SJF-CCRC, Inc. d/b/a Lions Gate

Financial Statements

December 31, 2025 and 2024

SJF-CCRC, Inc. d/b/a Lions Gate

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Independent Auditors' Report

To the Board of Trustees of
SJF-CCRC, Inc. d/b/a Lions Gate

Opinion

We have audited the financial statements of SJF-CCRC, Inc. d/b/a Lions Gate (Lions Gate), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations and changes in net assets (deficit) and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lions Gate as of December 31, 2025 and 2024, and the changes in its net assets (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lions Gate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the 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 Lions Gate'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 Lions Gate'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.

Baker Tilly US, LLP

Iselin, New Jersey
May 29, 2026

SJF-CCRC, Inc. d/b/a Lions Gate

Balance Sheets
December 31, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 3,156,272	$ 3,588,979
Assets whose use is limited	2,824,911	2,967,726
Accounts receivable:		
Residents	2,404,698	2,159,042
Other	474,667	483,000
Prepaid expenses and other current assets	667,466	769,087
Due from related parties	561,651	334,622
Total current assets	10,089,665	10,302,456
Assets Whose Use is Limited		
Under trust indenture, held by trustee	4,454,947	4,708,471
Other	287,852	274,408
Investments	4,809,771	4,263,773
Investments, Board Designated	15,922,736	14,305,149
Investment in Third Party	75,000	75,000
Refundable Deposits	81,136	48,756
Property and Equipment, Net	60,736,431	61,923,589
Right-of-Use Assets	26,484	34,861
Interest in Net Assets of Jewish Community Foundation	8,010,788	7,106,542
Total assets	$ 104,494,810	$ 103,043,005
Liabilities and Net Assets (Deficit)		
Current Liabilities		
Current maturities of long-term debt	$ 1,485,000	$ 1,415,000
Current portion of operating lease obligations	7,921	7,461
Accounts payable and accrued expenses	5,231,379	6,219,604
Deferred revenue	1,146,000	-
Accrued interest payable	1,271,143	1,332,955
Security deposit payable	18,132	42,343
Total current liabilities	9,159,575	9,017,363
Long-Term Debt	46,473,134	47,882,671
Operating Lease Obligations	18,563	27,400
Refundable Fees and Deposits	34,436,639	34,561,495
Deferred Revenues From Advance Fees	11,537,280	10,967,715
Total liabilities	101,625,191	102,456,644
Net Assets (Deficit)		
Without donor restrictions	(1,368,988)	(3,233,951)
With donor restrictions	4,238,607	3,820,312
Total net assets	2,869,619	586,361
Total liabilities and net assets (deficit)	$ 104,494,810	$ 103,043,005

See notes to financial statements

SJF-CCRC, Inc. d/b/a Lions Gate

Statements of Operations and Changes in Net Assets (Deficit)
December 31, 2025 and 2024

	2025	2024
Net Assets Without Donor Restrictions		
Revenues, gains and other support:		
Net resident service revenues	$ 38,734,319	$ 37,154,434
Investment income	2,929,523	2,259,349
Contributions and other	1,896,227	882,863
Net assets released from restrictions	205,020	181,919
Total revenues, gains and other support	43,765,089	40,478,565
Expenses:		
Health services	12,304,373	11,839,229
Therapy services	1,822,456	1,799,513
Dining services	6,918,547	7,718,589
Housekeeping and laundry	1,916,576	2,132,871
Facility costs and utilities	4,172,622	3,893,300
Social services	1,498,396	1,454,398
General and administrative	5,979,625	5,149,789
Insurance	1,784,658	1,412,121
Depreciation	3,697,766	3,542,962
Interest, net and amortization	2,588,428	2,684,730
Total expenses	42,683,447	41,627,502
Revenues in excess of (less than) expenses	1,081,642	(1,148,937)
Increase in Interest in Net Assets of Jewish Community Foundation Without Restriction	783,321	300,268
Decrease (increase) in net deficit without donor restrictions	1,864,963	(848,669)
Net Assets With Donor Restrictions		
Contributions	502,390	223,471
Increase in interest in net assets of Jewish Community Foundation with restriction	120,925	91,439
Net assets released from restrictions	(205,020)	(181,919)
Increase in net assets with donor restrictions	418,295	132,991
Changes in net assets	2,283,258	(715,678)
Net Assets, Beginning	586,361	1,302,039
Net Assets, Ending	$ 2,869,619	$ 586,361

