Disclaimer

These combined financial statements are filed by Invesque Inc ("Invesque") pursuant to the undertaking (the "Undertaking") of Invesque to applicable securities regulatory authorities dated May 26, 2016.

The accompanying combined financial statements of the Symcare Portfolio ("Symcare") have been prepared by, and are solely the responsibility of, Symcare and not of Invesque, Invesque's management nor Invesque's directors.

Although Invesque has no reason to believe that the combined financial statements contain a misrepresentation, Symcare is a private Company that is independent of, and unrelated to, Invesque and, consequently, neither Invesque, its management nor its directors have been involved in the preparation of the combined financial statements. Readers are cautioned, therefore, not to place undue reliance on such financial statements or the information contained therein.

Symcare Portfolio

Combined Financial Report
December 31, 2021

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Independent Auditor's Report

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Report on the Audit of the Financial Statements

Opinion

We have audited the combined financial statements of the Symcare Portfolio (the Group), which comprise the combined balance sheets as of December 31, 2021 and 2020, the related combined statements of operations, changes in members' deficit and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2021 and 2020, 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 Group 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.

Substantial Doubt About the Group's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Group will continue as a going concern. As discussed in Note 14 to the financial statements, the Group has suffered recurring losses from operations, has periodically violated various loan and lease covenants, and management has stated that substantial doubt exists about the Group's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 14. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 Group's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date financial statements are available to be issued, when applicable).

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 Group'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 Group'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.

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information is presented for purposes of additional analysis rather than to present the financial position, and results of operations of the individual companies and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The combining information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepared the combined financial statements or to the combined 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 combined financial statement as a whole.

RSM US LLP

Chicago, Illinois
March 31, 2022

Symcare Portfolio

Combined Balance Sheets
December 31, 2021 and 2020

	2021	2020
Assets		
Current assets:		
Cash	$ -	$ 8,794,977
Accounts receivable—net of allowance for doubtful accounts of $12,495,028 and $36,057,941, respectively	14,931,858	38,816,450
Prepaid expenses	1,557,138	871,371
Restricted escrow deposits	1,423,195	-
Other current assets	354,828	82,187
Total current assets	18,267,019	48,564,985
Property and equipment, net	9,668,631	14,071,013
Receivable from insurance recoveries	6,400,000	-
Other assets	540,000	-
Total assets	$ 34,875,650	$ 62,635,998
Liabilities and Members' Deficit		
Current liabilities:		
Checks issued in excess of bank balance	$ 1,563,815	$ -
Line of credit, net of deferred loan costs	-	9,238,385
Advances from third party payor	4,554,000	6,041,400
Third party payor accelerated payments, current portion	5,422,566	8,995,043
Deferred revenue, CARES Act Funds	2,184,726	4,869,742
Notes payable, current portion	18,576,453	12,090,561
Accounts payable	14,901,413	6,838,773
Accounts payable, related parties	6,346,683	3,270,342
Accrued expenses	28,265,289	38,928,860
Deferred rent, current portion	291,000	630,000
Due to related parties	11,091,614	4,264,570
Total current liabilities	93,197,559	95,167,676
Long-term liabilities:		
Professional liability claims	6,400,000	-
Third party payor accelerated payments, net of current portion	-	4,116,329
Accrued payroll taxes, net of current portion	-	2,046,885
Notes payable, net of current portion	35,414,598	37,222,720
Line of credit, net of deferred loan costs	891,258	-
Deferred rent, net of current portion	17,034,807	21,630,428
	59,740,663	65,016,362
Total liabilities	152,938,222	160,184,038
Members' deficit:		
Members' deficit	(60,270,871)	(55,052,948)
Advances due from related parties	(57,791,701)	(42,495,092)
Total members' deficit	(118,062,572)	(97,548,040)
Total liabilities and members' deficit	$ 34,875,650	$ 62,635,998

See notes to combined financial statements.

Symcare Portfolio

Combined Statements of Operations
Years Ended December 31, 2021 and 2020

	2021	2020
Revenue:		
Resident service	**$ 163,655,717**	$ 218,440,992
CARES Act and ARPA Funds	**9,826,453**	19,262,437
Rental income	**-**	235,493
Total income	**173,482,170**	237,938,922
Operating expenses:		
Professional care	**77,044,709**	103,366,451
Housekeeping and plant	**13,223,790**	15,596,893
Dietary	**9,982,763**	12,881,111
Employees' health and welfare	**10,890,287**	14,527,014
Laundry and linen	**2,239,528**	2,765,767
Total operating expenses	**113,381,077**	149,137,236
Income from operations before general and administrative expenses and capital expenses	**60,101,093**	88,801,686
General and administrative expenses	**58,123,330**	59,170,162
Income from operations before capital expenses	**1,977,763**	29,631,524
Capital expenses:		
Depreciation and amortization	**3,177,669**	1,997,857
Rent, required by lease	**20,313,275**	28,709,162
Deferred rent, straight-lining of lease	**4,029,929**	1,972,219
Real estate taxes	**8,429,455**	8,872,736
Total capital expenses	**35,950,328**	41,551,974
Loss from operations	**(33,972,565)**	(11,920,450)
Other (expense) income:		
Interest expense	**(1,677,047)**	(3,492,488)
Interest income	**109,394**	141,267
Total other expense, net	**(1,567,653)**	(3,351,221)
Net loss from operations	**(35,540,218)**	(15,271,671)
Nonoperating revenue:		
Gain on derecognition of deferred rent	**1,473,152**	-
Gain on extinguishment of Paycheck Protection Program loan	**1,331,812**	-
Gain on debt restructuring	**10,483,193**	-
Total nonoperating revenue	**13,288,157**	**-**
Net loss	**$ (22,252,061)**	$ (15,271,671)

See notes to combined financial statements.

Symcare Portfolio

Combined Statements of Changes in Members' Deficit
Years Ended December 31, 2021 and 2020

	Total Members' Deficit	Advances Due From Related Parties	Members' Deficit
Balance January 1, 2020	$ (83,855,288)	$ (44,074,011)	$ (39,781,277)
Net loss	(15,271,671)	-	(15,271,671)
Change in advances due from related parties	1,578,919	1,578,919	-
Balance December 31, 2020	(97,548,040)	(42,495,092)	(55,052,948)
Net loss	(22,252,061)	-	(22,252,061)
Deconsolidation of subsidiaries	17,034,138	-	17,034,138
Change in advances due from related parties	(15,296,609)	(15,296,609)	-
Balance December 31, 2021	**$ (118,062,572)**	**$ (57,791,701)**	**$ (60,270,871)**

See notes to combined financial statements.

Symcare Portfolio

Combined Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Net loss	**$ (22,252,061)**	$ (15,271,671)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	**3,177,669**	1,997,857
Amortization of debt issuance costs included in interest	**152,504**	155,405
Provision for doubtful accounts	**11,449,016**	10,298,936
Deferred rent, straight-lining of lease	**4,031,927**	1,972,219
Loss on disposal of property and equipment	**-**	85,089
Gain on derecognition of deferred rent	**(1,473,152)**	-
Gain on extinguishment of Paycheck Protection Program loan	**(1,331,812)**	-
Gain on debt restructuring	**(10,483,193)**	-
Changes in operating assets and liabilities:		
Accounts receivable	**6,859,237**	8,449,374
Prepaid expenses and other current assets	**(1,864,908)**	1,776,384
Receivable from insurance recoveries	**(6,400,000)**	-
Accounts payable, including related parties	**14,668,885**	(18,793,717)
Accrued expenses and accrued payroll taxes	**7,055,936**	18,275,407
Professional liability claims	**6,400,000**	-
Third party accelerated payments	**(5,420,852)**	13,111,372
Deferred revenue, CARES Act Funds	**(2,280,477)**	4,869,742
Net cash provided by operating activities	**2,288,719**	26,926,397
Cash flows from investing activities:		
Purchase of property and equipment	**(3,817,536)**	(3,231,963)
Deconsolidation of subsidiaries	**27,096**	-
Advances to related parties	**(7,460,735)**	(1,755,793)
Repayments of advances to related parties	**2,208,487**	3,334,712
Net cash used in investing activities	**(9,042,688)**	(1,653,044)
Cash flows from financing activities:		
(Decrease) increase in checks issued in excess of bank balance	**1,563,815**	(810,730)
Repayments of advances from related parties	**(1,281,575)**	(4,958,682)
Repayments of line of credit, net	**(8,274,948)**	(17,504,275)
Borrowings on notes payable	**10,142,385**	10,078,140
Payments on notes payable	**(2,542,807)**	(3,282,829)
Payment of deferred loan costs	**(224,683)**	-
Net cash used in financing activities	**(617,813)**	(16,478,376)
Change in cash	**(7,371,782)**	8,794,977
Cash—beginning	**8,794,977**	-
Cash—ending	**$ 1,423,195**	$ 8,794,977

See notes to combined financial statements.

Symcare Portfolio

Combined Statements of Cash Flows (Continued)
Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of cash and restricted cash:		
Cash	$ -	$ 8,794,977
Restricted escrow deposits	1,423,195	-
Total cash and restricted cash	$ 1,423,195	$ 8,794,977
Supplemental disclosure of cash flow information:		
Cash payments for interest	$ 691,062	$ 1,512,327
Supplemental schedule of noncash investing and financing activities:		
Forgiveness of Paycheck Protection Program loan	$ 1,331,812	$ -
Supplemental schedule of noncash operating, investing and financing activities:		
Restructuring of debt related to accrued expenses	$ 14,667,508	$ -
Restructuring of debt related to note payable	$ 4,184,315	$ -
Purchase of property and equipment in accounts payable	$ 583,803	$ -
Supplemental schedule of noncash operating, investing and financing activities—deconsolidation of subsidiaries:		
Prepaid expenses and other assets	$ (366,500)	$ -
Accounts receivable, net	(5,576,339)	-
Property and equipment	(5,626,052)	-
Accounts payable	4,113,707	-
Accrued expenses	5,098,884	-
Deferred revenue, CARES Act Funds	404,539	-
Advances from third party payor	1,487,400	-
Third-party payor accelerated payments	2,267,954	-
Notes payable	5,774,311	-
Deferred rent	7,493,396	-
Due from related parties	(8,108,619)	-
Due to related parties	10,044,361	-
Members' deficit	(17,034,138)	-

See notes to combined financial statements.

