

**ARBORS OF HOP BROOK LIMITED PARTNERSHIP**

**BUDGETED THREE YEAR ASSUMPTIONS  
STATEMENTS OF CHANGES IN REVENUES AND EXPENSES  
FOR THE YEARS ENDED DECEMBER 31**

	BUDGET 2024	BUDGET 2025	BUDGET 2026
<b><u>Assumptions for Arbors of Hop Brook</u></b>			
<b>REVENUE</b>			
Monthly fee increased each year by	3.0%	3.0%	3.0%
Ancillary revenue increased each year by	3.0%	3.0%	3.0%
CCRC related revenue increased each year by	3.0%	3.0%	3.0%
Earned entrance fee increased by	3.0%	3.0%	3.0%
<b>EXPENSES</b>			
Salaries increased each year by	3.0%	3.0%	3.0%
Employee benefits increased each year by	3.0%	3.0%	3.0%
Non-salary expenses increased each year by	3.0%	3.0%	3.0%
Rent increased each year by	3.0%	3.0%	3.0%
Depreciation increased each year by	3.0%	3.0%	3.0%
Return on investments increased each year by	3.0%	3.0%	3.0%
Percent of occupancy	85.00%	85.00%	85.00%
Units Occupied	97	97	97
Sales of units each year	14.6	14.6	14.6

**Assumptions for Manchester Manor Health Care Center**

<b>REVENUE</b>			
Rate Increases:			
Medicaid	3.0%	3.0%	3.0%
Lifecare	3.0%	3.0%	3.0%
Private	3.0%	3.0%	3.0%
Medicare	1.0%	1.0%	1.0%
Managed Care	3.0%	3.0%	3.0%
Patient Day Mix			
Medicaid	24.3%	24.3%	24.3%
Lifecare	12.5%	12.5%	12.5%
Private	22.5%	22.5%	22.5%
Diversions	1.1%	1.1%	1.1%
Medicare	0.1%	0.1%	0.1%
<u>Managed Care</u>	<u>24.4%</u>	<u>24.4%</u>	<u>24.4%</u>
Total occupancy	95.5%	95.5%	95.5%
Vacancy	4.5%	4.5%	4.5%
Total	100.0%	100.0%	100.0%
<b>EXPENSES</b>			
Salaries increased each year by	3.0%	3.0%	3.0%
Employee benefits increased each year by	3.0%	3.0%	3.0%
Non-salary expenses increased each year by	3.0%	3.0%	3.0%
Rent increased each year by	3.0%	3.0%	3.0%
Depreciation increased each year by	3.0%	3.0%	3.0%
Return on investments increased each year by (most of investment is bonds)	3.0%	3.0%	3.0%

**ARBORS OF HOP BROOK LIMITED PARTNERSHIP AND AFFILIATE**

**Balance Sheet**

**December 31**

	<b>ACTUAL 2023</b>	<b>BUDGET 2024</b>	<b>BUDGET 2025</b>	<b>BUDGET 2026</b>
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 1,419,590	\$ 4,900,793	\$ 3,455,058	\$ 6,458,018
Resident trust funds	\$ 23,700	24,648	25,634	26,659
Accounts receivable	2,371,009	2,465,849	2,564,483	2,667,063
Other receivables	202,729	210,838	219,272	228,043
Prepaid expenses	<u>187,376</u>	<u>194,871</u>	<u>202,666</u>	<u>210,773</u>
<b>Total current assets</b>	4,204,404	7,796,999	6,467,113	9,590,555
<b>Investments available for sale</b>	-	551,778	1,405,413	2,424,458
<b>Property and equipment:</b>				
Land and improvements	3,066,225	3,066,225	3,066,225	3,066,225
Building and improvements	17,110,817	17,444,081	17,644,081	17,844,081
Equipment	1,597,985	1,997,985	2,397,985	2,797,985
Automotive equipment	-	-	-	-
Total property and equipment	21,775,027	22,508,291	23,108,291	23,708,291
Less accumulated depreciation	(1,010,942)	(2,233,643)	(3,554,161)	(4,980,320)
Plus Construction in Progress	<u>333,264</u>			
<b>Net property and equipment</b>	21,097,349	20,274,648	19,554,130	18,727,971
<b>Long-term assets:</b>				
Loans receivable - affiliates	5,560,578	5,560,578	5,560,578	5,560,578
Interest rate swap contract	94,387	98,162	102,089	106,173
Goodwill, net	3,513,656	3,513,656	3,513,656	3,513,656
Advances receivables - members	3,029,062	3,029,062	3,029,062	3,029,062
Escrow and Security deposits	<u>410,784</u>	<u>410,784</u>	<u>410,784</u>	<u>410,784</u>
<b>Total long-term assets</b>	<u>12,608,467</u>	<u>12,612,242</u>	<u>12,616,169</u>	<u>12,620,253</u>
<b>Total assets</b>	<b><u>\$ 37,910,220</u></b>	<b><u>\$ 41,235,667</u></b>	<b><u>\$ 40,042,825</u></b>	<b><u>\$ 43,363,237</u></b>
<b>Liabilities and Equity</b>				
<b>Current Liabilities:</b>				
Current portion of long-term debt	\$ 223,535	\$ 4,749,251	\$ 263,356	\$ 280,992
Accounts payable	623,328	648,261	674,192	701,159
Other current liabilities	728,790	757,942	788,259	819,790
Line of credit	2,175,263	2,175,263	2,175,263	2,175,263
Resident Funds	<u>23,700</u>	<u>24,648</u>	<u>25,634</u>	<u>26,659</u>
<b>Total current liabilities</b>	3,774,616	8,355,364	3,926,704	4,003,863
<b>Long-term liabilities:</b>				
Loans payable - affiliates	6,252,009	6,252,009	6,252,009	6,252,009
Loans payable - members	2,695,599	2,695,599	2,695,599	2,695,599
Long-term debt, less current portion	18,540,224	13,790,973	13,527,617	13,246,625
Medicare advance payable	-	-	-	-
Payroll protection loan payable	-	-	-	-
Reserve fund liability	3,190,184	2,990,184	2,990,184	2,990,184
Resident security deposit liability	<u>212,554</u>	<u>364,305</u>	<u>602,554</u>	<u>832,500</u>
<b>Total liabilities</b>	34,665,186	34,448,435	29,994,667	30,020,781
<b>Equity:</b>				
Partners' capital				
Members' Equity	3,245,034	5,805,971	8,360,333	10,995,586
Accumulated other comprehensive income (loss)	<u>-</u>	<u>61,778</u>	<u>278,341</u>	<u>447,386</u>
Total partners' capital	3,245,034	5,867,749	8,638,674	11,442,972
Noncontrolling interest	<u>-</u>	<u>490,000</u>	<u>980,000</u>	<u>1,470,000</u>
<b>Total equity</b>	<u>3,245,034</u>	<u>6,357,749</u>	<u>9,618,674</u>	<u>12,912,972</u>
<b>Total liabilities and equity</b>	<b><u>\$ 37,910,220</u></b>	<b><u>\$ 40,806,183</u></b>	<b><u>\$ 39,613,341</u></b>	<b><u>\$ 42,933,753</u></b>