See notes to financial statements

SJF-CCRC, Inc. d/b/a Lions Gate

Statements of Cash Flows
December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Changes in net assets	$ 2,283,258	$ (715,678)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Net realized and unrealized gains on investments	(1,647,688)	(1,029,999)
Depreciation	3,697,766	3,542,962
Interest component of deferred financing costs	50,153	50,150
Operating lease expense	7,461	11,095
Amortization of original issue discount	25,310	25,310
Proceeds from nonrefundable advance fees, existing units	2,819,160	3,237,946
Amortization of nonrefundable advance fees	(2,249,595)	(2,364,832)
Operating lease payments	(7,461)	(11,095)
Change in interest in net assets of Jewish Community Foundation	(1,131,659)	(613,239)
Changes in assets and liabilities:		
Accounts receivable	(237,323)	(3,557)
Prepaid expenses and other current assets	101,621	19,874
Accounts payable and accrued expenses	248,084	1,282,313
Deferred revenue	1,146,000	-
Accrued interest payable	(61,812)	(29,640)
Security deposit payable	(24,211)	(16,701)
Due from/to related parties	(227,029)	34,054
Net cash provided by operating activities	4,792,035	3,418,963
Cash Flows From Investing Activities		
Purchase of property and equipment	(2,510,608)	(2,774,590)
Purchase of investments and assets whose use is limited, net	(518,376)	(97,092)
Proceeds from interest in net assets of Jewish Community Foundation	227,413	221,532
Net cash used in investing activities	(2,801,571)	(2,650,150)
Cash Flows From Financing Activities		
Repayment of long-term debt	(1,415,000)	(1,355,000)
Refunds of refundable fees and deposits upon contract termination	(5,591,539)	(2,690,638)
Spend downs of refundable fees and deposits	(184,296)	(496,154)
Proceeds from refundable fees and deposits, existing units	4,382,290	5,062,554
Net cash (used in) provided by financing activities	(2,808,545)	520,762
Net (decrease) increase in cash and cash equivalents and restricted cash and cash equivalents	(818,081)	1,289,575
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Beginning	11,272,023	9,982,448
Cash and Cash Equivalents and Restricted Cash and Cash Equivalents, Ending	$ 10,453,942	$ 11,272,023
Supplemental Disclosure of Cash Flow Information		
Interest paid	$ 2,650,240	$ 2,714,370
Noncash Financing Items		
Refunds payable	$ -	$ 1,236,309
Reconciliation of Cash and Cash Equivalents and Restricted Cash and Cash Equivalents		
Cash and cash equivalents	$ 3,156,272	$ 3,588,979
Current portion of assets whose use is limited	2,824,911	2,967,726
Assets whose use is limited, under trust indenture, held by trustee	4,454,947	4,708,471
Assets whose use is limited, included in other	17,812	6,847
Total cash, cash equivalents and restricted cash and cash equivalents	$ 10,453,942	$ 11,272,023

See notes to financial statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

SJF-CCRC, Inc. d/b/a Lions Gate (Lions Gate) operates a continuing care retirement community which provides housing, healthcare and other related services to its residents. The community, located in Voorhees, New Jersey, consists of 152 independent living apartments, 12 independent living cottages, 70 assisted living units, a 78-bed skilled nursing unit and a 32-bed rehabilitation unit.

Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

Cash and cash equivalents and restricted cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less.

Accounts Receivable

Accounts receivable for services provided to residents consist of amounts owed directly from residents on a private pay basis and amounts owed from third-party payors on behalf of residents. Receivables from third-party payors are recorded at established rates, net of contractual adjustments specific to each payor. Receivables from private pay residents are recorded at established rates. Receivables are considered to be past due when payments have not been received by Lions Gate by their contractually stated due date. Lions Gate assesses collectability on all resident accounts prior to providing services. An allowance for doubtful accounts and credit losses is recognized to reduce accounts receivable to its net realizable value for impairment of revenues for changes in resident credit worthiness. The adequacy of Lions Gate's allowance is reviewed on an ongoing basis, using historical payment trends, write-off experience, analysis of receivables portfolios by payor source and aging of receivables, a review of specific accounts, as well as expected future economic conditions and market trends and adjustments are made to the allowance as necessary. Accounts are written off through bad debt reserve when Lions Gate has exhausted all collection efforts and accounts are deemed impaired. Resident accounts receivable are as follows for the years ended December 31:

	2025	2024	2023
Resident accounts receivable	$ 2,404,698	$ 2,159,042	$ 2,096,485

Assets Whose Use is Limited

Assets whose use is limited include assets held by trustee under a trust indenture and amounts held by the Committee Friends of Jewish Senior Housing and Healthcare Service (the Committee), which is a committee of the Board of Trustees (the Board). Amounts available to meet current liabilities of Lions Gate have been classified as current assets in the accompanying balance sheets.

Investments and Investment Risk

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the determination of revenues in excess of (less than) expenses unless the income or loss is restricted by donor or law. Interest income is measured as earned on the accrual basis. Dividends are measured based on the ex-dividend date. Purchases and sales of securities and realized gains and losses are recorded on a trade-date basis.

