



## ► Premier HealthCare

**PREMIER HEALTHCARE, INC.**

**FINANCIAL STATEMENTS  
(Together with Independent Auditors' Report)**

**YEARS ENDED DECEMBER 31, 2024 AND 2023**

**PREMIER HEALTHCARE, INC.**  
**FINANCIAL STATEMENTS**  
**(Together with Independent Auditors' Report)**  
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## INDEPENDENT AUDITORS' REPORT

The Board of Trustees  
Premier Healthcare, Inc.  
New York, NY

### ***Opinion***

We have audited the financial statements of Premier Healthcare, Inc. ("PHC"), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Premier Healthcare, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of PHC 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 PHC's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### ***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 audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PHC'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 PHC'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.

*CBIZ CPAs P.C.*

New York, NY  
November 14, 2025

**PREMIER HEALTHCARE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2C and 8)	\$ 404,758	\$ 219,811
Accounts receivable, net (Notes 2D and 4)	2,181,747	3,207,944
Prepaid expenses and other receivables	740,297	1,009,933
Operating lease right-of-use assets (Note 6)	14,305,016	15,300,025
Finance lease right-of-use assets (Note 6)	23,858	43,602
Property and equipment, net (Notes 2H and 5)	570,298	641,323
<b>TOTAL ASSETS</b>	<b>\$ 18,225,974</b>	<b>\$ 20,422,638</b>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 850,512	\$ 1,113,650
Accrued salaries, vacation and benefits	969,925	937,282
Note payable (Note 10)	7,752,235	7,752,235
Due to affiliate (Note 10)	11,153,643	7,545,308
Due to funding sources (Note 7C)	182,764	15,957
Operating lease liabilities (Note 6)	15,394,152	16,275,817
Finance lease liabilities (Note 6)	23,858	43,602
<b>TOTAL LIABILITIES</b>	<b>36,327,089</b>	<b>33,683,851</b>
<b>COMMITMENTS AND CONTINGENCIES (Note 7)</b>		
<b>NET DEFICIT (Notes 2B and 11)</b>		
Without donor restrictions	(18,101,115)	(13,261,213)
<b>TOTAL NET DEFICIT</b>	<b>(18,101,115)</b>	<b>(13,261,213)</b>
<b>TOTAL LIABILITIES AND NET DEFICIT</b>	<b>\$ 18,225,974</b>	<b>\$ 20,422,638</b>

**PREMIER HEALTHCARE, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>REVENUE AND SUPPORT</b>		
Medicaid (Notes 2E and 2J)	\$ 9,928,042	\$ 12,635,328
Medicare and client fees (Note 2E)	4,434,638	3,445,522
Grants and contracts (Note 2F)	185,105	444,170
Other income	3,591	187,458
<b>TOTAL REVENUE AND SUPPORT</b>	<b>14,551,376</b>	<b>16,712,478</b>
<b>EXPENSES</b>		
Program services	16,227,740	16,718,907
Management and general	3,163,538	2,204,191
<b>TOTAL EXPENSES</b>	<b>19,391,278</b>	<b>18,923,098</b>
<b>CHANGE IN NET DEFICIT FROM OPERATIONS</b>	<b>(4,839,902)</b>	<b>(2,210,620)</b>
Net deficit without donor restrictions - beginning of year	(13,261,213)	(11,050,593)
<b>NET DEFICIT WITHOUT DONOR RESTRICTIONS - END OF YEAR</b>	<b>\$ (18,101,115)</b>	<b>\$ (13,261,213)</b>