Note 1. Nature of Operations and Summary of Accounting Policies

Business and principles of combination: The combined financial statements (collectively, financial statements) referred to as the Symcare Portfolio (the Group) includes Symcare Healthcare, LLC (Symcare Healthcare), Symcare ML, LLC (Symcare ML), its wholly owned subsidiary, Symcare Healthcare's 99.9% owned 11 operating entities and four related party operating entities with common ownership:

Symcare Healthcare owned:
Symphony Beverly LLC (Beverly)
Symphony Buffalo Grove LLC (Buffalo Grove)
Symphony Hanover Park LLC (Hanover Park)
Symphony Jackson Square LLC (Jackson Square)
Symphony Midway LLC (Midway)
Symphony Park South LLC (Park South)
*Symphony Aria LLC (Aria)
*Symphony Bronzeville Park LLC (Bronzeville Park)
**Symphony Ivy LLC (Ivy)
**Symphony Lincoln Park LLC (Lincoln Park)
**Symphony South Shore LLC (South Shore)

Related party owned:
Symphony Oswego LLC (Oswego)
Symphony of California Gardens LLC (California)
*Symphony of Evanston Healthcare LLC (Evanston)
*Nuglen LLC (Nuglen)

In addition, the financial statements include Symcare HMG LLC, a related party, which owns 0.01% of the 11 Symcare Healthcare owned operating entities. The basis for combination is that the 15 operating entities are all party to the Symcare ML lease at some point of time for the years ended December 31, 2021 and 2020, as discussed further in Note 9.

All of these entities have the same management and substantially the same owners. All intercompany transactions and balances have been eliminated. The entities are collectively referred to herein as the "Companies".

*On April 30, 2021, the Landlord terminated the leases with Aria, Nuglen, Evanston and Bronzeville, and entered into new leases with an unrelated party. The Group began subleasing the Evanston and Bronzeville facilities from the unrelated party, however, the Group no longer leases the Aria and Nuglen facilities. All of Aria and Nuglen's property and equipment were abandoned by the Group and remained at the facilities. Therefore, the estimated useful lives of the property and equipment were shortened to coincide with the termination of the lease, which was April 30, 2021. The straight-line deferred rent related to Aria and Nuglen was written off as of April 30, 2021. Aria and Nuglen continue to be included in the Group's combined financial statements, however, continuing operations ceased April 30, 2021. (See Note 9).

**On June 1, 2021, a related party purchased the Ivy, Lincoln Park, and South Shore facilities from the Landlord. Also on June 1, 2021, the Group transferred the ownership of the operating entities of Ivy, Lincoln Park, and South Shore from Symcare Healthcare and Symcare HMG, LLC to other related parties. There was no gain or loss recognized from the transfer of ownership. Due to this change of ownership and control, the Ivy, Lincoln Park and South Shore operating entities have been deconsolidated from the Group effective June 1, 2021.

Note 1. Nature of Operations and Summary of Accounting Policies (Continued)

As of December 31, 2020, Ivy, Lincoln Park and South Shore had assets of $13,776,480 and liabilities of $26,715,134. For the years ended December 31, 2021 and 2020, Ivy, Lincoln Park and South Shore had revenues of $17,483,401 and $47,067,843, respectively. For the years ended December 30, 2021 and 2020, Ivy, Lincoln Park and South Shore had expenses of $21,578,885 and $50,348,245, respectively.

Form of organization: All members of the Group are Limited Liability Companies (L.L.C.), which are governed by their Operating Agreements (Agreement) and are managed by their owners (Members). The more significant provisions of the Agreement include:

Profit and loss allocations and cash distributions are in accordance with ownership percentages; there is one class of member; each L.L.C. has a perpetual life; and the Members have limited liability.

Nature of operations: Prior to June 1, 2021, the Group consisted of 14 long-term care facilities and one assisted living facility totaling 3,105 beds, which are located throughout the Chicago metropolitan area, with the exception of one long-term care facility located near Milwaukee, Wisconsin. Effective June 1, 2021, the Group consists of 10 operating long-term care facilities, totaling 2,199 beds all located throughout the Chicago metropolitan area. The Group provides health care and other services to residents generally from the surrounding communities. Resident service revenue is derived from services provided to private pay residents and residents covered by the Medicaid, Medicare, managed care organizations and private insurance programs.

Accounts receivable: Healthcare services and other operating revenues are generally billed in arrears. Payment terms for self-pay residents generally require payment within 30 days. Payment terms for third-party payors are based on the terms of the payor contract. As the Group’s accounts receivable have an original term of less than one year, the Group does not consider the time value of money in valuing accounts receivable.

The Group considers the effects of resident credit risk and impact of government programs on credit risk for residents entering its long-term care facilities. Accordingly, accounts receivables are stated net of an allowance for doubtful accounts. The Group provides an allowance for doubtful accounts on its outstanding receivables balance based on its collection history and an estimate of uncollectible accounts. Generally, accounts receivables are considered to be past due after 30 days. Accounts receivables are written off when deemed uncollectible on a specific-identification basis.

Property and equipment: Property and equipment are recorded at cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the term of the lease or their estimated useful lives.

Deferred loan costs: Deferred loan costs consist of service charges incurred in obtaining financing. Amortization is based on the straight-line method, which approximates the effective interest method, over the term of the loan. During the year 2021, the Group incurred $224,683 in fees to extend the line of credit. (See Note 5). Accumulated amortization as of December 31, 2021 and 2020 was $35,949 and $349,661, respectively. Deferred financing fees, net of amortization, are included with the line of credit in the combined balance sheets. Amortization of deferred financing fees is included as a component of interest expense in the combined statements of operations.

Note 1. Nature of Operations and Summary of Accounting Policies (Continued)

Restricted escrow deposits: Upon termination of the leases for Aria and Nuglen, the Group was required to deposit the proceeds from the Paycheck Protection Program (PPP) loans (see Note 6) and the third-party accelerated payments (see Note 15), solely related to Aria and Nuglen, in an escrow account held by the bank. The escrow deposits will be fully released to the Group once all of the recoupments from third-party payor accelerated payments have been completed and the PPP loans have been forgiven. The PPP loan for Aria has been forgiven and that portion of the escrow deposit has been released.

Deferred rent: Deferred rent consists of amounts related to recognizing rent expense on leases where lease payments increase over the life of the lease on the straight-line basis. There is also deferred rent related to capital improvements made to the leased property funded by the Landlord. These amounts are being amortized as a reduction to rent expense over the life of the lease. (See Note 9).

Income taxes: Each entity has elected to be taxed as a partnership. Under those provisions, the entities do not pay federal income taxes on their taxable income. Instead, the Members are liable for individual income taxes on their respective share of each entity's taxable income.

The Group evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America (U.S. GAAP). At December 31, 2021 and 2020, the Group does not believe that it has taken any tax positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next 12 months. If the Group were to incur an income tax liability in the future, the interest on any tax liability would be reported as income taxes. The Group's income tax returns are subject to examination by the appropriate taxing jurisdictions. The Group's income tax returns generally remain open for examination for three years from the date filed with each taxing jurisdiction.

Cash balances in excess of insured amounts: Each company within the Group maintains its cash in accounts which, at times, may exceed federally insured limits. Management does not believe that this presents a significant credit risk to the Group.

Use of estimates: The preparation of financial statements in conformity with U.S. 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 and expenses during the reporting period. While actual results may differ from those estimates, management does not expect the differences, if any, to have a material effect on the financial statements. In 2021, the Group recorded $4,630,814 of aggregate reinstatement insurance premiums for the malpractice cases settled from prior years. (See Note 10).

Advertising: The Group expenses advertising costs as they are incurred. Advertising expense was $1,396,235 and $1,788,561 for the years ended December 31, 2021 and 2020.

CARES Act and ARPA Funds: The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) Funds and American Rescue Plan Act (ARPA) funds are reported as revenue in the period in which the Group met the required terms and conditions of the grant. Grants received prior to satisfaction of the required terms and conditions are recorded as deferred revenue until the Group satisfies such terms and conditions.

Note 1. Nature of Operations and Summary of Accounting Policies (Continued)

Recent accounting pronouncements: In February 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842).* The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the combined statement of operations. The guidance is effective for the Group's annual reporting periods beginning after December 15, 2019 and interim periods within fiscal years beginning after December 31, 2020. The FASB approved a delay in the effective date to reporting periods beginning after December 15, 2020, and in June 2020, the FASB issued ASU 2020-05, which defers the effective date by one year, making it effective for periods beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Group is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Reclassifications: Certain prior year amounts have been reclassified to conform to the current period presentation with no effect on previously reported members' deficit or changes in net loss.

Subsequent events: The Group evaluated all significant events or transactions that occurred through March 31, 2022, the date that the financial statements were available to be issued.

Note 2. Revenue Recognition, Accounts Receivable and Due From Third Party Payor

The Group follows FASB Accounting Standards Codification (ASC) 606, Revenue From Contracts with Customers (Topic 606), to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers.

The five-step model defined by Topic 606 requires the Group to: (1) identify the contracts with customers, (2) identify the performance obligations under those contracts, (3) determine the transaction prices of those contracts, (4) allocate the transaction price to the performance obligations in those contracts and (5) recognize revenue when each performance obligation under those contracts is satisfied. Revenue is recognized when promised goods or services are transferred to the residents in an amount that reflects the consideration expected in exchange for those goods or services.

Resident service revenue is reported at the amount that reflects the consideration to which the Group expects to be entitled in exchange for providing resident care. These amounts are based on daily rates, which are generally fixed, and are due from residents and third-party payors, including Medicare, Medicaid and other health insurers. The Group determines the transaction price based on standard charges adjusted for explicit price concessions consisting of contractual adjustments provided to third-party payors. Generally, the Group bills the residents and third-party payors monthly in arrears. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Group. Resident services represent a bundle of services that are not capable of being distinct; accordingly, the Group has determined that the overall provision of a day of healthcare services to a resident in its long-term care facilities is one performance obligation. Additionally, there may be ancillary services that are not included in the daily rates. These services are considered separate performance obligations for which revenue is recognized as the services are provided.

Note 2. Revenue Recognition, Accounts Receivable and Due From Third Party Payor (Continued)

To align with the Affordable Care Act (ACA), the Illinois Department of Healthcare and Family Services (HFS) has contracts with Managed Care Organizations (MCO) to provide an Integrated Care Program (ICP) for Medicaid residents. In addition, HFS and the Centers for Medicare and Medicaid Services (CMS) jointly implemented the Medicare-Medicaid Alignment Initiative (MMAI), for Medicare and Medicaid full benefit dual eligible residents. The Group has entered into contracts with MCOs for certain residents covered by ICP and MMAI.

For services provided to residents covered by the Medicaid, ICP, and the custodial portion of the MMAI program, reimbursement through HFS and the MCOs is based on a daily rate, which may be recalculated quarterly, based on three components: capital, support and nursing. The capital and support components are determined by annual cost report filings. The nursing component is calculated using resident clinical documentation.

Reimbursement for services provided to residents covered by the Medicare program are based on a case-mix classification system, the Patient Driven Payment Model (PDPM). PDPM relies on clinically relevant factors for determining Medicare reimbursement. In addition, PDPM per diem payments are adjusted during a resident’s stay to reflect varying costs throughout the time the resident is in the facility.

