriction	
Gifts that depend on the Home overcoming a donor-imposed barrier to be entitled to the funds and a right of return or release	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
Unconditional gifts with or without restriction	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of cash flows technique

Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of operations and changes in net assets.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of operations and changes in net assets as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Donor-restricted contributions whose restrictions are met in the same calendar year are reported as revenue without donor restrictions.

p. Contributed Services

Contributions of services are recognized as revenue at their estimated fair value on the date of receipt only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated and are reported as an expense when utilized.

q. Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of operations and changes in net assets and detailed within the statements of functional expenses. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the job responsibility, square footage and other factors.

r. Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the issuance of long-term debt. Such costs are being amortized over the term of the respective debt using the effective interest method. Amortization of debt issuance costs is included in interest expense.

s. Income Taxes

The Home is exempt from federal income tax under Section 501(c)(3) of the United States Internal Revenue Code and exempt from state income taxes under state law, and no provision for such income tax has been reflected in the accompanying financial statements. The Home has evaluated uncertain tax positions with respect to its operations and concluded there are no such positions at December 31, 2025 and 2024. The Home did not recognize any tax-related interest or penalties during the periods presented in these financial statements. However, the Home is subject to federal income tax on any unrelated business taxable income.

t. New Accounting Pronouncements Adopted in the Current Year

In July 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2025-05, *Financial Instruments - Credit Losses* (Topic 326)*: Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The new standard, which is effective for annual reporting periods beginning after December 15, 2025, with early adoption permitted, provides a simplified approach for measuring expected credit losses on current accounts receivable and current contract assets accounted for under Topic 606.

The Home has early adopted ASU 2025-05 prospectively as of January 1, 2025. The adoption did not have any effect on the Home's net assets.

u. Reclassifications

Certain reclassifications have been made to the accompanying 2024 financial statements in order to conform with the 2025 presentation. These reclassifications had no effect on the changes in net assets of the Home.

2. Investments and Fair Value Measurements

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2025:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds and ETFs				
International equity fund	$ 1,535,235	$ 1,535,235	$ -	$ -
ESG equity ETF	6,106,992	6,106,992	-	-
Total return fund	5,744,004	5,744,004	-	-
Mid cap index fund	702,620	702,620	-	-
Small cap index fund	779,325	779,325	-	-
Catholic Untied Investment Trust Funds				
Fixed income	1,160,951	1,160,951	-	-
	$ 16,029,127	$ 16,029,127	$ -	$ -

The following table represents the fair value measurements at December 31, 2024:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Mutual funds and ETFs				
International equity fund	$ 1,447,914	$ 1,447,914	$ -	$ -
ESG equity ETF	6,631,269	6,631,269	-	-
Total return fund	5,125,657	5,125,657	-	-
Mid cap index fund	798,736	798,736	-	-
Small cap index fund	795,676	795,676	-	-
Catholic Untied Investment Trust Funds				
Fixed income	1,100,370	1,100,370	-	-
	$ 15,899,622	$ 15,899,622	$ -	$ -

There have been no significant changes in the valuation techniques or purchases, issuances, or transfers or into or out of Level 3 investments during the years ended December 31, 2025 and 2024.

3. Net Patient Service Revenue

Patient service revenue is recognized as the Home satisfies performance obligations under its contracts with patients. Patient service revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Home expects to be entitled in exchange for providing patient care. The Home determines the transaction price based on standard charges for services provided, reduced by contractual adjustments provided to third-party payors.

The Home determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies and historical experience by payor groups. The Home determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations by third-party payors.

Fees for long-term, post-acute, and respite care services are reported at the amount that reflects the consideration to which the Home expects to be entitled in exchange for providing healthcare services. 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, the Home bills its patients and third-party payors after the services are performed or after the Home has completed its portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

Performance Obligations
Performance obligations are determined based on the nature of the services provided by the Home in accordance with the contract. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges. The Home believes 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. The Home’s revenues from contracts with its patients are all earned over time as the patients are receiving healthcare services. The Home measures the performance obligation on a recurring basis as patients can be discharged daily, either at their request or because treatment is no longer required, with no future performance obligation by either party.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Home has elected to apply the optional exemption provided in FASB Accounting Standards Codification (“ASC”) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The performance obligations for these contracts are generally completed when the service is completed.