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

**PREMIER HEALTHCARE, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	Year Ended December 31, 2024			Year Ended December 31, 2023		
	Program Services	Management and General	Total 2024	Program Services	Management and General	Total 2023
Personnel services	\$ 9,289,910	\$ 58,815	\$ 9,348,725	\$ 9,238,434	\$ 82,350	\$ 9,320,784
Employee benefits and payroll taxes (Note 9)	1,467,086	9,288	1,476,374	1,414,715	13,084	1,427,799
<b>Total personnel services, benefits and taxes</b>	10,756,996	68,103	10,825,099	10,653,149	95,434	10,748,583
Contracted services	683,122	942,751	1,625,873	1,255,522	307,532	1,563,054
Professional fees	1,439	84,951	86,390	1,114	130,717	131,831
Program recreational and supplies	413,564	-	413,564	417,935	-	417,935
Transportation	65,739	-	65,739	58,275	-	58,275
Office and expensed equipment	161,552	-	161,552	163,629	-	163,629
Staff development	57,671	-	57,671	42,117	-	42,117
Occupancy (Notes 6 and 10)	1,643,862	-	1,643,862	1,656,028	-	1,656,028
Repairs and maintenance	396,816	-	396,816	400,684	-	400,684
Insurance	488,842	158,345	647,187	492,376	156,627	649,003
Utilities	67,730	-	67,730	52,513	-	52,513
Telephone	97,668	-	97,668	159,700	-	159,700
Information technology	862,238	-	862,238	744,252	-	744,252
Interest (Notes 6 and 10)	-	607,681	607,681	-	231,453	231,453
Bad debt	434,183	-	434,183	472,181	-	472,181
Miscellaneous	-	8,688	8,688	-	9,898	9,898
Support services (Note 10)	-	1,293,019	1,293,019	-	1,272,530	1,272,530
Amortization expense - finance lease (Note 6)	19,744	-	19,744	19,113	-	19,113
Depreciation and amortization (Note 5)	76,574	-	76,574	130,319	-	130,319
<b>TOTAL EXPENSES</b>	<b>\$ 16,227,740</b>	<b>\$ 3,163,538</b>	<b>\$ 19,391,278</b>	<b>\$ 16,718,907</b>	<b>\$ 2,204,191</b>	<b>\$ 18,923,098</b>

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

**PREMIER HEALTHCARE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net deficit	\$ (4,839,902)	\$ (2,210,620)
Adjustments to reconcile change in net deficit to net cash used in operating activities:		
Depreciation and amortization	76,574	130,319
Bad debt	434,183	472,181
Amortization of finance lease	19,744	19,113
Reduction in carrying amount of right-of-use assets - operating leases	113,344	135,245
Subtotal	(4,196,057)	(1,453,762)
Changes in operating assets and liabilities:		
(Increase)/decrease in assets:		
Accounts receivable	592,014	(1,957,785)
Prepaid expenses and other receivables	269,636	(244,073)
Increase/(decrease) in liabilities:		
Accounts payable and accrued expenses	(263,138)	603,170
Accrued salaries, vacation and benefits	32,643	139,112
Due to funding sources	166,807	14,244
<b>Net Cash Used in Operating Activities</b>	<b>(3,398,095)</b>	<b>(2,899,094)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(5,549)	-
<b>Net Cash Used in Investing Activities</b>	<b>(5,549)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from note payable	-	5,200,000
Advances from (Repayments to) affiliate, net	3,608,335	(2,514,141)
Payment of finance lease liabilities	(19,744)	(60,003)
<b>Net Cash Provided by Financing Activities</b>	<b>3,588,591</b>	<b>2,625,856</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>184,947</b>	<b>(273,238)</b>
Cash and cash equivalents - beginning of year	219,811	493,049
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 404,758</b>	<b>\$ 219,811</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	\$ 607,681	\$ 231,453
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	\$ -	\$ 865,094

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

**PREMIER HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

Premier Healthcare, Inc. (“PHC”) was incorporated in 1995 under the Not-for-Profit Corporation Law of New York State and commenced operations on April 1, 1997. PHC is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. PHC has an equivalent exemption from income tax at the state and local level.

PHC is an outpatient diagnostic and treatment center offering health care services to the general public with a specialty in medical services for people with developmental and learning disabilities and their families in many sites throughout the New York area. PHC is a quality health care practice providing outpatient clinic services which include primary health, pediatrics, internal medicine, dentistry (including desensitization), nutrition, audiology, neurology, podiatry, psychiatry, physical therapy, occupational therapy, ophthalmology, speech pathology and psychology. PHC’s primary source of revenue is patient service fees received from Medicaid, Medicare and other third-party payers. Young Adult Institute, Inc. (“YAI”), a non-profit organization, is the sole member of PHC.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Basis of Accounting and Use of Estimates*** - PHC’s financial statements have been prepared on the accrual basis of accounting. PHC adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”). 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 disclosures 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.

**B. *Basis of Presentation*** - PHC maintains its net assets under the following two classes:

Without donor restrictions - This represents net assets not subject to donor-imposed stipulations or time restrictions. Such resources are available for support of PHC’s operations over which the Board of Directors has discretionary control.

With donor restrictions - This represents net assets subject to donor-imposed stipulations that will be met by actions of PHC and/or by the passage of time. When a stipulated time restriction ends or purpose restriction is accomplished, such net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of both December 31, 2024 and 2023, there were no net assets with donor restrictions.

**C. *Cash and Cash Equivalents*** - PHC considers highly liquid debt instruments with initial maturities of three (3) months or less, when acquired, to be cash equivalents.