Amounts billed to HFS under the Medicaid program can take 60 to 120 days or more for collection. Amounts billed for Medicare services or to the MCOs are typically paid within 30-45 days from the date of an approved submission. Amounts paid under all programs are subject to audit and can be adjusted on a retroactive basis.

Third-party payor agreements include the potential for retroactive revenue adjustments due to settlement of audits, reviews and investigations. These retroactive settlements are considered variable consideration and are included in the determination of the estimated transaction price for providing resident care. Estimated settlements are adjusted in future periods as adjustments become known. Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates of variable consideration may change. The U.S. Department of Justice, other federal agencies and the Illinois Department of Public Aid routinely conduct regulatory investigations and compliance audits of health care providers. The Group is subject to these regulatory efforts.

The Group assesses, in conjunction with legal counsel, the need to record adjustments to revenue or liabilities for contingencies related to regulatory investigations or compliance audits. Any such contingencies are recorded when it’s both probable that an adjustment to revenue or a liability has been incurred and the amount of loss can be reasonably estimated. The ultimate resolution of any regulatory efforts could result in adjustments to revenue and fines or penalties.

Estimates are made annually to provide for uncollectible amounts billed and for adjustments made by the above third-party payors; however, those estimates are subject to revision and such revisions may be significant. At December 31, 2021 and 2020, the Group has established an allowance for doubtful accounts of $12,495,028 and $36,057,941, respectively. The Group has established an allowance for doubtful accounts based on their quarterly review of outstanding receivables and the Group’s historical collection experience. Interest is generally not charged on past-due amounts.

Note 2. Revenue Recognition, Accounts Receivable and Due From Third Party Payor (Continued)

Significant concentrations of resident service revenue by payor for the year ended December 31, 2021, and concentration of accounts receivable as of December 31, 2021, were as follows:

Payor	Resident Service Revenue	Accounts Receivable
Medicaid and Medicaid managed care	64 %	38 %
Medicare and Medicare managed care	17	18
Commercial	14	28
Private/other	5	16
	100 %	100 %

Significant concentrations of resident service revenue by payor for the year ended December 31, 2020, and concentration of accounts receivable as of December 31, 2020, were as follows:

Payor	Resident Service Revenue	Accounts Receivable
Medicaid and Medicaid managed care	61 %	48 %
Medicare and Medicare managed care	21	16
Commercial	13	18
Private/other	5	18
	100 %	100 %

In July 2019, the Group entered into Advance Payment Plans with HFS, Bureau of Long-Term Care (Department). The Department advanced funds to the Group to offset cash flow issues related to delays in the processing of facility residents for Medicaid eligibility by the Department. The total advance payments were $6,041,400 with the amount to be repaid in 12 monthly installments of $503,450 beginning in January 2020. However, in January 2020, HFS extended the start date for providers to begin submitting repayments to the State to April 15, 2020 and on April 2, 2020, the repayment start date was extended to July 15, 2020. On July 13, 2020, the repayment start date was extended to August 15, 2020. No payments have been requested by HFS, or repaid to HFS, related to these advances as of December 31, 2021. No interest will be incurred related to these advance payments by the Department. These advance payments from the Department are shown as advances from third-party payor on the combined balance sheets as of December 31, 2021 and 2020. At December 31, 2021 and 2020, advances from third-party payor of $4,554,000 and $6,041,400, respectively, are all current. The decrease in the advances from third-party payor is due to the deconsolidation of Ivy, Lincoln Park and South Shore as of June 1, 2021.

Note 3. Property and Equipment

Property and equipment at December 31, 2021 and 2020, consist of:

	2021	2020	Depreciable Lives in Years
Leasehold improvements	$ 8,045,048	$ 12,274,750	12-15
Furnishings and equipment	5,982,034	6,771,192	5-7
Construction in progress	218,032	798,888	
	14,245,114	19,844,830	
Accumulated depreciation and amortization	(4,576,483)	(5,773,817)	
	$ 9,668,631	$ 14,071,013	

For the year ended December 31, 2021, depreciation and amortization expense includes $1,493,665 of accelerated depreciation and amortization due to early termination of the Aria and Nuglen leases. (See Note 9).

Note 4. Accrued Expenses

Accrued expenses at December 31, 2021 and 2020, consist of:

	2021	2020
Operating expenses and other	$ 896,055	$ 2,673,427
Rent (See Note 9)	733,261	7,586,237
Insurance deductibles (See Note 10)	4,682,096	5,039,398
Aggregate reinstatement insurance premiums (See Note 10)	4,630,814	-
Payroll	1,576,041	1,825,031
Employees' taxes withheld and accrued (See Note 15)	2,322,609	2,728,896
Vacation pay	2,444,836	4,064,430
Real estate taxes	7,010,864	10,776,530
License and bed taxes	282,324	299,461
Third-party payor overpayments	3,627,605	1,020,627
Interest	58,784	2,914,823
	$ 28,265,289	$ 38,928,860

Note 5. Lines of Credit

On September 18, 2018, the Group (the Borrowers) executed a $35,000,000 revolving line of credit with Midcap Financial Trust (Midcap) that matured September 17, 2021 and was extended to September 18, 2023. The line of credit is secured by substantially all assets of the Borrowers and bears interest at LIBOR plus 3.50 and 3.95% (approximately 3.74% and 4.18%) at December 31, 2021 and 2020, respectively, plus a 1.2% collateral management fee and a 0.5% unused line fee. The borrowing base is limited to 85% of eligible accounts receivable less any required reserves, as defined. The line of credit is partially guaranteed by three Members and is subject to certain financial covenants beginning October 1, 2018. The loan covenants were not met at December 31, 2020, but the covenant violations were waived with the extension to September 18, 2023, and the borrowing limit was reduced to $20,000,000.

Note 5. Lines of Credit (Continued)

The balance on this line of credit, net of unamortized deferred loans costs, was $891,258 and $9,238,385 at December 31, 2021 and 2020, respectively. Unamortized deferred loans costs as of December 31, 2021 and 2020, were $188,734 and $116,555, respectively. As of December 31, 2021 and 2020, the borrowing base was approximately $1,325,000 and $9,915,000, respectively.

Note 6. Notes Payable

Notes payable at December 31, 2021 and 2020, are as follows:

		2021	2020
Note payable, which bears interest at 7.5%. Payments of interest and principal will be required until January 2024, the maturity date of the term loan. The entire amount of any outstanding principal and interest will be due at maturity.	(a)	$ 1,259,632	$ 2,256,971
Promissory note, due December 31, 2033. The note bears interest at 5.0%. Payments of interest only were due monthly through December 31, 2021.	(b)	-	7,294,852
Promissory note, related party, due on demand and no interest is being charged.	(c)	8,767,042	8,767,042
Working capital loan of $15,000,000. The loan bears interest at 10.0%. Payments of interest only were due through January 1, 2023.	(d)	-	15,000,000
Note payable with payments of principal and interest due monthly until May 1, 2024, at 2.0% annually.	(e)	3,883,100	7,225,567
Note payable with payments of principal and interest due monthly until June 30, 2021, at 2.35% annually.	(f)	-	179,318
Notes payable due to mature in June 2025. The notes payable bear interest at 1.0%. Principal payments of $164,948 plus interest are due monthly beginning November 2021.	(g)	7,257,719	8,589,531
Notes payable due to mature in March 2026. The notes payable bear interest at 1.0%. Principal payments of $144,191 plus interest are due monthly beginning August 2022.	(h)	6,344,391	-
Notes payable accrues interest at 1.0%. No payment of interest or principal are due until maturity on December 31, 2035.	(i)	19,479,167	-
Promissory note, related party, due on demand and no interest is being charged.	(j)	7,000,000	-
Total notes payable		53,991,051	49,313,281
Less current maturities		(18,576,453)	(12,090,561)
		$ 35,414,598	$ 37,222,720

Note 6. Notes Payable (Continued)

(a) On December 29, 2017, the Group and several related parties executed a $6,197,033 note payable with a related party vendor. The Group's original portion of the term loan was $3,256,733. The term loan is jointly and severally liable by the Group and the related parties. Due to the deconsolidation of the entities noted on June 1, 2021, the Group's portion of the monthly principal and interest payments changed from approximately $90,000 to $51,000. The outstanding principal balance on the entire term loan was $2,865,753 and $4,090,603 at and December 31, 2021 and 2020, respectively.

(b) On June 21, 2019, the Group executed a $7,294,852 promissory note with the Landlord. Interest only payments were due monthly through December 31, 2021. Payments of principal and interest of $67,469 were due monthly commencing on January 31, 2022, and continuing until maturity, December 31, 2033. On June 1, 2021, the Group and the Landlord executed an agreement to forgive the loan and accrued interest of $395,138, in exchange for an amendment to the warrant agreement. (See Note 9).

(c) In July 2018, the Group and one related party executed a $6,401,116 promissory note with the Landlord. The promissory note is jointly and severally liable by the Group and the related party. This amount was increased to $9,000,000 in September 2018. Interest only was due at 5.0%. At December 31, 2018, the Landlord utilized a $9,000,000 related-party escrow account held to reduce these Landlord advances. The escrow account is to be replenished by the Group and the one related party over a period of time from funds received from the State of Illinois for payments of certain Medicaid accounts receivable. The amount outstanding at December 31, 2021 and 2020, is $9,000,000 of which $232,958 is recorded by a related party. The related party whose escrow account was utilized by the Landlord is not charging interest on the loan and it is due on demand.

(d) In September 2018, the Group and two related parties entered into a memorandum of understanding with the Landlord for a $15,000,000 working capital loan. The entire amount outstanding at December 31, 2020, was $15,000,000. On June 1, 2021, the entire amount outstanding, including accrued interest of $3,303,370, was paid in the loan restructuring with the Landlord. (See below).

(e) On December 31, 2018, the Group and several related parties executed a $12,216,125 note payable with a vendor. The Group's original portion of the note was $10,574,000. The term loan is jointly and severally liable by the Group and the related parties. Due to the deconsolidation of the entities noted on June 1, 2021, the Group's portion of the monthly principal and interest payments changed from $176,233 to $133,900. At December 31, 2021 and 2020, the total note payable outstanding is $5,904,460 and $8,347,685, respectively.

(f) On July 18, 2019, the Group and several related parties executed a $1,162,530 note payable was with a related-party vendor. The Group's original portion of the note was $694,342. The term loan was jointly and severally liable by the Group and the related parties. The total note payable was paid off on June 30, 2021. The total note payable outstanding at December 31, 2020 was $300,231.