Transaction Price
The Home determines the transaction price based on standard charges for services to be performed. Agreements with third-party payors provide for payments at prospectively determined rates. However, residents are liable for the differences between these payments received and the standard charges.

Third-Party Payors and Significant Judgments
The Home has agreements with third-party payors that provide for payments to the Home at amounts different from its established rates. These payment arrangements include:

> *Medicare*: The Home is reimbursed for services rendered to patients covered by the federal Medicare program on a prospective payment system for Part A Medicare services and on a fee schedule basis for Part B Medicare therapy services. The reimbursement plan is on a prospective basis, and no additional settlement will be made on the difference between the rates paid and actual costs.
>
> *Medicaid*: The Home is reimbursed for services rendered to Title XIX state-sponsored Medicaid patients on the basis of estimated per diem rates. The reimbursement plan is on a prospective basis, and no additional settlement will be made on the difference between the interim per diem rates paid and actual costs.

The Home has also entered into payment agreements with certain commercial insurance carriers. The basis for payment to the Home under these agreements includes prospectively determined daily rates and discounts from established charges.

The Home is responsible to report to various third parties, among which are the Centers for Medicare and Medicaid Services ("CMS"), the New Jersey State Department of Health - Division of Health Economics, as well as the Internal Revenue Service and the New Jersey Division of Consumer Affairs, Charities Registration Section.

Revenues and receivables arising from services to Medicaid patients are dependent upon final audit and negotiations between the Home and its third-party payors. The New Jersey State Department of Health - Division of Health Economics has the right to audit the Home and adjust assigned rates of Medicaid reimbursement accordingly. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Home's 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 based on newly available information or as years are settled or are no longer subject to such audits, reviews and investigations.

Medicare Part "A" services for the Home are reimbursed under a Prospective Payment System ("PPS"), which is a case mix system of mutually exclusive groups with varying prices. The groupings are based on patient assessment data. The Home has filed a cost report with CMS in connection with the Medicare program. This report is subject to audit and retroactive adjustments. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Home's 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 based on newly available information or as years are settled or are no longer subject to such audits, reviews and investigations.

For each of the years ended December 31, 2025 and 2024, there was no additional revenue that was recognized due to changes in the Home's estimates of discounts and contractual adjustments for performance obligations satisfied in prior years. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

Revenue Composition
The Home has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by factors including payors, service line, method of reimbursement and timing of when revenue is recognized.

The composition of resident and patient care service revenue by primary payor and by service line for the years ended December 31, 2025 and 2024, is as follows:

	2025	2024
Skilled nursing		
Medicaid	$ 6,055,015	$ 5,530,957
Medicare	8,467,160	8,315,946
Private and other	2,012,626	1,813,996
Total skilled nursing	16,534,801	15,660,899
Medical daycare	680,146	710,420
Ancillaries	200,593	285,364
Total net patient service revenue	$ 17,415,540	$ 16,656,683

Portfolio Approach
The Home has elected to use the portfolio approach as a practical expedient to account for contracts as a collective group, rather than individually, as indicated in FASB ASC 606-10-10-4, because the financial statement effects are not expected to materially differ from an individual contract approach.

4. Concentrations

The Home grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at December 31, 2025 and 2024, is as follows:

	2025 %	2024 %
Medicaid	54	40
Medicare	36	57
Private and other	10	3
	100	100

The majority of services are paid by the State of New Jersey. Thus, the Home is highly dependent on the New Jersey State reimbursement system. Any reductions in state funding may strongly impact revenues in the future.

Financial investments which potentially subject the Home to concentrations of credit risk consist of cash and cash equivalents and investments. The Home has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Home’s financial condition, results of operations, and cash flows.