Lions Gate's investments are comprised of a variety of financial instruments. The fair values reported in the balance sheets are subject to various risks, including changes in the equity markets, the interest rate environment and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the financial statements could change materially in the near term.

Investments, Board Designated

In 2021, in an effort to preserve and grow the Lions Gate's investments in perpetuity, the Lions Gate Board approved the use of $12,369,200 of Lions Gate's cash reserves to create a Board designated fund (the Fund). The assets of the Fund are to be used by Lions Gate to: (i) serve a public purpose and use by providing for, and making possible, the clearance, planning, development or redevelopment of blighted areas and/or (ii) acquire, construct or rehabilitate, maintain and operate housing projects on a nonprofit basis, including but not limited to, the payment of mortgages, bonds and/or other liabilities and expenses. In order to preserve the Fund and ensure future value of the disbursements of the Fund, the Finance Committee of the Board will advise the Board and the Executive Committee of the Board as to investment strategies and spending rates of the Fund.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets.

Impairment of Property and Equipment

Property and equipment are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If the expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. There were no such impairment losses recorded in 2025 and 2024.

Lease Obligations and Right-of-Use Assets

Lions Gate evaluates at contract inception whether a lease exists and recognizes a lease obligation and right-of-use (ROU) asset for all leases with a term greater than 12 months. Leases are classified as either finance or operating. All lease liabilities are measured at the present value of the future lease payments using a discount rate. The future lease payments used to measure the lease liability include fixed payments, as well as the exercise price of any options to purchase the underlying asset that have been deemed reasonably certain of being exercised, if applicable. Future lease payments for optional renewal periods that are not reasonably certain of being exercised are excluded from the measurement of the lease liability. For all leases, the ROU asset is initially derived from the measurement of the lease liability and adjusted for certain items, such as initial direct costs and lease incentives received. ROU assets are subject to long-lived impairment testing.

Operating lease expense is recognized on a straight-line basis over the lease term and is included within indirect operating expenses in the statements of operations and changes in net assets (deficit). The lease term is determined based on the date Lions Gate acquires control of the leased premises through the end of the lease term.

Deferred Financing Costs

Costs incurred in connection with the issuance of long-term debt have been deferred and are being amortized over the term of the related debt using the effective-interest method. Amortization expense was $50,153 and $50,150 in 2025 and 2024, respectively. Accumulated amortization was $575,911 and $525,758 at December 31, 2025 and 2024, respectively.

Resident Entrance Fees

Under entrance fee plans for independent living units, Lions Gate receives entrance fees at the commencement of the contract. Residents have three entrance fee plans available. Two of the plans have a guaranteed refund component, which is equal to either 90% or 50% of the entrance fee paid. The third plan has no refund component. Gross contractual refund obligations under existing resident agreements approximate $34,360,000 and $34,510,000 at December 31, 2025 and 2024, respectively.

The refundable component of entrance fees is not amortized to income, as refunds are due to residents upon the earlier to occur of: (i) re-occupancy of the independent living unit, receipt of the incoming resident's entrance fee, and expiration of the incoming resident's rescission period; or (ii) 12 months (residents prior to June 30, 2011), 18 months (residents entering Lions Gate between July 1, 2011 and June 30, 2012), or 24 months (residents entering Lions Gate after July 1, 2012) after termination of the agreement. For refundable contracts signed on or after November 15, 2018, a sequential refund number is issued to the vacant unit once the unit has been restored but not later than 60 days from the vacancy date. Within 60 days following the issuance of the sequential refund number, Lions Gate will send to the resident or the resident's estate a detailed accounting of any outstanding fees due to Lions Gate and an estimation of the anticipated refund amount due to the resident. The refundable component of entrance fees is classified as refundable fees and deposits in the accompanying balance sheets. The balance of the entrance fee is amortized to income using the straight-line method over the actuarially determined, annually adjusted estimated remaining life expectancies of residents and is classified as deferred revenues from advance fees in the accompanying balance sheets.

Prior to June 1, 2018, residents earned 30 Free Health Care Days at the end of each full year of residency in an independent living unit for the first three years of occupancy, up to 90 Free Health Care Days. Subsequently, health care services would be provided on a fee-for-service basis in the assisted living units and at a rate equal to 90% of the published private pay rate in the skilled nursing beds. Effective June 1, 2018, residents earn 20 Free Health Care Days at the end of each full year of residency in an independent living unit for the first three years of occupancy, up to 60 Free Health Care Days. Subsequently, health care services will be provided on a fee-for-service basis in the assisted living units and at a rate equal to 95% of the published private pay rate in the skilled nursing beds.

Interest in Net Assets of the Foundation

Lions Gate follows accounting guidance regarding transfers of net assets to a not-for-profit organization or charitable trust that raises or holds contributions for others. This guidance requires Lions Gate to recognize in the balance sheets its beneficial interest in the net assets held by the Jewish Community Foundation (the Foundation) on behalf of Lions Gate.