**D. *Allowance for Credit Losses*** - PHC determines whether an allowance for credit losses should be provided for accounts receivable. Such estimate is based on management’s assessment of the aged basis of its receivables, current economic conditions, historical experience and collections subsequent to year-end. As of December 31, 2024 and 2023, PHC determined allowances of \$ \$908,119 and \$473,936, respectively, were necessary for credit losses.

**E. *Service Revenue*** - Service revenue is derived from contracts with customers and includes Medicaid, Medicare and client fees on the statements of activities. PHC receives revenue from Medicaid, Medicare and other third-party payors to provide health care services to the general public with a specialty in medical services for people with developmental and learning disabilities. These amounts are due from the government agencies, third-party payors (including government programs), individual benefits and others, and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations.

Generally, PHC bills government agencies, third-party payors and individuals after the services are performed or they have completed their portion of the contract. Receivables are due in full when billed and revenue is recognized as performance obligations are satisfied.

**PREMIER HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Performance obligations are determined based on the nature of the services provided by PHC in accordance with the contract. Revenue for performance obligations satisfied over time is recognized as the services are provided. This method depicts the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. PHC measures the performance obligation from the beginning of the next month or day to the point when it is no longer required to provide services under the contract or has met the requirements to bill for the services provided, which is generally at the end of each month or period of time allowed based on the government agencies' stipulations.

All performance obligations relate to contracts with a duration of less than one year; therefore, there are no performance obligations or contract balances that are unsatisfied as of December 31, 2024 and 2023. The performance obligations for these contracts are completed when the service is completed and upon submission of required documentation. PHC determines the transaction price based on established rates and contracts for services provided. Program service fees consist of revenues for the following programs for the years ended December 31:

	2024			2023		
	<u>Medicaid</u>	<u>Medicare and Client Fees</u>	<u>Total</u>	<u>Medicaid</u>	<u>Medicare and Client Fees</u>	<u>Total</u>
Clinical	\$ 9,019,723	\$ 4,434,638	\$13,454,361	\$11,890,377	\$ 3,445,522	\$ 15,335,899
Other	<u>908,319</u>	<u>-</u>	<u>908,319</u>	<u>744,951</u>	<u>-</u>	<u>744,951</u>
	<u>\$ 9,928,042</u>	<u>\$ 4,434,638</u>	<u>\$14,362,680</u>	<u>\$12,635,328</u>	<u>\$ 3,445,522</u>	<u>\$ 16,080,850</u>

- F. Grants and Contracts** - Certain grants and contracts are nonexchange transactions and accounted for under Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2018-08. Grants and contracts are recognized as revenue when barriers within the contract are overcome, and there is no right of return. Grants and contracts amounted to \$185,105 and \$444,170 for the years ended December 31, 2024 and 2023, respectively, and are included in the statements of activities. As of December 31, 2024 and 2023, PHC did not receive any conditional grants and contracts.
- G. Contributions** - PHC reports contributions of cash and other assets as without donor restrictions unless they are received with donor stipulations that limit the use of the donated assets, in which case they are reported as net assets (deficit) with donor restrictions. Contributions, including cash and in-kind contributions, are recorded as revenue in the period in which the unconditional promise is received. 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 (deficit) without donor restrictions and reported in the statements of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the gift is received, PHC reports the support as without donor restrictions.
- H. Property and Equipment** - Property and equipment is stated at cost less accumulated depreciation or amortization. These amounts do not purport to represent replacement or realizable values. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the useful lives of the improvements or the term of the applicable lease. Property and equipment is capitalized by PHC provided its cost is \$5,000 or more and its useful life is greater than one year.
- I. Functional Expenses** - The costs of providing program and supporting services of PHC have been reported on a functional basis in the statements of functional and natural expenses. Accordingly, certain costs have been allocated among the programs and general supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance and other, which are allocated on the basis of estimates of time and effort.

**PREMIER HEALTHCARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- J. *Prior Period Revenue*** - There are occasions when funding source reimbursements for prior years are adjusted in the current year. Such adjustments may be due to retroactive rate adjustments, funding source audit findings, additional monies available over and above original contract amounts, rate appeal results, etc. For the year ended December 31, 2024, decreases of approximately \$112,000 of prior year revenues relating to such adjustments are included in Medicaid revenue. There were no such decreases for the year ended December 31, 2023.
- K. *Reclassification*** - Certain items in the December 31, 2023 financial statements have been reclassified to conform with the December 31, 2024 presentation. These changes had no impact on the net deficit previously reported.