The Home invests in various investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur and that such changes could materially affect the amounts reported in the statements of financial position.

As of December 31, 2025 and 2024, approximately 33% and 35%, respectively, of the Home’s employees worked under a collective bargaining agreement. The collective bargaining agreement expires on September 15, 2026.

5. Leases

The Home has an operating lease for office equipment through November 2027. There are no material residual guarantees associated with the Home’s leases, and there are no significant restrictions or covenants included in the Home’s lease agreements.

The statements of financial position include operating lease right-of-use assets and liabilities at December 31, 2025 and 2024, as follows:

	2025	2024
Operating lease right-of-use assets, gross	$ 21,586	$ 21,586
Less: Accumulated amortization of right-of-use assets	(11,243)	(5,846)
Total operating lease right-of-use assets, net	$ 10,343	$ 15,740
Operating lease liabilities, current portion	$ 5,074	$ 4,827
Operating lease liabilities, net of current portion	5,807	11,331
Total operating lease liabilities	$ 10,881	$ 16,158

Operating lease expense for the years ended December 31, 2025 and 2024, was $6,085 and $6,341, respectively.

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease liabilities for the years ending December 31:

2026	$ 5,965
2027	5,468
Total undiscounted future lease payments	11,433
Less: Imputed interest	(552)
Total operating lease liabilities at December 31, 2025	$ 10,881

The weighted-average lease term and the weighted average discount rate for the operating lease liability at December 31, 2025, was 1.92 years and 5.0%, respectively. The weighted-average lease term and the weighted-average discount rate for the operating lease liability at December 31, 2024, was 2.92 years and 5.0%, respectively. Cash paid for amounts included in the measurement of lease liabilities was $5,448 for each of the years ended December 31, 2025 and 2024.

6. Property and Equipment

Property and equipment at December 31, 2025 and 2024, consists of:

	2025	**2024**
Land	$ 2,997,898	$ 2,997,898
Land improvements	301,380	49,500
Buildings and improvements	26,779,048	26,342,049
Furnishings and equipment	2,786,091	2,688,310
Vehicles	318,062	369,139
	33,182,479	32,446,896
Less: Accumulated depreciation	(23,113,997)	(22,135,743)
	$ 10,068,482	$ 10,311,153

Depreciation expense for the years ended December 31, 2025 and 2024, was $1,029,333 and $984,260, respectively.

7. Long-Term Debt

In May 2010, the Home entered into an agreement with New Jersey Health Care Facilities Financing Authority (“NJHCFFA”) to refinance the revenue bond debt whereby Series 2010 Revenue Bonds were issued, the proceeds of which were used to make a loan to the Home for its building expansion and renovation project. The Series 2010 Revenue Bonds financing agreement is secured by substantially all assets and gross receipts of the Home. In accordance with the Bond agreement, the Home set aside $59,332 in a separate cash account held by the bank. In addition, there are other covenants and reporting requirements under the terms of the agreement.

The Series 2010 Revenue bonds required monthly payments of interest only through May 2012. Beginning in June 2012, monthly installments of $67,009, representing interest and principal, were payable through the date of the first interest rate reset on May 1, 2020. On May 1, 2020, the interest rate was reset and fixed at 3.0% on the outstanding balance as of that date for a term of ten years. The agreement stipulates two additional interest rate resets, on May 1, 2030 and May 1, 2035, with a final maturity date of May 1, 2040.

The loan balance at December 31, 2025 and 2024, was $8,085,292 and $8,444,419, respectively. Unamortized debt issuance costs at December 31, 2025 and 2024, were $148,651 and $167,167, respectively.

As of December 31, 2025, principal payments on long-term debt, excluding interest, for the next five years and thereafter are as follows:

2026	$	378,906
2027		399,776
2028		420,686
2029		444,967
2030		469,475
Thereafter		5,971,482
Less: Unamortized debt issuance costs		(148,651)
	$	7,936,641

Interest expense was $270,418 and $282,515 for the years ended December 31, 2025 and 2024, respectively, which includes $18,516 and $19,295 of amortization of debt issuance costs for the years ended December 31, 2025 and 2024, respectively.