Net Assets (Deficit)

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

Net Deficit Without Donor Restrictions - Net (deficit) assets available for use in general operations and not subject to donor restrictions. All revenue not restricted by donors and donor-restricted contributions whose restrictions are met in the same period in which they are received are accounted for in net (deficit) assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. All revenues restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor-restricted gifts which are solicited, received and recorded by the Foundation are reflected by Lions Gate as interest in net assets of the Foundation on the accompanying balance sheets. Net assets with donor restrictions at December 31, 2025 and 2024 included funds restricted for the following purposes: concerts for residents, resident assistance programs, capital improvements, employee events and other purposes to support the mission of Lions Gate.

Obligation to Provide Future Services

Lions Gate annually calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred revenues from advance fees. If the present value of the net cost of future services and the use of facilities exceeds deferred revenue from advance fees, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. At December 31, 2025 and 2024, the balance of deferred revenues from advance fees exceeds the present value of the net cost of future services and the use of facilities. As such, no liability for the obligation to provide future services has been recorded.

Net Resident Service Revenues

Net resident service revenues are reported at the amount that reflects the consideration Lions Gate expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Net resident service revenues are recognized as performance obligations are satisfied.

Net resident service revenues are primarily comprised of the following revenue streams:

Skilled Nursing - Skilled nursing revenues are primarily derived from providing nursing services to residents at a stated daily fee, net of any explicit and implicit price concessions. Lions Gate has determined that skilled nursing services are considered one performance obligation which is satisfied over time as services are provided. Therefore, skilled nursing revenues are recognized on a daily basis as services are rendered.

Assisted Living - Assisted living revenues are primarily derived from providing housing and personal care services to residents at a stated monthly fee. Lions Gate has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, assisted living revenues are recognized on a month-to-month basis.

Independent Living - Independent living revenues are primarily derived from providing housing and services to residents. Lions Gate has determined that the services included in the monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time as services are provided. Therefore, independent living monthly fees are recognized on a month-to-month basis.

The guaranteed refund component of entrance fees is not amortized to income and is classified as refundable entrance fees in the accompanying balance sheets.

Revenue from nonrefundable entrance fees received are recognized through amortization of the nonrefundable entrance fee using the straight-line method over annually adjusted estimated remaining life expectancies of the residents residing in independent living which approximates the period of time the goods and services under the agreements are expected to be transferred to residents. The unamortized portion is classified as deferred revenues from entrance fees in the balance sheets. Amortization of nonrefundable entrance fees included in independent living revenues was $2,249,595 in 2025 and $2,364,832 in 2024.

Ancillary and Other Resident Services - Ancillary and other resident services revenues include revenues from physical, occupational and speech therapy services and other services such as housekeeping, laundry, transportation, medical supplies and other revenues from residents. Lions Gate has determined that other resident services revenues are considered one performance obligation which is satisfied over time as services are provided. Therefore, other resident services revenues are recognized on a daily basis as services are rendered.

Lions Gate receives revenue for services under third-party payor programs, including Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. Lions Gate estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends and retroactive adjustments are recognized in future periods as final settlements are determined.

Contract Balances

Contract assets represent Lions Gate's right to consideration in exchange for goods or services that the Lions Gate has transferred to a resident when that right is conditioned on something other than the passage of time (for example, Lions Gate's future performance). Contract liabilities represent Lions Gate's obligation to transfer goods or services to a resident for which Lions Gate has received consideration (or the amount is due) from the resident.

There is no contract asset as of December 31, 2025 and 2024. Contract liabilities are as follows for the years ended December 31:

	2025	2024	2023
Deferred revenues from advance fees	$ 11,537,280	$ 10,967,715	$ 10,094,601
Refundable fees and deposits	34,436,639	34,561,495	33,900,752

Income Taxes

Lions Gate is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on its income under Section 501(a) of the IRC.

Lions Gate accounts for uncertainty in income taxes using a recognition threshold of more likely than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined that there were no tax uncertainties that met the recognition threshold in 2025 or 2024.

Revenues in Excess of (Less Than) Expenses

The statements of operations and changes in net assets (deficit) include the determination of revenues in excess of (less than) expenses. Changes in net deficit without donor restrictions which are excluded from the determination of revenues in excess of (less than) expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets) and activity related to the funds without donor restrictions held by the Foundation on behalf of Lions Gate (including increase in interest in net assets of the Foundation, and transfers of funds to and receipt of funds from the Foundation).

Use of Estimates

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

Subsequent Events

Lions Gate evaluated subsequent events for recognition or disclosure through May 29, 2026, the date the financial statements were issued.