Note 6. Notes Payable (Continued)

(g) The Group has executed Paycheck Protection Program (PPP) loans in the amount of $8,589,531 from CIBC Bank as part of the CARES Act. The loans are guaranteed by the U.S. Small Business Administration (SBA). The balance accrues interest at a rate of 1% and principal payments of $195,217 plus interest are due monthly beginning 10 months after the covered period in November 2021. Any remaining principal balance would be due June 2025. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent, and utilities, and maintains payroll levels, as defined. The non-payroll costs are limited to 40% of the loan amounts. The Group believes they have used the entire loan amounts for qualifying expenses during the covered period, accordingly, the Group is currently in the process of applying for PPP loan forgiveness. Any repayments are suspended during the application period. As of December 31, 2021, the Group received one loan forgiveness of $1,331,812. The Group recognized the loan forgiveness as a gain on extinguishment in the combined statement of operations at December 31, 2021. The monthly principal payment is currently $164,948 plus interest. Subsequent to the year end, the Group received notice of forgiveness of the remaining PPP loans of $7,257,719.

(h) The Group has executed round two PPP loans in the amount of $6,344,391 from CIBC Bank as part of the CARES Act. The loans are guaranteed by the SBA. The balance accrues interest at a rate of 1% and principal payments of $144,191 plus interest are due monthly beginning 10 months after the covered period, anticipated to be August 2022. Any remaining principal balance would be due March 2026. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll costs, rent, and utilities, and maintains payroll levels, as defined. The non-payroll costs are limited to 40% of the loan amounts. The Group believes they have used the entire loan amounts for qualifying expenses during the cover period, accordingly, the Group is currently in the process of applying for PPP loan forgiveness.

(i) On June 1, 2021, the Group and the Landlord reached an agreement to execute a $17,000,000 promissory note as partial satisfaction of the outstanding debt, including accrued interest, and unpaid rent owed to Landlord as of that date. The new loan bears interest at 1%, which will be added to the loan balance annually for a total interest amount of $2,479,167 at maturity. Due to the nature of the restructuring of the debt with the Landlord, the entire amount of the loan, including all interest expected to be paid, was recorded at June 1, 2021. The outstanding balance of the loan is due at maturity, December 31, 2035.

(j) On June 1, 2021, in conjunction with the Landlord debt restructuring, the Landlord utilized a $7,000,000 related-party escrow account as partial satisfaction of the outstanding debt, including interest, and unpaid rent owed to the Landlord as of that date. There is a $7,000,000 promissory note with the related party whose escrow account was utilized by the Landlord. The loan is due on demand, and no interest is being charged.

Note 6. Notes Payable (Continued)

As a result of Landlord debt restructuring, the Group recognized a gain on debt restructuring in the amount of $10,483,193 which is recorded in the combined statement of operations in nonoperating revenue. The gain was calculated as follows:

Gain on debt restructuring:		
Note payable plus interest (i)	$	19,479,167
Promissory note (b)		(7,294,852)
Working capital loan (d)		(15,000,000)
Accrued interest (b & d)		(3,698,508)
Accrued rent (See Note 9)		(10,969,000)
Promissory note (j)		7,000,000
Gain on debt restructuring	$	(10,483,193)

Scheduled future principal payments on the notes payable at December 31, 2021, are:

Years ending December 31:		
2022	$	18,576,453
2023		11,177,995
2024		2,450,384
2025		1,730,288
2026		576,764
Thereafter		19,479,167
Total	$	53,991,051

Note 7. Related-Party Transactions

Due from and to related parties consist of loans and advances to and from affiliated entities. These affiliated entities are primarily owned by the members of the Group and are intended to provide cash flow as necessary to fund operations of these entities. These loans and advances bore interest at the rate of 5.25% beginning January 1, 2017, with interest to be paid quarterly and were expected to be repaid over a period not to exceed 60 months. Loan repayments were to be made on a monthly basis but in no case less than a quarterly basis. The related parties did not follow the terms of the notes underlying the due from related parties. Based on the lack of repayment under the terms and additional borrowings without evidence of intention to repay, the due from related parties amounts have been reclassified from assets to an increase of members' deficit and interest is no longer being accrued. Related parties amounts of $57,791,701 and $42,495,092 at December 31, 2021 and 2020, respectively, have been reclassified to the members' deficit in the combined balance sheets.

The Group incurs management fees that are paid to an affiliated entity for various management and administrative services performed in the normal course of each entity's business that are based on approximately 5% of total revenue. In addition, the Group incurred expenses for other supplies and services, including consulting and regional operational services, insurance services, pharmacy services, dialysis services and medical supplies with other affiliated entities as performed in the normal course of each entity's business.

Note 7. Related-Party Transactions (Continued)

The expenses incurred for these services and supplies for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Management fees	$ 8,163,130	$ 10,836,593
Other consulting and regional operating services	4,756,285	5,699,102
Insurance services (See Notes 10 and 11)	13,373,128	8,936,946
Dialysis services	821,430	962,139
Medical supplies	949,102	1,346,595
Other supplies and services	189,882	241,560
	$ 28,252,957	$ 28,022,935

Amounts owed included in accounts payable, notes payable, and due to related parties at December 31, 2021 and 2020 are as follows:

	2021			
	Prepaid Expenses	Accounts Payable	Notes Payable	Due to Related Parties
Management fees	$ 1,029,111	$ -	$ -	$ -
Other consulting and regional operating services	-	-	-	1,864,351
Insurance services	-	4,454,002	-	-
Pharmacy services	-	-	1,259,632	-
Dialysis services	-	189,245	-	-
Medical supplies	-	651,084	-	-
Other supplies and services	-	1,052,352	-	-
Due to related parties	-	-	-	9,227,263
	$ 1,029,111	$ 6,346,683	$ 1,259,632	$ 11,091,614

	2020		
	Accounts Payable	Notes Payable	Due to Related Parties
Management fees	$ -	$ -	$ 80,149
Other consulting and regional operating services	-	-	394,411
Insurance services	2,015,558	-	-
Pharmacy services	-	2,256,971	-
Dialysis services	88,810	-	-
Medical supplies	87,143	179,318	-
Other supplies and services	1,078,831	-	-
Due to related parties	-	-	3,790,010
	$ 3,270,342	$ 2,436,289	$ 4,264,570

Note 8. Retirement Plan

The Group participates in an Internal Revenue Code Section 401(k) plan sponsored by a related party covering all nonunion employees who have completed three months of service and attained the age of 18, as defined by the plan. Under the terms of the plan, employees make voluntary contributions to the plan. The Group matches those contributions at a rate of 1% with a maximum rate of $1.5% of the employees' gross wages. In 2021 and 2020, the Group expensed a total of $97,081 and $115,807, respectively, which is included in employees' health and welfare expenses.

Note 9. Operating Leases

On October 30, 2015, Symcare ML (the Tenant) entered into a master lease agreement with MS Aria, LP, MS Buffalo Grove, LP, MS Claremont, LP, MS 87th Street, LP, MS Midway, LP, MS Park South, LP, MS Ivy, LP, MS Bronzeville, LP, MS Jackson Square, LP and MS South Shore, LP (collectively, Landlord), all unrelated parties. The initial term of this lease was 15 years. The Tenant had the option to renew the lease for three renewal terms of five years each provided there was no event of default and proper written notice was given.

Monthly base rent increased by 1% beginning in the second lease year and increased again by 1.5% beginning in the third lease year. Beginning in the fourth lease year and each lease year thereafter, monthly base rent will increase by the greater of 2.25% or the Consumer Price Index Percentage Change for the immediately preceding year, but not in excess of 3%. The Tenant is also responsible for all expenses related to the lease such as real estate taxes, assessments and utilities.

As a condition to the lease, the Tenant is required to expend a minimum capital expenditure amount per unit for qualified capital expenditures. The minimum capital expenditure amount is $1,000 per unit annually for each of the first through fifth lease years, $1,020 per unit annually for each of the sixth through tenth lease years and $1,040 per unit annually for each of the eleventh and subsequent lease years. On or before December 1, 2015, and each year thereafter during the term, the Tenant is required to provide the Landlord with a good-faith estimate list of the qualified capital expenditures that the Tenant intends to implement in the next calendar year. Within 60 days after the end of each lease year, the Tenant is required to provide a list of the qualified capital expenditures actually made during the preceding lease year. Any amounts not spent below the minimum capital expenditure amount are to be deposited into a reserve account to be used solely for qualified capital expenditures. There are no such unspent qualified capital expenditures at December 31, 2021 and 2020.

The Landlord and Tenant agreed to an initial investment of $11,500,000 by the Landlord to fund capital improvements (CapEx Payment) subject to the Landlord's prior written approval of the scope of work and budget and a collateral assignment of any construction contract to the Landlord. Tenant may request a CapEx Payment by submitting a request to the Landlord provided that there are no events of default, there are adequate funds available, the improvements for which the request is submitted are reasonably projected to be completed on or before the third anniversary of the lease commencement and the Landlord has determined that all requirements for the CapEx Payment have been met. If the Landlord makes a CapEx Payment, the base rent will be increased to restore the rate of return the Landlord was receiving. The rate of return is the percentage determined by dividing the then current annual base rent amount by the total purchase price. The initial rate of return is 8.08%.

Note 9. Operating Leases (Continued)

On March 15, 2019, an amendment to the master lease agreement was signed. This lease agreement includes Evanston and Oswego as of that date. Evanston was previously leased from the Landlord under a different lease. The Oswego facility was purchased by the Landlord on March 15, 2019. Nuglen and California were purchased on April 30, 2019 by the Landlord to be leased and operated by the Group and are also included in the lease effective as of May 1, 2019. California was purchased from a related party of the Group by the Landlord. The initial term of the amended lease expires December 31, 2033, and the Group has three options to renew of five years each. The base rent is approximately $28,000,000 annually with increases January 1, 2020 and 2021 of 1% and 2% each January 1 thereafter. The base rent will be reset on January 1, 2025 and 2030 at a rate as defined in the amended lease agreement.

On April 30, 2019, with the acquisition of Nuglen and California by the Landlord, the Landlord received warrants for a 9.8% ownership stake in the Group on a fully diluted basis, which shall be exercisable upon a liquidity event such as a sale or majority equity investment in the Group by a bona fide third party. The warrants will be exercisable by the Landlord for a nominal (i.e., $10) aggregate consideration. Effective June 1, 2021, an amendment to the warrant agreement gave the Landlord the ability to exercise the warrants at any time in exchange for the forgiveness of the $7,294,852 note payable and any related accrued interest. The warrants have no fair value as of December 31, 2021 and 2020, respectively.

On April 30, 2021, the Landlord terminated the leases with Aria, Nuglen, Evanston and Bronzeville. All of Aria and Nuglen's property and equipment were abandoned by the Group and remained at the facilities. Therefore, the estimated useful lives of the property and equipment were shortened to coincide with the termination of the lease, which was April 30, 2021. Aria and Nuglen recognized a gain from the derecognition of deferred rent as of April 30, 2021 of $1,473,152 in the combined statement of operations. An unrelated party entered into a lease agreement with the Landlord, to lease Aria, Nuglen, Evanston, and Bronzeville.