On December 23, 2022, the Home received a forbearance agreement which adjusted the required debt service coverage ratio covenant through June 30, 2024. As an additional covenant during the forbearance period, the Home was required to maintain cash, cash equivalents or certain other types of publicly traded investments of at least $8,000,000 on hand. As of December 31, 2025 and 2024, the Home is in compliance with the debt covenants.

8. Defined Contribution Plan

The Home adopted a pension plan under Internal Revenue Code Section 403(b) for all eligible employees. The plan allows each participating employee to contribute a certain percentage of their compensation, tax deferred, as defined by the plan. The Home's basic contribution rate is 3.0% of eligible participants' compensation as defined by the plan. For the years ended December 31, 2025 and 2024, the Home contributed $198,292 and $188,134, respectively, to the plan.

9. Commitments and Contingencies

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Variable Consideration
Estimates of variable consideration in determining the transaction price for patient service revenue as described in Note 3.

Litigation
The Home is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. These allegations are in areas covered by the Home's commercial insurance; for example, allegations regarding employment practices or performance of contracts. The Home evaluates such allegations by conducting investigations to determine the validity of each potential claim. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial statements of the Home. Events could occur that would change this estimate in the near term.

Government Awards
Financial awards from federal, state and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Home for disallowed costs or noncompliance with grantor restrictions.

10. Liquidity and Availability

The Home's financial assets available within one year of the statements of financial position date for general expenditures are:

	2025	2024
Financial assets at year end		
Cash and cash equivalents	$ 604,739	$ 265,907
Cash, resident security deposits and personal funds	63,314	50,072
Investments	16,029,127	15,899,622
Patient accounts receivable, net	1,777,155	2,093,812
Due from affiliates	3,515,851	1,775,243
Assets limited as to use, cash	59,332	59,332
Total financial assets available	22,049,518	20,143,988
Less: Financial assets not available to be used within one year		
Net assets with donor restrictions	(88,740)	(99,926)
Resident security deposits and personal funds	(63,314)	(50,072)
Assets limited as to use, cash	(59,332)	(59,332)
	(211,386)	(209,330)
Financial assets available within one year for general expenditures	$ 21,838,132	$ 19,934,658

As part of the Home's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Home invests cash in excess of daily requirements in short-term investments.

11. Net Assets

Net assets with donor restrictions are composed of the following at December 31, 2025 and 2024:

	2025	2024
Capital acquisitions	$ 15,695	$ 18,892
Nursing	58,300	65,289
Patient activities program	14,745	15,745
	$ 88,740	$ 99,926

12. Medical Malpractice Claims Coverage

The Home purchases professional health care liability insurance on an occurrence basis. Based upon the Home's claims experience, there has been no accrual recorded as of December 31, 2025 and 2024. It is reasonably possible that this could change materially in the future.

13. Related Party Transactions

The Home and its affiliates provide and benefit from shared services and reimbursement for shared revenue and expenses. Such services range from executive leadership, marketing, development, and human resources to business department functions such as purchasing and payroll processing. In January 2024, the Home entered into a management services agreement with Peace Care. During the years ended December 31, 2025 and 2024, the Home incurred $812,805 and $791,254,respectively in management fee expense in accordance with the management services agreement. At December 31, 2025 and 2024, $681,087 and $722,531, respectively, was due to St. Joseph’s. The Home had amounts due from St. Joseph’s of $2,165,773 and $1,173,241 at December 31, 2025 and 2024, respectively. At December 31, 2025 and 2024, the Home had amounts due from Peace Care of $1,350,078 and $602,002, respectively.

14. Subsequent Events

The Home‘s management evaluated events that occurred after December 31, 2025 through April 22, 2026, the date when the financial statements were available to be issued. Based upon this evaluation, the Home has determined there were no subsequent events that have occurred which require recognition or disclosure in the financial statements.