**ARBORS OF HOP BROOK LIMITED PARTNERSHIP AND AFFILIATE**

**Statements of Operations and Comprehensive Income (Loss)**

**December 31**

	<b>ACTUAL 2023</b>	<b>BUDGET 2024</b>	<b>BUDGET 2025</b>	<b>BUDGET 2026</b>
<b>Revenues:</b>				
Net patient service revenue	\$ 22,877,119	\$ 18,158,081	\$ 18,252,464	\$ 18,760,576
Resident Fees		4,890,631	5,044,209	5,202,611
Earned entrance fees		-	-	-
<b>Total revenues</b>	<b>22,877,119</b>	<b>23,048,712</b>	<b>23,296,673</b>	<b>23,963,187</b>
<b>Expenses:</b>				
Administrative and general	3,331,399	1,978,467	2,037,821	2,098,955
Employee benefits	-	1,530,960	1,576,889	1,624,196
Plant operations and maintenance	768,306	1,432,641	1,475,620	1,519,889
Nursing	7,776,581	7,240,802	7,458,026	7,681,766
Activities	410,508	287,170	295,785	304,659
Food service	2,066,976	2,016,138	2,076,623	2,138,921
Laundry	-	92,928	95,716	98,588
Housekeeping	549,117	431,397	444,339	457,669
Management Fee	1,148,255	-	-	-
Provision for expected credit losses	118,253	-	-	-
Other services	1,772,883	1,832,180	1,887,145	1,943,759
Depreciation and amortization	1,132,131	1,222,701	1,320,518	1,426,159
Insurance	-	140,771	144,994	149,344
Interest expense	1,367,916	1,351,620	1,005,390	986,191
<b>Total expenses</b>	<b>20,442,325</b>	<b>19,557,775</b>	<b>19,818,865</b>	<b>20,430,096</b>
<b>Income from operations</b>	<b>2,434,794</b>	<b>3,490,937</b>	<b>3,477,809</b>	<b>3,533,091</b>
<b>Other income (expense):</b>				
Investment income	-	-	16,553	42,162
Payroll protection loan forgiveness	-	-		
Gain on sale of property and equipment	-			
Net realized gains (losses) on investment securities	-	60,000	50,000	50,000
<b>Total other income (expense)</b>	<b>-</b>	<b>60,000</b>	<b>66,553</b>	<b>92,162</b>
<b>Net Income (loss)</b>	<b>2,434,794</b>	<b>3,550,937</b>	<b>3,544,362</b>	<b>3,625,253</b>
Less: net income attributable to noncontrolling interest	-	490,000	490,000	490,000
<b>Net income (loss) attributable to Arbors of Hop Brook LP</b>	<b>\$ 2,434,794</b>	<b>\$ 3,060,937</b>	<b>\$ 3,054,362</b>	<b>\$ 3,135,253</b>
<b>Comprehensive income (loss):</b>				
Net income (loss)	\$ 2,434,794	\$ 3,550,937	\$ 3,544,362	\$ 3,625,253
<b>Other comprehensive income (loss):</b>				
Unrealized holding gains (losses) arising during the period	-	121,778	266,563	219,045
Unrealized gain (loss) on derivative financial instrument	(61,326)	-	-	-
Less: reclassification adjustment for gains (losses) included in net income (loss)	-	(60,000)	(50,000)	(50,000)
<b>Total other comprehensive income</b>	<b>(61,326)</b>	<b>61,778</b>	<b>216,563</b>	<b>169,045</b>
<b>Comprehensive income (loss)</b>	<b>2,373,468</b>	<b>3,612,715</b>	<b>3,760,925</b>	<b>3,794,298</b>
Less: comprehensive income attributable to noncontrolling interest	-	490,000	490,000	490,000
<b>Comprehensive income (loss) attributable to Arbors of Hop Brook LP</b>	<b>\$ 2,373,468</b>	<b>\$ 3,122,715</b>	<b>\$ 3,270,925</b>	<b>\$ 3,304,298</b>