On April 30, 2021, the Group then entered into a lease agreement with an unrelated party to sublease the Evanston and Bronzeville facilities. The term of this lease is 10 years and expires on April 30, 2031. The base rent is $2,040,000 for the first year, increases to $3,225,000 annually beginning April 30, 2022, increases to $3,600,600 annually beginning on April 30, 2023, and by 2% each April 30 thereafter.

On June 1, 2021, an amendment to the master lease agreement was signed. This lease agreement terminated the lease with Aria, Nuglen, Evanston, and Bronzeville retroactively to April 30, 2021.

On June 1, 2021, a related party of the Group purchased the facilities leased to South Shore, Ivy and Lincoln Park from the Landlord and the existing leases were terminated. The Group then transferred the ownership of the operating entities from Symcare Healthcare and Symcare HMG, LLC to entities owned by related parties. As a result of this change of ownership and control, the Group has deconsolidated the South Shore, Ivy, and Lincoln Park operating entities from the Group as of June 1, 2021.

Note 9. Operating Leases (Continued)

On June 1, 2021, a second amended lease agreement was executed between MS Buffalo Grove, LP; MS Claremont, LP; MS 87th Street, LP; MS Midway, LP; MS Park South, LP; MS Jackson Square, LP; IVQ California Gardens, LP; and IVQ Tillers, LP, and Symcare ML, LLC. Symcare ML, LLC then subleased the facilities to Buffalo Grove, Hanover Park, Beverly, Midway, Park South, Jackson Square, California, and Oswego. The base rent is the free cash flow generated by the facilities, as defined under the lease, plus a fixed installment of $1,100,000 monthly through December 31, 2021. Commencing on January 1, 2022, the base rent shall be $14,336,990 annually and shall increase by 2% each January 1. The base rent will be reset on January 1, 2028 at a rate as defined in the second amended lease agreement. The lease expires December 31, 2035. Prior to the execution of the second amended lease agreement, the covenants for periods ended September 30, 2020 thru March 31, 2021 were not met. These covenant violations were waived and the Tenant is now required to meet certain quarterly financial covenants beginning with the quarter ended March 31, 2022. If the covenants are not met, the Tenant has the successive two quarters to cure the covenant violations, or it shall constitute an event of default.

On July 1, 2020, a rent deferral and forbearance agreement was executed extending a portion of the rent deferral through October 2020. On October 31, 2020, there was a third amendment to the forbearance agreement extending a portion of the rent deferral through February 1, 2021. These agreements forbear the Landlord from exercising rights and remedies in connection with the Group's failure to pay the rent timely. In conjunction with a debt restructuring with the Landlord, the Group executed a new loan agreement with the Landlord for $17,000,000. The proceeds of the loan partially satisfied the existing debt of $15,000,000, and related accrued interest, and $10,969,000 of unpaid rent owed to the Landlord as of that date. The Group recognized $10,483,193 as gain on debt restructuring in the combined statement of operations in nonoperating revenue as of December 31, 2021 (see Note 6). There is accrued rent related to this lease included in accrued expenses in the combined balance sheets at December 31, 2021 and 2020 of $733,261 and $7,586,237, respectively.

The Group records rent using the straight-line method over the life of the leases in accordance with U.S. GAAP. Rent expense, including deferred rent, for the years ended December 31, 2021 and 2020, was $24,343,204 and $30,681,381, respectively, which is net of amortization expense of $420,126 and $677,966 for CapEx Payments received from the Landlord. At December 31, 2021 and 2020, the Group has $15,416,109 and $16,665,430 and $1,909,698 and $5,594,998 for the straight-line deferred rent and the CapEx payments received, respectively, which is recorded as deferred rent on the combined balance sheets. The estimated remaining amortization of the CapEx payments received is expected to be approximately $291,000 for each of the years ending December 31, 2021 through December 31, 2030.

Future minimum rental payments under the leases in effect, as of December 31, 2021, in the aggregate and for each of the next five years are as follows:

Years ending December 31:	
2022	$ 17,226,990
2023	18,204,130
2024	18,564,812
2025	18,936,108
2026	19,314,831
Thereafter	171,745,157
	$ 263,992,028

Note 10. Professional and General Liability Insurance

The Group purchases professional and general liability insurance from a related party, a multi-company captive insurance company, Maple Leaf Insurance Limited (Maple Leaf) incorporated under the laws of the Cayman Islands. Maple Leaf provides professional and general liability insurance to several related long-term health care facilities and related entities. Maple Leaf, a C corporation, is primarily owned by related party stockholders.

Maple Leaf provides the Group with claims-made insurance coverage using self-insurance retention and a $1,000,000 per occurrence limit. The deductible per claim ranges from $25,000 to $75,000 per facility. Insurance expense is based on premiums accrued and payments of deductibles and self-insured retention related to specific claims. The insurance coverage also included an aggregate reinstatement provision. The Group has recorded liabilities for estimated amounts to be paid for deductibles of $4,682,096 and $5,039,398 for the years ended December 31, 2021 and 2020, respectively, included in accrued expenses in the combined balance sheets.

In 2021, Maple Leaf requested aggregate reinstatement insurance premiums from the Group. The aggregate reinstatement insurance premiums were for prior year claims settled, which were triggered when the existing limits were exhausted on a paid basis, or paid claims exceeded the aggregate limit of $9,000,000. Due to the unforeseen circumstance of the claim settlements in medical malpractice, the aggregate reinstatement insurance premiums from prior year claims were considered an accounting change of an estimate, and accordingly, the related expense was recognized during the year ended December 31, 2021. The Group's portion of the aggregate reinstatement insurance premiums was $4,630,814, and was recorded in accrued liabilities in the December 31, 2021 combined balance sheets.

Professional and general liability insurance expenses, including the aggregate reinstatement insurance premiums for 2021, for the years ended December 31, 2021 and 2020, included in general and administrative expenses in the combined statement of operations amounted to $11,843,928 and $6,990,948, respectively. The Group has recorded a receivable from insurance recoveries of $6,400,000 and professional liability claims of $6,400,000 in the combined balance sheet at December 31, 2021.

Note 11. Workers' Compensation and Health Insurance

The Group, in its normal course of operations, may be subject to workers' compensation claims being filed by its employees for work related injuries. While the Group makes every effort to resolve such matters, some cases may result in insurance claims. In addition, the Group provides for health insurance for eligible employees.

The Group participates in a self-insured captive insurance workers' compensation program. The program operates through a segregated account established with Maple Leaf and is managed through Diamond Insurance Company. The policy is self-insured, and payouts are limited to $500,000 per occurrence with an annual limitation on payouts of $13,000,000. The Group is responsible for claims in excess of policy liability limits. The Group also participates in a partially self-insured captive insurance health insurance program through Maple Leaf.

Workers' compensation insurance and health insurance expenses for the years ended December 31, 2021 and 2020, amounted to $1,529,200 and $1,945,998, respectively.

Note 12. Assessment Fees and Provider Tax

The Group, except for Nuglen, are required to pay HFS a licensure fee of $1.50 for each available licensed bed day. The revenue generated from this fee is used by HFS to fund Medicaid reimbursements for the 12-month period beginning each July 1. Assessment fees for the years ended December 31, 2021 and 2020, were $1,351,937 and $1,587,708, respectively.

Nuglen is required to pay the Wisconsin Department of Health Services assessment fees of $170 per month for each licensed bed. Assessment fees for each of the years ended December 31, 2021 and 2020 were $63,920 and $191,760, respectively.

Long-term health care facilities are also required to pay a Medicaid provider tax of $6.07 for each occupied bed day, excluding occupied bed days for Medicare residents. The revenue generated from this provider tax, along with the funds from the Federal match, are used to fully fund the nursing component of the Medicaid reimbursement rate, the nursing component being based on the minimum date set (MDS). For the years ended December 31, 2021 and 2020, the Companies recorded provider tax expense of $3,712,585 and $4,500,346, respectively.

Note 13. Multiemployer Pension Plan

The Companies, with the exception of Buffalo Grove, Ivy, Hanover Park, Lincoln Park, Oswego and Evanston, are seven of 153 employers participating in SEIU Local No. 4 Pension Fund at December 31, 2016, the most recent date that such information was provided.

The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number, if applicable. The most recent Pension Protection Act zone status available is for the plan’s year-end at December 31, 2017. The zone status is based on information that the Companies received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The last column lists the expiration date of the collective-bargaining agreements to which the plans are subject.

The following is information regarding the plan for the year ended December 31, 2021:

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented	Contributions	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
SEIU Local No. 4 Pension Fund	36-4198045/ 001	Green	No	$ 315,785	No	April 30, 2022

The following is information regarding the plan for the year ended December 31, 2020:

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status	FIP/RP Status Pending/ Implemented	Contributions	Surcharge Imposed	Expiration Date of Collective Bargaining Agreement
SEIU Local No. 4 Pension Fund	36-4198045/ 001	Green	No	$ 392,947	No	April 30, 2022

Note 14. Management's Plans for Continuing Operations

The Group has incurred operating losses for over three years and has periodically violated various loan and lease covenants. Management has stated substantial doubt exists about the entity's ability to continue as a going concern within one year after the date the financial statements are issued.

On September 18, 2021, the Group executed an amendment with Midcap that waived covenant violations prior to July 31, 2021 and modified covenants for the period from August 31, 2021 through March 31, 2022. (See Note 5).

Management executed an amendment to the lease in March 2019 with their Landlord which suspended covenants through September 30, 2020. As of March 31, 2021, and for the previous quarters September 30, 2020 through December 31, 2020, the lease covenants were not met, and the Group had a period of time to cure the covenant violations, or it shall constitute an event of default. The covenant violations were not cured within the timeframe. However, there was a lease amendment on June 1, 2021, which deferred any covenants until March 31, 2022. The lease amendment also included a debt restructuring, which deferred principal and interest payments until December 31, 2035. (See Notes 6 and 9).

Management's plans to improve financial results include continuing assessment of higher than normal operating costs and implementing policies and procedures to reduce these costs where appropriate and planning initiatives to increase occupancy and improve payor mix. However, these plans have been impacted by the coronavirus pandemic (See Note 15).

In regard to payor mix, a significant percentage of the current residents are reimbursed under the Illinois Medicaid and Medicaid Managed Care programs, which have traditionally been underfunded, and there have been significant delays or denials of reimbursement from these programs. There have been numerous lobbying efforts by providers and health care associations in the State of Illinois to rectify or mitigate this problem. HFS has proposed changes to Illinois Medicaid reimbursement rate methodology that would align with Medicare PDPM for nursing care and incentivize quality and staffing levels. These proposed changes would be funded by the restructuring of the assessment fees and provider tax programs.