**NOTE 3 – LIQUIDITY AND AVAILABILITY**

Financial assets available for expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following as of December 31:

	2024	2023
Cash and cash equivalents	\$ 404,758	\$ 219,811
Accounts receivable, net	2,181,747	3,207,944
Other receivables	11,756	276,190
	\$ 2,598,261	\$ 3,703,945

PHC has budgeted at breakeven, which will allow expenses to be covered by revenue. In order to manage liquidity, PHC relies on collection of accounts receivable for general expenditures. As stated in Note 10, PHC has a line of credit available for short-term needs that is used for general expenditures when there are timing or collection issues of accounts receivable.

**NOTE 4 – ACCOUNTS RECEIVABLE, NET**

Accounts receivable, net, consists of the following as of December 31:

	2024	2023
Due from Medicaid/Medicare	\$ 1,940,039	\$ 1,915,330
Due from private pay	105,404	431,880
Due from other sources	1,044,423	1,334,670
Subtotal	3,089,866	3,681,880
Less: Allowance for credit losses	(908,119)	(473,936)
	\$ 2,181,747	\$ 3,207,944

The reconciliation of allowance for credit losses for the years ended December 31, 2024 and 2023 is as follows:

	2024	2023
Balance, beginning of year	\$ 473,936	\$ 485,500
Credit losses expense for the period	434,183	472,181
Write-offs during the period	-	(483,745)
Balance, end of year	\$ 908,119	\$ 473,936

**PREMIER HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 5 – PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consists of the following as of December 31:

	<u>2024</u>	<u>2023</u>	<u>Estimated Useful Lives</u>
Leasehold improvements	\$ 4,048,746	\$ 4,048,746	5-25 years
Medical equipment	933,842	928,293	5 years
Office equipment	432,810	432,810	5 years
Furniture and fixtures	284,257	284,257	5 years
Computer equipment	73,544	73,544	
Computer software	<u>2,107,563</u>	<u>2,107,563</u>	3-5 years
	7,880,762	7,875,213	
Less: accumulated depreciation and amortization	<u>(7,310,464)</u>	<u>(7,233,890)</u>	
	<u>\$ 570,298</u>	<u>\$ 641,323</u>	

Depreciation and amortization amounted to \$76,574 and \$130,319 for the years ended December 31, 2024 and 2023, respectively. During the year ended December 31, 2023, PHC disposed of property and equipment with a cost of \$13,982 and accumulated depreciation and amortization of \$4,544, resulting in a loss of \$9,438.

**NOTE 6 – RIGHT- OF- USE ASSETS AND LEASE LIABILITIES**

PHC has entered into several operating lease agreements through fiscal 2050 for facilities (which include variable costs of property taxes, insurance maintenance costs and rental payments) and for copying/printing equipment. Certain leases include rent escalations. PHC assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed.

The lease costs are as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Operating lease cost, included in occupancy	\$ 1,512,517	\$ 1,496,488
Finance lease cost		
Interest expense, included in interest expense	1,125	1,755
Amortization of right-of-use assets	<u>19,744</u>	<u>19,113</u>
Total finance lease cost	<u>20,869</u>	<u>20,868</u>
Total lease cost	<u>\$ 1,533,386</u>	<u>\$ 1,517,356</u>

The following table summarizes the supplemental cash flow information for the years ended December 31:

Cash paid for amounts included in the measurement of lease liabilities is as follows:

	<u>2024</u>	<u>2023</u>
Operating cash flows from finance leases	\$ 1,125	\$ 1,755
Operating cash flows from operating leases	\$ 1,399,173	\$ 1,360,179
Financing cash flows from finance leases	\$ 19,744	\$ 60,003

**PREMIER HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 6 – RIGHT- OF- USE ASSETS AND LEASE LIABILITIES (Continued)**

The following table summarizes the weighted-average remaining lease term and weight-average discount rate for the years ended December 31:

Weighted-average remaining lease term in years:

	2024	2023
Operating leases	18.92	20.36
Finance leases	1.16	2.09

Weighted-average discount rate:

	2024	2023
Operating leases	3.26%	3.26%
Finance leases	3.25%	3.25%

Future minimum payments for non-cancelable leases for the next five years ending after December 31, 2024 and thereafter are as follows:

	Operating Leases	Finance Leases	Total
2025	\$ 1,424,241	\$ 20,868	\$ 1,445,109
2026	1,081,233	3,478	1,084,711
2027	1,062,873	-	1,062,873
2028	932,310	-	932,310
2029	933,855	-	933,855
Thereafter	16,421,417	-	16,421,417
Total lease payments	21,855,929	24,346	21,880,275
Less: Present value discount	(6,461,777)	(488)	(6,462,265)
Lease obligation	\$ 15,394,152	\$ 23,858	\$ 15,418,010