2. Net Resident Service Revenues

Lions Gate disaggregates revenue from contracts with customers by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenues and cash flows as affected by economic factors. Net resident service revenues consist of the following for the years ended December 31, 2025 and 2024:

	2025				
	Skilled Nursing	Assisted Living	Independent Living	Ancillary and Other Resident Services	Total
Self-pay	$ 6,251,027	$ 5,868,458	$ 11,798,382	$ 316,307	$ 24,234,174
Medicare	6,672,251	-	-	-	6,672,251
Medicaid	3,678,745	594,127	-	-	4,272,872
Managed care and other	1,305,427	-	-	-	1,305,427
Amortization of nonrefundable entrance fees	-	-	2,249,595	-	2,249,595
Total	$ 17,907,450	$ 6,462,585	$ 14,047,977	$ 316,307	$ 38,734,319

	2024				
	Skilled Nursing	Assisted Living	Independent Living	Ancillary and Other Resident Services	Total
Self-pay	$ 6,813,677	$ 5,165,951	$ 11,160,596	$ 260,737	$ 23,400,961
Medicare	5,884,117	-	-	-	5,884,117
Medicaid	3,553,198	678,157	-	-	4,231,355
Managed care and other	1,273,169	-	-	-	1,273,169
Amortization of nonrefundable entrance fees	-	-	2,364,832	-	2,364,832
Total	$ 17,524,161	$ 5,844,108	$ 13,525,428	$ 260,737	$ 37,154,434

Lions Gate has agreements with third-party payors that provide for payments to Lions Gate at amounts different from its established rates. A summary of the principal payment arrangements with major third-party payors follows:

Medicaid - Nursing services provided to Medicaid program beneficiaries are paid at prospectively determined rates per day. The rates are determined using state-wide nursing facility cost information and the Lion Gate's cost information from a prior year. The reimbursement methodology is subject to various limitations and adjustments. The State of New Jersey provides funding to managed care organizations (MCOs) to coordinate all healthcare services, including long-term care services, for Medicaid beneficiaries. In turn, the MCOs will reimburse nursing facilities for services rendered to Medicaid beneficiaries admitted to nursing facilities. The reimbursement received by the nursing facilities is negotiated between the MCOs and the nursing facilities.

Medicare - Nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates vary according to a resident-specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments.

As described above, the Medicaid and Medicare Part A rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on Lions Gate's clinical assessment of its residents. Lions Gate is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicaid and Medicare programs.

Lions Gate has also entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to Lions Gate under these agreements includes prospectively determined rates per day and discounts from established charges.

Payment terms and conditions for Lions Gate's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Net resident service fee revenues for recurring and routine monthly services are generally billed monthly in advance. Net resident service fee revenues for ancillary services are generally billed monthly in arrears. Additionally, nonrefundable entrance fees are generally billed and collected in advance of move-in. Revenues collected from residents in advance are recognized as deferred revenue from entrance fees until the performance obligations are satisfied and are included in deferred revenues from advance fees in the accompanying balance sheets.

3. Fair Value Measurements, Assets Whose Use Is Limited, Investments and Other Financial Instruments

Fair Value Measurements

Lions Gate measures its assets whose use is limited, investments and interest in net assets of the Foundation at fair value on a recurring basis in accordance with accounting principles generally accepted in the United States of America.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using a hierarchy prioritizing the inputs used in determining valuations into three levels. The level within the fair value hierarchy is based on the lowest level input that is significant to the fair value measurement.

The levels of the fair value hierarchy are as follows:

Level 1 - Unadjusted quoted prices in active markets that are accessible to Lions Gate for identical instruments.

Level 2 - Significant inputs, other than Level 1 inputs that are observable either directly or indirectly for substantially the full term of the instruments through corroboration with observable market data.

Level 3 - Significant unobservable inputs.

The following tables present financial instruments measured and disclosed at fair value at December 31, 2025 and 2024, by caption on the balance sheets:

	2025		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)
Assets, recurring fair value measurements:			
Assets whose use is limited:			
U.S. government obligations	$ 40,101	$ -	$ 40,101
Fixed income mutual funds	227,015	227,015	-
Corporate bonds and notes	2,924	-	2,924
Investments:			
Equity mutual funds, domestic	2,247,406	2,247,406	-
Fixed income mutual funds	2,562,365	2,562,365	-
Investments, Board designated:			
Equity mutual funds, domestic	9,676,842	9,676,842	-
Fixed income mutual funds	6,171,370	6,171,370	-
Total assets in the fair value hierarchy	20,928,023	$ 20,884,998	$ 43,025
Cash and cash equivalents	7,372,194		
Total	$ 28,300,217		

	2024		
	Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)
Assets, recurring fair value measurements:			
Assets whose use is limited:			
U.S. government obligations	$ 47,500	$ -	$ 47,500
Fixed income mutual funds	216,826	216,826	-
Corporate bonds and notes	3,235	-	3,235
Investments:			
Equity mutual funds, domestic	1,891,604	1,891,604	-
Fixed income mutual funds	2,372,169	2,372,169	-
Investments, Board designated:			
Equity mutual funds, domestic	9,235,240	9,235,240	-
Fixed income mutual funds	5,007,228	5,007,228	-
Total assets in the fair value hierarchy	18,773,802	$ 18,723,067	$ 50,735
Cash and cash equivalents	7,745,725		
Total	$ 26,519,527		

Lions Gate did not have any financial instruments whose fair values were measured using Level 3 inputs at December 31, 2025 and 2024.