Note 15. Significant Uncertainty and Other Funding Sources

The spread of a novel strain of coronavirus (COVID-19) has altered the behavior of business and people in a manner that is having negative effects on local, regional and global economies. The Group has taken all necessary and possible precautions to be prepared for COVID-19. However, as COVID-19 continues to spread throughout areas in which the Group operates, the extent of the impact of COVID-19 on the operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the facilities the Group operates and the employees and vendors, all of which are uncertain and cannot be predicted.

The Group's highest priority is maintaining the health and well-being of their residents and employees. As a result, access to the facilities has periodically been restricted to only essential visitors and employees, and the Group has enhanced infectious disease prevention and control policies, procedures and protocols, provided additional training to employees at all levels of the organization and is working with vendors to ensure adequate supplies and personal protective equipment are available to the facilities.

Note 15. Significant Uncertainty and Other Funding Sources (Continued)

Also, federal, state or local health departments have periodically banned or limited admissions to some of the Group's facilities as a precautionary measure for a period of time. The pandemic has already resulted in a decline in occupancy at some of the facilities and it is expected to continue to cause declines in occupancy, due to current residents leaving the facilities and any continued limitations on new resident admissions or desire of potential residents to obtain care at long-term care facilities. The Group has also incurred, and will continue to incur, significant costs to address COVID-19, which include increased supply costs, including for personal protective equipment, and additional labor costs. The amounts and type of revenue, expense and cash flow impacts resulting from the COVID-19 pandemic will be dependent on a number of factors, including, the speed, depth, geographic reach, duration of the spread of the disease; new variants of COVID-19; the legal, regulatory and administrative developments that occur; the infectious disease control and prevention efforts; and the occupancy levels of the facilities. Given the uncertain nature of these circumstances, the impact on the results of operations, cash flows and financial condition cannot be reasonably estimated at this time, but may be substantial.

In response to the COVID-19 pandemic, Congress passed multiple bills that included funding and operational relief for affected healthcare organizations. In addition, the U.S. Department of Health and Human Services, the Centers for Medicare and Medicaid Services (CMS), and the Health Resources and Services Administration all issued various waivers of regulations governing coverage of specific services and conditions of program participation. The CARES Act was signed into law on March 27, 2020.

The CARES Act included $178 billion of Provider Relief Funds and other Funds (collectively, CARES Act Funds) available until expended, to prevent, prepare for, and respond to coronavirus, domestically or internationally, for necessary expenses to reimburse, through grants or other mechanisms, eligible health care providers for health care related expenses or lost revenues that are attributable to coronavirus. Payments from these CARES Act Funds are considered to be grant revenue. As a condition to receiving distributions, the Group had to agree to certain terms and conditions, including, among other things, that the funds are being used for lost operating revenues and COVID-related costs. CARES Act Funds received, that the Group has determined the terms and conditions are not yet met, are recorded as deferred revenue.

On March 11, 2021, ARPA was signed into law by the President. Section 9901 of ARPA amended Title VI of the Social Security Act to establish two Fiscal Recovery Funds with the intended purpose of providing support to state, local and tribal governments in responding to the impact of COVID-19 and in their efforts to contain COVID-19 on their communities, residents, and business. The Fiscal Recovery Funds build on and expand the support provided to these governments over fiscal year 2020, including through the Coronavirus Relief Fund. The Group received $1,856,264 of ARPA funds from HFS in September and October 2021. Management utilized the funds for qualified expenses under the terms and conditions related to the ARPA funds received, and, accordingly, $1,856,264 of ARPA funds revenue was recognized for the year ended December 31, 2021. The ARPA funds revenue were recorded as part of the CARES Act and ARPA funds in the combined statement of operations for the year ended December 31, 2021.

Note 15. Significant Uncertainty and Other Funding Sources (Continued)

In 2021, HFS was appropriated funds from the State Coronavirus Urgent Remediation Emergency Fund pursuant to Public Act 101-0637, Article 30. These funds are intended to support healthcare providers that are providing care to recipients under the Medical Assistance Program and responding to COVID-19 by providing an infusion of funds for health care expenses related to the COVID-19 pandemic and expenditures made despite losses of revenue due to the COVID-19 pandemic. The Group received $1,375,508 of the last round of awards from HFS in November 2021. Management utilized the funds for qualified expenses under the terms and conditions related to the funds received, and, accordingly, $1,375,508 of this revenue was recognized for the year ended December 31, 2021. The revenue was recorded as part of the CARES Act and ARPA funds in the combined statement of operations at December 31, 2021.

Through December 31, 2020, the Group received $24,132,179 of the CARES Act funds, and received an additional $4,314,204 during the year ended December 31, 2021. The Group recognized revenue of $6,594,681 and $19,262,437 for the year ended December 31, 2021 and 2020, respectively, related to these funds and they are recorded in CARES Act and ARPA Funds in the combined statements of operations. There was $2,184,726 and $4,869,742 of deferred revenue, CARES Act Funds recorded in the combined balance sheets at December 31, 2021 and 2020, respectively. Amounts recognized as revenue could change in the future based on the evolving grant compliance guidance provided by the government. The Group believes that the amount recorded as CARES Act and ARPA Funds revenue for the years ended December 31, 2021 and 2020, is consistent with the guidance available from HHS and other agencies as of December 31, 2021.

Pursuant to the CARES Act, the employer share of the social security portion of the Federal Insurance Contribution Act (FICA) tax due for the period beginning on March 27, 2020 and ending December 31, 2020, can be deferred, with payment of 50% of the deferred amount to be paid on December 31, 2021, and the remaining 50% of the deferred amount to be paid on December 31, 2022. As of December 31, 2021 and 2020, the Group has $1,703,032 and $2,046,885 of social security taxes, included in accrued expenses, respectively, and as of December 31, 2020, the Group has an additional $2,046,885 of deferred social security taxes included in accrued payroll taxes, net of current portion in the combined balance sheets.

The Group also applied for and received $13,111,372 from CMS during the year ended December 31, 2020, as accelerated payments based on six months of its Medicare payments through the Accelerated and Advance Payment Program, which was expanded to increase cash flow to providers of services impacted by the COVID-19 pandemic. These accelerated payments are to be recouped from Medicare claims submitted until the full amount has been repaid. The recoupment start date is one year after the payments were received, April 2021. For the first 11 months, recoupment will be 25% of Medicare payments, for the next six months recoupment will increase to 50% and any remaining amount will be due at that time. It is anticipated the entire accelerated payments will be repaid by December 31, 2022. The Group has recorded these advances as current and long-term third-party payor accelerated payments in the combined balance sheets based on the estimated anticipated recoupments as of December 31, 2021 and 2020. The Group has third party payor accelerated payments of $5,422,566 and $13,111,372 as of December 31, 2021 and 2020, respectively, that have not yet been subject to recoupment.

Supplementary Information

Symcare Portfolio

Combining Balance Sheets
December 31, 2021

	Entities Party to Invesque Lease	Subleased Entities	Other Entities	Eliminations	Total Symcare Portfolio
Assets					
Current assets:					
Accounts receivable—net of allowance for doubtful accounts	$ 11,814,114	$ 3,676,029	$ (558,285)	$ -	$ 14,931,858
Prepaid expenses	1,625,430	(43,059)	309,767	(335,000)	1,557,138
Restricted escrow deposits	-	-	1,423,195	-	1,423,195
Other current assets	272,018	82,490	320	-	354,828
Total current assets	13,711,562	3,715,460	1,174,997	(335,000)	18,267,019
Property and equipment, net	8,008,425	1,607,137	53,069	-	9,668,631
Receivable from insurance recoveries	4,540,000	1,100,000	760,000	-	6,400,000
Other assets	540,000	-	-	-	540,000
Total assets	$ 26,799,987	$ 6,422,597	$ 1,988,066	$ (335,000)	$ 34,875,650
Liabilities and Members' Deficit					
Current liabilities:					
Checks issued in excess of bank balance	$ 1,576,330	$ 29,914	$ (42,429)	$ -	$ 1,563,815
Advances from third party payor	3,468,200	741,500	344,300	-	4,554,000
Third party payor accelerated payments	4,090,714	784,099	547,753	-	5,422,566
Deferred revenue, CARES Act Funds	1,820,156	362,954	1,616	-	2,184,726
Notes payable, current portion	17,677,047	422,982	476,424	-	18,576,453
Accounts payable	12,143,893	1,942,429	1,150,091	(335,000)	14,901,413
Accounts payable, related parties	4,943,506	1,377,980	25,197	-	6,346,683
Accrued expenses	21,199,696	4,671,757	2,393,836	-	28,265,289
Deferred rent, current portion	291,000	-	-	-	291,000
Due to related parties	7,681,048	20,269,804	11,527,481	(28,386,719)	11,091,614
Total current liabilities	74,891,590	30,603,419	16,424,269	(28,721,719)	93,197,559
Long-term liabilities:					
Professional liability claims	4,540,000	1,100,000	760,000	-	6,400,000
Notes payable, net of current portion	30,512,604	3,563,937	1,338,057	-	35,414,598
Line of credit, net of deferred loan costs	891,258	-	-	-	891,258
Deferred rent, net of current portion	13,637,919	3,396,888	-	-	17,034,807
Total liabilities	124,473,371	38,664,244	18,522,326	(28,721,719)	152,938,222
Members' deficit:					
Members' deficit	(26,931,842)	(18,079,626)	(15,259,403)	-	(60,270,871)
Advances due from related parties	(70,741,542)	(14,162,021)	(1,274,857)	28,386,719	(57,791,701)
Total members' deficit	(97,673,384)	(32,241,647)	(16,534,260)	28,386,719	(118,062,572)
Total liabilities and members' deficit	$ 26,799,987	$ 6,422,597	$ 1,988,066	$ (335,000)	$ 34,875,650