**NOTE 7 – COMMITMENTS AND CONTINGENCIES**

- A. PHC believes it has no uncertain tax positions as of December 31, 2024 and 2023 in accordance with FASB Accounting Standards Codification (“ASC”) Topic 740, “Income Taxes,” which provides standards for establishing and classifying any tax provisions for uncertain tax positions.
- B. PHC is subject to legal proceedings and claims which have arisen in the ordinary course of its business and which have not been fully adjudicated. Management does not believe there will be a material adverse effect on the financial position of PHC.
- C. PHC receives a significant portion of its revenue for services provided from third-party reimbursement through government agencies and Medicaid. These revenues are based on pre-determined rates based on cost reimbursement principles and are subject to audit and retroactive adjustment by the government. Upon audit, if discrepancies are discovered, PHC could be held responsible for reimbursing the government for the amount in question. Although such possible disallowance can be substantial in amount, in the opinion of management, any actual disallowance would be immaterial.

**NOTE 8 – CONCENTRATION**

Cash and cash equivalents that potentially subject PHC to a concentration of credit risk include cash and short-term investment accounts with five banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Cash and short-term investment accounts are insured up to \$250,000 per depositor, per insured financial institution. As of December 31, 2024 and 2023, there was approximately \$203,000 and \$14,000, respectively, of cash and cash equivalents held by one bank that exceeded FDIC limits.

**PREMIER HEALTHCARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024 AND 2023**

**NOTE 9 – RETIREMENT PLAN**

On January 1, 2019, PHC adopted the YAI Network Affiliates 403(b) Plan. All common law employees are eligible to make salary reduction contributions into the plan. Employees who complete 1,000 hours of service during the plan year and are employed on the last day of the plan year are eligible for employer matching contributions. The employer matching contribution will be equal to 50% of the first 6% employee compensation deferral made to the plan for periods on or after July 1, 2019. For the years ended December 31, 2024 and 2023, the employer matching contribution was \$124,750 and \$95,610, respectively.

**NOTE 10 – RELATED-PARTY TRANSACTIONS**

PHC has a management agreement with YAI to provide management services which include, but are not limited to, accounting and financial operations, administrative and program support, human resources, education and training, information technology and general management. For the years ended December 31, 2024 and 2023, PHC incurred management fee expenses amounting to \$1,293,019 and \$1,272,530, respectively. The total amounts outstanding as of December 31, 2024 and 2023 were \$11,153,643 and \$7,545,308, respectively.

PHC entered into an amendment of sublease with YAI on June 18, 2020, effective retroactive to September 1, 2019. The sublease will expire on February 28, 2050 and has fixed rent payments. The sublease rent expense amounted to approximately \$665,000 for each of the years ended December 31, 2024 and 2023.

YAI is the sole corporate member of PHC. PHC transferred debt and borrowed on the YAI network line of credit to fund operations during 2021. The outstanding balance on the line of credit amounted to \$7,752,235 as of both December 31, 2024 and 2023, and which is reflected as note payable in the statements of financial position. The interest expense incurred for the years ended December 31, 2024 and 2023 amounted to \$607,681 and \$231,453, respectively.

**NOTE 11 – DEFICIT NET ASSETS**

As of December 31, 2024 and 2023, PHC had a deficit net asset balance of \$18,101,115 and \$13,261,213, respectively. This deficit is an accumulation of losses incurred by PHC in prior years. These deficits were covered by YAI, as the fiscal agent of PHC, resulting in the liability to YAI amounting to \$11,153,643 and \$7,545,308 as of December 31, 2024 and 2023, respectively. YAI has agreed to continue to provide PHC with management support services and operational support (if needed) through December 31, 2026. YAI has also agreed to not demand payments of amounts due from PHC through December 31, 2026. In addition, YAI has committed to fund any cashflow deficit needed to meet operating and any other requirements of PHC through December 31, 2026.

For the years ended December 31, 2024 and 2023, PHC had an increase in net deficit without donor restrictions amounting to approximately \$4,840,000 and \$2,211,000, respectively. Management anticipates that, for the year ended December 31, 2025, PHC's cash flow will be adequate to meet operating expenses and other requirements. To address this, PHC is undertaking operational changes aimed at enhancing financial performance and ensuring both short-term and long-term financial stability.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated, for potential recognition and disclosure, events subsequent to the date of the statement of financial position through November 14, 2025, the date the financial statements were available to be issued.