# ARBORS OF HOP BROOK LIMITED PARTNERSHIP AND AFFILIATE

## Statements of Changes in Equity

December 31

	ACTUAL 2023	BUDGET 2024	BUDGET 2025	BUDGET 2026
<b>Beginning Balance</b>	\$ 891,170	\$ 3,245,034	\$ 6,357,749	\$ 9,618,674
Net income (loss)	2,434,794	3,550,937	3,544,362	3,625,253
Other comprehensive income	(61,326)	61,778	216,563	169,045
Capital contributions	-	-	-	-
Capital distributions	<u>(19,604)</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>
<b>Ending Balance</b>	<u>\$ 3,245,034</u>	<u>\$ 6,357,749</u>	<u>\$ 9,618,674</u>	<u>\$ 12,912,972</u>

**ARBORS OF HOP BROOK LIMITED PARTNERSHIP AND AFFILIATE**

**Statements of Cash Flows**

**December 31**

	<b>ACTUAL</b>	<b>BUDGET</b>	<b>BUDGET</b>	<b>BUDGET</b>
	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Cash flows from operating activities:</b>				
Net income (loss)	\$ 2,434,794	\$ 3,550,937	\$ 3,544,877	\$ 3,625,774
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	1,132,131	1,222,701	1,320,518	1,426,159
Earned entrance fee (income) expense	-	-	-	-
Amortization of deferred costs	78,652			
Provision for expected credit losses	118,253	60,000	62,928	50,000
Decrease in Resident Funds	81,630	(948)	(986)	(1,025)
Deferred Financing Fees	-	-	-	-
(Increase) decrease in:				
Accounts receivable	57,205	(94,840)	(98,634)	(102,579)
Due from related party	-	-	-	-
Entrance fee receivable	-	(8,109)	(8,434)	(8,771)
Prepaid expenses	(100,294)	(7,495)	(7,795)	(8,107)
Deposits	(5,000)	-	-	-
Increase (decrease) in:				
Accounts payable	(184,327)	24,933	25,930	26,968
Other current liabilities	(235,207)	29,152	30,318	31,530
Reserve fund liability	(11,301)	948	986	1,025
	<u>3,366,536</u>	<u>4,777,278</u>	<u>4,869,709</u>	<u>5,040,974</u>
<b>Net cash provided by operating activities</b>				
<b>Cash flows from investing activities:</b>				
Advances to affiliates, net	(1,477,141)	(3,775)	(3,926)	(4,084)
Purchase of property and equipment	(735,834)	(600,000)	(600,000)	(600,000)
Purchase of investments	(15,088)	(550,000)	(700,000)	(900,000)
	<u>(2,228,063)</u>	<u>(1,153,775)</u>	<u>(1,303,926)</u>	<u>(1,504,084)</u>
<b>Net cash used in investing activities</b>				
<b>Cash flows provided by financing activities:</b>				
Capital contributions	-	-	-	-
Capital distributions	(19,604)	(500,000)	(500,000)	(500,000)
Proceeds from line of credit	700,517	-	-	-
Proceeds from resident entrance fees	250,692	701,970	760,170	775,320
Refunds of resident entrance fees	-	(550,219)	(521,921)	(545,374)
Payments on capital lease obligations	-	-	-	-
Proceeds (payments) on long-term debt	(2,953,423)	(223,535)	(4,749,251)	(263,356)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in loans receivable - affiliates	-	-	-	-
	<u>(2,021,818)</u>	<u>(571,784)</u>	<u>(5,011,001)</u>	<u>(533,410)</u>
<b>Net cash used in financing activities</b>				
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ (883,345)	\$ 3,051,719	\$ (1,445,219)	\$ 3,003,481
<b>Cash and cash equivalents, beginning of year</b>	<u>2,732,419</u>	<u>1,849,074</u>	<u>4,900,793</u>	<u>3,455,574</u>
<b>Cash and cash equivalents, ending of year</b>	<u>\$ 1,849,074</u>	<u>\$ 4,900,793</u>	<u>\$ 3,455,574</u>	<u>\$ 6,459,054</u>