Symcare Portfolio

Combining Balance Sheet—Entities Party to Invesque Lease
December 31, 2021

	Symphony Beverly LLC	Symphony Buffalo Grove LLC	Symphony Hanover Park LLC	Symphony Jackson Square LLC	Symphony Midway LLC	Symphony Park South LLC	Symphony Oswego LLC	Symphony of California Gardens LLC	Symcare Healthcare, LLC	Symcare HMG LLC	Symcare ML, LLC	Eliminations	Total
Assets													
Current assets:													
Accounts receivable—net of allowance for doubtful accounts	$ 2,117,440	$ 480,462	$ 1,257,411	$ 1,768,012	$ 2,290,337	$ 2,106,049	$ 429,043	$ 1,365,445	$ (161)	$ 76	$ -	$ -	$ 11,814,114
Prepaid expenses	15,408	198,820	141,429	136,618	179,807	151,806	420,723	79,283	224,076	-	-	77,460	1,625,430
Other current assets	(497)	-	-	41,481	-	-	1,270	229,764	-	-	-	-	272,018
Total current assets	2,132,351	679,282	1,398,840	1,946,111	2,470,144	2,257,855	851,036	1,674,492	223,915	76	-	77,460	13,711,562
Property and equipment, net	1,083,703	2,808,951	416,698	1,103,197	449,845	945,644	306,275	894,112	-	-	-	-	8,008,425
Receivable from insurance recoveries	1,180,000	600,000	165,000	1,605,000	190,000	675,000	50,000	75,000	-	-	-	-	4,540,000
Other assets	-	-	-	-	-	-	-	-	540,000	-	-	-	540,000
Total assets	$ 4,396,054	$ 4,088,233	$ 1,980,538	$ 4,654,308	$ 3,109,989	$ 3,878,499	$ 1,207,311	$ 2,643,604	$ 763,915	$ 76	$ -	$ 77,460	$ 26,799,987
Liabilities and Members' Deficit													
Current liabilities:													
Checks issued in excess of bank balance	$ 15,307	$ 6,437	$ 4,598	$ (670)	$ 29,293	$ 42,253	$ 6,388	$ -	$ 1,705,832	$ (902)	$ (232,206)	$ -	$ 1,576,330
Advances from third party payor	1,280,000	572,600	-	227,200	784,400	604,000	-	-	-	-	-	-	3,468,200
Third party payor accelerated payments	607,142	350,698	1,281,267	411,141	253,843	457,776	497,814	231,033	-	-	-	-	4,090,714
Deferred revenue, CARES Act Funds	684,758	65,184	79,470	93,910	86,715	88,920	73,489	647,710	-	-	-	-	1,820,156
Notes payable, current portion	347,356	263,030	229,467	295,943	188,353	344,204	120,450	121,202	-	-	15,767,042	-	17,677,047
Accounts payable	1,362,502	1,176,832	1,721,290	1,765,513	1,489,625	1,947,254	688,379	1,321,554	854,824	-	-	(183,880)	12,143,893
Accounts payable, related parties	870,722	625,635	102,611	672,348	386,691	891,279	994,614	399,606	-	-	-	-	4,943,506
Accrued expenses	3,639,489	2,147,373	2,221,392	2,815,603	2,784,037	3,477,495	1,208,874	2,082,115	30,750	-	792,568	-	21,199,696
Deferred rent, current portion	-	291,000	-	-	-	-	-	-	-	-	-	-	291,000
Due to related parties	3,091,253	3,575,028	4,202,967	3,601,496	3,472,746	3,210,040	1,065,537	527,765	50,192,233	8,109,319	2,078,280	(75,445,616)	7,681,048
Total current liabilities	11,898,529	9,073,817	9,843,062	9,882,484	9,475,703	11,063,221	4,655,545	5,330,985	52,783,639	8,108,417	18,405,684	(75,629,496)	74,891,590
Long-term liabilities:													
Professional liability claims	1,180,000	600,000	165,000	1,605,000	190,000	675,000	50,000	75,000	-	-	-	-	4,540,000
Notes payable, net of current portion	1,569,922	1,688,760	1,316,323	1,352,562	1,634,527	1,646,705	847,369	1,212,021	-	-	19,244,415	-	30,512,604
Line of credit, net of deferred loan costs	-	-	-	-	-	-	-	-	891,258	-	-	-	891,258
Deferred rent, net of current portion	1,894,262	4,023,294	2,044,104	1,983,090	2,072,199	1,483,309	63,444	74,217	-	-	-	-	13,637,919
Total liabilities	16,542,713	15,385,871	13,368,489	14,823,136	13,372,429	14,868,235	5,616,358	6,692,223	53,674,897	8,108,417	37,650,099	(75,629,496)	124,473,371
Members' deficit:													
Members' deficit	(8,957,542)	(6,163,079)	(8,649,905)	(4,563,229)	(7,542,517)	(7,070,658)	5,850,821	4,821,439	(141,197)	(162)	5,484,187	-	(26,931,842)
Advances due from related parties	(3,189,117)	(5,134,559)	(2,738,046)	(5,605,599)	(2,719,923)	(3,919,078)	(10,259,868)	(8,870,058)	(52,769,785)	(8,108,179)	(43,134,286)	75,706,956	(70,741,542)
Total members' deficit	(12,146,659)	(11,297,638)	(11,387,951)	(10,168,828)	(10,262,440)	(10,989,736)	(4,409,047)	(4,048,619)	(52,910,982)	(8,108,341)	(37,650,099)	75,706,956	(97,673,384)
Total liabilities and members' deficit	$ 4,396,054	$ 4,088,233	$ 1,980,538	$ 4,654,308	$ 3,109,989	$ 3,878,499	$ 1,207,311	$ 2,643,604	$ 763,915	$ 76	$ -	$ 77,460	$ 26,799,987

Symcare Portfolio

Combining Balance Sheet—Subleased Entities
December 31, 2021

	Symphony of Evanston Healthcare LLC	Symphony Bronzeville Park LLC	Eliminations	Total
Assets				
Current assets:				
Accounts receivable—net of allowance for doubtful accounts	$ 1,434,456	$ 2,241,573	$ -	$ 3,676,029
Prepaid expenses	(312,835)	250,123	19,653	(43,059)
Other current assets	82,490	-	-	82,490
Total current assets	1,204,111	2,491,696	19,653	3,715,460
Property and equipment, net	541,793	1,065,344	-	1,607,137
Receivable from insurance recoveries	360,000	740,000	-	1,100,000
Total assets	$ 2,105,904	$ 4,297,040	$ 19,653	$ 6,422,597
Liabilities and Members' Deficit				
Current liabilities:				
Checks issued in excess of bank balance	$ 28,580	$ 1,334	$ -	$ 29,914
Advances from third party payor	267,300	474,200	-	741,500
Third party payor accelerated payments	391,193	392,906	-	784,099
Deferred revenue, CARES Act Funds	272,490	90,464	-	362,954
Notes payable, current portion	214,897	208,085	-	422,982
Accounts payable	783,305	1,145,386	13,738	1,942,429
Accounts payable, related parties	431,331	946,649	-	1,377,980
Accrued expenses	1,871,816	2,799,941	-	4,671,757
Due to related parties	8,268,764	3,276,235	8,724,805	20,269,804
Total current liabilities	12,529,676	9,335,200	8,738,543	30,603,419
Long-term liabilities:				
Professional liability claims	360,000	740,000	-	1,100,000
Notes payable, net of current portion	1,663,232	1,900,705	-	3,563,937
Deferred rent, net of current portion	1,347,035	2,049,853	-	3,396,888
Total liabilities	15,899,943	14,025,758	8,738,543	38,664,244
Members' deficit:				
Members' deficit	(10,786,622)	(7,293,004)	-	(18,079,626)
Advances due from related parties	(3,007,417)	(2,435,714)	(8,718,890)	(14,162,021)
Total members' deficit	(13,794,039)	(9,728,718)	(8,718,890)	(32,241,647)
Total liabilities and members' deficit	$ 2,105,904	$ 4,297,040	$ 19,653	$ 6,422,597

Symcare Portfolio

Combining Balance Sheet—Other Entities
December 31, 2021

	Nuglen LLC	Symphony Aria LLC	Eliminations	Total
Assets				
Current assets:				
Accounts receivable—net of allowance for doubtful accounts	$ (1,021,357)	$ 463,072	$ -	$ (558,285)
Prepaid expenses	(183,238)	255,118	237,887	309,767
Restricted escrow deposits	1,100,449	322,746	-	1,423,195
Other current assets	-	320	-	320
Total current assets	(104,146)	1,041,256	237,887	1,174,997
Property and equipment, net	51,119	1,950	-	53,069
Receivable from insurance recoveries	-	760,000	-	760,000
Total assets	$ (53,027)	$ 1,803,206	$ 237,887	$ 1,988,066
Liabilities and Members' Deficit				
Current liabilities:				
Checks issued in excess of bank balance	$ 6,481	$ (48,910)	$ -	$ (42,429)
Advances from third party payor	-	344,300	-	344,300
Third party payor accelerated payments	162,801	384,952	-	547,753
Deferred revenue, CARES Act Funds	-	1,616	-	1,616
Notes payable, current portion	164,698	311,726	-	476,424
Accounts payable	87,974	826,804	235,313	1,150,091
Accounts payable, related parties	2,401	22,796	-	25,197
Accrued expenses	413,992	1,979,844	-	2,393,836
Due to related parties	3,827,793	8,759,720	(1,060,032)	11,527,481
Total current liabilities	4,666,140	12,582,848	(824,719)	16,424,269
Long-term liabilities:				
Professional liability claims	-	760,000	-	760,000
Notes payable, net of current portion	948,533	389,524	-	1,338,057
Total liabilities	5,614,673	13,732,372	(824,719)	18,522,326
Members' deficit:				
Members' deficit	(4,604,507)	(10,654,896)	-	(15,259,403)
Advances due from related parties	(1,063,193)	(1,274,270)	1,062,606	(1,274,857)
Total members' deficit	(5,667,700)	(11,929,166)	1,062,606	(16,534,260)
Total liabilities and members' deficit	$ (53,027)	$ 1,803,206	$ 237,887	$ 1,988,066

Symcare Portfolio

Combining Statement of Operations
December 31, 2021

	Entities Party to Invesque Lease	Subleased Entities	Other Entities	Eliminations	Total Symcare Portfolio
Revenue:					
Resident service	$ 113,359,396	$ 27,240,783	$ 23,055,538	$ -	$ 163,655,717
CARES Act and ARPA Funds	6,513,152	2,167,087	1,146,214	-	9,826,453
Total income	119,872,548	29,407,870	24,201,752	-	173,482,170
Operating expenses:					
Professional care	53,057,032	13,801,720	10,185,957	-	77,044,709
Housekeeping and plant	9,144,109	2,281,185	1,798,496	-	13,223,790
Dietary	6,697,958	1,709,790	1,575,015	-	9,982,763
Employees' health and welfare	7,280,088	1,855,269	1,754,930	-	10,890,287
Laundry and linen	1,436,019	408,670	394,839	-	2,239,528
Total operating expenses	77,615,206	20,056,634	15,709,237	-	113,381,077
Income from operations before general and administrative expenses and capital expenses	42,257,342	9,351,236	8,492,515	-	60,101,093
General and administrative expenses	37,431,255	9,636,263	11,055,812	-	58,123,330
Income (loss) from operations before capital expenses	4,826,087	(285,027)	(2,563,297)	-	1,977,763
Capital expenses:					
Depreciation and amortization	1,108,551	253,102	1,816,016	-	3,177,669
Rent, required by lease	14,398,848	2,596,171	3,318,256	-	20,313,275
Deferred rent, straight-lining of lease	2,466,230	1,062,932	500,767	-	4,029,929
Real estate taxes	5,500,692	1,414,392	1,514,371	-	8,429,455
Total capital expenses	23,474,321	5,326,597	7,149,410	-	35,950,328
Loss from operations	(18,648,234)	(5,611,624)	(9,712,707)	-	(33,972,565)
Other (expense) income:					
Interest expense	(1,551,704)	(47,301)	(78,042)	-	(1,677,047)
Interest income	82,193	13,798	13,403	-	109,394
Total other expense, net	(1,469,511)	(33,503)	(64,639)	-	(1,567,653)
Net loss from operations	(20,117,745)	(5,645,127)	(9,777,346)	-	(35,540,218)
Nonoperating revenue:					
Gain on derecognition of deferred rent	-	-	1,473,152	-	1,473,152
Gain on extinguishment of Paycheck Protection Program loan	-	-	1,331,812	-	1,331,812
Gain on debt restructuring	10,483,193	-	-	-	10,483,193
Total nonoperating revenue	10,483,193	-	2,804,964	-	13,288,157
Net loss	$ (9,634,552)	$ (5,645,127)	$ (6,972,382)	$ -	$ (22,252,061)