Valuation Methodologies

Equity and fixed income mutual funds are valued at the net asset value of shares held by Lions Gate at year-end, which are considered Level 1 inputs.

U.S. government obligations and corporate bonds and notes are valued using quoted market prices in active markets for the same or similar securities, which are considered Level 2 inputs.

Assets Whose Use is Limited

Assets whose use is limited are set forth in the following table:

	2025	2024
Under trust indenture, held by trustee:		
Cash and cash equivalents	$ 7,279,858	$ 7,676,197
Less funds under trust indenture, held by trustee available for current liabilities	2,824,911	2,967,726
Noncurrent portion of funds under trust indenture, held by trustee	4,454,947	4,708,471
Other, designated by the Committee:		
Cash and cash equivalents	17,812	6,847
U.S. government obligation	40,101	47,500
Equity mutual funds, domestic	227,015	216,826
Corporate bonds and notes	2,924	3,235
Subtotal	287,852	274,408
Total assets whose use is limited	$ 7,567,710	$ 7,950,605

Investment Return

Investment return is comprised of the following:

	2025	2024
Investment income (loss):		
Interest and dividend income	$ 1,281,835	$ 1,229,350
Net realized gain (loss) on sales of investments	71,744	(21,722)
Unrealized gain on investments	1,575,944	1,051,721
Total	$ 2,929,523	$ 2,259,349

Statutory Minimum Liquid Reserve

Under the provisions of the New Jersey Continuing Care Retirement Community Regulation and Financial Disclosure Act (the Act), Lions Gate must maintain a statutory minimum liquid reserve as of year-end that is equal to or exceeds the greater of the total of all principal and interest payments due during the next 12 months or 15% of total projected operating expenses associated with residents under a continuing care agreement, exclusive of depreciation and amortization for the following fiscal year. The statutory minimum liquid reserve requirement as of December 31, 2025 was approximately $4,025,000. Lions Gate maintained sufficient fund within assets whose use is limited at December 31, 2025. Management believes that Lions Gate is in compliance with all requirements of the Act as of December 31, 2025.

4. Liquidity and Availability of Resources

The following table reflects Lions Gate's financial assets available for general expenditures within one year at December 31, 2025 and 2024. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Unavailable financial assets consist of assets whose use is limited and interest in donor-restricted net assets of the Foundation.

	2025	2024
Financial assets:		
Cash and cash equivalents	$ 3,156,272	$ 3,588,979
Investments	4,809,771	4,263,773
Accounts receivable	2,879,365	2,642,042
Total financial assets	$ 10,845,408	$ 10,494,794

As part of Lions Gate's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As stated in Note 3, Lions Gate designated a portion of its investments as an operating reserve to comply with the requirements of the Act and thus they are not included in the schedule above. Although Lions Gate does not intend to utilize the operating reserve for general expenditures as part of its annual budget and approval process, amounts designated as operating reserves could be made available as necessary. The operating reserves are included in assets whose use is limited on the accompanying balance sheets and do not have third-party restrictions or limitations on the withdrawal and subsequent liquidation of such funds. There is approximately $16 million as of December 31, 2025 in the Fund that also can be used for operations with the Lions Gate Board's approval.

5. Property and Equipment, Net

Property and equipment consist of the following at December 31:

	2025	2024
Land	$ 6,316,248	$ 6,316,248
Land improvements	1,814,094	1,744,553
Buildings and building improvements	99,534,260	97,588,388
Furniture and equipment	9,485,786	8,983,385
Total	117,150,388	114,632,574
Less accumulated depreciation	(56,413,957)	(52,708,985)
Property and equipment, net	$ 60,736,431	$ 61,923,589

6. Long-Term Debt

Long-term debt consists of the following at December 31:

	2025	2024
New Jersey Economic Development Authority Fixed Rate Revenue Bonds, Series 2014	$ 49,355,000	$ 50,770,000
Less current maturities	(1,485,000)	(1,415,000)
Less deferred financing costs	(928,638)	(978,791)
Less original issue discount	(468,228)	(493,538)
Long-term debt	$ 46,473,134	$ 47,882,671