Symcare Portfolio

Combining Statement of Operations—Entities Party to Invesque Lease
December 31, 2021

	Symphony Beverly LLC	Symphony Buffalo Grove LLC	Symphony Hanover Park LLC	Symphony Jackson Park LLC	Symphony Midway LLC	Symphony Park South LLC	Symphony Oswego LLC	Symphony of California Gardens LLC	Symcare Healthcare, LLC	Symcare HMG LLC	Symcare ML, LLC	Eliminations	Total
Revenue:													
Resident service	$ 15,500,233	$ 13,935,596	$ 12,036,363	$ 15,620,641	$ 15,810,433	$ 16,645,071	$ 7,990,094	$ 15,820,965	$ -	$ -	$ -	$ -	$ 113,359,396
CARES Act and ARPA Funds	699,900	595,705	416,589	1,174,598	1,126,227	1,137,022	43,676	1,319,435	-	-	-	-	6,513,152
Total income	16,200,133	14,531,301	12,452,952	16,795,239	16,936,660	17,782,093	8,033,770	17,140,400	-	-	-	-	119,872,548
Operating expenses:													
Professional care	7,157,856	6,658,994	5,860,825	7,421,938	6,922,339	8,542,105	3,820,451	6,615,121	(10,570)	-	67,973	-	53,057,032
Housekeeping and plant	1,234,741	732,412	662,989	1,555,749	1,526,544	1,588,029	542,438	1,301,207	-	-	-	-	9,144,109
Dietary	861,917	843,687	690,116	952,226	939,515	954,836	468,665	986,996	-	-	-	-	6,697,958
Employees' health and welfare	1,027,195	896,215	704,654	974,019	978,624	1,155,295	453,755	1,090,331	-	-	-	-	7,280,088
Laundry and linen	137,864	189,953	166,845	135,543	116,712	156,594	66,587	465,921	-	-	-	-	1,436,019
Total operating expenses	10,419,573	9,321,261	8,085,429	11,039,475	10,483,734	12,396,859	5,351,896	10,459,576	(10,570)	-	67,973	-	77,615,206
Income from operations before general and administrative expenses and capital expenses	5,780,560	5,210,040	4,367,523	5,755,764	6,452,926	5,385,234	2,681,874	6,680,824	10,570	-	(67,973)	-	42,257,342
General and administrative expenses	6,155,602	3,719,368	3,104,213	5,282,445	5,321,956	5,779,070	2,584,568	4,121,519	1,362,514	-	-	-	37,431,255
(Loss) income from operations before capital expenses	(375,042)	1,490,672	1,263,310	473,319	1,130,970	(393,836)	97,306	2,559,305	(1,351,944)	-	(67,973)	-	4,826,087
Capital expenses:													
Depreciation and amortization	109,791	383,220	95,623	173,894	90,892	96,648	30,477	128,006	-	-	-	-	1,108,551
Rent, required by lease	2,193,142	2,800,014	2,589,188	2,294,043	2,396,828	1,714,691	199,340	211,602	-	-	-	-	14,398,848
Deferred rent, straight-lining of lease	419,606	247,224	497,888	439,042	458,658	327,190	38,058	38,564	-	-	-	-	2,466,230
Real estate taxes	838,987	205,265	789,347	768,489	812,813	1,189,603	68,723	827,465	-	-	-	-	5,500,692
Total capital expenses	3,561,526	3,635,723	3,972,046	3,675,468	3,759,191	3,328,132	336,598	1,205,637	-	-	-	-	23,474,321
(Loss) income from operations	(3,936,568)	(2,145,051)	(2,708,736)	(3,202,149)	(2,628,221)	(3,721,968)	(239,292)	1,353,668	(1,351,944)	-	(67,973)	-	(18,648,234)
Other (expense) income:													
Interest expense	(15,672)	(27,797)	(11,439)	(18,868)	(20,519)	(22,409)	(4,074)	-	(482,369)	-	(948,557)	-	(1,551,704)
Interest income	21,483	9,540	1,746	5,628	16,234	17,224	909	9,429	-	-	-	-	82,193
Total other income (expense), net	5,811	(18,257)	(9,693)	(13,240)	(4,285)	(5,185)	(3,165)	9,429	(482,369)	-	(948,557)	-	(1,469,511)
Net (loss) income from operations	(3,930,757)	(2,163,308)	(2,718,429)	(3,215,389)	(2,632,506)	(3,727,153)	(242,457)	1,363,097	(1,834,313)	-	(1,016,530)	-	(20,117,745)
Nonoperating revenue:													
Gain on debt restructuring	-	-	-	-	-	-	-	-	-	-	10,483,193	-	10,483,193
Total nonoperating revenue	-	-	-	-	-	-	-	-	-	-	10,483,193	-	10,483,193
Net (loss) income	$ (3,930,757)	$ (2,163,308)	$ (2,718,429)	$ (3,215,389)	$ (2,632,506)	$ (3,727,153)	$ (242,457)	$ 1,363,097	$ (1,834,313)	$ -	$ 9,466,663	$ -	$ (9,634,552)

See notes to combined financial statements.

Symcare Portfolio

Combining Statement of Operations—Subleased Entities
December 31, 2021

	Symphony of Evanston Healthcare LLC	Symphony Bronzeville Park LLC	Eliminations	Total
Revenue:				
Resident service	$ 10,829,096	$ 16,411,687	$ -	$ 27,240,783
CARES Act and ARPA Funds	567,418	1,599,669	-	2,167,087
Total income	11,396,514	18,011,356	-	29,407,870
Operating expenses:				
Professional care	5,494,997	8,306,723	-	13,801,720
Housekeeping and plant	633,567	1,647,618	-	2,281,185
Dietary	764,279	945,511	-	1,709,790
Employees' health and welfare	697,904	1,157,365	-	1,855,269
Laundry and linen	252,217	156,453	-	408,670
Total operating expenses	7,842,964	12,213,670	-	20,056,634
Income from operations before general and administrative expenses and capital expenses	3,553,550	5,797,686	-	9,351,236
General and administrative expenses	3,416,480	6,219,783	-	9,636,263
(Loss) income from operations before capital expenses	137,070	(422,097)	-	(285,027)
Capital expenses:				
Depreciation and amortization	91,848	161,254	-	253,102
Rent, required by lease	1,042,742	1,553,429	-	2,596,171
Deferred rent, straight-lining of lease	391,140	671,792	-	1,062,932
Real estate taxes	623,029	791,363	-	1,414,392
Total capital expenses	2,148,759	3,177,838	-	5,326,597
Loss from operations	(2,011,689)	(3,599,935)	-	(5,611,624)
Other (expense) income:				
Interest expense	(27,619)	(19,682)	-	(47,301)
Interest income	3,901	9,897	-	13,798
Total other expense, net	(23,718)	(9,785)	-	(33,503)
Net loss	$ (2,035,407)	$ (3,609,720)	$ -	$ (5,645,127)

Symcare Portfolio

Combining Statement of Operations—Other Entities
December 31, 2021

	Nuglen LLC	Symphony Aria LLC	Symphony Ivy LLC	Symphony Lincoln Park LLC	Symphony South Shore LLC	Eliminations	Total
Revenue:							
Resident service	$ 2,384,281	$ 3,398,316	$ 1,747,972	$ 8,388,756	$ 7,136,213	$ -	$ 23,055,538
CARES Act and ARPA Funds	370,828	564,926	(22,333)	90,540	142,253	-	1,146,214
Total income	2,755,109	3,963,242	1,725,639	8,479,296	7,278,466	-	24,201,752
Operating expenses:							
Professional care	1,058,066	2,011,224	307,353	3,978,409	2,830,905	-	10,185,957
Housekeeping and plant	144,479	301,643	163,931	477,895	710,548	-	1,798,496
Dietary	139,454	268,156	216,153	550,556	400,696	-	1,575,015
Employees' health and welfare	180,417	348,166	99,443	668,337	458,567	-	1,754,930
Laundry and linen	60,131	48,932	67,943	139,312	78,521	-	394,839
Total operating expenses	1,582,547	2,978,121	854,823	5,814,509	4,479,237	-	15,709,237
Income from operations before general and administrative expenses and capital expenses	1,172,562	985,121	870,816	2,664,787	2,799,229	-	8,492,515
General and administrative expenses	1,384,314	3,141,676	685,463	3,020,644	2,823,715	-	11,055,812
(Loss) income from operations before capital expenses	(211,752)	(2,156,555)	185,353	(355,857)	(24,486)	-	(2,563,297)
Capital expenses:							
Depreciation and amortization	736,311	774,074	14,246	165,015	126,370	-	1,816,016
Rent, required by lease	26,933	764,469	303,238	1,212,309	1,011,307	-	3,318,256
Deferred rent, straight-lining of lease	2,487	68,385	67,097	181,568	181,230	-	500,767
Real estate taxes	70,535	823,903	55,247	281,756	282,930	-	1,514,371
Total capital expenses	836,266	2,430,831	439,828	1,840,648	1,601,837	-	7,149,410
Loss from operations	(1,048,018)	(4,587,386)	(254,475)	(2,196,505)	(1,626,323)	-	(9,712,707)
Other (expense) income:							
Interest expense	(14,470)	(34,548)	(232)	(14,398)	(14,394)	-	(78,042)
Interest income	2	2,558	571	358	9,914	-	13,403
Total other (expense) income, net	(14,468)	(31,990)	339	(14,040)	(4,480)	-	(64,639)
Net loss from operations	(1,062,486)	(4,619,376)	(254,136)	(2,210,545)	(1,630,803)	-	(9,777,346)
Nonoperating revenue:							
Gain on derecognition of deferred rent	15,451	1,457,701	-	-	-	-	1,473,152
Gain on extinguishment of Paycheck Protection Program loan	-	1,331,812	-	-	-	-	1,331,812
Total nonoperating revenue	15,451	2,789,513	-	-	-	-	2,804,964
Net loss	$ (1,047,035)	$ (1,829,863)	$ (254,136)	$ (2,210,545)	$ (1,630,803)	$ -	$ (6,972,382)