Series 2014 Bonds

On July 1, 2014, the New Jersey Economic Development Authority (the Authority) issued, on behalf of Lions Gate, tax-exempt revenue bonds totaling $61,670,000 (the 2014 Bonds). The 2014 Bonds were issued to (1) fund the construction of a project consisting of renovation of the Lions Gate existing dining areas and kitchen, expansion of the fitness center and the replacement and enhancement of certain portion of the information system and related software; (2) refund the Authority's outstanding Fixed Rate First Mortgage Revenue Bonds, Series 2005A, Adjustable Rate First Mortgage Revenue Bonds, Series 2005B, Adjustable Rate First Mortgage Revenue Bonds, Series 2010A; (3) refinance a construction loan with a commercial bank; (4) fund related reserves and (5) pay certain costs of issuance of the 2014 Bonds. The 2014 Bonds are due in varying annual installments through January 2044 with interest rates ranging from 2.25% to 5.25%.

The 2014 Bonds were issued pursuant to a Loan and Security Agreement (the Agreement) dated as of July 1, 2014. To secure its obligations to make all payments due under the Agreement and to perform all of its other obligations there under, Lions Gate pledged and granted to the Trustee a first security interest in its gross receipts, as defined in the Agreement. Lions Gate's obligations under the Agreement are additionally secured by a first mortgage lien on and security interest in its property and equipment. Lions Gate is also required to meet certain financial and operational covenants under the terms of the Agreement including a debt service coverage ratio not less than 1.20 and days cash on hand of not less than 175 days.

Principal Payments

Scheduled principal payments on long-term debt are as follows:

Years ending December 31:	
2026	$ 1,485,000
2027	1,555,000
2028	1,630,000
2029	1,610,000
2030	1,795,000
Thereafter	41,280,000
Total	$ 49,355,000

7. Retirement Plan

Prior to 2019, Lions Gate participated in a contributory 401(k) retirement plan sponsored by the Jewish Federation of Southern New Jersey and administered by an insurance company. During 2019, this plan was converted to a 403(b) plan. Employer matching contributions were 25% of employee contributions up to the first 5% of salary. There was no profit sharing in 2025 and 2024. Retirement plan expense was approximately $63,000 and $86,000 in 2025 and 2024, respectively.

8. Medical Malpractice Claims Coverage

Lions Gate maintains professional liability coverage on a claims-made basis. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed Lions Gate's insurance coverage or will have a material adverse effect on the financial statements.

9. Commitments and Contingencies

The senior living services industry is subject to numerous laws, regulations and administrative directives of federal, state and local governments and agencies. Compliance with these laws, regulations and administrative directives is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time. Government activity has continued to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for resident services previously billed. Management is not aware of any material incidents of noncompliance.

10. Concentrations of Credit Risk

Lions Gate grants credit without collateral to its residents, some of whom are insured under third-party payor arrangements, primarily with Medicaid, Medicare and various commercial insurance companies.

Lions Gate maintains cash accounts, which, at times may exceed federally insured limits. Lions Gate has not experienced any losses in such accounts. Management believes it is not subject to any significant credit risk on its cash accounts.

11. Related-Party Transactions

Lions Gate is the beneficiary of contributions that are collected, held and invested by the Foundation, a related party. These amounts are reported as interest in net assets of the Foundation in the balance sheets and are $8,010,788 and $7,106,542 at December 31, 2025 and 2024, respectively. The increase in interest in net assets of the Foundation was $904,246 and $391,707 in 2025 and 2024, respectively.

Net assets with donor restrictions as of December 31, 2025 and 2024 include $341,839 held by the Foundation, which have been restricted by donors to be maintained by the Foundation in perpetuity, the investment income from which is used for charitable purposes. Net assets with donor restrictions as of December 31, 2025 and 2024 include $1,434,762 and $1,313,837, respectively, held by the Foundation for capital and other specific programs. Net assets without donor restrictions at December 31, 2025 and 2024 included $6,234,187 and $5,450,866, respectively, held by the Foundation.

Effective June 30, 2009, the Board approved a loan from the Foundation to Springdale Kresson Associates, L.P. (the Partnership), a related party, in the amount of $728,308. The repayment terms include monthly payments of interest only at 3.5% which began on September 1, 2011. Effective at midnight on December 31, 2009, the Partnership sold all its assets and liabilities to Jewish Federation Housing Management, Inc. All principal and accrued interest shall be due and payable in full on August 1, 2026. This transaction is included in the interest in net assets of the Foundation without donor restrictions as of December 31, 2025 and 2024.

As of December 31, 2025 and 2024, Lions Gate had $561,651 and $334,622, respectively, due from related parties. The funds were provided to Jewish Federation Housing Management, Inc. which shares common management.

12. Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of Lions Gate. Costs of these categories were allocated on estimates of time and effort. Lions Gate's expenses for resident services (including health care, dining services, plant operations, housekeeping and laundry and social services and activities) and general and administrative (including general and administrative and marketing and advertising) are as follows for the years ended December 31, 2025 and 2024:

	2025		
	Resident Services	General and Administrative	Total
Salaries and wages	$ 15,862,362	$ 2,157,878	$ 18,020,240
Employee benefits and payroll taxes	3,490,914	309,896	3,800,810
Supplies and other expenses	4,708,408	2,081,527	6,789,935
Repairs and maintenance	782,554	3,031	785,585
Utilities	1,409,043	4,576	1,413,619
Professional services	191,031	936,004	1,127,035
Other marketing and advertising	-	432,453	432,453
Insurance and workers' compensation	-	1,784,658	1,784,658
Property taxes	864,864	-	864,864
Contracted services	1,370,848	-	1,370,848
Depreciation	3,697,766	-	3,697,766
Interest, net and amortization	2,588,428	-	2,588,428
Total	$ 34,966,218	$ 7,710,023	$ 42,676,241

	2024		
	Resident Services	General and Administrative	Total
Salaries and wages	$ 12,097,912	$ 2,232,613	$ 14,330,525
Employee benefits and payroll taxes	2,475,659	409,025	2,884,684
Supplies and other expenses	2,678,431	1,370,090	4,048,521
Food services	5,388,720	278,806	5,667,526
Repairs and maintenance	743,953	4,096	748,049
Utilities	1,294,250	-	1,294,250
Professional services	178,321	595,439	773,760
Other marketing and advertising	-	463,430	463,430
Insurance and workers' compensation	-	1,412,121	1,412,121
Property taxes	717,864	-	717,864
Contracted services	3,059,080	-	3,059,080
Depreciation	3,542,962	-	3,542,962
Interest, net and amortization	2,684,730	-	2,684,730
Total	$ 34,861,882	$ 6,765,620	$ 41,627,502

13. Concentration of Labor Subject to Collective Bargaining Agreement

Lions Gate has a contract with United Food and Commercial Workers Union (AFL-CIO) Local 1360 (the Union). Approximately 47% and 45% of Lion's Gate employees are covered by this contract at December 31, 2025 and 2024, respectively. The Union contract expired on December 31, 2025 and is currently under negotiation.

14. Leases

Lions Gate leases certain equipment under operating leases. At the inception of a contract, a determination is made if the arrangement is or contains a lease. Leases are classified as either finance or operating leases based on the underlying terms of the agreement and certain criteria, such as the term of the lease relative to the useful life of the asset and the total lease payments to be made as compared to the fair value of the asset, amongst other criteria.

Lions Gate's ROU assets pertaining to operating leases represent the right to use the agreement's underlying assets for the lease term, and the corresponding lease liabilities represent the obligation to make lease payments arising from the lease. Such ROU assets and lease liabilities are recognized at the lease's commencement date at the present value of lease payments over the lease term for leases with initial terms greater than a year. The present value of lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which this rate is not readily available, Lions Gate has elected to use a discount rate comparable to Lions Gate's incremental borrowing rate for financing over a comparable period, which was 6.00% as of December 31, 2025 and 2024. A ROU asset and lease liability are not recognized for leases with an initial term of 12 months or less, and Lions Gate recognizes lease expense for such leases over the lease term within supplies and services in the statements of operations and changes in net assets (deficit).

Lions Gate's operating leases have remaining lease terms ranging from less than one year to five years, some of which may include options to extend. Weighted-average remaining lease term for operating leases is 3.25 years. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the ROU leased assets and liabilities, unless Lions Gate is reasonably certain to exercise the option to extend the lease. Lions Gate's leases may also include variable lease payments. Variable lease payments are excluded from the amounts used to determine the ROU leased assets and liabilities, unless the variable lease payments depend on an index or rate or are in substance fixed payments.

Lions Gate has made an election for all leases to not separate lease components from nonlease components in contracts in the accounting for its lease payments, as permitted by Accounting Standards Update No. 2016-02, *Leases*. As such, Lions Gate accounts for the applicable nonlease components (e.g. fixed common area maintenance costs) together with the related lease components when determining the ROU assets and lease liabilities. Lions Gate's lease agreements do not contain material residual value guarantees. There are also no covenants.

Future minimum payments under operating leases as of December 31, 2025 were as follows:

Years ending December 31:		
2026	$	9,313
2027		9,313
2028		9,313
2029		2,328
		30,267
Less amount representing interest		(3,783)
Total lease obligation		26,484
Less current portion		7,921
Long-term obligation	$	18,563

The components of lease cost included in the accompanying statements of operations and changes in net assets (deficit) for the years ended December 31, 2025 and 2024 are as follows:

		2025		2024
Operating lease cost:				
Lease cost, leases with terms greater than one year	$	7,461	$	11,095
Short-term lease cost		49,420		45,390
Total lease cost	$	56,881	$	56,485